Schroder BSC Social Impact Trust plc

Annual report and accounts
for the year ended 30 June 2024

Schroders | BETTER SOCIETY CAPITAL

Performance Summary (for the year ended 30 June 2024)

NAV per share total return*
1.5%
2023: 0.8%

Share price total return*
–4.8%
2023: –11.0%

Revenue return per share
3.16p
2023: 2.32p

Share price
86.75p
2023: 93.50p

Share price discount to NAV per share*
16.7%
2023: 10.9%

NAV per share*
104.13p
2023: 104.90p

Some of the financial measures are classified as APMs, as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on pages 84 to 85 with supporting calculations where appropriate.

Investment objective

The Company's investment objective is to deliver measurable positive social impact as well as long term capital growth and income, through investing in a diversified portfolio of private market Impact Funds, co-investments alongside impact investors and direct investments in order to gain exposure to private market Social Impact Investments.

The Company aims to provide a Net Asset Value total return of CPI plus 2% per annum (once the portfolio is fully invested and averaged over a rolling three-to five-year period, net of fees) with low correlation to traditional quoted markets while helping to address significant social issues in the UK. The full published investment policy can be found on pages 27 to 30.

A proposed new investment objective and policy will be put to shareholders at an Extraordinary General Meeting ("EGM") to align with Sustainability Disclosure Requirements ("SDR") principles and guidance. Please see the Chair's Statement on pages 8 to 10 for further details.

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Strategic report

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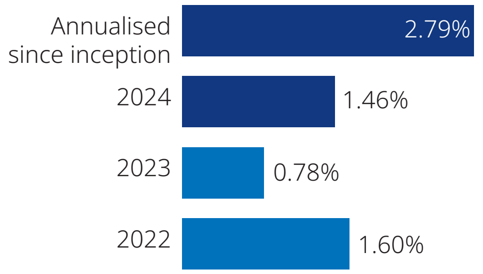
In order to track the Company's progress the following key performance indicators are monitored.

Financial

Net Asset Value ("NAV") total return per share[1]

NAV per share reflects the value attributable to our equity shareholders including dividends paid.

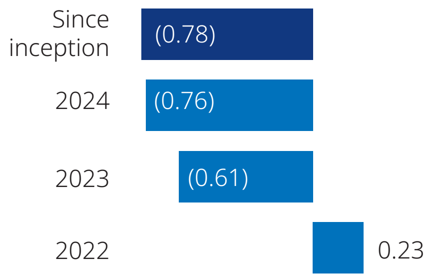
Discussion of this can be found in Financial Highlights the inside front cover of this report and within the Strategic Report between pages 4 to 37.



Share Price correlation[2,3] with FTSE All Share

Share price correlation describes the relationship between the respective price movement of the Company's share price and equity markets.

Discussion of this can be found within the Portfolio Manager's Report between pages 11 to 21.



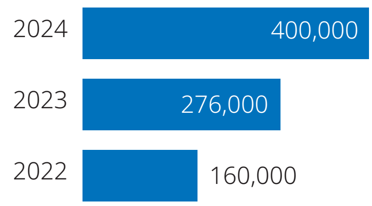
[1] The Company aims to provide a NAV total return of CPI plus 2% per annum (once the portfolio is fully invested and averaged over a rolling three-to five-year period).
[2] Share Price correlation with FTSE All Share is classified as an alternative performance measure. Correlation is calculated by obtaining the daily closing prices in each time period for both the Company and FTSE All Share Index, sourced from Morningstar.
[3] Low correlation to traditional equity markets tends to reflect a useful diversifier. Correlation of less than 0.5 indicates a low correlation to the quoted markets. Negative correlation means the Company's share price moves in the opposite direction to the FTSE All Share index.

Impact

Cumulative number of people benefitted since Company launch

Measures the number of people directly benefitting from the Company's investees' activities.

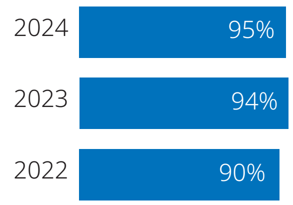
Discussion of this can be found within the Portfolio Manager's Report between pages 11 to 21 and the 2024 Impact Report.



Disadvantaged and vulnerable people served[4]

Measures the proportion of the above who are from more disadvantaged and vulnerable groups.

Discussion of this can be found within the Portfolio Manager's Report between pages 11 to 21 and the 2024 Impact Report.



[4] Definition of 'Disadvantaged and vulnerable' is given on pages 86 to 87.

Source: Schroder BSC Social Impact Trust plc as at 31 December 2023.

How the Company supports positive social im

Impact investments must have a clear, measurable rationale for how investment is intended to contr
a "Theory of Change", which forms the basis of the UK's emerging criteria for Sustainable Impact Inve
co-investments, in partnership with fund managers, to frontline organisations with strong track reco
deliver solutions for vulnerable, disadvantaged and underserved people across the UK.

Problem

Entrenched social issues in the UK require major investment

The organisations best positioned to address these issues cannot access enough of the right investment

Activities

We engage with investors of all types to raise capital

£86m raised[1] and fully committed

We work to expand access to impact investment for retail and institutional investors

Output

More capital is deployed through impact funds and co-investments

£41m[2] in housing

£41m[2] in debt and equity for social enterprises

£7m[2] in social outcome contracts

12 Funds

We oversee fund manager engagement to support best practice

Underpinned by robust management

Knowledge and financia
and wider market

[1]This figure refers to the total amount the Company has raised from investors to date.
[2]These figures refer to amounts committed rather than invested.

pact

ribute towards positive social change. In the social investment market this is often referred to as estments. The Company's Theory of Change sets out how capital is deployed through funds and rds of working on critical social challenges, enabling them to grow and become more resilient, to

Outcomes

Social impact organisations grow stronger and more resilient

194 social organisations with 25-year average track record

Organisations draw on deep local knowledge and networks

Better Society Capital supports and networks for social organisations and investors goodfinance.org.uk/

Impact

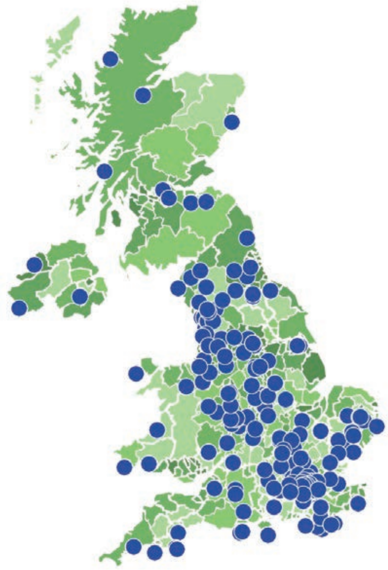
Better solutions delivered at scale for vulnerable and disadvantaged people across the UK

400,000 people reached since Company launch

95% are disadvantaged, vulnerable or underserved

£217m value generated on public and household savings and benefits

35,000 people provided with affordable, decent homes



Reducing poverty

Good health and wellbeing

Education and decent work

Just transition to net zero

of impact and risk

al returns drive growth, improved performance, engagement with social impact investment

"It is clear that demand for the services the Company helps to finance is significant, urgent and unmet. Finding opportunities to spend more wisely on these issues is at the top of the Government's agenda."

The Schroder BSC Social Impact Trust (the "Company" or "Social Impact Trust") delivered a robust performance in the year, against a challenging macro-economic and political backdrop. Capital returned from the portfolio was quickly re-deployed, the dividend increase reflected maturing investments, and, vitally, the Company continued to invest in life-changing projects across the UK, significantly improving the circumstances of thousands of vulnerable people.

Private investment in delivering impact continues to grow at pace, although opportunities for investors to direct their capital to organisations supporting people in the greatest need remain more limited. The Company offers a unique proposition, allowing investors of all sizes to access high quality, high impact social investments.

Over its four years of operation, the Company has demonstrated how impact investing can address social needs while providing resilient financial returns. As we move forward, the Board hopes to see the Company grow, enabling increased investment to reach much-needed social solutions.

Navigating a period of economic and political turbulence

After a technical recession in late 2023, the UK economy rebounded in the first half of 2024 with 0.7% GDP growth January to March followed by a 0.6% increase April to June. The Consumer Price Index rose by 2% in the period under review. The Bank of England maintained a 5.25% base rate from August 2023 until it was reduced to 5% after the period end. With inflation appearing to be stabilising from the peaks of late 2022 further cuts are anticipated in the coming months.

This was a difficult macro backdrop for the Company, mitigated to some extent by the portfolio's high proportion of inflation-linked or correlated assets. Some of the benefits of this are expected to be reflected in the portfolio performance in the future after a lagged effect.

The snap election in July also led to a lack of clarity on policy and general uncertainty, generating further macro challenges.

The Labour Party came into power in July 2024, after the period end, and has recently noted the level of fiscal constraint it faces. However, the Government's policy priorities, as announced in the King's Speech, align with several of the Company's areas of focus.

Continuing to tackle poverty, inequality and homelessness

The constraints on public spending are particularly worrying in the face of worsening problems for UK society. The proportion of people experiencing food insecurity and material deprivation in 2022-23 has increased significantly versus a few years ago. Homelessness rose by 16% year-on-year at the end of 2023. The proportion of working-age people reporting long-term health conditions in the UK has risen to 36%.

It is clear that demand for the services the Company helps to finance is significant, urgent and unmet. Finding opportunities to invest more wisely on these issues is at the top of the Government's agenda.

The Company has again demonstrated the results its portfolio can achieve in these areas this year. The portfolio has positively impacted 400,000 people since inception, provided affordable, decent homes for 35,000 disadvantaged, vulnerable and lower-income groups and delivered £217 million (cumulative) savings through improved and more accessible services. The Company 2024 Impact Report is available at: https://publications.schroders.com/view/683320694/.

New investments this year saw the Company committing to delivering more affordable homes to deprived areas, via the Simply Affordable Homes fund ("SAH") (managed by Savills Investment Management), and supporting UK communities to help deliver a just transition to net zero, via an investment in a community renewable energy project.

Better Society Capital's role as portfolio manager

The Schroder BSC Social Impact Trust has a portfolio managed by Better Society Capital ("BSC" or the "Portfolio Manager"), the UK's leading financial institution dedicated to social impact investing in its home country and an experienced market-builder.

As part of its wider remit, BSC supports the growth of the social impact investment market, building relationships and exploring new ways to work alongside the investment community. For the Company, this means an extensive pipeline of investible opportunities, as well as deepening the capital pool engaged in impact investing.

This year, pre-election, BSC was highly engaged with policymakers, and the team are optimistic that these conversations have been fruitful in building awareness of the value of social impact investing amongst key decision makers. The Board hopes to see this greater awareness translating into wider investor interest and opportunities for private capital to play a helpful role in tackling difficult social challenges and strengthening communities across the UK.

Resilient financial performance

For the year ended 30 June 2024, the Company's NAV total return was 1.5%, leading to a cumulative return of 10.2% since inception. The largest positive contribution to the return came from investment income (4.0p per share), partially offset by valuation losses (1.5p per share) principally due to the write-down in the Bridges Evergreen Holdings ("BEH") disclosed in the Interim Report along with a provision made for refinancing a Charity Bond. Liquidity Assets had a positive contribution to NAV per share of 0.6p. While financial returns did not meet our longer-term ambition, largely due to market conditions affecting the operating and exit environment, we are pleased to have seen the Portfolio Manager acting quickly and diligently to proactively safeguard the long-term financial value of the portfolio, while supporting fund managers and social enterprises to continue delivering their services.

We are pleased that the Company will pay out substantially all of its income as a dividend, resulting in a dividend made up wholly of an interest distribution of 2.94p per share (2023: 2.30p), another significant year-on-year increase in line with our guidance range, which was raised last year.

A more detailed analysis of performance and additional information on the portfolio is included in the Portfolio Manager's Report.

Demonstrating and promoting our unique investor proposition

From inception, we have stated that the Company offers portfolio diversification, with a differentiated risk/return profile. The Company has delivered resilient NAV total returns since its inception on 22 December 2020, in a highly volatile market, with an annualised NAV total return per share of 2.8%.

Another key differentiator of the Company is our deep impact focus. We therefore see the introduction of the SDR as a helpful opportunity to evidence the quality of the Portfolio Manager's impact-driven investment process. It is the Board's intention that the Company adopts the "Sustainability Impact" label, given it is in line with the Company's existing central aims and objectives*.

Significant work has taken place with Schroders (the "Manager" or "AIFM"), the Portfolio Manager, and professional advisers to date to ensure adoption of this label. We are currently in dialogue with the FCA in relation to amending the Company's investment policy, adding additional disclosure to align with SDR guidance. On FCA approval of the proposed new investment policy, the change will be put to shareholders at an EGM. Further details are expected to be included in a Circular containing the Notice of EGM and proposed new investment policy and objective to be voted on by shareholders.

Investor engagement remains very important to the Company, which is proactively pursuing opportunities to reach a broader audience and connect more deeply with its existing shareholders. The management team has been focusing on developing our marketing materials and articulating better what we can offer to investors. The Company has a unique ability to share its experience in impact investing, provide reporting support, thematic case studies and much more to its investors. We would encourage shareholders to take advantage of these opportunities, and I would be delighted to hear from investors about what they most value.

Managing the discount

Despite the Company's resilient NAV and impact performance, and similarly to the majority of UK investment trusts, its shares continue to trade at a discount to NAV. The share price total return during the period was –4.8% in line with broader negative investor sentiment towards UK alternative equities and during the financial year, the Company traded at an average discount to NAV of 13.9% and the average discount across the UK investment trust market was 14.7%. The Company's share price traded at a 16.7% discount to NAV at the period end, and as of 22 October 2024, the discount had widened to 19.67%.

The discount to NAV over the financial year was indicative of negative investor sentiment across the sector, particularly towards alternative asset classes. In tackling this, throughout the year, the Board has remained focused on articulating the Company's unique proposition through promotional activities combined with the judicious use of share buybacks.

During the year ended 30 June 2024 the Company bought back 1,575,205 ordinary shares for a total consideration of £1.4 million. All shares were bought at a discount to the prevailing NAV and were placed into Treasury for future re-issue. This has been accretive to the NAV total return per share in the period by 0.27p per share. While the Board is reluctant to shrink the size of the Company, we believe the careful use of buybacks has not only been accretive, but also helped liquidity and demonstrates our confidence in the portfolio.

In the Prospectus, published at the time of the IPO, the Company undertook to provide shareholders with the opportunity to vote on the Company's continuation should the Company's shares trade, on average, at a discount in excess of 10% to NAV for the two-year period ending 31 December 2023 and in any subsequent two-year period. The average discount for the two-year period to 31 December 2023 was 6.7%. The current period under assessment is the two-year period to 31 December 2025. In the event that a vote was triggered, shareholders would be provided with the opportunity to vote on whether the Company should continue in its present form at the AGM in 2026.

Since 30 June 2024 and up to 22 October 2024, a further 496,486 shares have been bought back and placed in Treasury. At the forthcoming Annual General Meeting ("AGM") the Board will seek to renew the authorities previously granted by shareholders to issue or buy back shares. We encourage shareholders to vote in favour of these resolutions which are described in more detail in the Notice of AGM on pages 81 to 83.

In the longer term, we remain committed to plans to raise funds through share issuance. This approach will allow us to capitalise on the attractive pipeline of high impact investments identified by our Portfolio Manager. By deploying additional capital, we would also be able to positively change the lives of more people in the UK.

* For more information on the labelling regime please see FCA policy statement via this link here: https://www.fca.org.uk/publication/policy/ps23-16.pdf.

Online presentation

Our Portfolio Manager will be giving a presentation at an investor webinar on Thursday 24 October 2024 at 9.00 am (which can be signed up to via the following link: https://www.schroders.events/SBSI24).

AGM

The AGM will be held on 18 December 2024 at 12.00 pm at the offices of Schroders at 1 London Wall Place, London, EC2Y 5AU. The Portfolio Manager will give a presentation following the formal business of the AGM, and attendees will be able to ask questions in person. The presentation will be made available on the Company's website following the meeting. Details of the AGM are set out on in this Annual Report.

Board changes

Mike Balfour has served on the Board since the Company's IPO, and having completed four years in post, will step down from the Board at the conclusion of this year's AGM. I would like to thank him on behalf of the Board and all of the Company's stakeholders for his unfailing dedication and meticulousness as Chairman of the Audit and Risk Committee and for his wisdom as a Board member. He will be missed.

We are delighted to have appointed Ranjan Ramparia to the Board on 16 October 2024. This followed a thorough search process undertaken by Sapphire Partners Limited, a specialist recruitment firm. Ms Ramparia is a qualified Chartered Accountant and experienced business professional with a background in corporate finance and investment management. On behalf of all the directors, I welcome Ranjan to the Board. She will succeed Mike Balfour as Chair of the Audit and Risk Committee.

Outlook – a pivotal moment for social impact investment in the UK

Several factors give me confidence in the outlook for the UK social impact investment market over the next year, and for the Company. Firstly, the UK continues to grapple with structural challenges, such as homelessness, an ageing population and pressures on the health system, as well as a restricted government budget. We believe that the Company's investments are therefore extremely valuable, allowing capital to be deployed to organisations delivering essential, government-mandated services while at the same time delivering significant financial and social savings.

Secondly, the General Election in July 2024 represented the most significant political shift for the UK since Brexit. While it is early days, we believe this represents a significant opportunity to bring communities together and build partnerships between public sector bodies, private organisations and the people of the UK. The Schroder BSC Social Impact Trust can play an important role in this mission, evidencing how innovative solutions implemented and financed well can benefit everyone involved.

And finally, at the same time the operating environment for social enterprises shows early signs of improvement. While we remain cautious, inflation looks to be easing, and the latest Social Enterprise Barometer report, published August 2024, shows a growing number of social enterprises increasing their reserves compared to a year ago.

While uncertainty continues, the Company remains committed to its goals of delivering high quality impact and stable financial returns to shareholders with low correlation to traditional quoted markets. We have an attractive pipeline of investment opportunities available to us and look forward to the year ahead as we continue to provide significant social impact for vulnerable and disadvantaged people across the UK. Our biggest opportunity lies in effectively engaging with a wider pool of investors and I hope this report will encourage you to be in touch and learn more.

Susannah Nicklin
Chair

23 October 2024

Market developments

In the twelve months to 30 June 2024, we have seen a return to stability in interest rates, with the Bank of England base rate remaining constant at 5.25% during the period, inflation decreasing to the 2% target and emerging signs of an economic rebound.

However, lagged and long-term effects of the market disruptions of the previous 18 months continue to impact the operating environment of companies in the UK, while we see a continued increase in the number of people affected by issues like poverty, deprivation[1] and homelessness[2], with negative repercussions on long term health[3].

The year was also marked by political uncertainty, with the impending election in the UK leading to lack of clarity on the outlook for the policy environment.

While a new Labour government came into power in July 2024, after the period end, the backdrop of a constrained fiscal environment and pressures on public spending remains, at a time when the need to address social issues continues to be as urgent as ever.

In this market environment, we have continued to manage the Company's portfolio to address and mitigate the emerging risks, as well as act on areas of opportunity.

Looking first at risk management, while our portfolio includes seasoned companies with decades of experience in delivering UK social impact solutions, these organisations are not immune to broader market disruptions. We have been working across our portfolio to help organisations and funds adapt to the operating environment and new opportunity set.

On financial returns, we have aimed to build a portfolio with a degree of inflation correlation. While we have previously caveated that some of these correlations would be partial and/or lagged, we have seen the benefit of higher interest rates reflected in the increased income from the floating rate loans; this will be passed on to investors as increased dividend income. From the last quarter of the financial year ending 30 June 24, we have also started to see increased income in the High Impact Housing portfolio, reflecting increases in the Local Housing Allowance effective as of April 2024.

Looking at opportunities, against a challenging exit environment, we have seen several successful exits and refinancings within the portfolio, which we detail further in the report. At the portfolio level, we have re-committed £8.6m of capital during the year (representing 10% of NAV) into new investments, increasing the diversification of our portfolio with a new renewable energy investment contributing to the theme we call 'Just Transition to Net Zero' and growing our High Impact Housing portfolio. We have also seen capital recycling within the underlying funds. Where capital is returned from successful exits and refinancings, we often work with our fund managers to have the proceeds returned to the Company, pending re-deployment into High Impact Investments, mitigating fee and cash drag for the Company's investors.

We continue to see high and growing demand for social impact investments, as evidenced by the growing need in the UK alongside constrained public spending. The Impact Investing Institute's market sizing report[4] published on 16 September 2024 estimated that the UK impact investing market had grown at a compound annual growth rate of 10.1% between the beginning of 2021 and end of 2023, to £76.8bn assets under management, significantly outpacing the broader UK asset management sector, which had an annual growth rate between –2% and 0% over the same period. Using a narrower definition of the market, Better Society Capital's market sizing exercise estimated that the UK social impact investing market grew by a compound annual rate of 15% between the end of 2020 to the end of 2023, to £10bn.

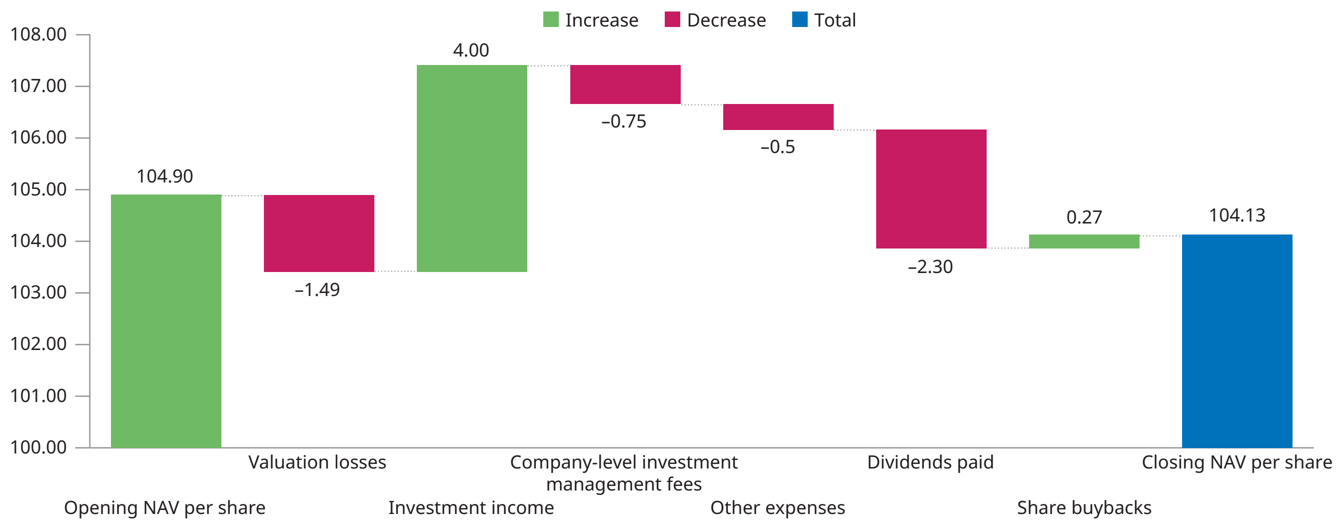
We are also seeing an expanding and maturing pipeline of investment opportunities, primarily in private markets that are difficult for many investors to access. We believe the Company remains well positioned to offer investors access to a mature portfolio of high-quality impact investments within this expanding opportunity set, as evidenced by our ability to efficiently recycle capital repaid in the last year.

Performance update

The Net Asset Value (NAV) total return per share for the twelve-month period to 30 June 2024 was 1.5%. Overall, the Company's total NAV reduced slightly from £88.75m to £86.46m over the period due to distributions to shareholders via a dividend payment (£1.93m) and share buy-backs (£1.41m) reducing the number of shares in issue from 84.60m to 83.02m, offset by the net return of £1.05m during the year under review.

The Company's NAV per share declined from 104.90p to 104.13p – including the 2.30p dividend payment – with a full performance bridge in the chart below.

NAV per share progression



In the twelve months to 30 June 2024 the Company recorded gross revenue of £3.49m (2023: £2.77m) and net revenue after fees, costs and expenses of £2.65m (2023: £1.97m), providing a net revenue return per share of 3.16 pence (2023: 2.32 pence). The Company recorded losses on the fair value of investments of £0.83m, recognised an impairment provision of £0.41m and recorded capitalised expenses of £0.36m, resulting in a total gross return of £2.24m, and a total net return of £1.05m, or 1.25 pence per share.

The Company will pay a dividend made up wholly of an interest distribution of 2.94p per share (2023: 2.30p) on 20 December 2024, which represents a dividend yield of 2.82% based on the net asset value at 30 June 2024. This is in line with our guided dividend range of 2-3% yield on net asset value p.a.

The key drivers of financial performance in the twelve-month period to 30 June 2024 were:

- A mix of income and capital gains in the Social Outcomes Contracts portfolio driven by strong performance of the underlying projects, with Bridges Social Outcomes Fund II contributing 0.56p to NAV per share;
- A ramp-up of returns in the High Impact Housing portfolio, in particular valuation gains in the Real Lettings Property Fund, contributing 0.55p to NAV per share, driven by the increases in the Local Housing Allowance (LHA) effective from 1 April 2024 (with an expected 13% uplift in annual rental income) and uplifts in the value of its property portfolio;
- BEH had a negative 1.00p contribution to NAV per share, due to a capital loss on the disposal of AgilityEco, relative to the previously recorded book value of the investment, as disclosed in the Interim Report. The full year loss was slightly lower than the (1.10)p per share disclosed in the Interim Report, thanks to dividend income and continued performance of the remaining investments.

The Social Impact performance of the portfolio was reported in the Company's third Impact Report published in July 2024. The report highlighted that since launch, the Company's investments have reached 400,000 people, 95% of whom are from disadvantaged, vulnerable or underserved backgrounds; generated £217m in social outcomes and savings; and funded 35,000 affordable, decent homes.

Portfolio exits and new investments

The Company's capital is fully committed to High Impact Investments (drawn or pending drawdowns). The Portfolio Manager continuously monitors a pipeline of additional High Impact Investments to allow efficient recycling of capital that is returned to the Company via distributions, scheduled maturities or early exits, and in anticipation of new capital raises should the share price discount be closed.

During the period under review, £5.9m (7% of NAV) of capital was returned largely through the Charity Bank Co-investment portfolio, as scheduled maturities alongside the early repayment of the remaining £2.4m balance of the Sue Ryder loan, as well as capital returned by the Bridges Social Outcomes Fund II (£1.9m).

We have made two new commitments:

- £3.6m to Community Energy Together Limited ("CETL") (fully drawn at commitment in December 2023): a community renewable energy project company, contributing to a 'Just Transition to Net Zero'; and
- £5.0m to SAH (managed by Savills Investment Management) (first drawdown after period end): SAH aims to deliver affordable homes across the UK, with a focus on areas with high local authority waiting lists and areas ranked within the lowest 40% in the Index of Multiple Deprivation. SAH will invest in and manage a diversified portfolio of affordable housing, comprising both affordable and social-rent homes as well as shared-ownership homes, generating government-backed and inflation-linked income streams.

Portfolio cash flows and balance sheet

During the period, net drawdowns for High Impact Investments were £0.62m, comprising new deployment of capital of £6.47m, and capital repayments of £5.85m (£3.12m of which are recallable distributions):

- In **Debt and Equity for Social Enterprises**:
  - BEH exited AgilityEco via a sale to M Group Service, delivering a 3.4 times money multiple return on the original BEH investment (2.7 times since investment by the Company); the proceeds from the exit will be reinvested in other high impact opportunities; post period end, the fund made a recallable distribution to investors, pending re-investment by BEH;
  - £3.6m was deployed into the Company's new investment in CETL;
  - In the Charity Bank Co-investment portfolio, we have received an early repayment of the Sue Ryder £2.64m loan, and a £1.02m drawdown for the Abbeyfield York loan;
  - The Community Investment Fund made a recallable distribution of £1.22m following the refinancing of the Resilient Energy Forest of Dean loan, and a drawdown of £0.64m for new investments, including a new loan to Social adVentures for the purchase of a detached family home in Salford Greater Manchester, which has opened a new children's home for three children aged 8 to 18 years;
- In **High Impact Housing**, £0.86m was drawn by Social and Sustainable Housing LP and £0.08m by Man GPM RI Community Housing Fund, deployed towards delivering more affordable and social housing in the UK.
- Within **Social Outcomes Contracts**, further investment was made into new and existing projects for the delivery of public services in areas such as homelessness and healthcare.

[1] Institute for Fiscal Studies, March 2024
[2] The Guardian, Apr 2024
[3] Office for National Statistics, July 2023
[4] https://www.impactinvest.org.uk/resources/publications/the-uk-impact-investing-market-size-scope-and-potential/

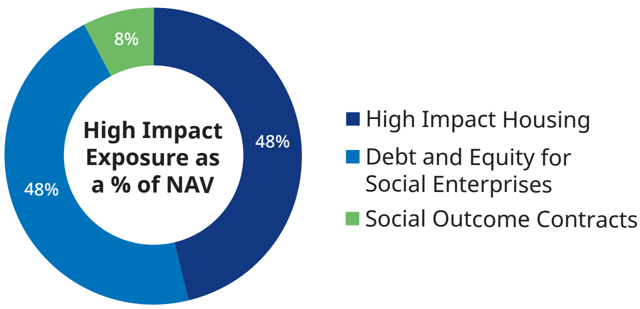
Portfolio allocation

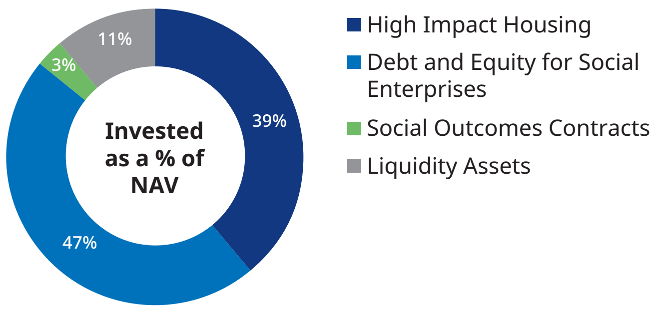
A diversified asset allocation delivering local UK social impact

The Company delivers its investment objective through allocating to best-in-class social impact managers in private markets – with proven track records delivering high quality financial returns alongside measurable social impact for more disadvantaged groups in the UK. Investments that are committed but not yet drawn by private market funds are held in listed Liquidity Assets investments to mitigate cash drag during longer drawdown periods.

As of 30 June 2024, total commitments (drawn and undrawn) to High Impact Investments amounted to 104% of NAV, while the drawn portion of the commitments was at 90% of NAV ("invested as % of NAV"). Capital awaiting deployment into High Impact Investments is currently held in Liquidity Assets (including investment funds and money market funds earning interest in line with base rates) (11% of NAV).

While current undrawn commitments exceed the amounts held in Liquidity Assets, this is mainly a reflection of the long drawdown periods of some of our commitments (in particular in housing), and when matched against expected capital repayments, we are maintaining appropriate cover for expected drawdowns.





*See asset class description on page 16.

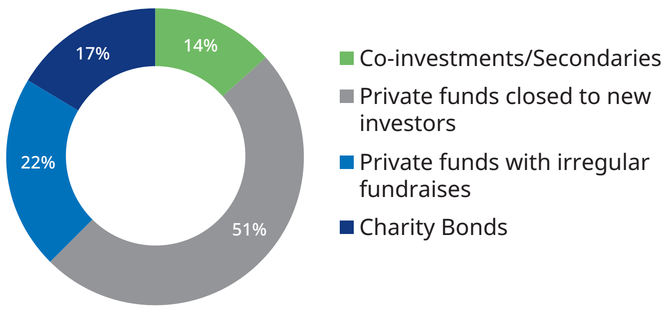
Exposure: NAV of High Impact Investments + undrawn commitments. Totals may not sum due to rounding.
Data as of 30 June 2024

Providing access to a seasoned high impact portfolio

The Company has built a seasoned high impact portfolio that would be difficult for shareholders to access directly – through a combination of a seed portfolio and secondary investments from Better Society Capital, the Portfolio Manager, as well as its relationships and knowledge of the sector. This provides a greater allocation to more mature assets that will help drive future financial and impact performance. The Portfolio Manager's broader portfolio relationships offer additional fee benefits to Company shareholders – with 43% of the Company's portfolio with no or discounted management fees – from co-investments or fee discounts that the Portfolio Manager has negotiated, often through their role as initial cornerstone investor in funds.

Access – Ease of access for other investors

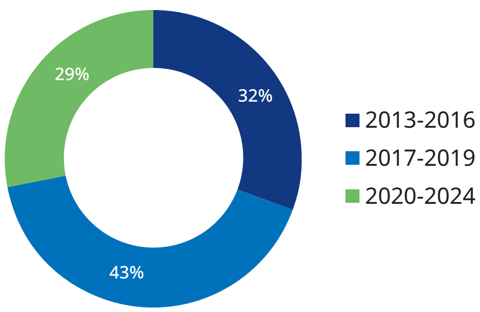
Access – Exposure as % of NAV 30 June 2024



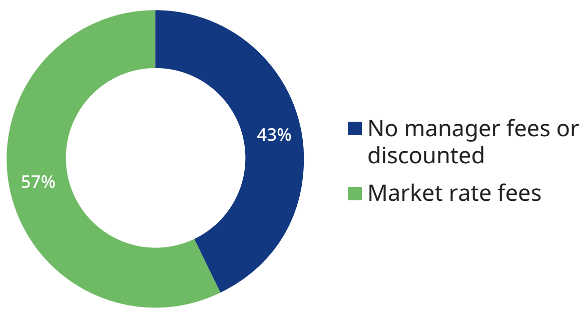
High Impact Exposure as a % of NAV 30 June 2024

Vintage

Vintage is defined as year of fund establishment:



Fees



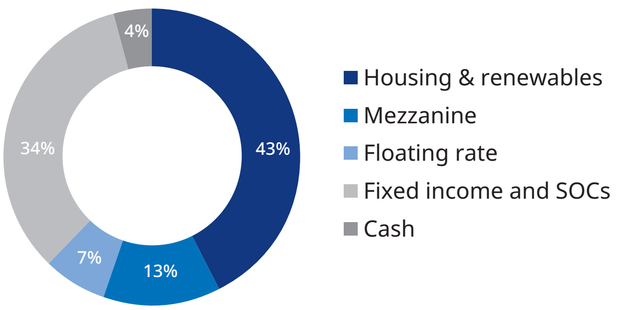
Targeting inflation resilient returns

The Company aims to deliver an asset allocation that is resilient through periods of rising prices through targeting two-thirds of its asset allocation to assets that will benefit from inflation. These assets are:

- Property and renewables – with a mix of long dated inflation linked leases, shorter property leases where value is more driven by property prices, and smaller investments in community renewables in our Debt and Equity for Social Enterprises asset class; we also hold renewables investments in our Liquidity Assets portfolio.
- Mezzanine and equity investments – where the value is driven by government contracts that have historically moved with inflation.
- Floating rate instruments which benefit from increases in the base rate (currently base rates are higher than inflation, and are expected to decrease).

As of 30 June 2024, the Company had committed 66% of its capital to inflation sensitive assets. The remaining capital committed to high impact investments was allocated to fixed income securities such as charity bonds and social outcomes contracts; the Company aims to minimise the duration of these fixed income assets, to allow reinvestment over time into the prevailing interest rate environment. Including the investments in Liquidity Assets, the Company's invested amount in assets that are linked or correlated with inflation is 67% of its capital.

Asset Types*



*Please note totals may not sum due to rounding.

To date the Company has underperformed its CPI+2% aim, with double digit inflation levels not being reflected in portfolio returns given lease caps, increases in discount rates, falls in real value of house prices and lags in inflation feeding through into new contracts. We expect to see future returns now benefiting as the lagged impact of higher inflation and interest rate reductions feed across the portfolio.

Targeting low correlation to mainstream markets

The Company's asset allocation aims to achieve low correlation to mainstream markets by backing business models that are underpinned by government expenditure and have been historically resilient through economic cycles. As of 30 June 2024, 71% of the committed portfolio (55% invested) is underpinned by government backed revenue streams. These revenue streams are themselves diversified across policy areas, such as housing, clean energy and fuel poverty, education, and addressing inequalities/levelling up. This diversification reduces exposure to individual policy risk, such as the risk that government or budgetary changes would significantly reduce or withdraw payments. The Company targets areas with a track record of delivering impact for more disadvantaged groups and generating savings for the public purse which provides additional revenue resilience. In the twelve months to 30 June 2024, the Company's share price had a negative correlation with the FTSE All Share Index of (0.76) (compared to (0.61) in the previous year), and since Company IPO, the share price had a negative correlation of (0.78) with the market index.

In a challenging period for financial markets since the IPO in December 2020 the Company's portfolio performance has shown resilience, delivering a NAV Total Return per share of 10.2% (2.8% annualised).

Recent events

The Company recently won its category at the Best ESG Investment Fund: Impact (private markets) at the ESG Investing Awards 2024. The Judges commented that *"their clear report card approach following IMP principles was impressive. Easy to digest a huge amount of information in their impact report. We particularly liked their reporting of impact metrics including the financials. This was backed by clear intentionality and approach."* The Company was also shortlisted for the Best Impact Fund at the Sustainable Investment Awards in September 2024. The Company has won four awards since its launch. Judges have cited its unique offering of a diversified portfolio delivering deep social impact for more disadvantaged groups across the UK. We are pleased that the Company's contribution is being recognised as playing a key role in the evolution of sustainable investing.

In October 2024 Better Society Capital completed an equity investment into Resonance Limited ("Resonance"), the parent company of the manager of the Real Lettings Property Fund in the Company's portfolio, to accelerate Resonance's growth. The Portfolio Manager now holds 5.2% of the capital of Resonance by way of non-voting shares. This does not form a part of the Company's investment portfolio.

Outlook

The start of the Company's new financial year was marked by the UK election, bringing the Labour Party into power. A common thread remains that social issues requiring intervention are growing, while public spending remains under pressure.

We welcome the new government's indications of their intention to work in partnership with private capital to address the UK's most urgent issues:

- Several public sector investment partnership opportunities are emerging with opportunities to create social impact. For example, the Government is launching a National Wealth Fund[5] capitalised with £7.3bn and a remit to invest in new and growing industries, targeting £3 of private investment for every £1 of public investment. Great British Energy[6], a publicly owned national energy company, is also being created, capitalised with £8.3bn to catalyse up to £60bn of private investment, including funding to ensure communities own and benefit from clean power projects.

[5]Gov.uk: Chancellor Rachel Reeves is taking immediate action to fix the foundations of our economy
[6]Gov.uk: Great British Energy founding statement

- Secondly, broader changes to the public sector landscape are anticipated. For example, the commitment to deliver 1.5 million homes[7] with incentives for social and affordable housebuilding alongside the promise of social rent stability. Other favourable changes to the landscape may follow the pensions review[8] and "Local Growth Plans"[9] which all regional governments with devolution deals will develop.

Finally, during the pre-election period the new Government was actively considering how to harness the power of the "impact economy" – social impact private markets, purpose-driven businesses and philanthropists – to help them deliver their ambitions once in government[10]. Across all areas, the Portfolio Manager, Better Society Capital, is following developments closely and engaging where suitable to explore social impact opportunities.

Another important policy development was the launch of the FCA's SDR labelling regime in July 2024. The framework signals the regulator's commitment to supporting the integrity and growth of the impact and wider sustainability investment markets in the UK. We believe transparent labelling and disclosure of impact products are essential for the impact investment market to grow healthily. We believe that our deep impact focus is strongly aligned with the principles of the Sustainability Impact label and, as mentioned in the Chair's statement, will be seeking shareholder approval for changes to our investment policy to ensure alignment with the principles and guidance of the labelling regime*.

As markets stabilise and we gain further clarity on policy, we think the Company is in a unique position to offer shareholders access to a diversified portfolio of private investments into organisations delivering high impact solutions for the most disadvantaged and vulnerable groups in the UK, while achieving high quality returns with low correlation to traditional quoted markets.

[7]Gov.uk: Housing targets increased to get Britain building again
[8]Gov.uk: Chancellor vows 'big bang on growth' to boost investment and savings
[9]Gov.uk: Deputy Prime Minister kickstarts new devolution revolution to boost local power
[10]https://www.cityam.com/labour-must-partner-with-businesses-in-the-impact-economy/
*For more information on the labelling regime please see FCA policy statement via this link here: https://www.fca.org.uk/publication/policy/ps23-16.pdf

Portfolio developments

The Company invests primarily in three asset classes that were selected to give a diversified set of opportunities with low correlation, both with one another and with mainstream financial developments across all three in the year under review.

Debt and Equity for Social Enterprises

Lending and some preference shares to typically large and well-established charities and social enterprises to help fund expansion projects to scale operations and impact including:

- Health and Social Care
- Community Facilities and Services
- Fuel Poverty

High Impact Housing

Investment to increase the number of safe, secure and genuinely affordable homes for more disadvantaged groups, diversified across:

- Transitional Supported Housing
- General Needs Social and Affordable Housing
- Specialist Supported Housing

Social Outcome Contracts

Outcomes Contracts, where private capital enables a consortium of expert charities and social enterprises to deliver outcomes for Government commissioned contracts across:

- Family Therapy and Children's Services
- Homelessness
- Adult Health and Social Care

High Impact Portfolio*

	High Impact Portfolio	Vintage	Date of Company investment	Value at 30 June 2024 (£)**	Value as % of NAV	Undrawn commitment (£)	Contribution to SBSI total return (last 12 months) (pps)	TVPI[11]	DPI[11]	Value IRR***
Debt & Equity for Social Enterprises	Charity Bond Portfolio	2013-2022	2020	14,521,294	17%	0	0.34	1.12	0.29	5.3%
	Bridges Evergreen Holdings	2016	2020	11,482,341	13%	0	(1.00)	1.23	0.13	
	Community Investment Fund	2014	2022	4,916,495	6%	577,621	0.21	1.25	0.29	
	Charity Bank Co-Investment Facility	2019-2022	2020	3,779,085	4%	0	0.45	1.13	0.59	
	Community Together Energy Limited	2023	2023	3,699,762	4%	0	0.20	1.04	0.02	
	Triodos Bank UK Bond Issue	2020	2020	2,516,712	3%	0	0.12	1.14	0.13	
	Total			**40,915,690**	**47%**	**577,621**	**0.32**	**1.15**	**0.27**	
High impact Housing	UK Affordable Housing Fund	2018	2020	10,371,849	12%	0	0.34	1.08	0.04	3.4%
	Social and Sustainable Housing	2019	2020	9,494,109	11%	494,664	0.38	1.05	0.04	
	Man GPM RI Community Housing Fund	2021	2021	8,168,443	9%	1,993,815	(0.00)	1.03	0.01	
	Resonance Real Lettings Property Fund	2013	2020	5,779,341	7%	0	0.55	1.26	0.27	
	Simply Affordable Homes	2024	2024	0	0%	5,000,000	0.00	0.00	0.00	
	Total			**33,813,742**	**39%**	**7,488,478**	**1.27**	**1.09**	**0.07**	
SOCs	Bridges Social Outcomes Fund II	2018	2020	2,721,686	3%	4,108,037	0.56	1.26	0.63	High single digit****
	Total			**2,721,686**	**3%**	**4,108,037**	**0.56**	**1.26**	**0.63**	
Total				**77,451,118**	**90%**	**12,174,137**	**2.15**	**1.13**	**0.21**	**4.8%**

[11]TVPI/DPI since Company investment. See below for calculation methodologies used.
Calculation methodologies for TVPI, DPI & IRR:

TVPI (Total Value to Paid in) - (Value at year-end + distributions to date)/Total paid into investment to date
DPI (Distribution to Paid in) - (Distributions to date)/Total paid into investment to date
VIRR (Value IRR) - Internal rate of return, using value at year-end to be the terminal value and assumed realisation date

*Totals may not sum due to rounding.
**Value including accrued interest where applicable.
***Since Company IPO.
****Outperformed fund target, due to The Company investing at a more mature stage of the fund, as Bridges SOF II was part of the seed portfolio at IPO.

Child Dynamix, Community Investment Fund

Asset class: Debt and Equity for Social Enterprises

Many impact-led social enterprises need capital to grow and increase their impact, as well as to satisfy their existing working capital requirements. The Company's portfolio is designed to include a diversified set of investments, including charity bonds, asset-backed lending and portfolios of secured loans, and funds that invest in established social enterprises via mezzanine debt and/or equity. The underlying charities and social enterprises deliver interventions to support the most disadvantaged or vulnerable members of society, in areas such as health and social care, and often benefit from government backed revenue streams.

As of 30 June 2024, the value of investments in this asset class was £40.9 million (47% of 30 June 2024 NAV). The Company has committed £41.5 million (48% of NAV) to investments in this asset class, £0.58 million (1% of NAV) of which remains undrawn at the year end.

BEH run by Bridges Fund Management, is a long-term capital vehicle that makes equity investments into highly impactful businesses. Post period end, the fund was converted from an evergreen to a closed ended structure, to be re-named as the Bridges Inclusive Growth Fund. The fund will continue its strategy of providing patient, flexible capital to impact-led businesses that deliver measurable social outcomes for vulnerable groups in the UK.

As of 30 June 2024, the Company's investment was valued at £11.5m (13% of NAV) and was 100% drawn, funding investments into the Ethical Housing Company & New Reflexions (following the AgilityEco exit earlier in the year). BEH's financial performance was below target driven by valuation losses following the AgilityEco exit, resulting in a 1p decline in the Company's NAV per share in the period. While the write-down was disappointing, the sale of the AgilityEco investment delivered a 3.4x money multiple and 40% gross IRR over the holding period by Bridges, and proceeds from the disposal have been distributed to investors post period end, to be recallable for re-investment into new impactful investments.

BEH's impact performance remains strong: the portfolio provides a range of essential services including 98 affordable homes provided to 222 people moving from poor-quality accommodation or insecure tenancy agreements, of whom 59% were homeless or at risk of homelessness when applying, and 19,439 days of quality care, education and therapy in the year for young people with complex needs.

The Charity Bond Portfolio managed by Rathbones supports larger UK charities seeking to raise capital via the public and private bond markets, providing an alternative source of funding to bank finance. As of 30 June 2024, the Company's investment was valued at £14.5 million (17% of NAV). The portfolio is invested in nine bonds (both listed and unlisted) issued by charities and social enterprises through the Allia C&C and Triodos Crowdfunding platforms, predominantly delivering care and housing services with government revenue. The portfolio delivered a 4.38% yield for the period delivering a 0.34p contribution to Company NAV per share. One bond in the portfolio, for Thera Trust, agreed a new repayment schedule due to cash flow challenges, and as a result we have taken a partial provision against the holding which adjusted it to 0.5p per share, and reduced the Company's NAV by 0.4 pence per share – the charity has continued to pay the coupon on its bonds as due. Other bonds in the portfolio continue to perform to plan. Impact performance across the Charity Bond Portfolio companies in the year included over 10,000 affordable homes provided, intensive support including care, education, training, employability and housing provision to more than 3,200 people with health conditions or special educational needs, as well as 10,000 rural properties connected with broadband.

The Community Investment Fund (CIF) managed by Social and Sustainable Capital provides secured loans to charities and social enterprises focused on community renewable energy, social housing, and family support in the community. A high proportion of revenue comes from government mandated sources. As of 30 June 2024, the Company's investment was valued at £4.9 million (6% of NAV). During the period the Fund contributed 0.21p to Company NAV per share from income and capital gains. Impact performance in the period included 1,004 people reached by 11 social organisations providing essential services, including housing, care and training.

The Charity Bank Co-investment Portfolio comprises three secured loans with a total value as of 30 June 2024 of £3.8 million (4% of NAV), following the loan repayment from Sue Ryder in the period. Working with Charity Bank, the portfolio invests in low loan to value ratio (average 39%) loans to housing and care providers Abbeyfield South Downs, Uxbridge United Welfare Trust and Abbeyfield York. All loans are priced at a margin over the Bank of England base rate and delivered a 0.45p contribution to Company NAV per share over the period under review. Impact performance in the year includes the provision of 89 units of accommodation for the elderly at social rents.

CETL is a community renewable energy project company, contributing to a 'Just Transition to Net Zero'. The investment is in the form of a junior loan of £3.6 million, alongside Better Society Capital and Power to Change. The Loan has a five-year term and targets an internal rate of return of 8.2% (fixed coupon of 7% p.a. and additional rolled up interest paid at exit). The investment is strongly aligned with the Company's investment thesis, delivering positive social outcomes for communities alongside a good risk

All Child, Bridges SOF II

adjusted financial return. CETL is a partnership of five community organisations that have acquired seven cross-collateralised solar farm assets across the UK. These solar farms benefit from government backed subsidies (Feed-in-Tariffs and Renewables Obligation Certificate schemes) and the assets are funded on a cross-collateralised basis for scale and risk-sharing. As of 30 June 2024, the Company's investment was valued at £3.7 million (4% of NAV) and was 100% drawn. During the period, the investment contributed 0.20p to Company NAV per share. On impact, CETL is forecast to generate total community benefit funds in the region of £20m over the assets' lifetime of 20-25 years.

The Company's investment in a private bond issued by Triodos Bank UK Ltd was valued as of 30 June 2024 at £2.5 million (3% of NAV). Triodos Bank is a leading lender to sustainability and social impact focused organisations. This includes social housing, healthcare, education, renewable energy, arts and culture, and community projects. The bond issue enables Triodos Bank to continue to grow its loan book and contribute to the resilience and growth of charities and social enterprises. Triodos Bank UK remains well capitalised and with good liquidity (Equity Ratio of 22.4% and a total capital ratio of 23.0% as of 31 December 2023). The bond contributed 0.12p to Company NAV per share. The impact performance included 135 housing projects financed in year.

Asset class: High Impact Housing

The portfolio is invested in affordable and social housing, which is intended to address the housing needs of a wide spectrum of people, who are often those on the lowest incomes and the most vulnerable. We invest across a range of asset types, from long-term inflation-linked lease contracts with high-quality counterparties to shorter leases to address specific issues, such as homelessness or the housing needs of survivors of domestic abuse. Counterparties include Registered Providers of social housing (such as housing associations) and charities with long-standing track records, deep expertise in addressing specific issues, and strong local relationships with authorities and beneficiaries.

In addressing these needs, we seek to deliver returns that are often supported by the government-backed housing benefit system. This has led to a lower historical correlation to mainstream markets and insulation from the sharper price movements in the private housing market. The portfolio has a diversified exposure to rental streams and is experiencing a mix of increases in the current environment.

The UK Affordable Housing and the Man GPM RI Community Housing funds have mainly seen rents increase driven by index-linked leases (capped at 7% for social rent for the fiscal year from April 2023 to April 2024). This cap was removed in April 2024, and the funds will benefit from rent increases of 7.7% until April 2025. The Social and Sustainable Housing (SASH) portfolio is primarily "Exempt Accommodation" for high need groups which has seen rents increasing in line with inflation. The Real Lettings Portfolio is primarily Local Housing Allowance income, which has been increased by an average of 13% across the fund's portfolio, following several years of being frozen. Furthermore, we note some of the challenges being experienced by listed Social Property REITs – often linked to the short operating history and limited delivery experience of property counterparties. We are not seeing any comparable issues in our High Impact Housing investments – with 100% of rent due by June 2024 collected.

As of 30 June 2024, the value of investments in this asset class is £33.8 million (39% of 30 June 2024 NAV). The Company has committed £41.3 million (48% of NAV) to investments in this asset class, £7.5 million (9% of NAV) of which remains undrawn at the year end, including £5 million committed to Simply Affordable Homes.

The UK Affordable Housing Fund, managed by CBRE Investment Management, aims to increase the supply of sustainable and affordable homes in the UK for people unable to purchase or rent in the open market. The fund targets a total return greater than 6% (with an annual target income distribution yield of 4% from income producing assets) net of all costs over the long term. The Company's investment is fully deployed and valued at £10.4 million (12% of NAV). The fund contributed 0.34p to Company NAV per share growth due to a greater proportion of assets becoming income producing, as well as property valuations increasing through rent review uplifts. In terms of impact performance as of Q2 2024, the Fund has so far delivered over 2,500 homes, potentially housing over 8,500 people.

The Real Lettings Property Fund, managed by Resonance Impact Investments Limited, provides high quality accommodation and support for people previously homeless or at risk of homelessness, in its 259 homes across London. The fund leases the properties to experienced housing partners (Notting Hill Genesis, Capital Letter and St. Mungo's) who manage the tenancies and support tenants, helping them access support services and become part of local communities. The fund has an overall target return of 6% and a 3.5% annual cash yield. Following the uplift of LHA rates to match the lowest 30% of private rents as of 1 April 2024, the fund's annual rental income is expected to increase by 13%. As of 30 June, the Company's investment was valued at £5.8 million (7% of NAV). During the period the fund contributed 0.55p to Company NAV per share from rental income and capital gains. On impact performance, as of the end of June 2024, 630 people (358 adults and 272 children) were being housed by the fund. Furthermore, research by

North East RISE, Bridges SOF II

Alma Economics commissioned by BSC estimated that the fund generated £12.1m of public value in 2023[12], through reduced costs of public services, temporary accommodation and through improved tenant well-being.

The Man GPM RI Community Housing Fund aims to help address the UK's housing crisis through the provision of new affordable rental and shared ownership homes. The fund has a target of 70% of homes to be affordable and delivered in mixed-tenure communities, and is currently on track to achieve 90% of its homes being affordable. These homes will be predominantly leased to local housing associations to deliver customer and asset management services. The fund seeks to achieve returns driven by long-term inflation-linked income streams, with a stabilised yield of 5% from income producing assets. During the period, the fund drew down £0.72 million and as of 30 June 2024 the Company's investment was valued at £8.2 million (9% of NAV). The fund had a net breakeven contribution to Company NAV per share performance in the period, mainly due to income and capital gains from stabilised assets in the portfolio being offset by higher costs due to developer insolvencies. The fund is now substantially committed, which is ahead of schedule – 3 years since the fund's first close in April 2021 versus the forecast investment period of five years. On impact performance, 318 homes have been completed as of December 2023, with an estimated 1,242 people housed to date.

The Social and Sustainable Housing LP (SASH), managed by Social and Sustainable Capital, provides investment to high-performing social sector organisations with local knowledge and networks, and a strong track record of managing transitional supported housing for vulnerable individuals. They may include survivors of domestic violence, children leaving the care system, ex-offenders, asylum seekers, people with complex mental health issues and people with addiction issues. SASH makes flexible secured loans which participate in changes in property prices and rental incomes – generated from government-backed rental payments with a target net return of 6%. During the period, the fund drew down £0.86 million and as of 30 June 2024, the Company's investment was valued at £9.5 million (11% of NAV). The fund contributed 0.38p to Company NAV per share growth during the period with the fund still in its investment period and deployment on track. On impact performance the fund has supported 888 adults and 236 children in the year into housing while contributing more consistent and higher quality service provision.

Simply Affordable Homes (SAH), managed by Savills Investment Management, seeks to deliver affordable homes across the UK, by using its established strategic partnerships with high quality housing associations, developers, and housebuilders, through a mix of acquiring existing stock and delivering new build homes. The fund will invest in and manage a diversified portfolio of affordable housing, comprising both affordable and social-rent homes as well as shared-ownership homes, generating government-backed and inflation-linked income streams. The fund aims to deliver strong impact in line with the Company's Impact Thesis and Theory of Change: properties will be affordable rented (20% or higher discount to market rates), social-rent or shared ownership homes, with a focus on areas with high local authority waiting lists and delivering high quality well-built sustainable homes. Furthermore, the fund operates under enhanced governance frameworks and a sustainable investment strategy, targeting high environmental standards and progressing towards Net Zero Carbon by 2040. As a new commitment in the period, the fund had its first drawdown post period end, with the fund still in its investment period.

Asset class: Social Outcomes Contracts

Social outcomes contracts (SOCs) aim to help the government achieve better life outcomes for vulnerable people and better value for public funds. They are public sector contracts designed to overcome challenges in the way that public services have traditionally been managed. The providers of these services are being paid for achieving specified and measurable outcomes rather than prescribed inputs. Investment is used to cover the upfront costs incurred to deliver the service, which ultimately produces the desired social outcomes. We look to invest in a pool of outcomes contracts that is diversified across central and local government commissioners and different policy areas. As of 30 June 2024, the value of investments in this asset class was £2.7 million (3% of NAV). The Company received distributions of £1.9 million during the year. Following these distributions, the Company's remaining exposure to assets in this asset class is £6.8 million (8% of NAV), of which £4.1 million (5% of NAV) is undrawn at year end. Bridges Social Outcomes Fund II, managed by Bridges Fund Management and Bridges Outcomes Partnerships, invests in social outcomes contracts, receiving payments when outcomes are delivered and thereby ensuring that payment is aligned with measurable improvements in the lives of participants. The fund has a mid-single digit return target. During the period, the fund drew down a further £0.22 million. The fund contributed 0.56p to Company NAV per share performance during the period with overall achievement of outcomes and outcomes payments running in line with plan. So far, the fund has supported 30,233 people across homelessness prevention, education, employment and family care services, achieving £87 million outcomes payments to date.

[12]Resonance Homelessness Property Funds Impact, Alma Economics.

Liquidity Assets

The Company manages its committed but uncalled capital through Liquidity Assets, which aim to provide sufficient liquidity to meet impact investment commitments while earning commensurate returns. This allocation can be held as cash or invested in money market funds, bond funds, real assets investment trusts and other liquidity investments that align with the Company's liquidity requirements, meet high sustainability standards and comply with the Company's investment policy. As of 30 June 2024, the Company held £9.5 million in Liquidity Assets, with one redemption in the period (highlighted in grey), as detailed in the table below.

Liquidity Assets	Inception Year	Value at 30 June 2024 (£)	Value as % of NAV	Contribution to SBSI total return (last 12 months) (pps)	Total return (last 12 months)	Interest rate duration
TwentyFour Sustainable Enhanced Income ABS Fund	**2021**	1,640,516	1.90%	0.33	12.14%	0.13
Bluefield Solar Income Fund Ltd	**2021**	2,063,538	2.39%	(0.14)	(5.31%)	4.68
Greencoat UK Wind Plc	**2021**	1,336,694	1.55%	(0.01)	(0.60%)	8.82
Rathbone Ethical Bond Fund	**2021**	886,769	1.03%	0.15	11.06%	6.35
Vontobel Fund TwentyFour Sustainable Short Term Bond Income Fund	**2021**	–	0.00%	0.03	7.66%	1.94
HSBC Sterling ESG Liquidity Fund	**2022**	3,106,118	3.59%	0.17	5.10%	0.09
Cash	**2020**	514,163	0.59%	0.02	2.65%	0.00
Total Liquidity Asset Investments*		**9,547,797**	**11.04%**	**0.55**	**4.13%**	**4.60**

*Totals may not sum due to rounding.

Our Liquidity Assets portfolio, representing 11% of NAV, contributed 0.55p per share to the Company's total NAV during the period. The positive performance was achieved by robust dividend and interest income from underlying investments, as the portfolio benefited from overweighting floating rate credit. During the financial year, partial withdrawals from the portfolio were made to fund High Impact portfolio drawdowns.

The existing portfolio at year end continues to reflect a focus on generating positive real returns by capturing spreads over cash returns through dividends from investments with strong sustainability credentials. As interest rate cuts approach and the economic cycle matures, the existing portfolio continues to maintain flexibility through diversified duration exposures while managing immediate liquidity needs through money market funds and cash.

Hermina Popa, Jeremy Rogers
Better Society Capital

23 October 2024

Investment Portfolio
at 30 June 2024

Holding	Nature of interest	Listed/ unlisted	Country of incorporation	Industry sector	Carrying value[1] £'000	Total investments %
UK Affordable Housing Fund	Equity Shares	Unlisted	United Kingdom	Investor in Affordable and Social Housing	10,291	11.9
Social and Sustainable Housing LP	Limited Partnership Interest	Unlisted	United Kingdom	Investor in Affordable and Social Housing	9,494	11.0
Man GPM RI Community Housing 1 LP	Limited Partnership Interest	Unlisted	United Kingdom	Investor in Affordable and Social Housing	8,168	9.5
Resonance Real Lettings Property Fund LP	Limited Partnership Interest	Unlisted	United Kingdom	Investor in Affordable and Social Housing	5,779	6.7
High Impact Housing					**33,732**	**39.1**
Bridges Evergreen Capital LP	Limited Partnership Interest	Unlisted	United Kingdom	Investor in Profit-With-Purpose Organisations	11,482	13.3
Community Investment Fund	Limited Partnership Interest	Unlisted	United Kingdom	Investor in Communities Supporting Social Inclusion and Change	4,917	5.7
Community Energy Together Limited	Debt Investment	Unlisted	United Kingdom	Renewable Energy	3,540	4.1
Triodos Bank UK Limited 2020 Bond 4% 23/12/2030	Fixed Income Security	Unlisted	United Kingdom	Ethical Banking	2,500	2.9
Rathbones Bond Portfolio: Hightown Housing Association 4% 31/10/2027	Fixed Income Security	Listed	United Kingdom	Charity (Affordable and Social Housing)	2,483	2.9
Rathbones Bond Portfolio: Dolphin Square Charitable Foundation 4.25% 06/07/2026	Fixed Income Security	Listed	United Kingdom	Charity (Affordable and Social Housing)	2,450	2.9
Rathbones Bond Portfolio: Greensleeves Homes Trust 4.25% 30/03/2026	Fixed Income Security	Listed	United Kingdom	Charity (Care Services)	2,357	2.7
Rathbones Bond Portfolio: RCB Bonds PLC 3.5% 08/12/2031	Fixed Income Security	Listed	United Kingdom	Ethical Banking	2,223	2.6
Charity Bank Co-Invest Portfolio: Abbeyfield York 3.6% 12/05/2049	Fixed Income Security	Unlisted	United Kingdom	Charity (Care Services)	2,000	2.3
Charity Bank Co-Invest Portfolio: Uxbridge United Welfare Trust 2.85% 20/12/2033	Fixed Income Security	Unlisted	United Kingdom	Charity (Community and Social Housing)	1,576	1.8
Rathbones Bond Portfolio: Alnwick Garden Trust 5% 27/03/2030	Fixed Income Security	Listed	United Kingdom	Charity (Public Gardens)	1,500	1.7
Rathbones Bond Portfolio: Thera Trust 5.5% 31/03/2024	Fixed Income Security	Unlisted	United Kingdom	Charity (Care Services)	1,237	1.4
Rathbones Bond Portfolio: Golden Lane Housing 3.9% 23/11/2027	Fixed Income Security	Listed	United Kingdom	Charity (Affordable and Social Housing)	952	1.1
Rathbones Bond Portfolio: B4RN (Broadband for Rural North Limited) 4.5% 30/04/2026	Fixed Income Security	Unlisted	United Kingdom	Communications for Rural Communities	865	1.0
Rathbones Bond Portfolio: Coigach Community CIC 5.248% 31/03/2030	Fixed Income Security	Unlisted	United Kingdom	Renewable Energy	202	0.2
Charity Bank Co-Invest Portfolio: Abbeyfield Southdowns 3.35% 26/7/2044	Fixed Income Security	Unlisted	United Kingdom	Charity (Care Services)	187	0.2
Debt and Equity for Social Enterprises					**40,471**	**46.8**
Bridges Social Outcomes Fund II LP	Limited Partnership Interest	Unlisted	United Kingdom	Social Outcomes Contracts	2,722	3.1
Social Outcomes Contracts					**2,722**	**3.1**
Bluefield Solar Income Fund	Equity Shares	Listed	Guernsey	Renewable Energy Infrastructure	2,064	2.4
TwentyFour Sustainable Enhanced Income ABS Fund	Equity Shares	Listed	Luxembourg	Diversified	1,641	1.9
Greencoat UK Wind Plc Fund	Equity Shares	Listed	United Kingdom	Renewable Energy Infrastructure	1,336	1.5
Rathbone Ethical Bond Fund	Equity Shares	Listed	United Kingdom	Diversified	887	1.0
Liquidity Assets					**5,928**	**6.8**
Total investments[2]					**82,853**	**95.8**
Cash at bank and in hand					514*	0.6
Money market funds					3,106	3.6
Other net liabilities					(14)	–
Total Shareholder's funds					**86,459**	**100.0**

[1] Fixed income securities amounting to £20,532,000 are included at amortised cost, excluding any accrued interest. These include investments amounting to £11,965,000 which are listed, but traded in inactive markets.
[2] Total investments comprise:

	£'000	%
Unquoted	64,960	78.4
Listed in the UK	14,188	17.1
Listed on a recognised stock exchange overseas	3,705	4.5
Total	**82,853**	**100.0**

Material unquoted holdings (comprising more than 5% of the portfolio and/or included in the top ten)

Holding	Description of the business	Cost of the investment £'000	Fair value £'000	Income receivable in the year £'000
Bridges Evergreen Capital LP	Provides long term, large (£5m+) investment (mix of debt and equity) and support to established mission-led organisations.	10,434	11,482	427
UK Affordable Housing Fund	Delivering affordable and sustainable homes for those unable to purchase or rent in the open market.	9,906	10,291	181
Social and Sustainable Housing LP	Secured lending to leading charities supporting vulnerable people through housing.	9,411	9,494	237
Man GPM RI Community Housing 1 LP	Mixed tenure affordable homes benefiting more disadvantaged groups leased to local authorities and housing associations.	8,006	8,168	39
Resonance Real Lettings Property Fund LP	Homes for families and individuals at risk of homelessness leased to large charities delivering support services.	4,831	5,779	148
Community Investment Fund	An evergreen fund that makes majority secured loans to charities and social enterprises across the UK.	3,922	4,917	146
Community Energy Together Limited	A partnership of five community organisations that own solar farm assets across the UK.	3,540	3,540	160
Bridges Social Outcomes Fund II LP	Investments in social outcomes contracts across the areas of homelessness, children's services, education and training and health.	2,056	2,722	317
Triodos Bank UK Limited 2020 Bond 4% 23/12/2030	Direct investment in a private bond supporting growth of the leading secured lender to sustainability and social impact organisations.	2,500	2,500	100
Charity Bank Co-Invest Portfolio: Abbeyfield York 3.6% 12/05/2049	Co-investments into secured floating rate loans to charities benefiting more disadvantaged groups	2,000	2,000	153

Section 82 of the AIC SORP requires the Company to disclose turnover, pre-tax profits and Net Assets attributable to shareholders at the valuation date. Where such information is not publicly available, this has not been disclosed. Please refer to the financial statements on pages 63 to 78 for these disclosures.

The Company aims to maximise its positive impact on people and the planet. To ensure this happens, we must also invest responsibly by considering ESG risks and opportunities and manage potential negative impacts from our investments. These responsibilities are set out in BSC's Responsible Investment Policy, which forms the basis for the Company's ESG management approach.

Portfolio ESG risk management summary

Key SBSI processes for ensuring ESG alignment and performance		Portfolio status 2024
Signal	Clear signalling that ESG factors are important by publishing and sharing from the outset the Portfolio Manager's Responsible Business Principles (RBPs).	All managers of underlying funds are signed up to the Responsible Business Principles or a carefully assessed equivalent. These are signalled to fund managers during due diligence kick-off presentations and included as part of legal agreements.
Screening	Negative screening applied to ensure the investment opportunity will not invest in any excluded sectors at time of investment. Investees are required to adopt the RBPs (including the negative screen) and provide an annual compliance certificate confirming that BSC's negative exclusions have been adhered to or a carefully assessed equivalent (since 2021).	No underlying investments within excluded sectors.
Assessment	Risk-based assessment of the fund manager's ESG approach to ensure it is appropriate and will identify and manage material ESG risk in frontline investees.	Initial risk-based assessments have been undertaken on all of the Company's investments with no material ESG risks identified that are not being sufficiently managed. A property-specific ESG Due Diligence Questionnaire was rolled out across new investments in 2023 to better identify ESG risks material to the property sector and provide reference points for ESG best practice.
Engagement and stewardship	Building trusted relationships with fund managers that enable the Portfolio Manager to influence their approach, including ESG risk management, and agreeing appropriate metrics for ESG reporting.	Established and trusted relationships with all fund managers in place, including providing advice on regulation and ESG resources on a one-on-one basis. Additional ESG reporting requirements are included in legal agreements for new investments.
Monitoring	The Portfolio Manager maintains an ongoing dialogue about ESG with fund managers and, where appropriate, monitors any ESG-related action plans that respond to material ESG risks.	Clear frameworks for impact measurement within core portfolio. ESG management processes also applied across core portfolio and liquid investments in ethical Bond Funds and Renewables Funds. Annual impact conversations include open discussions of experience in implementing ESG management and alignment to evolving ESG regulatory frameworks.
Learning and market engagement	Engage with peer organisations and wider sectoral bodies to share insights and support the development of standards and best practices.	BSC engaging actively with FCA Sustainability Disclosure Requirements (UK SDR). Contributed to roundtables and discussions hosted by Impact Investing Institute, Global Impact Investing Network (GIIN), VentureESG, the UN Principles for Responsible Investments ("PRI"), and British Venture Capital Association (BVCA). Continued sectoral engagement with the Equity Impact Project in social housing.

ESG standards and benchmarks

The Company has been closely monitoring the evolving landscape of ESG regulatory frameworks, with the most notable development in the last 12 months being the publication of the FCA's Sustainability Disclosure Requirements and anti-greenwashing rule which came into effect in 2024.

BSC and Schroders have been closely engaged with the requirements of the regulatory regime and welcome its publication, which we believe will bring clarity and accountability to investment product labelling and improve impact market practice through the requirement for a coherent theory of change and emphasis on intentionality of the impact, as well as robust measurement.

BSC has published voluntary Task Force on Climate-related Financial Disclosures ("TCFD") for three consecutive years and is currently engaging with external consultants to improve this through measurement of Scope 1–2 emissions and some Scope 3 emissions. The 2023 TCFD disclosures for BSC and Schroders are available on their respective websites.

The Company currently reports greenhouse gas emissions data for 97% of the portfolio (from c. 50% last year). We increased coverage of emissions data across almost all the portfolio with 54% of investments by value reporting data directly by fund managers and 46% of data estimated using the Partnership for Carbon Accounting Financials (PCAF) methodology.

BSC became a Principles for Responsible Investment (PRI) signatory in 2023. The organisation also participates in asset class-wide initiatives, for example, the Equity Impact Project and Sustainability Reporting Standards with respect to housing funds.

Equity, diversity and inclusion ("EDI")

Tackling inequality is at the heart of the Company's mission. Over the last year, the Portfolio Manager has improved the integration of EDI into the investment process, particularly in how EDI is assessed across potential fund managers at point of investment. Through this work, the Company aims to contribute towards improving the EDI practices and representation of its fund managers, so their organisations are more inclusive and psychologically safe for diverse groups, and impact outcomes are experienced by a broader and more diverse group of people.

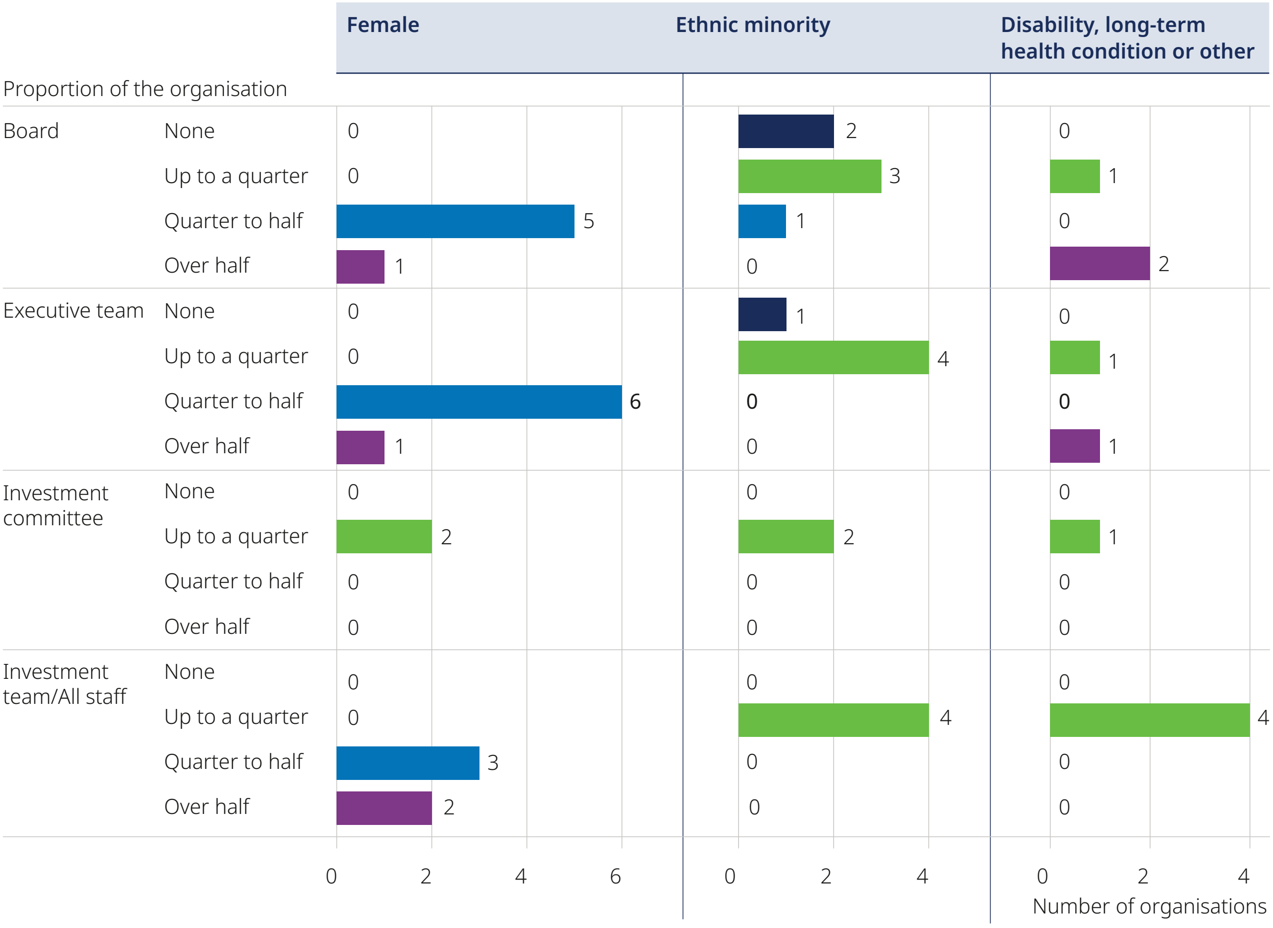
EDI considerations are embedded into the Company's investment strategy, process, portfolio management and reporting. The Portfolio Manager collected diversity and gender pay gap data from underlying portfolio fund managers and developed an EDI assessment framework for due diligence which was tested in new investments. Our approach includes:

1. Setting specific EDI goals within our asset classes.
2. Understanding a manager's EDI practices before we invest, and crucially how they can improve them.
3. Continuing to engage with our managers once we have invested in EDI in portfolio monitoring and data collection.

In 2023, Better Society Capital repeated its survey of fund managers on the representation of their teams. The findings include the responses from 70% of the Company's portfolio, representing an increase of 10 percentage points in portfolio coverage compared to last year. The survey methodology can be found at https://bsc.cdn.ngo/media/documents/About-the-data-in-impact-report.pdf.

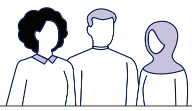
The AIFM's 2023 Inclusion Report can be accessed via this link at: https://mybrand.schroders.com/m/33c134215aeeabb4/original/Schroders-Inclusion-Report-2023.pdf

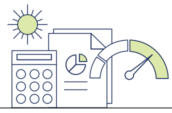
Underlying portfolio fund managers’ EDI survey results

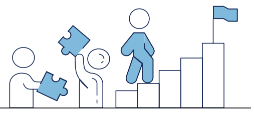


The Portfolio Manager’s EDI action plan

Following a detailed independent review conducted by the executive search consultants, Inclusive Boards, into BSC’s diversity and inclusion approach in 2021, BSC adopted a framework to guide its EDI action plan. The framework identifies three key priority areas and how these are intrinsically linked to BSC’s mission and vision, in addition to its governance. This action plan applies to SBSI operations, allocation and portfolio management.



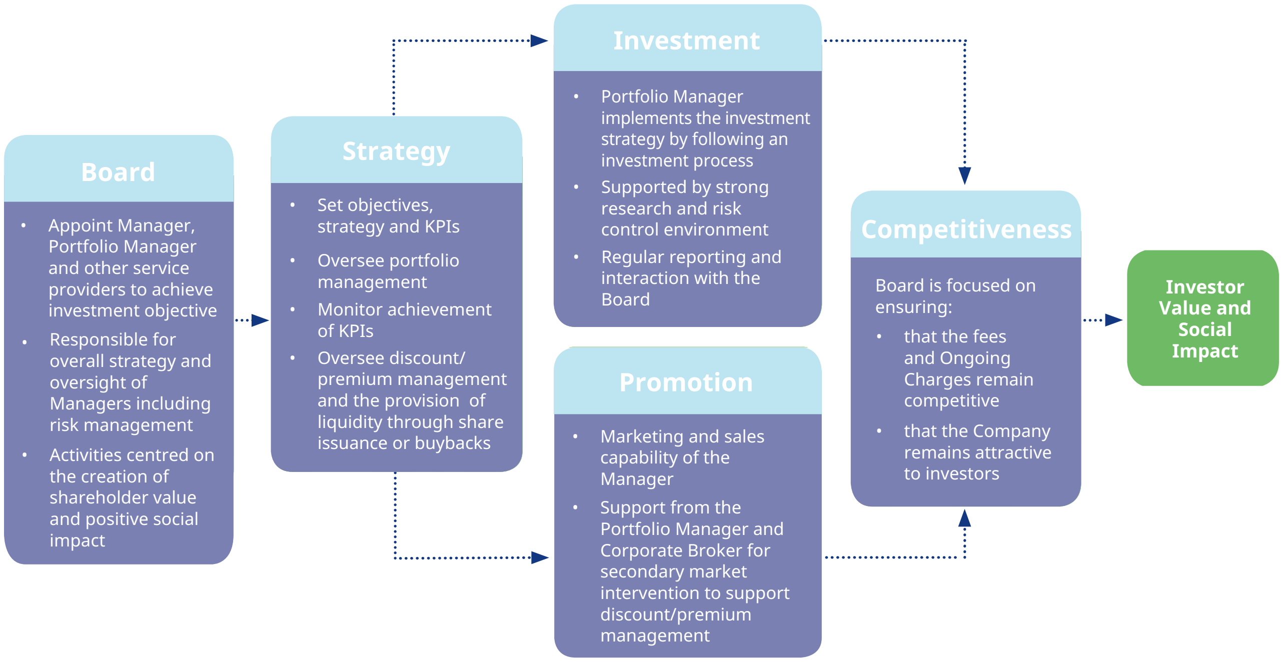




	People and culture	Investment and portfolio	Engagement and market building
Priority areas	Embedding Equity, Diversity and Inclusion into BSC’s culture, policies and practices. We want to ensure we live our values, demonstrating this through our behaviours and how we respect and value each other and the partners and organisations we work with.	There is no such thing as an equality ‘neutral’ investor or investment. In our investment strategy we want to embed Equity, Diversity and Inclusion considerations intentionally, reflecting these in how we articulate our impact approach where it is meaningful wherever possible.	We will work with partners to build our shared capacity and understanding of how to improve Equity, Diversity and Inclusion in the wider sector. Focusing on breaking down barriers, we will develop shared tools and resources with users at the heart of design to support this and collaborate share and amplify the best practice of others.
Progress 2023/2024	– Psychological safety training for all BSC teams and included in annual staff survey – Piloting the use of culture reps as advisers in recruitment for senior roles – Changes to BSC Family-Friendly Policy, giving parents freedom over when they take their maternity, shared parental or adoption enhanced pay – Developing an Equal Opportunities policy to provide a safe, fair and inclusive working environment – Developing a Reasonable Procurement policy setting out the approach to making reasonable procurement decisions	– Collected diversity and gender pay gap data from fund managers and published results in January 2024 – Developed EDI assessment framework for due diligence and tested in new investments – Supported Diversity Data collection project led by Diversity Forum – Contributed to Equality Impact Investing Taskforce, Diversity Forum and DiversityVC	– BSC became the third LP signatory to the Investing in Women Code – Contributed to JRF’s Living Wage Roundtable, VentureESG’s White Paper #3 – Hosted Addressing Imbalance Hackathon in partnership with the Diversity Forum – Launched Investment Committees of the Future programme – Introduced bursaries for training on social investment to support under-represented leaders – Developing language guides to ensure inclusive use of language, images and design

The Strategic Report sets out the Company's strategy for delivering the investment objective set out on the inside front cover, the business model, the risks involved and how the Board manages and mitigates those risks.

It also details the Company's purpose, values and culture, and how it interacts with stakeholders.



Purpose, values and culture

The Company's purpose is to create long term shareholder value.

The Company's culture is driven by its values: Transparency, Engagement and Rigour, with collegial behaviour and constructive, robust challenge. These values are centred on achieving returns for shareholders in line with the Company's investment objective. The Board also promotes the effective management or mitigation of risks faced by the Company and, to the extent it does not conflict with the investment objective, aims to structure the Company's operations with regard to all its stakeholders and takes into account the impact of the Company's operations on the environment and the community.

As the Company has no employees and acts through its service providers, its culture is represented by the values and behaviour of the Board and the third parties to whom it delegates. The Board aims to fulfil the Company's investment objective by encouraging a culture of constructive challenge with all key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in the Company's operations.

Strategy and business model

The Company is a listed investment trust and has outsourced its operations to third party service providers.

The Board has appointed the Manager, Schroder Unit Trusts Limited, to act as the Company's AIFM for the purposes of the AIFM Rules. The Board believes that Schroders' institutional risk management capabilities and infrastructure provide the stable and robust platform needed for the efficient management of the Company. The AIFM is responsible for providing administrative, company secretarial and marketing services to the Company. These include general fund administration services (including calculation of the NAV based on the data provided by the Portfolio Manager), bookkeeping, and accounts preparation.

The Company and the AIFM have appointed Better Society Capital Limited (the "Portfolio Manager") to provide portfolio management and related services in respect of the Company's portfolio. The terms of the appointments are described more completely in the Directors' Report. The Manager also promotes the Company using its sales and marketing teams. The Board, Manager and Portfolio Manager work together to deliver the Company's investment objective, as demonstrated in the diagram above. The investment and promotion processes set out in the diagram are described in more detail below.

Investment objective

The Company's investment objective is to deliver measurable positive social impact as well as long term capital growth and income, through investing in a diversified portfolio of private market Impact Funds, co-investments alongside impact investors and direct investments in order to gain exposure to private market Social Impact Investments.

The Company aims to provide a Net Asset Value total return of CPI plus 2% per annum (once the portfolio is fully invested and averaged over a rolling three- to five- year period, net of fees) with low correlation to traditional quoted markets while helping to address significant social issues in the UK.

Investment policy

The Company will invest in a diversified portfolio of private market Impact Funds and Co-Investments alongside such funds or other impact investors (including the Portfolio Manager), which in turn support charities and social enterprises, with a focus on the United Kingdom. The Company may also make Direct Investments. The Company will make Social Impact Investments that seek to deliver a positive social outcome together with a financial return, including but not limited to Investments in:

- **High Impact Housing** – Including property funds that either acquire or develop high quality affordable housing, from more specialist housing for vulnerable groups (for example, transition accommodation for people who were formerly homeless or fleeing domestic violence) to housing for low income renters currently living in poor quality or insecure accommodation.
- **Debt and Equity for Social Enterprises** – Including charity bonds, portfolios of secured loans and funds that invest in established social enterprises via mezzanine debt and/or equity.
- **Social Outcomes Contracts** – Contracts between a public sector or government body and a delivery organisation whereby an external investor provides upfront capital to the delivery organisation and is repaid by the income stream from the public sector body based upon social outcomes delivered rather than on a fee for service basis.

The market for Social Impact Investments in the United Kingdom is a rapidly evolving market and the Company retains the flexibility to invest in Social Impact Investments other than those in the three categories set out above.

The Company will typically obtain exposure to Social Impact Investments through investing in Impact Funds and Co- Investments. The Company will usually make investments on a commitment basis, expected to be called over a period of time. The Company will generally hold minority interests in Impact Funds, but may hold majority interests where appropriate including, for example, where the Company may be a cornerstone investor alongside the Portfolio Manager. Co-Investments would be made alongside third party impact investors, including the Portfolio Manager. It is expected that the Company will invest in Impact Funds and Co-Investments alongside the Portfolio Manager, benefitting from the broad range of opportunities sourced by the Portfolio Manager. Direct Investments are not expected to comprise a material proportion of the Company's portfolio.

The portfolio composition at any one time will reflect the opportunities available to the Portfolio Manager, based on the performance, social impact and maturity of the Impact Funds, Co-Investments and Direct Investments.

Investment process

Better Society Capital begins by identifying and framing solutions to deep rooted social issues where investment could play a role, seeking to understand the available revenue models and their financial and social impact potential and risks. Better Society Capital also receives inbound proposals to address these social issues and, where investment products are not currently available, aims to design these proposals with suitable partners.

Better Society Capital then undertakes robust investment analysis to test a proposed investment's hypothesis for both financial returns and social impact. Better Society Capital leverages proprietary tools and tests to analyse the context of a proposal, the impact outcomes and financial drivers and their associated risks, including ESG-related risks, and to analyse the delivery risk by conducting due diligence on the operational and management aspects of the proposal. There is a strong learning culture at Better Society Capital that is reflected throughout the investment process to ensure that lessons learned from Better Society Capital's existing portfolio and the team's diverse experience are reflected in its analysis and recommendations.

In selecting investments, Better Society Capital analyses the revenue streams of the underlying investments. Government funding may be available to address significant social issues in the UK, but the innovation or delivery to best tackle the issues lies in the charity and social enterprise sector. From a financial perspective these businesses have demand, risk and return characteristics that are distinct from mainstream financial markets given the government revenue streams.

When building the Company's portfolio, Better Society Capital aims to use the team's financial and impact understanding to produce an optimal, diversified portfolio to deliver the target financial and impact outcomes and to manage risk. It is anticipated the Company will invest in the more proven investment models and managers that have been developed within the existing Better Society Capital portfolio.

Idea Generation
Actively search for new investment opportunities. Better Society Capital starts with the social issue and then designs and improves routes to bring together the needs of enterprises and investors.

Deal Origination
Significant reach in sourcing investments through: 1) Better Society Capital's strong reputation; 2) support of existing managers to develop new proposals; 3) actively seek out new managers to develop new proposals; and 4) maximise the team's network.

Pre – Due Diligence
Idea is formally tested against investment and portfolio allocation objectives.

Due Diligence
Range of proprietary tools used throughout the process, including management DD, DD toolkits across impact, financial and operational due diligence, model and review templates and deal structuring guidelines.

Investment Approval
Debate and challenge. The deal team submits a proposal to an investment committee dedicated to the Company's portfolio. The proposal focusses on clarity, testable theses, key performance indicators and risk.

Deal Structuring and execution
Transaction structures and documentation created to mitigate risks identified during due diligence while maintaining incentives for the investee. During documentation the deal team will work with the investee company to agree an implementation plan. For example an 'impact canvas' is developed and agreed, which is a tool that summarises the key objectives of the investment and the resulting KPIs that will be monitored over the life of the investment.

Portfolio Management
1. Managing investment performance across impact on people and financial return.
2. Supporting fund managers and investee companies development providing structured support where they face common challenges e.g. impact management.
3. Engaging with fund managers and investee companies to support delivery of impact.

Performance Monitoring and Valuation
1. Valuation Committee – meets half yearly to consider and approve for recommendation to the Board.
2. Performance Committee – meets half yearly to compare against original investment thesis and identify any actions required and what lessons can be drawn.

Exit
After working to an exit to best deliver financial and impact returns the team will reflect on lesson learned during the life of the investment and prepare a report for Better Society Capital's learning database.

Investment restrictions
The Company will manage its assets with the objective of spreading risk through the following investment restrictions that limit the Company's exposure to not more than:

- 60% of Net Assets in High Impact Housing;
- 60% of Net Assets in Debt and Equity for Social Enterprises, of which, not more than 30% of Net Assets will be held in equity interests via funds;
- 40% of Net Assets in Social Outcomes Contracts;
- 30% of Net Assets in Social Impact Investments other than High Impact Housing, Debt and Equity for Social Enterprises and Social Outcomes Contracts;
- 10% of Net Assets to a single Investment, held directly or indirectly on a look-through basis;
- 20% of Net Assets to any one Impact Fund;
- 25% of Net Assets to Impact Funds managed or advised by the same investment management and advisory group; and
- 15% of Net Assets to non-UK Investments.

Each of the above restrictions will be calculated at the time of commitment and where the Company's exposure will be the aggregate of the value of the Company's Investments plus its outstanding commitments. Where the Company makes an Investment otherwise than on a commitment basis, the time of commitment will be the time of investment.

The Company will not be required to dispose of any investment or to rebalance the portfolio as a result of a change in the respective valuations of its assets. However, the Portfolio Manager will regularly monitor the portfolio and may make adjustments from time to time consistent with the objective of spreading risk. Where the calculation of an investment restriction requires an analysis of underlying Investments held by an Impact Fund in which the Company is invested, such calculation will be based on the information reasonably available to the Portfolio Manager at the relevant time.

As a result of managing its assets and spreading investment risk in accordance with the above restrictions, the Company expects to have diversified exposure across its various counterparties and co-investors.

Hedging and derivatives
The Company will not employ derivatives of any kind for investment purposes.

Whilst the Company may use derivatives for currency hedging purposes, non-Sterling exposures are expected to be limited and, to the extent there are such exposures, the Company currently anticipates that these will not be hedged.

Borrowing policy

The Company may, from time to time, use borrowings for working capital and portfolio management purposes, including for the purpose of satisfying capital calls and the short term funding of investments. Borrowings will not exceed 20% of the Company's Net Assets, calculated at the time of borrowing.

Cash and liquidity management

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds and tradeable debt securities. In order to efficiently allocate the Company's funds whilst it may otherwise hold significant levels of cash, the Company may also make short and medium term liquid investments, including in social bond funds, closed-ended listed funds and other liquid ESG investments, that the Portfolio Manager considers are consistent with the Company's liquidity requirements, investment policy, investment guidelines and risk profile while also meeting high ESG criteria ("Liquidity Assets"). The Company may invest up to 30% of Net Assets in Liquidity Assets, measured at the time of investment. The Company intends to only utilise the full 30% allocation immediately after a fundraise and at most times no more than 20% of Net Assets shall be invested in Liquidity Assets.

The Company will seek to ensure the Liquidity Assets target the Portfolio Manager's responsible investment policy, which is underpinned by nine core responsible business principles, including:

- 'Do No Harm' – To minimise negative impacts on target beneficiaries and communities, the environment, employees, and all stakeholders.
- 'Protect the Environment' – To promote and practice the efficient use of natural resources and protect the environment wherever possible.
- 'Inclusive Practices' – To promote equality, diversity and inclusion practices through good corporate governance and decision making, employment, organisational culture and values, and operational delivery.

When identifying key ESG risks, the Portfolio Manager aims to be proportionately compliant with its responsible investment policy, based on an assessment of the materiality of the ESG risks and best practice within the target industry.

The policy is integrated into the Portfolio Manager's investment approach. For example, material ESG risks that are identified will be reported to the SBSI Investment Committee when a recommendation paper is presented for decision.

Co-Investments would be made alongside third party impact investors, including the Portfolio Manager. It is expected that the Company will invest in Impact Funds and Co-Investments alongside the Portfolio Manager, benefitting from the broad range of opportunities sourced by the Portfolio Manager. Direct Investments are not expected to comprise a material proportion of the Company's portfolio.

The portfolio composition at any one time will reflect the opportunities available to the Portfolio Manager, based on the performance, social impact and maturity of the Impact Funds, Co-Investments and Direct Investments. There may be times when it is appropriate for the Company to have a significant cash or cash equivalent position instead of being fully or near fully invested, including for the purpose of seeking to satisfy expected capital calls on commitments to Impact Funds and to manage the working capital requirements of the Company.

There is no restriction on the amount of cash or cash equivalent investments that the Company may hold. Cash and certain cash equivalents will be held with approved counterparties and in line with prudent cash management guidelines agreed between the Board, AIFM and Portfolio Manager.

Changes to the investment policy

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution. Non-material changes to the investment policy may be approved by the Board. A proposed new investment objective and policy will be put to shareholders at an EGM to align with SDR principles and guidance. Please see the Chair's Statement on pages 8 to 10 for further details.

In the event of a breach of the investment policy set out above and the investment and gearing restrictions set out therein, the Portfolio Manager shall inform the AIFM and the Board upon becoming aware of the same and if the AIFM and/or the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

Promotion and shareholder relations

The Company promotes its shares to a broad range of investors who have the potential to be long-term supporters of the investment strategy. The Company seeks to achieve this through its Manager and corporate broker, which promote the shares of the Company through regular contact with both current and potential shareholders.

Promotion is focused via two channels:

- Discretionary fund managers. The Manager promotes the Company via both London and regional sales teams.
- Retail end investors. The Company promotes its shares via engaging with platforms, via the press, and through its webpages.

These activities consist of investor meetings, one-on-one meetings, regional road shows and attendance at conferences for professional investors. In addition, the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors; this includes maintaining close relationships with advisers and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schroders' website. The Board also seeks active engagement with investors, and meetings with the Chair are offered to professional investors where appropriate. Shareholders are also encouraged to sign up to the Manager's Investment Trusts update, to receive information on the Company directly.

Details of the Board's approach to discount management and share issuance may be found in the Annual General Meeting Recommendations on page 80.

Shareholder relations are given high priority by both the Board and the Manager. In addition to the engagement and meetings held during the year described on page 45, the chairs of the Board and committees and the other directors, usually attend the AGM and are available to respond to queries and concerns from shareholders. The Board is keen to hear from shareholders and can do so by writing to the Company Secretary (Company Secretary, Schroder BSC Social Impact Trust plc, 1 London Wall Place, London EC2Y 5AU), or emailing amcompanysecretary@schroders.com.

Key performance indicators

The Board measures the development and success of the Company's business through the achievement of the Company's investment objective. Comments on performance against the investment objective can be found under Key Performance Indicators, in the Chair's Statement and in the Portfolio Manager's Report.

Ongoing charges

The Board continues to review the Company's Ongoing Charges to ensure that the total costs incurred by shareholders in the running of the Company remain fair and competitive when measured against peer group funds and other market factors. An analysis of the Company's costs, including management fees, directors' fees and general expenses, is submitted to each Board meeting. Management fees are reviewed at least annually. Costs incurred within the Company's investments are not included in the Company's ongoing charges.

Corporate and social responsibility

The Board recognises the Company's responsibilities with respect to corporate and social responsibility and engages with its outsourced service providers to safeguard the Company's interests. As part of this ongoing monitoring, the Board receives reporting from its service providers with respect to their anti-bribery and corruption policies, Modern Slavery Act 2015 statements, diversity policies, and greenhouse gas and energy usage reporting.

Further disclosures

EDI policy

The Board has adopted an EDI policy which seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board recognises that its debates and decision-making are greatly enriched by a wider range of perspectives and thinking.

The Board will encourage any recruitment agencies it engages to find a range of candidates that meet the objective criteria agreed for each appointment. Appointments will always be based on merit and objective criteria, and within this context, promote diversity, inclusion, and equal opportunity. Candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board taking into account the criteria for the role being offered. The Board also considers the EDI policies of its service providers.

Implementation of EDI policy

The Board has adopted the target set out in the UK Listing Rules in relation to diversity which requires that:

(i) at least 40% of individuals on the Board are women;

(ii) at least one of the senior Board positions is held by a woman; and

(iii) at least one individual on the Board is from a minority ethnic background.

As an investment trust with no executive officers and no senior independent director. The Board has reflected the senior position of the Chair in its diversity tables below.

The Board has chosen to align its diversity reporting reference date with the Company's financial year end and proposes to maintain this alignment for future reporting periods.

The Company has met all but the target for one individual to be from a minority ethnic background at its chosen reference date, 30 June 2024, but this target was met before the date of publication of the annual report and accounts.

The data as at 30 June 2024 is set out in the tables below.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Listing Rules Target
Men	2	50%	0	Women should make up at least 40% of the Board and hold at least one of the senior positions
Women	2	50%	1	

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Listing Rules Target
White British or other White (including minority-white groups)	4	100%	1	At least one member of the Board should be from an ethnic minority background excluding white ethnic groups (as set out in categories used by the Office for National Statistics)
Mixed/Multiple Ethnic Groups	0	0%	0	
Asian/Asian British	0	0%	0	
Black/African/Caribbean/ Black British	0	0%	0	
Other ethnic group, including Arab	0	0%	0	
Not specified/prefer not to say	0	0%	0	

Given that the Company is an investment trust with no executive Board members, the columns and references regarding executive management have not been included in the above table.

Financial crime policy

The Company continues to be committed to carrying out its business fairly, honestly and openly and operates a financial crime policy (available on the Company's website), covering bribery and corruption, tax evasion, money laundering, terrorist financing and sanctions, as well as seeking confirmations that the Company's service providers' policies are operating soundly.

Modern Slavery Act 2015

As an investment trust, the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Greenhouse gas emissions and energy usage

The Company qualifies as a low energy user and is exempt from reporting under the Streamlined Energy & Carbon Reporting requirements. It has no significant greenhouse gas emissions, energy consumption or energy efficiency action to report.

Responsible investment

The Company delegates to its Portfolio Manager the responsibility for taking ESG issues into account when assessing the selection, retention and realisation of investments. The Board expects the Portfolio Manager to engage with investee companies on social, environmental and governance issues and to promote best practice.

Stakeholder reporting and promoting the success of the Company, section 172 of the Companies Act 2006

The directors are required to include in the annual report a statement which describes how they have discharged their duties under section 172 of the Companies Act 2006 in promoting the success of the Company for the benefit of its members as a whole having regard to certain matters. This includes the likely consequences of the decisions in the longer term and how wider stakeholders' needs have been taken into account.

As an externally managed investment trust, the Company has no employees, operations or premises. The Board has identified its key stakeholders as the Company's shareholders, the Manager and the Portfolio Manager, other service providers and the investee companies/ social impact managers.

The following disclosure explains how the directors have engaged with stakeholders, how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions. Key activities undertaken during the reporting period are also outlined.

Stakeholder	Engagement
Shareholders	The Board recognises the importance of engaging with shareholders on a regular basis in order to maintain a high level of transparency and accountability. The Board receives regular reports from the Manager and broker on shareholder engagement, and the Manager and Portfolio Manager maintain regular and open dialogue with shareholders. The Manager also has a dedicated client services team which maintains regular contact with the Company's shareholders and reports regularly to the Board. Shareholders can also contact the Chair and directors throughout the year via the Company Secretary or the Corporate Broker. The Chair is also available to meet major shareholders to understand their views and to help inform the Board's decision making process. During the year under review a number of meetings and correspondence of this nature took place. The Company maintains a website from which copies of the annual and half year reports along with factsheets and other relevant materials are available. Shareholders are also invited to attend the AGM at which they have the opportunity to speak directly with the directors and Portfolio Manager. The Board is responsible for formulating the strategy to manage the discount or premium at which the Company's shares trade to NAV. The strategy is designed to contain discount volatility, provide liquidity to the market and enhance returns to shareholders.
Manager and Portfolio Manager	The Board's main working relationships are with the Manager and the Portfolio Manager. The Manager is responsible for providing administrative, company secretarial, accounting and marketing services to the Company. Together with the Company, the Manager has appointed the Portfolio Manager to perform portfolio management and related services in respect of the Company's portfolio. The Board maintains a constructive and collaborative relationship with the Manager and Portfolio Manager, encouraging open discussion. The Board invites the Portfolio Manager to attend all Board and certain committee meetings and receives regular reports on the performance of the portfolio and the implementation of the investment strategy, policy and objective. The portfolio activities undertaken by the Portfolio Manager and the impact of decisions affecting investment performance are set out in the Portfolio Manager's Review on pages 11 to 21. The Management Engagement Committee reviews the performance of the Manager and Portfolio Manager, their remuneration and the discharge of their contractual obligations at least annually.
Other service providers, including: **– depositary and custodian** **– registrar** **– corporate broker** **– legal counsel** **– third-party research provider**	The Board maintains regular contact with its key service providers, both at Board and committee meetings, and through ad hoc communication during the year. The need to foster business relationships with key service providers is central to the directors' decision-making as the Board of an externally managed investment trust. During the year, the Management Engagement Committee undertook reviews of the third-party service providers and agreed that their continued appointment remained in the best interests of the Company and its Shareholders. Directors attended a meeting during the year to assess the internal controls of certain service providers including the Company's Depositary HSBC Bank, the registrar, Equiniti and Schroder's Group Internal Audit. These meetings enable the Board to conduct due diligence on operations and IT risks amongst service providers; and to receive up to date information on changes to regulation and market practice in the industry.

Stakeholder	Engagement
Investee companies/ Social impact managers	The Board recognises the importance of good stewardship and communication with investee companies/social impact managers to whom assets are allocated in meeting the Company's investment objective and strategy. The Portfolio Management team conducts face-to-face and/or virtual meetings with all portfolio companies' management teams to understand current trading and prospects for their funds and businesses, and to ensure that their ESG investment principles and approach are understood. The Portfolio Manager, where available, has representatives in governance bodies of investee companies (such as Board seats, voting or observer roles in investment committees, or representation in Advisory Committees). The Portfolio Manager reports to the Board on stewardship issues and the Board will question the rationale for decisions made. Through engagement and exercising governance rights, the Portfolio Manager actively works with companies to improve corporate standards, transparency and accountability.

Please refer to the Impact Highlights on pages 4 and 5 and the Company's Impact Report 2024 in relation to the impact of the Company's operations on the community and Environmental, Social and Governance Risk Management on page 25 in relation to the impact of the Company's operations on the environment.

Specific examples of stakeholder consideration during the year:

The directors were particularly mindful of stakeholder considerations in reaching the following key decisions during the year ended 30 June 2024, accordingly:

- the Board has declared an interim dividend made up wholly of an interest distribution of 2.94p per ordinary share (2023: 2.30p) to be paid on 20 December 2024 to shareholders on the register as at 15 November 2024;
- The Company continued to buy back a limited number of shares with the aim of managing the discount at which the shares were trading to NAV, with a continued focus on sales and marketing efforts;
- the Chair has actively engaged with current and prospective shareholders who may have a desire, or mandate, to allocate or further allocate to social impact;
- webinars and forums have been held to educate and inform investors; and
- ongoing work to adopt the SDR "Sustainability Impact" label.

Principal and emerging risks and uncertainties

The Board, through its delegation to the Audit and Risk Committee, is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit and Risk Committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both principal and emerging risks and the monitoring system are subject to robust assessment at least annually.

Risk assessment and internal controls review by the Board

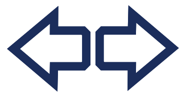
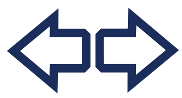
Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit and Risk Committee, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition. The internal control environment of the Manager, Portfolio Manager, depositary and the registrar are tested annually by independent external auditors. The reports are reviewed by the Audit and Risk Committee.

During the year, the Board discussed and monitored a number of risks which could potentially impact the Company's ability to meet its strategic objectives. The Board received updates from the Manager, Portfolio Manager, Company Secretary and other service providers on emerging risks that could affect the Company, where appropriate.

Although the Board believes that it has a robust framework of internal control in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk. Actions taken by the Board and, where appropriate, its Committees, to manage and mitigate the Company's principal and emerging risks and uncertainties are set out in the table below. Both the principal and emerging risks and uncertainties and the monitoring system are subject to robust assessment at least annually. The most recent assessment took place in October 2024. The Committee concluded that the Company's risk management and internal control systems remain effective with no significant control failings or weaknesses identified.

The "Change" column on the right highlights the Audit and Risk Committee's assessment of any increases or decreases in risk during the year after mitigation and management. The arrows show the risks as increased or decreased, and sideway arrows show risks as stable.

Risk	Mitigation and management	Change
Strategic risk Investment objective is out of line with the requirements of investors or demand for the shares is not as great as the supply leading to a persistently large discount.	The appropriateness of the Company's investment remit is regularly reviewed and the success of the Company in meeting its stated objectives is monitored. Market feedback and share price information is monitored with regular communication with the Company's broker. The Board actively supports continued marketing and promotional activities. Such activities are the result of a collaboration of the Board and the Company's Manager as well as the Portfolio Manager. A target list of potential shareholders is monitored and updated. The Board monitors the Company's share price relative to its NAV and will buy back shares when the Company trades at a discount. Commensurately, the Board will issue shares when it trades as a premium to NAV.	
Continuity risk If in the two-year period ending on 31 December 2023, and in any two-year period following such date, the Company's ordinary shares have traded, on average, at a discount in excess of 10% to Net Asset Value per Share, the directors will propose an ordinary resolution at the Company's next annual general meeting that the Company continues its business as presently constituted (the "Continuation Resolution"). The current period under assessment is the two-year period to 31 December 2025. In the event that a vote was triggered shareholders would be provided with the opportunity to vote on whether the Company should continue in its present form at the AGM in 2026.	The Portfolio Manager has extensive experience and a track record in accurately timing the exits of private equity investments. The Board will regularly monitor the position to ensure that any alternative proposals to be made to shareholders, which will add value to investors, are put forward at an appropriate time. The Board is in regular contact with BSC and Schroders and would make a judgement ahead of the vote on the best course to be navigated. If the Continuation Resolution is not passed, the directors will put forward proposals for the reconstruction or reorganisation of the Company, bearing in mind the liquidity of the Company's investments, as soon as reasonably practicable following the date on which the Continuation Resolution is not passed.	

Risk	Mitigation and management	Change
Investment management risks Poor investment performance against objective.	The Board monitors investment performance, investment risk and portfolio activity at each quarterly meeting. The AIFM and Portfolio Manager are subject to an annual review of their suitability as conducted by the Management Engagement Committee, alongside an annual presentation by the AIFM's Risk and internal audit functions. The Portfolio Manager has extensive experience in selecting private Social Impact Investments and has a robust investment process. The Portfolio Manager makes investments according to a tested and robust process and based on the goal of achieving the target return. A pipeline of opportunities is vetted and reviewed, and significant care is taken in selecting high-quality investments. The Portfolio Manager receives regular management information and engages regularly with investees to monitor and ensure performance to plan. If performance is unsatisfactory over a prolonged period the Board will seek to replace the AIFM and/or the Portfolio Manager. Whilst the stated investment return objective has yet to be met, it remains the ambition of the Board, the Manager, and the Portfolio Manager to achieve this.	
Poor social impact performance against objective.	The Board reviews impact and publishes an annual impact report. The AIFM and Portfolio Manager are subject to an annual review of their suitability as conducted by the Management Engagement Committee. The Portfolio Manager has extensive experience in selecting private social impact investments and has a robust investment process which ensures that the anticipated positive impact of investee companies is realistic and achievable. The Portfolio Manager undertakes robust investment analysis on the context of proposals, impact outcomes, financial drivers, and associated risks. The Portfolio Manager receives regular management information and engages regularly with investees to monitor and ensure performance to plan. If performance is unsatisfactory over a prolonged period the Board will seek to replace the AIFM and/or the Portfolio Manager.	
Liquidity risk Liquidity risks which include those risks resulting from holding private equity investments as well as not being able to participate in follow-on fund-raises through lack of available capital which could result in dilution of an investment as well as risks relating to investment commitments and capital calls.	The Portfolio Manager is experienced in managing social impact investments and seeks to accurately time the realisation of Company's investments. Concentration limits imposed on single investments to minimise the size of positions. The Portfolio Manager can sell Liquidity Assets to meet investment commitments and capital calls. The Portfolio Manager will monitor and manage cash flows and expected capital calls. The Portfolio Manager will seek to manage cash-flow such that the Company will be able to participate in follow-on fund-raises where appropriate.	

Risk	Mitigation and management	Change
Valuation risk Private equity investments are more difficult to value than publicly traded securities. A lack of open market data and reliance on investee company projections may also make it more difficult to estimate fair value on a timely basis.	Contracts with investee companies and funds are drafted to include obligations to provide information to the Portfolio Manager in a timely manner, where possible. The Portfolio Manager and AIFM have extensive track records of valuing privately held investments. A valuation policy has been agreed by the AIFM and Portfolio Manager and includes a robust process for the valuation of assets, including consideration of the valuations provided by investee companies and the methodologies they have used. Any changes to this policy must be approved by the Audit and Risk Committee. The Audit and Risk Committee reviews all valuations of unlisted investments and challenges the methodologies used by the Portfolio Manager and AIFM. The Audit and Risk Committee may also appoint an independent party to complete a valuation of the Company's assets. Valuation of investments is a focus for BDO, the external auditor.	⇔
Cybersecurity risks Each of the Company's service providers is at risk of cyber attack, data theft or disruption to their infrastructure which could have an effect on the services they provide to the Company. While the risk of financial loss by the Company is probably small, the risk of reputational damage and the risk of loss of control of sensitive information is more significant, for instance a GDPR breach. Many of the Company's service providers and the Board often have sensitive information regarding transactions or pricing and information regarded as inside information in regulatory terms. Data theft or data corruption per se is regarded as a lower order risk as relevant data is held in multiple locations.	The Board receives controls reports from its key service providers which describe the protective measures they take as well as their business recovery plans. In addition, the Board receives an annual presentation from the Manager on cyber risk.	⇔
Economic, policy, and market risk Changes in general economic and market conditions, such as interest rates, inflation rates, industry conditions, tax laws, political events and trends can substantially and adversely affect the value of investments. Market risk includes the potential impact of events which are outside the Company's control, such as pandemics, civil unrest and wars. Policy risk includes the potential negative impact of changes in UK government policies that affect the business models, revenue streams or have other material implications for investees.	The risk profile of the portfolio is considered and appropriate strategies to mitigate any negative impact of substantial changes in markets and government policies are discussed with the Portfolio Manager. Policy risk is mitigated by working with organisations that have been successfully operating for several decades, navigating different policy environments, and making investments that benefit from some element of asset backing and engagement with all major political parties on social impact investments through the Portfolio Manager.	⇔

Risk assessment and internal controls review by the Board

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit and Risk Committee. This includes the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition.

No significant control failings or weaknesses were identified from the Audit and Risk Committee's ongoing risk assessment which has been in place throughout the financial year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company.

A full analysis of the financial risks facing the Company is set out in note 20 to the accounts on pages 75 to 77.

Viability statement

The directors have assessed the viability of the Company over a five year period, taking into account the Company's position at 30 June 2024 and the potential impact of the principal risks and uncertainties it faces for the review period. The directors have assessed the Company's operational resilience and they are satisfied that the Company's outsourced service providers will continue to operate effectively.

A period of five years has been chosen as the Board believes that this reflects a suitable time horizon for strategic planning, taking into account the investment policy, the continuation vote, liquidity of investments, payment of commitments, potential impact of economic cycles, nature of operating costs, dividends and availability of funding. This time period also reflects the average holding period of an investment.

In its assessment of the viability of the Company, the directors have considered each of the Company's principal risks and uncertainties detailed on pages 34 to 36. The directors have also considered the Company's income and expenditure projections, liquid investments, cash balances as well as commitments to provide further funding to the Company's private equity investee companies and that the Company currently has no borrowings. A substantial proportion of the Company's expenditure varies with the value of the investment portfolio. In the event that there is insufficient cash to meet the Company's liabilities, the liquid investments in the portfolio may be realised.

The Company has additionally performed stress tests which confirm that a 50% fall in the market prices of the portfolio would not affect the Board's conclusions in respect of going concern.

The Board monitors the portfolio risk profile, limits imposed on gearing, counterparty exposure, liquidity risk and financial controls at its quarterly meetings. Although there continue to be regulatory changes which could increase costs or impact revenue, the directors do not believe that this would be sufficient to affect its viability.

The Board has assumed that the business model of a closed ended investment company, as well as the Company's investment objective, will continue to be attractive to investors. The directors also considered the beneficial tax treatment the Company is eligible for as an investment trust. If changes to these taxation arrangements were to be made it would affect the viability of the Company to act as an effective investment vehicle.

The Board sought information from the broker and engaged in discussions with Better Society Capital and Schroders, who in aggregate hold 51% of the Company's total voting rights as at 30 September 2024. Therefore, the Board anticipates that shareholders will be supportive should a Continuation Resolution be put forward at the AGM in 2026.

Therefore, directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of their assessment.

Going concern

The directors have assessed the principal risks, the impact of the emerging risks and uncertainties and the matters referred to in the viability statement. Based on the work the directors have performed, they have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the directors, being the period to 31 October 2025 which is at least twelve months from the date the financial statements were authorised for issue.

In forming this opinion, the directors have taken into consideration: the controls and monitoring processes in place; the Company's level of debt, undrawn commitments and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn; the Company's cash flow forecasts and the liquidity of the Company's investments. In forming this opinion, the directors have also considered any potential impact of climate change, and the risk/impact of elevated and sustained inflation and interest rates on the viability of the Company. The Company has additionally performed stress tests which confirm that a 50% fall in the market prices of the portfolio would not affect the Board's conclusions in respect of viability.

By order of the Board

Schroder Investment Management Limited
Company Secretary

23 October 2024

Governance

Governance

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Susannah Nicklin

Status: Independent non-executive Chair

Length of service: appointed a director and Chair in November 2020.

Experience: Susannah Nicklin, CFA, is an investment and financial services professional with 25 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also previously been involved in the social impact private equity sector with Bridges Ventures, the Global Impact Investing Network and Impact Ventures UK. She was previously a non-executive director of Baronsmead Venture Trust plc, Pantheon International plc and Amati AIM VCT plc. She is currently non-executive director of The North American Income Trust plc, Ecofin Global Utilities and Infrastructure Trust plc, and chair of Frog Capital LLC. Susannah is also serving on the AIC ESG Forum.

Committee membership: Audit and Risk, Management Engagement and Nomination.

Current remuneration: £40,000 per annum

Number of shares held: 25,412*

Mike Balfour

Status: Independent non-executive director and Chair of Audit and Risk Committee

Length of service: appointed a director in November 2020.

Experience: Mike Balfour is chair of Fidelity China Special Situations plc and a non-executive director and chair of the audit committee of abrdn Property Income Trust plc. He also chairs TPT Investment Management. He has over 35 years' experience in financial services. He was chief executive of Thomas Miller Investment Ltd until 2016 and prior senior appointments included chief executive at Glasgow Investment Managers and chief investment officer at Edinburgh Fund Managers Limited. He is a member of the Institute of Chartered Accountants of Scotland.

Committee membership: Audit and Risk (Chair), Management Engagement and Nomination.

Current remuneration: £35,000 per annum

Number of shares held: 30,000*

James B. Broderick

Status: Independent non-executive director and Chair of Management Engagement Committee

Length of service: appointed a director in November 2020.

Experience: James B. Broderick is deputy chair of the Impact Investing Institute, with primary responsibility for leading the engagement with UK pension funds. He also worked in 2016-2019 with the Institute's predecessor bodies, the Implementation Taskforce on Growing a Culture of Social Impact Investing, and the Advisory Group, both sponsored by the Cabinet Office. He is currently a trustee of Philanthropy Impact, which works with advisors, philanthropists and charities to promote philanthropy and social impact investing.

James was head of UBS Wealth Management in the UK & Jersey for five years before retiring in 2018, in which position he also served as chair of UBS Optimus Foundation (UK). Before that, he worked for 19 years at JPMorgan Asset Management, latterly as head of its EMEA business. In that position, he was CEO and/or director of the firm's principal asset management and insurance subsidiaries in the UK, and a director of the principal affiliated mutual fund investment and management companies in continental Europe.

Committee membership: Audit and Risk, Management Engagement (Chair) and Nomination.

Current remuneration: £30,000 per annum.

Number of shares held: 500,000*

*Shareholdings are as at 30 June 2024, full details of directors' shareholdings are set out in the Directors' Remuneration Report on page 54.

Alice Chapple

Status: Independent non-executive director and Chair of Nomination Committee

Length of service: appointed a director in November 2020.

Experience: Alice Chapple is an economist and a specialist in impact investment and impact assessment. She established Impact Value, a consultancy advising on impact investment, in October 2012. Before establishing Impact Value, Alice worked as director of sustainable financial markets at Forum for the Future.

Prior to Forum for the Future, she worked at UK development finance institution CDC (now BII) as financial analyst, fund manager and social and environmental advisor. In the late 1990s, she established a programme for evaluation of development impact and in the 2000s she designed processes for fund managers to assess the ESG aspects of their investments.

Alice's current roles include chair of the Tracker Group (which seeks to align capital markets with a sustainable future through Carbon Tracker and Planet Tracker), chair of the Walcot Foundation, trustee of the Shell Foundation, director of i(x) Net Zero and member of the Advisory Boards of Acre Impact Fund, WHEB Asset Management, Frontier Finance Solutions. Alice has also developed the University of Cambridge Institute of Sustainability Leadership's course on sustainable finance.

Committee membership: Audit and Risk, Management Engagement and Nomination (Chair).

Current remuneration: £30,000 per annum.

Number of shares held: 10,000*

Ranjan Ramparia

Status: Independent non-executive director

Length of service: appointed a director in October 2024.

Experience: Ms Ramparia is a qualified Chartered Accountant and experienced business professional. Her background is in corporate finance and investment management. She started her career in 1992 with PricewaterhouseCoopers working in the financial services audit, valuations and corporate finance divisions. Her early career was as a fund manager with Knox D'Arcy Investment Management, and she has over 14 years' experience of investing in UK equities, including investment trusts and private equity. She has significant experience of regulatory and compliance matters having worked in the asset management sector and served on the boards of regulated companies.

Ms Ramparia is an independent adviser and finance professional. She is a non-executive director of Northern 2 VCT PLC where she serves as the chair of the audit committee and is a member of the nomination and management engagement committees. She is also a non-executive director of JPMorgan Global Emerging Markets Income Trust PLC where she is a member and chair designate of the audit and risk committee. She also serves as a member of the nomination and remuneration committee and management engagement committee.

Committee membership: Audit and Risk, Management Engagement and Nomination.

Current remuneration: £30,000 per annum.

Number of shares held: Nil

*Shareholdings are as at 30 June 2024, full details of directors' shareholdings are set out in the Directors' Remuneration Report on page 54.

The directors submit their annual report and accounts of the Company for the year ended 30 June 2024.

Directors and officers

Biographies for the Board of directors are set out on pages 40 and 41.

Chair

The Chair is an independent non-executive director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chair's other significant commitments are detailed on page 40. She has no conflicting relationships.

Company Secretary

Schroder Investment Management Limited ("SIM") provides company secretarial support to the Board and is responsible for assisting the Chair with Board meetings and advising the Board with respect to governance. The Company Secretary also manages the relationship with the Company's service providers, except for the Manager. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the outside back cover or by email to: amcompanysecretary@schroders.com.

Role and operation of the Board

The Board is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager, Portfolio Manager and other service providers to seek to ensure that the investment objective of the Company continues to be met. The Board also ensures that the Portfolio Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. This is also monitored by the Manager as part of its responsibilities as AIFM. The Strategic Report on pages 4 to 37 sets out further detail of how the Board reviews the Company's strategy, risk management and internal controls and also includes other information required for the Directors' Report, and is incorporated by reference.

A formal schedule of matters specifically reserved for decision by the Board has been defined and a procedure adopted for directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chair ensures that all directors receive relevant management, regulatory and financial information in a timely manner and that they are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board meets at least quarterly and receives and considers reports regularly from the Portfolio Manager and other key advisers, as well as ad hoc reports and information supplied to the Board as required.

Four Board meetings are usually scheduled each year to cover matters including: the setting and monitoring of investment strategy; approval of borrowings and/or cash positions; review of investment performance; the level of premium or discount of the Company's shares to NAV per share; promotion of the Company and services provided by third parties. Additional meetings of the Board are arranged as required.

The Board is satisfied that it is of sufficient size with an appropriate balance of diverse skills and experience, independence and knowledge of the Company, its sector and the wider investment trust industry, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

The Board has approved a policy on directors' conflicts of interest. Under this policy, directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate. No directors have any connections with the Manager or Portfolio Manager, shared directorships with other directors or material interests in any contract which is significant to the Company's business.

Key service providers

The Board has adopted an outsourced business model and has appointed the following key service providers:

Manager

The Company is an Alternative Investment Fund as defined by the AIFM Directive and has appointed Schroder Unit Trusts Limited ("SUTL") as the Manager in accordance with the terms of an AIFM agreement. The AIFM agreement, which is governed by the laws of England and Wales, can be terminated by either party on six months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. As at the date of this report no such notice had been given by either party.

SUTL is authorised and regulated by the Financial Conduct Authority ("FCA") and provides portfolio management, risk management, accounting and company secretarial services to the Company under the AIFM agreement. Part of the fund accounting and administration activities are currently performed by HSBC Securities Services (UK) Limited. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chair, other Board members or the corporate broker as appropriate. The Manager has delegated investment management, accounting, administration and company secretarial services to another wholly owned subsidiary of Schroders plc, SIM. The Manager has appropriate professional indemnity cover in place.

The Schroders Group manages £773.7 billion (as at 30 June 2024) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

Portfolio Manager

Better Society Capital is the delegated Portfolio Manager. It uses its social impact expertise to source deals, perform robust due diligence and manage the portfolio. As at 30 June 2024, Better Society Capital is also the Company's largest shareholder, with a 27% stake.

Management fee

The AIFM is entitled to receive from the Company in respect of its AIFM, administration and company secretarial services, a management fee calculated and paid bi-annually in arrears at an annual rate of 0.80% per annum of "chargeable assets", of which 50% is payable to the Portfolio Manager.

For this purpose, "chargeable assets" shall be calculated as the cum-income Net Asset Value of the Company adding back any loans, less any cash, money market instruments and Liquidity Asset, and any investments in funds which are managed by the Manager, the Portfolio Manager or any member of their respective groups.

For the purpose of calculating "chargeable assets" only, "Liquidity Asset" means:

(a) any security that is admitted to trading on (i) any "regulated market" as defined in MiFID II and as listed in the register of regulated markets within the EEA maintained by the European Securities and Markets Authority from time to time; or (ii) any "recognised investment exchange" as recognised by the FCA under Part XVIII of FSMA; or (iii) any "recognised overseas investment exchange" as recognised by the FCA under Part XVIII of FSMA; or

(b) any unit, share or other security issued by a collective investment scheme that has been authorised and regulated by the FCA and which has trading on a monthly or more frequent basis,

in each case being investments intended to benefit stakeholders using ESG frameworks to ensure a variety of stakeholders beyond just shareholders' interests are addressed.

Depositary

HSBC Bank plc, ("HSBC Bank") which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority, carries out certain duties of a depositary specified in the AIFM Directive including, in relation to the Company:

– safekeeping of the assets of the Company which are entrusted to it;
– cash monitoring; and
– oversight of the Company and the Manager to the extent described in the AIFM Directive.

HSBC Bank is liable to the Company for losses suffered by it as a result of any negligence, wilful default, fraud or fraudulent misrepresentation on its part.

The Company, the Manager and HSBC Bank may terminate the depositary agreement at any time by giving 90 days' notice in writing. HSBC Bank may only be removed from office when a new depositary is appointed by the Company.

Registrar

Equiniti Limited ("Equiniti") has been appointed as the Company's registrar. Equiniti's services to the Company include share register maintenance (including the issuance, transfer and cancellation of shares as necessary), acting as agent for the payment of dividends, management of general meetings (including the registering of proxy votes and scrutineer services as necessary), handling shareholder queries, correspondence and processing corporate actions.

Corporate Governance Statement

The Financial Conduct Authority requires all UK listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the "UK Code") issued by the Financial Reporting Council ("FRC"). The Board is also mindful of the updated UK Corporate Governance Code 2024, the majority of its provisions will apply to the financial years ending 30 June 2026 for the Company.

The Board of the Company has considered the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses the Principles and Provisions set out in the Financial Reporting Council's ("FRC") UK Corporate Governance Code (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to the Company as an investment company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC provides more relevant information to shareholders.

The AIC Code is available on the AIC website https://www.theaic.co.uk/aic-code-of-corporate-governance. It includes an explanation of how the AIC Code adopts the Principles and Provisions set out in the UK Code to make them relevant for investment companies. The UK Code is available from the FRC's website at www.frc.org.uk.

The Board is satisfied that the Company's current governance framework is compliant with the AIC Code with the exception of forming a remuneration committee and that a senior independent director was not appointed. Given the Company has no chief executive or other executive directors, the size of the Board and the infrequent nature at which it is expected that directors' fees will need to be changed, the Board believe a separate committee responsible for reviewing and determining fees is not necessary but will be considered in future. As permitted under the AIC Code, the Chair is a member of the Audit and Risk Committee. An explanation as to why this is considered appropriate is set out in the Audit and Risk Committee Report on page 46.

The Board has also determined that given its size, it is appropriate that all directors are members of the Audit and Risk, Management Engagement and Nomination Committees and the appointment of a Senior Independent Director is not considered necessary. However, the Chair of the Audit and Risk Committee effectively acts as the Senior Independent Director, leads the evaluation of the performance of the Chair and is available to directors and/or shareholders if they have concerns which cannot be resolved through discussion with the Chair.

As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following UK Code Provisions:

- the role of the executive directors and senior management;
- the need for an internal audit function; and
- executive directors' remuneration.

Revenue and interim dividend

The net revenue return for the year under review, after finance costs and taxation, was £2,650,000, equivalent to a revenue return per ordinary share of 3.16 pence. As stated in the Company's prospectus, the Company will use the investment trust interest streaming regime. This enables an investment trust which receives "qualifying interest income" to treat the whole or part of a dividend distribution as an interest distribution. The effect of streaming is to move the point of taxation in respect of the Company's qualifying interest income, from the Company to its investors and the Company may treat the streamed payment as a loan relationship deduction in its tax computation.

For investors within the charge to UK corporation tax, the distribution will be taxed in the normal way as interest under a creditor relationship. For UK income taxpayers it will be taxed as interest received on the date the distribution was made. The potential benefit is to any investor who is not liable to taxation.

The Board has declared the payment of an interim dividend made up wholly of an interest distribution of 2.94 pence per share payable on 20 December 2024 to shareholders on the register on 15 November 2024. The ex dividend date is 14 November 2024.

The Board's policy is to pay out substantially all the Company's normal revenue. The Company may be required to pay a second dividend distribution in respect of the year ended 30 June 2024, in order to comply with the investment trust qualifying rules in section 1158 of the Corporation Tax Act 2010. The income retention test in section 1158 is based on income receivable in the corporation tax computation, and income receivable from the Company's holdings in limited partnerships will be taxed on a "look through" basis, sourced from accounting information which may not be available until after the year end.

Committees

In order to assist the Board in fulfilling its governance responsibilities, it has delegated certain functions to committees. The roles and responsibilities of these committees, together with details of work undertaken during the year under review, are outlined in the next few pages.

The reports of the Audit and Risk, Management Engagement and Nomination Committees are incorporated into and form part of the Directors' Report.

Other required Directors' Report disclosures under laws, regulations, and the UK Code

Status

The Company has been incorporated with an unlimited life. The Company carries on business as an investment trust. Its shares are listed and admitted to trading on the main market of the London Stock Exchange. It has been approved by HM Revenue & Customs as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010, by way of a one-off application and it is intended that the Company will continue to conduct its affairs in a manner which will enable it to retain this status.

The Company is not a "close" company for taxation purposes.

The Company is domiciled in the UK and is an investment company within the meaning of section 833 of the Companies Act 2006.

If in the two-year period ending on 31 December 2023, and in any two-year period following such date, the Ordinary Shares have traded, on average, at a discount in excess of 10% to Net Asset Value per Share, the directors will propose an ordinary resolution at the Company's next annual general meeting that the Company continues its business as presently constituted (the "Continuation Resolution").

If the Continuation Resolution is not passed, the directors will put forward proposals for the reconstruction or reorganisation of the Company, bearing in mind the liquidity of the Company's Investments, as soon as reasonably practicable following the date on which the Continuation Resolution is not passed. These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Continuation Resolution will not necessarily result in the winding up of the Company.

The discount prevailing on each business day will be determined by reference to the closing market price of Ordinary Shares on that day and the last announced Net Asset Value per Share (adjusted for dividends).

Information included in Strategic Report

The Company's disclosures on future developments, engagement with suppliers, customers and others in a business relationship with the company, culture, and carbon emissions are included in the Strategic Report. The Chair's Statement and Portfolio Manager's Report form part of the Strategic Report.

Financial risk management

Details of the Company's financial risk management objectives and exposure to risk can be found in note 20 on pages 75 to 77.

Share capital

Details of the Company's issued share capital are given in note 12 to the accounts on page 72. Details of the voting rights in the Company's shares as at 23 October 2024 are given in note 7 to the Notice of Annual General Meeting on page 83.

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company. At 30 June 2024, the Company's issued share capital was 83,029,661 ordinary shares, excluding 2,286,925 shares held in treasury.

Share repurchases

The Company has authority to purchase its ordinary shares in the market to be held in treasury or for cancellation. During the year the Company bought back 1,575,205 ordinary shares and since the year end and up to 23 October 2024, a further 496,486 ordinary shares have been repurchased.

The latest buy back authority was granted to directors on 15 December 2023 and expires at the conclusion of the Annual General Meeting on 18 December 2024. The directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting.

Substantial share interests

The Company has received notifications in accordance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in 3% or more of the voting rights attaching to the Company's issued share capital.

The Company is reliant on investors to comply with these regulations, and certain investors may be exempted from providing these. As such, this should not be relied on as an exhaustive list of shareholders holding above 3% or more of the Company's voting rights.

	Latest notifications received as at 30 June 2024	
	Number of shares	% of total voting rights
Better Society Capital Limited	22,425,000	26.28
Schroders plc[1]	17,531,914	21.01
East Riding of Yorkshire Council[2]	7,500,000	10.00
EQ Investors Limited	4,589,341	5.48
Newton Investment Management Limited	4,215,408	4.96
Stichting Juridisch Eigendom Privium Sustainable Impact Fund	4,000,000	4.69

[1] 15.06% of the holding is held by clients of Cazenove Capital Management.
[2] Notification based on an issued share capital of 75,000,000 shares and received prior to the increase in share capital in November 2021.

The Company also received a notification on 5 August 2021 from Pentwater Capital Management LP for a holding of 3,550,000 shares and 4.73% of total voting rights. Based on information received, the Company believes that Pentwater Capital Management LP is no longer a shareholder of the Company.

Since the year end and the date of the notice of AGM, Better Society Capital has notified the Company on 1 July 2024 that its holding was 22,425,000 shares and 27.01% of total voting rights, Schroders plc has notified the Company on 12 July 2024 that its holding was 15,839,745 shares and 19.10% of total voting rights and on 28 August 2024 that its holding was 15,683,192 shares and 18.97% of total voting rights. Ruffer LLP has notified the Company on 6 September 2024 that its holding has reached 4,177,011 shares and 5.05% of total voting rights.

Provision of information to the auditor

The directors at the date of approval of this report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' attendance at meetings

The number of scheduled meetings of the Board and its committees held during the year under review and the attendance of individual directors is shown below. Whenever possible all directors attend the AGM.

Director	Board	Audit and Risk Committee	Management Engagement Committee	Nomination Committee
Susannah Nicklin	6/6	4/4	2/2	2/2
Mike Balfour	6/6	4/4	2/2	2/2
James B. Broderick	6/6	4/4	2/2	2/2
Alice Chapple	6/6	4/4	2/2	2/2
Ranjan Ramparia[1]	0/0	0/0	0/0	0/0

[1] Ranjan Ramparia was appointed as a director on 16 October 2024.

The Board and committees meet more frequently, between scheduled meetings, when business needs require.

Directors' and officers' liability insurance and indemnities

Directors' and officers' liability insurance cover was in place for the directors throughout the year. The Company's articles of association provide, subject to the provisions of the Companies Act 2006, an indemnity for directors in respect of costs which they may incur relating to the defence of any judgement that is given in their favour by the court. This is a qualifying third party indemnity policy and was in place throughout the year under review for each director and to the date of this report.

By order of the Board

Schroder Investment Management Limited
Company Secretary

23 October 2024

The responsibilities and work carried out by the Audit and Risk Committee during the year under review are set out in the following report. The duties and responsibilities of the Committee, which include monitoring the integrity of the Company's financial reporting and internal controls, are set out in further detail, and may be found in the terms of reference which are set out on the Company's website, www.schroders.com/sbsi.

All directors are members of the Committee. Mike Balfour is the Chair of the Committee. The AIC Code permits the Chair of the Board to be a member of the audit committee of an investment trust. Recognising Susannah Nicklin's significant experience, the Committee considered it appropriate for the Chair to be a member of the Audit and Risk Committee. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates. The Committee's effectiveness was assessed, and considered to be satisfactory, as part of the directors' annual review of the Board and its committees.

Approach

The committee's key roles and responsibilities are set out below.

Risk Management and Internal Controls	Financial Reporting	Audit
Principal and emerging risks and uncertainties To establish a process for identifying, assessing, managing and monitoring the Company's emerging and principal risks and uncertainties and identifying how these are being managed or mitigated.	**Financial statements** To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and valuation. To review the annual and half year reports. An explanation of the Company's accounting policies can be found at note 1 of the financial statements on page 67.	**Audit results** To discuss any matters arising from the audit and consider recommendations made by the auditor.
Internal controls To keep under review the adequacy and effectiveness of the Company's systems of internal control and risk management, and review the annual report disclosures relating to this. To monitor the Company's accounting and financial internal control systems. To consider the need and appropriateness for having an internal auditor, given the Company outsources substantially all of its functions to third parties, it also requires its service providers to report on their internal controls.	**Going concern and viability** To review the capital and liquidity position of the Company and make recommendations to the Board in relation to whether it considers it appropriate to adopt the going concern basis of accounting in preparing its annual and half-yearly report and accounts. The Committee is also responsible for reviewing the disclosures made in the viability statement.	**Auditor appointment, independence and performance** To make recommendations to the Board, in relation to the appointment, re-appointment, effectiveness and removal of the external auditor together with any non-audit services. To review auditor independence, and to approve their remuneration and terms of engagement. To review the audit plan and engagement letter. In relation to these matters, the committee will take into consideration provisions of the Audit Committees and the External Audit: Minimum Standard.

The following table sets out how the Committee discharged its duties during the year. The Committee met twice during the year under review. Further details on attendance can be found on page 45. In addition, an evaluation of the committee's effectiveness and review of its terms of reference were also completed during the year.

Significant issues identified during the year under review and key matters communicated by the auditor during the audit are included below.

Application during the year

Risks and Internal Controls	Financial reports and valuation	Audit
Principal and emerging risks and uncertainties Reviewed the principal and emerging risks faced by the Company together with the systems, processes and oversight in place to manage and mitigate the risks.	**Valuation and existence of holdings** The Company's accounting policy for valuing unquoted investments is set out in note 1 on page 67 of the notes to the accounts. The Committee reviewed the valuations taking account of the latest available information about the Company's investments and the Portfolio Manager's knowledge of the underlying investments. The auditor also attended the Portfolio Manager's valuation committee meetings.	**Meetings with the auditor** Met the auditor without representatives of the Manager present. Representatives of the auditor attended the committee meeting at which the draft annual report and accounts were considered and presented a report on the findings of the audit. The Committee also evaluated the effectiveness of the audit firm prior to making a recommendation that it should be re-appointed at the forthcoming AGM. This included consideration of the auditor's knowledge, expertise, resources and process, alongside feedback from the Manager on the audit process. Professional scepticism of the auditor was questioned and the committee was satisfied with the auditor's replies. In July 2024 the FRC published its annual assessment of quality among the Tier 1 audit firms. Our external auditor, BDO is one of the six Tier 1 audit firms, and was therefore subject to a review by the FRC's Audit Quality Review team. The FRC's report identified a number of areas for improvement for the auditor, and in response to these findings, the auditor has implemented an action plan. The Committee discussed the FRC's findings along with the auditor's action plan in detail with BDO. BDO have confirmed that they are committed to the highest standards of audit quality and will continue to work closely with the FRC to address any areas of concern. The Committee will continue to monitor auditor's progress.
Internal controls Consideration of several key aspects of internal control and risk management operating within the Manager, Portfolio Manager, depositary and registrar, including assurance reports and presentations on these controls. Reviewed the operational controls reports provided by the Manager, depositary and registrar and received quarterly reports covering the operations of the service providers. In July 2024, met with the key service providers at an annual review meeting. Following a review of the Company's risk management and internal controls framework, the Committee noted that these remain effective as at the end of the financial year ended 30 June 2024.	**Accounting policies and judgements** Consideration of the accounting policies used in preparing the accounts of the Company. The management fee is calculated in accordance with the contractual terms contained in the AIFM agreement. The Committee reviewed the calculation of the management fee.	**Auditor independence** On 16 October 2020, BDO LLP was appointed as auditor to the Company. This is the fourth year that BDO LLP will be undertaking the Company's audit. The auditor is required to rotate the senior statutory auditor every five years. This is the fourth year that the senior statutory auditor, Vanessa- Jayne Bradley has conducted the audit of the Company's annual report and accounts. There are no contractual obligations restricting the choice of external auditor. The next tender is expected to take place in 2030. The Committee received confirmation from the auditor that they remained independent and that it had implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Application during the year (continued)

Risks and Internal Controls	Financial reports and valuation	Audit
Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010 Consideration of the Manager's report confirming compliance.	**Overall accuracy of the report and accounts** Consideration of the draft report and accounts and the letter of comfort from the Manager in support of the letter of representation to the auditor.	**Audit results** The Committee met with and reviewed a comprehensive report from the auditor which detailed: the results of the audit; compliance with regulatory requirements; safeguards that have been established; and their own internal quality control procedures.
	Fair, balanced and understandable Reviewed the annual report and accounts to advise the Board whether it was fair, balanced and understandable.	**Provision of non-audit services by the Auditor** The Committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's auditor. The Committee has determined that the Company's appointed auditor will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditor may, if required, provide other non-audit services which will be judged on a case-by-case basis. The Committee was satisfied that this did not affect the independence or objectivity of the auditor.
	Going concern and viability Reviewed the impact of risks on going concern and longer-term viability, as described further in page 37.	**Consent to continue as Auditor** BDO LLP indicated to the Committee their willingness to continue to act as auditor.

Recommendations made to, and approved by, the Board:

- As a result of the work performed, the Committee concluded that the annual report for the year ended 30 June 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 55.
- The Committee recommended that the Board approve the report and accounts.
- The Committee recommended that the annual report and the half year report be prepared on a going concern basis in accordance with the explanations set out in the viability statement.
- Having reviewed the performance of the auditor and discussed the FRC's findings with the auditor as described above, the Committee considered it appropriate to recommend the firm's re-appointment. Resolutions to re-appoint BDO LLP as auditor to the Company, and to authorise the directors to determine their remuneration will be proposed at the AGM.

Mike Balfour
Audit and Risk Committee Chair

23 October 2024

Management Engagement Committee Report

The Management Engagement Committee is responsible for: (1) the monitoring and oversight of the Manager's and Portfolio Manager's performance and fees, and confirming their ongoing suitability; and (2) reviewing and assessing the Company's other service providers, including reviewing their fees. All directors are members of the Committee. James B. Broderick is the Chair of the Committee. The Committee's terms of reference are available on the Company's website, www.schroders.com/sbsi. The Committee's effectiveness was assessed, and judged to be satisfactory, as part of the directors' annual review of the Board and its committees.

Approach

Oversight of the Manager and the Portfolio Manager

The Committee:

- reviews the Portfolio Manager's performance, over the short and long term, against the Company's target investment return, peer group and the market and considers the social impact performance of investments made on behalf of the Company.
- considers the reporting it has received from the Manager and Portfolio Manager throughout the year, and the reporting from the Manager and Portfolio Manager to shareholders.
- assesses management fees on an absolute and relative basis, receiving input from the Company's broker, including peer group and industry figures, as well as the structure of the fees.
- reviews the appropriateness of the Manager's and Portfolio Manager's contracts, including terms such as notice period.
- assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.

Oversight of other service providers

The Committee reviews the performance and competitiveness of the following service providers on at least an annual basis:

- Depositary and custodian
- Corporate broker
- Registrar

The Committee also receives a report from the Company Secretary on ancillary service providers, and considers any recommendations.

The Committee noted the Audit and Risk Committee's review of the Auditor.

Application during the year

The Committee undertook a detailed review of the Portfolio Manager's performance and agreed that it has the appropriate depth and quality of resource to deliver superior returns over the longer term.

The Committee also reviewed the terms of the AIFM and portfolio management agreements, including fee structures, and agreed they remained fit for purpose.

The Committee reviewed the other services provided by the Manager and agreed they were satisfactory.

The annual review of each of the service providers was satisfactory.

The Committee noted that the Audit and Risk Committee had undertaken a detailed evaluation of the Manager, registrar, and safekeeping agents' internal controls.

Recommendations made to, and approved by, the Board:

- That the ongoing appointment of the Manager and Portfolio Manager on the terms of their agreements with the Company, including fees, was in the best interests of shareholders as a whole.
- That the Company's service providers' performance remained satisfactory.

The Nomination Committee is responsible for: (1) the recruitment, selection and induction of directors; (2) their assessment during their tenure and fees; and (3) the Board's succession. All directors are members. Alice Chapple is the Chair of the Committee. The Committee's terms of reference are available on the Company's website, www.schroders.com/sbsi. The Committee's effectiveness was assessed, and judged to be satisfactory, as part of the directors' annual review of the Board and its committees.

Oversight of Directors

Selection → Induction → Annual evaluation → Annual review of succession policy → Application of succession policy

Approach

Selection and induction

- The Committee prepares a job specification for each role, and an independent recruitment firm is appointed following a selection process. For the Chair and the chairs of committees, the Committee considers current Board members too.
- Job specification outlines the knowledge, professional skills, personal qualities and experience requirements.
- Potential candidates are assessed against the Company's diversity policy.
- The Committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board.
- The Committee reviews the induction and training of new directors.

Board evaluation and directors' fees

- The Committee assesses each director annually.
- Evaluation focuses on whether each director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the year, taking into account time commitment, independence, conflicts and training needs.
- Following the evaluation, the Committee provides a recommendation to shareholders with respect to the annual re-election of directors at the AGM.
- All directors retire at the AGM and their election or re-election is subject to shareholder approval.
- The Committee reviews directors' fees, taking into account comparative data and reports to shareholders in the Remuneration Report.
- Any proposed changes to the remuneration policy for directors are discussed and reported to shareholders.

Succession

- The Board's succession policy is that directors' tenure will be for no longer than nine years, except in exceptional circumstances, and that each director will be subject to annual re-election at the AGM. The policy reflects FRC guidance that the Chair should not remain in post beyond nine years from the date of their first appointment to the Board, and that serving on the Board for more than nine years from the date of first appointment is likely to impair, or could appear to impair, the independence of directors.
- The Committee reviews the Board's current and future needs at least annually. Should any need be identified the Committee will initiate the selection process.
- The Committee oversees the handover process for retiring directors.

Application during the year

Application during the year

Selection and induction

- Following a rigorous selection process using an independent external recruitment agency, Sapphire Partners, Ranjan Ramparia was appointed to the Board with effect from 16 October 2024. Sapphire Partners has no connection with the Company or any of the directors.
- The Committee noted that following her appointment, Ranjan Ramparia will engage in an induction programme with the Portfolio Manager as well as the Manager and its various operating functions before the AGM on 18 December 2024.
- Ranjan Ramparia will stand for election as a director at the forthcoming AGM, as set out in the Notice of Annual General Meeting.
- Independent external recruitment agencies were approached to provide suitable proposals.

Board evaluation and directors' fees

- The Board, Chair and committee evaluation process was undertaken in June 2024. The evaluation included the completion of questionnaires, culminating in written reports being provided to the Committee. The evaluation of the Board and its committees was led by the Chair of the Committee. The evaluation of the Chair was led by the Chair of the Audit and Risk Committee.
- The Committee reviewed each director's time commitment and independence by reviewing a complete list of appointments, including pro bono not for profit roles, to ensure that each director remained free from conflict and had sufficient time available to discharge each of their duties effectively. All directors were considered to be independent in character and judgement.
- The Committee considered each director's contributions, and noted that in addition to extensive experience as professionals and non-executive directors, each director had valuable skills and experience, as detailed in their biographies on pages 40 to 41.
- Based on its assessment, the Committee provided individual recommendations for each director's re-election.
- The Committee reviewed the remuneration policy for recommendation to the Board and shareholders, taking into account the provisions of the Company's articles of association and the prevailing remuneration environment for investment companies.
- The Committee reviewed directors' fees, using external benchmarking, and recommended that directors' fees remain unchanged as detailed in the remuneration report.

Succession

- Ranjan Ramparia will succeed Mike Balfour as chair of the Audit and Risk Committee following his retirement at the Company's AGM on 18 December 2024.
- The Committee reviewed the succession policy and agreed it was still fit for purpose.
- The Committee believes it is important for the Board to have the appropriate skills and diversity and has reviewed composition and succession plans with these in mind.
- The Board has complied with the UK Listing Rules in relation to diversity and provided the relevant disclosures on page 31.

Recommendations made to, and approved by, the Board:

- That all directors continue to demonstrate commitment to their roles, provide a valuable contribution to the deliberations of the Board and remain free from conflicts with the Company and its directors, and should all be recommended for re-election by shareholders at the AGM. Biographies of each director can be found on pages 40 to 41. Mike Balfour will retire at the forthcoming AGM and will not be standing for re-election.
- That the Directors' Remuneration Report be put to shareholders for approval as an advisory vote at the forthcoming AGM.
- That the Directors' Remuneration Policy be put to shareholders for approval at the forthcoming AGM.
- That Sapphire Partners Limited be engaged to assist in the search for a successor for Mike Balfour who will retire as a director at the Company's AGM on 18 December 2024.
- That Ranjan Ramparia be appointed as a non-executive director with effect from 16 October 2024 and that her election as a director be proposed, and recommended to shareholders for approval at the forthcoming AGM.

Introduction

The following remuneration policy is currently in force and is subject to a binding vote every three years. The next vote will take place at the forthcoming AGM and the current policy provisions will continue to apply until that date. The below Directors' Remuneration Report is subject to an annual advisory vote. An ordinary resolution to approve this report will also be put to shareholders at the forthcoming AGM.

At the AGM held on 3 December 2021, 100% of the votes cast (including votes cast at the Chair's discretion) in respect of approval of the remuneration policy were in favour. 3,000 votes were withheld.

At the AGM held on 15 December 2023, 100% of the votes cast (including votes cast at the Chair's discretion) in respect of approval of the Directors' Remuneration Report for the year ended 30 June 2023 were in favour. No votes were withheld.

Directors' remuneration policy

The determination of the directors' fees is the responsibility of the Nomination Committee, which makes recommendations to the Board. All directors are members of the Nomination Committee.

It is the Nomination Committee's policy to determine the level of directors' remuneration having regard to amounts payable to non-executive directors in the industry generally, the role that individual directors fulfil, in respect of Board and committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's articles of association. This limit of directors' fees is currently set at £500,000 per financial year and any increase in this level requires approval by the Board and the Company's shareholders.

The Chair of the Board and the Chair of the Audit and Risk Committee each receive fees at a higher rate than the other directors to reflect their additional responsibilities. Directors' fees are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary, and to promote the success of the Company in reaching its short and long-term strategic objectives.

The Board and its committees exclusively comprise non-executive directors. No director past or present has an entitlement to a pension from the Company and the Company has not, and does not intend to, operate a share scheme for directors or to award any share options or long-term performance incentives to any director. No director has a service contract with the Company, however directors have a letter of appointment. Directors do not receive exit payments and are not provided with any compensation for loss of office. Any director who performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid additional remuneration to be determined by the directors, subject to the previously mentioned fee cap and in accordance with the Company's articles of association. No other payments are made to directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

It is intended that all of the provisions of the last approved directors' remuneration policy are to continue to apply, subject to an annual review by the Nomination Committee.

The terms of directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

Implementation of policy

The Board did not seek the views of shareholders in setting this remuneration policy. Any comments on the policy received from shareholders would be considered on a case by case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this remuneration policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of directors of peer group companies, as well as industry norms, inflation and factors affecting the time commitment expected of the directors. New directors are subject to the provisions set out in this remuneration policy.

Directors' annual report on remuneration

This report sets out how the remuneration policy was implemented during the year ended 30 June 2024.

Consideration of matters relating to directors' remuneration

Directors' remuneration was last reviewed by the Nomination Committee in June 2024 and no changes were made. The members of the Committee and Board at the time that remuneration levels were considered were as set out on pages 40 to 41, apart from Ranjan Ramparia, who was appointed as a director on 16 October 2024. Although no external advice was sought in considering the levels of directors' fees, information on fees paid to directors of other investment companies managed by Schroders and peer group companies provided by the Manager was taken into consideration, as was independent third party research. Directors' fees have not changed since the Company's IPO.

Following this review, it was determined that directors' fees would not be changed and for the year ending 30 June 2025 will be £30,000 per annum for each director plus an additional annual fee of £5,000 per annum for the Chair of the Audit and Risk Committee. The Chair's fee is £40,000 per annum. Directors' fees (before expenses) for the year ending 30 June 2025 are therefore expected to total £143,162 in aggregate.

Fees paid to directors

The following amounts were paid by the Company to directors for their services in respect of the year ended 30 June 2024. Directors' remuneration is fixed; they do not receive any variable remuneration. The performance of the Company over the period is presented under Performance Summary on the inside front cover.

Director	Fees 2024 £	Fees 2023 £	Taxable benefits[1] 2024 £	Taxable benefits[1] 2023 £	Total 2024 £	Total 2023 £	Change in annual fee over years ended 30 June 2024 %	2023 %	2022 %
Suzannah Nicklin (Chair)	**40,000**	40,000	**350**	486	**40,350**	40,486	**(0.3)**	1.1	(0.4)
Mike Balfour	**35,000**	35,000	**4,100**	4,643	**39,100**	39,643	**(1.4)**	8.3	2.6
James Broderick	**30,000**	30,000	**–**	292	**30,000**	30,292	**(1.0)**	0.9	(0.5)
Alice Chapple	**30,000**	30,000	**–**	168	**30,000**	30,168	**(0.6)**	0.4	(0.5)
Ranjan Ramparia[2]	**–**	–	**–**	–	**–**	–	**–**	–	–
	135,000	135,000	**4,450**	5,589	**139,450**	140,589			

[1]Comprise amounts reimbursed for expenses incurred in carrying out business for the Company, and which have been grossed up to include PAYE and NI contributions.
[2]Ranjan Ramparia was appointed in October 2024. The information in the above table has been audited.

The information in the above table has been audited.

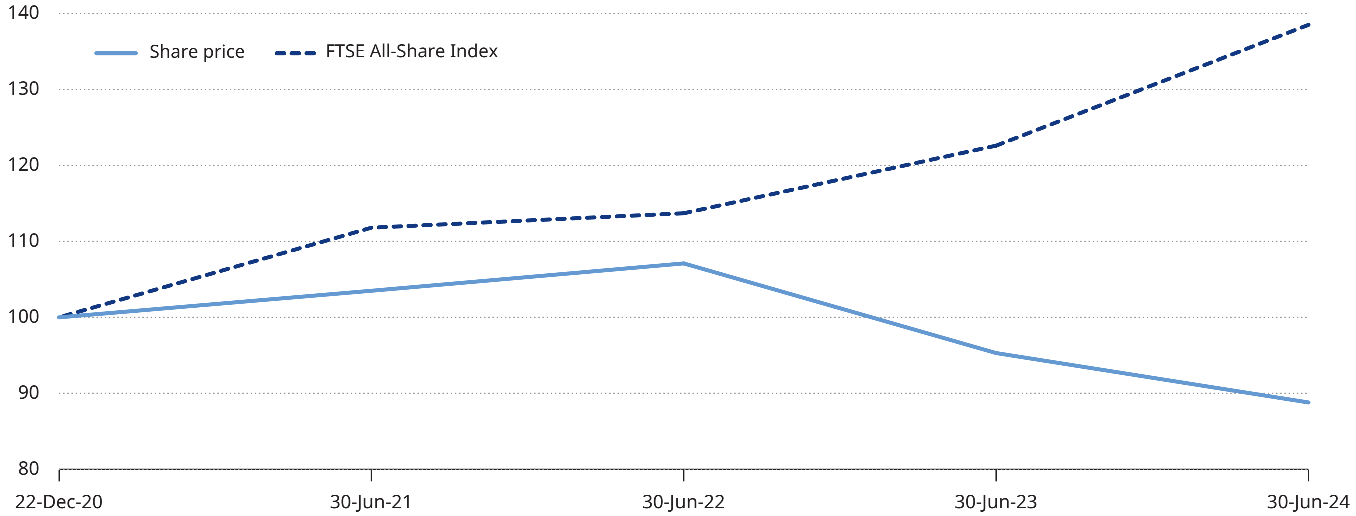
Expenditure by the Company on remuneration and distributions to shareholders

The table below compares the remuneration payable to directors, to distributions made to shareholders during the year under review and the prior year. In considering these figures, shareholders should take into account the Company's investment objective.

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000	% Change
Remuneration payable to directors	**139**	141	(1.4)
Distributions paid to shareholders			
– Dividends paid	**1,934**	1,109	
– Share buy backs	**1,409**	674	
Total distributions to shareholders	**3,343**	1,783	87.5

Performance graph since 22 December 2020 (launch date)

Share price total return versus the FTSE All-Share Index Total Return, for the period from launch on 22 December 2020, to 30 June 2024[1]



[1]Source: Morningstar. Rebased to 100 at 22 December 2020. The Company is legally required to compare its performance with a broad equity market index. The Company's performance is expected to have a low correlation to traditional quoted markets and has no meaningful index comparator. So the FTSE All-Share Index been chosen as it is reflective of economic conditions in the UK.

Definitions of terms and performance measures are provided on pages 84 to 85.

Directors' share interests

The Company's articles of association do not require directors to own shares in the Company. The interests of directors, including those of connected persons, at the beginning and end of the financial year under review, are set out below.

Director	At 30 June 2024[1]	At 30 June 2023[1]
Susannah Nicklin	**25,412**	21,558
Mike Balfour	**30,000**	20,000
James Broderick	**500,000**	500,000
Alice Chapple	**10,000**	10,000
Ranjan Ramparia[2]	**N/A**	N/A

[1]Ordinary shares of 1p each.
[2]Ranjan Ramparia was appointed as a director on 16 October 2024.

The information in the above table has been audited. There have been no changes in the directors' interests in the shares of the Company between 30 June 2024 and the date of this annual report.

On behalf of the Board

Susannah Nicklin
Chair
23 October 2024

Directors' responsibilities

The directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (FRS: 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland) and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing these financial statements, the directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgements and accounting estimates that are reasonable and prudent;

– state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;

– prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006; and

– prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Manager. The directors' responsibilities also extend to the ongoing integrity of the financial statements contained therein.

Directors' statement

Each of the directors, whose names and functions are listed on pages 40 to 41, confirm that to the best of their knowledge:

– the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;

– the annual report and accounts includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces; and

– the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Susannah Nicklin
Chair

23 October 2024

Financial

Financial

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Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Schroder BSC Social Impact Trust (the 'Company') for the year ended 30 June 2024 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 16 October 2020 to audit the financial statements for the year ended 30 June 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is four years, covering the years ended 30 June 2021 to 30 June 2024. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of economic and market conditions by reviewing the information used by the Directors in completing their assessment; and
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of current cash levels, expected cash outflows to fund commitments to Limited Partnerships and financial ratios to ascertain the ability of the company to meet cash flow requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

			2024	2023
Key audit matters	–	Valuation of unquoted investments	✔	✔
Materiality	–	*Company financial statements as a whole* £1.29m (2023: £1.33m) based on 1.5% (2023: 1.5%) of Net assets (2023: Net assets)		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and ownership of unquoted investments **(Note 1b and 9)**	We consider the valuation of unquoted investments to be the most significant audit area. There is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Manager, and the Portfolio Manager who are remunerated on the net asset value of the Company. There is a high level of estimation uncertainty involved in determining the unquoted investment valuations. Unquoted Investments is the most significant balance in the financial statements and where we utilise most of our audit resources and was therefore considered to be a key audit matter.	We assessed the design and implementation of controls relating to the valuation of unquoted investments. This included obtaining an understanding of the sources of key inputs, judgements and significant estimates used as well as the oversight and governance structures in relation to the valuation process. For 100% of the unquoted investment population, we challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and FRS 102 and performed the following procedures: **Unquoted Investment held at fair value** We attended all the Valuation Committee meetings in the year to observe the Portfolio Manager discussing and challenging the estimation uncertainty in the valuations and the fair value movements during the year. We obtained direct confirmation from the General Partners of the Funds to confirm the share of the Net Asset Values ('NAV') held at the balance sheet date. We recalculated the Company's share of NAV based on the direct confirmation received and the NAV reported within the June 2024 Investor Report. We obtained the unaudited June 2024 quarterly reports prepared by the Investment Manager or General Partners of the underlying fund, from the Portfolio Manager, which form the starting point of the Portfolio Manager and the Manager's period end valuation and used this to recalculate the value of the investments at the year-end. Where applicable, we compared the NAV per audited, or draft audited, financial statements to the NAV reported in the Investor Report for the same period that the audited financial statements relate to, to ascertain the accuracy of the NAV reporting the underlying funds. We reviewed the associated audited financial statements and audit reports of the Funds to check for each Fund that the audit report was unmodified and that the respective audit firms have the requisite skills and knowledge to audit the Funds. Additionally, we assessed the appropriateness of using the net asset value as a representation of fair value. We calculated the NAV movements for each Fund, between the latest audited financial statements and the June 2024 Investor Reports (where the Funds and the company do not have co-terminus year ends). We assessed if there should be movements between the June 2024 Investor reports and the period of the audited financial statements. Thereafter, we assessed the movements between the date of the audited financial statements and the June 2024 Investor Reports. We obtained explanations for any material movements from the Portfolio Manager and the Manager and looked for corroborating information in the Investor Reports provided by the General Partners of the Funds to support any material valuation movements. **Investment held at amortised cost** We obtained direct confirmation from the holders of the loan notes of the capital amount outstanding at the balance sheet date. For all the investments held in loan portfolios, we agreed all the inputs used in the amortisation calculation to the underlying loan agreements. We also agreed capital and interest repayments to the underlying loan agreement and to bank statements if amounts were paid in the period. We recalculated the amortised cost of each of the loans. We considered whether there were any impairment indicators present within the loan, such as interest payments not being made or capital repayments missed. We did this by tracing all payments through bank statements to confirm these were all made in line with the agreement. **Key observations:** Based on the procedures performed we consider the investment valuations and ownership to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Company financial statements

	2024 £m	2023 £m
Materiality	1.29	1.33
Basis for determining materiality	1.5% of Net assets	
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	0.97	1.00
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £64,500 (2023: £66,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability		• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions		• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the Audit Committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Manager and Portfolio Manager, and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status.

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with the Manager, Portfolio Manager and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

Based on our risk assessment, we considered the areas most susceptible to be valuation of unquoted investments and the risk of management override of controls in relation to the significant judgements made.

Our procedures in respect of the above included:

- In response to the risk of fraud in the valuation of the unquoted investments, we performed the procedures set out in the Key Audit Matters section of the report;
- Recalculating investment management fees in total;
- Performing an unpredictability test over a judgmental sample of clearly trivial expenses, which would not be normally selected, and agreed to relevant supporting evidence;
- Considering any indicators of bias in our audit as a whole; and
- Testing all adjustments made in the period end financial reporting process.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were deemed to have the appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vanessa-Jayne Bradley *(Senior statutory auditor)*
For and on behalf of BDO LLP, Statutory Auditor London, UK

23 October 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement
for the year ended 30 June 2024

	Note	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Losses on investments held at fair value through profit or loss	2	–	(833)	(833)	–	(1,020)	(1,020)
Impairment provision on investments held at amortised cost		–	(413)	(413)	–	–	–
Income from investments	3	3,320	–	3,320	2,695	–	2,695
Other interest receivable and similar income	3	167	–	167	77	–	77
Gross return/(loss)		**3,487**	**(1,246)**	**2,241**	**2,772**	**(1,020)**	**1,752**
Investment management fees	4	(340)	(340)	(680)	(334)	(334)	(668)
Administrative expenses	5	(497)	–	(497)	(464)	–	(464)
Transaction costs		–	(15)	(15)	–	–	–
Net return/(loss) before taxation		**2,650**	**(1,601)**	**1,049**	**1,974**	**(1,354)**	**620**
Taxation	6	–	–	–	–	–	–
Net return/(loss) after taxation		**2,650**	**(1,601)**	**1,049**	**1,974**	**(1,354)**	**620**
Return/(loss) per share (pence)	7	**3.16**	**(1.91)**	**1.25**	**2.32**	**(1.59)**	**0.73**

The "Total" column of this statement is the profit and loss account of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no other items of other comprehensive income, and therefore the net return/(loss) after taxation is also the total comprehensive income for the year.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year (2023: none).

The notes on pages 67 to 78 form an integral part of these accounts.

Statement of Changes in Equity
for the year ended 30 June 2024

	Note	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 June 2022		853	10,571	72,993	4,373	1,126	89,916
Repurchase of the Company's own shares into treasury		–	–	(674)	–	–	(674)
Net (loss)/return after taxation		–	–	–	(1,354)	1,974	620
Dividends paid in the year	8	–	–	–	–	(1,109)	(1,109)
At 30 June 2023		853	10,571	72,319	3,019	1,991	88,753
Repurchase of the Company's own shares into treasury		–	–	(1,409)	–	–	(1,409)
Net (loss)/return after taxation		–	–	–	(1,601)	2,650	1,049
Dividends paid in the year	8	–	–	–	–	(1,934)	(1,934)
At 30 June 2024	13	**853**	**10,571**	**70,910**	**1,418**	**2,707**	**86,459**

The notes on pages 67 to 78 form an integral part of these accounts.

Balance Sheet
at 30 June 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	62,321	64,199
Investments held at amortised cost	9	20,532	22,583
		82,853	86,782
Current assets			
Debtors	10	562	401
Current asset investments*		3,106	1,715
Cash at bank and in hand*		514	374
		4,182	2,490
Current liabilities			
Creditors: amounts falling due within one year	11	(576)	(519)
Net current assets		**3,606**	**1,971**
Total assets less current liabilities		**86,459**	**88,753**
Net assets		**86,459**	**88,753**
Capital and reserves			
Called-up share capital	12	853	853
Share premium	13	10,571	10,571
Special reserve	13	70,910	72,319
Capital reserves	13	1,418	3,019
Revenue reserve	13	2,707	1,991
Total equity shareholders' funds		**86,459**	**88,753**
Net asset value per share (pence)	14	**104.13**	**104.90**

*Cash at bank and in hand in the Balance Sheet has been restated to exclude investments in money market funds of £1.7m for the year ended 30 June 2023 and disclose them separately as current asset investments, to conform with those required by the Companies Act – Statutory format of the Balance Sheet. There is no impact on other line items in the Balance Sheet nor on total current assets.

These accounts were approved and authorised for issue by the Board of Directors on 23 October 2024 and signed on its behalf by:

Susannah Nicklin
Chair

The notes on pages 67 to 78 form an integral part of these accounts.

Registered in England and Wales as a public company limited by shares
Company registration number: 12902443

Cash Flow Statement
for the year ended 30 June 2024

	Note	2024 £'000	2023 £'000
Net cash inflow from operating activities	15	**1,957**	**1,116**
Investing activities			
Purchases of investments		(6,415)	(7,833)
Sales of investments		9,306	9,279
Net cash inflow from investing activities		**2,891**	**1,446**
Net cash inflow before financing		**4,848**	**2,562**
Financing activities			
Dividend paid		(1,934)	(1,109)
Repurchase of the Company's own shares into treasury		(1,383)	(674)
Net cash outflow from financing activities		**(3,317)**	**(1,783)**
Net cash inflow in the year		**1,531**	**779**
Cash and cash equivalents at the beginning of the year		**2,089**	**1,310**
Net cash inflow in the year		**1,531**	**779**
Cash and cash equivalents at the end of the year		**3,620**	**2,089**
Cash and cash equivalents comprise:			
Money market funds		3,106	1,715
Cash at bank and in hand		514	374
Cash and cash equivalents at the end of the year		**3,620**	**2,089**

Included in net cash inflow from operating activities are dividends received amounting to £1,013,000 (year ended 30 June 2023: £860,000), income from debt securities amounting to £1,955,000 (year ended 30 June 2023: £1,236,000) and other interest receivable and similar income amounting to £33,000 (year ended 30 June 2023: £70,000).

The notes on pages 67 to 78 form an integral part of these accounts.

1. Accounting policies

(a) Basis of accounting

Schroder BSC Social Impact Trust plc ("the Company") is registered in England and Wales as a public company limited by shares. The Company's registered office is 1 London Wall Place, London EC2Y 5AU.

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), in particular in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in July 2022. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments held at fair value. The Directors believe that the Company has adequate resources to continue operating until 31 October 2025, which is at least 12 months from the date of approval of these accounts. In forming this opinion, the Directors have taken into consideration: the controls and monitoring processes in place; the Company's level of debt, undrawn commitments and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn; the Company's cash flow forecasts and the liquidity of the Company's investments. In forming this opinion, the Directors have also considered any potential impact of climate change, and the risk/impact of elevated and sustained inflation and interest rates on the viability of the Company. The Company has additionally performed stress tests which confirm that a 50% fall in the market prices of the portfolio would not affect the Board's conclusions in respect of going concern.

The accounts are presented in sterling and amounts have been rounded to the nearest thousand.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 June 2023.

Certain judgements, estimates and assumptions have been required in valuing the Company's investments and these are detailed in note 19 on page 74.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. Investments with a fixed coupon and redemption amount are valued at amortised cost less any impairments in accordance with FRS 102. Other financial assets are managed and their performance evaluated on a fair value basis, in accordance with a documented investment objective and information is provided internally on that basis to the Company's Board of Directors. Upon initial recognition, these investments are designated by the Company as "held at fair value through profit or loss", included initially at cost and subsequently at fair value using the methodology below. This valuation process is consistent with International Private Equity and Venture Capital Guidelines issued in December 2022, which are intended to set out current best practice on the valuation of Private Capital investments.

(i) Quoted bid prices for investments traded in active markets.

(ii) The price of a recent investment, where there is considered to have been no material change in fair value.

(iii) Where it is felt that a milestone has been reached or a target achieved, the Company may use the price of a recent investment adjusted to reflect that change.

(iv) Investments in funds may be valued using the NAV per unit with an appropriate discount or premium applied to arrive at a unit price.

(v) Price earning multiples, based on comparable businesses.

(vi) Industry benchmarks, where available.

(vii) Discounted Cash Flow techniques, where reliable estimates of cash flows are available.

The above valuation methodologies are deemed to reflect the impact of climate change risk on the investments held.

Purchases and sales of quoted investments are accounted for on a trade date basis. Purchases and sales of unquoted investments are recognised when the related contract becomes unconditional.

(c) Accounting for reserves

Gains and losses on sales of investments and the management fee or finance costs allocated to capital, are included in the Income Statement and dealt with in capital reserves. Increases and decreases in the valuation of investments held at the year end and impairment losses of investments, are included in the Income Statement and in capital reserves within "Investment holding gains and losses".

For shares that are repurchased and held in treasury, the full cost is charged to the Special reserve.

(d) Income

Dividends receivable are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

Income from limited partnerships will be included in revenue on the income declaration date.

Income from fixed interest debt securities is recognised using the effective interest method.

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

1. Accounting policies continued

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue column of the Income Statement with the following exceptions:

– The management fee is allocated 50% to revenue and 50% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

– Expenses incidental to the purchase of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 9(c) on page 71.

The underlying costs incurred by the Company's investments in collective funds are not included in the various expense disclosures.

(f) Finance costs

Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest method and in accordance with FRS 102.

Finance costs are allocated 50% to revenue and 50% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

Cash at bank and in hand comprises cash held in the bank. Current asset investments comprise investments in money market funds and highly liquid investments which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Other debtors and creditors do not carry any interest, are short-term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Bank loans and overdrafts are initially measured at fair value and subsequently measured at amortised cost. They are recorded at the proceeds received net of direct issue costs. The Company had no bank loans or overdrafts at 30 June 2024 (2023: nil).

(h) Taxation

Taxation on ordinary activities comprises amounts expected to be received or paid.

Tax relief is allocated to expenses charged to the capital column of the Income Statement on the "marginal basis". On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column.

Deferred tax is provided on all timing differences that have originated but not reversed by the accounting date.

Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

As the Company continues to meet the conditions required to retain its status as an Investment Trust, any capital gains or losses arising on the revaluation or disposal of investments are exempt.

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of the related irrecoverable VAT.

(j) Dividends payable

In accordance with FRS 102, dividends payable are included in the accounts in the year in which they are paid. Part, or all of any dividend declared may be designated as an "interest distribution", calculated in accordance with the investment trust income streaming rules and paid without deduction of any income tax.

2. Losses on investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Losses on sales of investments based on historic cost	(192)	(642)
Amounts recognised in investment holding losses in the previous year in respect of investments sold in the year	304	537
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	**112**	**(105)**
Net movement in investment holding losses	(945)	(915)
Losses on investments held at fair value in the current year through profit and loss	**(833)**	**(1,020)**

3. Income from investments

	2024 £'000	2023 £'000
Income from investments		
UK dividends	854	1,133
Overseas dividends	173	163
Interest income from debt securities and other financial assets	2,293	1,399
	3,320	2,695
Other interest receivable and similar income		
Deposit interest	147	37
Other income	20	40
	167	**77**
Total income	**3,487**	**2,772**

4. Investment management fees

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Investment management fees	**340**	**340**	**680**	**334**	**334**	**668**

The bases for calculating the investment management fees are set out in the Report of the Directors on pages 42 to 43 and details of all amounts payable to the managers are given in note 17 on page 74.

5. Administrative expenses

	2024 £'000	2023 £'000
Other administrative expenses	292	261
Directors' fees[1]	139	141
Auditor's remuneration for the audit of the Company's annual accounts[2]	66	62
	497	**464**

[1]Full details are given in the remuneration report on pages 52 to 54.
[2]Includes VAT amounting to £12,000 (2023: £12,000).

6. Taxation

(a) Analysis of tax charge for the year

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Taxation for the year	**–**	**–**	**–**	**–**	**–**	**–**

The Company has no corporation tax liability for the year ended 30 June 2024 (2023: nil).

(b) Factors affecting tax charge for the year

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Net return/(loss) before taxation	2,650	(1,601)	1,049	1,974	(1,354)	620
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax for the year of 25% (2023: 20.5%)	663	(400)	263	405	(278)	127
Effects of:						
Capital losses on investments	–	311	311	–	210	210
Income not chargeable to corporation tax	(225)	–	(225)	–	–	–
Tax deductible interest distribution	(610)	–	(610)	(405)	68	(337)
Expenses not utilised in the current period	172	85	257	–	–	–
Expenses not deductible for corporation tax purposes	–	4	4	–	–	–
Taxation on ordinary activities	**–**	**–**	**–**	**–**	**–**	**–**

UK Corporation Tax rate has increased from 19% to 25% with effect from 1 April 2023.

6. Taxation continued

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £590,000 (2023: £333,000) based on a prospective corporation tax rate of 25% (2023:25%). The main rate of corporation tax increased to 25% for fiscal years beginning on or after 1 April 2023.

This deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's status as an investment trust company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

7. Return per share

	2024 £'000	2023 £'000
Revenue return	2,650	1,974
Capital loss	(1,601)	(1,354)
Total return	**1,049**	**620**
Weighted average number of shares in issue during the year	83,834,790	85,132,892
Revenue return per share (pence)	3.16	2.32
Capital loss per share (pence)	(1.91)	(1.59)
Total return per share (pence)	**1.25**	**0.73**

There are no dilutive instruments, the return per share is actual return.

8. Dividends

	2024 £'000	2023 £'000
2023 interim dividend of 2.30p (2022: 1.30p) paid out of revenue profits[1]	**1,934**	**1,109**

	2024 £'000	2023 £'000
2024 interim dividend of 2.94p (2023: 2.30p), to be paid out of revenue profits	**2,439**	**1,946**[1]

[1]The 2023 interim dividend amounted to £1,946,000. However the amount actually paid was £1,934,000, as shares were repurchased into treasury after the accounting date but prior to the dividend record date.

The 2024 interim dividend is made up wholly of an interest distribution of 2.94p. The 2023 dividend of 2.30p was split between a 2.16p interest distribution and a 0.14p equity dividend.

The interim dividend amounting to £2,439,000 (2023: £1,946,000) is the amount used for the basis of determining whether the Company has satisfied the distribution requirements of Section 1158 of the Corporation Tax Act 2010. The revenue available for distribution by way of dividend for the year is £2,650,000 (2023: £1,974,000).

9. Fixed assets

(a) Movement in investments

	2024			2023		
	Investments held at fair value through profit or loss £'000	Investments held at amortised cost £'000	Total £'000	Investments held at fair value through profit or loss £'000	Investments held at amortised cost £'000	Total £'000
Opening book cost	59,844	22,583	82,427	62,267	21,832	84,099
Opening investment holding gains	**4,355**	**–**	**4,355**	**4,733**	**–**	**4,733**
Opening fair value	64,199	22,583	86,782	67,000	21,832	88,832
Purchases at cost	5,603	1,020	6,623	7,269	980	8,249
Sales proceeds	(6,648)	(2,658)	(9,306)	(9,050)	(229)	(9,279)
Impairment losses on investments held at amortised cost	–	(413)	(413)	–	–	–
Losses on investments held at fair value through profit or loss	(833)	–	(833)	(1,020)	–	(1,020)
Closing fair value	**62,321**	**20,532**	**82,853**	**64,199**	**22,583**	**86,782**
Closing book cost	58,607	20,532	79,139	59,844	22,583	82,427
Closing investment holding gains	3,714	–	3,714	4,355	–	4,355
Closing fair value	**62,321**	**20,532**	**82,853**	**64,199**	**22,583**	**86,782**

The Company received £9,306,000 (2023: £9,279,000) from disposal of investments in the year. The book cost of these investments when they were purchased was £9,911,000 (2023: £9,921,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the value of the investments.

(b) Unquoted investments, including investments quoted in inactive markets

Material revaluations of unquoted investments during the year ended 30 June 2024

Investment	Opening valuation at 30 June 2023 £'000	Purchases £'000	Revaluation £'000	Distributions £'000	Closing valuation at 30 June 2024 £'000
Bridges Evergreen Capital LP	12,750	–	(1,268)	–	11,482
Resonance Real Lettings Property Fund LP	5,476	–	303	–	5,779
Bridges Social Outcomes Fund II LP	4,271	219	134	(1,902)	2,722

Material revaluations of unquoted investments during the year ended 30 June 2023

Investment	Opening valuation at 30 June 2022 £'000	Purchases £'000	Revaluation £'000	Distributions £'000	Closing valuation at 30 June 2023 £'000
Bridges Evergreen Capital LP	14,451	–	(1,701)	–	12,750
Man GPM RI Community Housing 1 LP	5,202	2,930	397	(383)	8,146
UK Affordable Housing Fund	9,848	–	351	–	10,199

Material disposals of unquoted investments during the year

Investment	Book cost £'000	2024 Sales proceeds £'000	Realised gain/(loss) £'000
Charity Bank Co Invest Portfolio: Sue Ryder FRN 04/12/2043	2,440	2,440	–
Bridges Social Outcomes Fund II LP	1,902	1,902	–
Community Investment Fund	1,220	1,220	–

Investment	Book cost £'000	2023 Sales proceeds £'000	Realised gain/(loss) £'000
Resonance Real Lettings Property Fund LP	990	990	–

(c) Transaction costs

The following transaction costs, comprising stamp duty and legal fees, were incurred in the year:

	2024 £'000	2023 £'000
On acquisitions	15	–

10. Current assets

Debtors

	2024 £'000	2023 £'000
Dividends and interest receivable	545	382
Other debtors	17	19
	562	**401**

The Directors consider that the carrying amount of debtors approximates to their fair value.

11. Current liabilities

Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Repurchase of the Company's own shares into treasury awaiting settlement	26	–
Other creditors and accruals	550	519
	576	**519**

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

12. Called-up share capital

	2024 £'000	2023 £'000
Ordinary Shares of 1p each, allotted, called up and fully paid:		
Opening balance of 84,604,866 (2023: 85,316,586) shares	846	853
Repurchase of 1,575,205 (2023: 711,720) shares into treasury	(16)	(7)
Subtotal of 83,029,661 (2023: 84,604,866) shares	**830**	**846**
2,286,925 (2023: 711,720) shares held in treasury	23	7
Closing balance[1]	**853**	**853**

[1]Represents 85,316,586 (2023: 85,316,586) shares of 1p each, including 2,286,925 (2023: 711,720) held in treasury.

During the year, the Company repurchased 1,575,205 of its own shares, nominal value £15,752 to hold in treasury, representing 1.86% of the shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to £1,409,000. The reason for these purchases was to seek to manage the volatility of the share price discount to NAV per share.

13. Reserves

Year ended 30 June 2024

			Capital reserves		
	Share premium[1] £'000	Special reserve[2] £'000	Gains and losses on sales of investments[3] £'000	Investment holding gains and losses[4] £'000	Revenue reserve[5] £'000
Opening balance	10,571	72,319	(1,336)	4,355	1,991
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	112	–	–
Net movement in investment holding losses	–	–	–	(945)	–
Transfer on disposal of investments	–	–	(304)	304	–
Impairment losses on investments	–	–	(413)	–	–
Repurchase of the Company's own shares into treasury	–	(1,409)	–	–	–
Management fees allocated to capital	–	–	(340)	–	–
Transaction costs	–	–	(15)	–	–
Dividends paid	–	–	–	–	(1,934)
Retained revenue for the year	–	–	–	–	2,650
Closing balance	**10,571**	**70,910**	**(2,296)**	**3,714**	**2,707**

[1]Share premium is a non distributable reserve and represents the amount by which the fair value of the consideration received from shares issued exceeds the nominal value of shares issued.

[2]This is a distributable capital reserve arising from the cancellation of the share premium, and may be distributed as dividends or used to repurchase the Company's own shares.

[3]This is a realised (distributable) capital reserve and may be distributed as dividends or used to repurchase the Company's own shares.

[4]This is an undistributable reserve which consists of unrealised gains and losses as a result of revaluations of investments held as at year end.

[5]The revenue reserve may be distributed as dividends or used to repurchase the Company's own shares.

Year ended 30 June 2023

	Share premium[1] £'000	Special reserve[2] £'000	Capital reserves: Gains and losses on sales of investments[3] £'000	Capital reserves: Investment holding gains and losses[4] £'000	Revenue reserve[5] £'000
Opening balance	10,571	72,993	(360)	4,733	1,126
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	(105)	–	–
Net movement in investment holding losses	–	–	–	(915)	–
Transfer on disposal of investments	–	–	(537)	537	–
Repurchase of the Company's own shares into treasury	–	(674)	–	–	–
Management fees allocated to capital	–	–	(334)	–	–
Dividends paid	–	–	–	–	(1,109)
Retained revenue for the year	–	–	–	–	1,974
Closing balance	**10,571**	**72,319**	**(1,336)**	**4,355**	**1,991**

The Company's Articles of Association permit dividend distributions out of realised capital profits. Total distributable reserves as at 30 June 2024 were £71,321,000 (30 June 2023: £72,974,000).

[1]Share premium is a non distributable reserve and represents the amount by which the fair value of the consideration received from shares issued exceeds the nominal value of shares issued.

[2]This is a distributable capital reserve arising from the cancellation of the share premium, and may be distributed as dividends or used to repurchase the Company's own shares.

[3]This is a realised (distributable) capital reserve and may be distributed as dividends or used to repurchase the Company's own shares.

[4]This is an undistributable reserve which consists of unrealised gains and losses as a result of revaluations of investments held as at year end.

[5]The revenue reserve may be distributed as dividends or used to repurchase the Company's own shares.

14. Net asset value per share

	2024	2023
Net assets attributable to shareholders (£'000)	86,459	88,753
Shares in issue at the year end	83,029,661	84,604,866
Net asset value per share (pence)	104.13	104.90

15. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	2024 £'000	2023 £'000
Total return before taxation	1,049	620
Add capital loss before taxation	1,601	1,354
Less accumulation dividends[1]	(208)	(416)
Increase in accrued income	(163)	(189)
Decrease/(increase) in other debtors	2	(6)
Increase in other creditors	31	87
Management fee and transaction costs allocated to capital	(355)	(334)
Net cash inflow from operating activities	**1,957**	**1,116**

[1]Accumulation dividends are capitalised to investments.

16. Uncalled capital commitments

At 30 June 2024, the Company had uncalled capital commitments amounting to £12,174,000 (2023: £8,749,000) in respect of follow-on investments, which may be drawn down or called by investee entities, subject to agreed notice periods.

17. Transactions with the Manager

Under the terms of the Alternative Investment Fund Manager Agreement, the Manager is entitled to receive a management fee. Details of the basis of the calculation are given in the Directors' Report on pages 42 to 43.

The fee payable to the Manager in respect of the year ended 30 June 2024 amounted to £624,000 (2023: £614,000), of which £307,000 (2023: £307,000) was outstanding at the year end. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the calculation and therefore incur no fee.

Under the terms of the Investment Management Agreement, the Manager may reclaim from the Company certain expenses paid by the Manager on behalf of the Company to HSBC in connection with accounting and administrative services provided to the Company. These charges amounted to £79,000 for the year ended 30 June 2024 (2023: £66,000), of which £66,000 (2023: same) was outstanding at the year end.

No Director of the Company served as a Director of any company within the Schroder Group at any time during the year, or prior period.

In accordance with the terms of a discretionary mandate between the Company, Better Society Capital Limited, Rathbone Investment Management Limited and The Charity Bank Limited are entitled to receive a management fee for portfolio management services relating to certain of the Company's investments.

Details of the basis of the calculation are given in the Directors' Report on pages 42 to 43. The fee payable to Rathbone in respect of the year ended 30 June 2024 amounted to £54,000 (2023: £55,000), of which £13,000 (2023: £13,000) was outstanding at the year end. The fee payable to The Charity Bank Limited in respect of the year ended 30 June 2024 amounted to £2,000 (2023: £nil), of which £nil was outstanding at the year end (2023: same).

18. Related party transactions

Details of the remuneration payable to Directors are given in the Directors' Remuneration Report on page 53 and details of Directors' shareholdings are given in the Directors' Remuneration Report on page 54. Details of transactions with the Managers are given in note 17 above.

During the year ended 30 June 2024, there has been a smaller related party transaction for the purposes of the Listing Rules as then in force in relation to the debt investment in CETL. The Company's debt investment in CETL, valued at £3.5 million and comprising 4.1% of the Company's investment portfolio as of 30 June 2024, was made by way of the sale of a £3.6 million direct junior loan to CETL previously owned by the Portfolio Manager. After the sale, the Portfolio Manager holds a £2.4 million investment in the same entity through a junior loan, compared to £6.0 million before the sale.

19. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise certain investments held in its investment portfolio.

FRS 102 requires that financial instruments held at fair value are categorised into a hierarchy consisting of the three levels below. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 – valued using unadjusted quoted prices in active markets for identical assets.

Level 2 – valued using observable inputs other than quoted prices included within Level 1.

Level 3 – valued using inputs that are unobservable.

Details of the Company's policy for valuing investments are given in note 1(b) on page 67. Level 3 investments have been valued in accordance with note 1(b)(ii) to (vii).

The Company's unlisted investments held at fair value are valued using a variety of techniques consistent with the recommendations set out in the International Private Equity and Venture Capital guidelines. Investments in third-party managed funds were valued by reference to the most recent net asset value provided by the relevant manager. The valuation methods adopted by third-party managers include using comparable company multiples, net asset values, assessment of comparable company performance and assessment of milestone achievement at the investee. For certain investments, such as High Impact Housing, the third-party manager may appoint external valuers to periodically value the underlying portfolio of assets. The valuations of third-party managed funds will also be subject to an annual audit. The valuations of all investments are considered by the Portfolio Manager and recommended to the AIFM, who in turn recommends them to the Company. Where it is deemed appropriate, the Portfolio Manager may recommend an adjusted valuation to the extent that the adjusted valuation represents the Portfolio Manager's view of fair value.

At 30 June, the Company's investment held at fair value, were categorised as follows:

	2024 £'000	2023 £'000
Level 1	5,928	9,342
Level 2	–	–
Level 3	56,393	54,857
Total	**62,321**	**64,199**

There have been no other transfers between Levels 1, 2 or 3 during the year (2023: nil).

Movements in fair value measurements included in Level 3 during the year are as follows:

	2024 £'000	2023 £'000
Opening book cost	49,908	44,693
Opening investment holding gains	4,949	5,460
Opening fair value of Level 3 investments	54,857	50,153
Purchases at cost	5,392	6,957
Sales proceeds	(3,193)	(1,742)
Net losses on investments	(663)	(511)
Closing fair value of Level 3 investments	**56,393**	**54,857**
Closing book cost	52,107	49,908
Closing investment holding gains	4,286	4,949
Closing fair value of Level 3 investments	**56,393**	**54,857**

20. Financial instruments' exposure to risk and risk management policies

The Company's objectives are set out on the inside front cover of this report. In pursuing these objectives, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Board coordinates the Company's risk management policy. The Company has no significant exposure to foreign exchange risk on monetary items.

The Company's classes of financial instruments may comprise the following:

– investments in collective funds, listed and unlisted bonds, debts, shares of quoted and unquoted companies which are held in accordance with the Company's investment objective;

– debtors, creditors, short-term deposit and cash arising directly from its operations;

– bank loans used for investment purposes; and

– derivatives used for efficient portfolio management or currency hedging.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises two elements: interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these two elements of market risk is given in parts (i) and (ii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks.

The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Interest rate risk

Interest rate movements may affect the level of income receivable on investments carrying a floating interest rate coupon, cash balances and interest payable on any loans or overdrafts when interest rates are re-set.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company may borrow from time to time, but gearing will not exceed 20% of net asset value at the time of drawing. Gearing is defined as borrowings less cash, expressed as a percentage of net assets. The Company has arranged an overdraft facility subject to a limit of £5 million, which expires on 30 November 2024, with HSBC Bank plc but it has not been utilised during the year or prior year.

Interest rate exposure

The exposure of financial assets and financial liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below:

	2024 £'000	2023 £'000
Exposure to floating interest rates:		
Investments carrying a floating interest rate coupon	3,966	5,603
Current asset investments	3,106	1,715
Cash at bank and in hand	514	374
	7,586	**7,692**

Sterling cash balances at call earn interest at floating rates based on the Sterling Overnight Interest Average rates ("SONIA").

The above period end amounts are broadly representative of the exposure to interest rates during the year and prior year.

20. Financial instruments' exposure to risk and risk management policies continued

(a) Market risk continued

(i) Interest rate risk continued

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.75% (2023: 0.75%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the accounting date with all other variables held constant.

	2024		2023	
	0.75% increase in rate £'000	0.75% decrease in rate £'000	0.75% increase in rate £'000	0.75% decrease in rate £'000
Income statement – return after taxation				
Revenue return	57	(57)	58	(58)
Capital return	–	–	–	–
Total return after taxation	57	(57)	58	(58)
Net Assets	**57**	**(57)**	**58**	**(58)**

(ii) Other price risk

Other price risk includes changes in market prices which may affect the value of investments.

Management of other price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The portfolio management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile. The Board may authorise the Manager to enter derivative transactions for the purpose of currency hedging, although non-sterling exposures are expected to be limited.

Market price risk exposure

The Company's total exposure to changes in market prices at 30 June comprises the following:

	2024 £'000	2023 £'000
Investments held at fair value through profit or loss	62,321	64,199

The above data is broadly representative of the exposure to market price risk during the year.

Concentration of exposure to market price risk

An analysis of the Company's investments is given on page 22. This shows a concentration of exposure to the social housing sector in the United Kingdom.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's exposure to the underlying investments and includes the impact on the management fee but assumes that all other variables are held constant.

	2024		2023	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	(25)	25	(26)	26
Capital return	6,207	(6,207)	6,394	(6,394)
Total return after taxation and net assets	**6,182**	**(6,182)**	**6,368**	**(6,368)**
Percentage change in net asset value (%)	**7.2**	**(7.2)**	**7.2**	**(7.2)**

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

The Portfolio Manager monitors the cash position to ensure sufficient funds are available to meet the Company's financial obligations. For this purpose, the Portfolio Manager may retain up to 20% of net assets in Liquid Assets, other liquid investments and a reserve of cash. The Company has also arranged an overdraft facility with HSBC Bank plc.

Liquidity risk exposure

Contractual maturities of financial liabilities, based on the earliest date on which payment can be required are as follows:

	2024		2023	
	Three months or less £'000	Total £'000	Three months or less £'000	Total £'000
Creditors: amounts falling due within one year				
Other creditors and accruals	(576)	(576)	(519)	(519)
	(576)	**(576)**	**(519)**	**(519)**

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Credit risk exposure

The Company is exposed to credit risk principally from debt securities held, off balance sheet commitments, loans and receivables and cash deposits.

Portfolio dealing

The credit ratings of broker counterparties are monitored by the AIFM and limits are set on exposure to any one broker.

Exposure to the Custodian

The custodian of the Company's assets is HSBC Bank plc which has long-term Credit Ratings of AA- with Fitch and Aa3 with Moody's.

Any assets held by the custodian will be held in accounts which are segregated from the custodian's own trading assets. If the custodian were to become insolvent, the Company's right of ownership of those investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the custodian as banker and held on the custodian's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the custodian in respect of cash balances.

Exposure to debt securities

The Portfolio Manager's investment process ensures that potential investments are subject to robust analysis, appropriate due diligence and approval by an investment committee. Pre-investment checks are made to prevent breach of the Company's investment limits, which are designed to ensure a diversified portfolio to manage risk. Debt securities are subject to continuous monitoring and quarterly reports are presented to the Board.

Credit risk exposure

The following amounts shown in the Balance Sheet, represent the maximum exposure to credit risk at the year end:

	2024		2023	
	Balance sheet £'000	Maximum exposure £'000	Balance sheet £'000	Maximum exposure £'000
Fixed assets				
Investments held at fair value through profit	62,321	3,540	64,199	–
Investments held at amortised cost (debt securities)	20,532	20,532	22,583	22,583
Current assets				
Debtors	562	562	401	401
Current asset investments	3,106	3,106	1,715	1,715
Cash at bank and in hand	514	514	374	374
	87,035	**28,254**	**89,272**	**25,073**

At 30 June 2024, the Company had an off-balance sheet credit exposure consisting of uncalled capital commitments which amounted to £12,174,000 (2023: £8,749,000) in respect of follow-on investments.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried in the balance sheet at fair value, or the balance sheet amount is a reasonable approximation of fair value.

21. Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern, and to maximise the income and capital return to its equity shareholders.

The Company's capital structure comprises the following:

	2024 £'000	2023 £'000
Equity		
Called-up share capital	853	853
Reserves	85,606	87,900
Total equity	**86,459**	**88,753**

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review will include:

- the possible use of gearing, which will take into account the Manager's views on the market;
- the potential benefit of repurchasing the Company's own shares for cancellation or holding in treasury, which will take into account the share price discount;
- the opportunity for issue of new shares; and
- the amount of dividend to be paid, in excess of that which is required to be distributed.

22. Events after the accounting date that have not been reflected in the financial statements

There have been no events we are aware of since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of note.

Other information (Unaudited)

Other Information

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The Annual General Meeting ("AGM") of the Company will be held on Wednesday, 18 December 2024 at 12.00 p.m. The formal Notice of Meeting is set out on page 81.

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Ordinary business

Resolutions 1 to 11 are all ordinary resolutions. Resolution 1 is a required resolution. Resolution 2 concerns the interim dividend as set out on pages 45 to 46. Resolution 3-4 concern the Directors' Remuneration Report and Policy, on pages 52 to 54.

Resolutions 5-8 invite shareholders to elect and re-elect directors for a further year, following the recommendations of the Nomination Committee, set out on page 50 (their biographies are set out on pages 40 to 41).

Resolutions 9 and 10 concern the re-appointment and remuneration of the Company's Auditor, discussed in the Audit and Risk Committee Report on pages 46 to 48.

Special business

Resolution 11 – Directors' authority to allot shares (ordinary resolution) and resolution 12 – power to disapply pre-emption rights (special resolution)

The directors are seeking authority to allot a limited number of unissued ordinary shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the directors to allot shares up to a maximum aggregate nominal amount of £82,533 (being 10% of the issued share capital (excluding any shares held in treasury) as at 23 October 2024).

A special resolution will be proposed to authorise the directors to allot shares up to a maximum aggregate nominal amount of £82,533 (being 10% of the issued share capital as at 23 October 2024) on a non pre-emptive basis. This authority includes shares that the Company sells or transfers that have been held in treasury. The directors do not intend to allot ordinary shares or sell treasury shares, on a non pre-emptive basis, pursuant to this authority other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company as a whole. Shares issued or treasury shares reissued, under this authority, will be at a price that is equal to or greater than the Company's NAV per share, plus any applicable costs, as at the latest practicable date before the allotment of such shares.

If approved, both of these authorities will expire at the conclusion of the AGM in 2025 unless renewed, varied or revoked earlier.

Resolution 13: authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 15 December 2023, the Company was granted authority to make market purchases of up to 12,614,826 ordinary shares for cancellation or holding in treasury. 1,242,137 ordinary shares were bought back under this authority and the Company therefore has remaining authority to purchase up to 11,372,689 ordinary shares. This authority will expire at the forthcoming AGM.

The directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to NAV. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at 23 October 2024 (excluding treasury shares). The directors will exercise this authority to buy back shares only when the share price is at a discount to the Company's NAV and only if the directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in treasury for potential reissue.

If renewed, this authority will lapse at the conclusion of the AGM in 2025 unless renewed, varied or revoked earlier.

Resolution 14: notice period for general meetings (special resolution)

Resolution 14 set out in the Notice of AGM is a special resolution and will, if passed, allow the Company to hold general meetings (other than annual general meetings) on a minimum notice period of 14 clear days, rather than 21 clear days as required by the Companies Act 2006. The approval will be effective until the Company's next AGM to be held in 2025. The directors will only call general meetings on 14 clear days' notice when they consider it to be in the best interests of the Company's shareholders and will only do so if the Company offers facilities for all shareholders to vote by electronic means and when the matter needs to be dealt with expediently.

Recommendations

The Board considers that the resolutions relating to the above items of business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions and the other resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice is hereby given that the Annual General Meeting of Schroder BSC Social Impact Trust plc will be held on Wednesday, 18 December 2024 at 12.00 p.m. at 1 London Wall Place, London EC2Y 5AU to consider the following resolutions, of which resolutions 1 to 11 will be proposed as ordinary resolutions, and resolutions 12 to 14 will be proposed as special resolutions:

Ordinary business

1. To receive the Annual Report and Accounts for the year ended 30 June 2024.
2. To authorise the directors of the Company to declare and pay all dividends of the Company as interim dividends and for the last dividend referable to a financial year not to be categorised as a final dividend that is subject to shareholder approval.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2024.
4. To approve the Directors' Remuneration Policy.
5. To approve the election of Ranjan Ramparia as a director of the Company.
6. To approve the re-election of Susannah Nicklin as a director of the Company.
7. To approve the re-election of James B. Broderick as a director of the Company.
8. To approve the re-election of Alice Chapple as a director of the Company.
9. To re-appoint BDO LLP as auditor to the Company.
10. To authorise the directors to determine the remuneration of BDO LLP as auditor to the Company.

Special business

11. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

    "THAT in substitution for all existing authorities the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £82,533 (being 10% of the issued ordinary share capital, excluding treasury shares, at 23 October 2024) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2025, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement."

12. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "THAT, subject to the passing of Resolution 11 set out above, the directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (including any shares held in treasury) (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said Resolution 11 and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £82,533 (representing 10% of the aggregate nominal amount of the share capital, excluding treasury shares, in issue at 23 October 2023); and where equity securities are issued pursuant to this power they will only be issued at a price which is equal or greater than the Company's NAV per share as at the latest practicable date before the allotment; and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."

13. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 1p each in the capital of the Company ("Share") at whatever discount the prevailing market price represents to the prevailing net asset value per Share provided that:

    (a) the maximum number of Shares which may be purchased is 12,371,723, representing 14.99% of the Company's issued ordinary share capital as at 23 October 2024 (excluding treasury shares);

    (b) the maximum price (exclusive of expenses) which may be paid for a Share shall not exceed the higher of;

    i) 105% of the average of the middle market quotations for the Shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase; and

    ii) the higher of the last independent bid and the highest current independent bid on the London Stock Exchange;

    (c) the minimum price (exclusive of expenses) which may be paid for a Share shall be 1p, being the nominal value per Share;

    (d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2025 (unless previously renewed, varied or revoked by the Company prior to such date);

    (e) the Company may make a contract to purchase Shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and

    (f) any Shares so purchased will be cancelled or held in treasury."

14. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice."

By order of the Board

Schroder Investment Management Limited
Company Secretary

23 October 2024

Registered Office:

1 London Wall Place,
London EC2Y 5AU

Registered Number: 12892325

1. Ordinary shareholders are entitled to attend, ask questions and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

   A proxy form is attached. Shareholders are encouraged to appoint the Chair as proxy. If you wish to appoint a person other than the Chair as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on +44 (0)800 032 0641, or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

   On a vote by show of hands, every ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder. Voting will be by poll.

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. You may also submit your proxy votes via the internet. You can do so by visiting www.shareview.co.uk. You will need to create an online portfolio using your Shareholder Reference Number and follow the on-screen instructions. This information can be found under your name on your form of proxy. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk using their user ID and password. Once logged in, click "view" on the "My Investments" page. Click on the link to vote and follow the on screen instructions. Please note that to be valid, your proxy instructions must be received by the Company's Registrar no later than 12.00 pm (GMT) on 16 December 2024. If you have any difficulties with online voting, you should contact the shareholder helpline on +44(0)800 032 0641. Please use the country code when calling from outside the UK. Lines are open between 08:30 – 17:30, Monday to Friday excluding public holidays in England and Wales.

   If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence. Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

   Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.30 p.m. on 16 December 2024, or 6.30 p.m. two days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.30 p.m. on 16 December 2024 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12 noon on 16 December 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

5. Copies of the terms of appointment of the non-executive directors and a statement of all transactions of each director and of their family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the directors has a contract of service with the Company.

6. The biographies of the directors offering themselves for re-election are set out on pages 40 to 41 of the Company's Annual Report and Accounts for the year ended 30 June 2024.

7. As at 23 October 2024, 85,316,586 ordinary shares of 1 pence each were in issue (2,783,411 were held in treasury). Therefore the total number of voting rights of the Company as at 23 October 2024 was 82,533,175.

8. A copy of this Notice of meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available from the Company's website, www.schroders.co.uk/sbsi.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

10. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to:

    (a) the audit of the Company's Accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or

    (b) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

11. The Company's privacy policy is available on its website. Shareholders can contact Equiniti for details of how Equiniti processes their personal information as part of the AGM.

Terms as defined in the Prospectus dated 23 November 2020

AIFM or Manager	Schroder Unit Trusts Limited or Alternative Investment Fund Manager
AIFM Directive	the Directive on Alternative Investment Fund Managers, 2011/61/EU
Co-Investments	co-investments made by the Company alongside Impact Funds or other impact investors (which may include the Portfolio Manager).
Direct Investments	investments of the Company that are neither interests in Impact Funds nor Co-Investments.
Eligible Social Sector Organisations	organisations such as community interest companies and community benefit societies or other forms of organisation where there is a mission and asset lock in place.
Impact Funds	private market impact funds, however structured, and other accounts managed by third party asset managers
Liquidity Assets	Assets that can easily be converted into cash in a short amount of time.
NAV or **Net Assets** or **Net Asset Value**	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time
NAV per Share or Net Asset Value per Share	the NAV attributable to any class of Shares divided by the number of Shares of the relevant class in issue (other than any Shares of the relevant class held in treasury), and "NAV per Ordinary Share" shall be construed accordingly
Portfolio Manager, Better Society Capital or **BSC**	Better Society Capital Limited
Social Impact Investments	investments intended to have a positive social impact on people in the UK while providing a financial return to investors, including, but not limited to, High Impact Housing, Debt for Social Enterprises and Social Outcome Contracts, and with the expectation that such investments will predominantly be further invested in Eligible Social Sector Organisations.
SBSI Investment Committee	the investment committee of the Portfolio Manager established for the purpose of approving Social Impact Investments to be made by the Company
Schroders	the AIFM's ultimate holding company and its subsidiaries and affiliates worldwide

The terms and performance measures below are those commonly used by investment companies to assess values, investment performance and operating costs. Numerical calculations are given where relevant. Some of the financial measures below are classified as Alternative Performance Measures ("APMs") as defined by the European Securities and Markets Authority. Under this definition, APMs include a financial measure of historical financial performance or financial position, other than a financial measure defined or specified in the applicable financial reporting framework. APMs have been marked with an asterisk.

Net asset value ("NAV") per share

The NAV per share of 104.13p (2023: 104.90p) represents the Net Assets attributable to equity shareholders of £86,459,000 (2023: £88,753,000) divided by the 83,029,661 (2023: 84,604,866) shares in issue at the year end.

Total return*

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share. Total return statistics enable the investor to make performance comparisons between investment companies with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either the assets of the Company at its NAV per share at the time the shares were quoted ex-dividend (to calculate the NAV per share total return) or in additional shares of the Company (to calculate the share price total return).

The NAV total return for the year ended 30 June 2024 is calculated as follows:

Opening NAV at 30/06/23	104.90p
Closing NAV at 30/06/24	104.13p

Dividend received	XD date	NAV on XD date	Factor
2.30p	09/11/23	104.22p	1.0221
NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage change in the opening NAV:			1.5%

The NAV total return for the year ended 30 June 2023 is calculated as follows:

Opening NAV at 30/06/22	105.39p
Closing NAV at 30/06/23	104.90p

Dividend received	XD date	NAV on XD date	Factor
1.30p	03/11/22	104.29p	1.0124
NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage change in the opening NAV:			0.8%

The share price total return for the year ended 30 June 2024 is calculated as follows:

Opening share price at 30/06/23	93.50p
Closing share price at 30/06/24	86.75p

Dividend received	XD date	Share price on XD date	Factor
2.30p	09/11/23	90.00p	1.0256
Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage change in the opening share price:			(4.8%)

The share price total return for the year ended 30 June 2023 is calculated as follows:

Opening share price at 30/06/22	106.50p
Closing share price at 30/06/23	93.50p

Dividend received	XD date	Share price on XD date	Factor
1.30p	03/11/22	96.50p	1.0135
Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage change in the opening share price:			(11.0%)

Discount/premium*

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. The discount or premium is expressed as a percentage of the NAV per share. The discount at the year end amounted to 16.7% (2023: 10.9% discount), as the closing share price at 86.75p (2023: 93.50p) was 16.7% lower (2023: 10.9% lower) than the closing NAV of 104.13p (2023 :104.90p).

Gearing/(net cash)*

The gearing percentage reflects the amount of borrowings (that is, bank loans or overdrafts) that the Company has used to invest in the market. This figure is indicative of the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. Gearing is defined as: borrowings used for investment purposes, less cash and cash equivalents and money market funds, expressed as a percentage of Net Assets. A negative figure so calculated is termed a "net cash" position.

At the year end, the Company had no loans or overdrafts, and thus was in a net cash position, calculated as follows:

	2024 £'000	2023 £'000
Borrowings/(net cash) used for investment purposes	**(3,620)**	(2,089)
Net assets	**86,459**	88,753
Net cash (%)	**(4.2)**	(2.4)

Ongoing Charges*

Ongoing Charges (OGC) is calculated in accordance with the AIC's recommended methodology and represents total annualised operating expenses payable including any management fee, but excluding any finance costs and transaction costs, expressed as a percentage of the average daily net asset values during the year. The operating expenses calculated as above amounted to £1,177,000 (2023: £1,132,000) for the year. This amount, expressed as a percentage of the average net asset values during the year of £86.5 million (2023: £89.4 million), gives an OGC figure of 1.36% (2023:1.27%).

Leverage*

For the purpose of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as the ratio of the Company's exposure to its net asset value and is required to be calculated both on a "Gross" and a "Commitment" method. Under the Gross method, exposure represents the sum of the absolute values of all positions, so as to give an indication of overall exposure. Under the Commitment method, exposure is calculated in a similar way, but after netting off hedges which satisfy certain strict criteria. The leverage ratios and limits are presented on page 88 under Shareholder Information.

*Alternative Performance Measures.

1. Number of beneficiaries

The Company reports on the total number of beneficiaries reached directly by frontline organisations within the portfolio, and also reports on the subset of the total that is attributable to the Company's investment.

Total beneficiaries:

This is an aggregation of the beneficiaries reached across the three asset classes in which the Company invests:

- Housing – the total number of people provided with homes by housing initiatives financed by organisations supported by the Company.
- Debt and Equity for Social Enterprises – the total number of people provided with services or products by organisations and projects financed by organisations supported by the Company.
- Social Outcomes Contracts – the total number of people provided with services by partnerships financed by the Bridges Social Outcomes Fund II.

The total figure includes:

- Where the finance is targeted at a specific project (e.g. full finance for a frontline organisation to use for a specific purpose such as development of a new housing asset) the total number of beneficiaries reached by the project.
- Where the finance is targeted towards an organisation's resilience and/or growth, the total number served by an organisation since investment.

Approach for the Company's investment in the Triodos Bank Bond: The £5.7 million Triodos Bank Bond contributes to Triodos Bank's capitalisation, enabling the bank to leverage by eight times to provide at least £45.6 million in loans, within a larger loanbook. Triodos Bank reports to the Company on social impact for its entire loanbook, however the Company's calculation for total beneficiaries reached by the Bank Bond is based only on the Company's proportionate share of loans made possible by the Bond.

Share of beneficiaries attributed to the Company:

This report includes the attributed share of total beneficiaries and other key impact metrics, based on the Company's investment as a proportion of the frontline investee's total capital.

2. Reporting on contribution to impact

Investment and non-financial support provided through the Company and underlying fund managers makes a significant contribution towards positive impact: however we recognise this as one set of inputs among many that are instrumental in portfolio organisations achieving positive outcomes for people. The contribution of an investment towards the outcomes achieved by investee organisations is highly variable and may depend on the size and purpose of the investment, the effect this has on a fund, a frontline organisation's ability to raise capital from other sources, and the nature of non-financial support provided to fund managers and frontline organisations. Given the wide range of variables, this report focuses on providing a clear picture of the impact achieved by organisations with contribution from the Company, and offers the Company attributed figures as a proxy based indicative estimate to support investor requirements for aggregation and onward reporting.

3. Disadvantaged and Vulnerable Beneficiaries

The number of people served who are from disadvantaged or vulnerable backgrounds is a key performance indicator for the Company. We define this as people or groups who are at risk of harm or disadvantage, including:

- People living in poverty and/or financial exclusion
- People experiencing homelessness and people at risk of homelessness
- People with long-term health and disability conditions
- Vulnerable children and vulnerable young people
- People with learning disabilities and other neurodivergences
- People with mental health needs
- Victims of domestic violence/abuse
- Refugees, asylum seekers, undocumented and other migrants
- Ex-offenders
- Voluntary carers
- Vulnerable parents (e.g. single parents)
- Older people with acute conditions

4. Partner track record/age

The track record of frontline organisations is a high-level indicator used to assess impact risk across the Company's portfolio. The average track record for the portfolio is based on weighted average (by the Company's commitment) of the age of all frontline organisations financed through the Company's investments, taken from the date of the organisation's formal registration to the current reporting period.

5. UN Sustainable Development Goal (SDG) alignment

The frontline organisations in the Company's portfolio are generally aligned with multiple SDGs (on average, each frontline organisation is aligned with three SDGs). Alignment is assessed by fund managers and validated as part of the Portfolio Manager's annual review. Social organisations frequently take a multi-tiered holistic approach to impact, recognising multiple dimensions of exclusion or need for disadvantaged and vulnerable groups. This combined approach is a major driver for positive impact performance and reduced financial and impact risk.

Combining housing (SDG 11) services with education (SDG 4), care (SDG 3) and energy efficiency technology (SDGs 7 and 13) can drastically improve a tenant's financial and personal well-being, reducing risks of defaults and enhancing prospects of sustained positive outcomes. The Company therefore recognises where frontline organisations are aligned to multiple SDGs.

The Company's approach to due diligence and monitoring also ensures that the risk of any of the portfolio companies having a negative impact on any of the SDGs is assessed and mitigated.

6. UN Sustainable Development Goal (SDG) contribution

SDG sub-indicators and/or national action plans can provide a benchmark for where we currently are, and an indicator of the potential value of investments as a contribution towards meeting targets. The Company's Impact Report provides assessment of the Company's portfolio against SDGs where relevant SDG sub-indicators have been identified and UK level targets recognised. SDG targets and sub indicators are sourced primarily from the UK Office for National Statistics and the Open SDG Platform, https://sdgdata.gov.uk/, and from the UK Government Corporate Report on Implementing the SDGs. https://www.gov.uk/government/publications/implementing-the-sustainable-development-goals/implementing-the-sustainable-development-goals--2

7. Savings and short term value to government

The Company invests in initiatives seeking to provide benefits to society in innovative and cost-effective ways. The Company's Impact Report includes quantification of value generated for 12% of the portfolio, where we have high- quality data on the global cost of provision, comparable data on existing alternative provision models as counterfactuals, and high quality data on medium to long term outcomes for beneficiaries and government. This is primarily applicable in investments that operate at comparatively large scale, in well-established and data rich sectors, and with business models that require quantification of value generated for payment.

Social Outcomes Contracts: Short term value to government is calculated using one of three methodologies:

a. Delivering against a public "rate card". For projects delivering against a public 'rate card', the value to government is the price of outcomes that Government was prepared to pay according to the rate card. Where this is higher than the amount actually paid, this signifies that the project offered a discount to the rate card prices, or achieved more outcomes above the contract cap, or both.

b. Short term savings: For local projects targeting short term savings for a local authority, the value to government is the gross value of these savings during the tracking period (from investment to the latest available report).

c. Valued at cost: Where there is no public outcomes rate card or a definitive short-term saving created at the level of the commissioning authority, no additional value has been assigned to the outcomes over and above that which government has been willing to pay.

For more information on SOCs, please see https://www.bridgesfundmanagement.com/outcomescontracts/

Debt and Equity for Social Enterprises, AgilityEco: Calculated based on the average annual savings generated through reduction in energy bills as a result of energy efficiency improvements per household.

For more information, please see AgilityEco's annual impact report https://www.agilityeco.co.uk/news/agilityeco-launches-its-impactreport-20212022.

In addition, the total figure for this asset class includes community benefit funds generated by renewable energy assets. Investments also include small scale social organisations that have limited capacity for measurement, and organisations such as social housing providers where a lack of consistent measurement standards makes comparison of costs and benefits challenging. The Company's Portfolio Manager is currently exploring methods for assessing savings generated through housing services and other enterprise models, however there is not currently sufficiently reliable data to report on this.

8. Data quality

The impact data presented in this report is taken from the latest available fund manager impact reports submitted to the Company. The report also draws on annual impact reports from frontline investee organisations where available.

9. Reporting on contribution to impact

Investment and non-financial support provided through the Company and portfolio fund managers makes a significant contribution towards positive impact: however we recognise this as one set of inputs among many that are instrumental in portfolio organisations achieving positive outcomes for people. The contribution of an investment towards the outcomes achieved by investee organisations is highly variable and may depend on the size and purpose of the investment, the effect this has on a fund, frontline organisations' ability to raise capital from other sources, and the nature of non-financial support provided to fund managers and frontline organisations. Given the wide range of variables, this report focuses on providing a clear picture of the impact achieved by organisations with contribution from the Company but does not seek to attribute a share of impact directly to the Company.

Web pages and share price information

The Company has a dedicated website, which may be found at www.schroders.com/sbsi. The website has been designed to be used as the Company's primary method of electronic communication with shareholders. They contain details of the Company's share price and copies of annual report and other documents published by the Company as well as information on the directors, terms of reference of committees and other governance arrangements. In addition, the website contain links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled "How to Invest".

The Company releases its NAV per share on both a cum and ex-income basis, diluted where applicable, to the market on a daily basis.

Share price information may also be found in the Financial Times and at the Company's website.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on the Association can be found on its website, www.theaic.co.uk.

Individual Savings Account ("ISA") status

The Company's shares are eligible for stocks and shares ISAs.

Non-Mainstream Pooled Investments status

The Company currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Financial calendar

Annual results announced	October
Annual General Meeting	December
Half-year results announced	March
Financial year end	June

Alternative Investment Fund Managers Directive ("AIFMD") disclosures

The AIFMD UK regulation, transposed AIFMD into the FCA Handbook in the UK and requires that certain pre-investment information be made available to investors in Alternative Investment Funds (such as the Company) and also that certain regular and periodic disclosures are made. This information and these disclosures may be found either below, elsewhere in this annual report, or in the Company's AIFMD information disclosure document published on the Company's web pages.

Leverage

The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the Company's web pages and within this report. The Company is also required to periodically publish its actual leverage exposures. As at 30 June 2024 these were:

Leverage exposure	Maximum ratio	Actual ratio
Gross method	150.0%	100.2%
Commitment method	150.0%	100.0%

Illiquid assets

As at the date of this report, none of the Company's assets are subject to special arrangements arising from their illiquid nature.

Remuneration disclosures

Quantitative remuneration disclosures to be made in this annual report in accordance with FCA Handbook rule FUND3.3.5 may also be found in the Company's AIFMD information disclosure document published on the Company's website.

Publication of Key Information Document ("KID") by the AIFM

Pursuant to the Packaged Retail and Insurance-based Products ("PRIIPs") Regulation, the Manager, as the Company's AIFM, is required to publish a short KID on the Company. KIDs are designed to provide certain prescribed information to retail investors, including details of potential returns under different performance scenarios and a risk/reward indicator. The Company's KID is available on its website.

Complaints

The Company has adopted a policy on complaints and other shareholder communications which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chair or the Board are, in each case, considered by the Chair and the Board.

Warning to shareholders

Companies are aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares or investments.

These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FCA before getting involved by visiting https://register.fca.org.uk.
- Report the matter to the FCA by calling 0800 111 6768 or visiting www.fca.org.uk/consumers/report-scam-unauthorised- firm.
- Do not deal with any firm that you are unsure about.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

The FCA provides a list of unauthorised firms of which it is aware, which can be accessed at https://www.fca.org.uk/consumers/unauthorised-firms-individuals#list.

More detailed information on this or similar activity can be found on the FCA website at https://www.fca.org.uk/consumers/protect-yourself-scams.

Dividends

Paying dividends into a bank or building society account helps reduce the risk of fraud and will provide you with quicker access to your funds than payment by cheque.

Applications for an electronic mandate can be made by contacting the Registrar, Equiniti.

This is the most secure and efficient method of payment and ensures that you receive any dividends promptly.

If you do not have a UK bank or building society account, please contact Equiniti for details of their overseas payment service.

Further information can be found at www.shareview.co.uk, including how to register with Shareview Portfolio and manage your shareholding online.

Information about the Company

www.schroders.com/sbsi

Directors

Susannah Nicklin (Chair)
Mike Balfour
James B. Broderick
Alice Chapple
Ranjan Ramparia

Registered Office

1 London Wall Place
London EC2Y 5AU

Advisers and service providers

Alternative Investment Fund Manager (the "Manager")

Schroder Unit Trusts Limited
1 London Wall Place
London EC2Y 5AU

Portfolio Manager

Better Society Capital Limited
New Fetter Place
8-10 New Fetter Lane
London EC4A 1AZ

Company Secretary

Schroder Investment Management Limited
1 London Wall Place
London EC2Y 5AU
Telephone: 020 7658 6000
Email address: AMCompanySecretary@schroders.com

Depositary and custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Corporate broker

Winterflood Securities Limited
Riverbank House
2 Swan Lane
London EC4R 3GA

Independent auditors

BDO LLP
55 Baker Street
London W1U 7EU

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder helpline: 0800 032 0641
Website: www.shareview.co.uk

[1]Calls to this number are free of charge from UK landlines.

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at the above address and telephone number above.

Shareholder enquiries

General enquiries about the Company should be addressed to the Company Secretary at the address set out above.

Dealing Codes

ISIN:	GB00BF781319
SEDOL:	BF78131
Ticker:	SBSI

Global Intermediary Identification Number (GIIN)

PXF89P.99999.SL.826

Legal Entity Identifier (LEI)

549300PG5MF2NY4ZRM86

Privacy notice

The Company's privacy notice can be found on its web pages.

Schroder Investment Management Limited
1 London Wall Place, London EC2Y 5AU, United Kingdom
T +44 (0) 20 7658 6000

schroders.com
@schroders