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Media Contacts

Emily Roy
Prosek Partners
646-818-9232
pro-commonfund@prosek.com

Cecily Garber
Vice President, Communications
NBOA
cecily.garber@nboa.org

**Gains Amid Uncertainty:
Independent Schools Report 11.5% Return on
Endowment Assets for FY2025; 10-Year average returns rise to 7.7%**

New Gifts to Endowments Rebound, Use of OCIO Increased

Norwalk, Conn., February 23, 2026 — Institutions participating in the Commonfund Benchmarks Study® of Independent Schools for the 2025 fiscal year reported an average annual return of 11.5 percent on their endowment assets. Despite political and market volatility, this marks the third year in a row of strong positive returns reported in the Study. (All returns are reported net of fees. Fiscal year 2025 covers the period from July 1, 2024, to June 30, 2025, and coincides with the budget year of most independent schools.)

Looking at a longer time horizon is critical when assessing the financial health and sustainability of perpetual institutions. In this year's Study, three-year reported returns rose most significantly – to 11.4 percent from 3.5 percent, on average – as they no longer account for the negative outcomes of 2022. Longer-term returns followed suit: five-year returns rose to 9.6 percent from 7.7 percent in FY2024, ten-year returns rose to 7.7 percent from 6.7 percent, 15-

year rose to 8.2 percent from 8.0 percent, and 20-year, to 7.2 percent from 6.9 percent, on average.

George Suttles, Executive Director of Commonfund Institute, and Jeffrey Shields, President and CEO of NBOA, provided a statement on these headline figures: “In the midst of everything going on, independent schools continue to reap the rewards of careful endowment management. We are pleased that another year of strong market gains will help ensure that independent school endowments support students, financial aid, and operations for the long term. We are also not surprised to see an increasing reliance on external investment partners to help navigate turbulent times and secure the positive results reported throughout the Study.”

Two hundred forty-three independent schools representing roughly \$17.3 billion in combined endowment assets provided data for the Study. Data gathered in the Study are aggregated for all participants and are segmented into three size cohorts: institutions with endowment assets over \$50 million; those with assets between \$10 and \$50 million; and those with assets under \$10 million. Institutions participating in the Study comprise day schools, boarding schools and schools that are a combination of both, and some analysis in the study segments data by day schools and those with boarding. Independent schools are private, nonprofit institutions enrolling students from pre-kindergarten through 12th grade. In the U.S., approximately 10 percent of the student population attend an independent school, according to the National Association of Independent Schools (NAIS).

Commonfund conducts this annual study of independent school endowment management practices and policies in conjunction with NBOA: Business Leadership for Independent Schools, the only national nonprofit association focused exclusively on fostering financial and operational excellence in independent PK-12 schools.

Investment Returns Positive

Breaking the data down by endowment values often reveals a relationship between size and returns. In the past two Studies, the smallest size cohort outperformed the largest. This year saw the re-emergence of a prior trend, in which the largest schools’ returns surpassed those of the smallest: Schools with over \$50 million and those with assets between \$10 million and \$50 million reported 11.6 percent returns, relative to 10.9 percent for those with under \$10 million, on average. Smaller schools, bolstered by annual outperformance in fiscal years 2023 and 2024,

reported higher three- and ten-year returns than the other size cohorts. These findings likely reflect smaller institutions' relative overweight to public equities during this period, while rebounding private strategies are again paying off for larger institutions, which tend to have higher allocations to those asset classes.

Asset Allocation Changes Minimal

Any portfolio rebalancing that occurred during the fiscal year resulted in no quantifiable changes in asset allocations overall. For total respondents, the largest allocations were U.S. equities (35 percent) and alternatives strategies (30 percent), followed by fixed income (14 percent), on average.

ASSET ALLOCATIONS* FOR TOTAL SCHOOLS

Numbers in percent (%)	FY2024	FY2025
U.S. equities	35	35
Fixed income	14	14
Non-U.S. equities	17	17
Alternative strategies	30	30
Short-term securities/cash/other	4	4

*dollar-weighted

Differences in asset allocation by size cohort were again substantial. In FY2025, responding institutions with assets below \$10 million had nearly half – 48 percent – of their portfolios allocated to U.S. equities, compared with 32 percent for those with over \$50 million, on average. Meanwhile the largest size cohort allocated 34 percent to alternative strategies, compared with 10 percent and 2 percent for the mid- and smaller- size cohorts respectively, on average. Private equity and marketable alternatives accounted for more than half of total schools' alternatives allocations, on both a dollar-weighted and equal-weighted basis. (Note: private equity includes LBOs, mezzanine, M&A funds and international private equity. Marketable alternatives include hedge funds, absolute return, market neutral, long/short, 130/30, event-driven and derivatives.)

It is important to highlight three things related to changes in asset allocation: 1) participants across study years are not a perfect matched sample, which can lead to year-over-year changes, 2) some changes are due to rebalancing – 73 percent of responding institutions reported that they rebalanced in FY2025, and 3) some changes may be due to fluctuations in the value of existing allocations. The Study does not isolate the relative weight of these factors.

Spending was Steady

Participating schools' stated policy spend rate in FY2025 was 4.3 percent, unchanged since FY2021. By size, schools in the small-, mid-, and large size cohorts had a spend policy rate of 4.2 percent, 4.3 percent, and 4.4 percent respectively. In other words, the stated policy spending rate increased marginally alongside institution size on average.

Gifts Rebounded

Average new gifts to independent school endowments were \$1.8 million in FY2025, up from \$1.6 million in FY2024 and \$1.7 million in FY2023. Institutions with over \$50 million in assets reported average gifts of \$3.4 million in FY2025 (up from \$3.2 million in FY2024), \$0.7 million for those with \$10 to \$50 million, and \$0.2 million for those under \$10 million (both unchanged).

Operating Budget Support Rose

Participating institutions reported that an average of 7.1 percent of their operating budget was funded by the endowment in FY2025, up marginally from 6.7 percent in FY2024. Responding institutions with assets over \$50 million reported the highest share of their operating budget funded by endowment – 12.0 percent (up from 11.2 percent) – followed by 4.2 percent reported by institutions with assets between \$10 and \$50 million (unchanged), and 2.2 percent reported by schools with assets under \$10 million (up from 1.9 percent).

Use of OCIO Increased

This year's Study marks a milestone in independent schools' use of OCIO (Outsourced Chief Investment Officer): More than half of respondents reported using an OCIO for investment management in FY2025. This reflects an increase from 46 percent in FY2024, and more

dramatically from 33 percent in FY2023. Sixty-two percent of schools with assets between \$10 and \$50 million reported using an OCIO (up from 59 percent in FY2024), compared with 49 percent of schools with assets over \$50 million (up from 43 percent), and 34 percent of those under \$10 million (up from 26 percent). Potential factors contributing to this trend may include the confluence of uncertainty, volatility and other concerns related to inflation, enrollment, and fundraising.

About Commonfund

Commonfund is a leading asset management firm that empowers educational institutions, foundations, pension funds, family offices, RIAs, and other sophisticated investors to achieve their most important goals. Through our Outsourced CIO business, we provide nonprofits access to world-class investment management solutions. Our CF Private Equity business provides access to private equity investments for both nonprofit and for-profit organizations seeking to diversify their portfolios with private investments. Our Commonfund Institute is among the nation's most trusted sources for relevant, useful, and proprietary data, analytics, and best practices in financial management. All our businesses are united by a relentless commitment to investment performance matched by an equally relentless commitment to the values of trust, transparency, and ethical behavior that have inspired us since our founding more than fifty years ago. www.commonfund.org

About Commonfund Institute

Commonfund Institute is among the nation's most trusted sources for relevant, useful, and proprietary data, analytics, and best practices in financial management. The Institute provides a wide variety of resources, including conferences, seminars, roundtables, and online learning through Commonfund Institute Online. Insights cover topics such as endowments and governance; proprietary and third-party research such as the Commonfund Benchmark Studies®; publications including the Commonfund Higher Education Price Index® (HEPI); and events such as the annual Commonfund Forum and Investment Stewardship Academy.

About NBOA

NBOA is the only national nonprofit membership association focused exclusively on supporting independent school business officers and business operations staff while fostering financial and operational excellence among independent PK-12 schools. The association has grown from 23 founding member schools in 1998 to more than 1,600 members including schools, business partners and associations from the U.S. and 25 other countries around the globe. NBOA offers in-person programming, including the NBOA Annual Meeting and Business Officer Institute; online professional development; original research; and an award-winning magazine, Net Assets. Each offering covers timely and relevant topics for independent school business and operations professionals, including finance, accounting, tax, compliance, human resources, risk management, facilities and information technology.

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