SEATTLE FOUNDATION

Q1 2026

Investment Report

Jason Malinowski
Chair of Investment Committee

We are pleased to introduce Jason Malinowski, who was elected Chair of Seattle Foundation's Investment Committee in March 2026. Jason is the Chief Investment Officer of the Seattle City Employees' Retirement System and has been part of the Investment Committee since 2023.

Market Conditions

The first quarter of 2026 saw U.S. equities post a modest loss while non-U.S. markets and smaller companies held up better, with investor sentiment turning more defensive following a sharp selloff after the start of the Iran conflict. Markets contended with renewed geopolitical tension and persistent policy uncertainty as the Federal Reserve held to a measured pace of additional easing after 75 basis points of cuts in 2025. The U.S. dollar strengthened, partially reversing the prior year's weakening trend, while elevated U.S. large-cap valuations continued to weigh on returns relative to less expensive non-U.S. peers. Value-style equities held up better than growth-style equities, extending the leadership shift that began in late 2025.

Investment-grade bonds delivered roughly flat returns for the quarter, with coupon income offset by modestly higher Treasury yields and slightly wider spreads. Higher-quality issues again outperformed their lower-quality counterparts. High-yield corporate bonds also held up, supported by coupon income and resilient credit fundamentals. The shape of the yield curve continues to reflect ongoing economic growth, sticky inflation, and fiscal imbalances, alongside emerging labor market softness and disinflationary effects from technology advancements.

The U.S. economy entered 2026 at a modest pace of expansion, with March unemployment steady at 4.3% and 2025 GDP growth of approximately 2.2%. Job gains continued in healthcare and food service, while the federal government and certain manufacturing-related sectors saw further declines. Wage growth remained subdued, and inflation held above the Federal Reserve's 2% target, February year-over-year headline at 2.4% and core at 2.5%, with the most significant price increases seen in utilities, energy, food, and medical services. Heightened tariff and policy uncertainty added caution to business investment decisions.

Achieving mission-aligned returns will require navigating uncertainty while accepting complexity. The Foundation is positioned for lasting achievement by spreading investments across different assets, carefully evaluating valuations, and performing its own research, particularly as new information emerges that challenges commonly held viewpoints.

Portfolios

The Balanced Pool is the Seattle Foundation's primary investment pool and is actively managed to deliver returns at 5% plus CPI over the long term; 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 8.3% annualized. The Balanced Pool returned -2.0% for the quarter. The pool's diversified strategy makes a compelling case for its positioning, supporting its north star of preserving capital while pursuing long-term growth.

In addition to the 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, returned -2.6% 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, returned -0.1% for the quarter. 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 and returned 0.7% for the quarter. Lastly, the Foundation offers an Index Pool, which is fully passive, and a Growth Pool; these pools returned -0.8% and 0.2%, respectively, for the quarter.

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

Sincerely,

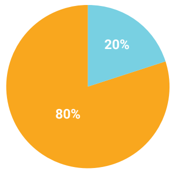
Jason Malinowski
Chair of Investment Committee

Investment Pool | Target Asset Allocation | Performance

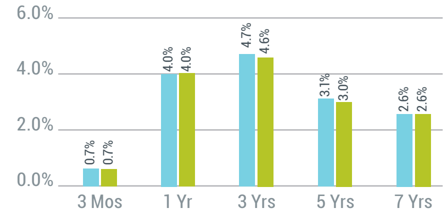
Seattle Foundation | Custom Benchmark

Short-Term Pool

0-2 year giving horizon

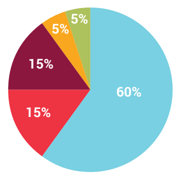


- Fixed Income
- Cash & Equivalents

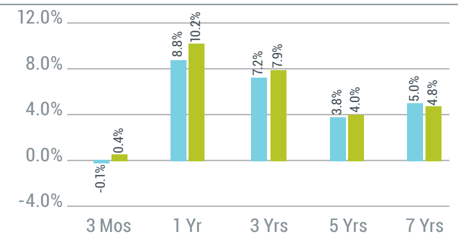


Intermediate Pool

3-7 year giving horizon

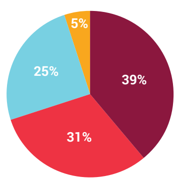


- Domestic Equity
- International Equity
- Fixed Income
- Real Return
- Cash & Equivalents

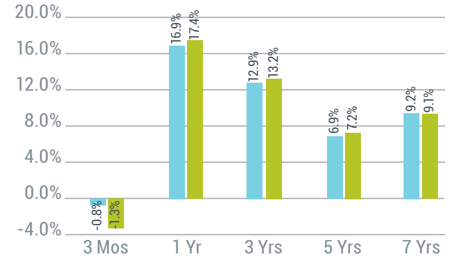


Index Pool

10+ year giving horizon

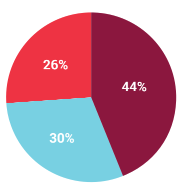


- Domestic Equity
- International Equity
- Fixed Income
- Cash & Equivalents

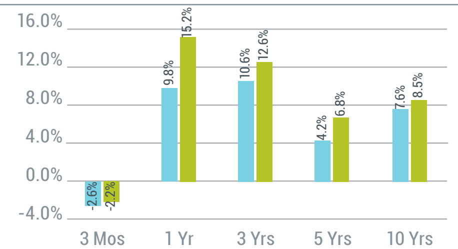


Socially Responsible Investment Pool

10+ year giving horizon

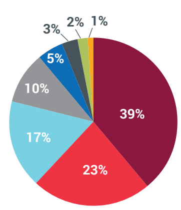


- Domestic Equity
- International Equity
- Fixed Income

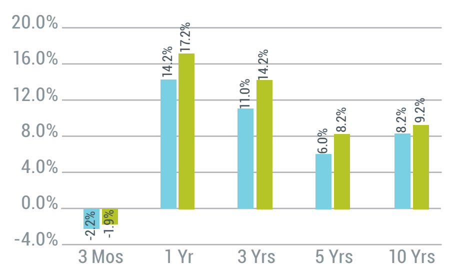


Balanced Pool

10+ year giving horizon

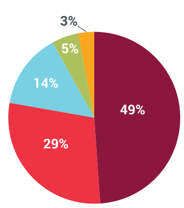


- Domestic Equity
- International Equity
- Fixed Income
- Real Return
- Real Estate
- Private Equity
- Cash & Equivalents
- Opportunistic Credit

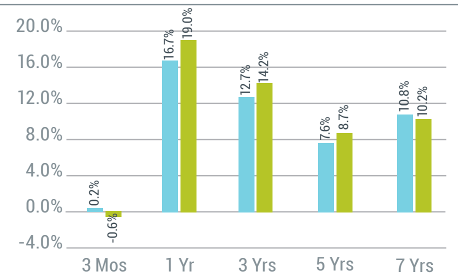


Growth Pool

10+ year giving horizon



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



Seattle Foundation returns are net of investment management fees. The fee schedules for each investment pool vary based on the pool's holdings, performance, and size. Current management fees range from 0.08 to 0.96% and generally will not exceed 1.5% in any investment pool. 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, 2026 and transfers will occur no later than October 31, 2026. 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 members selected for their investment expertise and judgment.

Jason Malinowski, CHAIR

Jason Malinowski is the Chief Investment Officer of the **Seattle City Employees' Retirement System**. Prior to joining the City of Seattle, he was a Managing Director at BlackRock, serving as the Head of Risk and Quantitative Analysis for Alternative Investments. He received a BA in Economics and Mathematics from New York University and a MA in Policy Studies at the University of Washington, Bothell.

Joseph Boateng

Joseph 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. Joseph received his MBA from UCLA and is an alumnus of the Said Business School at Oxford. He is a CFA Charterholder, CPA/PFS, and Chartered Global Management Accountant designee.

Sheng-Sheng Foo

Sheng-Sheng Foo is Director of Investments at **Casey Family Programs**, where she has investment responsibilities across asset classes globally in supporting the foundation's endowment. Prior to this, she worked at The University of California Investment Office and previously oversaw the Public Markets portfolio at The California Endowment. She has an MBA from The Wharton School at the University of Pennsylvania and is a CFA charter holder and earned the Certificate in Quantitative Finance (CQF).

Patrick Martinell

Patrick Martinell is an Investment Officer and Director of Research with the **University of Washington**. He also spent two years at the Washington State Investment Board (WSIB) on the Risk Management and Asset Allocation team and 14 years at Cascade Asset Management. Patrick holds a double degree in Economics and Mathematics from Claremont McKenna College. He is a member of the Seattle Society of Financial Analysts and a CFA Charterholder.

Kenla Torres-Sibley

Kenla Torres-Sibley is a member of the asset allocation division and leads the external public manager team for the **Bill & Melinda Gates Foundation Trust** and **Cascade Investment**. Prior to joining Cascade, she was an Investment Director at Brown University's endowment. Kenla holds an MS in Investment Management from Boston University and a BS in Finance and Economics from the University of South Florida. She is a member of the investment committee of the United Negro College Fund's Gates Millennium Scholars program.

Greg Wilson

Greg Wilson is a Portfolio Manager at **Pugh Capital Management**. He has spent his career analyzing, trading, and developing strategies supporting the mortgage-backed, asset-backed, and commercial mortgage-backed sectors across Pugh Capital's products. Greg earned his MS in Finance from Seattle University and his BA in Economics and Psychology from Claremont McKenna College.