

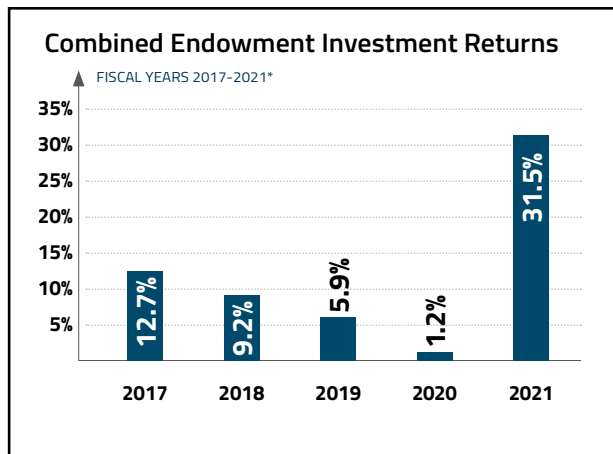


Endowment Report

JULY 1, 2020 - JUNE 30, 2021

Combined and Pooled Endowment Funds 2021 Investment Report

While Case Western Reserve University navigates the economic challenges that 2022 has brought, we are even more grateful for the substantial growth of our combined endowment from July 1, 2020, through June 30, 2021. The combined endowment (which includes funds the university manages and those held and managed by others) increased by 31.5%—the highest fiscal-year return on record.



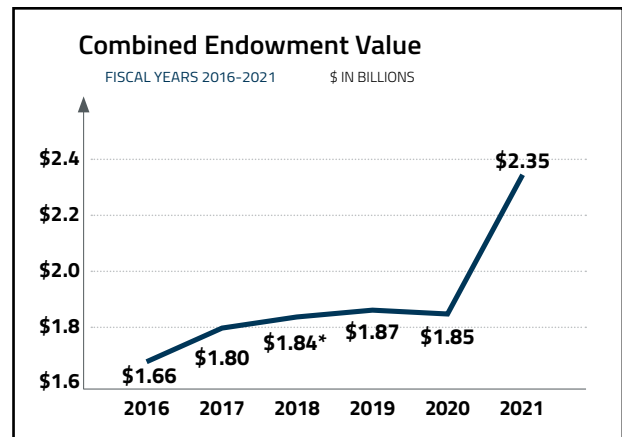
The university's one-year performance was consistent with Cambridge Associates' 33.78 percent benchmark median return for higher education institutions. Cambridge Associates is a global investment consulting firm that provides research and benchmarks across many funds and industries.

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 scholarships, fellowships, professorships, as well as research and programs. 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 2021, the value of the Combined Endowment totaled \$2.35 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. For this reason, the university has a broadly diversified portfolio that includes domestic and foreign public equities, fixed-income funds, private capital and real assets.

*During 2019 it was determined that the community foundation holding certain trusts has ultimate control. The Combined Endowment Value for 2018 and 2019 was revised accordingly.

Endowment Gifts

Advancing our mission today, and in the future



Katherine Ives

After nearly three years studying nursing at Case Western Reserve, Katherine Ives is almost certain she wants to work in oncology.

But just to be sure, she'll be trying general medicine nursing this summer—at a hospital that's not in Cleveland.

Her goal? To “explore and be more confident of where I'll end up.”

Katherine's opportunity to work at 10th-ranked Northwestern Memorial in downtown Chicago before graduation is only possible because of support from the Milton A. and Roslyn Z. Wolf Scholarship Fund. By reducing the amount she must pay for tuition, the Wolf Scholarship allows her to invest in an experience that could well decide her professional future—“without worrying about the [financial] risk.”

Established in 2007 with a commitment of \$1 million, the Wolf Scholarship Fund has provided more than 30 undergraduates with full-tuition support and additional extracurricular learning opportunities.

For Sarah Hoffman, a senior studying nutritional biochemistry and metabolism (with minors in chemistry, mathematics and sports medicine), the Wolf scholarship gave her the chance to pursue activities outside her robust course load. Rather than spending time outside class working side jobs to help pay for tuition, she's volunteering as an EMT.

“I was between a number of different schools with different financial options, but CWRU was this perfect place where I really wanted to be,” Hoffman said, noting the access to nearby,

high-quality health care institutions and medical volunteer opportunities.

And, because of the Wolf Scholarship, Case Western Reserve was not only desirable, it was affordable, she said—“and that's what made the decision in the end.”



Sarah Hoffman

Endowments to Case Western Reserve sustain the impact of donors' gifts for generations. After more than a decade, the Milton A. and Roslyn Wolf Family Foundation endowment continues to honor and celebrate a tradition of service established by alumni Roslyn (WRC '77) and Milton Wolf (CIT '54; GRS '73, '93, economics; HON '80).

Citing their lifelong commitment to education as the primary motivation for the endowment, Nancy Wolf and her family are honored to

further their parents' ideals—and give students with exceptional ability and drive the same educational opportunities she and her siblings experienced.

“When my parents passed away, we felt it was important to continue their tradition,” she said, confident her parents would be “absolutely thrilled” to have impacted the lives of so many students and their families through this endowment.

“When I've met with the various students over the years and seen their transformation—from first-years to graduates—and watched what they've accomplished and how they are prepared to leave here, it is so impressive,” Wolf said. “I always tell them my parents would be up there, looking down, beaming with happiness at what their endowment—their legacy—has done.”



Roslyn Z. and Milton A. Wolf

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.

Transfers: May include corpus, unused income and / or other required transfers within an endowment or between endowments, in accordance with board resolutions and / or gift agreements.

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

