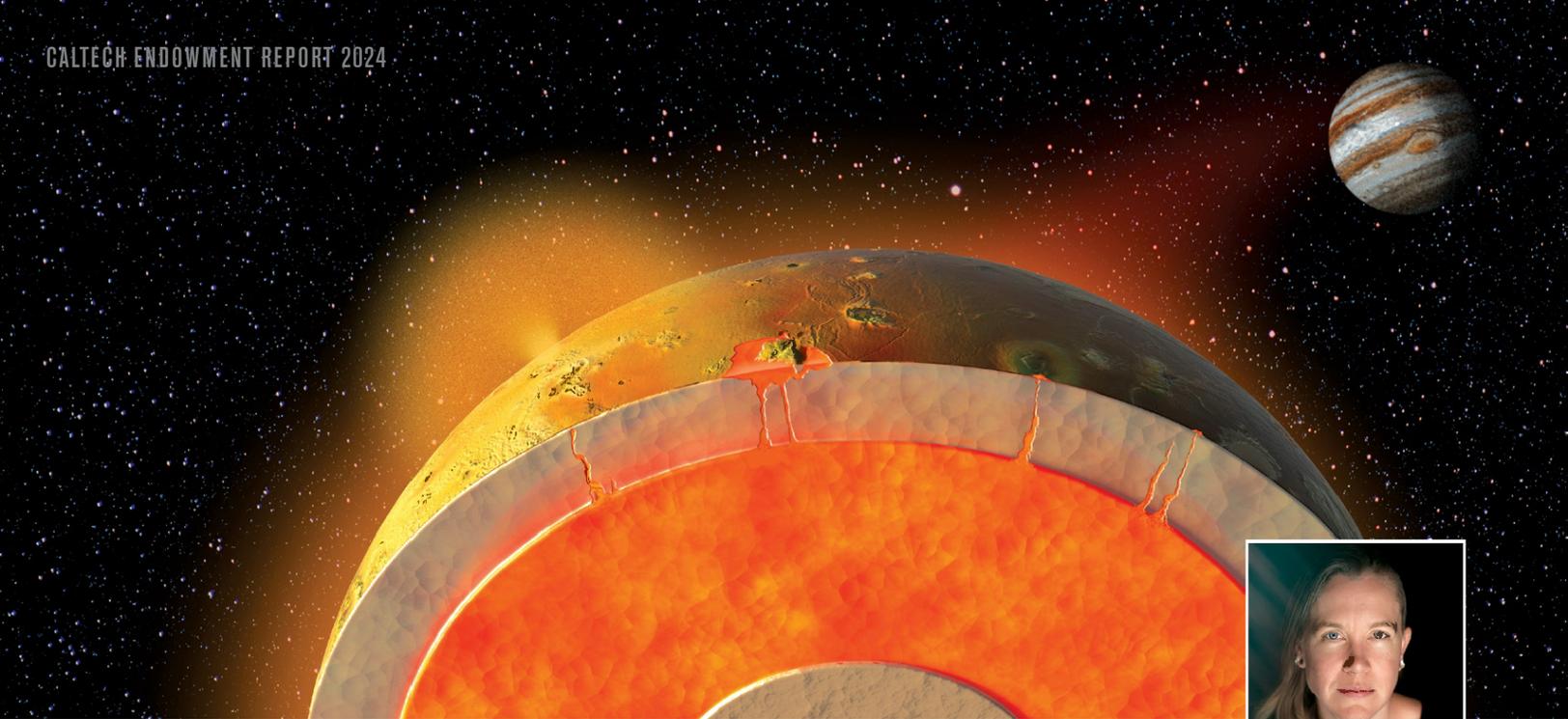




2024 Endowment Report

October 1, 2023, through September 30, 2024

Caltech



Two studies from Caltech researchers measured sulfur isotopes within Jupiter's moon Io, pictured above, to better understand the history of the Jovian moons' orbital configuration. The studies appeared in *Science* and *JGR:Planets* in April 2024. Katherine de Kleer, inset, assistant professor of planetary science and astronomy and Hufstedler Family Scholar, is the *Science* paper's first author. CREDIT: ILLUSTRATION BY CHUCK CARTER AND JAMES TUTTLE KEANE/KECK INSTITUTE FOR SPACE STUDIES; PHOTO BY CHRISTOPHER MICHEL

OUR RESILIENT COMMUNITY



On behalf of the Caltech Board of Trustees, thank you for your generous philanthropy. The Institute is deeply grateful for our supporters, many of whom quickly rallied to help those impacted by the devastating January fires in Southern California through the Caltech and JPL Disaster Relief Fund. While recovery is ongoing, we are heartened by the generosity and resilience of our community.

The financial stability of the Institute relies on a strong endowment, which empowers Caltech to retain and recruit leading faculty and support students through scholarships and fellowships. It also positions our faculty, staff, and students to be ambitious and innovative in their work.

This report summarizes the performance of Caltech's endowment from October 1, 2023, through September 30, 2024. In the past year, endowed funds have contributed to numerous scientific and technological advances, including:

- [streamlining emergency features on autonomous spacecraft](#) so they can test their own equipment and predict which future actions are most likely to keep them operating safely;
- [using seismic detectors to more accurately measure how soil moisture fluctuates](#), a crucial step for water-use management and conservation efforts; and

- [leveraging smartphones to scale autism studies to larger sample sizes](#), potentially improving diagnosis and treatment.

I also would like to take this opportunity to recognize Scott Richland. Scott served as Caltech's chief investment officer (CIO) from 2010 until this past December, when he stepped down from his role. Under his leadership, the Investment Office generated more than \$2.7 billion in endowment investment gains and over \$2 billion in endowment distributions. We are grateful to Scott for his dedication and steadfast vision and wish him the very best in his next chapter.

Finally, please join me in welcoming Ken Lee, Caltech's incoming CIO, effective April 15. Ken brings to the Institute more than 25 years of experience in the financial sector.

With appreciation,

David Thompson (MS '78)

Chair, Caltech Board of Trustees
 President and Chief Executive Officer (Retired),
 Orbital ATK, Inc.
 March 2025

AN HONOR OF A LIFETIME

The Caltech Total Endowment Investment Portfolio reached a record high of \$4.3 billion market value at the end of fiscal year 2024.* This represented a greater than 19 percent increase over last fiscal year-end's balance of \$3.6 billion. Over the last 10 years, the endowment has increased over 85 percent in value, achieving a 6.4 percent per annum compound growth rate. This growth rate includes nearly \$1.6 billion in cash additions from generous donors and reinvestment of unused payout, over \$2 billion of distributions to support the Institute's research, students, operations and infrastructure, and \$2.4 billion of investment gains.

During fiscal year 2024, the US large cap growth story carried on, driven by explosive gains in technology-driven companies such as Nvidia, Alphabet, Meta, Amazon, Microsoft, and Apple. Nvidia, the leading designer of advanced computing chips used in artificial intelligence applications, alone nearly tripled during the fiscal year, pushing the S&P 500 total return to 36.4 percent for the fiscal year, an achievement realized only a handful of times since the index's creation in 1957. Other global investment market indices trailed the S&P 500 but still performed well on an absolute return basis. Non-US developed markets (as represented by the MSCI World ex USA Index) were up 25 percent and emerging markets (as represented by the MSCI Emerging Markets Index) were up 26.1 percent, while the US bond market (as represented by the Bloomberg US Aggregate Bond Index) was up 11.6 percent.

Unfortunately, private markets, which saw extraordinary growth during the 10 years ending in 2022, could not keep up with the public markets. The private equity index (including buyouts, venture capital, and growth capital) was up just 7.6 percent during the fiscal year, but the real estate index was down -1.4 percent, and the energy index was up only 5.1 percent. These three asset class indices, representing one-third of the endowment investment pool portfolio, significantly lagged the public equities markets.

It is in this context that the endowment investment pool generated a 13 percent return during the fiscal year. More importantly, annualized returns for the five- and

10-year periods were 9.2 percent and 8.2 percent per annum, respectively, slightly besting our benchmark by 20 basis points for five years and handily beating our 10-year benchmark return by 110 basis points per annum. And while portfolios made up of passive public indices have performed particularly well over the last couple years, over five and 10 years the endowment investment pool return has exceeded a 60/40 global equity/US bond return by 160 basis points and 170 basis points per annum, respectively. As we often repeat, our objective in managing the endowment is not to generate the highest possible return in any particular year. Rather, it is to generate a reliable long-term return that allows us to fulfill our commitments to provide funding to the Institute while maintaining its purchasing power (i.e., keep up with inflation). In that respect, I am proud to report that the dedicated Caltech Investment Office team has achieved its objectives.

Finally, this will be my last endowment report for Caltech, as I retired on December 31, 2024. It has been the honor of a lifetime to serve Caltech and its students, faculty, administration, Trustees, donors, and alumni over the last 14 years. I could not have imagined the endowment nearly tripling in value during my tenure, and would like to thank our esteemed Investment Committee, the Investment Office team, the Advancement and Alumni Relations team, the External Relations team, the Finance and Treasury team, my senior administration colleagues, and perhaps most importantly, our incredibly generous donors, all of whom contributed to making this achievement possible.



Scott H. Richland
*Chief Investment Officer (Retired),
December 2024*



* October 1, 2023, through September 30, 2024



Rustem F. Ismagilov, the Ethel Wilson Bowles and Robert Bowles Professor of Chemistry and Chemical Engineering, received the 2023–2024 Richard P. Feynman Prize for Excellence in Teaching. Ismagilov, inset, is the director of the Jacobs Institute for Molecular Engineering for Medicine and a Merkin Institute Professor.

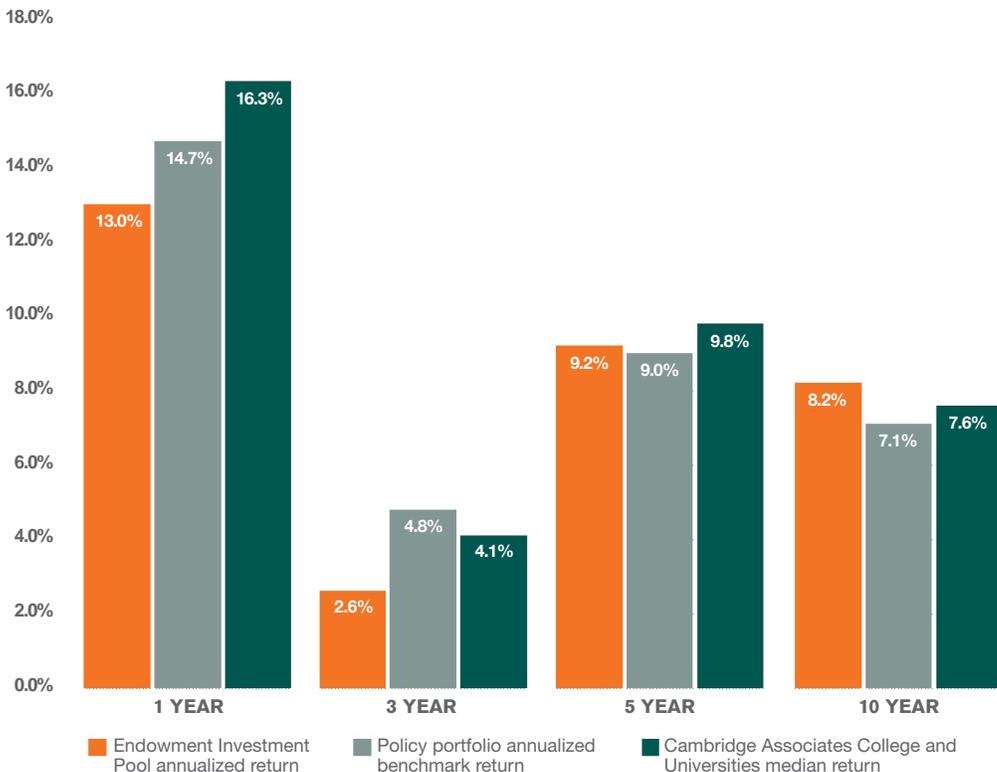
ABOVE: Students in the Ismagilov Group gather with Professor Ismagilov. CREDIT: CHRIS FLYNN/CALTECH

ENDOWMENT PERFORMANCE, FISCAL YEAR 2024

Endowment Investment Pool Return

As illustrated in the chart below, Caltech’s endowment investment pool generated a 13.0 percent return for fiscal year 2024, lagging its benchmark policy portfolio by 1.7 percentage points. For the three-year period ending September 30, 2024, the investment

pool lagged its benchmark by 2.2 percentage points. However, for the five- and 10-year periods ended September 30, 2024, the investment pool’s returns beat their benchmarks by 0.2 and 1.1 percentage points, respectively.

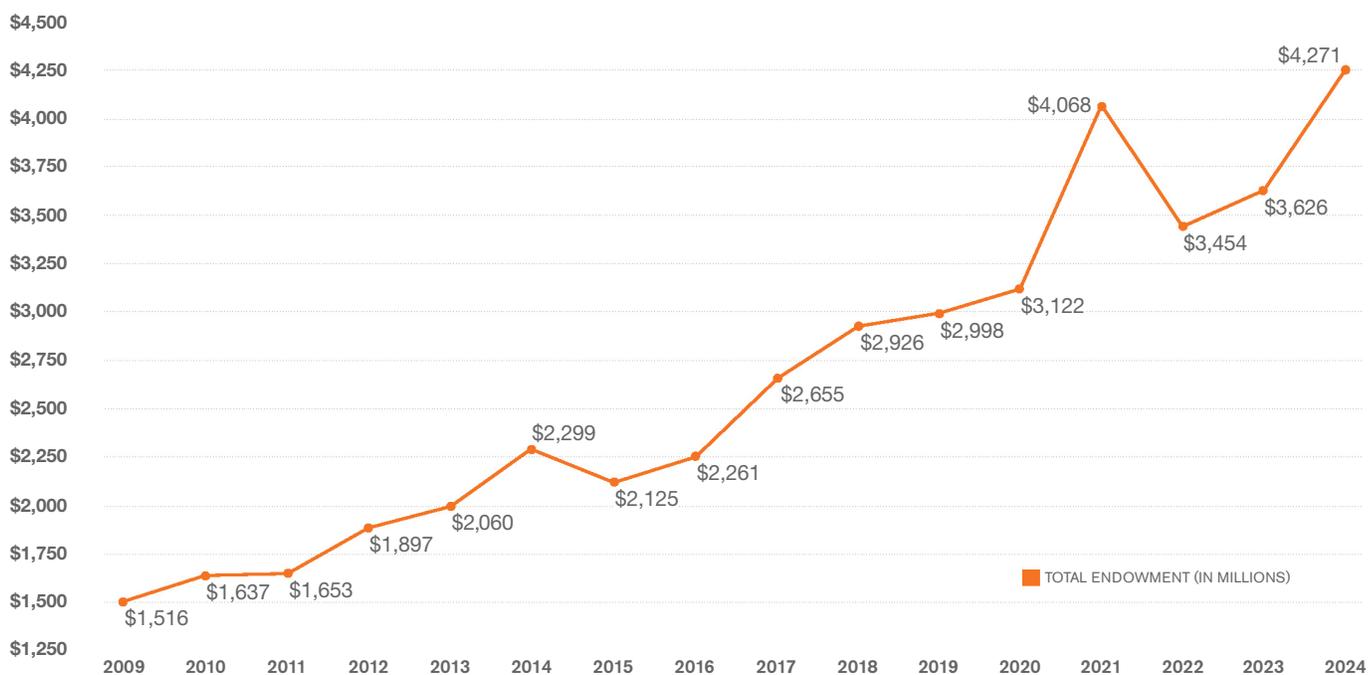


LAST FIVE YEARS:
\$208.7M
 in student financial aid from endowment

Growth of the Total Endowment

The market value of Caltech’s total endowment ended the fiscal year at \$4.3 billion. Since the end of fiscal year 2009, the beginning of the recovery from the 2008 financial crisis, Caltech’s total endowment value (net of outflows) has grown at a compound annual rate of 7.2 percent and has supported Caltech’s research programs and people with over \$2 billion in payout.

\$2.7 BILLION
increase in total endowment since FY09



Total endowment includes the investment pool and separately invested endowments.

Asset Class Allocation and Performance

For the 12 months ended September 30, 2024, the global developed markets equities portfolio underperformed its benchmark by 5.3 percentage points, and the emerging markets equities portfolio underperformed its benchmark by 2.6 percentage points. The overall public equities portfolio (both global developed and emerging markets equities) returned 26.4 percent, underperforming its benchmark by 4.4 percentage points. The private equity

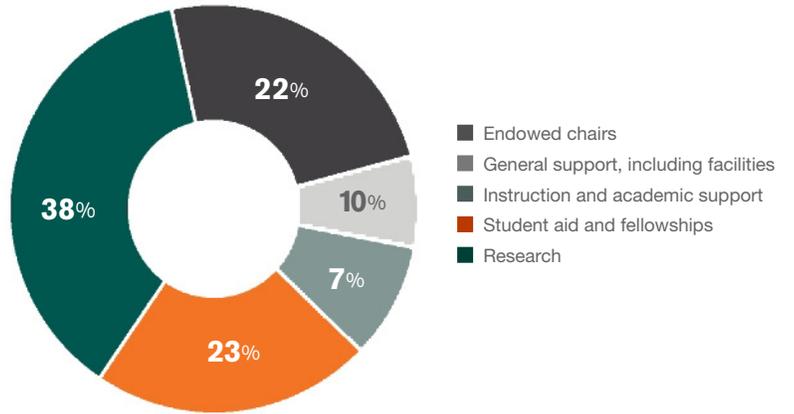
portfolio (which includes both buyout and venture capital funds) lagged its composite benchmark by 1.9 percentage points, returning 5.7 percent. The real assets portfolio (comprising real estate and energy funds) returned -5.7 percent and lagged its benchmark by 7.0 percentage points. Our alternative securities portfolio returned 16.6 percent, ahead of its benchmark by 7.2 percentage points.

	Allocation	FY 2024 Asset Class Returns	FY 2024 Benchmark Returns
Global developed markets equities	27%	27.1%	32.4%
Emerging markets equities	7%	23.5%	26.1%
Alternative securities	25%	16.6%	9.4%
Private equity and venture capital	22%	5.7%	7.6%
Real assets*	11%	-5.7%	1.3%
Global fixed income	3%	13.3%	11.4%
Cash and other	5%		

* Real assets are primarily real estate, energy, and commodities.

ENDOWMENT PAYOUT, FISCAL YEAR 2024

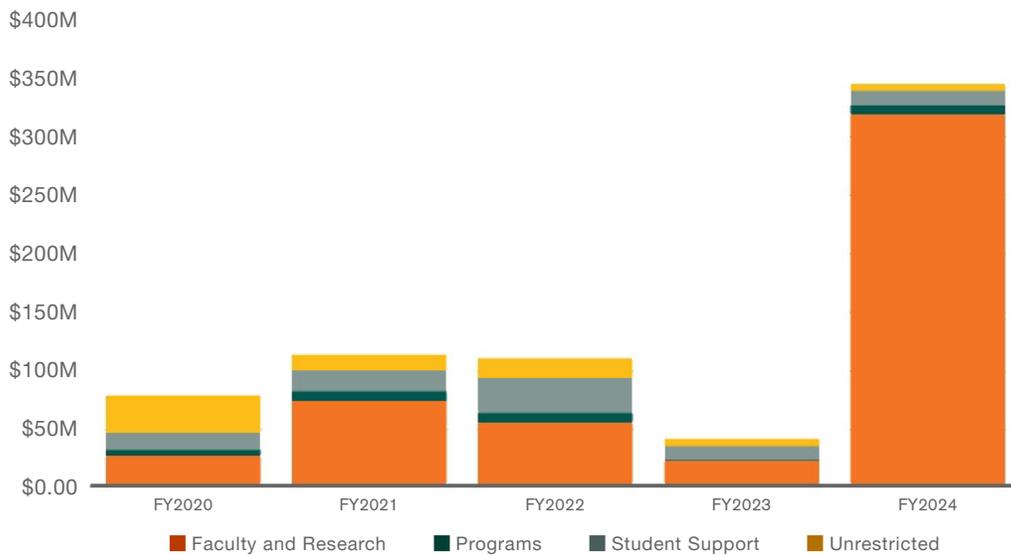
In fiscal year 2024, **\$211.7 million in endowment payout contributed 22 percent of Caltech's operating budget**, supporting research and education in many ways. Endowed fellowships, for example, afforded graduate students the freedom to pursue their passions, unconstrained by the limitations of traditional funding sources. And endowed scholarships enabled talented and ambitious undergraduates to devote themselves to learning without worrying about the cost of their education or graduating under a burden of debt.



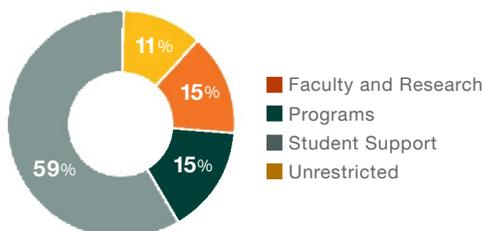
GIFTS TO THE ENDOWMENT

In fiscal year 2024, cash gifts to the endowment investment pool totaled **\$345.8 million**. Over the five-year period beginning with fiscal year 2020, the cumulative total of cash gifts to endowed funds was \$692 million.

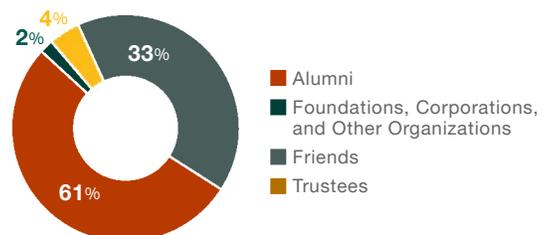
New Gifts to Endowed Funds
FIVE-YEAR TOTAL: \$692 MILLION



FY 2024 Endowment Gifts by Purpose: 751 Gifts



FY 2024 Endowment Gifts by Donor Group: \$345.8 Million



MANAGEMENT OF THE ENDOWMENT INVESTMENT PORTFOLIO

The Caltech Investment Office reports jointly to the Institute's president and the Board of Trustees' Investment Committee, which has primary responsibility for setting investment policy, overseeing policy implementation, and approving major investments. The committee meets at least quarterly to discuss and review asset allocation, investment policies, new investments, and portfolio performance. Committee members also interact with the Investment Office between regularly scheduled meetings to discuss specific investments and time-sensitive opportunities. The members bring extraordinary expertise in both specific asset classes and the investment industry in general.

The Investment Office

The Investment Office develops recommendations on investment policies, strategies, and asset allocations for review and approval by the Investment Committee. With the

general guidelines in place, the Investment Office then identifies investments and what it considers to be best-in-class asset managers around the world who can effectively implement the adopted investment strategies. The office manages the endowment with ample liquidity in mind and focuses primarily on medium- to long-term performance, identifying global trends and investment opportunities that may develop over many years. While quarter-to-quarter performance is closely monitored, and appropriate portfolio adjustments are made from time to time, the primary goal is to earn long-term rates of return that support the annual endowment payout and maintain the endowment's inflation-adjusted purchasing power, allowing it to support Caltech's activities for generations to come.

For more information about asset allocation, risk management, and endowment liquidity, please visit <https://bit.ly/investmentprinciples>.

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ABOVE: *Opened in fall 2024, the Resnick Sustainability Center (RSC) serves as a defining component of a major sustainability thrust at Caltech, bringing the entire campus together to address the warming planet's most pressing problems related to energy and resource utilization. Instead of housing individual faculty members and their research groups, the RSC is home to four research centers with specialized equipment and facilities that pull researchers from across the Institute. Every undergraduate who matriculates at Caltech will use its new undergraduate chemistry labs. Students are pictured above in an RSC lab.* CREDIT: CHRIS FLYNN/CALTECH



COVER: *What if jellyfish could explore the oceans and report back what they find? New research conducted at Caltech aims to make that a reality through biohybrid robotic jellyfish. The work, published in the journal *Bioinspiration & Biomimetics*, was conducted in the lab of John O. Dabiri (MS '03, PhD '05), the Centennial Professor of Aeronautics and Mechanical Engineering, and builds upon his previous work augmenting jellyfish.* CREDIT: ILLUSTRATION BY REBECCA KONTE