

2022 Landon Endowment Report



From the Chair



DEAR LANDON COMMUNITY,

While 2022 has been a very different year than 2021, Landon's financial position remains strong. The School's leadership and Board of Trustees have strategically adopted policies that ensure a sustainable future and support from the broader Landon community.

As donors, we understand that a school's endowment is a visible sign of financial strength and that philanthropy is the best way to increase it. A testament to this lies in the fact that schools with the largest endowments can provide the most financial aid, attract and retain the best faculties, and invest for the future. As stewards of Landon's endowment, we also know that it is vital to adopt policies that enable it to grow prudently and sustainably. For us, this means maximizing risk-adjusted returns during strong markets while minimizing losses during difficult periods like the one we are currently experiencing.

With this as a backdrop, it has been and continues to be a privilege to chair the Endowment Committee and ensure that Landon's long-term endowment model is sound.

Since The Campaign for Landon was launched, we have raised \$41 million of our \$50 million goal. Nearly 80% of the campaign's \$10 million endowment goal was achieved through outright and estate gifts. Congratulations to The Campaign for Landon Committee and School leadership for their success in the most robust campaign in Landon's history.

In the most recent fiscal year, which ended on June 30, 2022, the return on Landon School's endowment was -14.09%, leaving the total value at \$20,635,153. The endowment also distributed \$706,961 toward the school's operating budget. Although Landon's endowment has grown considerably in the last six years, it remains less than half the size of IAC and Washington-area peer schools.

After extensive analysis, the Endowment Committee will recommend to the Board of Trustees a reduction in the draw percentage to better enable the endowment and the draw to grow in real value steadily over time, consistent with expected forward financial returns, fees, and inflation.

With Vanguard Institutional Advisory Services' management and the Board of Trustees' oversight of sound long-term investment and spending policies, we are confident in the endowment's stewardship and future growth.

Our Endowment Committee is an accomplished group focused on increasing the real value of the endowment and the real value of the financial benefit it delivers to the School in the future.

I want to thank the members of the Endowment Committee for sharing their expertise as well as their time serving the School in this capacity. Information about the members of the Endowment Committee is on page six of this report.

Looking ahead, we are confident in the team we have assembled, the approach we have adopted, and the steps we have taken to construct a portfolio and endowment model that will support the School's long-term interests and mission. Most importantly, we believe it will enable Landon to maintain and increase its critical support of our boys and faculty, who are indeed our greatest asset.

Go Bears,



Matt Holleran '85

Chair, Endowment Committee

Member, Board of Trustees

BOARD OF TRUSTEES

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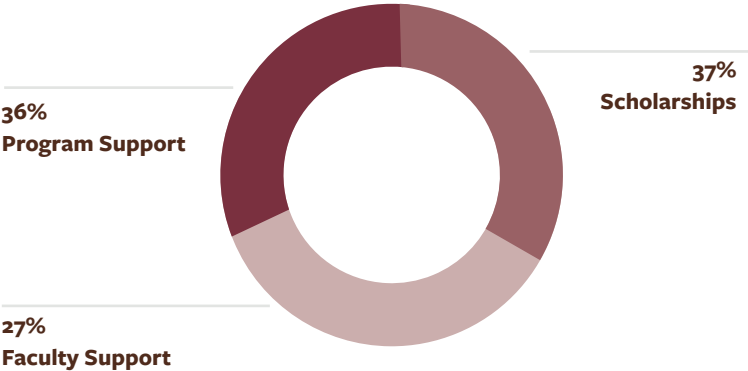
Harmar Thompson '90

Michael Voris '95

Lisa Ellis Williams, P '24

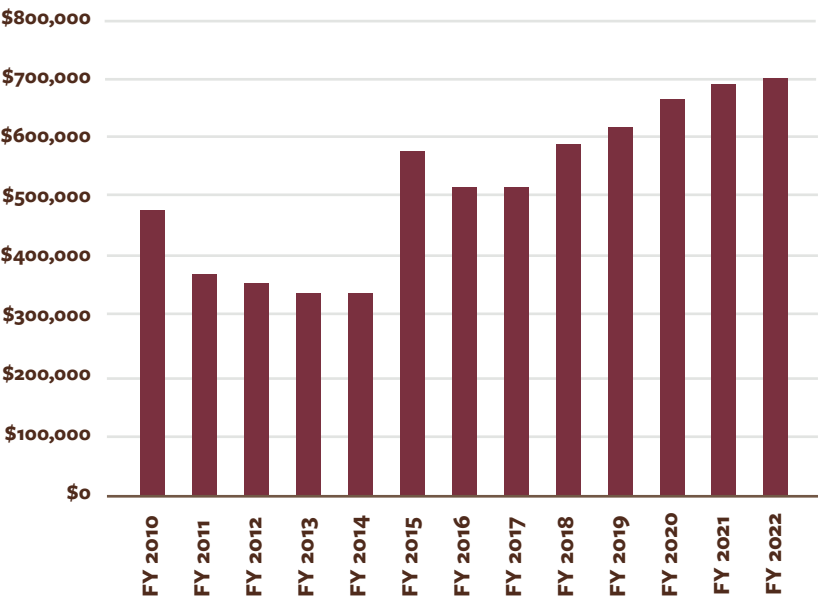
2022 Endowment Snapshot

ENDOWMENT CATEGORY AS OF 6/30/2022



Growing the endowment is a priority. Landon’s \$20 million endowment is less than half of the endowments at other leading all-boys schools. Endowment gifts produce income in perpetuity.

ANNUAL SPENDING DRAWS



The Board of Trustees approves the endowment’s spending rate annually. Actual endowment return earned in excess of distributions under this policy is reinvested as part of the School’s endowment.

This chart shows how spending draws are carefully managed so as not to draw from the principal of the endowment.

**WE HAVE REACHED
80% OF OUR \$10 MILLION
GOAL TO FURTHER
STRENGTHEN FINANCIAL
AID PROGRAMS AND
FACULTY DEVELOPMENT.**

THE CAMPAIGN FOR
LONDON

The \$50 million
Campaign for Landon
has a \$10 million
endowment goal.

Landon's exceptional teachers are the cornerstone of the School, and by increasing endowed funds dedicated to their needs, we reaffirm our commitment to our faculty and our collective academic enterprise. We will raise funds to endow more and larger academic chairs and strengthen professional development programs in all disciplines and grades.

Financial aid is essential to the health of our School and our student population because it ensures that deserving students can benefit from and contribute to the Landon experience.

A robust financial aid program strengthens the institution in several ways, such as promoting broader perspectives and greater understanding for our students.

Landon's Endowment

LASTING SUPPORT FOR OUR BOYS

Landon's endowment is the lifeblood of the School. Unrestricted endowment gifts allow Landon to deploy resources where they are needed most. But the endowment also consists of individual funds established for a variety of educational purposes. The endowed funds are pooled together so the portfolio can be managed as one entity. The Landon School endowment is critical to minimizing tuition increases as well as maximizing funding for teachers and students. It is designed to keep the principal amount intact while using the investment income to improve the quality of education. Endowment growth is the best way to ensure Landon School remains a top-tier boys school in the Washington metro area and nationwide, and our goal to increase the endowment depends primarily on donations.

GLOBAL ENDOWMENT MANAGEMENT

In 2019, we launched an extensive search for a new endowment investment manager. In doing so, we interviewed multiple managers and chose to partner with Vanguard Institutional Advisory Services. Vanguard is positioned to serve Landon School's mission at the current time due to its extensive institutional resources and low fee structure. The Vanguard team is led by a senior investment consultant, who provides quarterly investment updates to the Investment Committee and is accessible at any time between meetings. The consultant acts as an extension of Landon's investment staff.



GOVERNANCE

The **Board of Trustees** establishes investment objectives focused on generating the best risk-adjusted returns that will support Landon School's financial needs, while preserving the endowment's real purchasing power in perpetuity. These objectives are also balanced against the need for sufficient liquidity to meet the School's annual spending draw.

The **Endowment Committee** is a standing committee of the Board of Trustees. It is tasked with advising the Board and Landon administration on matters relating to the School's endowment. It also monitors how the endowment is managed, how the funds

raised are deployed, and procedures relating to key Landon policies. It selects and monitors an investment manager(s) to ensure the endowment's allocation, investments, liquidity, risk, and returns are within the parameters set forth in the Investment Policy Statement.

The committee consists primarily of trustees (no fewer than three), one of whom is the chair. The committee may also include non-trustee members chosen for their relevant experience. The chair of the Board, the head of school, the chief financial officer, the controller, and the director of development are members ex officio.

Endowment Committee

Jeff Ansary '92 – Managing director at Ansaco LLC, a private merchant bank organized in 2014 focused on the middle market in manufacturing, technology, and commercial real estate.

Alex Baldwin, P '18 – General counsel at DISYS, a global staffing, IT consulting, and managed services firm based in McLean, VA.

Donald Dell '56 – First sports agent in professional tennis, representing Arthur Ashe, Stan Smith, Jimmy Connors, and Ivan Lendl. He founded professional Services (ProServ), one of the nation's first sports marketing firms, in 1970.

Laura Hoffman, P '17 '21 '24 – Vice president and treasurer of the Healy Foundation, a private grant-making foundation active in Maryland, Florida, and New Mexico.

Matt Holleran '85 – Founder and managing partner of Cloud Apps, a San Francisco-based venture capital firm specializing in investing in the cloud business application market.

Ted Lamade '00 – Managing director of the \$1.2 billion endowment that supports the Carnegie Institution for Science, a scientific research organization based in Washington, D.C.

Nii Amaah Ofosu-Amaah '00 – Managing director at Berkshire Partners, a Boston-based private equity firm focused on investing in middle-market businesses.

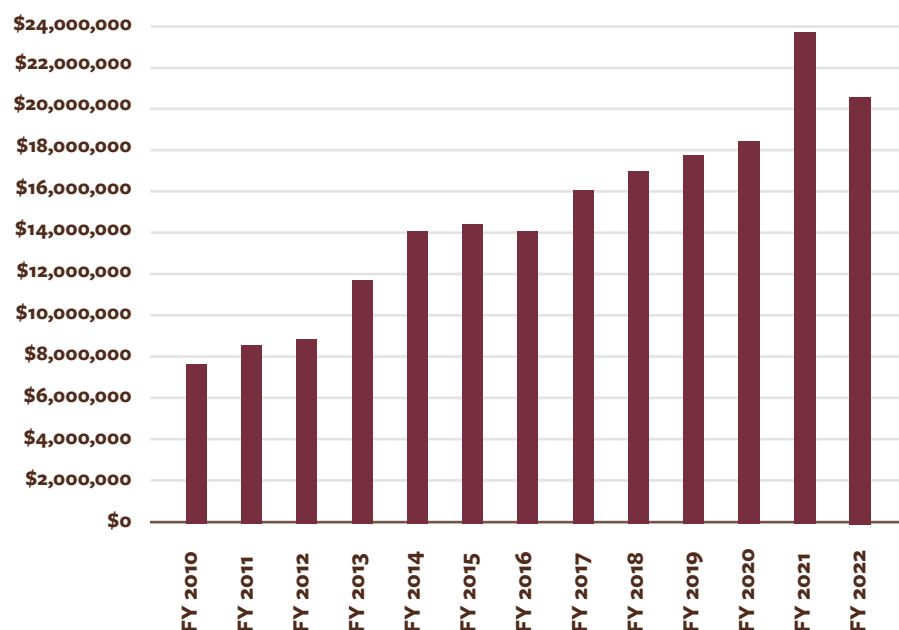
Bijan Salehizadeh '91 – Managing director at NaviMed Capital, a Washington D.C.-based private equity firm focused on investing in healthcare businesses.

Brooke Seawell '65 – Venture partner with NEA, focusing on software, systems, and internet investments. He serves on the board of directors of NVIDIA (NASDAQ: NVDA), Tenable (NASDAQ: TENB), Eargo (NASDAQ: EAR), GoodLeap, Malwarebytes, and Technical Communities.

Brien White, P '26 – Chief operating officer for Brown Advisory's U.S. private client, endowments, and foundations business.

Asset Allocation and Investment Performance

MARKET VALUE



The endowment utilizes a total return strategy, which represents a combination of both capital appreciation and current yield (interest and dividends). Landon's chosen investment manager is tasked with achieving returns that equal (or exceed) the combination of Landon's spending rate and the rate of inflation (net of fees).

Market Performance Notes from the Endowment Committee

From a portfolio return perspective, the dramatically different market performance in 2021 versus 2022 reinforces the necessity for a disciplined and long-term approach that prioritizes a liquid, transparent, and regularly rebalanced portfolio. The past year has been especially difficult given the combination of weaker equity market returns (-12% S&P 500, -23.9% NASDAQ, and -15.5% ACWI), coupled with one of the worst years for bonds in history (-19% Barclays Aggregate).

Consumer prices were up 9.1% over the year ended June 2022, the largest increase in 40 years.

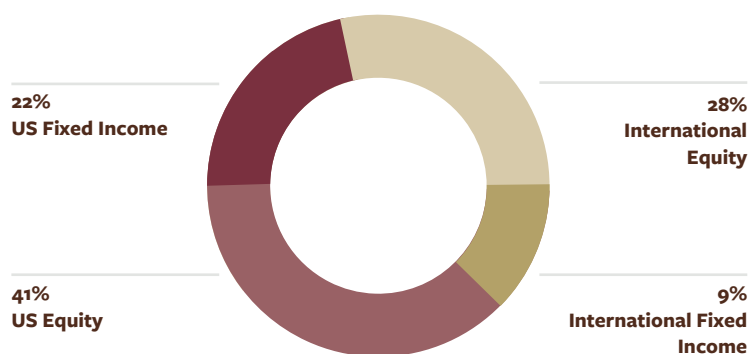
Our liquidity and defensive posturing have enabled us to rebalance from parts of the market that have held up relatively well into areas that have not. The result is that the portfolio is in an advantageous position to generate strong real returns in the future.

% ANNUAL INVESTMENT EARNINGS

| | |
|--------|---------|
| FY2022 | -14.09% |
| FY2021 | 27.75% |
| FY2020 | 3.54% |
| FY2019 | 4.33% |
| FY2018 | 6.81% |
| FY2017 | 12.79% |
| FY2016 | 0.07% |
| FY2015 | -1.16% |
| FY2014 | 17.97% |



ASSET ALLOCATION AS OF 6/30/2022



The Landon School endowment portfolio's current asset allocation is shown here. The investment manager uses a diversified mixture of equities and fixed income. The asset allocation strategy is reviewed regularly to ensure the portfolio's objectives are met.

Our Commitment to Boys

BUILDING A BETTER TOMORROW

“We want our boys to have the best facilities and the best teacher-coach-mentors, and we want our School to have stability through difficult times and upheavals.

I hope parents consider contributing an extra gift not just for the future of Landon, but for the experience their sons are having right now.”

LAURA HOFFMAN, P '17 '21 '24

“We have three sons, and three very different children. Landon has benefited all of them,” says **Laura Hoffman, P '17 '21 '24**, a former elementary school science teacher and current member of the Landon Board of Trustees. Laura’s love for education and for her sons brought her to both the Board and a greater involvement in her family’s charitable organization, the Healy Foundation.

“I love being on the Board because we all share a common purpose. We all love Landon and want to do what we can to give back.” Much of her motivation comes from meeting other members of the Board and seeing how Landon has contributed to their success. “There are a lot of alumni who serve, and as a mother of Landon boys, it is great to see how these confident, accomplished gentlemen are making a difference and giving back.”

The Healy Foundation has recently committed an additional gift to The Campaign for Landon. Laura and her family were early supporters, making a capital gift to support the construction of the new Boehly Upper School. The STEM Lab will be named in honor of her family. She is currently a campaign co-chair and is also on the Board’s Endowment Committee, so she has directed the foundation’s second gift toward endowment to support teachers, financial aid, and the long-term health of the School.

“Head of School **Jim Neill** is very inspiring. He always said that his vision is to renovate, revitalize, and preserve Landon. But it goes beyond the buildings,” she explains. “The campaign will help Landon offer more opportunities for different styles of learning; more opportunities that will appeal to different backgrounds and interests.”

Laura hopes that her gift, along with the gifts of other current parents and parents of alumni, will inspire other families to support the campaign as well.



LEAVING A LASTING LEGACY

There are many ways to make a meaningful gift to Landon School's endowment, such as cash gifts and pledges payable over a term of five years. Another popular method of giving is through a bequest.

A bequest is the most frequent type of planned gift. Your estate receives a charitable deduction for the full amount given, so your heirs pay no estate tax on the gift. You may choose to make:

- 1 a percentage bequest where you allocate a set percentage of your estate to Landon;
- 2 a specific bequest where you specify a set amount from your estate either in cash, a set allocation of securities, or a piece of real estate; or
- 3 a residual bequest where you allocate the residual amount of your estate after all other named beneficiaries.

A planned gift allows your support of Landon to endure in perpetuity. You may choose to establish a fund for a specific purpose such as a scholarship or faculty professional development, or you may choose to make an unrestricted gift to Landon's endowment. A minimum gift of \$100,000 is required to establish a named fund, and a gift of \$250,000 or more is required to establish a faculty chair.

Other ways to support Landon's endowment include naming Landon as the beneficiary of all or part of your retirement plan or life insurance policy.

If you are interested in making a bequest to Landon or another type of tax advantaged gift, please consult your legal and financial/tax advisors first.



BOISON FAMILY ENDOWED CHAIR IN SCIENCE

The newly established Boison Family Endowed Chair in Science was made possible by **Greg and Liz Boison, P '29**, and their commitment to the continued development of our science programs. Inspired by the team at Landon, the couple made their gift to support faculty recruitment, development, and retention.

"It's inspiring to see science education driving innovation and feeding the dreams of so many young people," notes Greg. "In this field, things are changing every day. If you're going to invest in teachers staying current, this seems like a place for a great return on investment."

"The faculty at Landon is so important to us," Liz says. "We want Landon to continue attracting, retaining, and training the finest faculty to continue creating the best academic experience. We want Landon faculty to have access to world-class resources."

The Boison Family Endowed Chair in Science will allow science department faculty members to pursue continued education, seek supplementary training, and stay up to date with the latest technology and teaching practices. "Gifts like this make for a more engaging learning experience," Greg continues. "When you give, you're saying, 'This is a fantastic place that has provided for my child in wonderful ways; let us give back for future Bears to grow and innovate.'"

The couple hopes their gift will inspire other parents to give. Liz notes, "If we're going to prepare our children for changes in technology and scientific discovery, for the good of the world and the audacious goals that lie in front of them, it's going to take additional care and investment to do so."



We believe in boys.

Help us invest in the experience that will bring out their best.

**Every gift to the endowment reaffirms our mission and
supports our commitment and dedication to the students,
faculty, and values that set Landon apart.**

THE CAMPAIGN FOR
LANDON

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