

**SOCIAL &
SUSTAINABLE
CAPITAL**

about us

OUR JOURNEY

SASC was founded in 2012. Our mission is to help social sector organisations deliver scalable and sustainable solutions to social issues across the UK. Since 2012 we have raised two funds: the £20 million Community Investment Fund and the £30 million Third Sector Loan Fund. We have made twelve investments with a total value of £8 million. This funding has gone into inspiring, high-potential charities and social enterprises. It will help them go on growing and achieving greater impact. SASC is a social enterprise itself, with 51 per cent of our profits going to the Social Investment Business Foundation; we are regulated by the Financial Conduct Authority.



51%

SASC IS A SOCIAL ENTERPRISE WITH 51% OF OUR PROFITS GOING TO THE SOCIAL INVESTMENT BUSINESS FOUNDATION

OUR FUNDS

Our funds aim to improve the wellbeing of individuals, families, groups and communities. They focus particularly on those who are vulnerable or disadvantaged. This includes people who are struggling with poverty, disability, illness, unemployment and economic hardship. The twelve investments we have made are helping to respond to gaps in health and social care, provide employment and training opportunities and affordable housing, create community owned renewable energy projects and improve community cohesion across the UK.

COMMUNITY INVESTMENT FUND

COMMUNITY INVESTMENT FUND / INVESTING IN LOCALLY-LED ORGANISATIONS ACROSS ENGLAND

This Fund invests in organisations located in England that are community-based and locally led. These organisations provide essential support and services to improve the well-being of local residents. They develop the local economy. And they create positive social change for individuals in the community.

The Fund offers long-term, flexible loans and quasi-equity investments in amounts that range from £150,000 to £2 million. CIF has invested in nine community organisations. Each of them has developed its own ways of supporting and engaging its local community. These can include caring for the more vulnerable local residents and families, employing and training a local workforce, and developing innovative business models to generate a surplus that can be reinvested in the community. In the face of growing austerity in local government spending, these organisations continue to demonstrate true ambition and forward thinking. They are expanding in order both to increase their social impact and to secure their long-term future.

THIRD SECTOR LOAN FUND

THIRD SECTOR LOAN FUND / PROVIDING SIMPLE FINANCE FOR EXTRAORDINARY CHARITIES AND SOCIAL ENTERPRISES ACROSS THE UK

Regardless of the kind of organisation involved, growth and innovation usually create a need for extra funding. In the private sector, organisations can issue shares to raise the cash they need. But third sector organisations, by definition, have no access to equity funding. Some have sizeable reserves they can draw on, or own assets such as buildings that give them access to secured borrowing. But many third sector organisations have neither. This creates a serious funding gap, which in turn limits the sector's ability to create impact.

TSLF aims to address this gap. It provides unsecured loans of between £150,000 and £3 million to charities and social enterprises in the UK that can show they will increase their social impact if they receive such funding. The fund has invested in social care charity Family Action and transport social enterprise HCT. TSLF's loans are focused on supporting organisations that work with marginalised, excluded or vulnerable individuals and groups. TSLF is able to lend on a secured basis. But its true niche lies in medium term, unsecured loans. Terms can be quite flexible, for example including revenue participation notes and similar quasi-equity instruments.

SASC launched TSLF in April 2014 with a pioneering structure. The structure brings together three different kinds of funding. SIB Foundation provided repayable grant, Big Society Capital invested mezzanine capital and Santander extended a £13.5 million debt facility. We believe this is the single largest commitment that a leading commercial bank has yet made to a third party fund that supports social ventures.

OUR IMPACT DRIVEN APPROACH

We aim to build enduring partnerships with our investees. The reason is simple: we believe our success as an investor is closely linked to their success as social ventures. Our overarching goals are:



TO PROVIDE THE RIGHT KIND OF FUNDING TO SOCIAL SECTOR ORGANISATIONS WHICH HAVE REAL POTENTIAL, BUT WHOSE PERCEIVED RISK PROFILE OFTEN RULES OUT MAINSTREAM SOURCES OF INVESTMENT.

TO HELP OUR INVESTEES BECOME MORE FINANCIALLY SUSTAINABLE SO THAT THEY CAN GENERATE MORE IMPACT FOR THE PEOPLE THEY WORK WITH BOTH IN THE SHORT TERM AND - MOST IMPORTANTLY - IN THE LONG TERM.

We want to ensure that social outcomes are at the heart of every investment decision we make. To do this, we have developed an approach for assessing the impact potential of each proposal. We use this framework throughout the investment process. This process starts when we first meet an organisation. A key part of our due diligence is to get to know the organisation (meaning its people) and to establish a relationship of trust. Finally, we structure an investment that meets the organisation's needs. Once the investment has been made, we work with our investees to monitor and report on impact. Focus on impact is a constant.

We want to assess the impact that could result if we invest in an organisation. Our approach falls into three stages:

<p>UNDERSTAND</p> <p>In the first part of the process, we spend time understanding how an organisation achieves or intends to achieve the social outcomes it aims for. What problem is it trying to address, and for whose benefit? How exactly does an organisation believe its interventions will create desired social outcomes? This is not just about theorizing: we also spend time understanding what it looks like in practice.</p>	<p>ASSESS</p> <p>Once we can clearly map an organisation's impact strategy and how it delivers impact on the ground, we assess and test the risks that come with the strategy. Risks can include the management team's capability and track record, the operating context, and how this affects the organisation's work. We also assess how the organisation plans for and manages unintended outcomes.</p>	<p>DEFINE</p> <p>A good understanding of the social outcomes, and of the risks associated with them, allows us to see how our investment will help an organisation achieve greater impact. We think about both depth and breadth of impact. We also think in both quantitative and qualitative terms ("no numbers without stories, no stories without numbers").</p>
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Once our investment committee has approved an investment, we work closely with organisations to agree a set of social impact key performance indicators that they report on regularly. Indicators are linked to an organisation's target outcomes and are a helpful way of tracking social impact performance. We aim to be pragmatic rather than prescriptive: wherever possible, we build on what an organisation is already measuring, rather than imposing new requirements.

OUR PARTNERS

Our investments and impact to date have been made possible through the strong relationships SASC has built with our partners.



Big Society Capital

Big Society Capital (BSC) was set up in 2012 to help grow the social investment market in the UK. It is an independent organisation, the first of its kind, established by the Cabinet office and launched with a £600 million investment fund. The investment fund comes from dormant bank accounts and four leading UK banks. BSC acts as a champion to help increase awareness and confidence in social investment. It also acts as an investor into fund managers like SASC, enabling them in turn to invest in charities and social enterprises to tackle social issues across the UK. BSC has committed £10 million to the Community Investment Fund and £15 million to the Third Sector Loan Fund.



Social Investment Business

Social Investment Business (SIB) is one of the UK's first social investors. Its programmes include Communitybuilders, Futurebuilders and the Social Enterprise Investment Fund. These have allowed SIB to provide over £390 million of loans and grants to over 1,200 social sector organisations across the country. SIB has over thirteen years of experience in social investment and has played an important role in helping develop the market in the UK. SIB is an investor in SASC and receives 51 per cent of our profits. SIB is also an investor in both of our funds, having committed £10 million to the Community Investment Fund and a catalytic first-loss investment of £1.5 million to the Third Sector Loan Fund.



Power to Change

Power to Change is an independent charitable trust, set up in January 2015 with a £150 million endowment from the Big Lottery Fund, to support, develop and grow community business across England. Funding and support is available to organisations at each stage of their journey to becoming a sustainable community business, from inspiring and nurturing ideas to expansion. The Trust also plays a broader national leadership and advocacy role in increasing awareness of the social and economic benefits of community business. SASC launched an innovative 'blended finance' pilot with Power to Change in 2015.



Santander

Santander Bank has extended a £13.5 million debt facility to the Third Sector Loan Fund. We believe this is the single largest commitment that a leading commercial bank has made to a third party fund supporting social ventures. The investment is in line with Santander's commitment to support the growing social investment sector and to invest in small and medium sized organisations.



Charity Bank

Charity Bank was set up in 2002 to offer secured loans to organisations with social and charitable goals. SASC and Charity Bank have partnered to provide up to 100 per cent of asset value loan finance to projects that have demonstrable social impact. Investment may be used for purchasing, renovating, or building property or premises. It is available to organisations which might require a bigger loan than mainstream banks will typically lend on a secured basis.



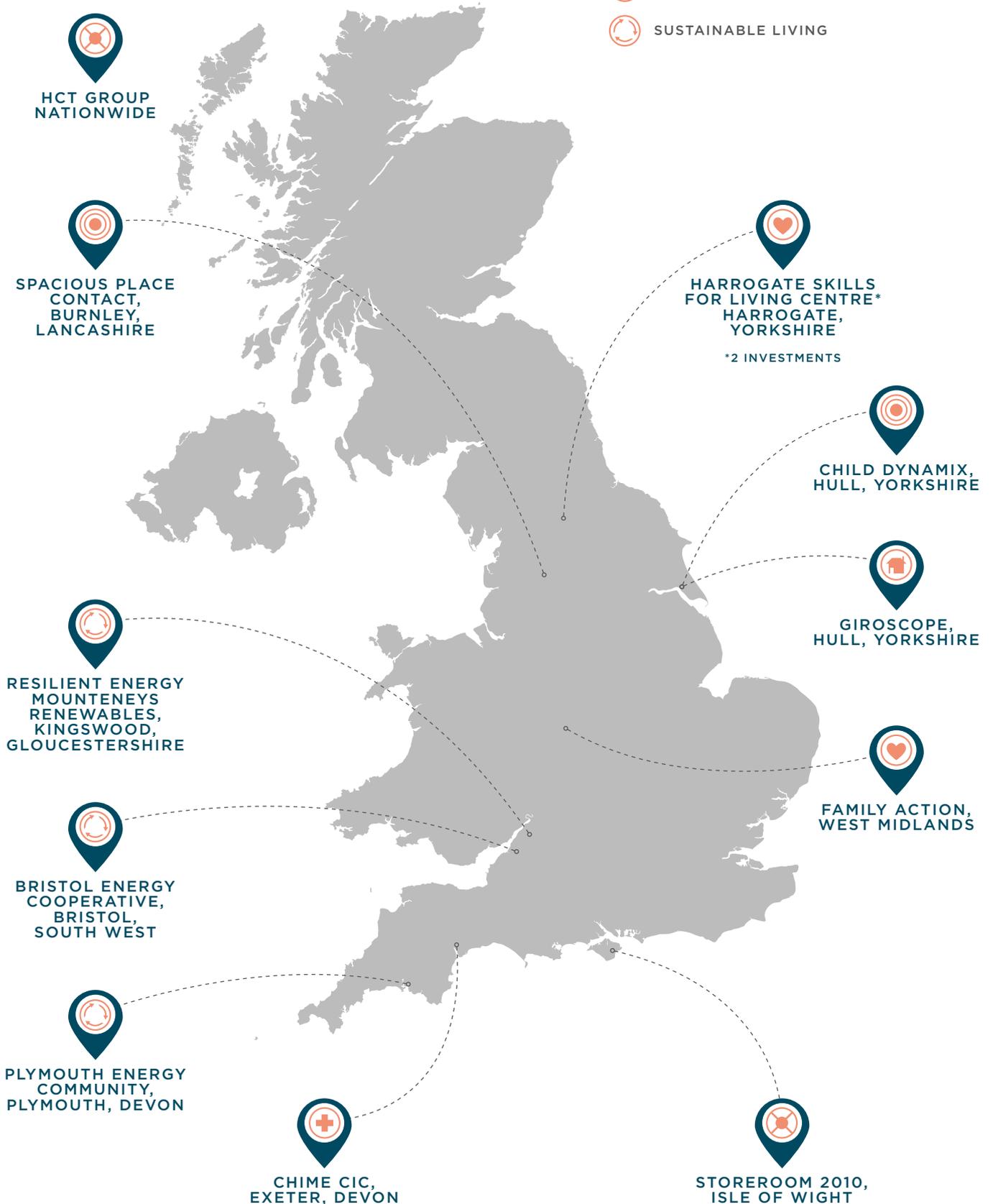
Access Foundation

SASC has been selected as an "Access Point" for the Reach Fund. The Reach Fund is a two-year £4 million investment readiness grant programme that has been funded by Access – The Foundation for Social Investment. Access was set up in 2015 to make it easier for social sector organisations to access social investment and take on repayable finance. Being an Access Point enables SASC to recommend organisations we are working with directly to the Reach investment readiness support programme.

A SNAPSHOT OF OUR INVESTMENTS

Our investees cover a broad geography, some operating at a very local level and others with a national reach. Our investments are also spread over a range of social outcome areas.

-  EDUCATION, EMPLOYMENT AND TRAINING
-  HOUSING
-  PHYSICAL HEALTH
-  SOCIAL CARE
-  CITIZENSHIP AND COMMUNITY
-  SUSTAINABLE LIVING



12 INVESTMENTS

£8 million
invested

FIVE
BLENDED
INVESTMENTS WITH
POWER TO CHANGE

TWO
INVESTMENTS
FULLY REPAID

70% OF INVESTMENTS
SUPPORTING PEOPLE IN THE
20% MOST DEPRIVED
NEIGHBOURHOODS IN
THE COUNTRY

SIXTY-SEVEN
YOUNG ADULTS BACK INTO
TRAINING AND EMPLOYMENT

90
VOLUNTEERS
RECRUITED

ONE INNOVATIVE
PAYMENT
BY RESULTS
PROGRAMME

53 *affordable
quality childcare
places created*

three

LOCAL RENEWABLE ENERGY
PROJECTS IN COMMUNITY HANDS
GENERATING 120,000 TONNES
OF CO2 SAVINGS A YEAR

550 VULNERABLE
PEOPLE GIVEN
ACCESS TO
SERVICES
THROUGH
TRANSPORT

41 PEOPLE REHOUSED
IN APPROPRIATE
ACCOMMODATION

*255 disadvantaged people
engaged in vocational training*

