



**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 Q1 and we welcome any questions or feedback.

### Market Conditions

The first quarter of 2023 began calmly but ultimately careened toward a new crisis. The adage stipulating that risk and returns are correlated is equally true when substituting the words “discomfort” or “anxiety” for risk. The latest addition to the hall of mirrors was old-fashioned bank solvency, although this time the root cause was a simple but powerful crisis of confidence that led depositors to flee, first at Silicon Valley Bank (SVB) then radiating to an expanding group of regional banks. While each instance was driven by legitimate concerns, it is important to recognize that a variety of less painful outcomes were likely had it not been for a massive shift in the investment climate due to higher interest rates and the resultant bear market across most major asset classes.

As life inches toward post-COVID normalcy, a whirlwind of swirling geopolitical, economic, and capital-market conditions continuously reminds us that change is inevitable, with inflection points emerging from each new crisis. While such moments are uncomfortable, Seattle Foundation is positioned to recognize and act on the opportunities that emerge for long-term investors.

Despite the complexity of the current climate, markets advanced sharply during the first quarter of 2023. The S&P 500 gained 7.3%, non-U.S. developed markets (MSCI EAFE) advanced 8.5%, and high-quality U.S. bonds gained 3.0%. While rolling 1-year returns continue to show losses for major stock and bond indices, two consecutive quarters of strong gains have moderated the declines.

While challenging periods are never pleasant, we frequently remind ourselves that generating strong returns is not supposed to be easy and take solace from history, as complex market climates tend to be correlated with stronger future returns for those willing to prudently embrace uncertainty.

Fortunately, there are steps one can take to maximize the likelihood of success.

- Embrace meaningful diversification to provide protection from a future that differs, albeit unpredictably, from the recent past.
- Focus on resilience—the most successful investors in the years ahead will have the ability to assess business quality, management teams, balance sheets, valuation, etc., objectively, and knowledgeably.
- Capitalize on the power of diversity across gender, ethnicity, age, and location. The secret to the success of the great investors is the connection between their personalities and life experiences with the types of investments they own.

### 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 U.S. Fixed Income. Over the last 10 years, the Balanced Pool has gained 6.4% per annum. The Pool gained 5.4% in the first quarter and registered a 5.5% loss in the last 12 months. The portfolio has rebounded as investors have become more accustomed to the complexity of the current climate.

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 7.4% for the quarter. Our Intermediate-Term Pool, designed to meet the expectations of donors with a grantmaking horizon in the 2-7-year range, gained 4.3%. 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 gained 1.2% for the quarter. Lastly, the Foundation offers an Index Pool, which is all passive, and a Growth Pool. These pools gained 5.4% and 4.6% in the quarter, respectively.

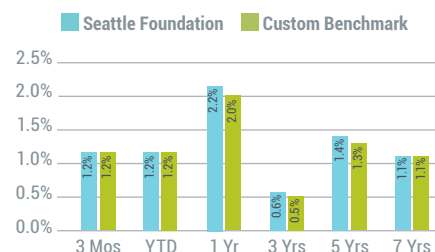
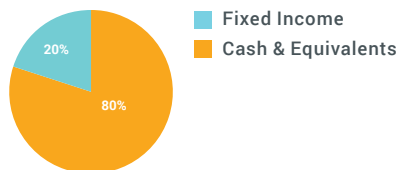
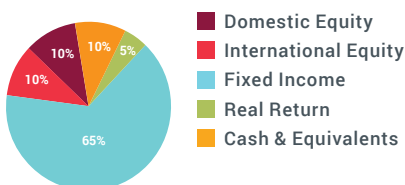
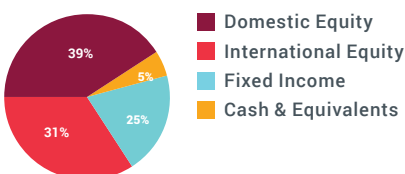
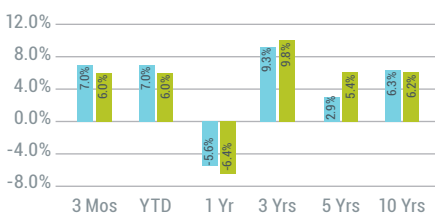
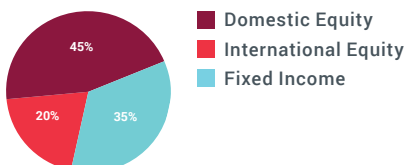
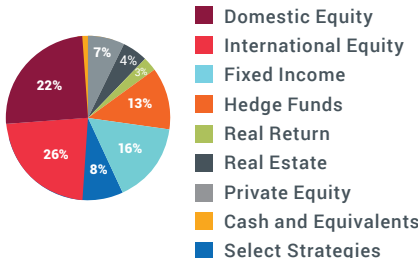
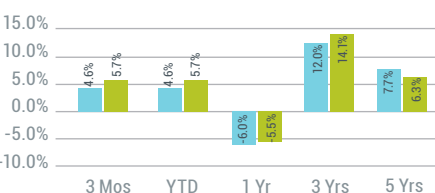
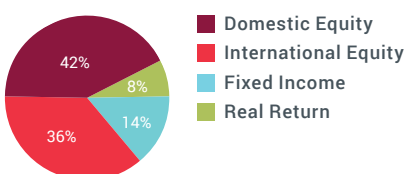
We are thankful for the opportunity to support you in creating powerful, rewarding philanthropy to make King County a stronger, more vibrant community for all. We welcome your questions and comments about Seattle Foundation.

Sincerely,



Joseph Boateng  
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, 2023 and transfers will occur no later than October 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](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 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 six 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.

### Steve Hill

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.

### 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.