



**Steve Hill**  
*Trustee and Chair of  
Investment Committee*



**Allyson Tucker**  
*Trustee and Vice Chair of  
Investment Committee*

### Market Conditions

For the quarter ending June 30, markets continued to move sharply higher as the S&P 500 gained 8.5% and has risen 40.8% over the last year. Concerns regarding the COVID-19 pandemic and global growth prospects caused interest rates to decline as the Barclays Aggregate Bond index gained 1.8% for the quarter but has declined 0.3% for the past year.

While most would agree that life remains unusual, difficult, and complex, capital markets seem to be living in a sedate, risk-free alternate universe. Unsurprisingly, the cognitive dissonance between these extremes has led to questions as to how this can be and what comes next.

We too would like to know what the world and markets will look like six or twelve months from now. Yet, we are also at peace with our inability to know that which cannot be known and accept the fact that short-term market conditions are simply a random walk. From this perspective, surprise is off the table and decision-making can be focused on valuation and diversification where the probability of long-term success is far higher. This philosophy is centered on the outsized importance of long-term outcomes with the knowledge that periods of market stress are a key contributor to the successful results of disciplined, experienced investors such as the Foundation.

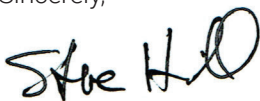
### Portfolios

The Balanced Pool serves philanthropists who have a longer-term grantmaking horizon and is designed to maximize total return while protecting principal. This pool maintains a diversified portfolio that includes exposure to global equity markets, alternative investments, and more conservative asset classes such as US Fixed Income. The portfolio benefitted from its exposure to “value” stocks in Japan and in the smaller capitalization segment of the US market. The Balanced Pool gained 5.5% and 31.8% in the second quarter and in the last twelve months, respectively. While we are cognizant of ever-changing short-term market conditions, we remain focused on long-term pool performance and are encouraged that the pool continues to out-perform its 5 and 10 year benchmarks.

In addition to our Balanced Pool, we offer other investment options to meet our fund holders’ needs. Our Socially Responsible Pool, designed to meet ESG (Environmental, Social, and Governance) requirements while also providing competitive economic returns, gained 3.0% for the quarter. Our Intermediate-Term Pool, designed to meet the expectations of donors with a grant-making horizon in the 2-7-year range, also gained 3.0%. The Foundation also manages a Short-Term Pool for donors with very short grant-making horizons. This pool is intended to preserve capital as best as possible; it gained 0.1% in the quarter. Lastly, the Foundation offers an Index Pool, which is all passive and a Growth Pool. These pools gained 5.2% and 6.5% on the quarter, respectively.

We are thankful for the opportunity to support you in creating powerful, rewarding philanthropy to make King County a stronger, more vibrant community for all. We welcome your questions and comments about Seattle Foundation.

Sincerely,

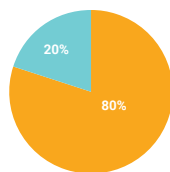


Steve Hill  
Seattle Foundation Trustee and  
Chair of Investment Committee

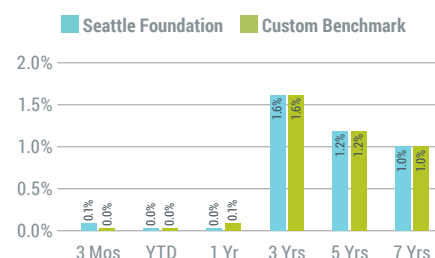
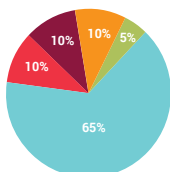


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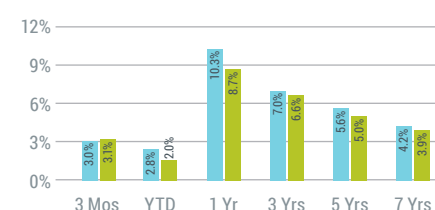
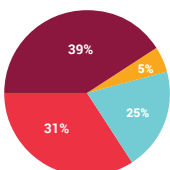
**Investment Pool**
**Target Asset Allocation**
**Performance**

**Short-Term Pool**
*0-2 year giving horizon*


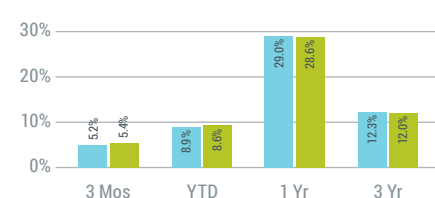
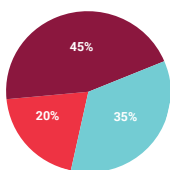
- Fixed Income
- Cash & Equivalents


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


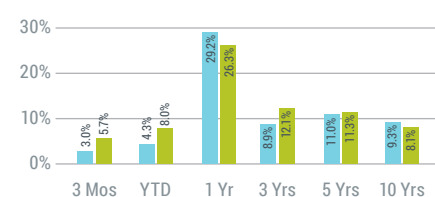
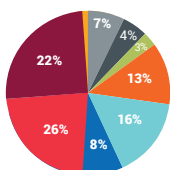
- Domestic Equity
- International Equity
- Fixed Income
- Real Return
- Cash & Equivalents


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


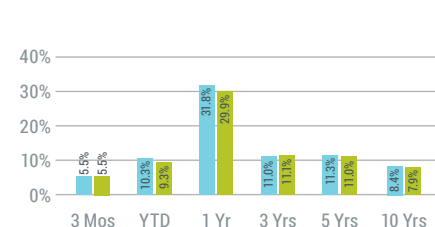
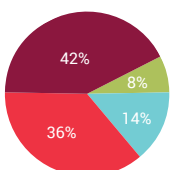
- Domestic Equity
- International Equity
- Fixed Income
- Cash & Equivalents


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


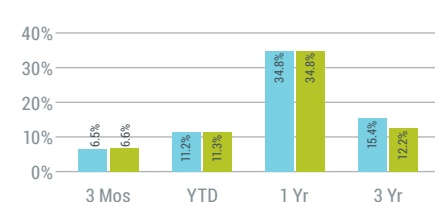
- Domestic Equity
- International Equity
- Fixed Income


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


- Domestic Equity
- International Equity
- Fixed Income
- Hedge Funds
- Real Return
- Private Equity
- Cash and Equivalents
- Select Strategies


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


- Domestic Equity
- International Equity
- Fixed Income
- Real Return



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](mailto: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 Mercant. 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.