Like universities around the country, Case Western Reserve had to navigate a market full of fluctuations during the last fiscal year. Ultimately, the investment return on the university’s combined endowment—that is, funds the institution manages as well as those held and managed by others—was 5.9 percent for the period from July 1, 2018 through to June 30, 2019.

The university’s one-year performance exceeded Cambridge Associates’ 4.9 percent benchmark median return for higher education institutions by 100 basis points. Cambridge Associates is a global investment-consulting firm that provides research and benchmarks across many funds and industries.

The Combined Endowment includes two categories of long-term resources. The first—known as “Pooled Investment Funds,” or the “Endowment Pool”—involves dollars the university manages directly. This pool constitutes a significant majority of the university’s total endowment. The second category consists of contributions designated for Case Western Reserve that foundations or other organizations manage. These dollars are called “Funds Held By Others.” When the university adds the funds it manages to those held by others, the overall amount is called the “Combined Endowment.”

Endowment gifts not only help secure the institution’s long-term future, but also can support students, faculty and staff in the present day. Over time, these contributions typically generate additional resources through the investment returns they earn. Each year, a small portion of those returns can be spent to support original gift purposes—for example, to provide financial support tied to a scholarship. These annual disbursements make it possible for the donors’ funds to achieve immediate positive impact while ensuring the gifts’ benefits can continue in perpetuity.

Disbursements made from the endowment to support current needs are among the factors that influence its value in a given year. Other elements include investment returns, investment appreciation, and new donor commitments. For Fiscal Year 2019, the value of the Combined Endowment totaled $1.87 billion.

Case Western Reserve deeply appreciates every contribution the university receives to advance its mission of education and research. Endowment gifts represent an enduring commitment to the institution and its work, and it is the university’s obligation to steward those funds to ensure lasting impact. Meeting this responsibility requires a delicate balance of two priorities that sometimes can be in tension with one another: maximal growth and minimal risk.

The investment approach to endowment funds aims to preserve the value of the original commitment, and also increase its worth through the accumulation of investment returns that exceed disbursements. To that end, the university’s portfolio is allocated across a broad range of areas, among them domestic and foreign public equities, fixed-income funds, private capital and real assets.
Electric engines inspire Ozgur Bolat. As an electrical engineering major, Bolat has learned about renewable energy systems and taken advantage of co-ops and internships that have helped him gain experience in the field. His post-graduation goal: joining a U.S.-based engineering team that creates electric cars.

None of these plans would be possible without scholarship support from the Edmund G. Norwick Jr. Endowment Fund.

“I have always needed some type of scholarship to help my family pay my educational expenses,” said Bolat, a native of Turkey. “I could never come to study in the United States if not for [this assistance], which lets kids like me have the chance to achieve their full potential.”

Norwick, who died in 2009 at the age of 89, earned degrees in political science and business from Case Western Reserve. In 1939, enlisted in the 107th Cavalry Regiment of the Ohio National Guard, and served in Europe from 1944 through 1947. Upon his return he rejoined the 107th, enjoying both a long military career and great success as an advertising executive.

For his part, Borat has tried to make the most of the opportunity the Norwick scholarship provides, joining the campus chapter of the Institute of Electrical and Electronics Engineers (IEEE) and serving as a math tutor. He hopes to fund a scholarship for a future student someday.

“I wouldn’t have formed the friendships and connections I have today,” he said, “if I didn’t receive the scholarship that allowed me to come study at Case Western Reserve.”

Dominique Durand, the Elmer Lincoln Lindseth Professor in Biomedical Engineering at Case Western Reserve University, may be pushing up against an epilepsy treatment breakthrough, a development that could someday benefit millions worldwide.

Durand, also named Distinguished University Professor this summer, said the endowed professorship, which he received in 2006, has provided him with the freedom to pursue answers to pressing problems. Among them: quelling the riot of nerves that accompanies epileptic seizures before they even happen.

“This kind of discretionary support is invaluable for research faculty like me,” Durand said. “It provides seed funding for obtaining preliminary data for new ideas that can then be converted into larger proposals.”

Additionally, Durand said the endowment support allows him to keep valuable research going as federal funding ebbs and flows, or even ends.

For Durand, that means creative research on the nervous system—especially as it relates to the understanding and treatment of alcoholism, sleep apnea, paralysis, amputation—and epilepsy.

In the most recent work, Durand and his team successfully prevented more than 90% of epileptic seizures in rodents by pre-emptively directing a low-frequency charge to the white matter of the brain.

Currently, doctors have a success rate of about only 50% in suppressing a seizure in human subjects, but only after it has begun to occur.

Although Durand’s unique method remains years away from human trials, the advance is still exciting and promising, he said. Epilepsy affects about 1% of the world’s population or about 65 million people total.
Endowment Report
Glossary of Financial Terms and Phrases

Allocated spending: The amount authorized annually for spending on designated purposes, as determined by the spending policy and board resolution.

Annual attainment: Yearly total of cash gifts, pledges, estate commitments and other designations guaranteed by a legally binding document.

Asset allocation: Investment diversification designed to achieve consistent, sustainable long-term returns; limit volatility; maintain necessary liquidity; and protect against inflation.

Beginning balance: The corpus, plus accumulated investment returns and minus allocated spending, as of the start of the fiscal year (July 1).

Board-designated fund: Unrestricted funds that the Board of Trustees designates for a particular purpose. The board may change or lift these designations at any time. These restrictions are not imposed by a donor.

Combined endowment: Includes those funds managed by the university’s Office of Investments as well as funds held by others—that is, dollars held and invested by entities such as foundations or private financial institutions. These funds are considered part of the university’s long-term investments.

Corpus: Gifts made to establish or increase a fund, not including investment returns. Also known as “principal.”

Distribution: The amount—often expressed as a percentage—that the Board of Trustees approves spending from a fund or funds in a fiscal year.

Ending balance: The corpus plus accumulated investment returns and minus allocated spending at the end of the fiscal year (June 30).

Endowment fund: A fund that is created by donors requiring the restriction of the gift(s) in perpetuity with only investment return available for allocated spending.

Endowment pool: Funds managed by the university; includes endowment funds, funds functioning as endowment funds, and board-designated funds.

Fiscal year: Case Western Reserve University’s fiscal year is from July 1 through June 30.

Gifts: Donated assets within a fiscal year (July 1 through June 30). Gifts received late in one fiscal year may be reported in the subsequent fiscal year due to processing.

Investment pool: A group of funds—including endowment funds, funds functioning as endowment and board-designated funds—that are invested in a broadly diversified portfolio.

Investment returns: Overall returns, including realized and unrealized gains and losses, within a fiscal year (July 1 through June 30).

Market value: The actual value of the endowment pool—those funds directly managed by the university—as of June 30 of a designated year. This value includes growth through additional income provided through cash gifts, payments on existing gifts, and growth through investment returns. It also includes decreases in the total value that arise from spending—including withdrawals from the endowment to fulfill donor intentions (such as supporting faculty through endowed professorships). Decreases also arise from spending on administrative fees and endowment management. Decreases in value also can arise from negative investment returns.

Permanently restricted net assets: Include gifts, trusts and pledges on which donors have imposed the restriction that the amount invested is maintained in perpetuity and the investment returns be made available only to support designated program operations. In the case of trusts, gains and losses are added to the gift amount. Gifts restricted by donors to provide loans to students are also included in permanently restricted net assets.

Spending allocation: The distribution of endowment funds toward designated purposes, based on the spending policy.

Spending policy: Determines the annual allocated spending, based on a board resolution, with the objective to preserve the intergenerational equity and provide support for operations. Starting July 1, 2015, new gifts will be invested for twelve months before the spending allocation is applied.

Temporarily restricted net assets: Investment returns from endowments and gifts for which donor-imposed restrictions have not been met.

Unrestricted net assets: Funds available for any purpose consistent with the university’s mission. Unrestricted funds functioning as endowment and related investment returns are included in unrestricted net assets.

For more definitions and other endowment information, please visit case.edu/endowment.