

Rhode Island School of Design Endowment Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

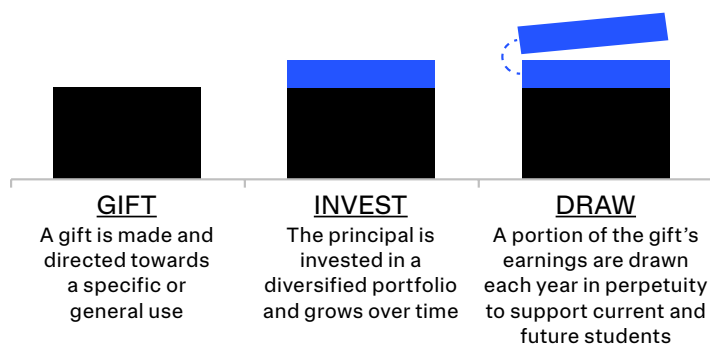


What is the Endowment?

The Rhode Island School of Design Endowment is a long-term pool of investments whose purpose is to provide stable, financial support to sustain RISD’s mission in perpetuity. The Endowment is comprised of over 300 individual funds established over many decades through generous gifts from alumni, parents, and friends of RISD. For some funds in the Endowment, the donor has designated a professorship, scholarship, or other specific use for the draw. Other funds have no donor-imposed restrictions and provide financial support for the School’s broad institutional needs. As of June 30, 2024, 64% of the Endowment is unrestricted.¹

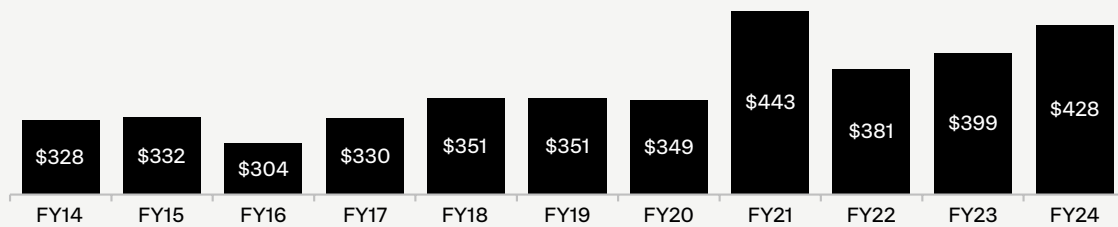
Why make an Endowment gift?

Endowed gifts ensure excellence at RISD for generations to come, providing a consistent and perpetual income stream for the School. The Endowment also supports operational stability, helping to ensure the School can weather uncertainties and deliver on its mission. Endowed gifts link a donor’s legacy to the school, building a durable RISD now and into the future.



RISD ENDOWMENT’S HISTORICAL VALUE

Trailing ten fiscal years | \$ millions



The Endowment has grown by \$100 million over the last ten fiscal years through donor gifts and market appreciation.

Performance as of 6/30/2024	1 Year	5 Year	10 Year
Rhode Island School of Design Endowment	11.6%	6.9%	5.9%
Global 60/40 ²	12.5%	6.5%	5.8%

¹ UNRESTRICTED PERCENTAGE OF ENDOWMENT BY MARKET VALUE.

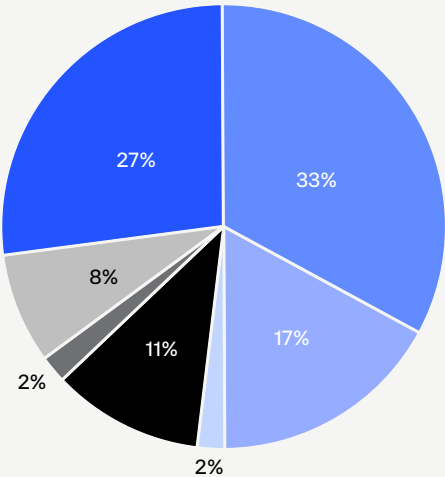
² BLENDED PORTFOLIO REPRESENTING 60% MSCI ACWI/40% BLOOMBERG U.S. AGGREGATE BOND INDEX RETURNS.

How is the Endowment invested?

The Endowment’s primary investment return objective is to preserve and enhance its purchasing power, after inflation, to support the School’s future operating requirements. The investment strategy is designed to benefit both current and future students, fulfilling RISD’s commitment to intergenerational equity. The Endowment is a multi-asset, diversified portfolio, invested as follows:

ASSET ALLOCATION

As of June 30, 2024



- **Public Equity** includes long only active managers, as well as direct investments in publicly-traded stocks.
- **Private Equity** includes elite venture capital and buyout managers, with a focus on small buyout opportunities.
- **Hedge Funds** include absolute return and long/short managers.
- **Credit** includes private credit managers invested across the full credit cycle.
- **Real Estate** includes managers diversified across many sectors, including housing, self-storage, and digital infrastructure, among others.
- **Natural Resources** include commodities managers – excluding fossil fuels – focused on opportunities such as the energy transition.
- **Fixed Income, Cash, and Other.** Fixed income includes passive investments predominantly in U.S. Treasuries.

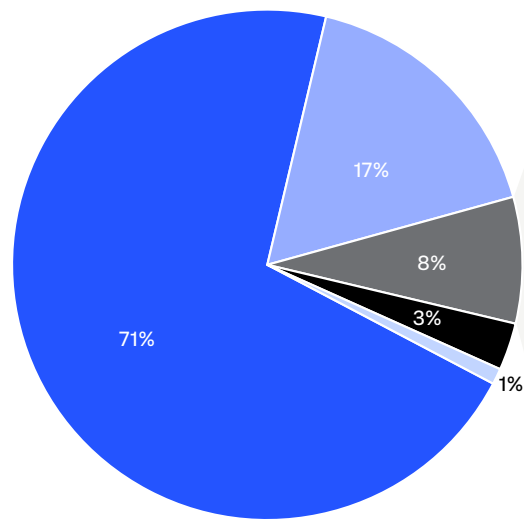


What does the Endowment support?

RISD’s Endowment plays a vital role in supporting the operations of the School. After tuition and room and board, Endowment distributions provide RISD with its third-largest source of revenue. In Fiscal Year 2024, the operating revenue budget was \$184 million, including \$19 million distributed from the Endowment.

REVENUE BY SOURCE

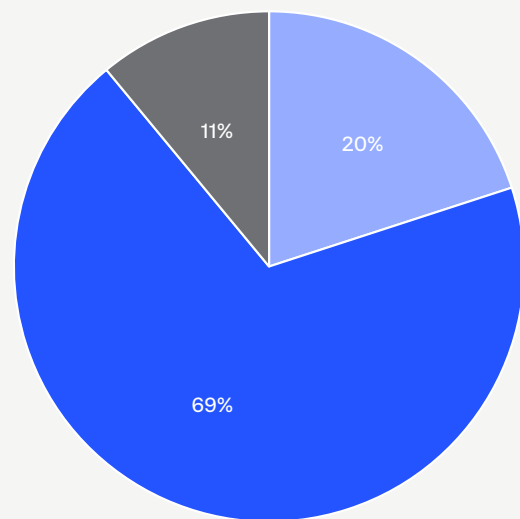
As of June 30, 2024



- Net tuition & fees
- Room & board
- Endowment
- Contributions
- Other

ENDOWMENT DRAW BREAKDOWN

As of June 30, 2024



- Academic & Institutional
- Scholarships
- Museum

How is the spending policy calculated?

RISD’s spending policy is a 5% draw based on a rolling 12-quarter average of the Endowment’s market value. Using the 12-quarter smoothing period to calculate distributions provides a more stable and predictable stream of support, shielding the draw from some of the short-term volatility in capital markets.

Who manages the Endowment?

Overseen by the Board of Trustees and the Stewardship & Sustainability Committee, the RISD Endowment is managed by GEM Investments. GEM is a leading Outsourced Chief Investment Office (OCIO) founded in 2007, implementing an endowment-style strategy for a select group of mission-driven non-profits like RISD.

As RISD's OCIO, GEM assumes responsibility for asset allocation, manager selection, risk management, and investment reporting. GEM carefully manages risk and deploys capital in what they believe are the most compelling opportunities across asset classes, tailoring exposure around risk, liquidity, and impact to RISD. The GEM team brings to bear resources, manager access, and investment selection skill, affording RISD an advantage in identifying and partnering with high-quality investment managers similar to the large university endowments.

What happens to endowed gifts?

New gifts to the Endowment are invested for a minimum of 12 months before any spending occurs. All funds are invested together in a pooled vehicle, and RISD applies the same spending policy to all funds, restricted and unrestricted. Donors receive an annual update on their gift and the Endowment broadly, and donors to certain restricted funds may receive additional information (such as the recipient of their scholarship).

Philanthropy is a crucial source of RISD's Endowment growth. Initial gifts, and their subsequent investments, compound over time and meaningfully impact the Endowment's value. Over the past five fiscal years, donors have contributed, on average, a cumulative \$7 million each year to the Endowment, growing its ability to support RISD's mission in perpetuity.



FOR MORE INFORMATION, PLEASE CONTACT:

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