



Steve Hill
*Trustee and Chair of
Investment Committee*



Allyson Tucker
*Trustee and Vice Chair of
Investment Committee*

Following a historically challenging year, Seattle Foundation is grateful to our community who joined in bringing critical support to those most impacted by the pandemic. Together, we helped mobilize over **\$125 million** with generous and committed partners and emergency relief for communities in dire straits. Through our COVID-19 Response Fund, we supported over 600 hundred different community organizations to help people in immediate need. We know that while we all have experienced the effects of COVID-19, some communities felt the devastation far worse, deepening the economic and financial inequities that existed before the pandemic.

Our community and our country have now passed the one-year anniversary of the widespread lockdowns that brought economic activity to a halt, and markets continued to climb in the first quarter

with the S&P 500, MSCI EAFE, and MSCI EM indices posting gains of 6.2%, 3.5%, and 2.3%, respectively. In much of the world, the positive sentiment suggesting the worst of the pandemic is behind us continued to grow as people rushed to receive their COVID-19 vaccinations. Although the pace and availability of vaccinations varied considerably by region and country, significant progress towards widespread vaccination was made during the quarter, bringing the world closer to realizing a clearer path forward.

There has been a marked pickup in economic activity; the IMF now expects the global economy to expand by 6% in 2021, led by solid growth in the US and China. Accommodative policies from global central banks and record-breaking fiscal stimulus measures continue to ensure liquidity and stimulate demand. However, the excess liquidity was front and center this past quarter, as the Reddit-fueled stock surge, record-setting SPAC offerings, and the Archegos Capital meltdown all pointed to a robust willingness to take on risk. While each occurred on the edges and only had a transitory impact on broader equity markets, they provide a barometer of sentiment and, in some cases, a cautionary tale about how speculation can go wrong.

The US Treasury yield curve steepened dramatically during the quarter; short-term yields remained anchored by Fed policy, while medium- and long-term yields increased significantly in response to higher inflation and real-growth expectations. Nevertheless, the possibility of further rate increases, coupled with a low yield environment, signal poor prospects for fixed income investors.

Our Balanced Pool is managed as an “endowment” pool and maintains a diversified portfolio that includes exposure to global equity markets, alternative investments, and more conservative asset classes such as US Fixed Income. The investment objective is to provide for annual distributions of 4.5+% while maintaining the purchasing power of the principle over a ten year plus time horizon. The Balanced Pool gained 7.9% over the ten year period ending in Q121, outperforming the benchmark by 30bps. While we are cognizant of ever-changing market conditions, we are optimistic about the possibilities for the Pool to perform well in the years to come.

In addition to our Balanced Pool, we offer other investment options to meet our fund holders’ needs including:

- Socially Responsible Pool, designed to provide competitive economic returns while also meeting ESG (Environmental, Social, and Governance) requirements, gained 1.3% for the quarter,
- Growth Pool for donors who prefer taking more volatility through both passive and active strategies with intent of producing longer term return,

continued >

- Index Pool, designed for donors who prefer passive investing over the longer term,
- Intermediate-Term Pool, designed to meet donors' expectations with a grant-making horizon in the 2-7-year range, and
- Short-Term Pool for donors with very short grant-making horizons. This Pool intends to preserve capital as best as possible.

Pool performance is available in the 2021 Q1 Investment Report on the next page.

Our previous investment report from Q4 2020 officially wished our outgoing Chief Financial Operating Officer (CFOO) well as she transitioned into retirement to spend time with family. Over the past three years, Kirstin Sandaas was the key proponent in including equity considerations as part of the Foundation's investment approach to increase the diversity of our active investment managers by pursuing more women and people of color for those roles. Kirstin also led the Foundation's office operations and people policies for remote work during the pandemic and was a key Foundation partner in standing up the Evergreen Impact Housing Fund. Thank you again, Kirstin, for your leadership and commitment to our mission. [Alyssa Farber](#) provided invaluable leadership as our Interim CFOO, which we deeply appreciated.


After a thorough search, we are proud to announce on behalf of the organization and the Board that [Josephine Wong](#) will begin as Seattle Foundation's new CFOO on **May 17**. For nearly eight years, Wong has served as Deputy Director of King County Department of Community and Human Services, overseeing an annual department budget of **\$940 million** and 500 employees. In her new capacity with Seattle Foundation, Josephine will oversee the Foundation's investments currently totaling more than **\$1 billion** in assets under management, as well as core functions, including investment management, finance, accounting, information technology, and human capital.

We look forward to collaborating with Josephine as she steps into this critical leadership position for Seattle Foundation. Come May 17, Josephine can be reached at j.wong@seattlefoundation.org.

We are thankful for the opportunity to ignite powerful, rewarding philanthropy to make Greater Seattle a stronger, more vibrant region for all. We are inspired by Seattle Foundation's new vision to create a thriving region of shared prosperity, belonging, and justice where all individuals and communities have equitable access and outcomes, regardless of race, place, or identity. We invite you to join us in that bold new vision.

Thank you, stay safe, and be well.

Sincerely,



Steve Hill
Seattle Foundation Trustee and
Chair of Investment Committee



Allyson Tucker
Seattle Foundation Trustee and
Vice Chair of Investment Committee

CASH

LOWER VOLATILITY

HIGHER VOLATILITY

EQUITIES

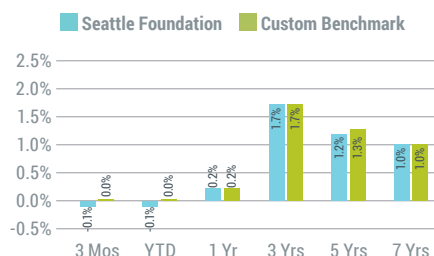
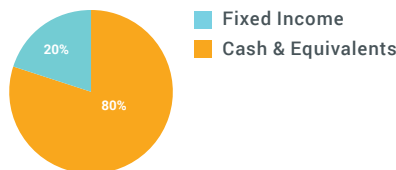
Investment Pool

Target Asset Allocation

Performance

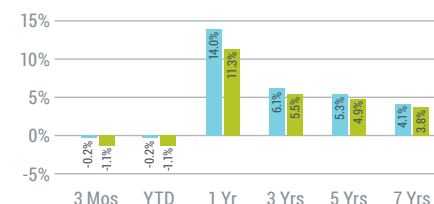
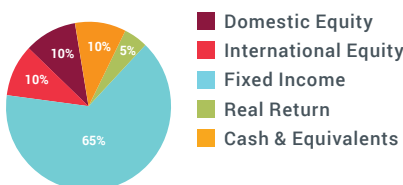
Short-Term Pool

0-2 year giving horizon



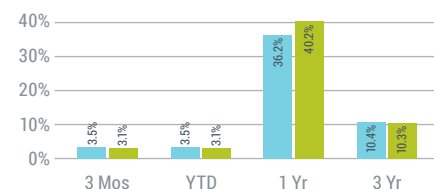
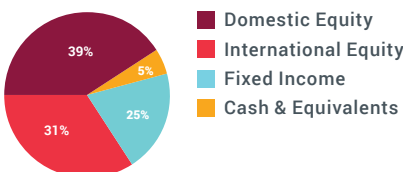
Intermediate Pool

3-7 year giving horizon



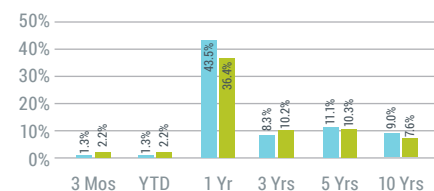
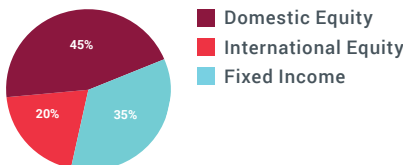
Index Pool

10+ year giving horizon



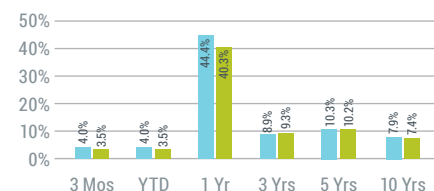
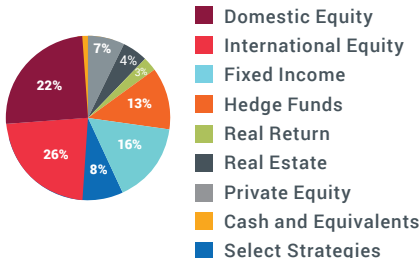
Socially Responsible Investment Pool

10+ year giving horizon



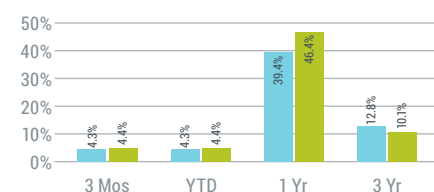
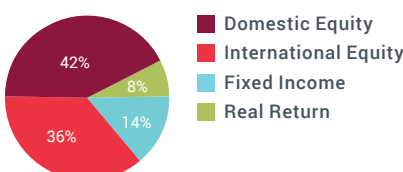
Balanced Pool

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.

We have standardized our policy to make changes to the investment pool in which your Fund is invested. Seattle Foundation Philanthropic Partners may request a change to their investment pools no more than once in a 12-month period during two windows annually. The current window closes August 31, 2021 and transfers will occur no later than October 31, 2021. Please note endowed funds are solely invested in the Balanced Pool. If you have any questions, please contact your Philanthropic Advisor or our Philanthropic Services team at ps@seattlefoundation.org or 206.515.2111.

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 Chief Investment Officer 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 founder of **NewView**, a nonprofit organization unlocking the power of tri-sector engagement to build innovative and successful business models that tackle social problems in new and sustainable ways. She also currently serves as Chair-Elect on the board of BECU, a \$25 billion financial cooperative, on the board of The Port Blakely Companies and the National Advisory Board of Stanford University's Public Service Center. Previously, Debra co-managed Maveron LLC, a venture capital firm focused on the consumer with \$500+ million under management. Debra graduated from Stanford University, phi beta kappa, and received 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.