



**Kirstin Sandaas**  
Chief Financial Operating Officer

The first quarter of 2020 brought an unanticipated scale of losses, uncertainty, and volatility. It has been a deeply challenging time for people throughout our community and the world. We know the current crisis is difficult to navigate, and we are here to support you as you consider the best way to move forward with your philanthropy. As we proceed to the next stages in our response to the virus and its impacts, we

look forward to partnering with you as we collectively address our community's greatest needs.

As you know, what began in late 2019 as an isolated crisis in China quickly became a global pandemic that unleashed a widespread health and economic crisis in early 2020. That crisis brought the global economy to an abrupt halt as production in most industries stalled and unemployment skyrocketed to unprecedented levels. After an impressive 2019, equity markets collapsed as global equities (MSCI ACWI) fell (21.1%) in three short months. As is often the case in market-shock environments, assets in all areas of the world fell in unison, leaving few options to find positive returns. The S&P 500 (U.S. stocks) lost (19.6%) while non-U.S. developed markets (MSCI EAFE) fell (22.8%), and emerging markets (MSCI EM), (23.6%).

While market weakness began in early 2020, the virus' impact in the U.S. sparked large-scale sell-offs, with equity markets falling at an exceptional pace. By quarter end, the potential for another Great Depression loomed. Fortunately, the Federal Reserve stepped in quickly and significantly, providing needed liquidity in the markets. Bipartisan fiscal stimulus measures also directed support to individuals and businesses trying to weather this difficult period. Today, arguably, liquidity is no longer a concern, but solvency is certainly an issue. We anticipate increased defaults in the credit market over the next 12 months as organizations of all kinds struggle to stay afloat.

While the global economy grapples with poor earnings and high unemployment, historically forward-looking equity markets have already begun to focus beyond the current shutdown. Whether the market rebound in April is short-lived or sustainable remains to be seen, but we believe investors are now focused on how and when the economy will re-open, rather than on the recent turmoil. Amid much calamity, there are signs of hope and determination to rebuild.

Seattle Foundation's various investment pools are all geared toward different grantmaking horizons and, therefore, have different risk profiles. Our Balanced Pool maintains a diversified portfolio that includes exposure to each of the equity markets described above as well as more conservative asset classes, such as U.S. Fixed Income. As noted above, in the initial shock period of this crisis, all asset classes

correlated with one another, and therefore, diversification offered little solace. The Balanced Pool fell (17.8%) through March 31, in line with the declines of the underlying indices, and under-performed its benchmarks in the three-, five-, and seven-year timeframes. Over the 10-year timeframe, which is the pool objective grantmaking horizon, the pool earned 5.3% as compared to the target benchmark of 5.1%. While April showed significant improvements, by no means have markets recovered, nor do we suggest that all concerns are behind us.

Performance data about our other investment pools are shown in the accompanying charts. I encourage you to read the pool profiles and evaluate the options available for your philanthropic funds. Please contact our philanthropic services department should you wish to change your philanthropic funds investment pool. Philanthropists may request a change to their investment pools once per 12-month period during two windows annually: on or before March 31, with transfer happening no later than May 31; or on or before Aug. 31, with transfer happening no later than Oct. 31.

In the midst of the immense challenges presented by the coronavirus pandemic, Seattle Foundation is proud to contribute to our region's relief efforts. On March 9, we launched the [COVID-19 Response Fund](#) to support the community's most vulnerable workers and families. Supported by more than 60 partners from philanthropy, business, and local government, along with more than 5,000 individual donors, the Fund has raised \$23.6 million to date. A first round of grants deployed \$10.175 million to 128 community-based organizations that are providing emergency assistance, such as rent support, food security, healthcare, and childcare. Subsequent rounds of funding will be deployed in the days and weeks ahead, addressing community needs as they continue to evolve. In addition to managing the COVID-19 Response Fund, we have also been honored to collaborate with a number of other philanthropic response efforts, including [All In Seattle](#) and [The Plate Fund](#) for restaurant workers.

Thank you for your partnership, particularly now, when our collective contributions are more critical than ever. As our community weathers this crisis and looks toward recovery, we are grateful to support your philanthropy as we work together to make Greater Seattle a stronger, more vibrant community for all.

Please don't hesitate to contact me with any questions or comments you may have. I can be reached at 206.515.2105 or [k.sandaas@seattlefoundation.org](mailto:k.sandaas@seattlefoundation.org).

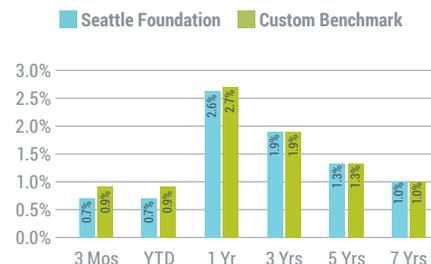
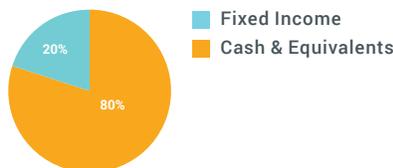
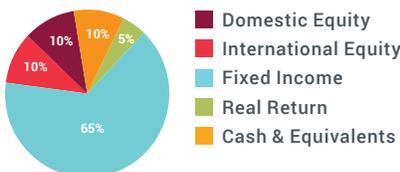
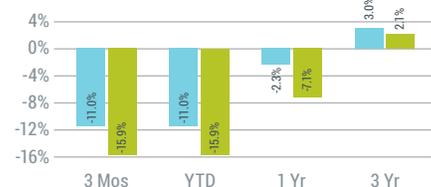
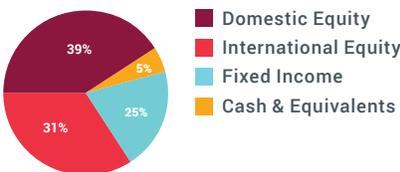
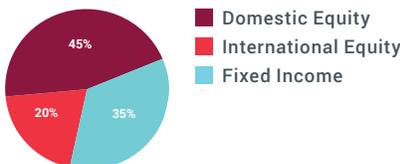
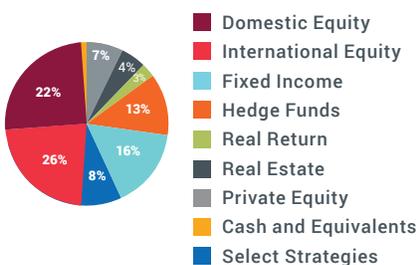
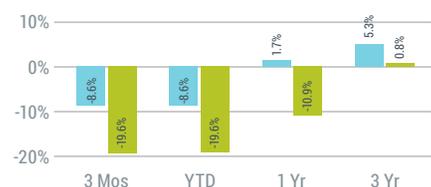
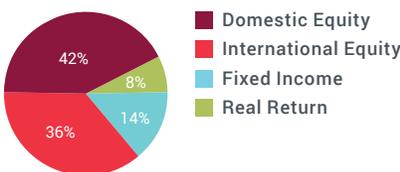
Sincerely,



Kirstin Sandaas  
Chief Financial Operating Officer

LOWER VOLATILITY

HIGHER VOLATILITY


**Investment Pool**
**Target Asset Allocation**
**Performance**
**Short-Term Pool**
*0-2 year giving horizon*

**Intermediate Pool**
*3-7 year giving horizon*

**Index Pool**
*10+ year giving horizon*

**Socially Responsible Investment Pool**
*10+ year giving horizon*

**Balanced Pool**
*10+ year giving horizon*

**Growth Pool**
*10+ year giving horizon*


Seattle Foundation returns are net of investment management fees. Returns are not net of fees for investment consulting and custodial services. Individual fund performance may vary due to the timing of contributions and grants. The Balanced Pool has a number of private asset investments that periodically provide valuation updates too late to be reflected in this report.

## Investment Philosophy and Strategy

Effective stewardship of assets is key to Seattle Foundation's ability to fulfill its mission of igniting powerful and rewarding philanthropy to make Greater Seattle a stronger, more vibrant community for all. Reflecting the infinite life of a community foundation, we take a long-term approach to our investment management to maximize the philanthropic resources available over time to meet community needs. Our long-term return objective is to generate annual returns of 4.5% plus inflation over a full market cycle of 10+ years through prudent management of a diversified portfolio.

We are oriented towards a total-return approach to investing, which aims to blend income and capital appreciation to address the challenge of preserving long-term purchasing power while dealing with unanticipated inflation. This approach to investment management is consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as implemented by Washington State.

As a prudent steward, the Foundation has the following main priorities for our Balanced Pool: **maximize total return and protect principal**. In addition to the Balanced Pool, the Foundation offers five other pools for philanthropists with different investment interests (Socially Responsible Investment and Index), risk profiles (Growth) and giving horizons (Intermediate and Short-Term). Outside management for funds larger than \$750,000 is also available.

## Investment Committee

The Investment Committee, a standing committee of the Board of Trustees, is charged with overseeing the investment activities of the Foundation. This includes advising the Board of Trustees on the investment policy, asset allocation strategies to meet the return objectives, and monitoring portfolio performance. The committee consists of 10 members selected for their investment expertise and judgment.

### Steve Hill, CHAIR, BOARD MEMBER

Mr. Hill is the former director of the **Department of Retirement Systems and Health Care Authority** and former Senior Vice President of Human Resources at **Weyerhaeuser**. His investment committee experience includes service on the Washington State Investment Board, Consumer Reports (Finance Chair), Washington State University Endowment, and the Weyerhaeuser Pension committee. Mr. Hill received a B.S. from the University of California at Berkeley and an MBA from the University of California at Los Angeles.

### Debra Somberg, BOARD MEMBER

Ms. Somberg is the managing partner at **Sovern Group**, a venture capital company focused on bringing technology innovations to the healthcare arena. Prior experience includes co-managing partner of Maverson LLC, founding partner of Thomas Weisel Partners, Senior Managing Director of Montgomery Securities, and positions at Goldman Sachs and McKinsey & Co. She graduated Phi Beta Kappa from Stanford University and has an MBA from Harvard Business School.

### Tom Alberg

Mr. Alberg is a co-founding member of **Madrona Investment Group** and currently serves as a director for several portfolio companies including Impinj, SNUPI and Mercent. Mr. Alberg received his undergraduate degree from Harvard College, graduating cum laude, and his law degree from Columbia Law School, where he was an editor of the Columbia Law Review.

### Joseph Boateng

Mr. Boateng joined **Casey Family Programs** as its first Chief Investment Officer in 2007 and is responsible for overseeing the foundation's \$2.2 billion endowment. Before joining Casey, he was a member of the Johnson & Johnson Investment Committee, responsible for managing over \$17 billion. Mr. Boateng received his MBA from University of California Los Angeles and is an alumnus of the Said Business School at Oxford.

### Alan Heuberger

Mr. Heuberger is a portfolio manager with **BMGI** and currently oversees a number of investment areas including private assets and fixed income. He has served on various investment committees in the Greater Seattle area, including College Success Foundation, The Overlake School and YMCA of Greater Seattle. He received a B.A. in economics and mathematics from Claremont McKenna College and is a Chartered Financial Analyst.

### Stanley B. McCammon

Mr. McCammon is President & CEO of **Joshua Green Corporation** (JGC), a private investment company holding a diversified portfolio, and is a trustee of the Joshua Green Foundation. Prior to joining JGC, he was President of Orca Bay Capital Corporation, CEO of Orca Bay Sports & Entertainment and co-founder in Orca Bay Partners. Mr. McCammon is a graduate of the University of Nebraska School of Business, and the University of Nebraska and New York University law schools, holding J.D. and LL.M. degrees.

### Daniel Regis

Mr. Regis is currently the General Partner of **Regis Investments, LP**. Prior experience includes Chairman of the Advisory Board for Fluke Venture Partners, Managing Director of Digital Partners and President of Kirlan Venture Capital, Inc. and Managing Partner of its venture funds. Mr. Regis also spent more than 30 years with Price Waterhouse LLP, including Managing Partner of the Seattle and Northwest Group of offices. Mr. Regis received a B.S. from Seattle University.

### Garth Reistad

Mr. Reistad is the Deputy Chief Investment Officer at the **University of Washington**, where he has over 20 years of experience. Prior to joining the University, he worked at Bank of America in San Francisco. Mr. Reistad received an M.A. in Economics from Columbia University. He serves on the Investment Committee for Seattle University.

### Anthony C. Smith

Mr. Smith serves as Deputy Chief Investment Officer for the **Seattle City Employees' Retirement System (SCERS)** where he works closely with SCERS' CIO in the oversight of the SCERS \$2.8 billion pension portfolio. His investment career covers roles in trading, portfolio management, servicing, marketing and new business development. Mr. Smith received a B.A. in finance from Seattle University and an M.B.A. from the Kellogg School of Management at Northwestern University.

### Allyson Tucker

Ms. Tucker is the Senior Investment Officer of Risk Management and Asset Allocation with the **Washington State Investment Board (WSIB)**, one of the nation's largest institutional investors, currently managing over \$110 billion comprised of defined benefit and defined contribution retirement funds, deferred compensation funds, insurance and other funds. Ms. Tucker received a B.A. in accounting from the University of Washington.