By Social Entrepreneurs For Social Entrepreneurs BIG ISSUE INVEST

THREADNEEDLE UK SOCIAL BOND FUND

ANNUAL SOCIAL PERFORMANCE REVIEW 2016

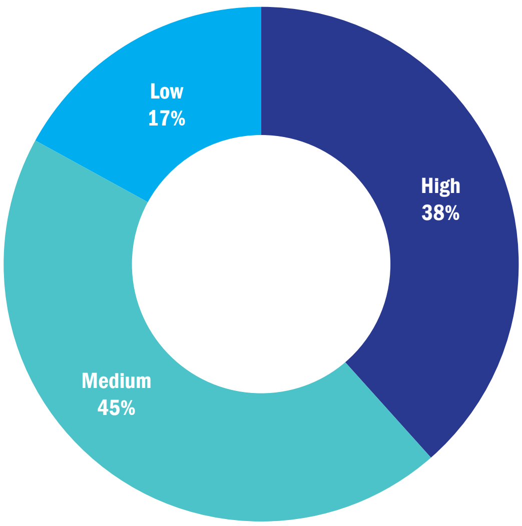
Bringing the mainstream into social investment

SOCIAL PERFORMANCE HIGHLIGHTS

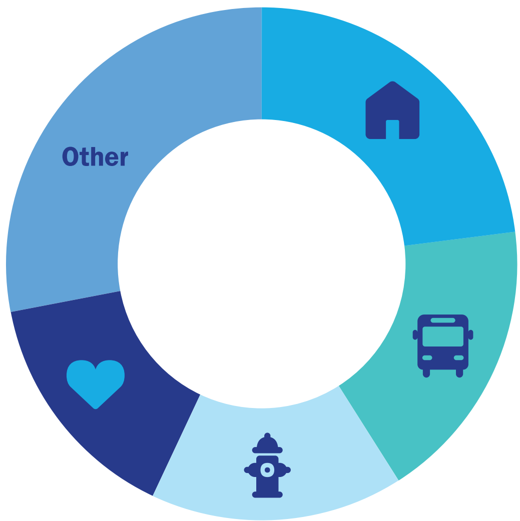
(As of 31 March 2016)

£86 million invested by both **retail and institutional investors** (annual growth in AUM of 21%)

Portfolio of 83 bonds from 60 issuers, including **charities, registered social housing providers and companies**

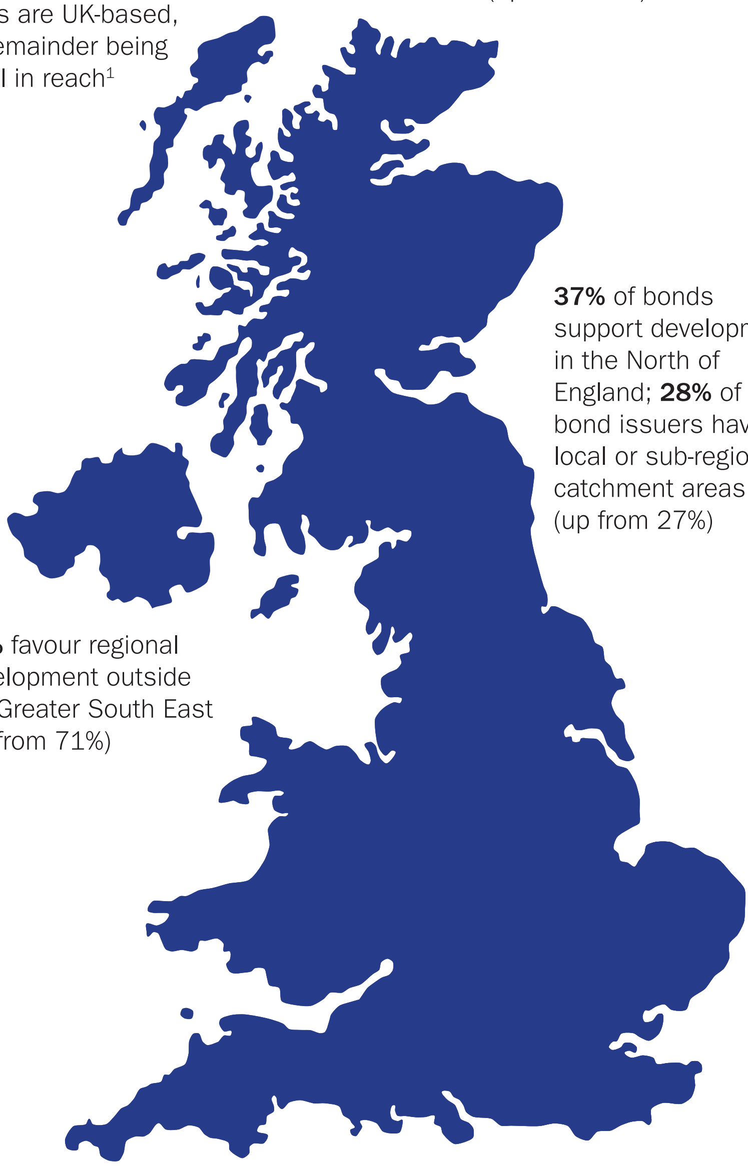


Social Performance (by number of bonds): 83% of individual bonds are rated High and Medium in terms of their overall social performance (up from 78% in 2015)



Social Outcomes (by value): diversified portfolio by social outcome area with a particular orientation towards Affordable Housing (18%), Transport and Communications (17%), Utilities and Environment (18%) and Health and Social Care (13%)

Job Creation 83% of bonds are issued by organisations in sectors of the economy that have a strong jobs performance (down from 85% in 2015), measured by the rate and scale of job creation, average earnings relative to the voluntary Living Wage as defined by the Living Wage Foundation, extent of vocational training and entry level job opportunities and presence in the most deprived areas of Britain.



Social Geography (by value): **88%** of the bonds are UK-based, the remainder being global in reach[1]

28% of bond issuers have local or sub-regional catchment areas (up from 27%)

37% of bonds support development in the North of England; **28%** of bond issuers have local or sub-regional catchment areas (up from 27%)

75% favour regional development outside the Greater South East (up from 71%)

MARKET INFLUENCE

Columbia Threadneedle championed the extension of the Green Bond Principles to social outcomes, culminating in the publication of "Social Bonds - Guidance for Issuers" by the International Capital Markets Association (ICMA). The first bond to be issued following this guidance note was bought for the Fund.

We also supported the Charities Aid Foundation (CAF) become the third charity to issue a bond from the Retail Charity Bond Platform. This bond enables the Fund to benefit small and medium sized charities, which would not be large enough to issue bonds in their own right.

We continue to encourage Local Authorities to use the bond market to diversify their funding sources especially highlighting the experience of the French Region's bond issues in euros as an example.

AWARDS WON

- **Ethical Investment Fund of the Year Consumer,** The Better Society Awards 2015
- **Innovative New Idea Award,** Finance for the Future Awards 2014
- **New Markets Award,** Social Investment Awards 2014
- **European Pensions Innovation Award, 2015**

1 Global Bonds, such as those issued by developments banks and supranationals (e.g. the IFFIM immunisation bond or EIB Climate Bond) are used to enhance liquidity management in the portfolio but are still required to otherwise meet the social criteria of the fund.

FOREWORD

This second annual social performance review of the UK Social Bond Fund undertaken for Big Issue Invest by The Good Economy Partnership underpins the key features I noted in the Foreword last year. Demand for a social outcomes-biased mainstream fixed income product from both retail and institutional investors is confirmed by the growth in assets under management. At the same time the social outcomes approach is reinforced by the developing methodology used to assess such outcomes, developments which are reviewed and debated by the Social Advisory Committee.

The strengths that the Committee see in the Fund's investment approach are now likely to be tested by an environment of increasing market uncertainty for fixed income funds engendered by many factors including QE policies around the globe and the UK's future trading relationships.

I am confident that the robustness of the Fund's investment philosophy and management will meet these challenges.

John Hale

Chair of the Social Advisory Committee

December 2016

CONTENTS

01 FOREWORD . . . 4
02 INTRODUCTION . . . 6
03 THE SOCIAL ASSESSMENT METHODOLOGY . . . 10
04 OVERALL PERFORMANCE . . . 12
Top 25 Bond Holdings (March 2016) . . . 12
Map Showing a Selection of the Fund’s Investments . . . 15
05 PERFORMANCE BY SOCIAL OUTCOME . . . 18
Employment and Training . . . 18
Affordable Housing . . . 20
Community Services . . . 22
Transport and Communications . . . 23
Utilities and Environment . . . 24
Health and Social Care . . . 25
Financial Inclusion . . . 26
Education, Learning and Skills . . . 27
06 FORWARD LOOK . . . 29
07 ANNEX 1 . . . 31
08 ANNEX 2 . . . 32
09 BIOGRAPHIES . . . 33

INTRODUCTION

This is the second Annual Social Performance Review of the Threadneedle UK Social Bond Fund ("the Fund"), which was launched in January 2014. Based on a partnership between Big Issue Invest, the social investment arm of The Big Issue, and Columbia Threadneedle Investments, one of the UK's leading asset managers, the Fund has been established to help bring social investment to the mainstream.

FUND OBJECTIVE

The Fund invests in corporate bonds that are assessed to create social benefits and support more balanced and inclusive economic development, primarily in the UK. The Fund aims to deliver real world social outcomes and impact without sacrificing financial return.

The Fund is available to both retail and institutional investors. Given the nature of its investments, the Fund is able to provide daily liquidity allowing investors to take out their money at any time. Individual investors can invest from £2000 and the Fund qualifies as an ISA investment.

THE BIG ISSUE GROUP

The Big Issue is the UK's most trusted social brand. Launched in 1991, The Big Issue provides individuals who have encountered poverty or social exclusion, an opportunity to run their own micro-business by selling The Big Issue magazine on the street. The aim is to equip them with practical business skills that reinstate a sense of dignity and purpose. Vendors purchase The Big Issue magazine for £1.25 and sell it to the public for £2.50, making a profit and providing a legitimate income. In April 2016, The Big Issue sold its 200 millionth copy. The Big Issue works with around 1,500 vendors in England, Scotland and Wales and circulates 78,200 copies per week.

Started in 2005, Big Issue Invest is the social investment arm of The Big Issue Group. Big Issue Invest advances the Group's mission of dismantling poverty and creating opportunity by backing social ventures and charities across the UK. Big Issue Invest has invested £30 million in over 300 organisations helping to improve the quality of life in Britain's poorest communities. Last year alone, Big Issue Invest directly invested in over 50 social enterprises and charities. Big Issue Invest investments range from £20,000 to £3 million and take the form of early stage finance, loans, and equity. A percentage of the Fund's earnings goes towards supporting Big Issue Invest in its work financing social enterprises - businesses with a primary purpose of tackling social problems – adding an additional layer of social value to any investment made in the Fund. Two examples of Big Issue Invest's social investments are given below.

THAMES REACH

Thames Reach is a London-based charity that helps homeless and vulnerable people to find decent homes, build supportive relationships and lead fulfilling lives. Their vision is to end street homelessness.

Big Issue Invest invested £250,000 into Thames Reach to support the delivery of The Ace Project; a programme commissioned by the Greater London Authority (GLA) in 2013. The programme was aimed at a group of 416 rough sleepers, known to the GLA because they had been seen sleeping rough at least six times in the two years prior to the start of the project. These individuals were each assigned a personal navigator to help them on their journey. The contract was structured on a payment-by-results basis, giving the Ace Team the freedom to find innovative solutions to support their clients, leading to some surprising results.

The team learned that the traditional linear route from the streets - to temporary accommodation, to longer-term accommodation and then into work - isn't the only way. Direct moves into long-term tenancies were often successful and many participants were able to successfully take on work or training before getting settled in long-term homes. On completion in 2016, only 60 of the entrenched rough sleepers the project worked with were still on the streets (an 86% success rate), with the most having made the move into temporary or settled accommodation.

CITIZENS ADVICE DIRECT

Citizens Advice Direct (CAD) is a national telephone and web based advice service that offers free, independent advice to the citizens of Scotland. It sits alongside a network of other national and local specialist Citizens Advice services.

In November 2015 Big Issue Invest invested £200,000 into CAD, enabling it to develop a sophisticated CRM system that will help them improve their service offer, win further contracts and expand their delivery.

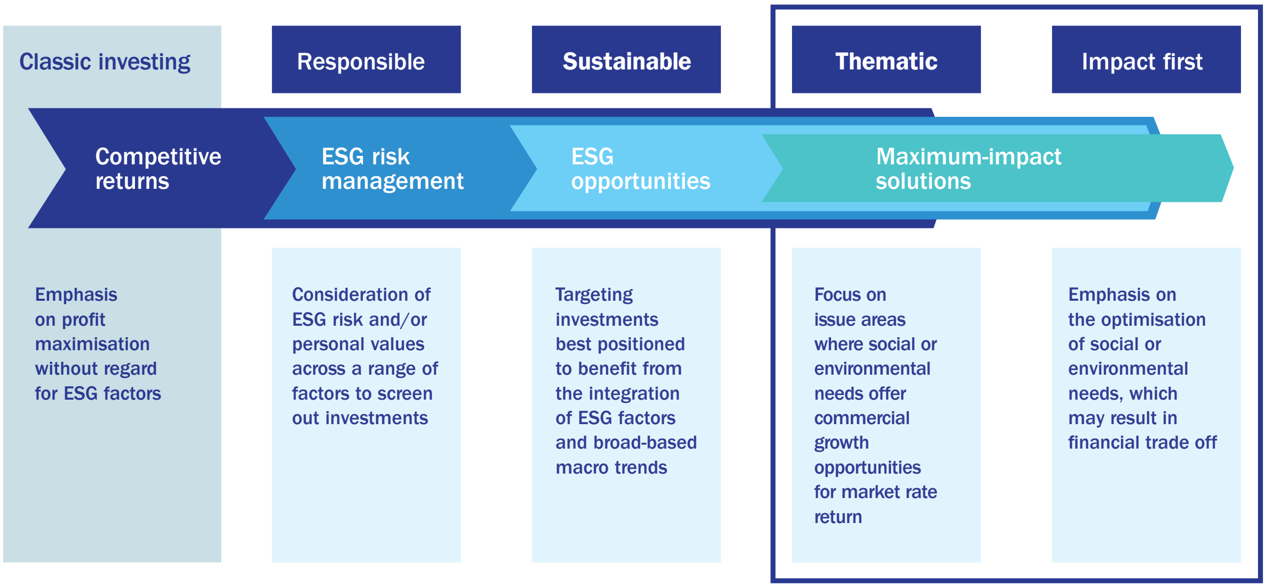
In 2015-16 CAD served over 76,000 customers through its helplines, providing high quality advice on a wide range of issues such as debt, employment, welfare and consumer matters. Not only does CAD offer a vital lifeline to the people on the end of the phone in need of advice, it also delivers extensive social impact through the development and training of the volunteers who run the service. In 2015-16, 120 of the 190+ volunteers who run the service were long-term unemployed and the training and development they receive at CAD is vital to them finding employment opportunities either inside or outside the organisation.

A NEW INVESTMENT APPROACH

The Threadneedle UK Social Bond Fund occupies a unique position in the investment marketplace. Big Issue Invest is an established leader and innovator in the field of social impact investing and the Fund has been designed from this perspective – as an investment product that intentionally targets specific social objectives along with a financial return and measures the achievement of both.[2]

Impact investing has gathered increasing attention since the financial crash of 2008 since when there has been growing worldwide recognition that finance needs to play a role in building a fairer society. Impact investing requires a shift in capital market thinking bringing a third dimension, impact, to the traditional capital market priorities of risk and return. This Fund takes an impact investing approach – looking at each individual investment through a social lens: to what extent does this investment have a positive benefit for society by helping meet society's challenges and needs?

Big Issue Invest positions this Fund as creating a bridge between sustainable investing and impact investing (which is mainly comprised of direct investing in social sector organisations and social purpose-driven businesses) – providing both a fixed income product with social value and the opportunity to invest directly in social enterprise development via the revenue share with Big Issue Invest. By creating a fund in an established asset class the Fund's aim is to give investors – including individual investors who want to have savings and investments that are aligned with their social values – an investment strategy that has the ability to deliver respectable financial returns and daily liquidity, as well as social good.



*ESG - Environmental, Social and Governance.
Source: Extracted from Sonen Capital & KL Felicitas Foundation. Evolution of an Impact Portfolio: From Implementation to Results, October 2013.

2 See report of the Social Impact Investing Task Force established under the UK's Presidency of the G8 **Impact Investment: The Invisible Heart of the Markets, September 2014.**

THE ROLE OF BIG ISSUE INVEST

Big Issue Invest is engaged with the Fund in three ways:

1. Big Issue Invest provides core elements of the Social Assessment Methodology which is used by the Fund Manager to assess the social performance potential of individual bonds.

2. Through membership of the Social Advisory Committee (SAC), Big Issue Invest reviews, advises and challenges on the social characteristics, assessments of and developments around bonds and sectors.

3. Big Issue Invest monitors and assesses the Fund's overall social performance and publishes this Annual Social Performance Review.

THIS REPORT

This report presents Big Issue Invest's appraisal of the social performance of the Fund for the period up to the end of March 2016. Columbia Threadneedle Investments reports separately on the Fund's financial performance.

Part 2 of the report explains the Fund's Social Assessment Methodology and its importance to shaping the composition of the bond investment portfolio and its intended social outcomes.

Part 3 presents the results on social performance for the portfolio as a whole, and then discusses the bond investments by social outcome area.

Part 4 is a forward look and reaffirms our vision and aspirations for the Fund.

WHAT WE MEAN BY "SOCIAL" PERFORMANCE

The social performance of the Fund refers to the degree to which its investments help to build a fairer and more equal society in Britain, through a more balanced and sustainable pattern of economic development. This is reflected in widening access to good quality education and health care, affordable housing, infrastructure and job opportunities for Britain's most vulnerable people and communities. The Fund aims to help create a more inclusive form of capitalism and, in the words of the Archbishop of Canterbury, "reconnect wealth creation with social justice".
This is aligned with The Big Issue's mission of dismantling poverty and creating opportunity for all.

THE SOCIAL ASSESSMENT METHODOLOGY

Big Issue Invest provides a unique Social Assessment Methodology (‘Methodology’) for the Fund. The Methodology was refined and completed with inputs from Columbia Threadneedle Investments’ Responsible Investment (RI) team. The Methodology provides ‘filters’ for portfolio investment decisions that identify the “social performance” of investments and channels the Fund’s capital to organisations whose activities produce clearly identifiable social outcomes and help create a more balanced and inclusive UK economy.

The methodology differentiates this Fund from other mainstream investment funds that take non-financial considerations into account. These include funds that apply a negative screening (e.g. SRI funds), focus on one specific theme or sector (e.g. green energy) or integrate a set of beliefs and values upon which certain bonds are excluded (e.g. ethical bond funds).

The Threadneedle UK Social Bond Fund is a positively screened fund which is distinctive in three respects as it is:

- Social outcome-driven and aims to responds directly to the UK’s social needs and challenges.
- Takes into account the varied geography of social need and the different levels of social value creation (local, regional, national and supranational).
- Recognises that social value is co-created and social performance can therefore be attributed to the Issuers, the Fund and Investors themselves.

It combines these characteristics in a diversified, daily-priced offering for retail and institutional investors - the first of its kind.

APPLYING THE METHODOLOGY

The Methodology is applied through a three-step process:

First, the Fund Manager identifies bonds that potentially deliver social outcomes across eight areas: affordable housing; education; employment and training; health and social care; financial inclusion; community services; transport and communication infrastructure; utilities and the environment.

Second, the Columbia Threadneedle Investments RI team gives each eligible bond an overall social performance rating based on how the bond scores across the following five criteria:

1 **Social Outcome:** the primary and secondary effects of the bond. For example, the primary outcome area of a bond could be transport improvements, whilst its secondary outcome area could be employment and training.

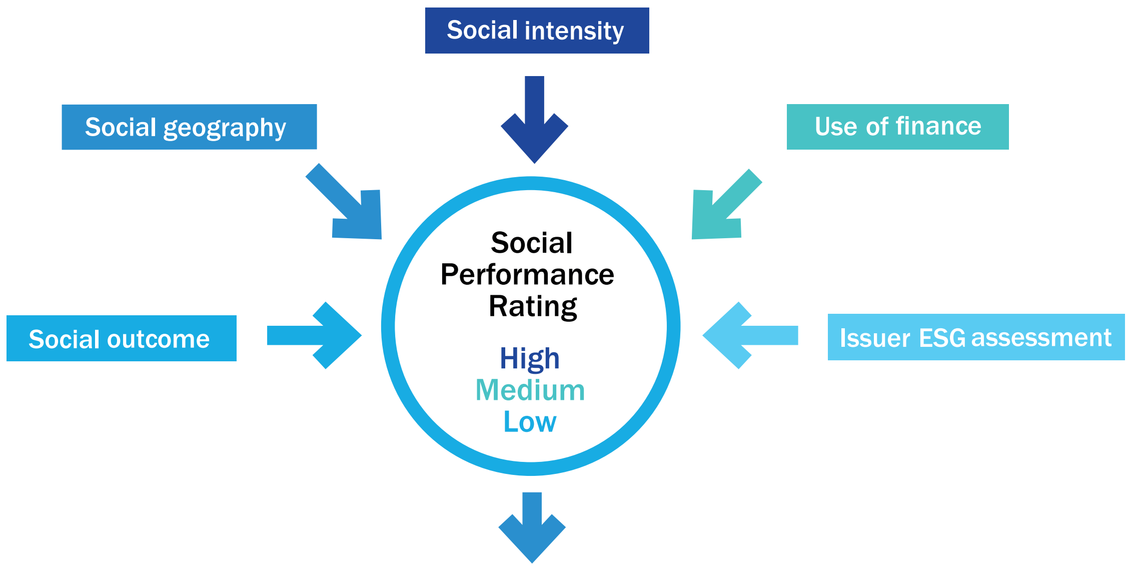
2 **Social Geography:** the extent to which the project financed by the bond issue has a geographical footprint within the most deprived local communities and regions of the UK.

3 **Social Intensity:** the extent to which the bond directly favours disadvantaged communities.

4 **Nature of Financing:** bonds are rated more highly where bond proceeds are used for directly financing a specific project, compared to bonds issued for general corporate purposes.

5 **ESG Rating of the Issuer:** the bond should have an Issuer with a good Environmental, Social and Governance (ESG) rating. Columbia Threadneedle Investments' RI team carries out this assessment leveraging its own well developed ESG methodology and approach.

Each bond's overall social performance rating is based on combining its scores for the five different assessment criteria. The Fund's portfolio includes a mix of bonds with High, Medium and Low social performance ratings. The overall objective is to build a portfolio that dynamically optimises social and financial returns.



Social performance assessments - distribution of fund

Third, Big Issue Invest acts as Social Advisor to the Fund through the Social Advisory Committee (SAC) which comprises an independent Chair (John Hale, formerly a manager in Investment Affairs at the Association of British Insurers), three Big Issue Invest appointed members (Nigel Kershaw, Executive Chair of The Big Issue Group, and Sarah Forster and Mark Hepworth of The Good Economy Partnership) and two Columbia Threadneedle Investments members (Iain Richards, Head of Responsible Investment and Simon Bond, Fund Manager).

The role of the SAC is to advise, review and challenge individual bond social assessments (and therefore the overall social performance of the Fund) and to support further development of the methodology the Committee meets on a quarterly basis.

OVERALL PERFORMANCE

As of end of March 2016, the Fund had raised £86 million from both institutional and retail investors. Institutional investors account for the largest amount invested. They include both UK investors, such as local authorities and foundations, and European investors. The Fund is also attracting retail investors with regular contributions being made through ISAs. Importantly, this realises Big Issue Invest's particular ambition to create a social investment product suitable for everyday investors.

As of March 2016, the Fund was invested in 83 bonds from 66 issuers, including charities, registered social housing providers and companies. The top 25 holdings, which represent 63% of the total value of the Fund, are listed here:

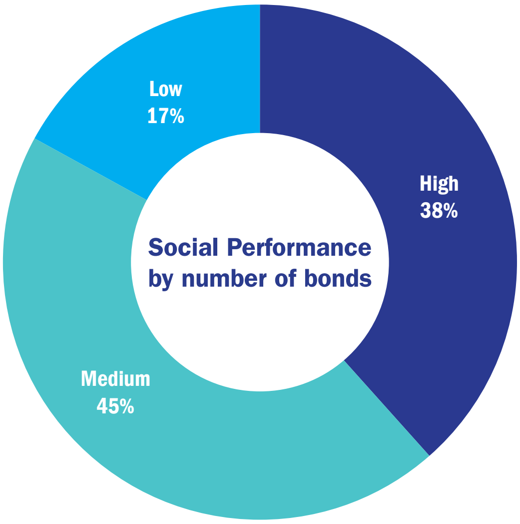
TOP 25 BOND HOLDINGS, 2016

Name of the single investment	Social Field	Social Performance Rating	% of Portfolio (March 2016)	% change (2015 - 2016)
Wellcome Trust	Health and Social Care	High	4.11	-0.29
Motability	Financial Inclusion	High	3.75	-0.75
Unite Students	Education Learning and Skills	Medium	3.58	1.06
BUPA	Health and Social Care	Medium	3.36	-0.29
EIB - Climate Awareness	Utilities and the Environment	Medium	3.31	-0.33
Manchester Airport Group	Transport and Communication Infrastructure	Medium	3.18	-0.23
Lloyds - ESG	Employment and Training	Medium	3.08	0.59
Nationwide Building Society	Financial Inclusion	Medium	2.97	-0.68
BBC Pacific Quay	Transport and Communication Infrastructure	High	2.87	-0.59
TfL Green Bond	Transport and Communication Infrastructure	Medium	2.63	2.34
University of Leeds	Education Learning and Skills	High	2.47	New
Wheatley Housing Association	Housing and Property	High	2.35	-0.47
Northern Ireland Electricity	Utilities and the Environment	Medium	2.24	-0.20
A2 Dominion Housing Association	Housing and Property	High	2.23	-0.86
Pennon (South West Water)	Utilities and the Environment	Low	2.16	0.25
Octagon Healthcare	Health and Social Care	Medium	2.14	-0.72
Places for People Housing Association	Housing and Property	High	2.09	-0.76
London and Continental Railways	Transport and Communication Infrastructure	Medium	2.09	-0.87
Intu Metrocentre	Employment and Training	Medium	1.97	-0.16
Electricity North West	Utilities and the Environment	High	1.89	-0.59
Sanctuary Housing Association	Housing and Property	High	1.82	-1.30
Community Finance (Crossrail)	Transport and Communication Infrastructure	Medium	1.80	-0.68
IADB - EYE	Education Learning and Skills	High	1.75	-0.26
Glas Cymru (Welsh Water)	Utilities and the Environment	Medium	1.73	0.95
Charities Aid Foundation	Community Services	High	1.70	New
Total			63.26	

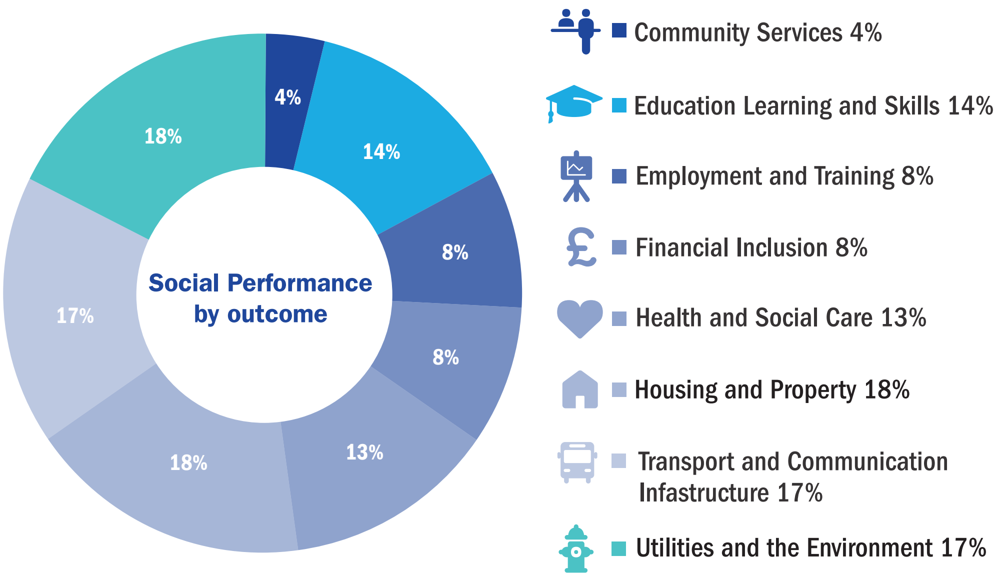
OVERALL PERFORMANCE

The Fund has performed well across its key social performance criteria:

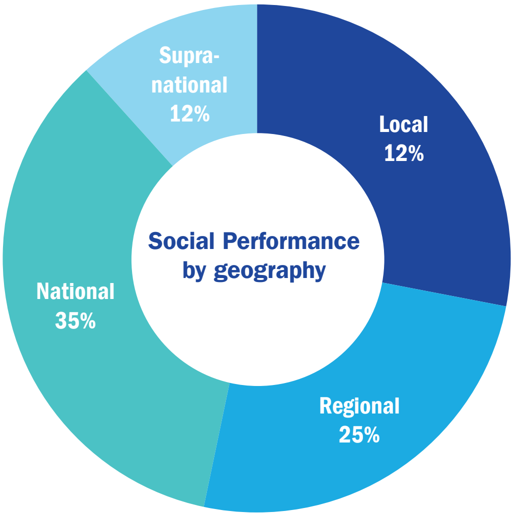
- **Social Performance:** 38% of the bonds fall into the High social performance category, 45% into Medium and 17% were rated as Low. This is well above the Fund's expectation of having 66% of the portfolio in the High or Medium categories.



- **Social Outcomes:** 62% of the Fund is invested in four social outcome areas: Affordable Housing (18%), Transport and Communications (17%); Utilities and Environment (18%) and Health and Social Care (13%); there is an average share of 8% across the other outcome areas.



- **Social Geography:** by value, 88% of the Fund investments primarily have impacts in the UK, the remainder being more international in scope. 75% of all local and regional bonds favour areas outside the high-performing Greater South East (including London). Of the local and regional bonds (53% of the Fund), the North has a 37% share; the Midlands and South West 17%, Scotland and Northern Ireland 10% and Wales 10%. The majority of the Fund's housing associations have a national or regional reach however their social benefits are concentrated in areas of local deprivation. Accounting for this the local share of investments rises from 28% to 43% - with a strong bias in favour of deprived urban areas.



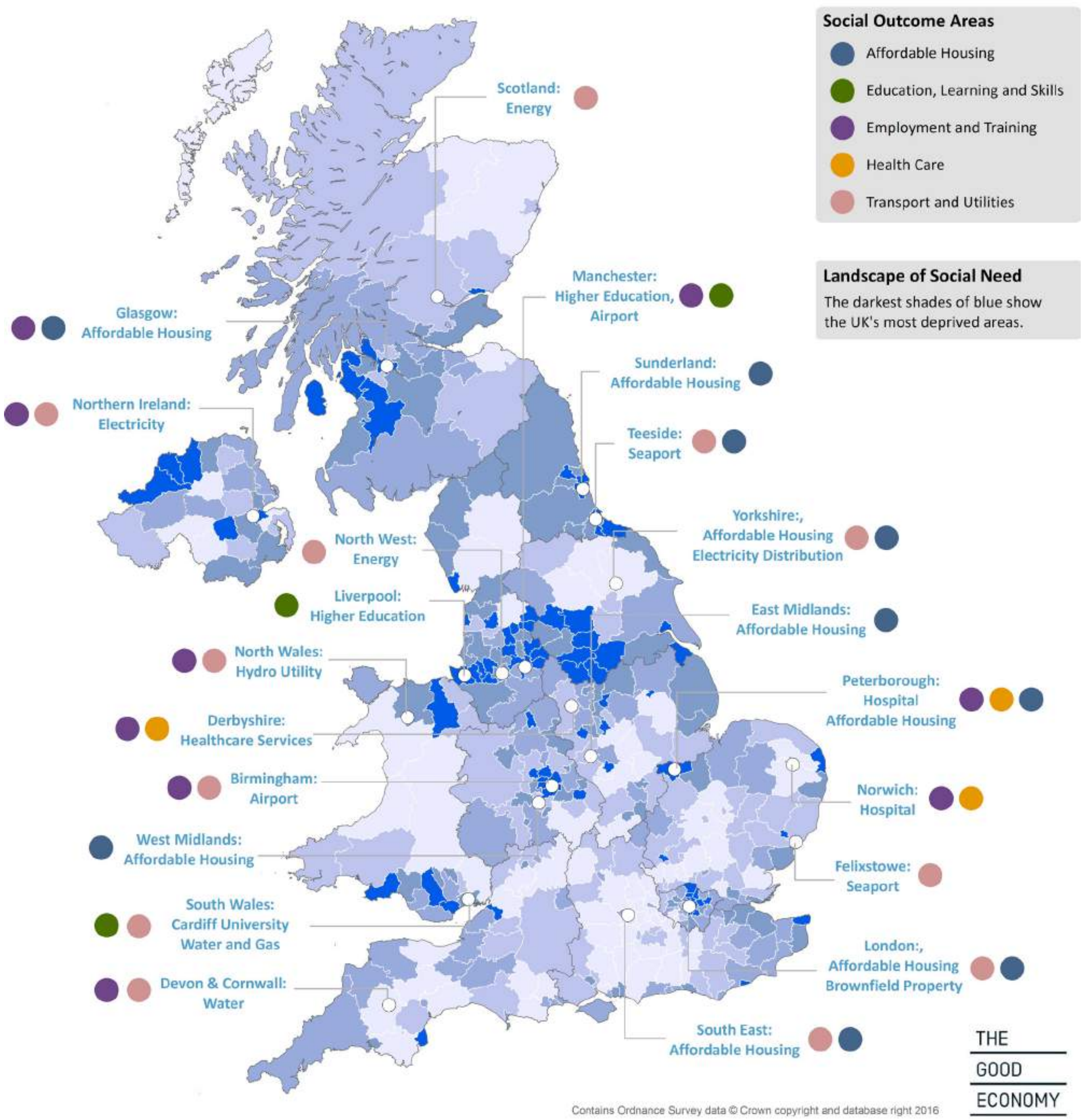
The Fund's overall social performance was relatively stable between March 2015 and March 2016. However there were some changes across outcome areas – such as, a decrease in the share of the Fund's investment in Affordable Housing (from 23% to 18%) and an increase in Education, Learning and Skills (from 9% to 14%). Local communities with high rates of deprivation have maintained their share of the Fund's investments.

These results on overall social performance, outcome and geography confirm that the Fund is still meeting its objectives of promoting more balanced and inclusive economic development in the UK.

The national map of selected holdings below provides a powerful view of the Fund's regional spread and diversity of social outcome orientation in this regard.

INVESTMENT FOR INCLUSIVE AND BALANCED DEVELOPMENT IN THE UK, 2016

The locational geography of the Fund's bond investments (selected holdings)

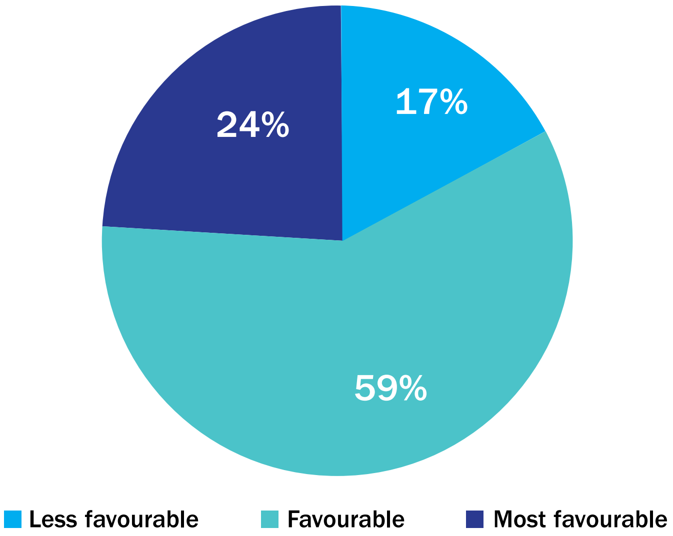


OVERALL JOBS PERFORMANCE

We provide an overall sector-based picture of the Fund's employment performance using a "Jobs Assessment Methodology" (JAM). The JAM rates the jobs performance of all 21 sectors of the UK economy using four sets of indicators and indices:

- Median earnings in the sector relative to the voluntary Living Wage as defined by the Living Wage Foundation (Wage Index);
- Proportion of the sector's workforces with intermediate or higher entry level vocational qualifications (NVQ level 3) (Accessibility Index);
- Concentration of sector employment in areas of high deprivation (Geography Index);
- Relative employment scale and growth of the sector (Employment Index).

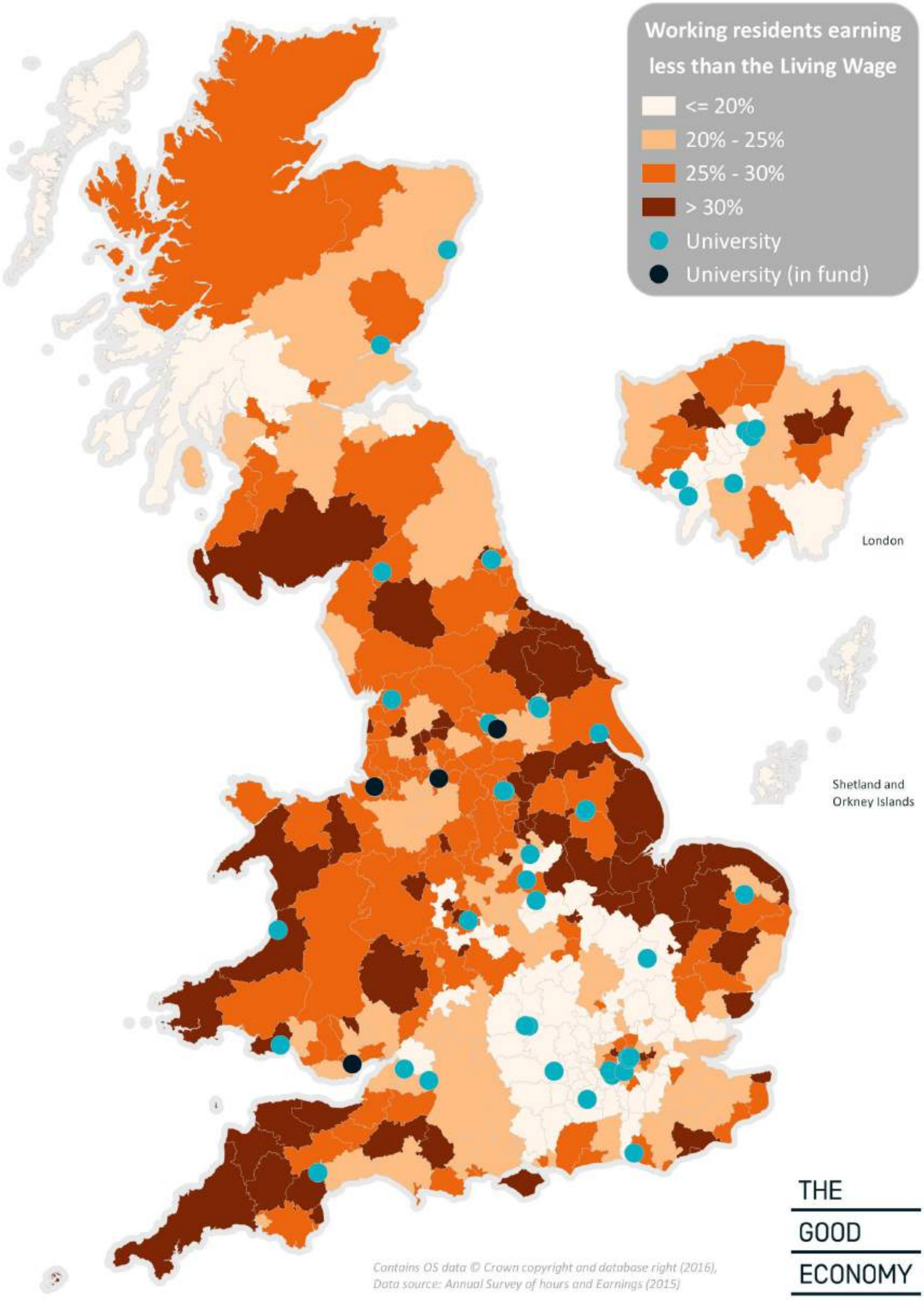
Applying the JAM to the Fund shows that 83% of bonds are concentrated in sectors with a good jobs performance.



- 83% of bonds are concentrated in sectors that score favourably on overall jobs performance (down 2% from 2015) – including Utilities, Health and Care, Housing Associations and Real Estate and Wholesale and Retail Trade;
- 87% of bonds are concentrated in sectors that have a relatively high employment concentration in the most deprived areas of the UK (up 4%) – notably Housing Associations and Real Estate, Utilities and Health and Care;
- 35% of bonds are concentrated in sectors that have favourable median earnings across all sectors (down 2% from 2015), only one bond is in a sector where average earnings are less than the voluntary Living Wage – this reflects the particularly weak performance of Retail and Wholesale Trade (Employment and Training), and to a lesser extent Real Estate (Affordable Housing) and Health and Care;
- 55% of bonds are concentrated in sectors that provide intermediate (NVQ3) level job opportunities, including apprenticeships (down 1%) – notably Utilities and Retail Trade, where many of the larger energy companies and retailers lead the way on apprenticeships.

A LIVING WAGE MAP OF BRITAIN, 2015

Universities shown have a favourable rating on the Good Economy Partnership's UK University Social Mobility Index. Universities in black are held in the Fund portfolio.



PERFORMANCE BY SOCIAL OUTCOME AREA

EMPLOYMENT AND TRAINING (11 HOLDINGS, 9 ISSUERS)

The major retailers feature strongly in the Fund's holdings that explicitly aim to achieve positive employment and training-related social outcomes. The rationale for focusing on the retail sector is that its leading players offer greater job opportunities at entry levels NVQ2/3, good quality training for progression at these levels and reasonable paid part-time work for women and other less mobile people in the local community. Major retailers and large mall developments are also more regionally distributed across the UK and tend to be located in close proximity to high deprivation.

Prior to the introduction of the National Minimum Living Wage (NMLW) on 1st April 2016, the majority of the Fund's retail employers showed positive five-year job growth – including **Sainsbury's** (7%), **Intu Metrocentre** (308%), **John Lewis** (15%), **Marks and Spencer** (2%) – with the exception of **Morrisons** (-8%), which now owns Safeway.

None of the Fund's retailers are accredited Living Wage Employers as defined by the Living Wage Foundation.

The initial impacts of the NMLW on employment and work in retail are already discernible. John Lewis reports that raising wages across the Partnership, rather than just for the lowest paid, had led to a £33m rise in staff costs. It anticipates job shrinkage or 'fewer partners' over time. Waitrose has stopped paying Sunday and overtime rates for new workers. Morrisons has offset the growing wage bill by withdrawing other perks such as double pay on Sundays and Bank Holidays. Marks & Spencer has cut the pay of approximately 10% of its shop-floor workers by removing premiums for working Sundays and antisocial hours and trimming back bank holiday payments.

The Centre for Retail Research expects a 2-3% reduction in the number of retail jobs and outlets by 2020. Resolution Foundation employer surveys covering the first 100 days of the NMLW concluded that "reduced employment does not appear to be the primary response employers make to a rising wage floor. We cannot predict precisely how employers will move forward as the NLW increases further, especially with the uncertainty surrounding the UK's departure from the EU. However our surveys suggest that lower employment represents the primary strategy for only a handful of employers."

We propose to monitor the employment and training performance of major retailers in the Fund more closely over the next year. There is a need to diversify the sector base of the Employment and Training social outcome domain, whilst maintaining the high overall jobs performance of the Fund's portfolio.

LLOYDS BANKING ESG BOND

In support of its Helping Britain Prosper Plan, Lloyds Bank has issued two ESG bonds the proceeds of which are used to provide loans to UK-based SMEs with strong social or environmental qualities. The Fund's £250 million ESG Bond 2 holding was launched on 1st June 2015. As of 31st December 2015, this particular bond had performed as follows (Annual Report, Statement of Allocation):

- 1179 loans had been allocated across 19 industrial sectors, the average loan per customer equating to £212,000;
- 89% of these loans were allocated to the 30% most economically disadvantaged areas of the UK. (96% of 122 UK post code areas were reached)
- £29.7 million was allocated to health care providers in the same disadvantaged areas;
- £27.4 million was allocated to small scale and mid-market renewable projects.

The job impacts of ESG Bond 2 are not yet reported. However, it is worth mentioning that the £250 million ESG Bond 1 – which has social impact criteria – is estimated to have created or saved 343 jobs across the UK. This arose from ESG Bond 1's support for firms already receiving grants from the now closed Regional Growth Fund which had job-creation objectives.

AFFORDABLE HOUSING (19 HOLDINGS, 16 ISSUERS)

The housing crisis is a major political and social issue. There are considerable pressures in the housing market across all tenure types and among all income groups. Affordability – both of rental and purchase property – is a key concern with home ownership slipping out of reach for many young people. Overcrowding, evictions, the use of temporary accommodation and rough sleeping are all on the rise. New housing is needed in all sections of the market but there is a particularly urgent need to provide decent, affordable homes for people on lower incomes who are currently suffering the worst effects of the housing crisis.

Housing associations are a crucial part of the solution. They build one in five of all new homes and are major providers for low-income groups and vulnerable people (through the provision of supported housing and care homes). Since 2010 the social housing model has been altered by key policy changes such as a reduction in grant-funded development of low-cost housing, a drive towards state subsidised home ownership and cuts to social and affordable rents. This has challenged the financial sustainability of housing association business models. Some associations have responded by taking a more commercially-driven approach, developing more market sector properties for rental and sale with a view to reinvesting profits back into homes for their traditional customers on lower incomes. It is too soon to judge whether this ‘Robin Hood’ strategy will effectively serve all sections of the market.

We are also seeing growth in 'affordable' housing - defined as approximately 80% of market rates compared to social housing which is usually offered at around 50% market rates. This is, again, a pragmatic response to public policy but there are questions around the real affordability of these homes to lower income customers, particularly in the inflated markets of London and the South East.

As public financing for social housing diminishes, capital markets are becoming an increasingly important source of long-term funding for building new homes and improving the efficiency of existing operations. Investments in affordable housing remain the backbone of the Fund. As of March 2016, the Fund held bonds issued by 14 registered social housing providers, two bonds issued by **The Housing Finance Corporation** which provides wholesale finance to the social housing sector and one bond issued by **Annington,** an owner of private residential property, much of which is leased back to the Ministry of Defence to provide homes for armed forces staff.

Given its importance to the Fund and major changes in the sector, Big Issue Invest has refined the Social Assessment Methodology as it applies to housing associations. These indicator and data refinements appear as a summary table in the Annex. This tool gives a starting point for analysing the direction and focus of bond issuers in the current climate - from smaller issuers with a strong traditional focus on general needs social housing (e.g. **Walsall Housing Group**) to larger issuers increasingly looking to move in to the “affordable and intermediate” market (e.g. **Sanctuary Housing Association**).

LONDON AND QUADRANT (L&Q)

L&Q is one of the largest housing associations in the UK with around 70,000 homes. It operates in London and the South East, where social housing pressures are particularly high - new 33,800 new social sector homes are needed each year to 2030 and the backlog of housing need (i.e. people living in unsuitable, overcrowded accommodation etc.) is well above average. L&Q is currently a generalist social landlord, serving largely lower income families. It is currently focused on increasing the total housing supply with ambitious building plans.

In March 2015, L&Q released its strategic plan for the next five years. This aim is to build 5000 new homes per year - 50% “affordable” homes and 50% market sector homes. If these targets are met, L&Q would meet 7% of the annual social sector housing need in London and the South East. Recent government policy changes have led to a strategy review. L&Q has recently entered into talks regarding a possible merger with The Hyde Group and Thames Valley Housing Association. We await the outcomes.

In addition to housing provision, L&Q generates 1400 jobs and helps more than 300 tenants find employment. It also offers tenants additional support with finances. In 2014-15, 3,356 residents in arrears took up the offer of support.

COMMUNITY SERVICES (3 HOLDINGS, 2 ISSUERS)

This area is focused on increasing access to community facilities and services to support and improve local wellbeing, including supporting charities. Many community and social services have experienced cuts in government funding. Some charities are looking to develop more sustainable business models based on earned income and raise new sources of finance including social investment to finance their development.

Charity Bonds offer charities and social enterprises a new way to engage with a wide variety of social investors including individuals, foundations and institutions. The Fund can only invest in listed bonds i.e. those that are available through the London Stock Exchange which limits the number of charities the Fund can finance as only larger charities with good creditworthiness are in a position to issue listed bonds. Columbia Threadneedle actively encouraged the launch of the Retail Charity Bond Platform, an initiative of Allia, which provides a simple and transparent structure for charities to issue listed retail bonds. Currently, the Fund holds two bonds issued via the Retail Charity Bond Platform:

- **Golden Lane Housing** (£11 million bond issue in 2014) - provides supported housing for people with a learning disability.
- **Charities Aid Foundation** - new bond issued in 2016 (see box).

CHARITIES AID FOUNDATION

The Charities Aid Foundation Retail Charity Bond was launched in March 2016 and raised £20 million in one week, with strong demand leading to the offer period closing a week early. The bond offers a 5% coupon and matures in 2026 and was available to both wholesale and retail investors with a minimum subscription size of £500.

CAF's mission is to "motivate society to give ever more effectively, helping to transform lives and communities around the world". CAF enables more effective giving to charities through providing donors with a simple and attractive conduit for making charitable donations. CAF also manages a loan fund which provides affordable loans to charities and social enterprises.

John Low, Chief Executive of Charities Aid Foundation, said: "We are delighted at the reception to the Charities Aid Foundation Retail Charity Bond and its early closure. The proceeds of the Bond will be used to further our work, enhancing CAF's services for donors and the thousands of charities we work with."

Charities Aid Foundation

TRANSPORT AND COMMUNICATIONS INFRASTRUCTURE (9 HOLDINGS, 9 ISSUERS)

The Fund's transport and communication holdings have seen little change over the last year of reporting. They comprise a mix of sea, road, rail and air transport investments, spread around the UK (see the map on page 15). Opportunities for the Fund to invest in the financing of UK transport infrastructure will continue to emerge, simply because of demand forces and the Government's reliance on bond market finance. Oxford Economics and PwC, for example, predict future growth across all transport sectors. This is because the UK population is growing (up to 70 million people by 2027), and the UK's infrastructure will need to be upgraded as greater demands are placed upon it.

Notwithstanding schools, hospitals and other social infrastructure projects, the UK currently has more than 600 others in the pipeline with a combined value of £375 billion. Given the fiscal deficit, the government may become even more reliant on the private sector to provide the capital to build and manage these projects. Prime Minister Theresa May has pledged to boost infrastructure spending as part of her plan to build a UK economy "that works for everyone". She has promised to launch new Treasury-backed bonds to fund infrastructure projects (full details are yet to emerge).

The case for backing infrastructure funding as a driver of regional economic development remains strong. IPPR North estimates that spending on infrastructure is six times greater per person in the South East than in the North of England. It urges the government to take advantage of record-low interest rates and raise £50 billion in "catch-up cash", to pump into road and rail infrastructure in the North. This could unlock the vital private and foreign investment that such schemes would ultimately need and boost the UK's industrial capacity.

The Fund supports transport investment as a driver of regional development. It therefore has a strong interest in how transport policy, investment and finance evolves in the coming years.

UTILITIES AND ENVIRONMENT (13 HOLDINGS, 13 ISSUERS)

The Fund has a range of holdings in the UK energy and utilities sector, together with two green bonds issued by **Unilever** (see box) and the **European Investment Bank.** The Fund invested in two new issues during the period from Western Power Distribution and Yorkshire Water Services Finance Limited. Made up of big regional employers, the job contributions of these regulated utility companies are important social outcomes, on top of the measures they take to ensure equitable access to energy and water as essential services.

Western Power Distribution (WPD), a subsidiary of US utility corporation PPL, supplies power across the Midlands, South West and Wales. It is the first UK company to be externally assessed as compliant with the British Standard for Inclusive Service Provision, reflecting the accessibility of their service and projects to target vulnerable customers. Its geographical focus includes some of the most deprived areas of the UK – such as South Wales. WPD employs 6,450 people and offers more than 100 apprenticeships; its resourcing strategy is to use in-sourced labour, which can further enhance local job creation as a social outcome.

Part of the Kelda Group **Yorkshire Water** serves a population of five million people and 130,000 businesses. The company is a Living Wage employer with over 2300 staff and apprentices. Over the next 25 years, Yorkshire Water plans to invest £3.8 billion across the region with indirect economic development impacts worth £6 billion. This investment will include measures to help the most vulnerable customers by offering advice on how to reduce bills, reducing leakage and energy consumption, enhancing drinking water quality, restoring river environments to good ecological status and upgrading the sewer network to meet the needs of the growing population.

Utilities and the environment are sectors where UK policy and regulation is closely linked to the EU, hence the future of investment and its social impacts are more complex and uncertain. Interconnectivity with continental Europe means co-operation with the EU internal energy market in any future scenario. The Government is supportive of the equity goals of the utilities sector, with energy and water affordability a permanent concern. The bigger challenges are ageing assets, increasing population, climate change commitments and environmental legislation, technological change, customer expectations and the ability to maintain investor confidence in an uncertain period.

UNILEVER GREEN SUSTAINABILITY BOND

The second Unilever Green Sustainability Bond Report for the year to 31st December 2015 reports on how the proceeds of the bond have been used to improve the eco-efficiency of factories in the global supply chain. These exemplary projects are mainly in the construction phase:

- Spreads: An extension to the existing factory in Johnson County, Kansas, US. This site will introduce many eco-efficiency features such as energy efficient drives and lighting, heat recovery from steam and refrigeration systems and LEED building certification. Currently in the construction phase.
- Home Care: Factory at Anderbold, Johannesburg, South Africa will produce home care brands for the domestic market. The site will employ eco-efficiency improvements including rainwater harvesting, water recycling, daylight harvesting and LEED building certification. Currently in the construction phase.
- Home Care: An investment in Chengdu, Sichuan, China will be Unilever's eighth factory in the country. The site will produce laundry powders with eco-efficiency improvements including water recycling, a biomass furnace, LED lighting and LEED building certification. Currently in the construction phase.
- Home and Personal Care: A new multi-category factory in Selçuklu-Konya, Turkey will produce brands employing eco-efficiency measures such as rainwater harvesting, water recycling, solar water heating and LEED building certification. Currently in the design phase.

HEALTH AND SOCIAL CARE (10 HOLDINGS, 7 ISSUERS)

The UK's health and care problems are regular 'front-page news', particularly where they relate to the NHS funding crisis and staffing. In November 2015, the OECD's Health at a Glance statistical report on 34 countries (November 2015) found that the UK has one of the worst healthcare systems in the developed world, and an 'outstandingly poor' record of preventing ill health. The Care Quality Commission's State of Care (2016) report found that the number of older people receiving publicly funded social care fell by over a quarter over this period between 2009/10 and 2014/15 - those who can't afford to pay privately lose out the most. The UK's decision to leave the EU has raised future staffing issues in the care homes sector, particularly.

The investment challenge is clearly immense and long-term. The Fund's holdings include the past construction of NHS hospitals and mental health centres and private insurance – about 10% of people pay for private health provision and into insurance schemes.

BUPA, whose bonds are held by the Fund, has grown globally, now employing more than 80,000 people and serving 32 million customers in 170 countries. UK customers make up 4.8 million of this total and their number increased by 33% between June 2015 and June 2016. Within health care, we have noted two areas of BUPA's social contribution. In the area of health prevention, BUPA reports that in 2015 it created 160 million points of health care engagement (up 19%), including people's responses to awareness campaigns and involvement in specific programmes. We also recognise the work of the BUPA UK Foundation which has awarded a total of £830,000 in grants to 24 health care projects across the UK, supporting 125,000 people. The Foundation runs programmes in mental health, now a major issue for all age groups in the UK.

In a global context, the Fund continues to hold the Gavi bond issued by the **International Finance Facility for Immunisation (IFFIM).** From its inception in 2006 to June 2016, IFFIM funding has allowed Gavi to increase its expenditure on health programmes significantly, providing approximately one third of Gavi's funding need over this period. In total, US$ 2.5 billion has already been disbursed to support vaccine purchase and delivery to 71 developing countries. 'Tactical' (one-off) investments in disease control have helped to prevent 1.4 million deaths in yellow fever, polio and measles, and played a significant role in tackling 600,000 cases of meningitis, neonatal and maternal tetanus. To achieve these massive social outcomes in healthcare in some of the world's poorest countries, Gavi has needed access to long-term, stable funding from IFFIM.

Four of the holdings support the work of the **Wellcome Trust,** a global charitable foundation, which exists "to improve health for everyone by helping great ideas to thrive." Wellcome uses income from its £18.3 billion investment portfolio to fund leading-edge research, provide venture capital finance for the commercialisation of bio-medical R&D and carry out extensive public health programmes. In the year ending September 2015, Wellcome's charitable expenditure grew to £952 million up from £728 in 2014. Strategic priorities include tackling drug-resistant infections, developing new vaccines particularly for diseases, such as Ebola, that affect the world's poor, and funding scientific leadership in poor and low-income countries.

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FINANCIAL INCLUSION (9 HOLDINGS, 4 ISSUERS)

The Fund continues to have a relatively small exposure to the financial sector compared to most corporate bond funds with only 8% of the portfolio invested in the financial sector. The focus of the Fund is on identifying bonds which are assessed to have a positive social impact, particularly in terms of financial inclusion. The Fund also invest in bonds issued by financial institutions that are targeted towards a specific social outcome, as was the case with the Lloyds ESG bond the proceeds of which are used to support SMEs and job creation.

The Fund continues to hold investments in two building societies – **Coventry Building Society** and **Nationwide Building Society.** Building societies add choice and competition to the financial market and are differentiated from other financial institutions in that they are owned by and accountable to their members, not shareholders. Nationwide is the largest building society in the UK with 7.4 million members and Coventry the third largest with 1.5 million members. Both saw strong growth in deposit balances and mortgage lending in 2015/16. Nationwide provided finance for 57,200 first time buyer mortgages, one in six of all such mortgages in the UK.

The Fund added **Legal and General's** bond to the portfolio during the period with a social performance rating of Low. The Social Advisory Committee recognised the positive social and economic value of insurance services. Insurance is an important social protection mechanism providing a sense of financial security and mitigating loss for individuals and businesses. L&G was of particular interest because of its focus on financial inclusion for three social groups that are under pressure to make ends meet: young students, those in first jobs and newcomers to financial services; low earners; and young singles who are struggling to get on the housing ladder. These groups account for 26.4% of the UK population. L&G had 15.3% of its retail business with these groups in 2014 up from 14.5% in 2013. L&G have also partnered with PGGM to build 3,000 new affordable homes in the UK.

The Fund continues to hold bond issues by **Motability,** a national charity which runs a scheme to lease specially adapted vehicles to people with disabilities. In 2015, Motability had 658,000 customers and has provided over four million vehicles since the Motability Scheme was launched in 1978. Customer satisfaction levels have remained at 98% for five consecutive years.

EDUCATION, LEARNING AND SKILLS (9 HOLDINGS, 7 ISSUERS)

The Government published its higher education white paper in May 2016, entitled "Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice". The white paper recognises that more young people are going to university than ever before (up from 19% in 1990 to 40% today), including students from disadvantaged backgrounds. However, it highlights that more needs to be done if universities are to act as 'engines of social mobility': "Access remains uneven, with young people from the most disadvantaged backgrounds 2.4 times less likely to go into higher education than the most advantaged".

The Fund includes four Russell Group universities - **Cardiff University** and three northern universities that play a leading role in their regional knowledge economies, **Leeds, Liverpool and Manchester.** University bond issuance is a recent phenomenon fuelled by the competition for international students and changing funding sources. Last year a record £1.25 billion of British university bonds were issued. Leeds University's first bond will fund new teaching and research infrastructure as well as student housing. Cardiff's bond will help fund an innovation campus. Manchester's bond will support a new Cancer Research Centre.

The Fund wishes to support the role of universities as 'engines of social mobility'. Here, there are genuine concerns over high rates of graduate under-employment, and hence the financial value of degrees, at a time when tuition fees are likely to rise further. To guide the Fund's social due diligence work, The Good Economy Partnership developed an original university ranking system that assesses social mobility performance on the basis of reported graduate prospects scores (employability), the proportion of students from low higher education participation areas and the drop-out rates of these same students. The Fund's four universities performed very favourably on this new social mobility ranking system, which was consistent with the Social Advisory Committee evaluations.

We expect the Fund's university social mobility assessments to be enhanced by the white paper's proposal to put a duty on institutions to publish entry and progression rates by disadvantaged groups. In addition to their impact on social mobility, we also take into account the economic development and job impacts of universities, the regional geography of which are also favourable to balanced and inclusive growth. However, one area of public concern we wish to explore in the coming year is the possible negative impacts of university expansion on local housing markets, transport and other services. These crowding out or negative externality effects clearly reduce the net social impacts of universities, particularly in towns and cities where student populations are growing rapidly.

CARDIFF UNIVERSITY

Issued early in 2016, Cardiff's bond will fund the University's ten-year master plan for redevelopment, including an innovation campus. The plan is seen as providing long term social and economic benefits for Cardiff and Wales – which have a high regional economic development rating in the Fund's geographical assessment. This wider developmental impact reinforces the University's social mobility contribution based on educational outcomes. Cardiff is a Living Wage Employer and is the largest non-governmental employer in the city-region. We see Liverpool, Leeds and Manchester playing a similar dual role – education and economic development – in the North of England.

The bond will not directly fund the University's Widening Access Strategy and various project initiatives. However, these types of initiatives – which are similar to those being pursued in other universities – do reflect Cardiff's role in social development within the city-region particularly. About 18% of Cardiff's local neighbourhoods are highly deprived by Welsh standards – a figure exceeded only by Merthyr Tydfil and Blaenau Gwent – and living conditions have declined since 2011.

For example, The "Step-Up to University" programme aims to raise aspirations, raise attainment and provide support for secondary aged pupils from disadvantaged areas to continue their studies post 16. It develops a three-year relationship with pupils in schools from which there have traditionally been low rates of progression to university. There are around 3,000 pupils (in Years 11, 12 and 13) on the programme at any one time. All of the University's academic schools contribute to the programme which is primarily focused on Communities First areas of South East Wales, which the Welsh Government targets in its anti-poverty strategy.

Hadyn Ellis Building, Cardiff University

FORWARD LOOK

Our collective goal when we initiated this Fund was “to bring social investment to the mainstream”. What we meant by this was, first, making it possible for anyone to be a social investor by co-designing a financial product that was suitable for the ordinary retail investor and, second, channelling mainstream retail and institutional capital to investments that have clear social outcomes, including investment in social sector organisations. Hence, Big Issue Invest sees the Fund’s performance and also its wider influence on market mindsets and enabling policy as extremely important.

We are delighted to report that the Fund is on track to achieve two key milestones: in August 2016, the Fund reached £100 million in assets under management, and in January 2017 it will celebrate its three-year anniversary. This bodes well for the Fund’s future growth, as a truly pioneering initiative in the area of mainstream social investment.

Importantly for Big Issue Invest a significant proportion of the capital raised has come from ordinary retail investors, some investing amounts as little as £100 a month, and 28% of the fund is invested in social sector organisations, comprising charities and registered social housing providers.

The Government’s Social Investment Strategy 2016 is aligned with the Fund’s philosophy and ambitions. The strategy highlights how social investment can be a force for social change. A key success measure is “the value of institutional and retail investment invested for social impact”. We are pleased that our partner Columbia Threadneedle is closely engaged with government and policymakers in developing mainstream asset management involvement in social investment. This is favourable not only to the Fund’s future evolution but also its potential wider impact on building the social investment market. Iain Richards, Director of Responsible Investment, Columbia Threadneedle argues that mainstreaming investment is “one part of a jigsaw in tackling societal needs more broadly, through the allocation of capital to purpose. The more capital that embraces social considerations at the larger end of the scale, the more joined up and complementary the options, availability and use of capital for social investment and development purposes will become.”

The social need rationale for the Fund has increased. Firstly, the social and regional inequalities addressed by the Fund remain unacceptably high. We can see this from the Living Wage Map on page 17 which shows how the proportion of working people being paid less than the Living Wage (a widely used benchmark) varies across the country – within and between regions, including London. Around 25% of the working age population are paid less than the Living Wage (Good Economy Partnership; Resolution Foundation). The map also shows a clear North-South divide. Tackling social and regional inequalities in good jobs, offering decent pay and security, feed through to all social outcome areas that the Fund addresses – such as housing and health care.

Secondly, the social rationale for the Fund has increased because the UK has entered a period of heightened political and economic uncertainty. Precisely how this will feed through into employment, earnings and the investment climate is impossible to predict with confidence.

In this market environment, the Fund is looking to exploit its geographical framework and develop a ‘place-based’ approach by increasing investment in sectors that inherently have strong local-regional identities. The most obvious sector in this regard is Local Government, where the Government has published guidance on investment strategies to increase the social impact of local government pension schemes – notwithstanding the predominant concern of pursuing a financial return. These forthcoming strategies could involve multi-asset class portfolios – including bonds with varying maturity. Social impact here is taken to include economic development, job creation and underlying infrastructure development – at the regional and sub-regional scales. As such, the Fund’s objectives and investment strategy appears to be aligned with the Government’s policies for local government pension scheme involvement. This is a new and important market opportunity that involves place-based mainstream social investment.

Government policy is also supportive of social investment. In its "*Social investment: a force for social change 2016 strategy"* [2], Minister for Civil Society Rob Wilson wrote: "We have ambitious plans for social investment over this Parliament and it remains a crucial element in the creation of a bigger, stronger society… Social investment can accelerate the growth of new businesses, transforming the impact of our public services, and support stronger communities to tackle the social challenges that they face. It has the power to transform lives and I am more committed than ever to helping social investment achieve its full potential."

Alongside this, the UK Government has a stated objective towards promoting greater choice in pensions. Reflecting and accommodating the interests and preferences of younger pension participants will be a key element of achieving this aim. The validity of doing this is further supported by the advice and guidance issued by the UK's Law Commission who have addressed legacy misconceptions in their detailed review and work around the "Fiduciary Duties of Investment Intermediaries" (June 2014) that provided clarity on the ability of pension fund trustees to incorporate sustainability and ESG factors into investment.

Big Society Capital has highlighted, that *"The number of DC savers is expected to treble by the end of this decade. Many of these new pension savers, particularly millennials, have a real interest in investing their money for social causes"*[3] and mentions the Threadneedle UK Social Bond Fund amongst the range of responsible investment products.[4]

[2] HM Government: Social investment: a force for social change 2016 strategy https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507215/6.1804_SIFT_Strategy_260216_FINAL_web.pdf
[3] Designing A Social Investment Fund for UK Pensions – Simon Rowell, Big Society Capital, 2016
[4] Page 19 of the above document.

ANNEX 1

Social Bonds – Guidance for Issuers

The issuance of 'Social Bonds – Guidance for Issuers' in June 2016 represents an important step in the further development of social impact-oriented bond issues. This guidance was developed and published under the auspices of the Green Bond Principles which is overseen by an Executive Committee comprising a representative group of issuers, investors and intermediaries in the Green Bond market, with the support of the International Capital Market Association. Columbia Threadneedle participated in the development of the guidelines based on the experience with the Social Bond Fund.

Social Projects are defined as projects, activities and investments that directly aim to help address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for target population(s). In line with the GBP, the approval of Social Projects should be subject to transparent, issuer-defined eligibility criteria and an associated process for project evaluation. Social Projects should provide clear benefits that can be described and, where feasible, quantified and/or assessed. Examples of expected positive social impacts should be stated and may include, but are not limited to, the number of beneficiaries from these projects.

Social Project categories include, but are not limited to, providing and/or promoting:

- Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport)
- Access to essential services (e.g. health, education and vocational training, healthcare, financing and financial services)
- Affordable housing
- Employment generation including through the potential effect of SME financing and microfinance
- Food security
- Socioeconomic advancement and empowerment

Examples of target populations include, but are not limited to, those that are:

- Living below the poverty line
- Excluded and/or marginalised populations and/or communities
- Vulnerable groups including as a result of natural disasters
- People with disabilities
- Migrants and/or displaced persons
- Undereducated
- Underserved
- Unemployed

ANNEX 2

Applying the Social Assessment Methodology to the Housing Association Sector

Bond Issuer	Total number of units owned and managed	Percentage of which are for "general needs" social rent	Percentage of which are for "intermediate and affordable" rent	Percentage of which are for supported housing	Percentage of social housing converted from "social" to "affordable"
A 2 Dominion Housing Group Ltd	36615	47.8%	5.8%	15.7%	7.8%
Affinity Sutton Housing Group Ltd Total	57400	65.3%	8.7%	15.1%	0.7%
Cross Keys Homes Ltd	12618	60%	8.7%	19.2%	8.6%
Circle Anglia Housing PLC	72316	62.1%	7.2%	14.6%	2.1%
East Midlands Housing and Regeneration Ltd	20896	48.9%	0.8%	39.8%	1.2%
London & Quadrant Housing Trust	69333	64.7%	6.1%	12.4%	3.3%
Places for People Group Ltd	68339	57.6%	1.1%	19.6%	7.8%
Sanctuary Housing Association Ltd	100460	46.4%	6.8%	29.1%	10.8%
Gentoo Group Ltd	31081	90.7%	2.5%	2.5%	-
West Midlands Housing Group	34789	69.9%	6.4%	11.3%	0.2%
Walsall Housing Group	19874	92.6%	3.7%	0.5%	0.3%
Yorkshire Housing Ltd	20971	42%	17.1%	30%	7%

NOTES:

Only registered housing association issuers included. Data provided relates only to Groups' regulated activities and may exclude some commercial holdings. Scottish RLs are excluded as data is not available.
All data taken from the Private Registered Provider Social Housing Stock in England: Statistical Return Dataset 2015

BIOGRAPHIES

JOHN HALE
Independant Chair of the Social Advisory Commitee

John began his professional career in industrial market research and consultancy in the petroleum, steel and transport sectors. With a focus on Latin America, he moved to work for Lloyds Bank International as an economist and then specialised in export and project finance, including three years in Brazil, and finally developing country debt management.

He joined the Investment Department of the Association of British Insurers in 1992 to represent the association and its members on policy matters (UK and EU) and commercial issues. Amongst other things he was responsible for the ABI Bond committee, the Property Investment Committee and the joint ABI Treasury Insurers Infrastructure Investment Forum. He played a leading role in the UK bond market, convening the ABI special committees on specific fixed income matters including a number of major debt restructurings. He was also closely involved in the early development of ABI's corporate governance service IVIS and ABI's Responsible Investment policy and, for a period, acted as Secretary to the insurance grouping ClimateWise.

SIMON BOND
Director – Responsible Investment Portfolio Management

Simon Bond joined the company in 2003 as an Investment Grade Credit Portfolio Manager and has been the manager of the Threadneedle UK Social Bond Fund since its launch in 2013. Having previously managed a number of institutional and retail investment grade corporate bond portfolios, Simon now concentrates his focus on managing the UK Social Bond Fund and developing other responsible investment strategies across the firm.

Simon has 30 years' experience in the fund management industry, with the last 25 years specialising in corporate credit. Throughout his career, Simon has taken a keen interest in the social investment space and as an analyst the first entity Simon reported on was Peabody Trust and the first sector he covered was housing associations. Simon is particularly passionate about the role of infrastructure in both regeneration and economic growth.

Prior to joining the firm, Simon managed £6 billion in his role as the Senior UK Credit Fund Manager for AXA. Simon also worked for GE Insurance as a Portfolio Manager, Provident Mutual as a Fixed Income Analyst and Hambros Bank as an Investment Accountant and Pension Fund Investment Administrator. Simon is a Fellow of the Chartered Institute for Securities and Investment, holds the Investment Management Certificate and the General Registered Representatives Certificate.

NIGEL KERSHAW OBE
Executive Chair of The Big Issue Group

Nigel Kershaw OBE is Executive Chair of The Big Issue Group. He joined The Big Issue in 1994 becoming its Managing Director and then the Executive Chair of The Big Issue Group and from 2005-2014 was the first CEO of Big Issue Invest. Previously, Nigel worked in the print industry. He founded three printing and publishing employee-owned companies and has worked as a project manager, systems analyst, litho printer and trade union official. Big Issue Invest, part of the Big Issue Group, was set-up to be a 'social merchant bank - "by social entrepreneurs, for social entrepreneurs". Its mission is to back sustainable social ventures that help dismantle poverty and inequality. Currently it manages or advises on over £150m of social investment funds.

Nigel is a Social Enterprise UK 'Champion of Champions', the winner of the Institute of Directors' Good Enterprise Award and in 2010 was awarded an OBE for services to Social Enterprise.

SARAH FORSTER
CEO and Founder, The Good Economy Partnership

Sarah is Founder and CEO of The Good Economy Partnership, a social advisory firm and data analytics specialist focused on business-led social value creation. Sarah has 25 years experience in economic development, social impact investing and social entrepreneurship both in the UK and internationally.

Prior to establishing The Good Economy, Sarah was Deputy CEO of Big Issue Invest where she played a key role in its growth from start-up. Sarah led the design and launch of the Threadneedle UK Social Bond Fund for Big Issue Invest. Previously, Sarah worked for the New Economics Foundation and the The World Bank managing large-scale investment projects with a specialisation in microfinance and post-conflict economic reconstruction. Sarah has a BA in Law from Cambridge University and a Masters in Economic and Political Development from the School of International and Public Affairs, Columbia University, New York.

MARK HEPWORTH
Co-Founder and Research & Policy Director, The Good Economy Partnership

Co-Founder and Research & Policy Director, The Good Economy Partnership Mark is a multidisciplinary economist with a varied academic, public policy and commercial background. He has held academic positions at the Centre for Urban and Regional Development Studies, Newcastle University and Birkbeck College, London.

As social value adviser to Big Issue Invest, Mark designed methodologies to enable investors to assess the social value of their investments, including for Columbia Threadneedle and Lloyds Development Capital. Between 1997 to 2007, Mark co-founded and grew Local Futures Group into a market-leader in economic development consultancy and place-based data analytics. Mark's mapping and data analytics interest continued with Geoeconomics in partnership with universities and major economics consultancies. Mark holds a first degree in economics from the University of Warwick and a PhD in economic geography from the University of Toronto.

IAIN RICHARDS
Head of Responsible Investment, EMEA

Iain Richards joined Threadneedle in 2012 as Head of Governance and Responsible Investment.

Prior to joining Threadneedle Iain was Regional Head of Corporate Governance at Aviva Investors. His career in the City has also included roles at Schroder Investment Management, the Policy Group of the UK's Listing Authority and the London Stock Exchange. Iain has also worked at the UK's Department of Trade and Industry in various roles in the European and competition policy units.

He has written papers on a range of issues including Auditing, Sovereign Wealth Funds and, in 2006, on the impending risk of a systemic banking crisis. He was responsible for leading the UK investment industry's successful lobbying to re-establish the overarching 'True & Fair View' principle of accounting in revised UK Company Law. He has also appeared as an expert witness before the UK House of Lords Select Committee on Economic Affairs to give evidence on Audit Market concentration and the role of auditors.

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