STANFORD MANAGEMENT COMPANY

# Stanford University Investment Report

*2020*

## INVESTMENT PERFORMANCE

| TRAILING ANNUALIZED RETURNS AS OF JUNE 30, 2020 | 1 YEAR | 10 YEAR | 20 YEAR | SINCE INCEPTION† |
|---|---|---|---|---|
| Stanford's Merged Pool* | 5.6% | 9.3% | 8.1% | 11.3% |
| Cambridge Associates U.S. College and University Median | 2.1% | 7.5% | 5.7% | 8.6% |
| 70% Equities / 30% Bonds** | 3.9% | 7.6% | 5.0% | 6.9% |
| Higher Education Price Index (HEPI) | 2.1% | 2.3% | 3.0% | 3.0% |

*†Inception date of July 1, 1991.*

**June Year 2020 Merged Pool performance is reported net of all internal and external fees and costs.*

***Represents a passively managed portfolio consisting of 70% MSCI ACWI IMI Net and 30% Bloomberg Barclays U.S. Aggregate Bond index, rebalanced monthly.*

*Green Library (cover) / Tamer Shabani*
*page 1 / Linda A. Cicero*
*page 2 / John Todd*


Dear Friends,

The Merged Pool, which comprises the majority of the University's endowment and related long-term funds, is a critical financial resource for Stanford. In Fiscal Year 2021 alone, the Endowment will provide $1.3 billion to the University's operating budget, supporting financial aid, academic research, teaching, healthcare, athletics, and the arts. With careful management, the Endowment will provide similar support for these endeavors every year in the future, ensuring that the coming generations of Stanford students and scholars will equally benefit from the generosity of donors of endowed gifts.

The twelve months that ended on June 30, 2020 were difficult ones, not least because of the pandemic that caused a global health emergency, financial recession, and great disruption to campus life. Stanford took quick action to mitigate the health risk to students, faculty, and staff while working to develop advanced treatments and testing to combat COVID-19. As some revenue sources declined dramatically, individuals from across the University reduced expenses, realizing an overall savings of more than $170 million compared to budget for Fiscal Year 2020. Disciplined stewardship of the University's endowed funds by Stanford Management Company meant the Merged Pool finished the year with a 5.6% net investment gain despite the enormous volatility of financial markets.

As we continue to navigate our way through the pandemic and associated challenges, we remain focused on the well-being of our community and the success of our academic mission.

Sincerely,

Marc Tessier-Lavigne
*President*
*Stanford University*

Jeffrey S. Raikes
*Chair, Board of Trustees*
*Stanford University*

*Stanford Management Company manages Stanford University's Merged Pool with the dual goals of preserving the purchasing power of the Endowment for future generations of students and scholars and enabling a robust annual disbursement to the current operating budget.*

Dear Friends and Colleagues,

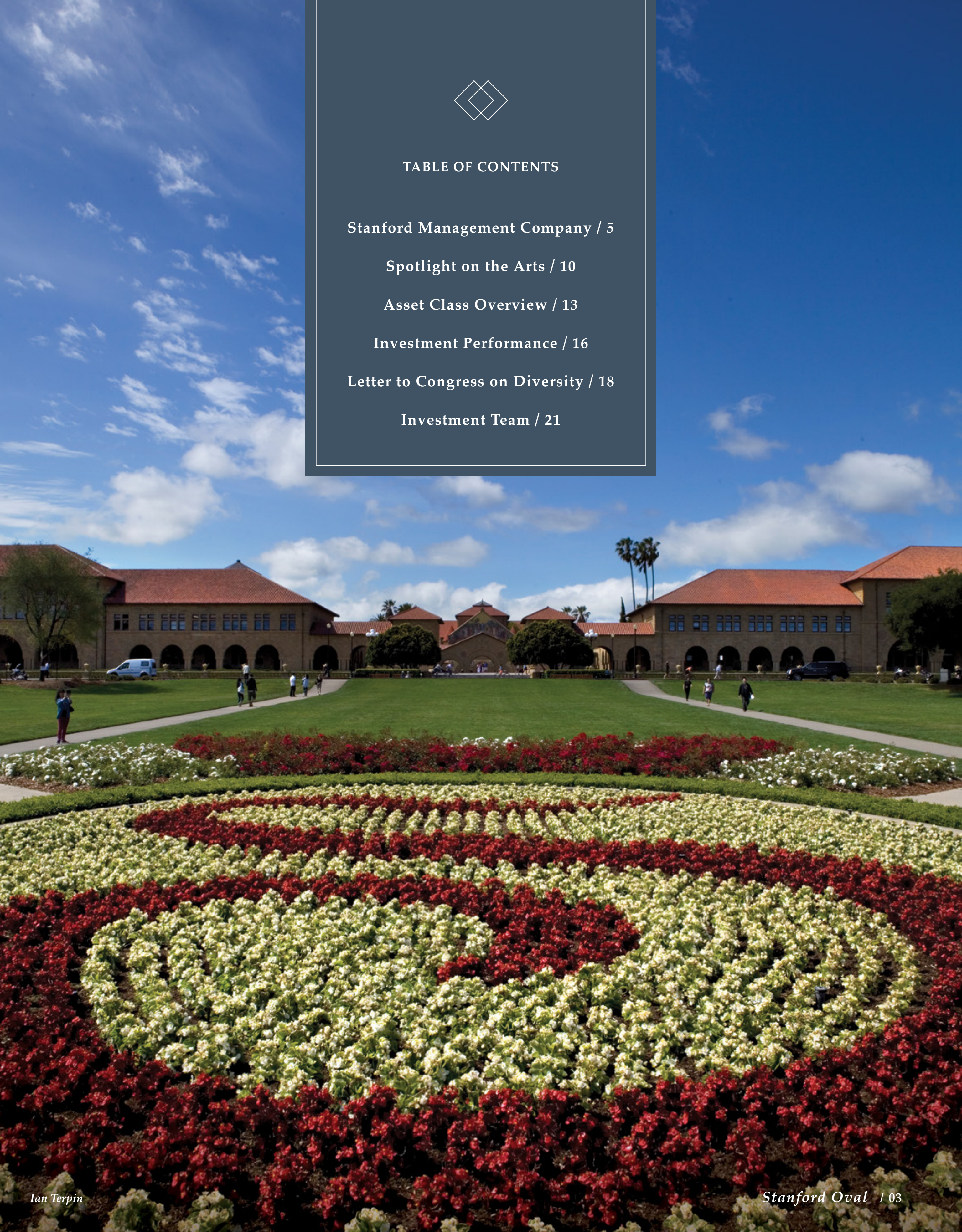
In this brochure, we report investment results through June 30, 2020.

In a volatile year for financial markets, disciplined adherence to asset allocation policy helped preserve desired risk, return, and liquidity characteristics in the Merged Pool. The volatility also allowed us to rotate capital aggressively within asset classes to prioritize attractive opportunities that emerged from the market dislocation. Between February and June 2020, for example, we undertook several billion dollars of rebalancing actions between the marketable asset classes, and also moved several billions of dollars within those asset classes.

This combined activity drove strong relative results; every actively managed asset class outperformed its benchmark during the year. Over longer periods, Stanford's results place it in the top decile of college and university endowments, adding more than $21 billion of value to the median endowment result since Stanford Management Company's founding in 1991. Much of this additional value has been disbursed to support Stanford's academic programs through the years.

Sincerely,

Robert F. Wallace
*Chief Executive Officer*
*Stanford Management Company*



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*Ian Terpin*

*Stanford Oval*



*Joel Simon*

# Stanford Management Company

## INTRODUCTION

Stanford University established Stanford Management Company (SMC) in 1991 to manage the University's endowed funds. Today, SMC remains a key part of the University community and is the fiduciary for the $30.3 billion Merged Pool, which comprises the substantial majority of Stanford's investable assets.

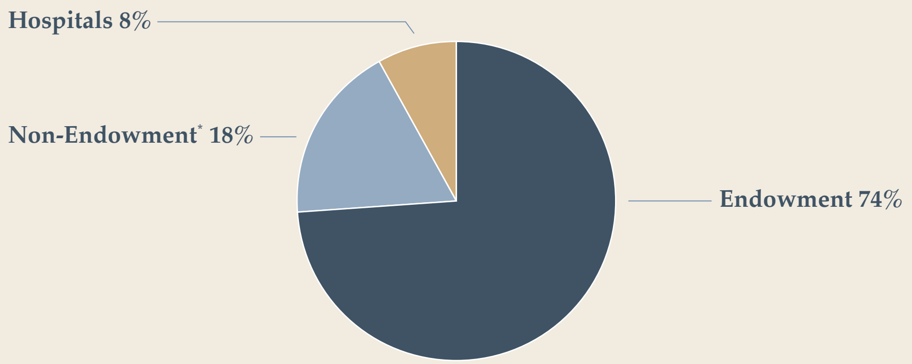
SMC is overseen by a board of directors appointed by the University's Trustees. The firm's 19-person investment team and 45-person total staff are led by Robert Wallace.

## MERGED POOL

As of June 30, 2020, the Merged Pool was valued at $30.3 billion. The majority of the Merged Pool is endowment, with the balance comprised of other capital the University chooses to invest as long-term funds. The resources of the Endowment and Merged Pool support financial aid and a wide array of important academic programs. Stanford's significant financial aid is enabled by the generosity of donors and the success of its investment program.

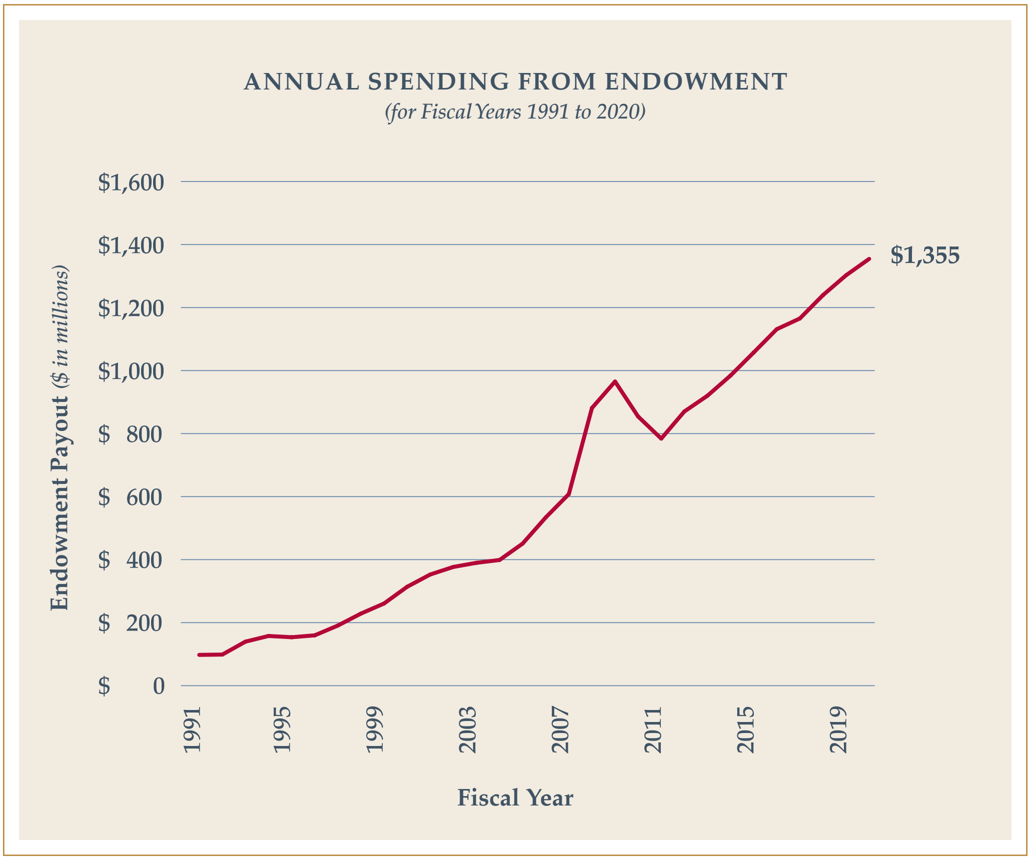
**MERGED POOL COMPOSITION**

*(as of August 31, 2020)*




**Non-Endowment primarily includes Expendable Funds, Donor Advised Funds, Life Income Gifts, and Pending Funds. Note: The University's Fiscal Year ends August 31.*


In Fiscal Year 2020, the Endowment disbursed $1.4 billion in financial aid, support for academic programs, and other current operations. This amount represented 22% of the University's Fiscal Year 2020 operating expenses. Annual spending from the Endowment has increased more than thirteen-fold since SMC was established in 1991.



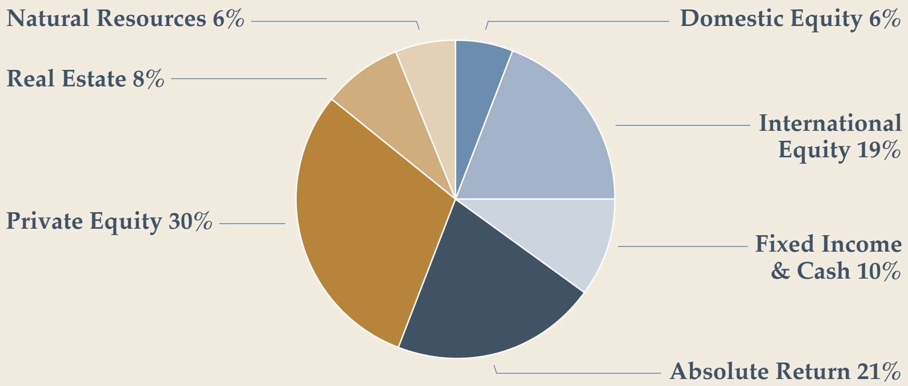
## INVESTMENT STRATEGY

SMC's investment strategy is designed to provide material support to annual University operations while preserving the purchasing power of the Endowment for future generations of students and scholars. These dual goals dictate an investment program that is equity-oriented to generate sufficiently high long-term real returns, and well-diversified to dampen volatility and mitigate the risk of permanent loss of capital.

The Merged Pool contains a variety of equity-oriented strategies, including domestic and foreign public equities, real estate, natural resources, and private equity. While the portfolio is primarily exposed to equity positions, absolute return strategies that have low correlation to broader markets contribute to diversification. Acknowledging the University's long time horizon, the investment program is designed to accept a responsible degree of illiquidity to drive incremental returns. A small portion of the Merged Pool is held in high-quality fixed income and cash for liquidity purposes. SMC's Policy Asset Allocation codifies its strategy with exposure targets to each major asset class, shown below.

**MERGED POOL POLICY ASSET ALLOCATION**

*(for the period beginning July 1, 2020)*




Based on mean-variance modeling, the current asset allocation is expected to generate a 7.6% real arithmetic annual return (after the impact of higher education inflation and all costs and fees) with annualized volatility of 13.9%, which translate to an expected compound real return of 6.6%. We believe these are reasonable risk-return assumptions when considering sufficiently long periods of time, but naturally expect material deviations over shorter time frames. We employ additional scenario analysis to forecast potential returns, volatility, and liquidity in stressful times.

In order to maintain desired risk-return characteristics as market conditions change, SMC exercises discipline in managing asset class exposures and frequently rebalances the portfolio back to its policy targets. While policy targets are revisited only once per year, changes to exposures within asset classes occur more frequently as market opportunities develop. In this manner, we hope to take advantage of an ever-evolving bottom-up opportunity set while remaining faithful to important overall risk-return parameters. This activity was particularly pronounced over the last year, as extreme market volatility associated with the coronavirus pandemic led to more than $12 billion of gross capital flows in the Merged Pool to rebalance between asset classes and optimize exposure within those asset classes.

SMC primarily relies on carefully chosen external partners to select individual securities, allowing Stanford to benefit from specialized knowledge in asset classes that reward superior active management. While our partners pursue a range of investment strategies, all share a common belief in fundamental investment that incorporates exhaustive quantitative and qualitative research on specific and analyzable opportunities. This discipline fosters a value-sensitive and contrarian approach, which aligns well with Stanford's long-term focus. Our partners appreciate the importance of Stanford's mission, demonstrate a clear fiduciary mindset, and exercise consideration for human and environmental welfare.


*Knight Management Center*
*Joel Simon*

Beginning in mid-2015, SMC initiated a substantial and ongoing effort to consolidate and upgrade its external partner roster to enhance performance relative to benchmark results. Our efforts include building fewer, more substantial positions with partners that demonstrate superior investment judgment, thorough processes, sound ethics, and a strong alignment of interests with the University. A concentrated set of investment partners brings the additional benefit of more frequent communication, leading to more fruitful and trustful partnerships. A better understanding of our partners' work allows us to invest with conviction and contrarianism. These efforts have added greatly to results in the last five years, and we believe they will continue to do so into the future.

In June 2020, the University Trustees committed the University to achieving at least a net-zero carbon profile by 2050, including the investment portfolio. This goal, which will require significant advances in disclosure and measurement of carbon by businesses around the world, will be approached in fashion that concords with our Ethical Investment Framework. The Ethical Investment Framework was formally adopted by the Trustees in 2018 and is available on our website (*smc.stanford.edu*).

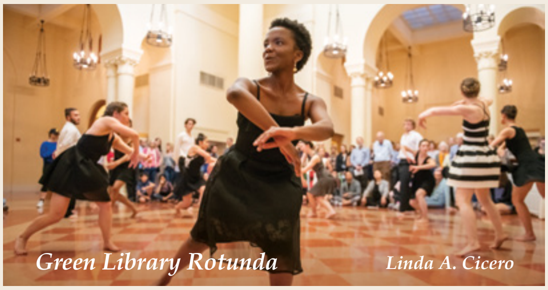
For the 12 months ending June 30, 2020, the Merged Pool's 5.6% net performance for the year exceeded a traditional "70/30" portfolio of global equities and high-quality domestic bonds by nearly 1.8%, adding material resources to the University. Performance surpassed the median endowment by 3.5% for the year.

Joel Simon

*The Thinker, Cantor Arts Center*

# Spotlight on the Arts

Each year, this report highlights an area of the University that endowed funds support. One such area is the arts, where students, faculty, and staff pursue artistic endeavors across a multitude of disciplines. The Endowment provides financial support for the arts at Stanford in a variety of ways, including funding student extracurriculars, faculty research, and visiting artists.



*Green Library Rotunda* *Linda A. Cicero*

Arts at the University encompass programs in art practice and art history, creative writing, dance, design, digital media, film, music practice and theory, and theater and performance. Students take a keen interest in these programs and the arts are integral to the experience of nearly all students during their time at Stanford. During the 2018-2019 academic year, over 2,000 students were involved in coursework related to the arts, and many continued their artistic education outside the classroom in one or more of almost 100 student art organizations.[1]

The Office of the Vice President for the Arts ("VPA"), which oversees Stanford's non-departmental arts programs, was established to elevate the arts in the University's priorities and lead strategic planning for the University's arts goals. The Endowment has disbursed over $59 million for extracurricular arts activity in the last decade. One such extracurricular activity is the student guide program at the Iris & B. Gerald Cantor Center for Visual Arts ("Cantor") and Anderson Collection at Stanford University, which is supported by The Cantor Student Guide Program Fund established in honor of John Freidenrich. Student guides learn from experts in diverse artistic fields and engage with the extensive collections at the Cantor and Anderson Collection, honing artistic judgment and learning important communication skills as they give interactive tours of the museum to a variety of age groups and interests.

Stanford arts faculty and staff facilitate student learning, conduct research, and pursue ground-breaking artistic initiatives, all with the support of endowed funds. For example, The Burt McMurtry Fund for Faculty Initiatives in the Arts seeds innovative faculty projects with the goal of informing the future of academic arts programs at Stanford. Two of the 2019-2020 recipients were Hideo Mabuchi, Professor of Applied Physics, and Young Jean Lee, Associate Professor of Theater and Performance Studies. Mabuchi's "Intermateriality:Redox," studied the intersection between STEM and the Arts and Humanities through a ceramic, textile, wood, and rope art installation accompanied by microscope photographs documenting its creation. Lee used endowed funds to purchase iPads so that students in her playwriting classes can edit and annotate their plays in real-time.[2]

Endowed funds also support artistic endeavors through funding visiting artist programs, museum publications, and performances. Newly endowed initiatives in this area include The John F. Powers Fund for the Performing Arts, created in memory of Stanford Management Company's former President and Chief Executive Officer, John F. Powers. This endowed fund supports performing

[1]*2018-2019 Stanford Arts Report*

[2]*https://arts.stanford.edu/for-faculty/faculty-special-opportunity-grants/burt-mcmurtry-arts-initiatives-fund*

Bing Concert Hall

Jeff Goldberg

arts at Stanford including Stanford Live, which brings established and emerging artists to campus to showcase their work, giving the Stanford community access to world-class performers.

Throughout the COVID-19 pandemic, endowed funds bolstered the Stanford arts community through the COVID-19 Creative Community Response ("COVID-19 CCR") grants. These grants, administered by the VPA, funded projects during spring quarter 2020 aimed at promoting creative expression and a sense of connection to others during uncertain times. Seventeen of the 46 COVID-19 CCR grants were funded by the Endowment, with the projects ranging from a collection of haikus detailing shared emotions and experiences of the pandemic, to a human rights podcast, to a virtual concert. The grant projects, which span a wide variety of artistic disciplines, were all created to be publicly accessible and enjoyed by anyone needing art in their lives during the pandemic.

 ***The Claw (White Memorial Fountain)***

*Linda A. Cicero*

# Asset Class Overview

**DOMESTIC EQUITY** Domestic Equity gives Stanford exposure to corporate activity in the United States through publicly-traded companies.

SMC invests in domestic equity through both active and passive strategies. Active approaches are implemented through external partners who employ comprehensive, fundamental research to identify holdings that are attractively priced over a medium-term horizon. Passive investments reflect broad parts of the U.S. equity market and are generally implemented using low-cost index instruments.

Domestic Equity is currently targeted to be 6.0% of the Merged Pool, a modest exposure that reflects several factors, including the historically high valuations of the broad U.S. market.

**INTERNATIONAL EQUITY** Comprising publicly-traded companies outside the U.S., International Equity provides exposure to foreign economic activity across both developed and emerging markets.

The asset class primarily includes active management strategies implemented by external partners. The inefficiency of many international equity markets provides talented stock pickers with a fruitful hunting ground to pursue their work. The University's international equity partners perform rigorous, fundamental analysis to identify attractive public holdings over a medium-term horizon. Because a holistic understanding of a country's legal, social, and cultural norms underpins accurate assessment of corporate activity within the country, our partners tend to be based in the region or country in which they invest. We hold passive international equity exposure when we have no suitable active management solution.

International Equity currently comprises 19.0% of the Merged Pool at its policy target, reflecting attractive opportunities in certain foreign markets.

**ABSOLUTE RETURN** Absolute Return is a collection of value-driven and event-driven strategies meant to provide attractive returns with low correlation to traditional equity and fixed income markets. Core strategies in the asset class include long/short equity, relative-value fixed income arbitrage, distressed investment, and special situation investment. The diversifying characteristics of the asset class can provide significant benefit to the Merged Pool as a whole.

The University's approach to absolute return is based on security-specific microeconomic analysis. Our partners perform exhaustive quantitative and qualitative research on equity and fixed income instruments to identify undervalued and overvalued assets that can be owned long or sold short. When coupled with disciplined portfolio management, long and short positions can drive returns that are independent from broader market movements. This diversification is critically important. We expect the trailing monthly "beta" of the asset class to equity markets to be at or below 0.3 over most trailing five-year periods, levels far lower than what would result from a simple cross-section of the hedge fund industry.

Stanford's focus on rigorous, bottom-up security selection with disciplined portfolio management precludes investments in the portions of the hedge fund complex that rely on top-down, speculative, or technical analysis. We view strategies requiring material amounts of leverage, or that possess significant market exposure, with great caution.

Absolute Return is currently targeted to be 21.0% of the Merged Pool.

**FIXED INCOME** Fixed Income is a relatively low return asset class meant to provide stable, liquid exposure to assets likely to hold their value in stressful or deflationary periods. For this reason, the asset class is comprised of U.S. Treasuries, which enjoy the full faith and credit of the U.S. Government.

Fixed Income and Cash have a combined policy target of 10.0% of the Merged Pool.

*Main Quad*

*Tamer Shabani*

**REAL ESTATE** The Merged Pool's Real Estate asset class is an important diversifying asset class that can help protect the University in inflationary environments.

The asset class is primarily focused on office, retail, residential, industrial, and leisure assets in the United States. Through external partners, we pursue value-added strategies in private real estate that attempt to drive incremental returns through superior deal sourcing and asset management. We will hold publicly-traded real estate when valuations are attractive. We endeavor to maintain a quality bias and to ensure an adequate degree of cash flow from our real estate holdings.

The asset class is being transitioned from numerous legacy holdings to a focused group of disciplined partners that own higher quality assets with moderate financial leverage.

Real Estate is targeted to be 8.0% of the Merged Pool. The University also has significant real estate holdings outside of the Merged Pool.

**NATURAL RESOURCES** Like Real Estate, Natural Resources provides important diversifying benefits to the Merged Pool, particularly in inflationary environments. The University's resources holdings span timber, metals, conventional and renewable energy, and agriculture.

Stanford's natural resources holdings focus primarily on private producers of resources, rather than outright holdings of commodities themselves. In this way, we hope to earn an incremental return through superior selection and asset management above and beyond the commodity price movement. The natural resources portfolio principally focuses on the U.S. and other jurisdictions where the rule of law and property rights are respected.

We invest in resources with an awareness of climate change and the impact of carbon on the risk profile of resource investments. The University's Trustees elected to divest from direct thermal coal holdings in 2014.

Natural Resources is targeted to be 6.0% of the Merged Pool.

*Arizona Garden* *Joel Simon*

**PRIVATE EQUITY** Private Equity provides illiquid exposure to corporate activity in the U.S. and abroad. Both early-stage investments, in the form of venture capital, and later-stage investments, in the form of growth equity and leveraged buyouts, are included in the asset class.

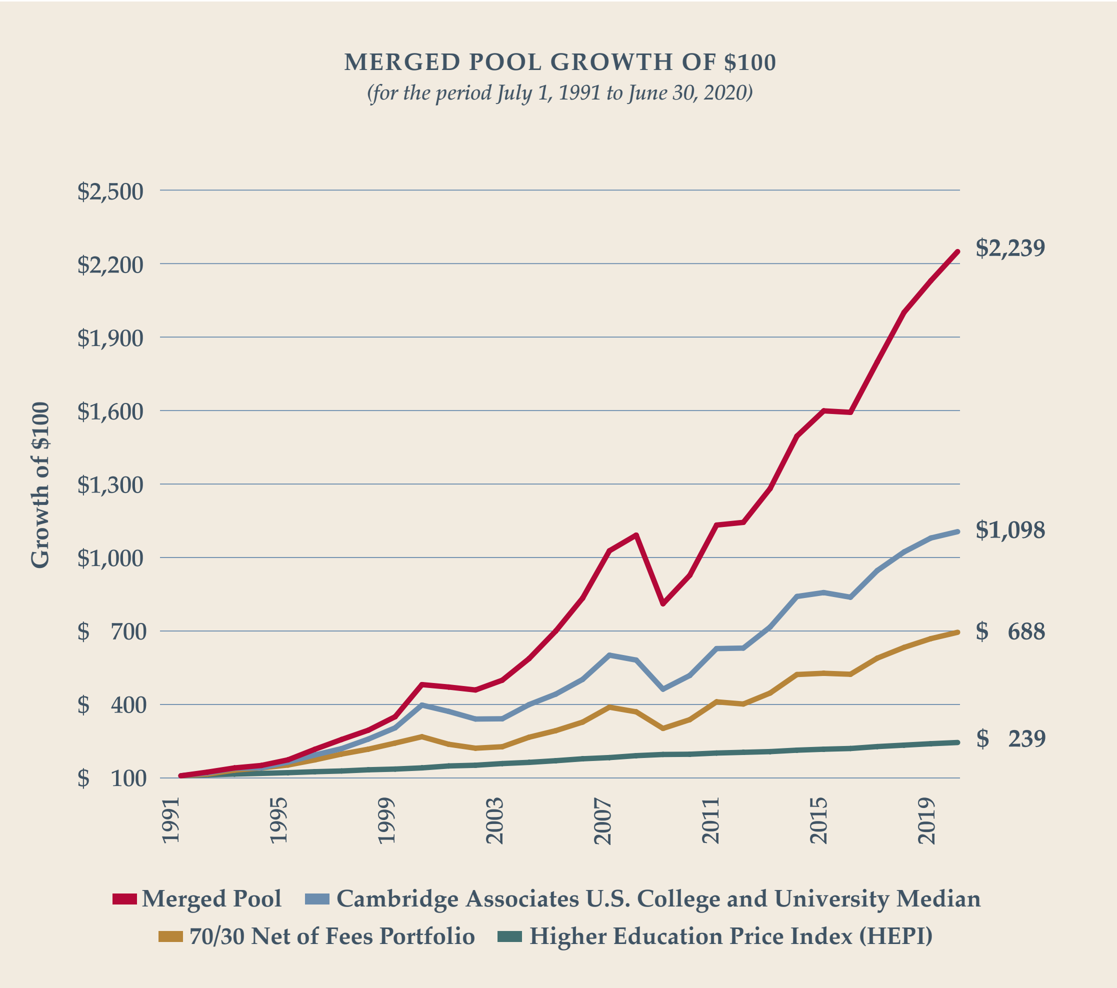
Simultaneously offering the highest return and highest risk of any asset class in the Merged Pool, Private Equity demands superior execution. Implemented through carefully selected external partners, we strive to drive value through careful asset selection, price discipline, and strategic and operational initiatives. We seek to work with partners that make the businesses they own more valuable from a fundamental perspective, rather than by relying purely on financial engineering. Liquidity is monitored closely to ensure the University can meet its liabilities in stressful periods.

Private Equity is targeted to be 30.0% of the Merged Pool.

# Investment Performance

For the 12 months ending June 30, 2020, the Merged Pool generated a 5.6% return net of all internal and external fees and costs. This result exceeded the 2.1% median return for U.S. colleges and universities* and outperformed the 3.9% return for a traditional "70/30" portfolio of global equities and high-quality domestic bonds.

Stanford Management Company has delivered strong results since its inception in 1991. Over the 29-year period, the Merged Pool has earned an annualized net return of 11.3%, exceeding the median of a broad group of colleges and universities by 2.7% annually, and surpassing the passive "70/30" portfolio by 4.4% annually.




*As reported by Cambridge Associates.

SMC's long-term investment performance has added substantial value versus peers and a conventional passive portfolio of equities and bonds, as shown below. Most of this added value has been paid out to the operating budget of the University through the years.

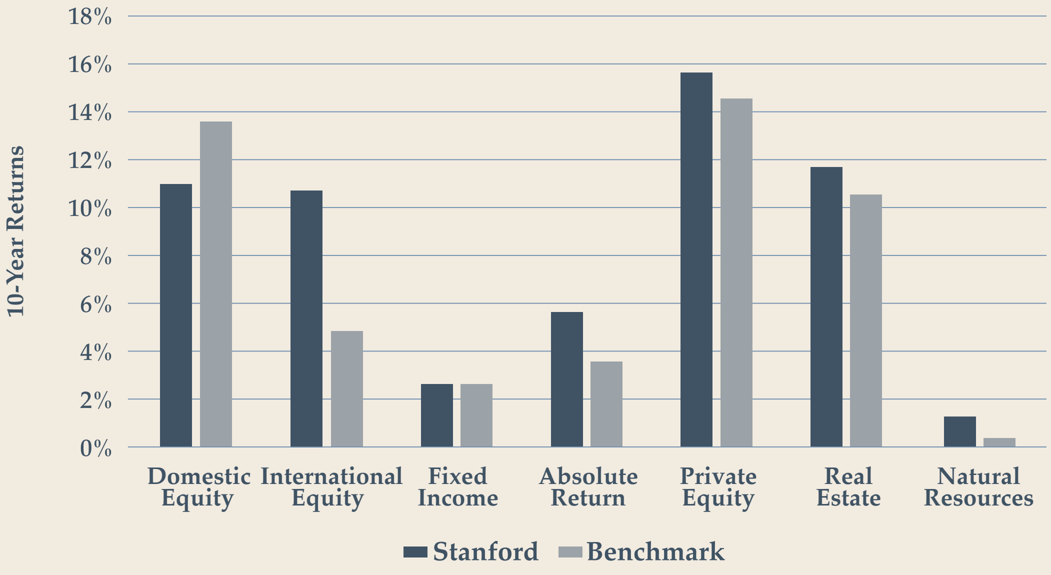
**VALUE-ADDED FROM INVESTMENT PERFORMANCE SINCE INCEPTION*** *($ in billions)*

| | |
|---|---|
| Stanford's Merged Pool | |
| vs. Cambridge Associates U.S. College and University Median | $21.3 |
| vs. 70% Equities / 30% Bonds | $28.9 |

***Inception date of July 1991. Analysis based solely on comparison of net investment performance.**

In absolute terms, the last decade has seen very strong annualized performance from Domestic and International Equity, Private Equity, and Real Estate. In relative terms, every asset class has matched or exceeded its benchmark except for Domestic Equity.

**10-YEAR ASSET CLASS ANNUALIZED RETURNS VS. BENCHMARKS**




**BENCHMARKS**

| | |
|---|---|
| Domestic Equity | Russell 3000 Index* |
| International Equity | MSCI ACWI ex-USA Investable Market Index (IMI)* |
| Fixed Income | Bloomberg Barclays Short Treasury / 1-3 Year U.S. Treasury Blended Index* |
| Absolute Return | Credit Suisse Hedge Fund Index |
| Private Equity** | Cambridge Associates Private Equity & Venture Capital Index** |
| Real Estate** | Cambridge Associates Real Estate Index** |
| Natural Resources** | Cambridge Associates Natural Resources Index** |

**Adjusted for lowest reasonable fee for equivalent passive vehicle. **Dollar-weighted returns.*

# SMC Letter to Congress on Diversity *(July 2020)*

Diversity and inclusion are core values at Stanford and play an important role in the University's Long-Range Vision. In July 2020, Representatives Emanuel Cleaver II and Joseph P. Kennedy III, sent letters to 25 leading U.S. universities seeking information regarding diversity in the asset management of their endowments. The response that SMC wrote on behalf of Stanford, reproduced below, highlights these initiatives at SMC and in the Merged Pool.

*Windhover Contemplative Center* *Joel Simon*

Dear Representatives Cleaver and Kennedy,

Thank you for your letter to Stanford University President Marc Tessier-Lavigne dated July 10, 2020, regarding diversity among asset managers of university endowments. As the Chief Executive Officer of Stanford Management Company, I have been asked by President Tessier-Lavigne to respond to your letter on his behalf. While we consider most details of the University's investment portfolio to be confidential for competitive reasons, we are pleased to be able to address your questions about this important topic.

Diversity has been a core value at Stanford since the University's founding in 1891. That year, the University opened its doors to men and women from diverse religious, national, and racial backgrounds in its quest to train useful citizens. Today, diversity and inclusion are essential to Stanford's strength and we depend upon the participation and inclusion of people of all backgrounds, races, genders, abilities, identities, ideologies, and ways of thinking. Advancing the University's commitment to the values of diversity and inclusion is a focus of President Tessier-Lavigne's long-range vision, a key component of which is the Inclusion, Diversity, Equity, and Access in a Learning Environment (IDEAL) initiative. IDEAL is intended to work across the entire campus community in the areas of recruitment, research, education, and engagement.

We consider a wide range of factors when investing Stanford's endowment. Importantly, as a business unit of the University, we are bound by Stanford's equal opportunity policy, which prohibits discrimination and harassment and provides equal opportunity for all employees and applicants for employment. The University's equal opportunity policy is accessible to the public and can be found on this website[1]. We consider these policies binding both in our staffing of the investment office and in our selection of external investment partners.

For the last several years, we have engaged in a significant restructuring of Stanford's investment portfolio to improve its return profile and reduce its risk. This work has led to the replacement of 80% of our external investment partners. Some older partners are still in the process of liquidating but are not receiving any new capital. Accordingly, we report here on our active partners, which constitute the substantial majority of current endowment value and best represent Stanford's go-forward approach with respect to diversity and other characteristics.

Approximately 25% of the value of Stanford's active investment portfolio is placed with external firms led or co-led by women or members of racial and ethnic minorities. By number of partners, 19% of the portfolio is placed with diverse-led firms. We cite these percentages to the best of our ability and include only partner firms where diverse professionals lead or co-lead their firms and have correspondingly substantial economic interests. In our view, this approach is more accurate than a test of simple legal ownership, which can markedly differ from true economic participation and responsibility in the firm. We have excluded international partners and purely passive strategies to best align our answers with our understanding of the spirit of your questions.

The diversity in our portfolio is not evenly distributed. Most importantly, we would like to have more partner firms led by Black, Latinx, and Native American professionals. We are surveying all such firms in the U.S. whose investment strategies fit with ours and intend to reach out proactively to the resulting firms to request literature or a meeting, assuming we have not already met. Because we partner with fewer than one percent of the firms with which we meet, we acknowledge that this outreach effort will require patience to bear fruit, but it is nevertheless a necessary and worthwhile undertaking.

As your letter notes, diverse-led investment firms unfortunately comprise only a small single-digit percentage of the asset management industry. The fact that they represent a higher percentage of Stanford's endowment is fortunate, but it does not itself remedy the issues you note. Over the long term, the lack of diverse-led investment firms must be addressed by attracting more diverse professionals to the investment field. Until more firms are managed by diverse leaders, institutional investors will generally struggle to have balanced representation in their portfolios.

The goal of having more diverse professionals choose a career in investment management rests on education and access. Here, Stanford University already plays an important role. The University educates a highly diverse group of undergraduate students. Stanford's graduate program in business is also very diverse. Stanford's MBA and other educational programs routinely educate future leaders of investment firms.

*[1]https://adminguide.stanford.edu/chapter-1/subchapter-7/policy-1-7-4*

Importantly for the pipeline of future diverse investment professionals, Stanford students have access to many courses in economics and finance, including an undergraduate seminar taught by the staff of Stanford Management Company. Stanford Management Company also runs an internship program designed to introduce students to investment management. Over the last five years, more than 65% of our interns have been women or minorities. We expect that a number of these individuals will choose a career in finance, as indeed some already have, including in our office.

The diversity of our interns matches the general diversity of our office. The majority of our junior investment professionals are women or members of ethnic and racial minorities. At the senior level, most of our managing directors are women or members of ethnic and racial minorities. Half of our staff is female, which is somewhat unusual for the investment management industry, and we have Black, Bi-racial, Asian, and Hispanic professionals on the team. Despite this overall level of diversity, however, we hope and intend to make more progress with Black, Latinx, and Native American professionals, all of whom are underrepresented to various degrees on our staff and in our applicant pools. We are planning seminars, talks, and other measures to reach more young people from these groups that may find our work interesting.

Education and access are at the heart of this effort and we note that the Endowment provides critical support to diversity in undergraduate and graduate education. Stanford's financial aid scholarships for low-income students are among the most generous in the nation. For example, at the undergraduate level, students from families with typical assets and incomes less than $150,000 a year pay no tuition to attend Stanford. Students from families with typical assets and incomes below $65,000 pay neither tuition nor room and board. As a result, endowed financial aid has helped us significantly grow our population of students who are the first in their family to attend college; in the undergraduate class that entered Stanford last fall, 18.5% of those enrolled were first-generation students. Financial aid provided by Stanford also ensures that nearly 85% of Stanford undergraduates incur no debt while attending the University.

A central goal of our endowment management efforts is to maintain the value of these endowed funds so that they can provide material support for current and future generations of students that have the aptitude, but may not have the financial means, to attend Stanford. It is not only through the diversity of our external partners and staff that we hope to address the problems you note, but also through our work as fiduciaries for endowed funds that provide financial support for low- and middle-income students of all backgrounds.

We look forward to making more progress toward our shared goals of access and equity across the higher education sector.

Sincerely,

Robert F. Wallace

*Chief Executive Officer, Stanford Management Company*

*Stanford University*

## Investment Team

Robert Wallace
*Chief Executive Officer*

Jay Kang
*Senior Managing Director*

Michael Lee
*Managing Director*

Yidi Lu†
*Managing Director*

Mary Mei
*Managing Director*

Charles Moore *J.D. 1995**
*Managing Director*

Mark Shoberg *M.B.A. 2003*
*Managing Director*

David Captain
*Director*

Blair Critchlow *B.A. 2008*
*Director*

Rick Devlin
*Director*

Becca Levin *B.A. 2007, M.B.A. 2012, M.S. 2012*
*Director*

Steven Wright *B.A. 2008*
*Director*

Julian Skotheim
*Associate*

Andrew Elott *B.A. 2017*
*Senior Analyst*

Emma Hardimon *B.A. 2018*
*Senior Analyst*

Charles Killebrew *B.S. 2018*
*Senior Analyst*

Jennifer Peterson *B.A. 2018*
*Senior Analyst*

Federica Roth *B.S. 2018*
*Senior Analyst*

Megan Byrnes *B.S. 2020*
*Analyst*

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Eric Wright *A.B. 1985*
*Senior Legal Counsel*

Eunice Kim
*Legal Counsel*

Mark Tannahill
*Legal Counsel*

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****Stanford degrees shown.***
†***Yidi Lu is a Managing Director of the Stanford (Beijing) Consulting Co., Ltd.***

STANFORD MANAGEMENT COMPANY

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