



Access – The Foundation for Social Investment

Impact Report – December 2020

Rathbones
Look forward

Executive Summary: overview

This report demonstrates that:

- It has been achievable to closely align Access's endowment investment with its mission – 43.5% of the portfolio has been directly invested into UK charities and social enterprises delivering social impact.
- The organisations invested in are delivering positive social and environmental impacts across a broad range of areas.
- We have seen that it is possible to adopt a total impact approach to investment, targeting high social and environmental impact while still achieving a financial return that has to date outperformed our market benchmarks.

Access is necessarily constrained in its approach by how long investments can be made for due to its time-limited lifespan and the need to fund its committed programme delivery.

Nevertheless, the performance of the portfolio - combined with the positive impacts on both organisations and the wider system - suggest that the ambitions for Access's total impact approach continue to be met.

The following slides provide:

- An estimated proportion of investee impact financed by Access's investment (see notes on methodology on slide 20).
- A mapping of the portfolio's underlying investments by enterprise impact and investor contribution.
- An overview of financial returns compared to benchmarks from inception to December 2020.

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance should not be seen as an indication of future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase.

Executive Summary: impact metrics

The provision of
£36,530

In funding for
short-term
Coronavirus aid
measures

Lending to

148

micro-entrepreneurs

The management of

109

social housing
properties

The provision of

£21,243

in 'green' finance

The generation of
enough renewable
energy to power

180

UK homes

Avoiding

315

tonnes of GHG
emissions

During 2020, the
fund's investment in
organisations has
supported...

41

children learning
to swim

Charities to
raise

£96,719

The provision of
residential and
home care to

3

elderly individuals

News organisations in
countries with limited
press freedom to
increase their reach by

32%

on average

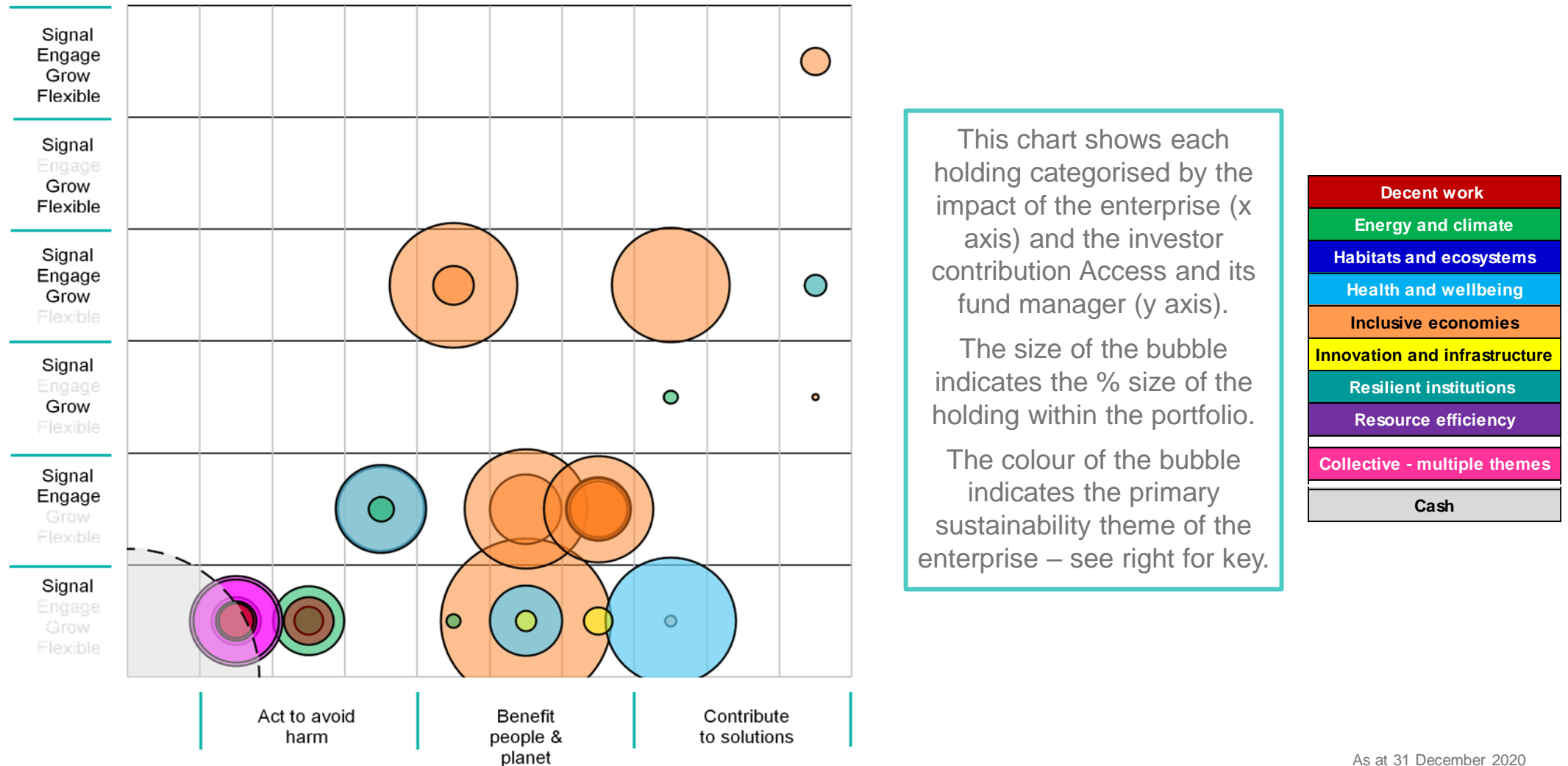
The provision of mobility
solutions to

147

individuals with physical
disabilities

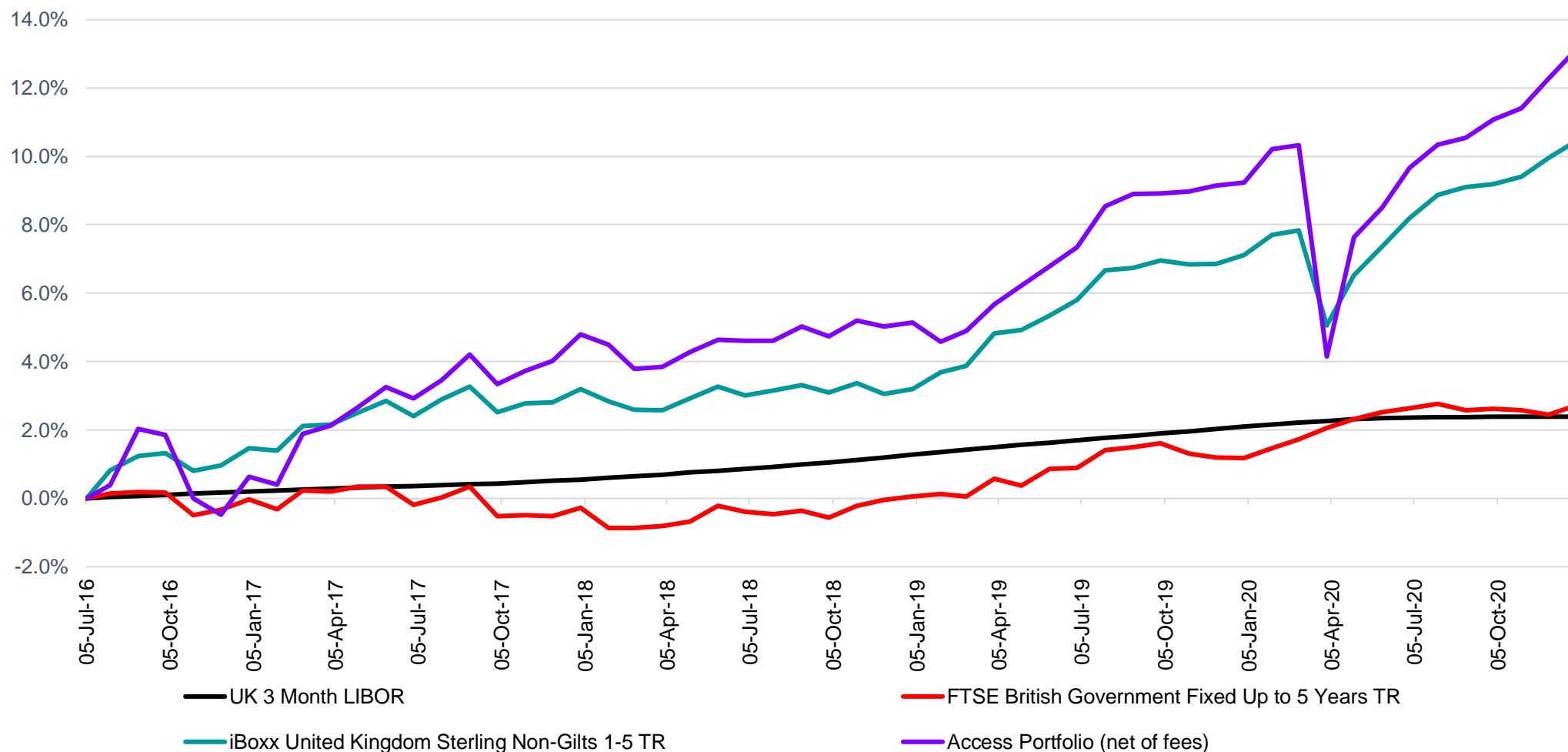
Executive Summary: Portfolio impact

As at December 2020 the Access Endowment can be seen to comprise investments across the impact spectrum from 'Act to Avoid Harm' to 'Contribute to Solutions'. At the same time the investor contribution of Access and its fund manager includes efforts to signal that impact matters, engage actively and help to grow new markets. See slides 23-25 for more information.



Executive Summary: Financial returns

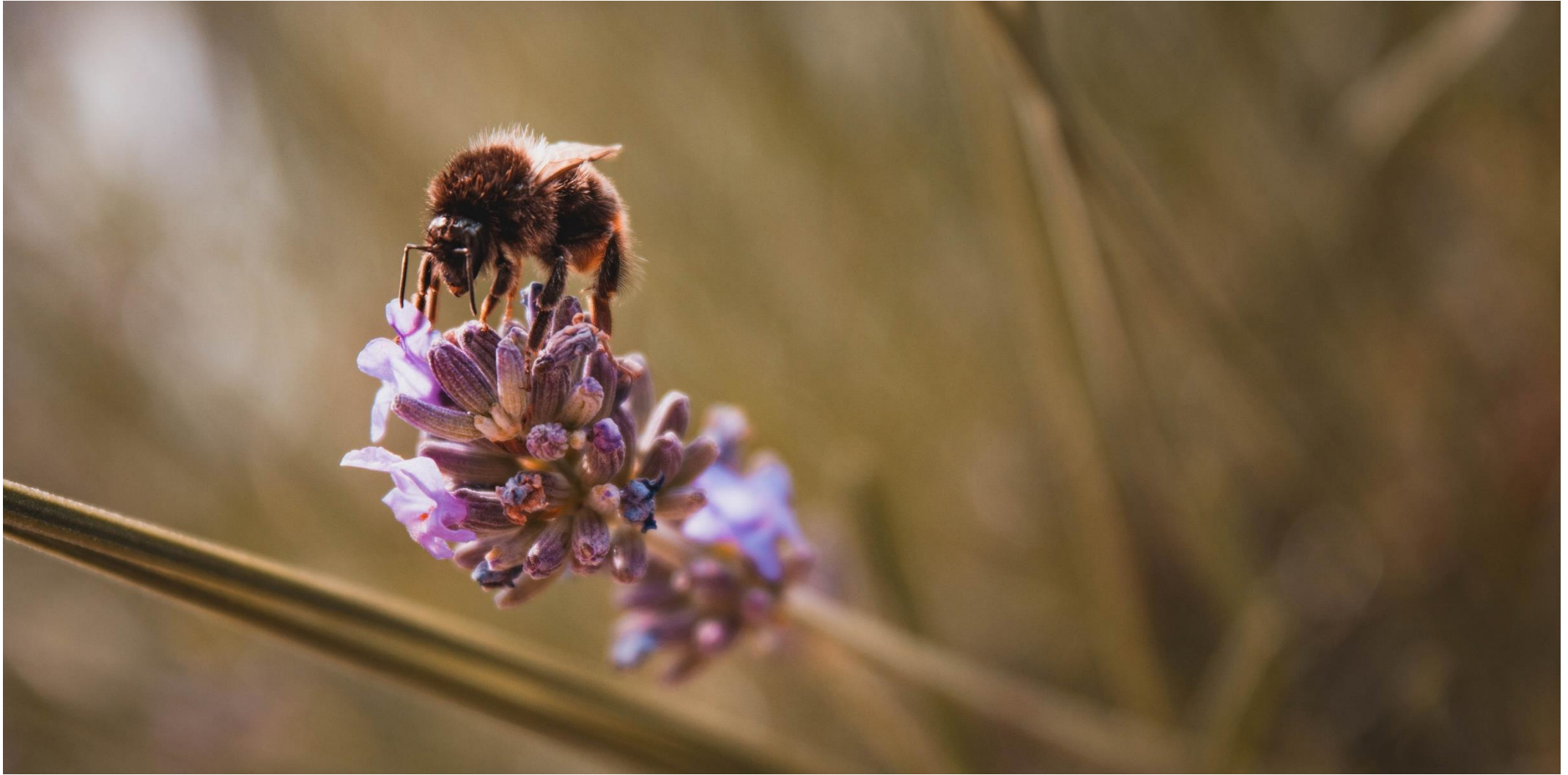
As of December 2020 the Access Endowment Fund has outperformed all of its market benchmarks.



Annual performance %	06 Jul 2016 - 05 Jul 2017	06 Jul 2017 - 05 Jul 2018	06 Jul 2018 - 05 Jul 2019	06 Jul 2019 - 05 Jul 2020	06 Jul 2020 - 31 Dec 2020
	2.85%	1.59%	3.10%	1.82%	3.14%

Source: Rathbones. These performance figures are calculated on a fully time weighted basis, incorporating any cash flows or stock movements in or out of the portfolio as at the date of the transaction. It is noted above whether performance is calculated prior to, or after, the deduction of any management fees.

Past performance is not indicative of future performance and the value of investments may go down as well as up.



Introduction and impact approach

Impact report

Introduction

This impact report has been prepared by Rathbone Investment Management Ltd (“Rathbones”) and Access - The Foundation for Social Investment. Rathbones manages the investment of Access’s £60m endowment.

Rathbones invests Access’s endowment principally in social and ethical fixed income investments such as charity bonds or other ethical bonds. This is to ensure that the endowment investment closely aligns with Access’s mission – to improve access to capital for charities and social enterprises so that they can be more resilient and thus have greater impact. This is referred to as a “total impact” approach.

Access seeks to demonstrate that it is possible to adopt a total impact approach to investment, targeting high social and environmental impact while still achieving a financial return.

This report presents:

- The background context to this “total impact” approach
- Details of how the investment is performing
- Overview of the social impact being reported by the charities and social enterprises invested in
- The wider impact on the system

The findings outlined in the report may be of particular interest to foundations or funders seeking to better understand the process and benefits of aligning endowment investment with organisational purpose and mission.

Access - The Foundation for Social Investment

Background

Access - The Foundation for Social Investment, was established in 2015 to support charities and social enterprises in England to be more financially resilient and self-reliant so that they can sustain or increase their impact. It achieves this through supporting the development of enterprise activity to grow and diversify income, and by improving access to the social investment which can help stimulate that enterprise activity.

Access was given an expendable endowment of £60m from the Cabinet Office in 2015 to fund capacity building and investment readiness programmes. Access invests this endowment to generate more money for charities and social enterprises, while ensuring that money from the endowment is available to fund these programmes throughout its fixed 10-year lifespan.

Access was mandated by the Cabinet Office at inception to invest the endowment in alignment with its mission – namely to improve charity and social enterprises' access to capital so that they can be more resilient and have more impact. This relationship has since moved to the Department for Culture, Media and Sport. This approach is referred to as “total impact”. At its core, the total impact approach is about making investments which contribute to Access's goals and generate impact, not just through programme delivery but through endowment management as well.

Access endowment fund – total impact approach

Mission and total impact approach

Access's impact goals are to increase access to capital for UK charities and social enterprises to enable them to be more financially resilient, self-reliant and ultimately achieve greater social impact.

The endowment fund adopts a total impact approach aligned with the Foundation's mission

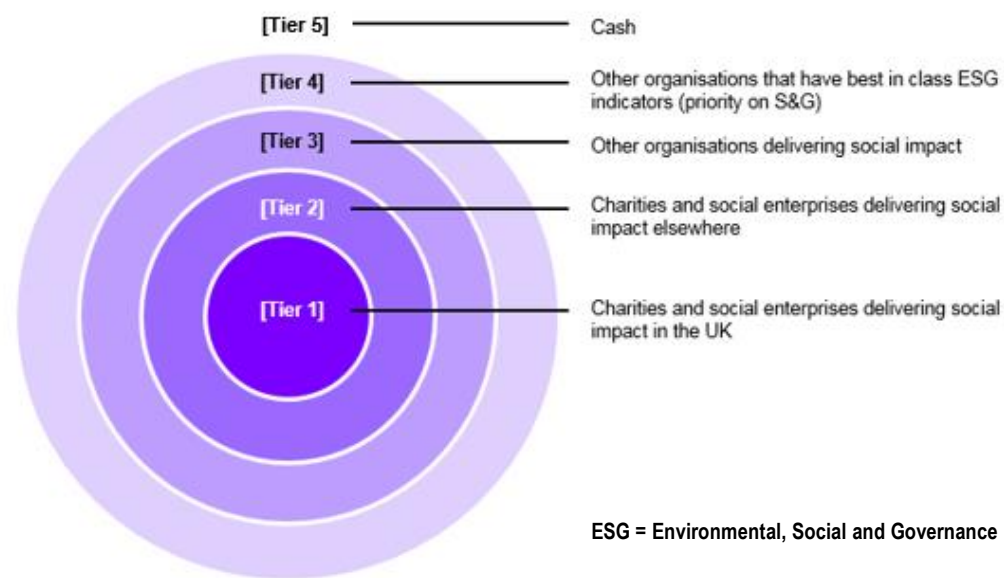
Rather than simply investing its endowment for financial return, Access is seeking to use it to make investments which will contribute to the Foundation's impact goals, before being repaid and used to make grants

Key aims:

- Invest as much as possible in UK charities and social enterprises
- Allocate remaining funds to investments with as similar a social impact to UK charities and social enterprises as possible using the 'bull's eye' approach opposite
- Show that it is possible to invest in charities and social enterprises without undermining financial returns

In defining the impact Access is seeking to achieve, it developed a set of priorities for how the endowment should be invested (starting from Tier 1 as the highest priority). This is to ensure close alignment with its mission of increasing the flow of capital to charities and social enterprises.

The bull's eye framework



Access endowment fund – total impact approach

Mission and total impact approach

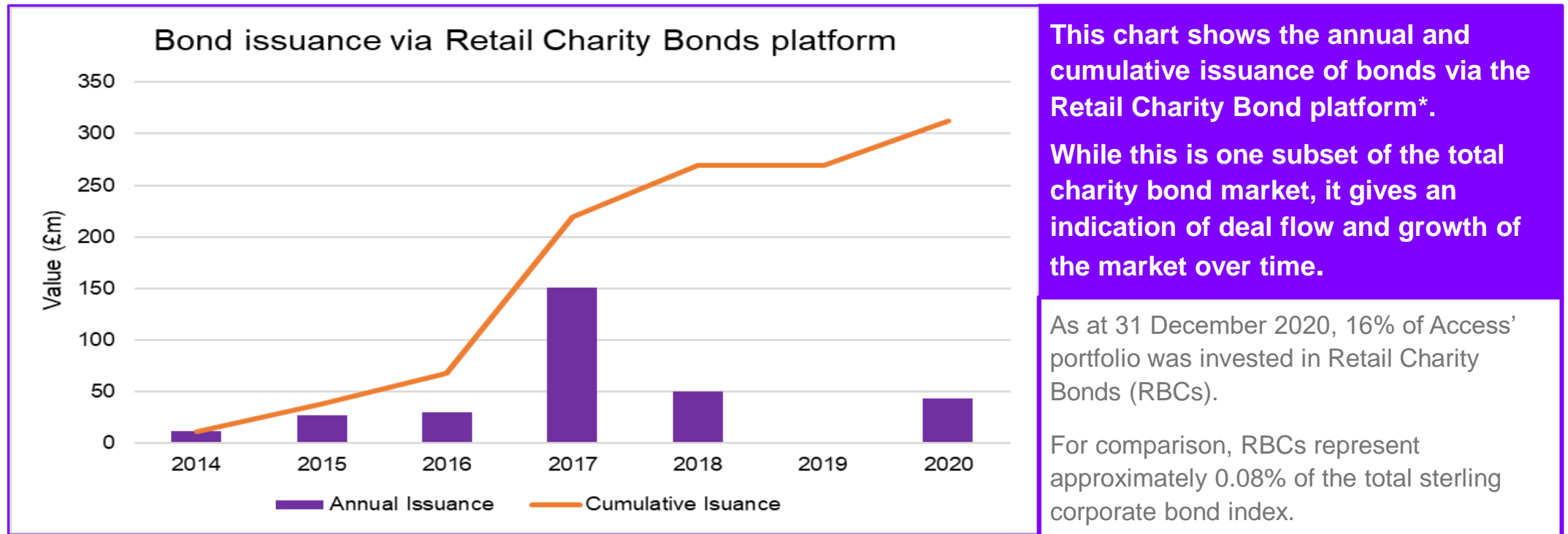
While the ambition is to invest as much as possible in Tier 1 of the bull's eye, this is challenging for a number of reasons – the key ones are set out below.

- **Flexibility/liquidity:** there is a need for flexibility regarding liquidity from the portfolio, particularly given the lifespan of the endowment fund and the need to meet spending requirements under Access's funding programme. Investments in Tier 1 are usually inherently illiquid and, if the entire portfolio were to be invested in such holdings, it may not be possible to meet the liquidity requirements or any changes to them.
- **Timing:** if restricted to just Tier 1 investments, it would be very difficult to invest funds in a timely manner as deal-flow in this area is generally varied. It would also leave the portfolio overly exposed to a limited number of issuers, with associated concentration risk.
- **Market size:** while the ethical/charity bond market is growing*, issuance can still be sporadic and secondary market liquidity can be challenging depending on order size.
- **Suitability:** the suitability of a given investment for different investors will depend on a number of factors such as risk appetite, time horizon, liquidity requirements and return expectations. These considerations restrict the available universe further.

*For example, the number of outstanding bonds issued on the '[Retail Charity Bonds](#)' platform, including retained bonds, was £312m in 2020 (Source: Retail Charity Bonds plc)

Access endowment fund – total impact approach

Size of the charity bond market



2020 has been a difficult year for the charity bond market, as it was generally tricky for charities to access the capital markets to issue debt. During the pandemic, we believe charities found it easier to access other forms of capital, particularly government support including grants and loans that have been made available to them.

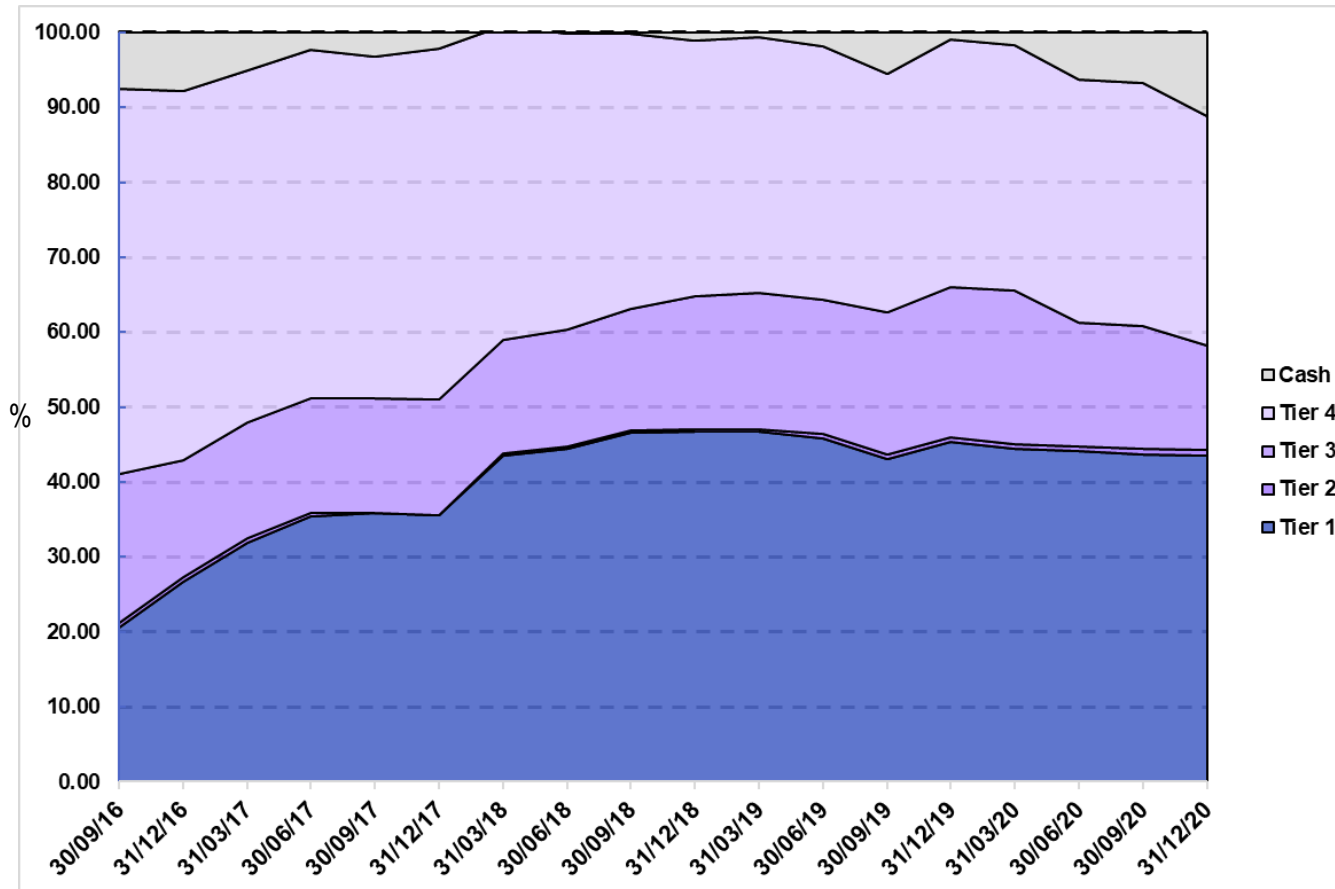
All in all, while the retail charity bond market has not seen significant growth, the green, social & sustainable bond market is growing at an exponential rate. 2021 is expected to see this trend continue, with governments and supranationals expected to continue to be the largest players in the space, alongside continued growth in issuance by corporates and financial institutions.

*Retained bonds are included in the issuance figures at the original issuance date of the bond.

Access endowment fund – total impact approach

Bull's eye tiers over time

Over time, Access's ambition is to focus as much as possible of the capital in the endowment to being invested in the centre (Tier 1) of the bull's eye framework. Given the various constraints on the portfolio (principally how long investments can be made for) Access's aim is that this could be 40%.



This chart shows how the portfolio composition by bull's eye tier has changed over time.

In September 2016, there was an initial allocation in Tier 1 of 20.50%. This has grown over time, as new opportunities have come to market and been identified. As at 31 December 2020, 43.5% of the portfolio was invested in Tier 1 organisations.

Tier 1 has remained above 40% during the period and continues to demonstrate that it is possible to align endowment investment with organisational goals.

	Tier 1	Tier 2	Tier 3	Tier 4	Cash
30/09/16	20.50	0.68	19.95	51.33	7.54
31/12/16	26.72	0.62	15.59	49.32	7.74
31/03/17	31.90	0.58	15.51	46.96	5.04
30/06/17	35.35	0.56	15.29	46.42	2.37
30/09/17	35.81	0.00	15.36	45.55	3.27
31/12/17	35.56	0.00	15.48	46.74	2.22
31/03/18	43.54	0.27	15.20	41.90	-0.90
30/06/18	44.47	0.28	15.64	39.40	0.22
30/09/18	46.58	0.29	16.19	36.77	0.17
31/12/18	46.74	0.29	17.76	34.11	1.09
31/03/19	46.79	0.30	18.15	34.20	0.56
30/06/19	45.90	0.59	17.91	33.70	1.90
30/09/19	43.12	0.62	18.85	31.93	5.48
31/12/19	45.38	0.65	19.93	33.11	0.93
31/03/20	44.42	0.67	20.42	32.87	1.62
30/06/20	44.09	0.65	16.51	32.50	6.25
30/09/20	43.63	0.85	16.29	32.54	6.69
31/12/20	43.48	0.84	13.86	30.60	11.22

Access endowment fund – total impact approach

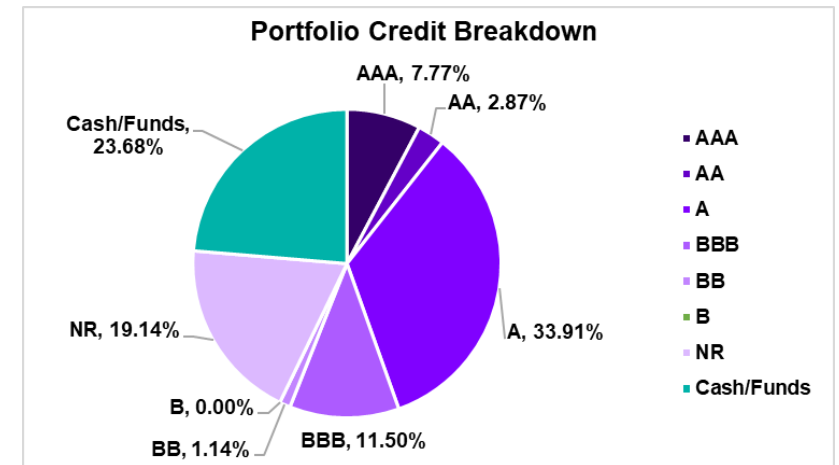
Financial returns

A key aim of Access's total impact approach is to show that it is possible to invest in charities and social enterprises without undermining financial returns.

- The charts to the right show the portfolio credit breakdown as at 31 December 2020.
- While there is a relatively high proportion of non-rated (NR) holdings – as would be expected in a portfolio focused on charities and social enterprises – there is a good spread of higher-rated issuers in the remainder of the portfolio, indicating risk can be effectively managed.
- Bonds rated AAA-BBB are investment grade with AAA being considered those least likely to default.
- Ratings agencies used are Moody's, S&P and Fitch.
- Liquidity (a measure of how easy it is to sell a particular investment and realise its value) has also been carefully managed.
- On the next page, the performance of the portfolio since inception is shown (after the cost of fees).
- This shows a 5.40% total return over the period 1 July 2019 to 31 December 2020.

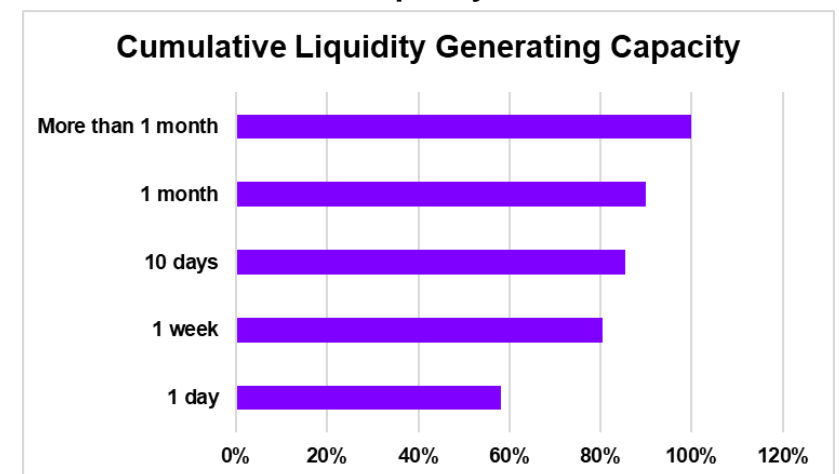
Past performance is not indicative of future performance and the value of investments may go down as well as up.

As at 31 Dec 2020



Source: Bloomberg

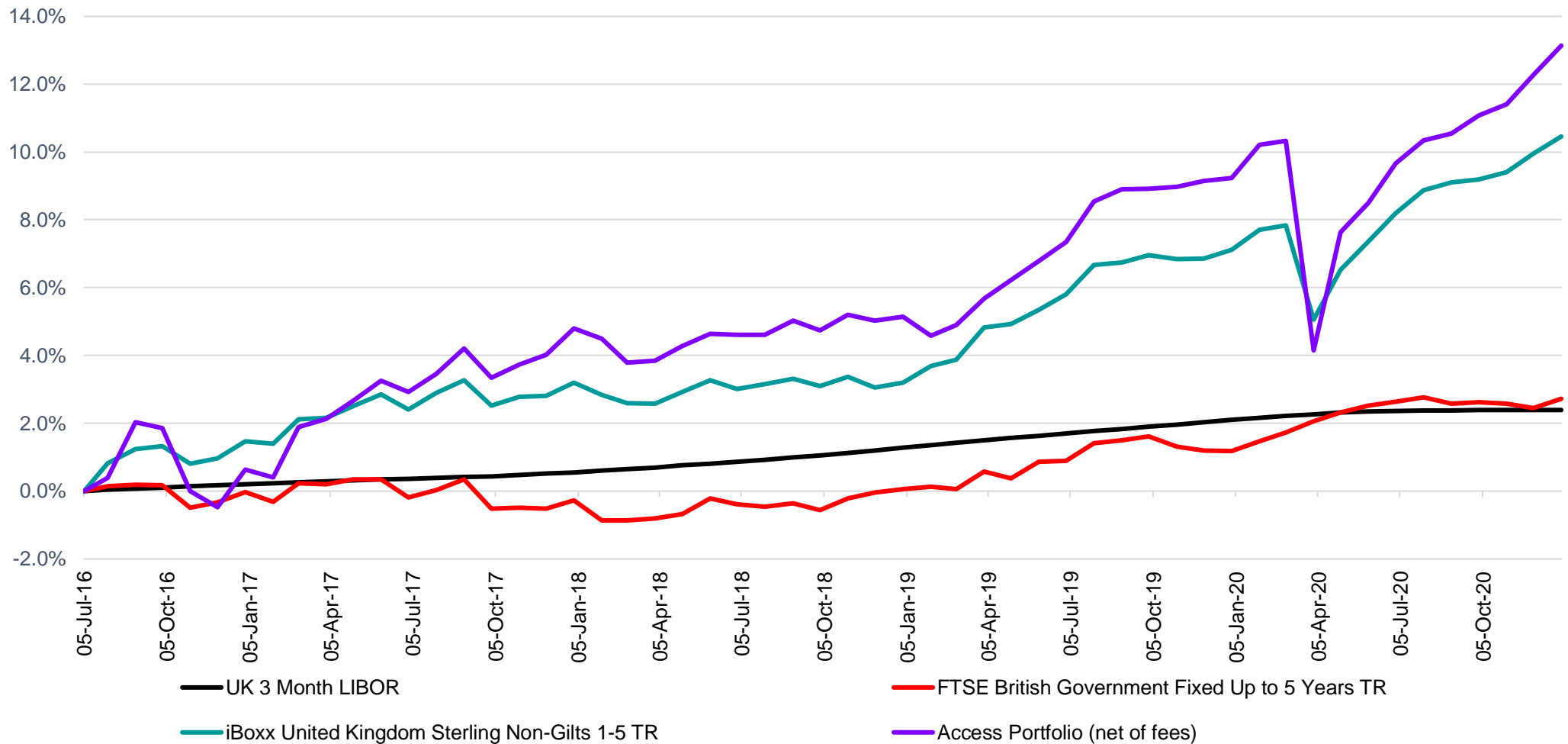
Liquidity*



* Rathbones' estimate of the liquidity generating capacity of the fund, assuming a minimal cost (varies by bond) impact on sale price.

Access endowment fund – total impact approach

Financial returns



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The impact of underlying investments – impact methodology

Developing a common language for impact

The Access endowment fund creates a positive impact in two primary ways:

1. **Supporting the positive impact generated by the organisations in which it invests (investee impact).**
2. **How it chooses to invest and the actions of its investment manager in growing and supporting the social investment market (investor impact).**

Investee impact

- Access aims to invest as much as possible of the endowment fund in UK charities and social enterprises.
- Outside these categories, investment in other types of organisation that are creating positive impact or which are viewed as having best in class ESG (environmental, social and governance) performance was targeted.
- There is an implied assumption that the investments made into charities, social enterprises and other organisations generating social impact will result in a positive difference being made; the scale and depth of this impact will vary.
- Where quantifiable impacts have been published by organisations (see individual impact report cards in Appendix B), Rathbones has reported on these on the following pages. Access is not directly claiming these impacts; rather, it has supported the investee organisations to deliver them through its investment.

Investor impact

- Access seeks to demonstrate that it is possible to adopt a total impact approach to investment, targeting high social and environmental impact while still achieving a financial return.
- Access works with its investment managers to develop and refine approaches to impact measurement and reporting that can be applied to a diversified portfolio investing in both higher and lower impact organisations.
- Access's investment managers also support organisations that may have been overlooked by mainstream financial markets and actively advocates for improved impact reporting and ESG practices.



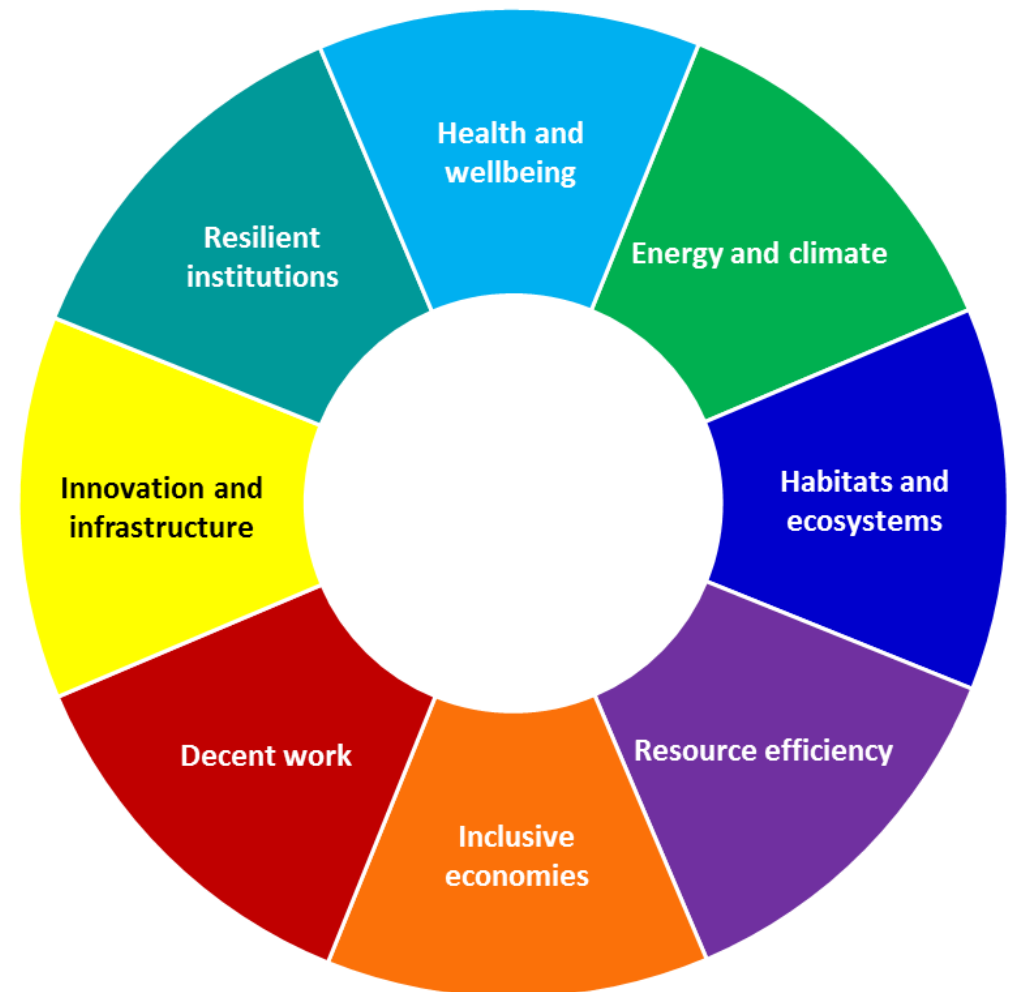
Impact by theme

The impact of underlying investments

Impact themes

Rathbone Greenbank Investments* provides the impact analysis and reporting for the fund; it categorises underlying investments into one of eight social and environmental themes (see right).

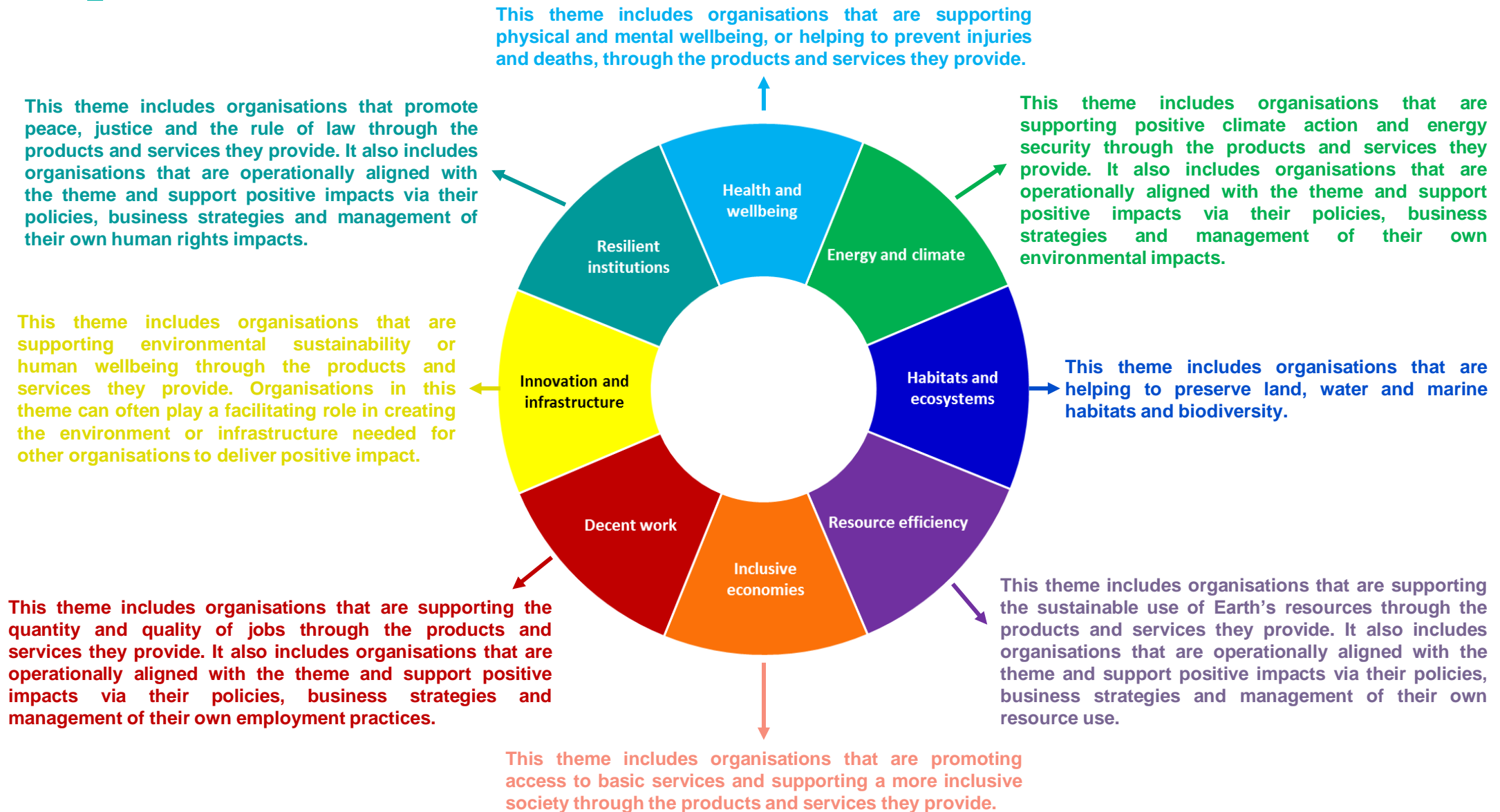
- The majority of investments within the portfolio will impact more than one theme, but for reporting purposes only the primary theme to which each is linked is shown.
- The following pages show key impact metrics across investments in each theme, followed by details of which investments fall into each category.
- These figures represent a selection of illustrative examples of the types of social impact being reported by organisations invested in by Rathbones on behalf of Access's endowment. It highlights the range of impacts being created across social and environmental areas.
- A complete list of reported impacts can be found in Appendix A.



* Rathbone Greenbank Investments is the specialist ethical, sustainable and impact investment division of Rathbone Investment Management Ltd.

The impact of underlying investments

Impact themes



The impact of underlying holdings

Methodology and notes

1. On the following page we show a selection of positive impact indicators, across multiple themes, for investments held in the portfolio.
2. In the appendix, a more detailed breakdown of impacts by theme is provided. For each theme, we only consider the impact of holdings linked primarily to that theme. For example, under 'Energy and Climate' we report an operational GHG reduction of 2.4 tonnes. This relates only to the five holdings classified in that theme, not the performance of the entire portfolio.
3. To calculate an estimate of the percentage share of each organisation's impact linked to Access's investment, we have divided Access's holding by the book value of each organisation's equity plus debt (as an indicator of the total size of that organisation).
4. We originally explored the idea of using enterprise value as an indicator for the size of an organisation, but this was discounted due to difficulties in obtaining data and the unsuitability of this metric for banks and financial institutions.
5. Impact data is taken from information reported by investee organisations. Sources include annual reports, impact reports, investor updates and company websites.
6. Data will relate to different reporting years, not necessarily the calendar year, according to each organisation's reporting cycle.
7. Data has not been independently verified by Access or its investment managers; any clear discrepancies in data will be queried with the investee organisation in question.
8. We are aware of the dangers of investors 'over-claiming' the impact of investee organisations. We do not wish to imply that Access's investment in these organisations has directly facilitated the stated impact. Impact data is provided for illustrative purposes to demonstrate the nature and type of positive impact delivered by the organisations which Access has invested in and supported.

Portfolio

Investee impacts

The provision of
£202,270
in total lending by
development banks

The management of
109
social housing
properties

Charities to
raise
£96,719

The provision of
residential and
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energy to power
180
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Avoiding
315
tonnes of GHG
emissions

The provision of mobility
solutions to
147
individuals with physical
disabilities

Portfolio

Investor impacts

Helped the Access Foundation demonstrate that investing for social and environmental impact can generate financial returns

Signalled the importance of social and environmental policies and practices to
all
holdings

Invested in
14
charities or social enterprises

Since inception, on our behalf our investment managers have...

Engaged with
15
portfolio holdings on environmental, social or governance matters

Helped to grow the impact investment market by investing in

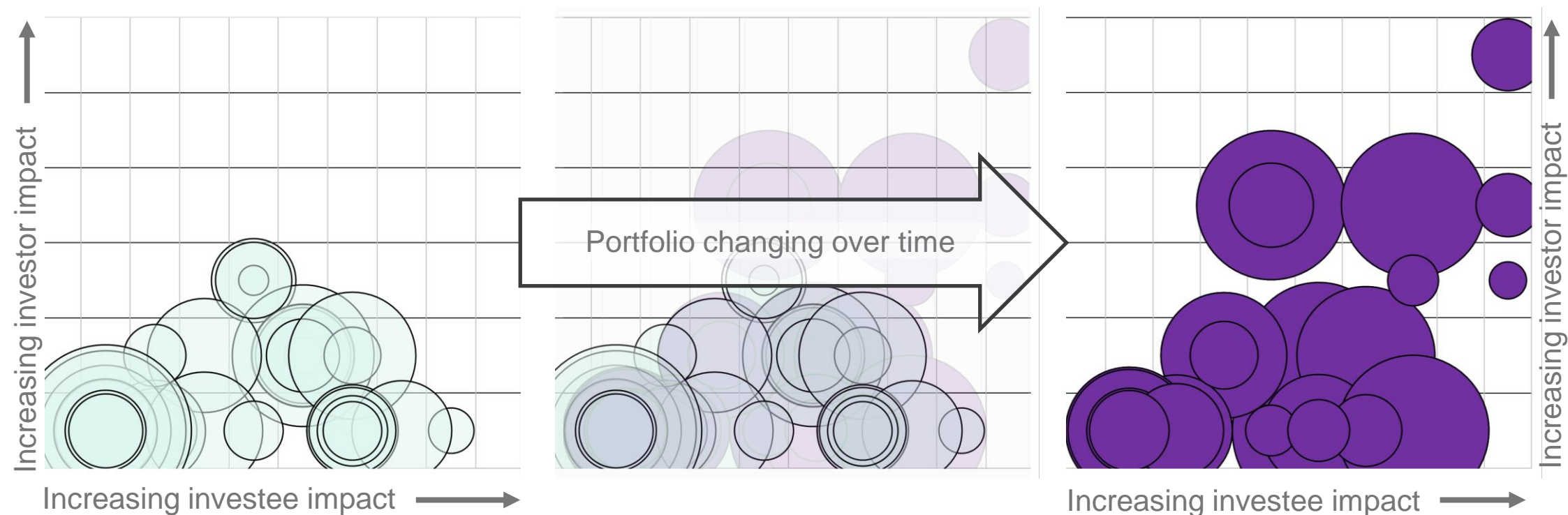
7
new or previously overlooked opportunities offering attractive impact and financial opportunities

Portfolio

Portfolio impact

September 2016

December 2020

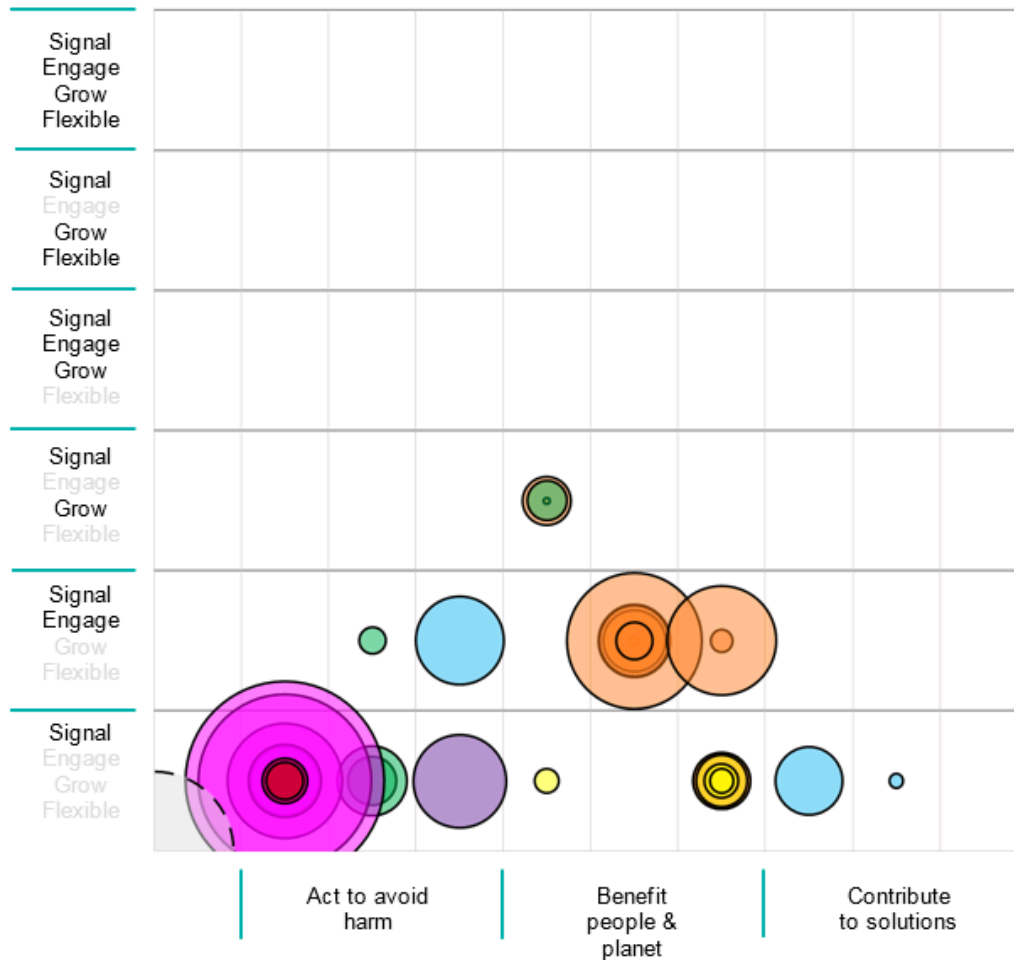


These charts show how the portfolio has changed over time, as the portfolio's holdings have moved from lower impact ratings in the bottom and left to higher impact ratings in the top and right.

They give a high-level view of how the impact of both the organisations Rathbones has invested in - and its own impact as an investor - have increased over time. Some of this change has involved individual holdings improving over time, but much is linked to new investment opportunities in higher impact organisations.

The impact of underlying investments – Access Endowment Fund

Portfolio impact mapping – September 2016

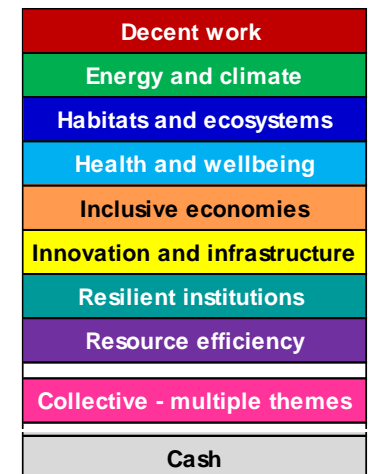


This chart shows the starting point for the portfolio in September 2016. It should be viewed in conjunction with the chart for June 2019 on the following page.

The chart shows each holding categorised by the impact of the enterprise (x axis) and the investor contribution of Access and its fund manager (y axis).

The size of the bubble indicates the % size of the holding within the portfolio.

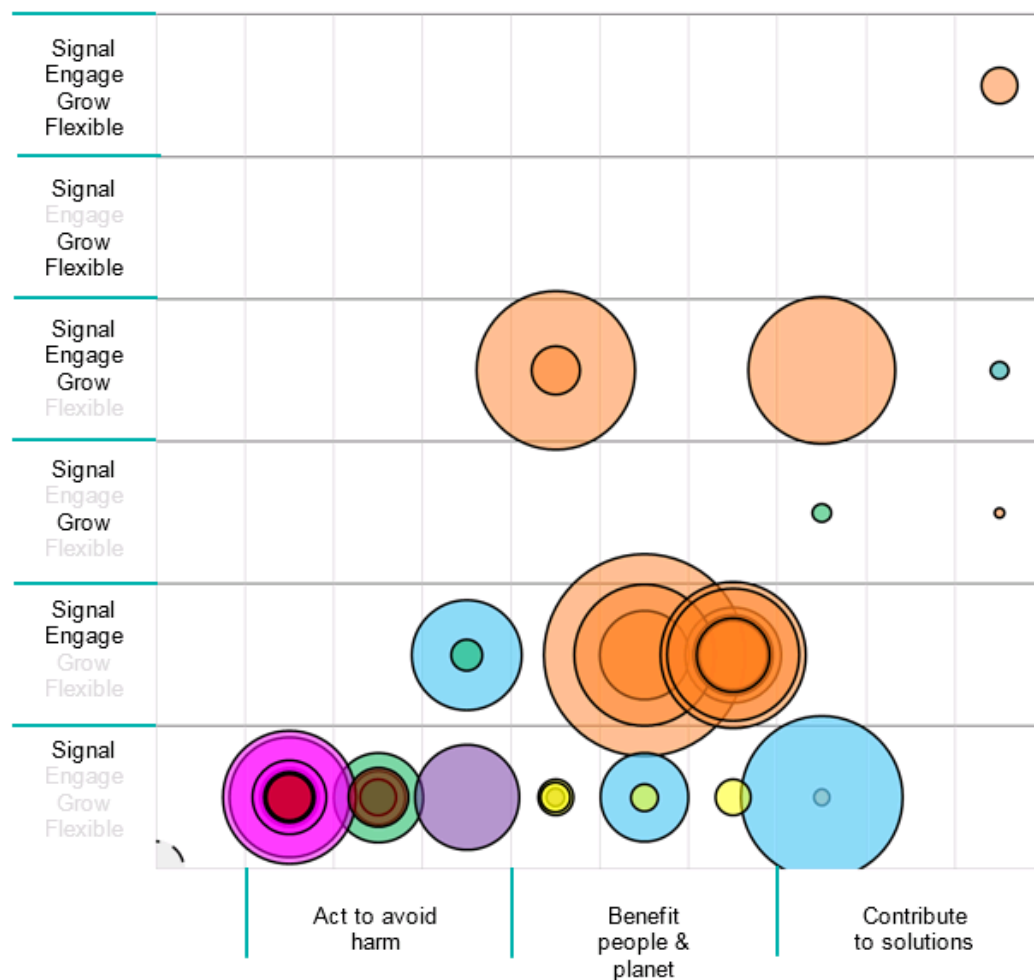
The colour of the bubble indicates the primary sustainability theme of the enterprise – see right for key.



— More details on the impact investment terminology used in this chart can be found in Appendix A.

The impact of underlying investments – Access Endowment Fund

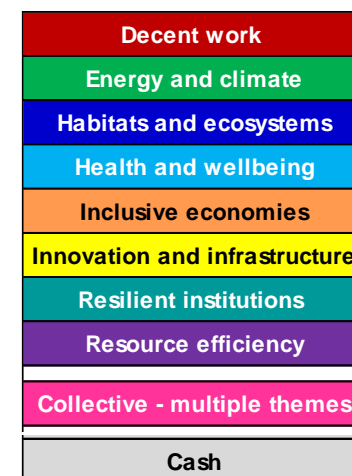
Portfolio impact mapping – June 2019



This chart shows each holding categorised by the impact of the enterprise (x axis) and the investor contribution Access and its fund manager (y axis).

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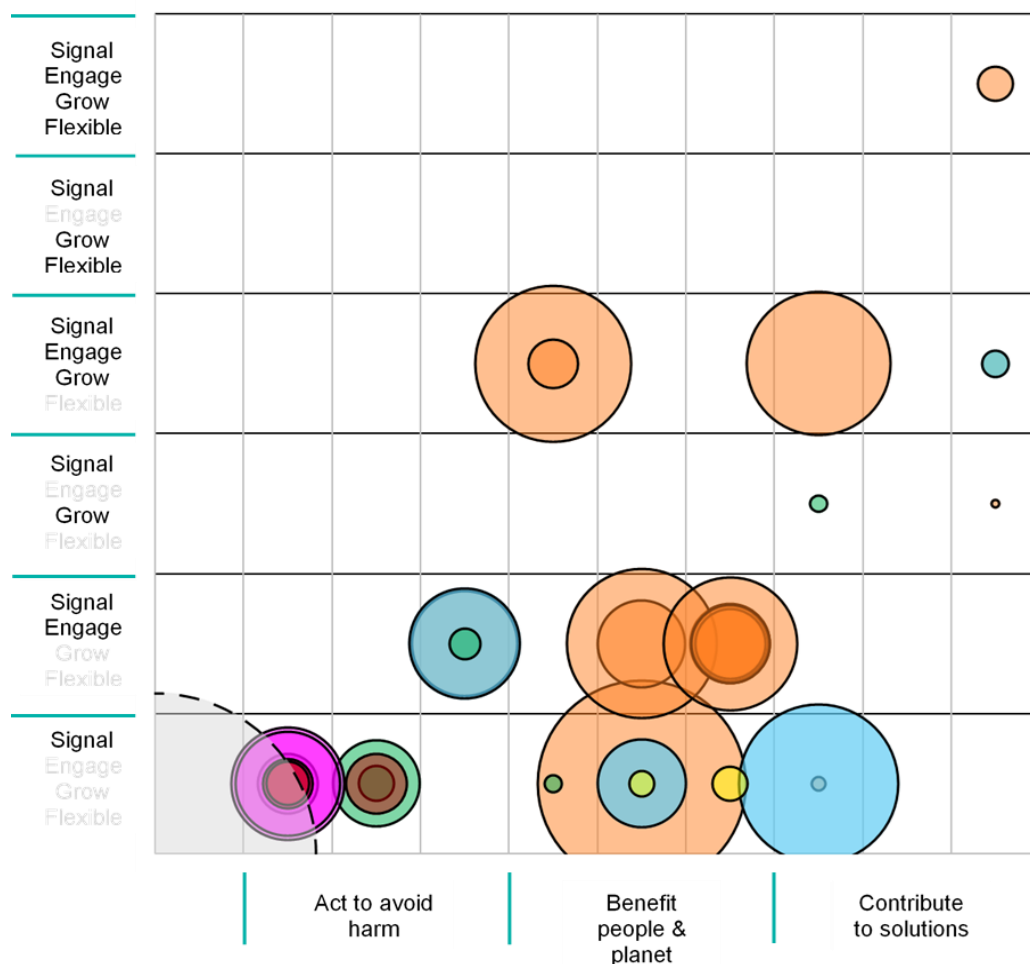
The colour of the bubble indicates the primary sustainability theme of the enterprise – see right for key.



As at 30 June 2019

The impact of underlying investments – Access Endowment Fund

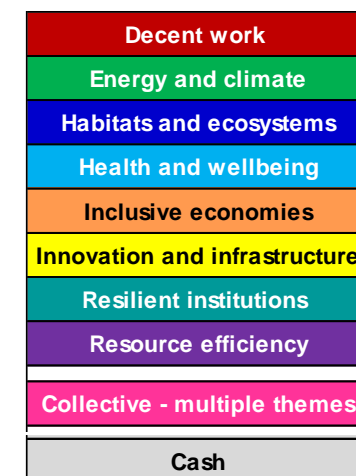
Portfolio impact mapping – December 2020



This chart shows each holding categorised by the impact of the enterprise (x axis) and the investor contribution Access and its fund manager (y axis).

The size of the bubble indicates the % size of the holding within the portfolio.

The colour of the bubble indicates the primary sustainability theme of the enterprise – see right for key.



As at 31 December 2020

The impact of underlying investments – Access Endowment Fund

Portfolio impact mapping – December 2020

%	Company Name	Name	Bull's eye Tier	Theme	Sub-theme
1.78	3i Group	3I GROUP PLC 6.875% Bonds 9/03/2023	4	Decent work	Operational alignment (Employment)
5.45	A2Dominion	A2D FUNDING PLC 4.75% Bonds 18/10/2022	1	Inclusive economies	Basic needs
1.76	A2Dominion	A2D FUNDING II PLC 4.5% Bonds 30/09/2026	1	Inclusive economies	Basic needs
2.14	Aberdeen Standard Ethical Corp Bond	ABERDEEN STANDARD FUND MGRS Ethical Corp Bond Instl Inc	4	Collectives - multiple themes	Responsible
3.95	Aegon Ethical Corporate Bond	AEGON ASSET MGMT UK Ethical Corp Bond B Instl Inc	4	Collectives - multiple themes	Responsible
0.66	Anglian Water Green Bond	ANGLIAN WATER SERVICES 1.625 Gtd Snr Sec MTN 10/08/25	3	Inclusive economies	Basic needs
1.27	Asian Development Bank	ASIAN DEVELOPMENT BANK 0.75 MTN 24/03/2022	3	Innovation and infrastructure	Supporting human wellbeing
3.05	Aviva	FRIENDS LIFE GROUP PLC 8.25% MTN 21/04/2022	4	Energy and climate	Operational alignment (Climate)
2.82	BlueOrchard Microfinance	BLUE ORCHARD INVESTMENT MGRS Microfinance D Fund Acc (GBP)	3	Inclusive economies	Inclusive economies
3.85	Bupa	BUPA FINANCE PLC 5% Bonds 25/04/2023	4	Health and wellbeing	Healthcare access
0.56	Charities Aid Foundation	RCB CHARITIES AID FOUNDATION 5% Bonds 12/04/2026	1	Inclusive economies	Basic needs
5.02	Dolphin Living	DOLPHIN SQUARE CHARITABLE FD 4.25% Bond 6/07/2026	1	Inclusive economies	Basic needs
3.67	EdenTree Responsible & Sustainable Sterling Bond	EDENTREE INV MGMT Resp & Sust Sterling Bd B Inc	4	Collectives - multiple themes	Responsible
0.35	Golden Lane Housing	GOLDEN LANE HOUSING LTD 4.375% Bonds 29/07/2021	1	Inclusive economies	Inclusive economies
7.19	Greensleeves Care	GREENSLEEVES HOMES TRUST 4.25% Bonds 30/03/2026	1	Inclusive economies	Inclusive economies
3.08	Hightown Housing Association	HIGHTOWN PRAETORIAN & CHURCHES 4.4% Bond 30/04/2025	1	Inclusive economies	Basic needs
0.95	KfW	KREDITANST FUR WIE 5.5% MTN 18/6/2025	3	Innovation and infrastructure	Supporting human wellbeing
1.29	Landsec	LAND SECURITIES CAP MARKETS 1.974% MTN 8/02/2026	4	Energy and climate	Operational alignment (Climate)
5.2	London & Quadrant Housing	LONDON & QUADRANT HOUSING TST 2.625% Bond 5/05/2026	1	Inclusive economies	Basic needs
1.14	Marks & Spencer	MARKS & SPENCER PLC 4.75% Bonds 12/06/2025	4	Energy and climate	Operational alignment (Environmental management)
1	Media Development Investment Fund	MEDIA DEV INVESTMENT FUND 4% Bonds 31/12/2025	2	Resilient institutions	Participation and governance
2.7	Motability Operations	MOTABILITY OPERATIONS GROUP 5.375% Bonds 28/06/2022	1	Inclusive economies	Inclusive economies
2.5	Motability Operations	MOTABILITY OPERATIONS GROUP 3.75% MTN 16/07/2026	1	Inclusive economies	Inclusive economies
2.78	Places for People	PLACES FOR PEOPLE 2.875% Snr 17/08/2026	3	Inclusive economies	Basic needs
4.65	Places for People	PLACES FOR PEOPLE 5.09% Sec Bonds 31/07/2024	3	Inclusive economies	Basic needs
3.1	Places for People Finance	PLACES FOR PEOPLE 4.25% Bonds 15/12/2023	1	Health and wellbeing	Sports and leisure
2.06	Places for People RM	Places for People RM	4	Inclusive economies	Basic needs
2.16	Principality Building Society	PRINCIPALITY BUILDING SOCIETY 2.375% Snr 23/11/2023	4	Decent work	Operational alignment (Employment)
3.71	Severn Trent	SEVERN TRENT UTILITIES FINANCE 6.125% Gtd Bds 26/02/2024	4	Inclusive economies	Basic needs
1.58	Svenska Handelsbanken	SVENSKA HANDELSBANKEN 2.75% Snr EMTN 5/12/2022	4	Decent work	Operational alignment (Employment)
1.28	Thera	THERA TRUST PLC 5.5% Bonds 31/03/24	1	Inclusive economies	Inclusive economies
0.65	Thrive Renewables	THRIVE RENEWABLES 5% Fixed Rt Unsec Bd 31/03/24	3	Energy and climate	Climate action
5.54	Wellcome Trust	WELLCOME TRUST FINANCE 4.75% Bond 28/05/2021	1	Health and wellbeing	Healthcare access
*	Our Power	OUR POWER SOCIAL PURPOSE 6.5% Uns Fxd Rt 31/1/21 (In Admin)	1	Inclusive economies	Basic needs
11.1	Cash		5	Cash	Cash

This table shows details of the full range of investments made by Rathbones on behalf of Access as at 31 December 2020

Important information

Information valid at date of presentation.

Tax regimes, bases and reliefs may change in the future.

Rathbone Brothers Plc is independently owned, is the sole shareholder in each of its subsidiary businesses and is listed on the London Stock Exchange.

Issued and approved by Rathbone Investment Management Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered office: Port of Liverpool Building, Pier Head, Liverpool, L3 1NW, Registered in England No. 01448919.

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