



THE UNIVERSITY  
*of* EDINBURGH

# Investing for good:

## The University of Edinburgh's Social Investment Fund



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## Foreword

Welcome to the first report the University of Edinburgh has published to describe the impact of its pioneering Social Investment Fund. Over the past eight years, the Fund has become an additional mechanism for the University to deliver its social and civic mission to drive societal, economic and environmental advancements in the city and wider region – alongside its teaching, research and innovation activities.

In this report, we explain the origins, context and development of our innovative Fund, outline the real-world impact of our investments, highlight the value of a university's support to our investment partners, and reflect on learnings and areas for improvement.

With our commitment to social investment now embedded in the University's responsible investment policy<sup>1</sup>, we will publish annual updates for the Social Investment Fund, with an impact report produced every three years. By consolidating our social investment approach and sharing our learnings, we hope to expand our social impact, inspire other anchor institutions to deploy their capital for positive social change, and encourage our student and staff communities to engage with our social investment journey.



**Dave Gorman**, Director of Social Responsibility and Sustainability, The University of Edinburgh



**Dr Catherine Martin**, Vice Principal Corporate Services Group, The University of Edinburgh

<sup>1</sup> [The University of Edinburgh Responsible Investment Policy Statement \(2025\)](#)

# Introduction

Universities are embedded deeply in the economic and social fabric of their communities, with significant potential to innovate and influence in support of social good.

Over decades, many UK universities have built up large financial holdings including treasury and endowment funds to sustain their activities. The Russell Group universities – excluding Oxford and Cambridge – had total net assets of about £41.08 billion in 2023/24<sup>2</sup>, and the University of Edinburgh holds an Endowment and Investment Fund of approximately £500 million. However, the current period of volatility following the Covid-19 pandemic and rising inflation has resulted in a challenging financial environment for many UK universities, where returns on investment provide valuable sources of income in support of an institution’s mission and objectives.

At the same time, the investment activities of universities are increasingly scrutinised in a period of deepening social inequality, environmental degradation and geopolitical conflict. A rising number of university students, staff and wider communities expect their institution to adhere to ethical and responsible investing principles. A 2023 survey by SOS-UK found that 80 per cent of respondents want their universities to consider social benefit in investment decisions, while a report by LCP showed that all UK universities surveyed now apply some form of values-based exclusion.<sup>3</sup> Divestment from fossil fuel companies has become a widespread ambition – but the deployment of capital as a lever for positive social and environmental impact has, until recently, remained underused by universities.<sup>4</sup>

**95% of students and staff support the inclusion of socially positive investment in the University’s approach to investment<sup>5</sup>**



<sup>2</sup> [https://en.wikipedia.org/wiki/Russell\\_Group#Finances](https://en.wikipedia.org/wiki/Russell_Group#Finances)

<sup>3</sup> Values-based exclusion involves removing or avoiding certain stocks, sectors or companies from an investment portfolio because they do not align with an investor’s values. <https://www.lcp.com/en/insights/in-brief/ethical-investment-policies-and-sustainability-for-uk-university-endowments> and <https://sos-uk.org/research/student-opinion-university-financial-investments/>

<sup>4</sup> Divestment is the process of reducing an asset for ethical or financial reasons by an organisation.

<sup>5</sup> In the 2024 Responsible Investment Consultation, 1,822 respondents supported the proposal to incorporate socially positive investment into the remit of the University’s responsible investment policy. [Responsible Investment Consultation Analysis full report](#)



**Chris Jamieson** of Social Investment Scotland speaking at Prosper Social Finance conference

The University has been at the forefront of a new approach among some universities to proactively invest in social purpose organisations, outside their own institutions and spinouts. Founded upon a commitment to civic responsibility, the University's mission to make the world a better place by ensuring that its actions and activities deliver positive change locally, regionally and globally includes its investment approach.

In 2017, as the University progressed towards divestment from fossil fuel companies from its Endowment Fund, it posed a crucial question:

“

**If divestment signifies what the University stands against, how can we deploy our capital in support of what the University stands for?**

This challenge led to the creation of the Social Investment Fund – an £8 million Fund using capital from the University's treasury, aiming to deliver both financial returns and measurable social impact.



**Read a case study from the University in Cazenove Capital's report:**  
[Net zero investments: A guide for universities](#)

Three-quarters of the Fund has now been deployed across 10 social impact funds from 9 funding organisations. These have supported new housing schemes in Edinburgh, a community-owned renewable energy project in Ayrshire, diverse-led social enterprises<sup>6</sup>, and the UK's first student-led socially responsible investment fund – among many other social impact organisations. As of 2025, the University's commitment to social investment is enshrined in the University's Responsible Investment Policy.<sup>7</sup>

This inaugural social impact report sets out the story of how the University developed its innovative approach, the real-world impact of its investments and the lessons learned to date. The report aims to inspire other anchor institutions to explore social investment and inform the University's student and staff communities of the University's pioneering Social Investment Fund.

<sup>6</sup> Diverse-led organisations are those where more than half of the leadership belong to diverse or minoritised groups, such as minority ethnic communities, women and LGBTQ+.

<sup>7</sup> [Responsible Investment Policy Statement 2025](#)

# Creating a university model for social investment

Social impact investment can be defined as “investment in markets that aims to integrate the creation of positive social or environmental impact with financial return on capital”.<sup>8</sup>

Universities and faith-based organisations were among the first to innovate for ethical investing approaches. In the United States, some college endowments explored socially responsible investment practices in the 1960s and 1970s, often driven by campaigns from students and faculty.<sup>9</sup>

Universities have broad and complex stakeholder landscapes, with students, faculty, professional services staff, trustees, local and national government, alumni, community groups, industry partners and donors exerting competing claims and priorities on a university’s activities and investment strategy. Over the past decade, these interests have catalysed collaborative innovation and entrepreneurship across the commercial landscape of the UK’s higher education sector.<sup>10</sup> A recent independent report estimated the University’s research and knowledge exchange activities account for approximately £3.2 billion annually.<sup>11</sup>

This raises the question: how does a more commercial orientation sit alongside the University’s traditional mission of research, teaching and public good? The opportunity to leverage operational activities for social impact, in this case its investment activity, is one such vehicle for action.



**The UK’s social investment market is at a pivotal moment – we have proven models and growing demand, but we need more patient, strategic capital to build the market infrastructure that will enable the sector to reach its full potential.**

**Universities are uniquely positioned to fill this gap, particularly given their expanding roles in enterprise, technology transfer and innovation.**

**Claire Kearney, Managing Director, Investment Partnerships & Advisory, Better Society Capital**

The potential impact of universities to deploy their capital through social investment could be explored further. Discussions with the social investment sector have indicated that few universities have created dedicated social investment funds to empower entrepreneurs and organisations outside their own innovation ecosystems. With many UK universities facing financial uncertainty, the questions of when and how to begin cultivating a social investment approach might present a daunting challenge.

For the University, the social investment journey began in 2017. The then Director of Finance and the Director for Social Responsibility had been considering approaches to social investment for a while, but no formal strategy had been agreed by the University’s governing bodies. When the opportunity arose to invest in two funds managed by Big Issue Invest – the Social Enterprise and Investment Fund II, and the Scottish-based Power Up Scotland Programme – the University committed to a £1.5 million investment between the two.

Having committed its first social investments, the University Social Investment Fund and accompanying strategy were created, providing a long-term strategy and governance framework designed to embed social investment into the institution’s financial practice.

<sup>8</sup> Andreu, M. (2018). A responsibility to profit? Social impact bonds as a form of ‘humanitarian finance’. *New Political Science*, 40(4), 708–726

<sup>9</sup> Kreander, N., McPhail, K., & Molyneux, D. (2004). God’s fund managers: A critical study of stock market investment practices of the Church of England and UK methodists. *Accounting, Auditing & Accountability Journal*, 17(3), 408–441.

<sup>10</sup> [The Russell Group: Driving growth through regional innovation clusters](#)

<sup>11</sup> <https://www.ed.ac.uk/economic-social-impact>

# The creation of the Social Investment Fund

To understand the University's social investment journey, a brief description of the University's investment landscape is required.

The combined value of the University's investments and treasury funds is approximately £1 billion. Using a maximum of 2 per cent of the University's treasury funding, £8 million was allocated for the new Fund to support the University's social impact goals.<sup>12</sup>

Allocating treasury money – which ensures the day-to-day running of the University's operations, including staff salaries and student tuition fees – for long-term investments rather than capital from its Endowment Fund was an unusual and bold decision. The idea to use treasury funds was based on a number of factors:

- The relative size of the Social Investment Fund is much smaller than the Endowment Fund.
- When Social Investment Fund was established interest rates and therefore treasury returns were low. The Social Investment Fund was expected to return 2–4 per cent, outperforming standard treasury funds, but underperforming against the 6–8 per cent commonly achieved by the Endowment and Investment Fund.

- The longer-term commitments required by social financing initiatives compared to the more flexible timeframes and requirements of the Endowment Fund portfolio.
- There was a relative lack of expertise of the University's stakeholders in this area (at the time).
- There was a clear need for a separate governance structure to oversee the Social Investment Fund to avoid mixing investment mandates between the Endowment Fund and the Social Investment Fund.

An Environmental and Social Governance (ESG) Advisory Group was formed to oversee the Social Investment Fund, with the aim of achieving both the target return on investment of Consumer Price Index (CPI) +1.5 per cent (expected to be 2–4 per cent in practice).<sup>13</sup>

➤ [ESG Advisory Group](#)

## Fund objectives

The Fund's objectives were set out in a Social Enterprise and Investment Strategy (2019) approved by the University's governing body, its Court. These included:

- Deliver a rigorous, effective and transparent investment process that delivers a portfolio return on investment of CPI + 1.5 per cent over the period to 2023.

- Use social enterprise and social investments to support University objectives to deliver multiple benefits.
- Expand the range of social enterprise learning and teaching opportunities for staff and students.
- Demonstrate how the University's actions in this area contribute to its reputation as a leading socially responsible university.

It was decided that the Fund would comprise of the following investment mix:

### Venture capital impact funds

Venture capital funds attract investment in early-stage businesses that offer solutions to social or environmental challenges. Some funds exist to support diverse-led social enterprises (Growth Impact Fund), whereas others exist to address a specific issue, such as reducing the poverty premium (Fair By Design).<sup>14,15</sup>

### Long-term loans

Social investment fund managers might offer loans for charities to purchase assets to meet the needs of their service users, with the expectation of loan repayment with interest. These could include properties that they can then use to house their service users (Social and Sustainable Housing Fund, Scottish Growth Fund II).<sup>16</sup>

<sup>12</sup> D. Gorman, J.Q. Huang; *A University Model of Social Finance: Reflections on the University of Edinburgh's Social Investment Fund*

<sup>13</sup> 'CPI' stands for Consumer Price Index and is an indicator of inflation and deflation.

## Fund principles

The following principles were set out to meet the Fund objectives and minimise risk to capital:

- The balance of investments should ensure a substantial allocation of funds for the Edinburgh and South East Scotland City Region Deal area for Scotland, with lesser sums allocated to the UK and to global investments.
- To ensure a diverse portfolio and to minimise risk, the Fund would not exceed more than a 33 per cent stake in individual co-invested funds, and would invest across a variety of thematic areas.
- Investments that are underwritten, asset-backed or where co-investors take first-loss capital positions were prioritised.
- In the interests of manageability and oversight costs, the ESG Advisory Group would expect the Fund to take a maximum of 15 positions at any one time. This would average £500,000 per investment, often the minimum sum requested by social investors.

## Fund themes

Alongside the target return on investment, the Fund’s key themes were identified and set out in a Social Enterprise and Investment Strategy (2019).

These included:

<p><b>People on low incomes</b></p>		
<p><b>Environmental sustainability</b></p>		
<p><b>Homelessness and housing supply</b></p>		
<p><b>Access to education</b></p>		

## Our investees

<p><b>Social and environmental</b></p>
<p>Social and environmental benefits – as described by the UN SDGs</p>
<p>Relative impact of our investment on the areas invested in</p>
<p>Sector innovation for social and environmental impact</p>
<p><b>Financial</b></p>
<p>Preservation of capital</p>
<p>Level of expected annual return and associated financial metrics CPI + 1.5 per cent overall</p>
<p><b>Organisational</b></p>
<p>Reputational impact and managing downside risks</p>
<p>Impact on wider University objectives and activities (research, learning, widening participation)</p>



For more information, read this chapter written by Dave Gorman and Dr Juli Huang:

[A university model of social finance: Reflections on the University of Edinburgh’s Social Investment Fund](#)

➤ [Social Enterprise and Investment Strategy 2019](#)

<sup>14</sup> Growth Impact Fund (Big Issue Invest and Unltd)

<sup>15</sup> Fair By Design Fund (Ascension Venture Capital and Barrow Cadbury Trust)

<sup>16</sup> Social and Sustainable Housing Fund (Social and Sustainable Capital), Scottish Growth Fund II (Social Investment Scotland)



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## Edinburgh

- Prosper Social Finance
- Social and Sustainable Housing Fund

## Scotland

- Power Up Scotland (Big Issue Invest)
- Scottish Social Growth Fund

## UK and global

- Social Enterprise Investment Fund II
- Growth Impact Fund
- Ada Ventures Fund II
- Giant Ventures Seed II
- Fair By Design Fund

**£6 million**  
directly invested in  
social impact funds



**4 funds**  
supporting social  
impact projects  
in Edinburgh  
and Scotland



ASCENSION



# Financial performance of the Social Investment Fund

As of September 2025, the Social Investment Fund is exceeding its overall target return of CPI + 1.5 per cent. The Fund's expected average return is c.6.6 per cent, well above the target average return since inception of c.5.3 per cent.

This demonstrates that the Fund has not only preserved capital but has consistently delivered financial performance alongside measurable social impact.

To date, 75 per cent of the Fund (£6 million) has been directly invested in social impact projects, underpinning the University's commitment to aligning its financial resources with its civic mission. The Fund's portfolio is structured to generate returns over the long term, with current investments due to close in April 2039. Given the nature of social investments, capital is often deployed gradually and returns take longer to materialise compared to conventional asset classes.

As anticipated at the establishment of the Social Investment Fund ([see page 5](#)), social investment in practice differs from traditional investing in the following ways:

- **Time horizons**  
Social investments are typically deployed over longer periods, with patient capital required to support projects that may take years to reach maturity.
- **Deployment delays**  
The Fund has recently experienced delays in the deployment of capital, as social enterprises and impact funds work to ensure readiness and capacity for growth.
- **Vulnerability of early-stage businesses**  
Many investees are young organisations tackling systemic social challenges. They can be particularly vulnerable to shocks such as the Covid-19 pandemic or the cost-of-living crisis, which placed pressure on cashflows and sustainability.

Despite these risks, the Fund's proactive oversight model has provided resilience. Risks are mitigated by regular communication with fund managers (who are also invited to present to the ESG Advisory Group), allowing for early identification of challenges and collaborative approaches to solutions.

Overall, the financial performance of the Fund to date confirms that mission-aligned investment can deliver both impact and robust returns.



**Harry Specters** produces award-winning chocolates, with a commitment to empowering autistic people. It is supported through the Growth Impact Fund.

**75% has been directly invested in social impact funds**

# Investing for good: A UN Sustainable Development Goal impact analysis

The University of Edinburgh's Social Investment Fund has been deployed into organisations working to address a range of social and environmental challenges, from tackling homelessness in Edinburgh, to supporting rural Scottish communities to harness renewable energy, and empowering diverse-led startups to address social and structural inequalities.

Demonstrating the social impact of the Social Investment Fund is essential to understand its value to the University's investment partners, the organisations supported, their service users, and hence society at large.

As an investor, it is equally important to recognise the distinction between facilitating impact and directly delivering it. While the University's investments have contributed to positive outcomes within communities, the direct credit for impact rightly belongs to the organisations and initiatives working with beneficiaries in their communities.

The following table outlines each social impact fund in the Social Investment Fund portfolio: its mission, the key target beneficiaries it supports, the size of the University's cash contribution and the date that contribution was deployed.

Fund and investment manager	Mission	Target beneficiaries	Investment made	Fully deployed date (actual or predicted)
<b>Social Enterprise Investment Fund II Big Issue Invest</b>	To create innovative social impact investment solutions.	Social enterprises, social-purpose businesses and charities working to end poverty and inequality in the UK.	£1,000,000	July 2023
<b>Power Up Scotland Fund Big Issue Invest</b>	To develop early-stage social businesses through investment, business support and cross-sector partnerships.	Social ventures with a focus on reducing inequalities across Scotland.	£500,000	2022/23 academic year
<b>Fair By Design Fund Ascension VC</b>	To eliminate the poverty premium and ensure essential goods and services are accessible to all.	Tech-enabled businesses with potential for venture-scale returns to tackle poverty and social inequality.	£250,000	February 2025
<b>Giant Fund II Giant Ventures</b>	To advance purpose-driven innovation, deliver exceptional returns and positive systemic change.	Organisations that develop technologies that can solve urgent climate, health and inequality challenges in a scalable and sustainable way.	£500,000	July 2029
<b>Prosper Social Finance</b>	To deliver positive social change in Edinburgh through responsible, student-led investments.	Ethical organisations where profits from investments are channelled into the local Edinburgh community through grants.	£50,000	2023/24 academic year
<b>Social and Sustainable Housing Fund I &amp; II Social and Sustainable Capital</b>	Enabling inspiring charities and social enterprises to increase their social impact by providing appropriate flexible finance.	Charitable organisations for purchase of residential property to house disadvantaged people they support.	£2,000,000	March 2025 (fund I), March 2027 (fund II)
<b>Scottish Social Growth Fund II Social Investment Scotland</b>	To connect capital with communities to make a real, measurable and sustainable impact upon people's lives.	Support for social enterprises and charities that make a positive impact on people's lives.	£1,000,000	December 2024
<b>Growth Impact Fund Big Issue Invest</b>	Investing in diverse leadership for social impact.	Organisations and entrepreneurs with a social purpose that are focused on tackling inequality and have diverse representation at board and leadership level.	£250,000	December 2027
<b>Ada Fund II Ada Ventures</b>	To build an inclusive venture capital fund that is open to talent from anywhere, to empower entrepreneurs to create globally successful companies.	Finds, funds and supports pre-seed entrepreneurs who are shaping the future in climate equity, healthy ageing and economic empowerment.	£500,000	September 2030

Our analysis identified that all 17 United Nations Sustainable Development Goals (SDGs) have been supported by our Social Investment Fund portfolio. This illustrates the diversity of contributions the portfolio makes across different social and environmental priorities.

Data collection was conducted through a mixture of desk-based research and surveying of fund owners, with self-assessment data from fund owners prioritised when available.

The size of contribution toward each SDG's progress which could be reasonably claimed by the University could be argued to be contingent on the size of the University's cash contribution to any particular fund.

The following table illustrates which funds support progress for each SDG:

UN Sustainable Development Goal	Funds which contribute to progress
 <b>1. No poverty:</b> End poverty in all forms everywhere.	Ada Ventures: Fund II Ascension: Fair By Design Big Issue Invest: Growth Impact Fund Big Issue Invest: Social Enterprise Investment Fund II Giant Ventures: Fund II Social Investment Scotland: Scottish Social Growth Fund Social and Sustainable Capital: Social and Sustainable Housing Fund I & II
 <b>2. Zero hunger:</b> End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	Ascension: Fair By Design Giant Ventures: Fund II Social Investment Scotland: Scottish Social Growth Fund
 <b>3. Good health and well-being:</b> Ensure healthy lives and promote well-being for all at all ages.	Ada Ventures: Fund II Ascension: Fair By Design Big Issue Invest: Growth Impact Fund Big Issue Invest: Power Up Scotland Big Issue Invest: Social Enterprise Investment Fund II Giant Ventures: Fund II Prosper Social Finance Social Investment Scotland: Scottish Social Growth Fund Social and Sustainable Capital: Social and Sustainable Housing Fund I & II
 <b>4. Quality education:</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Ada Ventures: Fund II Ascension: Fair By Design Big Issue Invest: Growth Impact Fund Big Issue Invest: Social Enterprise Investment Fund II Giant Ventures: Fund II Social and Sustainable Capital: Social and Sustainable Housing Fund Social Investment Scotland: Scottish Social Growth Fund
 <b>5. Gender equality:</b> Achieve gender equality and empower all women and girls.	Ada Ventures: Fund II Ascension: Fair By Design Giant Ventures: Fund II Social and Sustainable Capital: Social and Sustainable Housing Fund
 <b>6. Clean water and sanitation:</b> Ensure availability and sustainable management of water and sanitation for all.	Giant Ventures: Fund II Prosper Social Finance Social Investment Scotland: Scottish Social Growth Fund
 <b>7. Affordable and clean energy:</b> Ensure access to affordable, reliable, sustainable and modern energy for all.	Ada Ventures: Fund II Ascension: Fair By Design Giant Ventures: Fund II Prosper Social Finance Social and Sustainable Capital: Social and Sustainable Housing Fund Social Investment Scotland: Scottish Social Growth Fund
 <b>8. Decent work and economic growth:</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Ada Ventures: Fund II Ascension: Fair By Design Big Issue Invest: Growth Impact Fund Big Issue Invest: Power Up Scotland Big Issue Invest: Social Enterprise Investment Fund II Giant Ventures: Fund II Social Investment Scotland: Scottish Social Growth Fund

UN Sustainable Development Goal	Funds which contribute to progress
 <p><b>9. Industry, innovation and infrastructure:</b> Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.</p>	<p>Ada Ventures: Fund II Ascension: Fair By Design Giant Ventures: Fund II</p>
 <p><b>10. Reduced inequalities:</b> Reduce inequality within and among countries.</p>	<p>Ada Ventures: Fund II Ascension: Fair By Design Big Issue Invest: Growth Impact Fund Big Issue Invest: Power Up Scotland Big Issue Invest: Social Enterprise Investment Fund II Giant Ventures: Fund II Prosper Social Finance Social and Sustainable Capital: Social and Sustainable Housing Fund I &amp; II</p>
 <p><b>11. Sustainable cities and communities:</b> Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	<p>Ascension: Fair By Design Big Issue Invest: Power Up Scotland Big Issue Invest: Social Enterprise Investment Fund II Giant Ventures: Fund II Prosper Social Finance Social Investment Scotland: Scottish Social Growth Fund Social and Sustainable Capital: Social and Sustainable Housing Fund I &amp; II</p>
 <p><b>12. Responsible consumption and production:</b> Ensure sustainable consumption and production patterns.</p>	<p>Big Issue Invest: Power Up Scotland Giant Ventures: Fund II Prosper Social Finance Social Investment Scotland: Scottish Social Growth Fund</p>
 <p><b>13. Climate action:</b> Take urgent action to combat climate change and its impacts.</p>	<p>Ada Ventures: Fund II Big Issue Invest: Power Up Scotland Big Issue Invest: Social Enterprise Investment Fund II Giant Ventures: Fund II</p>
 <p><b>14. Life below water:</b> Conserve and sustainably use the oceans, seas and marine resources for sustainable development.</p>	<p>Ascension: Fair By Design Big Issue Invest: Social Enterprise Investment Fund II Giant Ventures: Fund II Prosper Social Finance</p>
 <p><b>15. Life on land:</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</p>	<p>Giant Ventures: Fund II Prosper Social Finance Social Investment Scotland: Scottish Social Growth Fund</p>
 <p><b>16. Peace, justice and strong institutions:</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</p>	<p>Ada Ventures: Fund II Giant Ventures: Fund II Social Investment Scotland: Scottish Social Growth Fund</p>
 <p><b>17. Partnerships for the Goals:</b> Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.</p>	<p>Giant Ventures: Fund II</p>

# Supporting social investors

The University is proud to support these key players in the social investment and venture sector as a limited partner.<sup>17</sup>

These investors and their beneficiaries are creating real impact for individuals and communities across Scotland and the UK by enabling social enterprises and entrepreneurs to offer values-driven solutions, with most offering both financing and mentorship support.

Their reflections highlight some of the ways the University's investments have supported their funds beyond investment alone, whether through attracting other potential investors through brand association and reputation, or through the security of long-term investment from an anchor institution.



## Read more:

[Universities as social impact investors: the snowball effect of value](#)  
(Better Society Capital)

<sup>17</sup> A limited partner invests capital for shares in a partnership without participating in daily management. In the Social Investment Fund, the University invests in funds managed by social investors and venture capital organisations but does not control their decisions or fund deployment.

## Big Issue Invest: Social Enterprise Investment Fund II, Power Up Scotland and Growth Impact Fund

Since 2005, Big Issue Invest has invested more than £100 million in hundreds of social impact organisations – all sharing the Big Issue Group's mission to dismantle poverty and inequality through social business solutions.



**Ren Hooi, founder and CEO of Lightning Reach.**

This social enterprise was supported through Big Issue Invest's Growth Impact Fund and offers free financial advice and support to people in need across the UK.

The University has invested £1.75 million across three different funds managed or co-managed by Big Issue Invest:

- Social Enterprise Investment Fund II (SEIF II) supports ambitious social enterprises and charities with sustainable business models looking to grow and extend their social impact. The Fund offers repayable finance of between £250,000 and £3 million for growth, working capital and capital expenditure purposes. The University has committed £1 million to this fund.
- Power Up Scotland was launched in 2018 by Big Issue Invest, the University of Edinburgh and other key partners. The fund develops early-stage social businesses through investment, business support and cross-sector partnerships. The University invested £500,000 in this fund.
- The Growth Impact Fund is a target £25 million evergreen fund, investing in early and growth stage organisations led by talented entrepreneurs from traditionally marginalised communities. It is delivered by Big Issue Invest and UnLtd and supported by a £250,000 investment from the University.

## Ascension VC and Barrow Cadbury Trust: Fair By Design Fund

“The Fair By Design Fund aims to alleviate the poverty premium by backing innovative, scalable solutions that ensure everyone can access essential goods and services fairly and reduce systemic inequalities.

Universities can play a leading role in mission-driven innovation – not only through research and education, but by actively investing in solutions that create a more equitable and sustainable future.

Impact and commercial success are not mutually exclusive – many of the most resilient businesses we back are solving urgent social problems. Social investment from patient, values-aligned institutions like universities is crucial to unlocking opportunities at the earliest stages – spaces where traditional capital often hesitates, but where long-term investment can be most transformative.”

*Iulia Tudor, Partner, Ascension Venture Capital*



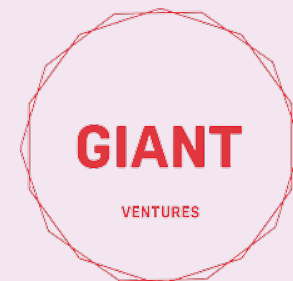
**RideTandem** is revolutionising access to affordable, reliable transport in underserved regions across the UK, including parts of Glasgow. They use a cross-subsidised model, where partners like employment agencies fund passenger journeys.

## Giant Ventures: Fund II

“Giant builds and backs technology companies solving the world’s most pressing challenges. Our vision is to create the world’s leading engine of purpose-driven innovation, and we are proud to have a strong university name such as the University of Edinburgh as part of our LP base.

Giant is on track to deploy more than \$1 billion into purpose-driven sustainable technology over the next decade, and we are excited to continue working with the University of Edinburgh.”

*Rob Hicks, Giant VC*



## Prosper Social Finance

Founded by University of Edinburgh students in 2017/2018, Prosper Social Finance is the UK's first student-run socially responsible investment fund.

Through Prosper, students from any year or programme of study are trained as ESG investment analysts and given the opportunity to find, research and pitch new investments for Prosper's portfolio. As a social enterprise, Prosper's profits are allocated as grants to local charities and community enterprises.

**“Through Prosper, I have learned that investors can play a pivotal role in fostering positive social change.”**

Jasmine Lee-Tin, student analyst

**“Prosper has undoubtedly been the highlight of my time at the University.”**

Aaron Jiminez, student analyst



The **Prosper Social Finance** Conference in April 2025 brought together student analysts and featured speakers from Social Investment Scotland, Stuart Investors and Invisible Cities – a local social enterprise and recipient of Prosper's grants.

## Social Investment Scotland: Scottish Social Growth Fund

**“Social investment is a powerful tool for unlocking the potential of purpose-led organisations. Our partnership with the University of Edinburgh came at a pivotal time in the development of the Scottish Social Growth Fund. Their participation as a funder instilled confidence to other investors, showed innovation in the development of the fund and significantly increased the financial capital available to Scotland's social enterprises.”**

Through innovative funding partnerships – like the one we've built with the University of Edinburgh – we're demonstrating how mission-aligned capital can deliver lasting impact for communities across Scotland. The Scottish Social Growth Fund is a strong example of how collaboration between social investors and forward-thinking institutions can build market confidence, scale social innovation, and support long-term, place-based outcomes. We'd welcome more universities joining this movement as active investors in social change.”

Lindsay Wake, Head of Impact and Communications,  
Social Investment Scotland

The **Scottish Social Growth Fund** backed Scotland's first subsidy-free community-owned wind turbine in Kilbirnie, North Ayrshire. The turbine will generate sufficient energy to power 2,234 average UK homes. Profits from the electricity sales will be reinvested into local community projects.



## Social and Sustainable Capital: Social and Sustainable Housing Fund

**“The University of Edinburgh’s investment signals to other investors that social investment is credible, scalable, and consistent with fiduciary responsibility. The University’s support has had a catalytic effect, acting as a door-opener and a validator in conversations where social investment is still an emerging concept.**

**There’s scope to collaborate on research, impact measurement and student engagement, which could enhance our understanding of what works in social investment and why. We would welcome further opportunities to co-create case studies or contribute to academic research that explores the role of social finance in tackling complex social issues.”**

Mark Bickford, CEO, Social and Sustainable Capital



Through the **Social and Sustainable Housing Fund**, Simon Community Scotland has been able to purchase more than 30 properties in Edinburgh to lease to their service users, including Greig, who says that having his own home has helped to improve his mental health.

## Ada Ventures: Fund II

Ada Ventures is a pre-seed venture capital firm investing in the best not just the best-connected. Ada finds and funds the Ada Lovelaces of today; backing European founders building businesses for a better human future. Ada invests £250K – £1M in technology companies across climate equity, economic empowerment and healthy ageing.

Underpinning our investment approach is Inclusive Alpha®, a movement which is rethinking the structure of venture capital from end to end, embedding inclusion in every part of the investment process for best-in-class returns and impact.

**“The University of Edinburgh’s investment has been invaluable in helping us to unlock more capital. The University’s influence in Scotland has also helped us to increase our footprint in the country, where we have an established network of Ada Scouts and Ada Angels.”**

Xun Ning Choong, Head of Operations & Impact, Ada Ventures



**Valla** is an AI powered legal platform transforming access to justice for the 12.4 million UK workers affected by employment law breaches each year. Valla is founded by Edinburgh-based Danae Shell, who is on a mission to make access to legal advice a possibility for everyone.

# Lessons learned

When the University launched its Social Investment Fund in 2017, it was able to capitalise on a period of low interest rates. With a target return of CPI + 1.5 per cent, the Fund consistently outperformed standard Treasury earnings. Although financial returns remain lower than those of the Endowment Fund's equity portfolio, the Fund has an expected return of 6 per cent, alongside significant social and environmental benefits.

This demonstrates the value of aligning investment with purpose and highlights that commercial success and social impact are not mutually exclusive.

## Navigating a volatile investment landscape

The following five years brought unforeseen challenges. The Covid-19 pandemic, followed by the cost-of-living crisis, created intense pressure on the organisations the Fund and our investment partners sought to support. Reduced consumer spending during lockdowns and heightened demand for government support produced a difficult environment for startups and social enterprises.

As a result, some of the Fund's investees struggled to adapt. These included ventures that had invested heavily but saw demand for their services reduce, lending organisations and those in the premium products consumer market.

## Adapting to longer timeframes and new fund principles

Managing these risks has highlighted the structural differences between managing the Social Investment Fund and conventional investment portfolios. The Social Investment Fund lacks the flexibility to shift easily between funds, with investors locked into much longer-term commitments. This reinforces the need for high-quality due diligence before making investments, and modelling of potential downside risks.

In addition, the values-driven approach, coupled with the priority to preserve the University's capital and the realities of a relatively nascent social investment landscape, constrained the ability of the Fund to address each of the priority impact areas it had committed to.

So far, for example, there has been less investment in initiatives specifically benefitting the Edinburgh and South East Scotland City Region.

## Dedicating resource to maximise benefits

Despite these challenges, the Fund's investments continued to grow steadily over eight years, expanding from its two initial investments to the ten held today. As the portfolio developed, so too did the demands of governance, reporting and oversight. Each new investment required careful review from the ESG Advisory Group to ensure it aligned with the parameters of the investment strategy. Those considering social investments should be aware of the need for a dedicated governance and oversight process, and resources to manage the fund including due diligence, strategy development, communications and relationship management.

There are potential opportunities to link University researchers with stakeholders in the social investment landscape to further knowledge exchange.

The Group will consider strengthening the connections between the Social Investment Fund, Edinburgh Innovations, and Old College Capital – the University's venture capital arm. This could provide mutually beneficial opportunities for closer collaborative relationships between the University, its investment partners and their investees.

## Knowledge sharing

To contribute to systemic change, the University must share the lessons, reflections and advice arising from the Fund need to be shared with other institutions across both the social impact and further and higher education (FHE), and proactively engage with those anchor institutions and universities considering a social investment approach.

Throughout the report we have highlighted examples where the University's investment approach, including the Social Investment Fund, has been featured in external publications – each listed in the References and further reading section. As a member of the Responsible Investment Network for Universities (RINU) the University has access to a valuable network for peer support and knowledge exchange.<sup>18</sup>

We encourage any reader from a FHE institution to contact us if they wish to find out more about our approach to social investment.

### Contact us

✉ [responsible.investment@ed.ac.uk](mailto:responsible.investment@ed.ac.uk)

## Communicating progress and impact

Communication has been another challenge. While debates on divestment have been highly visible, awareness of the Social Investment Fund among students and staff remains limited. Where engagement has taken place, there has been significant positive impact for learning and student experience. The student-led social enterprise Prosper Social Finance exemplifies this success, and over the past eight years has introduced more than 300 students to the world of socially responsible investing.<sup>19</sup>

Building on examples like this, the Fund could become a practical learning tool for students through internships, and other hands-on opportunities to engage with real-world social investment, and draw on the expertise of our investment partners to enrich these opportunities for learning and research.



Student analysts attend the 2025 Prosper Social Finance Conference.

**Over the past eight years Prosper Social Finance has introduced more than 300 students to the world of socially responsible investing**

<sup>18</sup> <https://shareaction.org/investor-networks/responsible-investment-network-universities>

<sup>19</sup> <https://prospersocialfinance.co.uk/Annual.Report.2024.pdf>

# Conclusion and next steps

This report has outlined how the Social Investment Fund came into being: its objectives and principles, the partners we have worked with, and the projects we have chosen to support thus far. It has highlighted both the community-level impact of our investments and the systems-level role that universities can play in strengthening the wider social investment landscape, and wider society.

The Fund emerged from the University's ambition to act as an anchor institution and civic investor. In many ways, it was an experiment: created in the absence of other university models to learn from, shaped by limited in-house expertise, and guided by the priority of preserving capital in an unpredictable financial landscape for the further and higher education sector.

To date, the Fund has succeeded in maintaining and growing the University's capital while delivering social impact across multiple levels.

What makes the Social Investment Fund distinctive is its unique approach, and its potential to be replicated by other anchor institutions. We recognise that not all universities have the funds (particularly in the current context for UK higher education) or resource to set aside finance for social investment. However, for some institutions, the approach to social investment set out in this report offers a model that could be readily

explored by organisations seeking to use their financial power to achieve social good. We hope to see other universities embrace social investment and would welcome conversations with our peers to exchange ideas and knowledge.

At the same time, we recognise that much more can be done within our own institution to benefit from our social impact activities. Communicating the Fund's existence more effectively, exploring ways to connect the Fund with our research and innovation activities through Edinburgh Innovations and Old College Capital, and creating more opportunities for student and staff engagement will allow us to unlock its full potential.

Our commitment to social investment, now enshrined in the 2025 Responsible Investment Policy, will continue to shape both endowment and treasury decision-making. Through the Social Investment Fund, we will continue to develop our relationships with our investment partners and support the growth of the social investment sector in Scotland and beyond. We are proud to have played a pioneering role in connecting the worlds of higher education and social investment, and we will continue to seek to connect with our students, faculty, local community groups and partners to support meaningful social change.

**We hope to see other universities embrace social investment and would welcome conversations with our peers to exchange ideas and knowledge**



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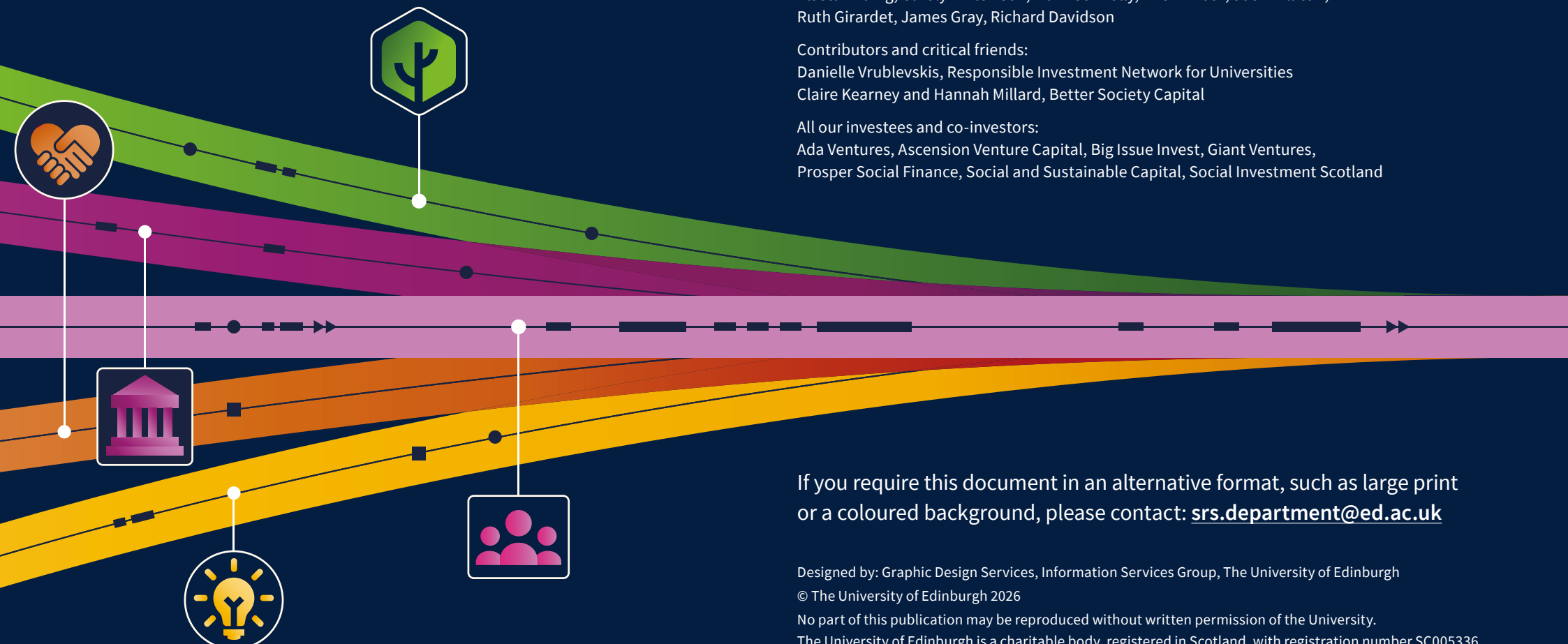
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