



RICE UNIVERSITY
Endowment Report
FISCAL YEAR 2023

July 1, 2022 – June 30, 2023

Over the past year, the first led by President DesRoches, the university has flourished. Rice continues its steadfast pursuit of pathbreaking research, an unparalleled educational experience and deepening connections in Houston and in communities around the globe as we work towards the betterment of our students and faculty, our city, and the world.

More than 100 years since the creation of the first endowed scholarship at Rice, financial aid endowments are critical to ensuring a Rice education is accessible for all students. Departmental endowments strengthen and sustain the student experience, providing a myriad of learning opportunities both inside and outside the classroom, while also ensuring the health and wellbeing of undergraduate and graduate students alike. Chair endowments bolster our recruitment of outstanding new faculty who lead in teaching and research, and Rice-led innovation and research has garnered attention and accolades worldwide.

The Rice Management Company's stewardship of the endowment ensures sustained resources for our students, faculty, and community. Your contribution to the endowment has not only facilitated Rice's longstanding tradition of excellence, but also paved the way for a future of growth and high achievement. It is our pleasure to acknowledge the many ways your endowment support contributes to the essential task of educating tomorrow's thinkers, doers, leaders and visionaries. Indeed, your generosity provides the firm foundation that secures an exciting future of research, scholarship and innovation.

Thank you, again, for your terrific commitment to Rice's students and to our outstanding community.

Stephen Bayer
Vice President for Development
and Alumni Relations

Allison Thacker '96
Chief Investment Officer and President,
Rice Management Company
Vice President for Investments,
Rice University





Rice Management Company Reports 4.0% Investment Returns for FY23

Rice Management Company's (RMC) endowment assets under management, which exclude directly held real estate, returned 4.0% for the fiscal year that ended June 30, 2023, with a value of \$7.24 billion as of the same date. The total endowment value, which includes directly held real estate managed outside of RMC, ended the year at \$7.74 billion.

Positive contributors to return were energy investments, which returned 7%, and timber, which returned over 8% for the fiscal year. The portfolio's domestic and international equity portion, making up only about 21% of RMC's assets, produced a healthy 16%. The venture capital portion of the portfolio was down single digits for the year, as it was in 2022, after posting returns over 100% in 2021.



Management of the Rice Endowment

Rice Management Company has historically managed the university's endowment, including directly held real estate. Beginning in 2023, the newly established Real Estate and Facilities Department within Rice will manage the directly held real estate portfolio, approximately 6% of the \$7.7 billion endowment. This new department will ensure alignment and broaden our expertise for internal and externally focused initiatives. The RMC will continue to manage and report on the remainder (94%) of the endowment, excluding direct real estate.

The direct real estate portfolio includes several assets. Two of the more prominent holdings are parcels in the Rice Village shopping area just west of campus and the Ion District in Midtown Houston, which brings Houston's entrepreneurial, corporate and academic communities into collaborative spaces and programs where ideas grow.



Longer-term Endowment Performance

Longer-term returns for RMC's assets under management continue to preserve the endowment's purchasing power while providing additional dollars to support essential university priorities such as student financial aid and the ambitious expansion of Rice's research profile.

In fiscal 2023, RMC distributed \$371 million to support the university's operations. This is the largest single source of revenue for the university and amounts to approximately 40% of Rice's annual operating revenues.

Long-Term Annualized Returns

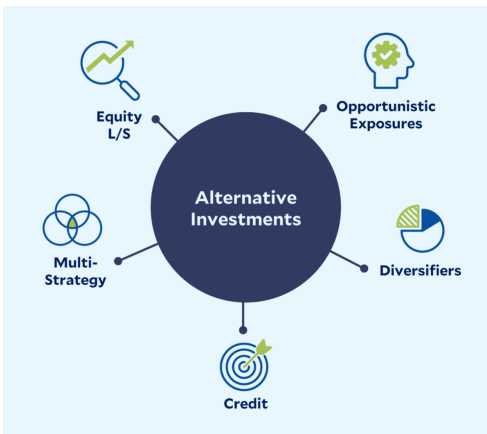
3-Yr	5-Yr	10-Yr
13.4%	9.2%	9.4%





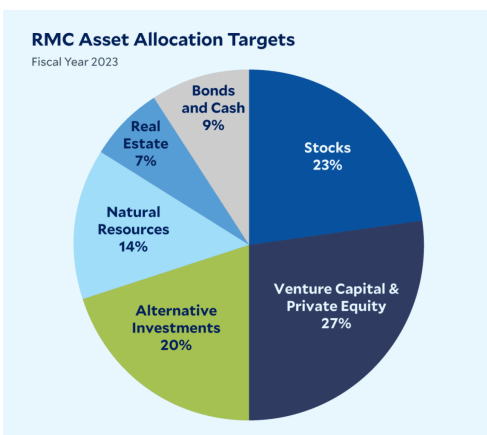
Asset Class Spotlight: Alternative Investments

The Rice endowment portfolio is highly diversified by manager, region and underlying driver of return. A lynchpin of that diversification, the Alternatives allocation seeks to complement risks taken elsewhere in the portfolio by generating compelling returns delivered through differentiated investment strategies. Said simply, this allocation identifies strategies that “make money differently” than the rest of the portfolio. Managers in this allocation have a broad set of tools at their disposal to generate compelling returns like hedging, corporate activism, unique strategies and the ability to invest across a capital structure.



Asset Class Spotlight: Alternative Investments

Comprising 19% of Rice’s endowment portfolio, the Alternatives allocation generated annual returns of 6.6% over the past ten years and 7.9% over the past 20 years. Notably, during significant downturns in equity markets (e.g. the dot-com crash in 2000, the financial crisis in 2008 or the COVID pullback in 2020), hedged and differentiated strategies outperformed equity markets by a large margin, providing ballast to Rice’s portfolio and RMC’s ability to maintain consistent and growing distributions over time.



Asset Allocation

The RMC is in the forever business, meaning we are investing to support and maintain university operations and goals for generations of Owls. Therefore, when investing, the endowment has the benefit of time. On one end of the spectrum, we hold investments such as stocks and bonds, which are highly liquid and can be sold quickly. Conversely, we have partnership investments in private equity and venture capital that may not offer liquidity to RMC for several years. How to allocate the endowment’s assets across this spectrum is the primary focus of RMC.

RMC Asset Allocation Targets



Private Equity	Energy and Natural Resources	Global Multistrategy Hedge Funds	Long/Short Hedge Funds	Cash & Fixed Income
Venture Capital	Timber			US & Non-US Stocks