

Investing with intention

In recent years, more charities have begun exploring how to invest their funds to advance their mission and secure longer-term financial resilience.

With shifting funding landscapes, increasing regulatory scrutiny, and growing interest in using investment as a tool for social good, many organisations are asking how to start in this complex space.

Future Care Capital (FCC) adopted this approach early and is now offering health and care charities advice on how to navigate the journey successfully.

Faced with the traditional options of making an impact with no financial return by granting monies or investing with a fund manager for financial return but no impact, FCC chose to achieve both.

What is Impact Investment?

Impact investment is the strategic use of a charity's capital with the aim of sustaining financial returns *and* creating a positive, mission-aligned impact.

Please note that while we prefer to use the term Impact Investment to better reflect the aims, the Charity Commission and charity law refer to this as Social Investment and previously, Mixed Motive Investment.ⁱ

Unlike traditional donations or grants, impact investment:

- Enables charities to put their funds to work in the expectation of long-term financial sustainability.
- Could produce financial returns that can be reinvested into charitable programmes.
- Supports innovations in health and care that reflect a charity's purpose, creating and implementing an impact pathway from the outset.
- Allows investment with a deliberate intent to make a measurable difference alongside generating income.

At FCC, we see impact investment as a practical approach for charities that are serious about long-term resilience and real-world outcomes.

When done responsibly, it allows organisations to make meaningful change while aiming to strengthen their own financial position.

The problem impact investment helps to address

Health and care charities and their beneficiaries face significant funding pressures:

- Traditional fundraising is less reliable and more competitive.
- Fundraising costs are increasing, often with diminishing returns.
- Demand for services continues to grow, placing further pressure on limited budgets.

At the same time, impact investment offers real opportunities for charities to support innovations aligned with their mission – yet many find themselves unable to take advantage. Why?

They don't know how or where to begin.

Boards and trustees are cautious and unsure whether investment aligns with their charitable duties.

Internal resources are stretched, and the legal and governance requirements feel complex.

Many assume investment is only for large, well-resourced organisations.

Many also assume this requires disproportionate and expensive risk and investment advisors and/or specialist personnel.

This is where FCC's journey offers insight.

This case study shares FCC's own journey into impact investment - the challenges we encountered, the key decisions we made, and the lessons we learned along the way.

By sharing our experience, we hope to provide valuable insights for charities considering impact investment, helping them to make informed choices and develop strategies that align with their mission and long-term sustainability goals.

FCC's experience – from ambition to action

We began with a clear ambition: to use our capital to support our objects including “promoting or facilitating the improvement of health and care provision” for our beneficiaries, not solely through passive investment in the markets, but by directly backing innovation which would make an impact.

Our goal was to anchor change and impact – not just to seek financial returns, but to invest in ideas that would improve services and outcomes.

We allocated £3 million and began to shape our strategy. We knew we needed to answer key questions early:

- What exactly were we trying to achieve?
- How much risk were we willing to take?
- What governance and legal safeguards were needed?

We worked closely with trusted advisors, including Mills & Reeve and Anthony Collins, who guided us through structural requirements, investment vehicles and regulatory constraints.

Yet despite the strength of our plan, we soon encountered challenges.

Raising a fund without a track record

Our initial aim was to create an independent health focused fund, bringing in external capital alongside our own. With clear fund and charity legal advice, establishing such a fund was feasible.

Despite assembling a strong investment committee plus an operating team including an experienced investment manager, as a charity without an investment track record, we found that after clear expressions of interest, potential co-investors were hesitant.

Understandably, institutional investors were looking for a history of delivery and in a market with many established options, we struggled to stand out.

Investment management requires a specialised skill set and building an FCA compliant fund required significant operational infrastructure – licensing, compliance, systems, and staff – that stretched the capacity of our mission driven organisation.

So, we adapted.

Taking a practical first step – direct investment

All the fundamental thinking, advice, decision making, and processes were in place to make this step, we chose to move forward by making a direct investment in Healthera – a digital prescription platform aligned with our charitable objectives.

This decision helped us to:

- Put capital to use immediately and start measuring the impact pathway from the outset.
- Build real experience of investment decision making and management.
- Demonstrate to our trustees and others that we could act with care and purpose.

We strengthened our governance around investment, brought trustees into the process, and used the opportunity to test and refine our approach.

Engage trustees early

Engaging our Board of Trustees was essential. Trustees needed to be confident that this approach aligned with our charitable objects and that the necessary safeguards were in place.

Quite rightly, some of the earliest concerns our trustees had were around risk, liability, and whether we had the right people or could afford the right advice to consider impact investing. Whilst charities are used to managing the risk profile of their activities, boards of trustees might lack expertise in this area.

A key concern is that trustees may see impact investment in early-stage or not-for-profit businesses as high risk and with a low chance of success. However, in such cases, the impact returns might need to be considered alongside the benefits of addressing the charity's objects.

Hence heading into the world of impact investment can be daunting to trustees. Ensuring ongoing board engagement through structured discussions, external expertise, and robust risk management frameworks was key for us to secure buy-in and build internal confidence in our strategy.

Shifting the model – partnering with RYSE

During 2019, we recognised that raising and running our own fund would take longer and require more resources than we had anticipated.

Rather than delay our work, we shifted course and evaluated a number of partnering models and six potential fund partners, with RYSE Asset Management being selected in 2023. FCC became the anchor investor in their Special Opportunities Fund focused on investing in and scaling innovative health and care companies.

This allowed us to:

- Shape the fund's priorities upfront while reducing operational risk.
- Benefit from RYSE's pipeline, structures and expertise.
- Deploy our capital quickly and efficiently for impact and return, with an anticipated breadth of impact across 6 to 10 companies / areas providing diversity and de-risking the probability of poor impact (portfolio effects).
- Meet our stated objective of having impact for our beneficiaries from the start, when each investment is made, through the investee companies.
- Leveraging FCC's cornerstone investment by associating with funding of up to £30 million from other LPs.

We remained involved throughout, with trustees overseeing our position using their career experience, evaluating scenarios, risks and mitigations, and legal compliance and ensuring the fund remained aligned with our mission and objects.

The partnership allowed us to stay true to our original ambition, while acting with pragmatism and pace.

Six key lessons from our journey

1. Start with a clear strategy and understanding the complexities

Before any investment decisions are made, or indeed strategies set, charities need to be crystal clear on their objectives, risk appetite and regulatory responsibilities, and be aware of the potential complexities of different strategies and options.

Specialist fund and charity legal advice, and hands-on experience is vital from the outset. “You don’t know what you don’t know” has never been more apt. Without a solid foundation, it’s difficult to make confident decisions or ensure alignment with the wider mission. A solid strategy sets the direction, gives trustees confidence, and allows everything else to follow.

2. Build credibility – one step at a time

Most charities don’t have a track record in investment, and that’s fine – but credibility still matters. Starting with a direct investment, developing a phased approach, or partnering with experienced organisations can show both funders and trustees that you’re serious, capable and learning as you go.

3. Put governance at the centre

Trustees need to be on board from the beginning. That means not just involving them in decision-making, but giving them the structures, advice and clarity they need to act responsibly. Good governance isn’t just about compliance – it’s what turns intention into action and protects everyone involved.

4. Take risk seriously – and manage it properly

Impact investing involves risk, and that’s why managing it well is essential. From appetite to exposure to compliance, risk needs to be considered at every stage. In our case, bringing in legal advisors like Mills & Reeve early and establishing clear, transparent decision-making frameworks gave us both assurance and flexibility.

5. Stay flexible – the path won’t be linear

We started with the idea of running our own fund. We ended up partnering with an experienced manager. That wasn’t failure – it was learning and adaptation. Many charities will need to rethink their route as they go. The important thing is

to keep moving, stay mission-focused, and remain open to different models that can get you where you want to be.

6. Take action – even if it's not perfect

You may not have all the answers. You may change direction. But progress comes through doing. Starting small, learning quickly, and keeping mission impact at the centre is what matters. That was our experience – and it's one we believe can work for others.

Impact investment is a powerful tool

For charities seeking to build long-term sustainability and scale their mission, impact investment is a tool worth exploring – not with blind optimism, but with clarity, structure and purpose.

At FCC, we offer more than just theory. We bring the insight of having done it ourselves – navigating governance, building internal capability, adapting when plans changed and learning through real investment decisions.

We understand the realities that charities face – the pressure to protect reserves, the weight of trustee responsibility, the need to balance risk with mission.

Wherever you are on the journey, we can help you take the next step.

Whether you're exploring early ideas or refining an existing strategy, FCC can help you move forward with purpose.

To find out more about how our Impact Investment Advisory Services can help, please visit our website page by clicking [here](#).

Or start the conversation with our Impact Investment lead, Giovanna, at: giovanna@futurecarecapital.org.uk

ⁱ <https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14/charities-and-investment-matters-a-guide-for-trustees#socialinvestment>