CAF Social Impact Fund
October – December 2014

Our unique social investment fund enables individuals to lend charitable funds to support charities and social enterprises. These organisations work across all sectors – around the UK and overseas.

We use your money to make loans to charities in need of short-term capital. When they repay us we loan this money to another charity, and another, maximising the social impact of your money. After an agreed period of time (which could be between three and six years) we aim to repay our supporters in full.

This report illustrates some of our activities in the last quarter.

The CAF Social Impact Fund is performing well - philanthropists who have loaned money to the fund are being repaid in full and on schedule. The Fund’s gift layer continues to support the loan layer by absorbing any losses, thereby ensuring our ability to repay your loan in full. Increasing the gift layer through fundraising is a priority as it will allow us to deploy more capital from the loan layer - ultimately this will enable us to work with more social organisations and help them deliver on their mission.

CAF Venturesome is currently seeing more demand from charities for its higher-risk fund - the Development Fund - instead of the lower-risk repayable finance offered by the CAF Social Impact Fund. As a result, we have not offered any new loans this quarter. The current portfolio of loans continues to perform well, and in line with our expectations.

CAF Social Impact Fund to date:

<table>
<thead>
<tr>
<th>Number of loans offered*</th>
<th>49</th>
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<tbody>
<tr>
<td>Number fully repaid to date</td>
<td>21</td>
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<td>Average loan size</td>
<td>£100,000</td>
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<td>Write-off rate* - fully covered from the gift layer of the fund</td>
<td>1.0%</td>
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Case study: InterHealth Worldwide

InterHealth is a specialist health organisation that provides medical, occupational health, psychological health and travel health advice to numerous voluntary sector organisations which send staff to work overseas. Based in London, the charity has been supported by CAF Venturesome since 2006 with loans that have helped them grow and become financially resilient.

Two years ago, InterHealth needed to move London premises. A £160,000 loan from the CAF Social Impact Fund provided the necessary working capital for the clinic’s private consultation rooms and other vital fit outs. The loan also enabled InterHealth to move quickly, with minimum disruption to their 300+ organisational clients in the UK. This loan is being repaid on schedule.

InterHealth has subsequently been supported by a loan from CAF Venturesome’s Development Fund to enable them to open a travel health centre in Nairobi, Kenya. The Development Fund provides high-risk capital to growing social organisations. The £100,000 loan has funded the running costs of InterHealth East Africa during its first year as it builds up income streams. Nairobi is a growing hub for international NGOs, many of whom are relying heavily on InterHealth’s expertise through the Ebola crisis.

The new Nairobi centre is supporting 100 people every week who are being deployed to Ebola infected countries. It offers psychological counselling, assignment medicals, vaccinations and up to the minute travel health advice. In time it will replicate and adapt the InterHealth services provided in the London health centre, aiming to provide over 3,000 consultations per year and a range of mobile services throughout the region.

“"The process of working with Venturesome has always been positive. They have always been financially very astute yet also understanding of the needs of a charity. Not only have we received loans from them but also some excellent financial advice. Working with Venturesome has enabled us to enhance our mission and to make some key decisions that we would not have been able to make without their support.”

Kevin Belcher, CEO of InterHealth Worldwide

* The write-off rate is the value of capital written-off as a proportion of the total capital written-off, recycled undrawn or repaid. Our default policy is given in the CAF Social Impact Fund Terms and conditions Annex, paragraphs (j), (k). Loans offered include seven which ‘fell away’.
Update on some of the organisations currently supported by the CAF Social Impact Fund:

**Bernard Leach (St Ives) Trust**

Leach Pottery in St. Ives promotes the life and work of famous potter Bernard Leach and provides training in the art, craft and making of pottery. In January 2014, CAF Venturesome provided the charity with £40,000 of working capital to manage a transition. The studio trading arm has since grown to accommodate seven working potters, including a full time apprentice. The studio’s commercial profile continues to grow. The charity was recently successful in raising £4,500 in a crowd funding campaign to re-light the Leach Pottery fire.

**Hastings Pier Charity**

A new social organisation established to renovate and manage Hastings Pier. It has embarked on a £114m five-year project to renovate the dilapidated and fire-damaged pier, and to re-establish this as a community asset. HPC successfully raised the funding required, but needed a £150,000 bridging facility from the CAF Social Impact Fund to support cashflow before grant payments are received. Since our update last year, HPC has commenced renovation work and hopes to reopen the pier in summer 2015. It has also attracted significant local support through a successful community share issue.

**The Midi Music Company**

This charity operates in Lewisham, south-east London, which has some of the most deprived wards in the country. The Midi Music Company reaches 250 children and young people per week with their music lessons, specialist courses and careers advice. Since receiving CAF Venturesome’s support three years ago, their accounts now break even and they have confirmed grants to support operations such as their Deaf Rave Production which uses vibrating speakers and creative visuals. This year the organisation will celebrate its 21st year in operation.

**Lucie Blackman Trust**

The charity provides support to the families of UK nationals missing abroad as well as providing critical assistance where there have been homicides or deaths. Earlier this year we provided a £35,000 standby facility to support their cash flow. The reduced cash flow pressure has enabled the charity to provide critical support to over 450 families in the UK over the last year.

**The Reader Organisation**

The Reader Organisation delivers shared, ‘reading-aloud’ groups to diverse groups of people across society. They work with individuals in high-security psychiatric settings, with prison inmates, mental-health patients in the community, people living with dementia as well as the general public. The benefits include a marked improvement in personal wellbeing, confidence and social engagement, as well as a reduction of symptom severity for people with cognitive impairments and mental health difficulty. The £100,000 loan has enabled the charity to expand the management and delivery team, giving them the capacity to work with 2,000 individuals a week. In the last six months they have begun conversion works on Calderstones Mansion in Liverpool, turning it into an international flagship project for shared reading.