

PIONEERING

SOCIAL IMPACT INVESTING
IN THE UK

"With every deal Resonance completes, we feel we are demonstrating that **investment can be a force for good.**"

Photo: PaperArts - providing paid internships & work experience placements for creative young people

Photo (front cover): ACH - providing integration services for refugees

A WORD FROM DANIEL

Photo: Resonance HQ in Launceston



Pioneering in a fast growing market such as social impact investing continues to be an exciting challenge, one the Resonance team continues to rise to.

For Resonance, 2017/18 has seen the breaking of new ground as well as the continued scaling up of effective impact investment models across the UK. We have also witnessed the ever increasing interest in impact investment across the mainstream finance sector, with great initiatives like Pensions for Purpose. At the

same time we know that there is still so much more we can achieve together, especially in breaking down some of the remaining barriers for people to access impact investment, and improving the wider understanding of the diverse ways in which investment products can deliver real impact.

During the year we invested almost £50m into 20 social enterprises from 44 investors, and with every deal we complete, with every organization we support, we aim to demonstrate that investment can indeed be a force for good. We remain laser focused on seeing lives transformed through these investments, but not just the lives of those supported by social enterprises - also the social entrepreneurs, the investors and even ourselves. We all have a part to play, whether we bring cash to invest, business models that can use

it, networks and expertise, or simply buying products from enterprises which are intentionally seeking to make the world a better place.

This is a journey, and Resonance is travelling in good company with many partners, investors and collaborators. We are grateful to everyone who has invested or taken investment from us. Together we are showing the world that capital can be truly centred on social impact, commercially robust and there to serve people and communities.

Please enjoy reading our Annual Report which represents a good snapshot of what we've achieved together this year, but more importantly it is here to spur us all on to achieve even more in the future.

Thanks

Daniel Brewer, CEO

HIGHLIGHTS

- Our best ever year mobilising almost £50m of useful capital into the hands of 20 social enterprises.
- Launch of the Resonance West Midlands SITR Fund, following the ongoing success of the Fund in Bristol and continuing the roll out of our regional enterprise growth funds across the country.
- A series of product innovations making investment more flexible for social enterprises including: Yield Sharing finance suitable for organizations seeking to be sharia compliant; Permanent Capital loans for rapidly growing social enterprises and Launchpad Loans for social enterprises needing capital to pilot their emerging ideas. All of these innovations proving that commercial capital can be shaped to serve people and communities.
- Resonance homelessness property funds reached £155m, already housing 1,247 people on the journey out of homelessness.
- Our first marketplace event for the Resonance Bristol SITR Fund bringing over 50 investors together with the social enterprises we had backed – none of us will forget South Bristol Sports' young people sharing their stories first hand.
- Appointment of Karen Shackleton, adviser to Local Authority Pension Funds, as Resonance Group Chair.
- A number of office changes including moving into new offices in Birmingham and Bristol as well as our HQ into the beautiful Great Barn in Launceston, giving us space for our next season of growth plus a lovely view of Dartmoor!

INVEST AND STRENGTHEN

Our mission is to **connect** capital with social enterprise: something we have been doing across the UK for the last sixteen years.

The two main aspects of our work are Funds and Ventures.

FUNDS

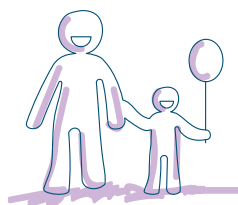
Our Funds team creates and manages impact investment funds, focused on the capital needs of multiple social enterprises and delivering both financial returns and impact for their investors.



PROPERTY FUNDS

Real Lettings Property Fund¹ & Fund² are residential property funds providing move on accommodation for those at risk of homelessness in London as well as providing a yield and capital appreciation to their investors.

The National Homelessness Property Fund is a residential property fund expanding this model to other cities across the UK so far including Oxford, Bristol and Milton Keynes.



ENTERPRISE GROWTH FUNDS

The Resonance Bristol SITR Fund and the **Resonance West Midlands SITR Fund** provide loans to social enterprises that are helping to dismantle poverty in specific geographic locations – respectively Bristol & the surrounding area and the West Midlands so far. The Funds give investors a diversified portfolio of investments with yields and tax benefits similar to the Enterprise Investment Scheme (EIS).

Health & Wellbeing Challenge Fund (South West) provides loans to social enterprises to develop new solutions in health and social care across the South West.



COMMUNITY ASSET FUNDS

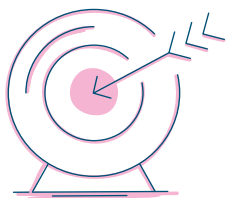
Affordable Homes Rental Fund provides loans to build affordable rental homes to community land trusts and other community-led organizations.

Community Share Underwriting Fund provides match funding to community benefit societies, raising finance for local asset projects through community shares.



VENTURES

Our Ventures team offers a number of services to social enterprises to help them prepare for and raise investment with.



RAISE INVESTMENT

To identify the type of money that is right for the impact plans of social enterprises, preparing them for investment and assisting them in raising the capital they need.

SEIZE AN OPPORTUNITY

For example to assess and purchase assets, agree new contracts or increase the impact of social enterprises.

DIVERSIFY INCOME

To identify how new services and opportunities can increase the impact of social enterprises and give them greater scope for income generation and financial stability.

MARKET DEVELOPMENT

To work with social enterprises to redefine their models, making them ready for future challenges, including engaging with strategic partners such as the public sector and commissioners.



Photo: Ventures Team running an Impact on Track session with Basis Yorkshire

OUR BOARD



Anita Bhatia, Non-Executive Director, is the Investment Director at Guy's and St Thomas' Charity. Previously, Anita was at Barclays developing impact investment funds for the retail and institutional market. Anita chairs our risk and resources sub group.



Graham Hodgkin, Non-Executive Director, is a leadership coach providing training and development across a broad spectrum of sectors. Formerly MD at Deutsch Bank and CEO of London Air Ambulance, Graham chairs our people development sub group.



Daniel Brewer
Chief Executive Officer

Founded Resonance in 2002 and has been a pioneer of UK social investment for the past 16 years.



Michael Perreau, Non-Executive Director, is Director General of the United Bible Societies and a founder board member of Transformational Business Network. Michael chairs our design and innovation sub group.



Simon Chisholm
Chief Investment Officer

Joined Resonance in 2012 to build its funds business having formerly served as a Director with N M Rothschild & Sons and Trustee of a homelessness charity.



Karen Shackleton
Chair of the board

Is an advisor to a number of Local Authority pension funds. Previously Karen was CEO of a financial advisory business and is founder of Pensions for Purpose, a collaborative platform to raise awareness of impact investing. Karen also chairs the marketing sub group and the product development and evaluation sub group.



Peter Dawe OBE, Non-Executive Director, is a serial entrepreneur, most notably founder and CEO of internet pioneer Pipex.



IMPACT STORIES

Photo: Real Lettings tenant

"The support I have received from members of staff is **second to none**, because their services are tailored to the needs of the tenant. Being homeless for a while nearly took away my self-esteem and confidence in the housing system...."

Rodney, Real Lettings tenant

REAL LETTINGS

Real Lettings is a social lettings service set up to help secure homes for vulnerably housed and homeless people in the private sector. Real Lettings is a social enterprise working within homelessness charity St Mungo's. The Resonance property funds buy residential flats and small houses, which are leased to Real Lettings and then made available to individuals and families who are homeless, or are at risk of homelessness.

Investment focus

These property funds have been developed in response to the lack of private rented accommodation accessible to rising numbers of people living in temporary accommodation or otherwise at risk of homelessness. This year they have secured a further 176 homes across the UK bringing the total to 559. Further investment into these funds will continue to help thousands of people on the journey out of homelessness.

LONDON

Investment Amount: £30.7m

Source of Investment:
Real Lettings Property Fund²

Number of Transactions: 68

Number of Investors: 4

Impact: Housing & Homelessness

MILTON KEYNES

Investment Amount: £7.1m

Source of Investment:
National Homelessness Property Fund

Number of Transactions: 18

Number of Investors: 14

Impact: Housing & Homelessness

BRISTOL

Investment Amount: £3.9m

Source of Investment:
National Homelessness Property Fund

Number of Transactions: 4

Number of Investors: 14

Impact: Housing & Homelessness

OXFORD

Investment Amount: £3.7m

Source of Investment:
National Homelessness Property Fund

Number of Transactions: 4

Number of Investors: 14

Impact: Housing & Homelessness






Photo: Memory Matters - helping people live well with memory loss

"The Launchpad feature of the Fund means that we can take our **first step on the investment ladder**. We believe this is a wise move as it will allow us to grow our business during 2018."

*Ian Blackwell, Director,
The Dangerous Dads Network CIC*

DANGEROUS DADS, DANU BLUE & MEMORY MATTERS

Three enterprises received Launchpad Loans from the Health & Wellbeing Challenge Fund (South West): **Danu Blue**, which offers practical horticultural experiences for people with learning disabilities, mental health issues and/or physical disabilities; **Memory Matters CIC** runs an activity centre in Plymouth and provides training and support to people with dementia; whilst **Dangerous Dads** provides activities aimed at helping men to spend more time with their children.

Launchpad Loans are a facility designed by Resonance for smaller enterprises that have the ambition to take on a larger investment but where a smaller amount is needed initially to test the waters. They are offered on a selective basis by the fund managers and reviewed after twelve months to assess the success of the pilot.

Investment Amount: £30,000 (Each social enterprise received £10,000)

Source of Investment: Health & Wellbeing Challenge Fund (South West)

Number of Transactions: 3

Number of Investors: 4

Impact: Health, Wellbeing & Social Care; Food & Farming; Education & Learning



Photo: Settling in and making friends

"We have transformed a faith-based financial agreement into a 21st century FCA compliant, ethical legal agreement suitable for social investors from all backgrounds – of all faiths or none..."

Richard Thickpenney, Business Development Manager, ACH

ACH

ACH is an award-winning refugee resettlement service, run by people who were once themselves refugees. Each year ACH works with over 700 people exiting UK asylum centres with refugee status who would otherwise find themselves homeless or without training and support. ACH places around half of this number, who do not have accommodation, into ACH's high quality housing. With a roof over their heads, ACH progress the people they help through a programme of training in UK culture, healthcare, language and work skills.

Investment focus

Houses are key tools. Successful 'move-ons' are people settling into non-ACH homes, gaining jobs or going on to further and higher education, plus family reunions. With roots in Bristol, growing in Birmingham and Wolverhampton, ACH sought sharia compliant social impact investment to begin buying freehold houses in Birmingham. While waiting lists outstrip supply of housing, with £500,000 of investment, ACH can now resettle ninety more people over the five year investment term.

Investment Amount: £500,000

Source of Investment: Orp Foundation, Barrow Cadbury Trust, Joseph Rowntree Foundation

Number of Transactions: 3

Number of Investors: 3

Impact: Housing & Homelessness; Poverty & Disadvantage



Photo: The self-builders worked together to complete each other's houses

BROADHEMPSTON CLT

Broadhempston CLT is a community-led organization in Devon that was set up to enable local people to self-build affordable eco-housing in an area made unaffordable by a large proportion of second homes.

Investment focus

This follow-on investment (part of a £960,000 facility) enabled the project to successfully complete in 2016 and has empowered six local families in housing need to self-build their own eco-housing and receive a 25% stake in their property in return for their labour. The scheme has enhanced the skill base of all the volunteers involved, with many having completed National Vocational Qualifications (NVQs). It has been an exemplar

self-build project, attracting national recognition for its community leadership whilst also achieving high ecological and design quality.

Investment Amount: £15,000

Source of Investment: Affordable Homes Rental Fund

Number of Transactions: 1

Number of Investors: 4

Impact: Community & Local Democracy; Housing & Homelessness

EAST MIDLANDS HOMES COOPERATIVE

East Midlands Homes is a co-operative providing affordable rental accommodation across various communities. Members of the co-op include various stakeholders, such as tenants, qualified builders, plumbers, electricians and other skilled labourers, who volunteer their time for the refurbishments and repairs required.

Investment focus

Through this investment The East Midlands Homes Cooperative is helping ex-offenders in Nottinghamshire rebuild their lives by offering them affordable housing for rent. It has used this investment

to buy a three-bed property in Nottingham, which will provide supported accommodation in an area where housing costs have been increasing in recent years.

Investment Amount: £120,000

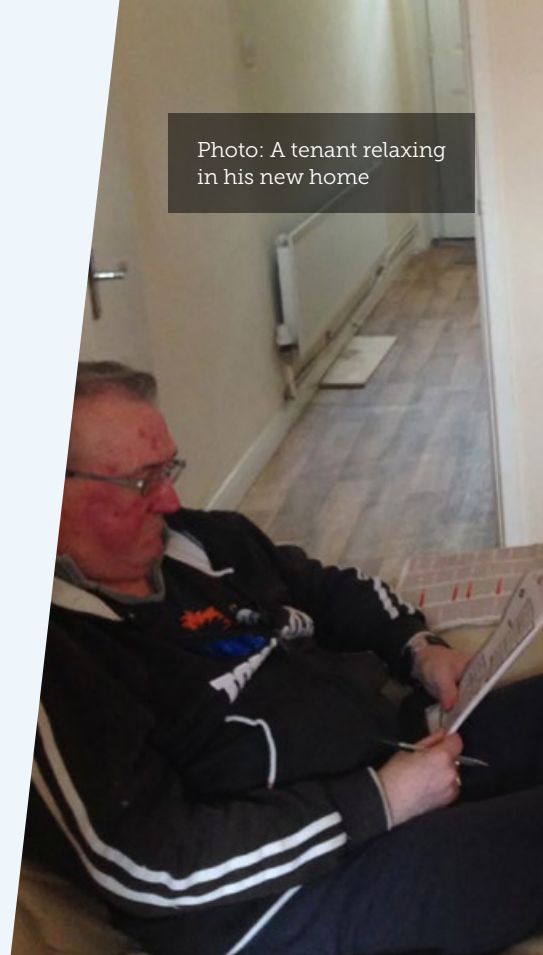
Source of Investment: Affordable Homes Rental Fund

Number of Transactions: 1

Number of Investors: 4

Impact: Community & Local Democracy; Housing & Homelessness

Photo: A tenant relaxing in his new home



CHANDOS HOUSE

Chandos House is an all male residential addiction treatment facility focused on helping those who are committed to their recovery. As a treatment centre, Chandos provides active, therapeutic interventions through counseling and group work in a supportive and semi-structured environment, with emphasis on health promotion and emotional well-being. A well established and highly experienced pool of therapists enable Chandos to offer the range of support required to address complex needs and co-design an activity programme to empower residents to make effective change.

Investment focus

The investment enabled the business to support an increased number of clients with two new treatment rooms as well as improvements to their current community kitchen, group therapy room and conservatory.

Investment Amount: £150,000

Source of Investment: Resonance Bristol SITR Fund

Number of Transactions: 1

Number of Investors: 72

Impact: Health, Wellbeing & Social Care; Housing & Homelessness

"I was referred to Resonance as the active impact investment fund in Bristol and soon after the first discussion, a plan started to come together to strengthen Chandos House..."

James Dickinson, CEO,
Chandos House

Photo: Puppet show, one of many events held at Chandos House, where they thrive on community and brotherhood





Photo: Support services tailored to the needs of the individual

"This investment from Resonance, enables us to bring together public, private and voluntary sectors to **help those that are in desperate need** of accommodation and support."

Marvin Rees, Mayor of Bristol

STREET IMPACT BRISTOL

A consortium, Street Impact Bristol Limited (SIBL), was formed by three charities: St Mungo's, Second Step and Bristol Drug Project and won the bid for a social investment bond contract to the value of £1.25m. The initiative supports 125 people with complex needs out of rough sleeping, by providing accommodation as well as supporting services specifically tailored for each individual's needs.

Investment focus

The investment provided Street Impact Bristol with initial working capital to commission the necessary services and pay for related costs such as accommodation. They will receive income if they meet specific outcomes that they have been commissioned to achieve through the delivery of their services.

Please note that the deal completed in the year we are reporting, but was drawn down post year end.

Investment Amount: £112,500

Source of Investment:
Resonance Bristol SITR Fund

Number of Transactions: 1

Number of Investors: 114

Impact: Health, Wellbeing & Social Care; Housing & Homelessness

BEYONDAUTISM

BeyondAutism runs a pioneering education programme for children with autism, based across two school sites in South London. It links physical and social development with the latest research. The charity is dedicated to empowering people with autism to lead fuller lives through positive educational experiences, training for the people who work with them and support for their families and carers.

Investment focus

This investment (part of a £5.9m facility) has enabled BeyondAutism to acquire a site and develop an additional building for their secondary school age children. This enables the school to cater for another forty students with a tailored home space designed to teach independent living skills.

Investment Amount: £1.4m

Source of Investment: Triodos Bank

Number of Transactions: 8

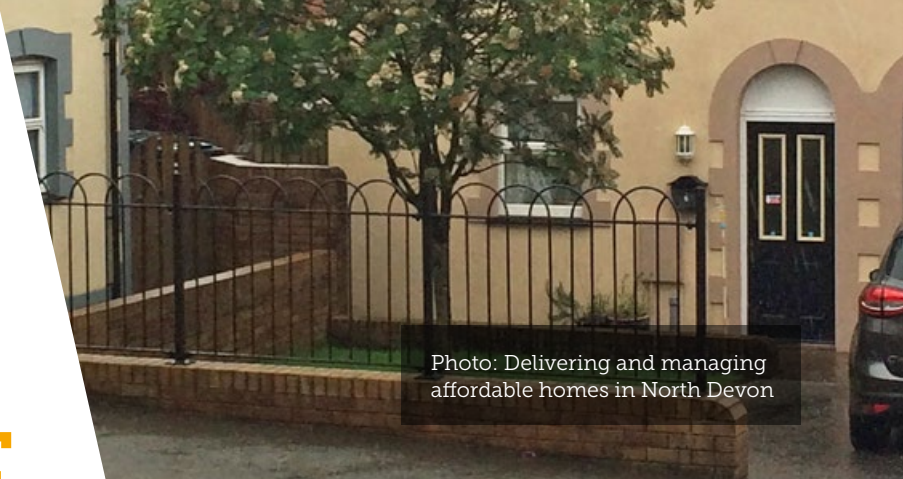
Number of Investors: 1

Impact: Education & Learning; Health, Wellbeing & Social Care



Photo: A student at BeyondAutism Schools

HOLSWORTHY COMMUNITY PROPERTY TRUST



Holsworthy CPT is an established Community Property Trust that has gained a strong reputation within the local community. By delivering and managing affordable housing in the North Devon area, it allows families to benefit from staying in the area in which they grew up and work.

Investment focus

This second investment from the Affordable Homes Rental Fund enabled Holsworthy CPT to grow their portfolio of affordable rental homes. They identified five houses in their locality, which required finance to purchase in order to ensure that these homes were kept affordable for local people.

Resonance worked with Holsworthy CPT to structure its investment, providing them with 100% funding and with the ability to be flexible with the tenures offered to residents.

Investment Amount: £390,000

Source of Investment: Affordable Homes Rental Fund

Number of Transactions: 1

Number of Investors: 4

Impact: Community & Local Democracy; Housing & Homelessness

"We value our long and fruitful relationship with Resonance. With

their support and expertise we have been able to obtain a loan through the Affordable Homes Rental Fund to purchase five completed houses from private developers and let them to local families on affordable rents."

Alan Fox, Development Consultant

PROSPERITY HUB

Prosperity Hub had been running services in the North West of England for some years, but responded to an opportunity to take their provision into the South West. They offer meaningful access to education and employment opportunities for long-term unemployed young people (NEETs - not in employment, education or training) and ex-offenders. They also provide 'English as a Foreign Language' courses to newly arrived migrants who want to integrate.

Investment focus

To establish a site in St Austell for trading donations of paint and furniture in order to raise funds and to start delivering employment opportunities and training for NEETs in Cornwall.

Investment Amount: £60,000

Source of Investment: Health & Wellbeing Challenge Fund (South West)

Number of Transactions: 1

Number of Investors: 3

Impact: Health, Wellbeing & Social Care; Work & Employment





Photo: Young couple moved into their home in May 2017

HOLLYWELL HOUSING

Hollywell Housing Trust offers a bespoke housing and tenancy management service for people with learning disabilities and autism who might otherwise not be able to access a sustainable home or manage a tenancy alone. By taking on the tenancies through their service, they act as an intermediary between these often vulnerable tenants and landlords, managing rental payments and offering reassurance to both parties thereby leading to long-term housing solutions.

Investment focus

The main purpose of the investment was to provide a fresh injection of cash to the enterprise to help cover the upfront costs of taking on new tenancies (deposits, rent) as well as taking on new staff and expanding the operation.

Investment Amount: £60,000

Source of Investment: Health & Wellbeing Challenge Fund (South West)

Number of Transactions: 2

Number of Investors: 3

Impact: Health, Wellbeing & Social Care; Housing & Homelessness

"The patient capital element of this investment means we can focus on growing the business without the worry of cashflow pinch points, allowing us to help as many vulnerable people as possible to find a safe home."

Katie Sherjan, CEO, Hollywell Housing Trust

STOCKWOOD COMMUNITY BENEFIT SOCIETY

Stockwood Community Benefit Society is a well established and successful community owned property and land trust that owns a rural business park and 150 acres of farmland, half way between Worcester and Stratford-upon-Avon. Stockwood has a three year track record of being 100% let in a rural area, has twenty-seven business units and around 100 people work on site.

Investment focus

The investment enabled Stockwood to purchase the remaining thirty-one acres of land at Rush Farm, and invest in renewable energy projects. The additional land will make the farm whole and more financially viable, with enough grazing land to maintain the optimal sizes of flock and herd. The land also has strategic value as one of the fields is at the entrance and is used for parking at large events. From an environmental point of view, the purchase of the land will guarantee it will be protected as a conservation area.

Investment Amount: £240,000

Source of Investment: CAF Bank

Number of Transactions: 1

Number of Investors: 1

Impact: Community & Local Democracy; Food & Farming



Photo: Active stewardship spreads learning about wellbeing and the environment

LOW CARBON HUB

Low Carbon Hub is a pioneering social enterprise, working for massive change in the UK's energy system. They develop community-owned renewable energy across Oxfordshire and re-invest 100% of the surplus in their mission to create an energy system that helps reduce carbon emissions and energy bills.

Investment focus

This investment (part of a £2m facility) enabled Low Carbon Hub to develop their largest renewable energy project to date: a £3m hydroelectric Archimedes screw installation at Sandford Lock on the Thames. The investment

includes the development of a fish pass – an essential mechanism to rebalance the eco-system hampered by the weir and lock system.

Investment Amount: £1.4m

Source of Investment: Charity Bank

Number of Transactions: 3

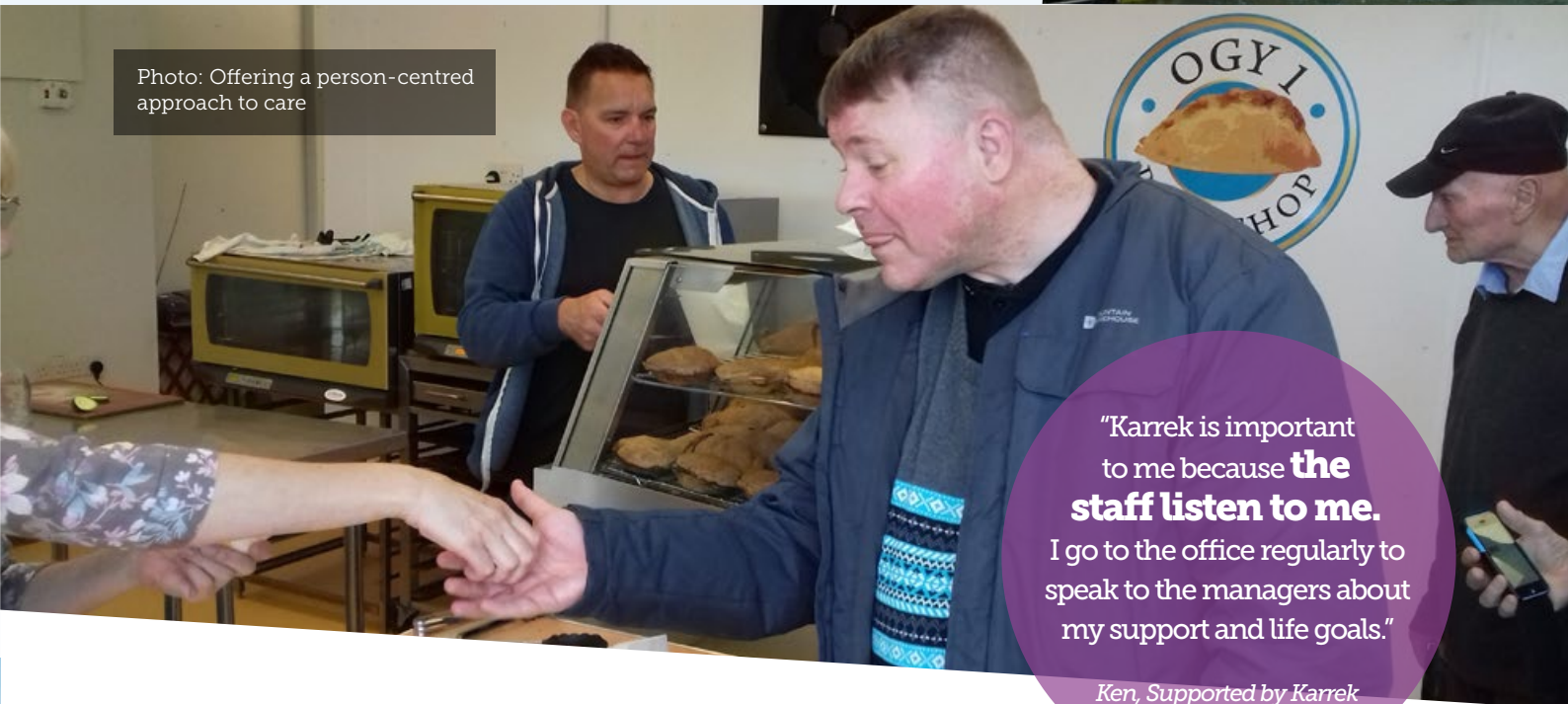
Number of Investors: 1

Impact: Community & Local Democracy; Energy & the Environment



Photo: Archimedes screw being installed

Photo: Offering a person-centred approach to care



"Karrek is important to me because **the staff listen to me.** I go to the office regularly to speak to the managers about my support and life goals."

Ken, Supported by Karrek

KARREK COMMUNITY

Karrek Community CIC is a care agency driven to provide a high quality care service for adults with learning disabilities. It provides a Christian-led service and ethos, having identified this as a need locally, but offers its highly regarded services to all, regardless of religion or background. Karrek has established

hubs within communities from which the services are run, reducing travel time for carers and ensuring services stay local.

Investment focus

This loan enabled the expansion of the domiciliary care for adults with learning disabilities.

Investment Amount: £45,000

Source of Investment: Health & Wellbeing Challenge Fund (South West)

Number of Transactions: 1

Number of Investors: 3

Impact: Health, Wellbeing & Social Care



KEEP CORNWALL FED

Keep Cornwall Fed was set up by two Cornish Chefs. It provides commercial catering services alongside running cooking classes and offering sessions to groups in order to feed people in food poverty by turning surplus food into meals. They were winners of Best Micro Managed Business in the Cornwall Sustainability Awards 2017.

Investment focus

The investment will allow Keep Cornwall Fed to reach more people through employing staff who can work with the founders on both the commercial and charitable side of business. The injection of working capital was also to allow the purchasing of new assets, which will help the project run more efficiently and to upgrade their website and marketing.

Investment Amount: £130,000

Source of Investment: Health & Wellbeing Challenge Fund (South West)

Number of Transactions: 2

Number of Investors: 3

Impact: Health, Wellbeing & Social Care; Poverty & Disadvantage




Photo: Chef Stuart Millard giving a cookery class to a local scout troop

"We are really pleased that we've received this investment to help us achieve our dream of assisting **5,000 people a year, who are struggling with food poverty...**"

*Stuart Millard,
Keep Cornwall Fed*

OUR REACH

INVEST

-  New investment made into social enterprises 2017/18
-  Our five year existing portfolio of investment

STRENGTHEN

-  Other social enterprises we've supported in 2017/18



Photo: Young graffiti artist with
commissioned street art

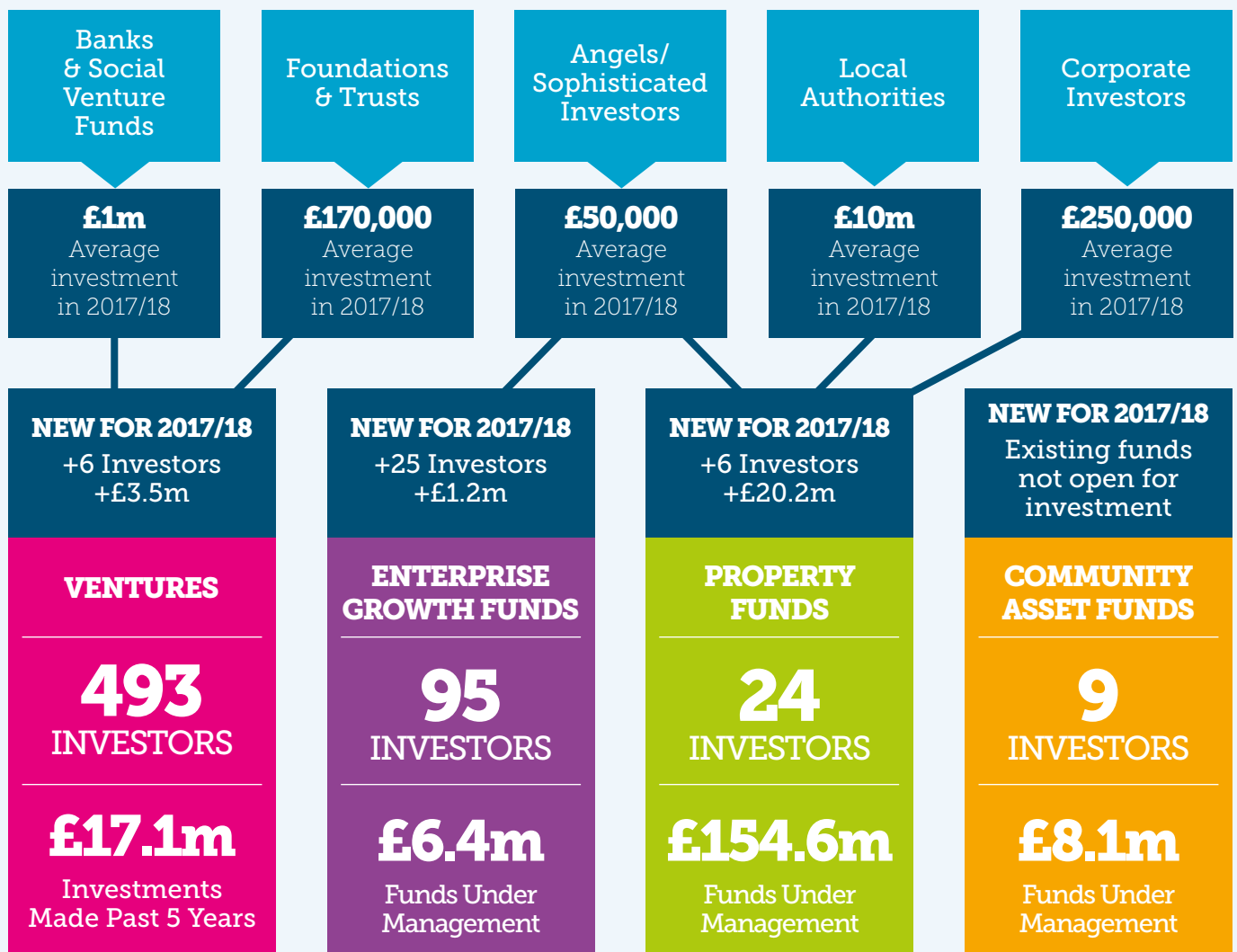


Our work contributes to a number of the UN Sustainable Development Goals
www.un.org/sustainabledevelopment/sustainable-development-goals/

2017/18 INVESTMENT ACTIVITIES

Resonance continues to attract investors looking for both a good financial return and a focused social impact. The strategy is simple: find the best and most viable forms of social enterprise, and deliver the most effective way for investors to back their business and impact. This has led us to focus on three key asset classes for our impact investment funds: Enterprise Growth, Community Assets and Property. In addition, our Ventures team works with individual social enterprises and offers direct

investment opportunities to investors. Investing in social enterprise through these asset classes brings many benefits: for example, accessing under-served markets, backing more robust and sustainable business models and, in some cases, investing more tax efficiently as well. As the enterprises all have an intentional social impact, growing their operations with investment creates positive social impact, which we measure and report on every year in the Social Impact Report for each fund.



VENTURES (DIRECT DEALS)

Arranging finance for individual social enterprises.

This year our Ventures team arranged finance for four social enterprises totalling £3.5m, with backing from leading social banks and three foundations. We also generated a further £4.6m of offers to clients. Of course, our work goes beyond just investing and a lot of the support we provide is helping to develop the impact business models, which enable social entrepreneurs to bring their visions of a better tomorrow into today's reality. In addition to those social enterprises benefiting from investment, we also supported a further twenty-two.

ENTERPRISE GROWTH FUNDS

Scaling social enterprise through access to affordable and flexible growth capital.

The Resonance Bristol Sitr Fund continued to raise investment and invest in social enterprises that are delivering high impact solutions to dismantling poverty. It reached £2.6m investment from ninety-nine investors and has deployed £902,000 into seven social enterprises across multiple business and impact areas. In February the West Midlands Sitr Fund was launched and will be raising investment and investing in social enterprises throughout 2018.

The Health & Wellbeing Challenge Fund (South West) continued investing in social enterprises across the South West, which are using innovative solutions to promote health and wellbeing. It deployed £340,000 into seven social enterprises.

PROPERTY FUNDS

Scaling social enterprise through access to residential property, on the right terms and at scale, with a current focus on homelessness.

Our property funds continue to expand and this year saw the funds under management reach £155m. This has allowed us to acquire a UK wide portfolio of almost 700 homes (including Greater London, Oxford, Milton Keynes & Bristol) for homelessness charity St Mungo's to use to help people at risk of homelessness. We continue to expand these funds across the UK and we also have ambitions to take this successful blueprint to other areas of need such as learning disability, mental health and youth homelessness in the next year.

COMMUNITY ASSET FUNDS

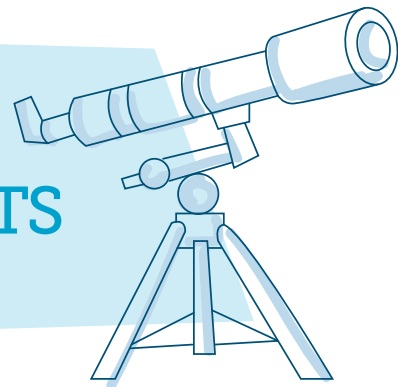
Empowering local communities to deliver the asset projects they need to flourish, and inspire others.

The Affordable Homes Rental Fund continues to work with Community Land Trusts needing development or term loans for affordable rental properties for local families. We are now working towards the launch of a new Community Asset Development Fund in the coming year.



Photo: Resonance investor Andrew Street

BEYOND INVESTMENTS



Beyond just arranging and making investments, we also work with a number of social enterprises, helping them on their journey to scale their impact.

Investment on its own is rarely sufficient to achieve an enterprise's growth ambition. We are constantly looking at ways to use our networks and knowledge to help deliver solutions to challenges faced by society. Sometimes this is through early support for individual social enterprises looking at new income models, sometimes by exploring how cohorts of social enterprises can achieve more together.

MARKET MAKING

Our ambition for the Health & Wellbeing Challenge Fund (South West) is to explore opportunities to change the system for people to experience better health. Empowering the social enterprise sector with social investment is part of how we hope to achieve this, however we recognise that this is not always enough. The health and social care sector is not just complex, it is also under unprecedented stress and this further highlighted the need to look at the broader system to bring about change.

Our market development work has grown from this understanding and learning about where the gaps are, what the disconnects are and what the solutions might be. We have developed projects looking at reducing technology procurement risk, grouping providers for social enterprises, realigning supply chains and spinning-out social businesses from private business and the NHS.

However, we have also learnt that consulting the stakeholders in a system is key to changing behaviours. We have focused on engaging with health service commissioners or 'buyers' of health and wellbeing interventions. Sharing with commissioners the perspective of social investors and seeing the system from their view, has opened the door to create projects to map the skills and build the capacity of relevant social enterprises. This process not only benefits the social enterprises and provides insight/assurance for commissioners but also offers a clear road map of how changes in 'payer' behaviour can empower further innovative social enterprise solutions.

Our approach to market development uses co-funded projects to create workable prototype models that can be integrated, replicated or scaled to change the system. From these models we see greater opportunities for social enterprises to use investment to create better health and wellbeing outcomes for the South West and beyond!



HELPING EARLY IN THE JOURNEY

In every aspect of our business we continue to look for innovative ways that we can support social enterprises in achieving and growing their social impact.

The enterprises that we work with come in many shapes and sizes. Their journeys to where they are, and where they want to get to, are also different, as are the ways they measure the impact they make. One common theme is that the majority find it tough to raise the right finance for their business model in order to maximize their impact.

Our teams work closely with social enterprises to help them measure the impact they are currently making and how they could grow this to help more people. During the past year we have introduced our "Social Enterprise Healthcheck" service, which is aimed at those social enterprises that want to grow their impact but have limited budgets and/or time to commit to the process. This service has proved very popular and our plans are to roll it out further over the coming year.

MAKING GOOD CONNECTIONS

We believe that an important part of our work is making meaningful introductions to support those social enterprises that we have invested in. This could be through mentoring or connecting them to other like-minded organizations, where there could be a mutual benefit or supporting them to deal with other key stakeholders. An example of this is when we assisted The Bearpit CIC in their discussions with Bristol City

Council, when they were seeking support to improve the area in which they operate. During the past year we have made sixty-four meaningful introductions between social enterprises and other individuals or organizations offering support, custom or collaboration, enabling them to develop their own impact ecosystem.

KNOWLEDGE TRANSFER

Resonance is committed to continuing to share its knowledge of social impact investment, and to learn from others, through many channels. For example, in the first half of 2018 Resonance spoke at the first conference organized by the municipality of Milan, on how a place-based focus on social impact investment can help grow effective solutions to social problems. Resonance also contributed case studies of its investment funds to the Corley report on 'Growing a Culture of Social Impact Investing in the UK' in 2017 and continues as an active participant in the Taskforce which has followed this to implement recommendations.

We continue to engage with many investor groups actively looking at how impact investment can serve their needs, including the wealth management and institutional investment communities. As a recent example, at a seminar for the Investment Property Forum, Resonance was able to show how property investment at institutional scale could incorporate social impact metrics.

STRENGTHENING SOCIAL ENTERPRISES BEYOND INVESTMENT 2017/18



OUR IMPACT

INVESTORS



Growing the market: 32 new investors connected to social enterprises.

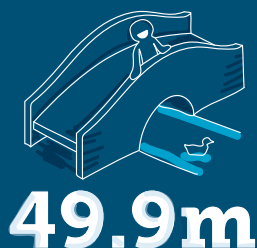


Building relationships: 12 investors returned this year to invest again.



Scaling impact: Unlocking £26.5m of new investment for social impact.

RESONANCE



Bridge-building: We built bridges between investors and social enterprises by making investments that carried £49.9m of capital to 20 social enterprises from 44 investors in 2017/18.



Systemic change: We have designed 2 new funds, 1 of which was successfully launched, all in pursuit of mobilising capital efficiently for social enterprises to deliver greater social impact.

ENTERPRISES



Extending our reach: We made 64 meaningful introductions to third parties for our social enterprises including suppliers, customers, funders, non-executive directors etc.



Wrap around support: We provided 57 social enterprises with investment or supported them through paid consultancy in 2017/18.

PEOPLE & COMMUNITIES



Somewhere to call home: 1,276 new people were housed in 2017/18.



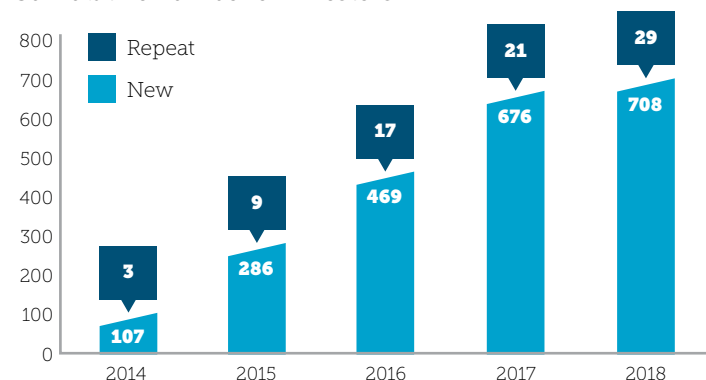
People supported: 10,591 other people were supported by the projects we've backed.



Communities: 42 communities across the UK have been positively impacted by the social enterprises we've supported.

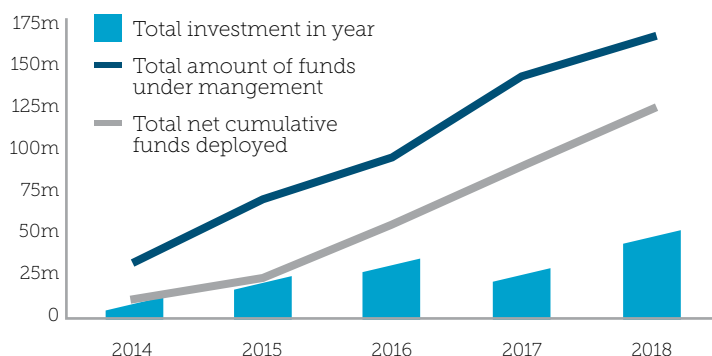
OUR 5 YEAR TRACK RECORD

Cumulative number of investors



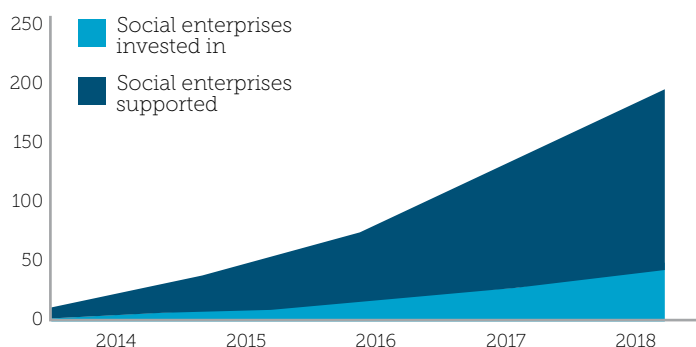
It is always pleasing to attract an increasing number of new investors but, equally, we are always delighted when investors return to back another fund or venture. One measure shows our increasing reach and the other the depth of the relationship. The largest volume of investors currently tracks the community share issues we arrange where the bulk of capital is in small tranches from ethical savers. We're honoured to have a faithful following of foundations, local authorities and angel investors who continue to entrust us to look after more of their capital.

Financial performance (£)



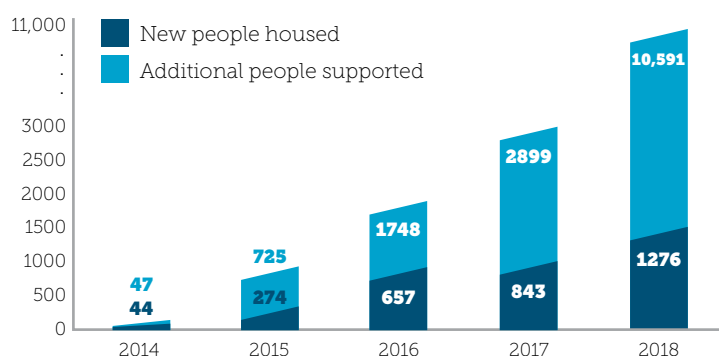
Our funds under management have continued to grow and, as most of our funds operate with a two year investment period, we are currently deploying capital slightly ahead of this natural time lag. This is true even though some capital has begun to be returned from the social enterprises in meaningful quantities. However, our focus remains on the useful capital actually drawn by social enterprises across both Ventures and Funds, with the total over the last five years being £141m.

Cumulative number of social enterprises backed



Sometimes the work we do with social enterprises spans several years and begins a considerable way before they are ready for investment and, in some situations, investment is ultimately not the right solution for them. Investment is one tool to grow the social impact of an organization and this year we've backed twenty. Whilst we like to think we help and support many more enterprises informally, what we are showing here is the number that have valued our support sufficiently to pay for it.

People and communities impacted



The provision of capital to a social enterprise might make it stronger or bigger, but the real change in society is achieved by the social entrepreneurs we back and the people they support. This support takes many different forms but at the very least this shows the reach of the social enterprises we support. Easier to attribute to the capital we provide is the number of new people housed each year and it was a real milestone to have provided in excess of 3,000 people with homes over the past five years.

TEAMS & OFFICES

- Central team
- Enterprise Growth Funds team
- Property Funds team
- Ventures team
- Community Asset Funds team

BRISTOL



Chris
Butters



Mike
Foxcroft



Katalin
Juhasz



Jari
Moate



Donna
Thomas

LAUNCESTON



Amy
Bailey



Lara
Bell



Matt
Bell



Daniel
Brewer



Jérémie
Chotard



Tom
Crook



Claire
Fishleigh



Sharon
Gorman



Andy
Grant



Paul
Handford



Helen
Midworth



Tracey
Northcott



Will
Patterson



Leila
Sharland



Sharon
Smallworth



Ben
Wrigley

MANCHESTER



Kate
Aiken



Ben
Brown



Simon
Chisholm



Steve
Gilmour



Gina
Hallums



Sarah
Hardacre



Kay
Orlopp



Braden
Reynolds



John
Williams



Anne
Woolhouse

BIRMINGHAM



Grace
England

LONDON



Connell
Grogan



Meena
Manian



Robin
Short

PARTNERS

We are natural collaborators and intentionally work with others that enable us to have a greater impact with helping social enterprises. Each partnership is unique and we look to find ways that we can achieve more together than we can on our own – it's not just about expansion it's about synergy. We are privileged to have a number of great partners, here are a few:



Our partnership with St Mungo's focuses primarily on scaling their social enterprise 'Real Lettings' through a series of private rented sector (PRS) property funds to provide 'move-on' accommodation for homeless individuals and families. It is our most significant partnership to date and a real example of how investors and charities can behave like peers rather than transactional adversaries.



Worthstone aims to bring impact investing to the UK mainstream. They help financial advisors to navigate the increasing choice of social impact investment products including a number of Resonance funds.

They are a hub of specialist expertise that provides outsourced resource and practical tools, to enable firms to offer a solution to capital holders for whom seeking alignment between their investments and their values has become a paramount consideration. In essence, they provide a one stop shop for financial planners seeking to advise on social impact investment.



Snowball is an innovative impact investment firm that runs a globally diversified multi-asset portfolio that seeks to maximize positive social and environmental impact as well as make a competitive financial return.

Snowball's mission is to make impact investment easy for everyone to access and to change the financial system to mainstreaming impact investing.

The portfolio has exposure to public and private market investments, including housing for the homeless, community owned renewable energy, forestry conservation and microfinance.

Project Snowball has supported both our Community Asset Funds and Property Funds with investment.



Big Society Capital is a financial institution with a social mission, set up to build the social investment market in the UK, so that charities and social enterprises can access appropriate repayable finance to enable them to grow, become more sustainable and increase their impact on society. It is doing this by building a diverse social investment market: encouraging investors to lend or invest money to achieve a social as well as a financial return. Since it was set up as an independent organization in 2012, Big Society Capital has invested over £270 million in specialist organizations that lend to charities and social enterprises. Resonance manages over £37m of BSC funds.



The Transformational Index team is a social impact measurement and design organization. It provides tools, products and services to help organizations quickly identify their intended theory of change and also helps them measure and ultimately manage their social impact.

Over many years Resonance has forged a strong working relationship with the team at TI to evolve the services that it offers and Resonance is a licensed user of TI products.



Through the Ethex platform, people can invest in causes that are important to them and these organizations can find the investment they need to grow and develop.

Ethex hosts some of the Resonance investment opportunities suitable for individual investors including community share offers and the two Resonance SITR Funds.



Esmée Fairbairn Foundation aims to improve the quality of life for people and communities throughout the UK both now and in the future. They do this by funding the charitable work of organizations that are building an inclusive, creative and sustainable society.

The Foundation is one of the largest independent grant-makers in the UK. In 2017 they made grants of £40.5 million towards a wide range of work within the arts, children and young people, the environment and social change. In 2018 they celebrated ten years of their Social Investment Fund and have allocated £45 million to social investments for organizations with the aim of creating social impact.

They have worked in partnership with us for over six years and have supported our Property and Community Asset funds with investment.

During the year we have worked with a number of Wealth Managers/IFAs and their clients:



Grierson Dickens Limited
Chartered Financial Planners

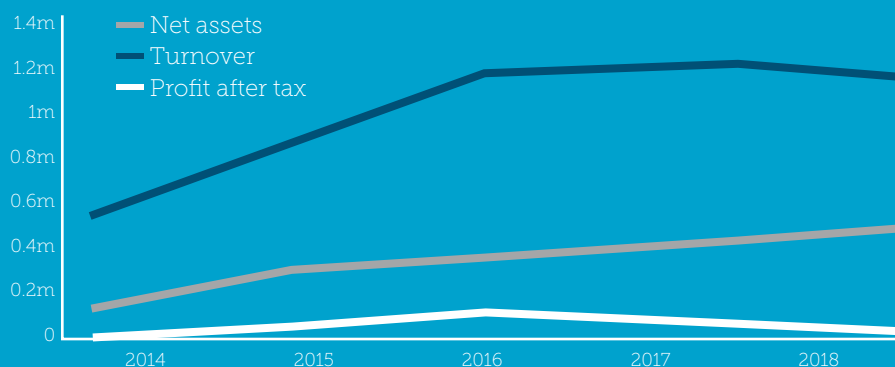


STRENGTH & BALANCE

Resonance's growth has continued for another successive year. The team expanded by 6% over the year and is now stewarding funds under management of £169m, 16% up on last year. Despite a small drop in turnover, net assets have increased and a modest profit after tax was achieved.

	2018 £m	2017 £m
Funds Under Management	169	145
Net Funds Deployed	126	80
Total Investment Made In Year (Funds and Ventures)	50	27
Net Assets	0.44	0.41
Turnover	1.16	1.23
Profit After Tax	0.03	0.06

5 year historic financials (£)



This year has been predominantly focused on delivering on our deployment targets and investing in our systems and capacity as we prepare for a significant period of anticipated growth.



Photo: Bristol 24/7 - giving a voice to a range of diverse people from across the city.

Pay & gender balance

	2018	2017
Total Number Of Staff	33	31
Percentage Of Women	48%	45%
Ratio Highest To Median Salary (excluding non execs and interns)	2.5	2.0
Ratio Highest To Lowest Salary (excluding non execs and interns)	3.9	3.5
Proportion Of Staff With Above Inflation Pay Rises Who Were Women	50%	30%
Median gender pay gap*	16%	32%

*Median gender pay gap: (median pay for men - median pay for women) / median pay for men.

Nearly half of our team are women and they are now represented at all levels of the business. The percentage of women in our higher percentile roles continues to increase.

This is reflected in the drop in our gender pay gap from 32% to 16%.

As an organization we are committed to transparency and accountability.

Photo: Volunteers on a "clean up day" at Bearpit in Bristol



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