

Dear friends

In late 2023 Harvard University published a comprehensive research study on impact investing in the US encompassing 277 impact fund managers and over 6,000 portfolio companies. It looked at the issue of 'additionality' – did impact investors support projects that would not have been funded by traditional investors. It concluded that only 12% of funds with an impact label were making investments that could be considered additional. The remaining overwhelming majority invested in projects that attracted traditional, private capital anyway.

We are not aware of a similar study in the UK. However, we would not be surprised if the share of genuinely additional impact investment was similarly small here. SASC aims to be and is, we believe, 'additional' in all that we do and how we do it. Being so is central to our mission.

So, what is *real* impact investing? To us it is funding organisations that proactively tackle disadvantage and vulnerability, delivering projects that would not get done if they were relying on commercial or 'return-first' money. So, despite claims to the contrary, investors probably have to accept a lower financial return and/or a different risk profile, if they want to support real impact. Often the trade-off does not have to be significant, but it is necessary. How else, for example, could a programme delivering genuinely affordable accommodation for young people in the UK's most expensive cities be funded when the achievable yield is less than an investor could make buying UK Government bonds?

This is why SASC is very excited to be to be partnering with the Garfield Weston Foundation on a new programme to tackle the challenges for people trying to move out of supported housing into independent living. This new High Impact Housing Fund will bring truly concessionary capital to help the tens of thousands of people each year stuck in supported housing – whether as a result of insufficient social housing, of an unaffordable private rented sector or of quirks in the benefits system.

We also closed our second housing fund (SASH II) at £42m in a very challenging fundraising environment. SASC is lucky to be backed by a broad range of impact-first investors and huge thanks to those, both existing and new, who put their trust in us this year. SASH II has already committed to fund projects with ten fantastic charities working with disadvantaged people right across the UK and we have now committed more than £100m to non-profit, supported housing organisations since 2017.

The first group of SASH II borrowers join 25 existing charity partners in our other funds who between them will help thousands of people over the life of the projects and we hope to do more with all of them in the years to come.

When we funded our first housing projects eight years ago, we hoped that helping charities purchase and manage their own properties would directly benefit their service users. The evidence so far in terms of tenant satisfaction and progress is very encouraging. We also hoped that the flexible and shared-risk nature of the funding would benefit the charities themselves as they built equity in the property portfolios. What we didn't foresee are the more intangible benefits that our partners are reporting (pages 18-21). The confidence at SMT and Trustee level from having a business plan tested and validated, the additional profile with local commissioners and stakeholders from delivering more services and committing to owning more assets are coming through consistently and strongly and it is great to hear.

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SASC itself enjoyed a very positive 2024 and start to 2025 and we would like to thank all our investors, charity partners, our Board and our team for supporting SASC to continue delivering on its mission. Thank you.

Scott Greenhalgh
Chair

Mark Bickford
CEO

If you are interested in knowing more about SASH II contact info@socialandsustainable.com