

## Schroder BSC Social Impact (SBSI)

28/03/2025

### Results analysis from Kepler Trust Intelligence

Schroder BSC Social Impact (SBSI) has released its half year results for the period ending 31/12/2024. Over this six-month period, the trust saw a NAV per share total return increase of 0.3%.

Performance was largely driven by investment income, largely driven by the debt and equity for social enterprises portion continuing to mature. This was somewhat offset by downwards revisions to portfolio valuations, in particular in the high impact housing portion.

The trust delivered on several social outcomes, with highlights including completing on contracts for nearly 200 affordable homes, a new residential facility for those with learning difficulties being registered by Ofsted and the expansion of important social housing tenancy schemes.

Portfolio activity was limited with some return of capital, two partial repayments post-period end and an earlier investment in a housing fund asset beginning to be drawn down. The managers divide the portfolio into the high impact portfolio plus liquidity assets. As at period end, the high impact portfolio was split to debt and equity for social enterprises at 41% of NAV, high impact housing at 43% and to social outcomes contracts at 3%.

SBSI increased its dividend by 28%, and representing a yield of 4.2%.

Despite the resilient NAV and board undertaking NAV-accretive share buy backs, the discount widened in the period and subsequently.

The managers remain positive on the outlook. The new government has indicated considerable support, best demonstrated by a new advisory group specifically focussed on the sector.

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

#### Kepler View

There has been a notable improvement in Schroder BSC Social Impact's (SBSI) backdrop, following the encouraging signs from the new government. This has arguably been reflected in the resilient NAV performance in a period of volatility. The majority of this was driven by investing income from the maturing portfolio. We believe this is encouraging as it demonstrates that the assets are developing as expected and showing a return on their investment, arguably with future value baked in.

This says nothing of the trust's social impact. SBSI, in our opinion, is one of the premier investment vehicles for investors looking to 'do good' with their capital, which will have a significant emotive response for many, and puts SBSI at the top of any potential shortlist for this space, in our view.

We believe SBSI's resilience makes for a very compelling defensive option, which is arguably enhanced by the current discount. This widened during the year and has accelerated since which we believe could provide an attractive entry point to a unique portfolio with appealing characteristics.

The discount also improves the trust's dividend picture, which has increased in every year since launch supported by good income generation. The historic yield is now 4.2% adding to SBSI's investment case.

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