Dear Supporters and Friends,

We were thrilled to celebrate the recent inauguration of President Reginald DesRoches, Rice’s eighth president, and to welcome a new provost, a slate of new vice presidents and the largest undergraduate class in our history. Change, both on campus and in the world, has been a constant, directing our focus ever forward to anticipate future challenges and opportunities and to plan for achievement and progress. Your support of the endowment has ensured the continuation of Rice’s excellence while enabling us to pioneer new achievements and contributions to humanity.

We are pleased to present the following report on the performance of the Rice Endowment for fiscal year 2022 (July 1, 2021–June 30, 2022) — the final fiscal year under David W. Leebron. The Rice Management Company has carefully stewarded endowed funds to safeguard the university’s investments and to provide for the continued pursuit of our goals and aspirations.

We are grateful for your support of the endowment, which contributes to the excellence of the university in its myriad pursuits, providing resources for an unparalleled undergraduate education, promoting faculty leadership and graduate fellowships, and strengthening Rice’s exceptional portfolio of programs and initiatives that serve students, the city of Houston and the world beyond the hedges.

Thank you for your steadfast devotion to the university and to the incredible Rice community.

Kathi Dantley Warren
Vice President for Development and Alumni Relations

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

Kathi Dantley Warren
Allison Thacker ‘96
The Rice University Endowment notched a slightly positive 0.1% investment return for the fiscal year ending June 30, 2022. While fiscal year 2022 was a tough year, the endowment’s average annual returns for the five- and ten-year periods ending June 30, 2022, still remain strong at 10.4% and 10.1% respectively. The S&P500 and the NASDAQ indices entered bear market territory for the first time since March 2020 during the onset of the COVID-19 pandemic as both experienced declines of more than 20% from their highs. Rice's endowment was buoyed significantly by its allocation to energy and natural resources. Energy and natural resources represented about 13% of the endowment's investments at June 30, 2022, and this portion of the endowment earned 39% for the fiscal year. Rice Management Company expects this fiscal year’s endowment return to be in the top decile of endowment returns for universities.

<table>
<thead>
<tr>
<th>($ millions)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value at June 30, 2021</td>
<td>$8,060</td>
</tr>
<tr>
<td>Endowment investment returns</td>
<td>$13</td>
</tr>
<tr>
<td>Endowment gifts and transfers</td>
<td>$74</td>
</tr>
<tr>
<td>Endowment spending</td>
<td>($333)</td>
</tr>
<tr>
<td>Market Value at June 30, 2022</td>
<td>$7,814</td>
</tr>
</tbody>
</table>

In 1904, the Rice Institute (now Rice University), received a founding endowment of $4.6 million from the estate of William Marsh Rice. Today, Rice's total endowment stands just shy of $8 billion and would not be where it is today without the continued addition of new gifts from generous donors. Only three factors drive the change in the endowment's value each year: investment returns/losses, spending for the endowment's designated purposes and new gifts received. New gifts received into the endowment allow Rice to continue to serve its mission of pursuing pathbreaking research and creating collaborative opportunities that contribute to the betterment of our world. Endowments help enhance financial stability to ensure that Rice can continue its mission well into the future. The table below shows three actual endowments established at Rice at different times over the past 65 years, the initial gift that established each endowment, the cumulative amount of distributions they have funded since their inception and the ending value at June 30, 2022.

### Impact of Endowment Gifts

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Edward A. Peden Library Research Material Fund</th>
<th>Ernest Rechel Scholarship</th>
<th>Clyde Ferguson Bull Traveling Fellowship in French</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Established</td>
<td>1957</td>
<td>1967</td>
<td>1983</td>
</tr>
<tr>
<td>Age of Endowment</td>
<td>65 years</td>
<td>55 years</td>
<td>39 years</td>
</tr>
<tr>
<td>Original Gift</td>
<td>$26,392</td>
<td>$70,487</td>
<td>$198,664</td>
</tr>
<tr>
<td>FY2022 Distribution</td>
<td>$19,951</td>
<td>$44,626</td>
<td>$48,847</td>
</tr>
<tr>
<td>Cumulative Distributions</td>
<td>$424,545</td>
<td>$956,245</td>
<td>$893,887</td>
</tr>
<tr>
<td>6/30/22 Market Value</td>
<td>$508,034</td>
<td>$1,117,657</td>
<td>$1,294,689</td>
</tr>
</tbody>
</table>
Rice’s operating revenues totaled $863 million for fiscal year 2022, and while endowment distribution represents the largest revenue source to Rice, tuition and fees as well as grants and contract revenue are also substantial contributors to Rice’s operations. Tuition and fees shown to the right represent the net amount received by Rice (undergraduate and graduate tuition) after scholarships have been granted. Rice’s undergraduate admissions process is “need-blind,” meaning that a student’s ability to pay tuition costs is not factored into the admissions decision. Rice grants significant financial aid to undergraduate students, and the tuition discount rate for fiscal year 2022 was 56%.

### Revenue Source

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>($ millions)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment spending</td>
<td>$335</td>
<td>39%</td>
</tr>
<tr>
<td>Tuition and fees (net)</td>
<td>$244</td>
<td>28%</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>$168</td>
<td>19%</td>
</tr>
<tr>
<td>Gifts and pledges</td>
<td>$31</td>
<td>4%</td>
</tr>
<tr>
<td>Auxiliaries</td>
<td>$43</td>
<td>5%</td>
</tr>
<tr>
<td>Other revenues</td>
<td>$42</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Total Revenues: $863 million**

The annual distribution from the endowment continues to be the single largest revenue source to the operating budget and supports approximately 40% of the university’s operating expenses. Tuition, research grants, auxiliary enterprises and current gifts provide additional support. Among private research universities with endowments larger than $6 billion, only two universities rely on their endowments to a greater extent than Rice. Since comparative fiscal year 2022 data is not yet available, the graph below uses fiscal year 2021 data to show the degree to which large private research universities count on their endowments to fund operations.
Asset Class Spotlight: 
Energy and Natural Resources

Dating back to the founding of Rice, energy and natural resources have been a fundamental component of the endowment’s holdings. Rice’s target allocation to energy and natural resources is 10% of the endowment: 9% in oil and gas related investments and 1% in timber. These investments include 87,000 directly held mineral acres located primarily in Texas and Louisiana, a 50,000 acre sustainably managed timber forest in Louisiana, as well as allocations to numerous private equity funds investing in energy, metals and infrastructure. Over the past 20 years, the energy portfolio has returned approximately 20% annually. Through its investment program, the Rice Endowment is committed to taking a leadership role in reducing emissions related to fossil fuel investments through engagement as opposed to divestment. Additionally, the Rice Endowment plans for the energy portfolio to be carbon neutral by 2030. The pursuit of carbon neutrality includes measurement of the carbon footprint of RMC’s direct mineral holdings as well as the deployment of significant resources to building energy transition expertise and investing in suitable green energy opportunities. Notable projects to date include a 2,500 acre solar development on Rice property and the participation in a timber-based carbon credit program. This year, the Endowment became a signatory of the UN-supported Principles for Responsible Investment (PRI), joining a select group of other U.S. university endowment signatories. The PRI provides a robust, voluntary framework by which investors can incorporate ESG issues into their decision making and ownership practices.

The Rice Endowment plans for the energy portfolio to be carbon neutral by 2030.

An Undergraduate Student Initiative: 
The Rice New Energy Fund

The Rice New Energy Fund (RNEF) was launched in August 2021 under the existing Rice Undergraduate Finance Club to give students a platform to participate in active investment management while engaging with the complexities of the energy transition. This novel student initiative complements Rice’s introduction of the business major for undergraduates. With considerable finance talent at Rice and the increasing focus on the energy transition in Houston, the RNEF strives to nurture the next generation of climate investors. To be competitive in size and strategy, leaders of the fund spent the first two semesters building their team, raising capital and refining their investment process with help from senior advisors and leading academics. The RNEF announced its final close in May 2022 with just under $200,000 raised. To join the RNEF, students are required to first be members of the legacy undergraduate investment fund and then complete certain academic requirements. The fund’s investable universe includes over 150 U.S.-listed public equities along the entire new energy and climate solutions value chain. The RNEF also supports the endowment’s recent announcement to pursue a carbon neutral energy portfolio by 2030. Eventual distributions from the RNEF will be used to support student sustainability initiatives.

To learn more about the Rice New Energy Fund, please visit www.ricenewenergy.com.
College applications are challenging, but adding in a cancer diagnosis changes everything. Finishing high school and attending your dream university suddenly feels unreachable.

Rehan Siddiqui ’26 didn’t let leukemia derail his dream of attending Rice. He passed time in treatments by working on his application. Senior year, he received his acceptance with news of generous scholarship support.

Siddiqui received the Class of 1921 Scholarship as part of The Rice Investment, a financial aid policy that helps the best and brightest learners become Owls. Since 2018, donors like you have given over $84 million in endowed support to help students join Rice’s legacy, regardless of their circumstances.

Now a freshman in neuroscience, Siddiqui is grateful to be on campus and planning his future beyond the hedges. He’s wrapping up chemotherapy soon and hopes to become a pediatric oncologist to care for kids on journeys like his own.

"I can’t thank you enough for your support to make my dreams of attending Rice and one day helping others come true.”

Leveraging Scholarship Support to Give Back
Rehan Siddiqui ’26

Gilbert Cuthbertson, known affectionately as “Doc C,” the fund celebrates his lifetime of service as a political science professor and residential associate at Will Rice College. Doc C’s legacy of compassion and curiosity lives on in perpetuity by supporting resources and community-building for Will Ricers.

Though campus life has changed over the years, college traditions continue to bring generations of Owls together — thanks to generous support from the Rice community.
Endowed chairs are among the highest honors faculty members can hold. These positions recognize outstanding leadership in education, research and artistic endeavors — and honor the donor’s generosity and visionary impact on the university.

Unique chair opportunities help Rice attract distinguished faculty members like Luis Campos. In January 2022, Campos became the Baker College Chair for the History of Science, Technology and Innovation, established by Charlie Myers ’69. Born of Myers’ love for Rice’s residential college system and commitment to academic excellence, the chair holds dual appointments as a faculty associate of Baker College and as a professor. Campos teaches courses in the history of science, atomic history, environmental history, queer history and space history.

Through Myers’ gift, Campos can shape the student experience inside and outside the classroom — a dynamic that Campos calls “an integration of living and learning.” Campos looks forward to building invaluable relationships with history students and residents at Baker College.

Endowments in Action

Mentoring Students Through Instruction and Community

Luis Campos

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Opera Students Spread Their Wings Abroad

Studying abroad helps Owls broaden their educational horizons, understand diverse perspectives and spread their cultural wings. Through the generosity of Margaret Pack ’50, graduate students from The Shepherd School of Music travel to study Italian language at the Michelangelo Institute of Florence.

With love for opera, a portion of her retirement plan assets and other current-use gifts, Pack created the Margaret C. Pack Language Institute for Singers. Through the program, students deepen their knowledge of Italian language, grammar and history over the summer term.

Pack recently celebrated her 100th birthday, and the program fittingly sent its 101st student to Italy last summer. Through her endowment, hundreds more Owls will master Italian opera in years to come.

“As I sang ‘Bella siccome un angelo’ from Don Pasquale, I could feel the Italian rolling off my tongue like never before. I sang with ease and understanding. I haven’t been so excited to sing in forever.”

— Matthew Hrdlicka ’22, after traveling with the program in 2022.

The Shepherd School of Music’s production of “Street Scene,” fall 2022.

Rice students in Italy, summer 2022.
Contact Us
If you have any questions regarding this report, please contact the constituent relations team at stewardship@rice.edu or 713-348-4383.

Digital Endowment Reports
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Thank you for your generosity
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