



Steve Hill
Trustee and Chair of
Investment Committee



Allyson Tucker
Trustee and Vice Chair of
Investment Committee

Thank you for choosing Seattle Foundation as your partner in philanthropy. We know that you share our commitment to creating a region of shared prosperity, belonging, and justice. We appreciate your confidence in us to manage your assets in service of a greater goal: fostering a community where everyone can thrive. We are pleased to share these results from Q1 and we welcome any questions or feedback.

Market Conditions

Global-equity markets sold off during the first quarter with the S&P 500, MSCI EAFE, and MSCI Emerging indices posting declines of 4.6%, 5.9%, and 7.0%, respectively. A confluence of risks, including war, global supply chain disruptions, pandemic-related shutdowns, rising interest rates, and record-high inflation, weighed on investor appetite and tempered risk-taking.

The focal point for the quarter was the Russian invasion of Ukraine, the reverberations of which were felt time and again all around the world. Rounds of sanctions by western powers combined with rising concerns about the prices of fuel and grain commodities sourced from Russia and Ukraine made for a volatile macroeconomic situation, which exacerbated existing inflationary pressures. Furthermore, relations between the US and China further deteriorated as a result of differing diplomatic approaches to the Ukraine conflict. The Chinese government's decision to institute lockdowns in China's largest cities following rising COVID cases further unsettled investor sentiment in the region.

The end result of these largely unforeseeable macroeconomic events, in conjunction with disappointing earnings from several of the largest global enterprises, was a period where many investors were caught seemingly wrong-footed. The pressures on fundamental active management, which were present in 2021, continued for a large swath of the investment management community. However, volatile periods such as these can also be highly beneficial, as the fear and uncertainty generate the potential for large disparities between the market price of securities and their intrinsic value. In such an environment, we believe that our portfolio is well positioned to deliver attractive returns on an absolute and relative basis.

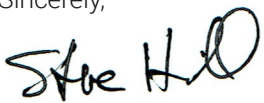
Portfolios

The Balanced Pool is Seattle Foundation's primary investment pool and is actively managed to deliver returns at 5% plus CPI over a long-term horizon. It maintains a diversified portfolio that includes exposure to global equity markets, alternative investments, and more conservative asset classes such as US Fixed Income. Over the last 10 years, the Balanced Pool has gained 7.6% per annum. The Balanced Pool lost 5.5% in the first quarter and registered a 3.7% gain in the last 12 months. The first quarter was a challenging one due in part to poor returns for our emerging markets exposure, valuation pressures on growth stocks, and market dynamics that were particularly challenging for stock picking. 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 fundholders' needs. Our Socially Responsible Pool, designed to meet ESG (Environmental, Social and Governance) requirements while also providing competitive economic returns, lost 6.5% for the quarter. Our Intermediate-Term Pool, designed to meet the expectations of donors with a grantmaking horizon in the two-to-seven-year range, lost 3.3%. The Foundation also manages a Short-Term pool for donors with very short grantmaking horizons. This pool is intended to preserve capital as best as possible; it lost 0.5% in the quarter. Lastly, the Foundation offers an Index pool, which is all passive, and a Growth Pool. These pools lost 5.2% and 2.6% in 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,

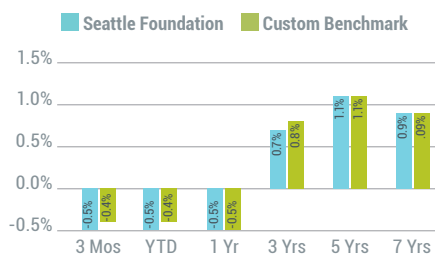
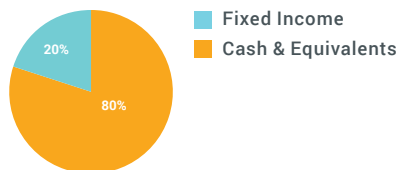
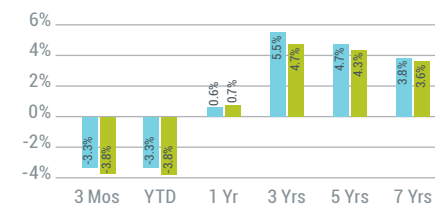
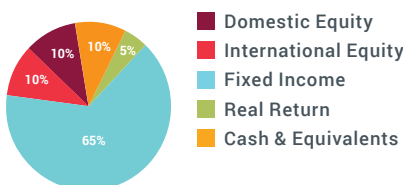
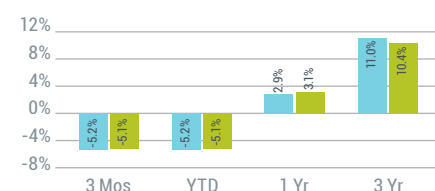
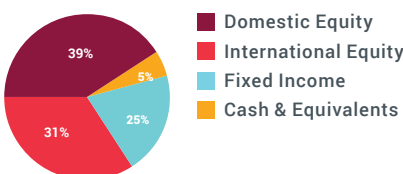
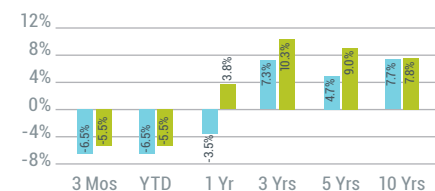
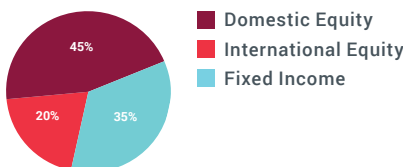
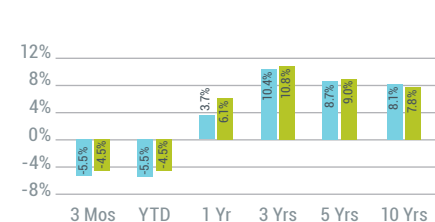
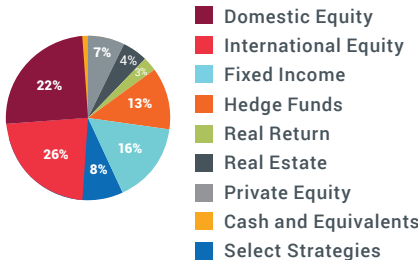
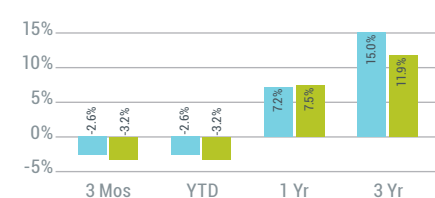
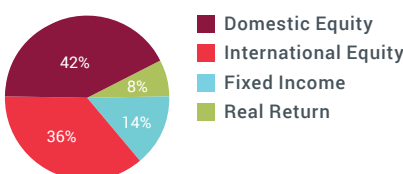


Steve Hill
Seattle Foundation Trustee and
Chair of Investment Committee



Allyson Tucker
Seattle Foundation Trustee and
Vice Chair of Investment Committee

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.

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, 2022 and transfers will occur no later than October 31, 2022. 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.

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 Senior Investment Manager with **Cascade Asset Management Company** 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.