

 RICE UNIVERSITY

Endowment Report

FISCAL YEAR 2024

July 1, 2023 – June 30, 2024

As we reflect on another remarkable year at Rice University, we want to take a moment to update you on the enduring impact of your generosity and the ways your contributions continue to ensure the success of our students, faculty and the university.

Thanks to your support and the careful stewardship of the Rice Management Company, the strength of the Rice Endowment continues to fuel our mission to better our world. This strong financial foundation facilitates the transformative educational experience that sets Rice apart from our peers.

From funding pathbreaking research to unsurpassed teaching to the residential college system, your gifts are creating opportunities that have a profound effect on the Rice community and beyond. Support for endowed faculty chairs, graduate fellowships and scholarships attract top talent, enhance research output and strengthen Rice's academic reputation. The student experience is bolstered through endowments that provide opportunities to pursue summer research, global experiences, independent creative work and so much more. In every case, your partnership with Rice continues to sustain a vibrant community where students and faculty have the resources to pursue unconventional wisdom.

Looking forward, Rice's path is filled with promise and opportunity. As we enter the new year and begin the work of Momentous, Rice's 10-year strategic plan, we are poised to build on our legacy of education and research, driving transformative impact across disciplines. Thank you, again, for your commitment to Rice's ambitious goals and to our outstanding community.

We are pleased to share your customized endowment report highlighting the performance of the Rice Endowment for fiscal year 2024 (July 1, 2023 - June 30, 2024).

If you have questions about your report or would be interested to view the digital version, contact us at stewardship@rice.edu.

Sincerely,

Stephen Bayer
Vice President for Development
and Alumni Relations

John D. Lawrence '97
Chief Investment Officer and President,
Rice Management Company



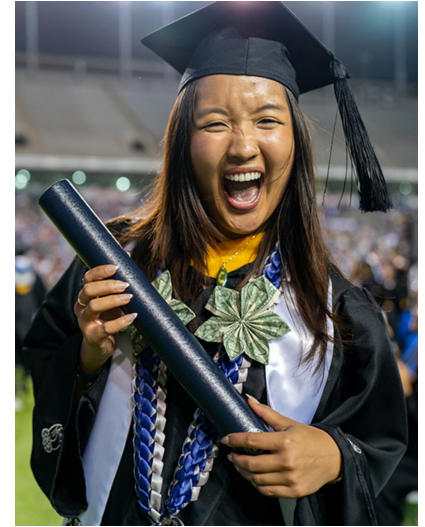
RICE ENDOWMENT REPORT FISCAL YEAR 2024



Rice Management Company Reports 9.7% Investment Return for FY24

Rice Management Company's (RMC) long-term investment pool, which excludes directly held real estate, notched an investment return of 9.7% for the fiscal year ended June 30, 2024, with a value of \$7.48 billion as of the same date. The total endowment value, including directly held real estate managed outside of RMC, ended the year at \$8.07 billion.

Substantial contributors to return include the energy portfolio, which earned 19.3%, and the public equities portfolio, which gained 16.1% for the fiscal year. Energy investments account for approximately 15% of total RMC assets, while approximately 20% is allocated to the public equities portion of the portfolio.



The Annual Endowment Payout Remains Rice's Largest Revenue Source

In FY24, Rice's annual budget surpassed \$1 billion for the first time. As it did 10 years ago and still does today, the endowment serves as the largest source for the university each year. The endowment fund provides approximately 40% of the annual operating budget, with student tuition and fees, revenues from grants and contracts, auxiliary enterprises (Housing and Dining and Parking), and yearly spendable gifts, supporting the remainder of the budget.

Rice recently launched Momentous, its strategic plan for the next ten years. More information can be found at the plan's website: momentous.rice.edu. The main focus areas are premier teaching and research, with key drivers of advancing undergraduate education, advancing graduate education, building thriving urban communities, generating sustainable futures, and leading health innovations, defining the plan's focus areas. The endowment will remain a consistent and dependable area of support to help Rice achieve the Momentous goal.



Longer-term Investment Performance

The Rice investment staff seeks the best external investment managers to manage the endowment's assets. Rice pursues managers with exceptional investment skills, a proven investment track record, a strong investment team, and a clear and disciplined investment philosophy.

Over the long-term, Rice expects that collectively and net of fees, these managers will earn the endowment a return over the return on passive investments in stock and bond funds. This strategy has benefitted Rice, and it has consistently earned returns in excess of these indices.

Over the long term, Rice has been able to outperform a passive index of 80% global stocks (MSCI ACWI index – large and mid-cap stocks from 23 developed market countries and 24 emerging market countries) and 20% US bonds (Bloomberg US Aggregate Bond Index comprised of US investment grade bonds, including corporate and government bonds).

Endowment Returns as of June 30, 2024

3-Yr	5-Yr	10-Yr
4.6%	9.6%	8.6%





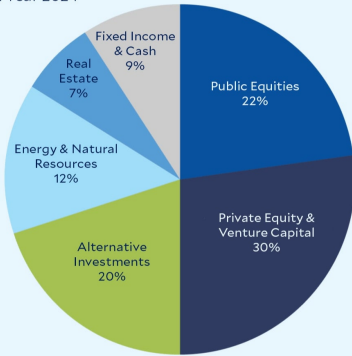
Asset Class Spotlight: Venture Capital and Private Equity

Initiated in 1996, Rice's venture capital and private equity program has grown to \$2.3 billion, the endowment's largest allocation. Driving the endowment's growth, these assets are the portfolio's highest-performing asset class over the last decade, generating a 16.3% annualized return and outperforming its benchmark by 280 basis points annually.

Risk is managed by diversifying across 20 active external partners and investing in a range of industries around the globe through funds, co-investments, and direct ownership in select instances. This performance is only possible because of our approach to forming deep relationships with these key partners.

RMC Asset Allocation Targets

Fiscal Year 2024



Asset Allocation

Rice 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 the endowment for several years. How to allocate the endowment's assets across this spectrum is the primary focus of RMC.



Artificial Intelligence: Industry and Academia Collide and Collaborate

Recognizing the tremendous opportunities and potential pitfalls this technology creates, the endowment office sponsored a symposium on artificial intelligence this past summer.

Bringing together senior investors from our key partners, members of the board of directors, administration, staff and the broader Houston community, we discussed topics ranging from AI's developmental pathway to the commensurate investment opportunity to the ethical development of next generation LLMs. The capstone was a fireside chat with renowned venture capitalist Mary Meeker, focused on how artificial intelligence is both a threat and an opportunity for institutions of higher learning such as Rice.

OUR 10-YEAR STRATEGIC PLAN

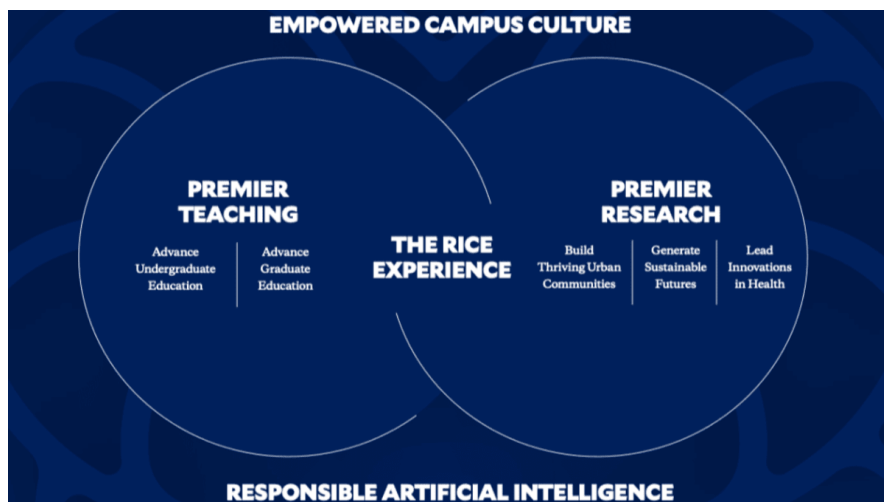


Momentous: Personalized Scale for Global Impact

There are moments that change us.
There are moments that change the future.
This is *that moment* for our university.

Under the leadership of President Reginald DesRoches, Rice University has unveiled a 10-year strategic plan to become the world's premier teaching and research university by delivering unparalleled personalized education and propelling breakthrough discoveries to transform lives and better humanity.

Momentous: Personalized Scale for Global Impact serves as a road map for the next decade. Centered on a distinct "Rice Experience," a balance of excellence and culture of care with an emphasis on premier teaching and research, key drivers of the plan include advancing undergraduate and graduate education, building thriving urban communities, generating sustainable futures and leading innovations in health. Learn more at momentous.rice.edu.



This Strategic Plan model conveys the interconnectedness of our two main focus areas, Premier Teaching and Premier Research, all centered around the uniqueness that is the Rice Experience.



Rice Constituent Relations | stewardship@rice.edu | 713-348-3877