



# Results analysis: Schroder BSC Social Impact

**SBSI offer class leading impact exposure, with an attractive income and resilient performance...**

Update  
**28 March 2025**

- Schroder BSC Social Impact (SBSI) has released its half year results for the period ending 31/12/2024. Over this six-month period, the trust saw a NAV per share total return increase of 0.3%.
- Since launch in December 2020, the trust has now delivered a NAV total return of 10.5%, or 2.5% p.a. Performance in the most recent period was largely driven by investment income, which added 2.85p per share to NAV, equivalent to c. 2.7%, largely driven by the debt and equity for social enterprises portion of the portfolio continuing to mature and pay out income. This was somewhat offset by downwards revisions to portfolio valuations, in particular in the high impact housing portion which was negatively affected by increases in the discount rate and property management costs.
- The trust continued to deliver on several social outcomes in the period, with highlights including completing on contracts for nearly 200 affordable homes, a new nine-bed residential facility for those with learning difficulties being registered by Ofsted and the expansion of important social housing tenancy schemes.
- Due to the long-term nature of the investments, portfolio activity was limited, though there was some return of capital through maturities and exits. There were two partial repayments post-period end, both at NAV. Earlier in 2024, the managers committed £5m to Simply Affordable Homes, a housing fund asset. This began to be drawn down in the interim period and is expected to continue into 2025. The managers divide the portfolio into the high impact portfolio (which comprises mature assets, and assets still in their investment phase), plus liquidity assets (including cash and cash equivalents) which are expected to be drawn into pre-existing commitments to high impact investments at a later point. As at period end, the high impact portfolio was split by asset class amongst debt and equity for social enterprises at 41% of NAV, high impact housing at 43% and to social outcomes contracts at 3%.
- SBSI paid an annual dividend of 2.94p towards the end of the period, an increase of 28% on the previous year, and representing a yield of 4.2% on the closing price of 26/03/2025.

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- Despite the resilient performance, the share price struggled in the period, seeing a total decline of 8.6%. This led to the discount widening to 24.7% at period end, from 16.7% at the beginning. The board have been undertaking share buy backs during the period, which had a positive NAV impact of 0.24p per share. These have continued post-period end, though the board remain conscious of the trust's size and liquidity. Despite this, the discount has widened further post results end to 33.4% as at 26/03/2025.
- The managers remain positive on the outlook for the trust. The period covered by the results saw a new Labour government which has indicated considerable support for the sector. The best example of this was the announcement of a new advisory group specifically focussed on accessing social impact capital early in 2025.



- **Chair Susannah Nicklin commented on SBSI's status as "a unique proposition to investors, delivering deep positive impact to disadvantaged communities across the UK", adding the trust has "a promising pipeline of opportunities [...] emerging in diverse and critical thematic areas."**

## Kepler View

The period covered by **Schroder BSC Social Impact's (SBSI)** interim results has seen a notable improvement in the backdrop for the social investing sector, following the encouraging early signs of support from the new Labour government. This has arguably been reflected in the resilient NAV performance over the period, with the trust delivering a positive 0.3% in a period of notable volatility. The majority of the positive performance was driven by investing income from the ever-maturing portfolio. We believe this is particularly encouraging as it demonstrates that the assets are developing broadly as expected and showing a steady return on their investment. With over a third of the portfolio still in its investment phase, there is arguably future value baked in that could still feed through to NAV returns, in our view.

This resilient performance also says nothing of the more qualitative aspect of the portfolio, the social impact. SBSI, in our opinion, is one of the premier investment vehicles for investors looking to 'do good' with their capital. This is best demonstrated by the huge number of 400,000 people reached by the trust's investment activities since launch. Whilst the benefits of this are less quantifiable than a pounds and pence return, it will have a significant emotive response for many investors. As such, we believe SBSI should be at the top of any potential shortlist amongst investors for whom this is a particularly important consideration.

When combining these elements together, we believe SBSI makes a very compelling option as a defensive asset in a portfolio, which is arguably made more attractive by the wide current discount of the trust. This widened during the year, from 16.7% to 24.7%, and if anything, has accelerated since to the current level of c. 33%. Considering the resilience of the portfolio's assets, further upside potential as they mature, and supportive government backdrop, we believe the discount could offer an attractive entry point to a unique portfolio with appealing characteristics.

The discount also improves the trust's dividend picture too. The guide is for the trust to yield between 2% and 3% of NAV, the initial launch guidance having been raised following good income generation. However, because of the wide discount, the historic yield on the trust is now an attractive 4.2%. The trust has increased its dividend in

every year since launch, and investment income has so far proven to be quite reliable and therefore, we believe the dividend is likely to remain an important part of the overall investment case for the trust.

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