



Kirstin Sandaas
Chief Financial Operating Officer

Thus far 2020 has brought many challenges to our community, our country, and the world, but Seattle Foundation remains optimistic about opportunities for positive change and the potential to imagine a new and better way forward. A potent combination of health and social crises is impacting all of our lives and the economy in dramatic ways, leading everyone to wrestle with an ever-evolving set of circumstances. In the midst of this uncertainty, we are as focused as ever on our service to the region and our stewardship of philanthropic resources. We are here to support you in making an impact as our community makes its way through these difficult times.

After the global economy came to a standstill and equity markets sold off at an unprecedented rate in Q1, they staged a significant recovery in the second quarter, thanks to fiscal and monetary stimulus and a prevalent view that the world economy would improve. U.S. stocks (S&P 500) gained 20.5% in the second quarter while non-U.S. developed markets (MSCI EAFE) gained 14.9% and emerging markets (MSCI EM) gained 18.1%.

Despite the second quarter gains, however, 2020 will almost certainly be a year of recession. U.S. unemployment remains high, global supply chains remain impaired, and an acceleration of COVID-19 cases in many states has caused authorities to reverse or slow reopening efforts. The International Monetary Fund (IMF) estimates global GDP growth will contract 4.9% this year, though it sees a return to positive growth (predicted at +5.4%) in 2021. Over the next several months, events such as the U.S. election will be closely monitored, as will continued trade tensions with China and other important partners. Longer term, a significant debt overhang will have negative implications on economic growth for years to come. All markets have uncertainty, but our investment approach remains steady. We are maintaining our core investment principles as described in our Investment Policy Statement, which identifies our asset allocations based on our pool objectives and grantmaking horizons.

The 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 equity markets surged in Q2, some non-equity areas of the portfolio lagged, but we still saw significant improvement overall. At the end of Q1 the Balanced Pool had fallen nearly 18% from Jan. 1 but has since recovered considerably. It gained 16.2% in the second quarter and is down 5.0% for 2020 through June 30. These fluctuations reflect ongoing volatility in the market and suggest possible continued turbulence in the months ahead. Performance data about our other investment pools are shown in the accompanying charts.

As our community works to weather today's crises and imagine a new way forward, Seattle Foundation is relying on decades of experience, learning, and relationships to strive for greater impact. In June, we deployed \$9.2 million in [Phase 2 grants](#) from the COVID-19 Response Fund to 220 nonprofits and coalitions, focusing on childcare, mental and behavioral health, and emergency financial assistance—three areas where need is urgent. We also stepped up to host and lead [All In WA](#), a coalition of partners and funds providing relief to communities statewide, which has raised more than \$57 million to date. Through a series of important partnerships, we helped stand up new funds, including the [Black Future Co-op Fund](#) dedicated to supporting Washington's Black community, the [Safe Start Fund](#) focused on a healthy economic transition and recovery, and the [East King County Community Fund](#) addressing unique local needs on the eastside of our county.

Now more than ever, we are deeply grateful to support your philanthropy. Thank you for your contributions as we work together to make our region a stronger, more vibrant community for all.

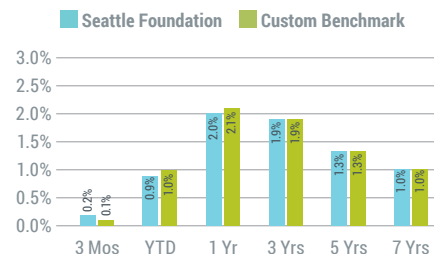
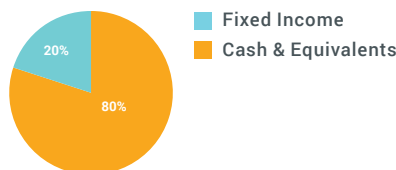
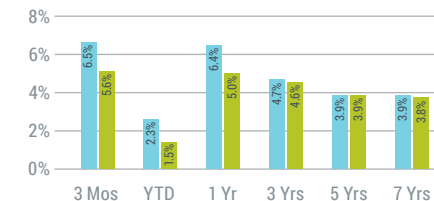
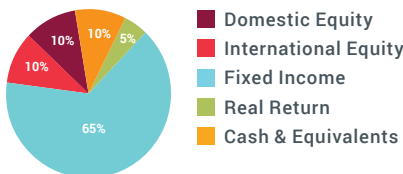
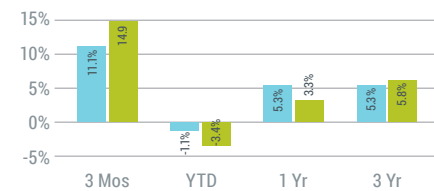
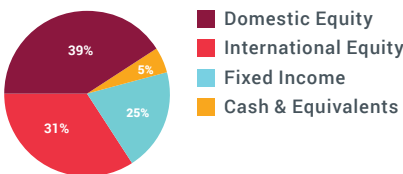
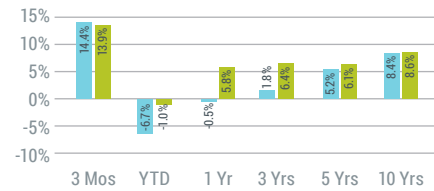
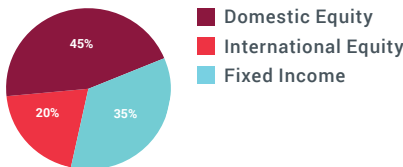
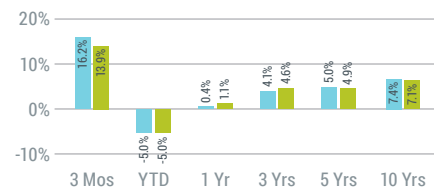
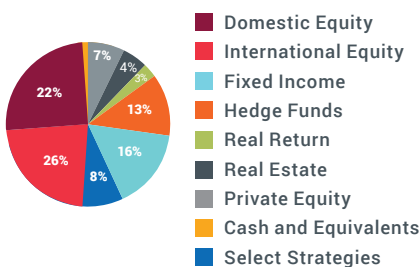
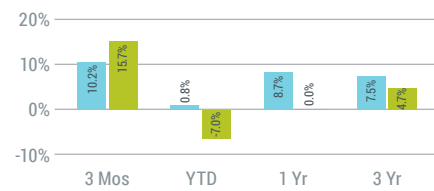
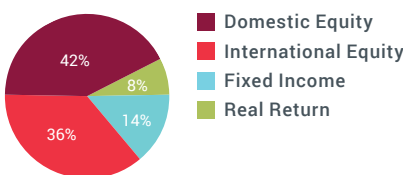
If you have any questions or comments, please don't hesitate to contact me. I can be reached at 206.515.2105 or k.sandaas@seattlefoundation.org.

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.

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.

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.

Allyson Tucker, VICE CHAIR, BOARD MEMBER

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.

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 Mavron 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.