



Joseph Boateng
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 Q4 and we welcome any questions or feedback.

Market Conditions

A solid, albeit uneven fourth quarter rally provided welcome relief but did not completely erase the sting of significant market declines in 2022; the S&P 500 fell 18.1% for the year while the Bloomberg U.S. Aggregate Bond Index dropped 13.0%. A 60% equity/40% fixed-income blend of these indices dropped 15.8% during 2022.

After several years of headwinds, 2022 brought good news for many value investors as the MSCI All Country World Value Index dropped -7.6% but outperformed its growth counterpart (-28.6%) by an impressive 21.0%.

Ultimately, 2023 is likely to be complex; but that does not mean we should be pessimistic. There will undoubtedly be winners and losers, with the likelihood of success favoring investors who pursue their work with rigor, patience, and risk awareness. In a time where some asset prices have become significantly detached from value, there is much opportunity ahead for prudent long-term investors such as Seattle Foundation to look forward to.

Portfolios

The Balanced Pool is the Seattle Foundation's primary investment pool and is actively managed to deliver annualized returns of 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 U.S. Fixed Income. Over the last 10 years, the Balanced Pool has gained 6.3% per annum. The Pool gained 7.3% in the fourth quarter and registered a 15.5% loss in 2022. Fourth quarter returns were helped by China's relaxation of its Zero COVID policy and investors observing indications from the Federal Reserve (Fed) that the pace of policy tightening could slow down, and that elevated inflation could be cooling.

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, gained 6.3% for the quarter and registered a 17.6% loss in 2022. Our Intermediate-Term Pool, designed to meet the expectations of donors with a grantmaking horizon in the 2–7-year range, gained 5.2% and registered a 9.7% loss in 2022. The Foundation also manages a Short-Term Pool for donors with very short grantmaking horizons. This pool, which is intended to preserve capital as best as possible, gained 0.9% for the quarter and registered a 0.5% gain in 2022. Lastly, the Foundation offers an Index Pool, which is all passive, and a Growth Pool. These pools gained 7.2% and 7.4% in the quarter and registered 15.2% and 12.5% losses in 2022, respectively.

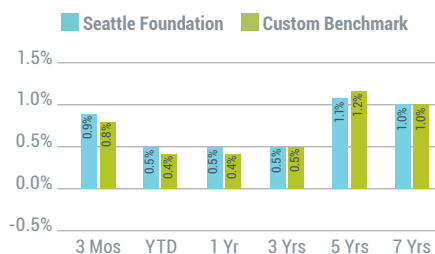
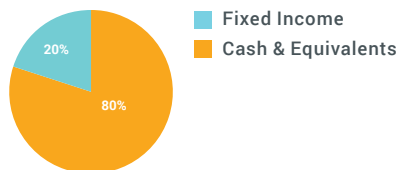
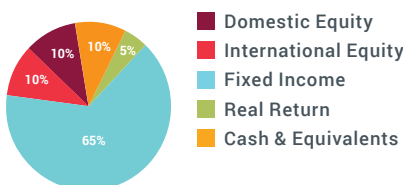
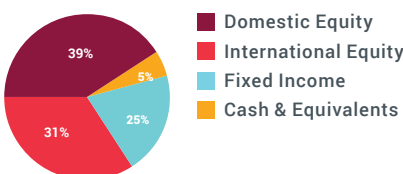
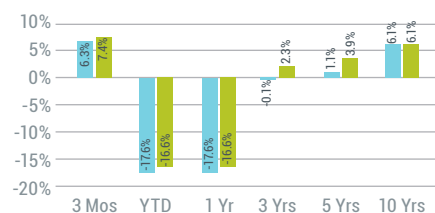
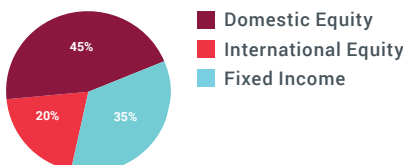
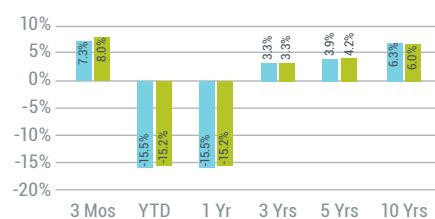
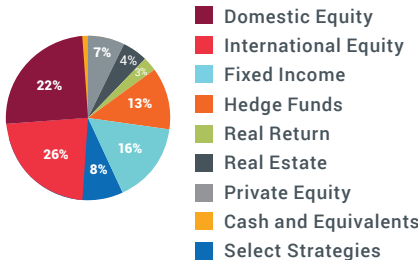
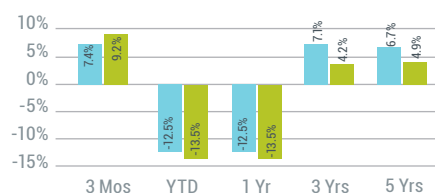
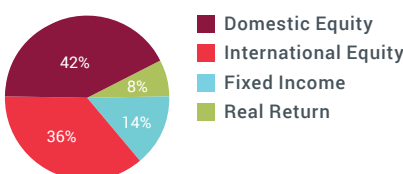
We are thankful for the opportunity to support you in creating powerful, rewarding philanthropy to make King County a stronger, more vibrant community for all. We welcome your questions and comments about Seattle Foundation.

Sincerely,



Joseph Boateng
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.

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 March 31, 2023 and transfers will occur no later than May 31, 2023. 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 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 five members selected for their investment expertise and judgment.

Joseph Boateng, CHAIR

Mr. Boateng joined **Casey Family Programs** as its first Chief Investment Officer in 2007 and is responsible for overseeing the foundation's \$2.6 billion endowment. Before joining Casey, he was a member of the Johnson & Johnson Investment Committee, responsible for managing over \$17 billion. Prior to joining Johnson & Johnson, Joseph spent 13 years at the Xerox Corporation where he was a key member of the Trust Investment Team that managed \$10 billion in assets. Mr. Boateng received his MBA from University of California Los Angeles and is an alumnus of the Said Business School at Oxford. He is a CFA Charterholder, CPA / PFS, and Chartered Global Management Accountant designee.

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.

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.

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.