

THE RICE UNIVERSITY

FISCAL YEAR 2019



ENDOWMENT

Dear Supporters and Friends,

Through your support of endowments at Rice, the university builds on its aspirations to provide a transformative undergraduate and graduate student education, to advance groundbreaking teaching and research, and to contribute effective solutions to global challenges. Whether by the creation of faculty chairs in engineering and the sciences, fellowships in the humanities, or scholarships that support our ambitious financial aid policy, The Rice Investment, you have a tremendous impact on Rice.

Endowments are a driving force behind the success of some of our most influential programs, including the Kinder Institute for Urban Research, which celebrates 10 years of work toward fostering vibrant communities. Significantly, the School of Social Sciences will mark its 40th anniversary with the completion of Kraft Hall, a critical component of Rice's policy corridor, which also includes the Baker Institute and the Jones Graduate School of Business. Such funding allows these schools and institutes to collaborate with local governments and apply evidence-based research to influence policies that address pressing problems, such as equitable access to healthcare and housing. Endowment support has also enabled the creation of the Betty and Jacob Friedman Holistic Garden, a dynamic space for biosciences teaching and research, student learning outside the classroom and community involvement. These efforts, and many others made possible by endowments, enrich all facets of Rice's educational mission.

In recognition of the people and programs that have contributed to Rice's academic excellence, we are pleased to present this endowment report for fiscal year 2019 (July 1, 2018–June 30, 2019). This year has seen continued growth in the endowment due to sound investments by the Rice Management Company, an accomplishment that also has increased opportunities for our students and faculty. We are, as always, deeply grateful for your continued support.

Sincerely,

Kathi Dantley Warren

Vice President for Development
and Alumni Relations

Allison Thacker

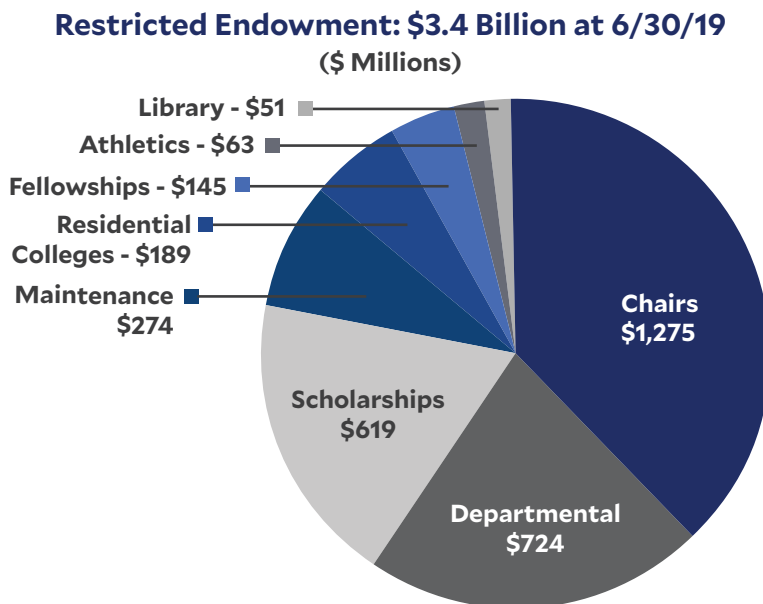
Chief Investment Officer and President, Rice Management Company
Vice President for Investments and Treasurer, Rice University





THE IMPACT OF ENDOWMENT GIFTS

The endowment grows over time from two sources: investment returns and new gifts added to the endowment. In 1904, the Rice Institute (now Rice University) was founded with a gift of \$4.6 million from the estate of William Marsh Rice. This founding gift was an endowment, meaning that it could never be spent, and only the earnings from this gift could be used to support the university. Rice has been fortunate over time to have many donors establish endowment funds for various purposes across campus. Today, the endowment stands at \$6.5 billion and consists of a large unrestricted endowment (approximately 48% of the total or \$3.1 billion) and over 1,900 individual funds with restricted purposes (approximately 52% of the total or \$3.4 billion). The different types of purposes within the restricted endowment are shown below.



This fiscal year, 40% of operating expenses were funded by the annual distribution drawn from the endowment. This is the single largest revenue source for the university. Endowment gifts have given and will continue to give the university the ability to provide a world-class education to students, regardless of their ability to pay, and to help fund pathbreaking research performed by Rice’s outstanding faculty.

ENDOWMENT LIQUIDITY

\$299 million was withdrawn from the endowment this fiscal year to help fund the operations of the university. This amount represents the largest revenue source to Rice, with tuition and fees and grants and contracts providing the next largest contributions to operations. The ability to liquidate investment assets when needed to support the annual endowment withdrawal is in the forefront when portfolio investment and asset allocation decisions are made by RMC. Some investments such as venture capital and private equity, energy and real estate often have longer-term time horizons before returns are realized and funds are returned to investors. While Rice does invest in these aforementioned asset classes, the endowment does maintain an allocation to publicly traded equities, fixed income and cash, which can be liquidated when needed.

Cumulative Liquidity of Rice Endowment
As of June 30, 2019

