Half-year results 2023

Six months ended 30 September 2023

Financial highlights

	6 months 30 Sep 2023	*Year 31 Mar 2023*	*Change*
Net asset value per share total return*	3.7%	5.5%	
Net asset value per share*	5203p	5068p	+2.7%
Net assets	£2,876m	£2,798m	+2.8%
Interim dividend per share	18.9p	18.2p	+4.0%

*Alternative Performance Measure (please refer to the Glossary of terms and alternative performance measures at the end). Net asset value per share referred to throughout is calculated on a diluted basis.

Highlights

- +3.7% NAV total return ("NAVTR") for the six months, with all parts of the portfolio contributing to growth.
- Caledonia Public Companies returned 2.8%, following mixed performance of global public equity markets.
- Caledonia Private Capital returned 5.9%, predominantly driven by the agreed sale of Seven Investment Management ("7IM"). AIR-serv Europe was acquired in April 2023 for £142.5m.
- Caledonia Private Equity Funds returned 4.6% with modest valuation growth across both North American and Asian private equity funds.
- Final dividend of £27m (49.2p per share) paid to shareholders in August 2023, in respect of the year ended 31 March 2023.
- Progressive dividend maintained, with the interim increased by 4.0% to 18.93p per share.
- Strong balance sheet. Total liquidity position remains healthy, with undrawn facilities of £215m at 30 September 2023 and anticipated cash proceeds of c.£255m from the upcoming disposal of 7IM (net of transaction expenses).

Mat Masters, Chief Executive Officer, commented:

"We delivered a good return in the first half of the year against a backdrop of continued market volatility, demonstrating the benefits of our diversified portfolio. We have remained active in our approach to enhancing shareholder value, demonstrated by the successful acquisition of AIR-serv Europe, together with the agreed disposal of 7IM with anticipated returns at the top end of our target range.

The global economic outlook remains challenging, with ongoing volatility influencing short-term performance. However, we believe our long-term outlook and focus on investing in high-quality, well-financed and managed companies, underpinned by our strong balance sheet, leaves us well-placed to continue delivering strong long-term returns in line with our aims."

21 November 2023

A presentation for analysts will take place at 11 am, with live webcast available via this link.

Enquiries

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Performance highlights

- Net asset value per share total return* of 3.7%
- Interim dividend per share up 4.0% to 18.9p

*Alternative Performance Measure

Results summary

	6 months 30 Sep 2023	Year 31 Mar 2023	Change %
NAV total return*	3.7%	5.5%	
NAV per share	5203p	5068p	+2.7%
Net assets	£2,876m	£2,798m	+2.8%
Interim dividend per share	18.9p	18.2p	+4.0%

*Alternative Performance Measure.

Performance

	6 mths %	1 year %	3 years %	5 years %	10 years %
NAVTR*	3.7	4.6	59.4	63.2	183.8
Annualised					
NAVTR		4.6	16.8	10.3	11.0
Consumer Prices Index including owner occupiers' housing costs		6.4	6.0	4.1	2.8
NAVTR vs CPI-H		-1.8	10.8	6.2	8.2

*Alternative Performance Measure.

Net Assets

	30 Sep 2023 £m	6-mths Return* %
Public Companies	865	2.8
Private Capital	1,027	5.9
Private Equity Funds	963	4.6
Cash and other	21	
Net assets	2,876	3.7

*Returns are calculated using Modified Dietz methodology.

Management report

Results

Caledonia's NAVTR for the six months to 30 September 2023 was 3.7% with net assets at the period end totalling £2,876m. The NAVTR for the 12 months to 30 September 2023 was 4.6%. Revenue income for the half year increased 33% to £33.8m largely due to an £8.6m dividend received from retained private equity fund income distributions. Net debt at the period end (comprising external borrowings of £35m and cash of £15m) was £20m (31 March 2023: net cash of £222m) principally due to investments including the £143m acquisition of a majority stake in AIR-serv Europe, a leading supplier of forecourt vending equipment. Total liquidity remains healthy with undrawn bank facilities of £215m (31 March 2023: £250m).

During the period the Company repaid £211.2m on a loan facility with a wholly-owned subsidiary. The wholly owned subsidiary distributed £212.1m, with minimal impact on group cash.

The directors have declared an interim dividend of 18.93p per share, an increase of 4.0% compared with the previous year.

The tables below show Caledonia's performance track record and asset allocation to 30 September 2023:

Performance record

	6 m %	1 yr %	3 yr %	5 yr %	10 yr %
NAVTR	3.7	4.6	59.4	63.2	183.8
Annualised					
NAVTR		4.6	16.8	10.3	11.0
CPIH		6.4	6.0	4.1	2.8
NAVTR vs CPI-H		-1.8	10.8	6.2	8.2
FTSE All-Share Total Return				3.7	5.6
NAVTR vs FTSE All-Share Total Return				6.6	5.4

All three pools generated good, positive returns in the first half of the year. The impact of foreign exchange rate movements was limited, with Sterling weakening by 1.3% against the US dollar and strengthening by 1.3% against the Euro in the period.

The Public Companies pool produced a return of 2.8%, reflecting the mixed performance of global public equity markets. The Private Capital portfolio produced a return of 5.9% following the biannual revaluation of our holdings, reflecting the contractually agreed disposal of 7IM and that most of the investee businesses are performing well. The Private Equity Funds portfolio returned 4.6% based on modest valuation growth across both our North American and Asian private equity funds, although there has been a notable slowdown in the level of fund distributions in the period reflecting reduced market transaction activity.

Asset allocation

	Net assets allocation			Return
	Strategic	Sep 2023	Mar 2023	target
	%	%	%	%
Public Companies	30-40	30	30	9.0
Private Capital	25-35	36	29	14.0
Private Equity Funds	25-35	33	31	12.5

The movement in asset allocation recorded in the first half of the year is a combination of the relative performance of each pool, as explained below, together with the net impact of investment and disposal activity.

Caledonia has continued to invest in and dispose of assets, in line with our active approach to portfolio management. The movement in net debt in the first half of the year was £242m, largely reflecting net investments made by all three investment pools, and, most significantly, the acquisition of a majority stake in AIR-serv Europe in April 2023 by Private Capital. The Public Companies pool made significant additions to its holdings in three companies, refined positions in a number of others and reduced positions in two high performing stocks, resulting in a net investment outflow of £17m. The Private Equity Funds pool has seen an increased level of drawdowns, including the purchase of secondary positions in two Decheng Private Equity Funds at attractive levels of discount,

Management report

and only modest fund distributions, resulting in a net cash outflow of £50m in the period.

Performance for the first half of the year is summarised in the table below:

Pool performance

	31 Mar 2023 £m	Invest-ments £m	Realis-ations £m	Gains/ losses £m	Accrued income £m	30 Sep 2023 £m	Income £m	Return[3] %
Public Companies	836.9	41.2	(24.7)	11.5	–	864.9	12.0	2.8
Private Capital[1]	824.0	157.1	(0.3)	44.2	2.1	1,027.1	11.6	5.9
Private Equity Funds	873.8	64.5	(14.8)	39.6	–	963.1	1.5	4.6
Portfolio investments	2,534.7	262.8	(39.8)	95.3	2.1	2,855.1	25.1	
Other investments[2]	260.2	4.9	(208.1)	(7.1)	–	49.9	8.7	
Total investments	2,794.9	267.7	(247.9)	88.2	2.1	2,905.0	33.8	
Cash and other	3.1					(28.9)		
Net assets	2,798.0					2,876.1	NAVTR	3.7

1. The Private Capital valuation at September 2023 includes £3.3m of accrued income (March 2023: £1.2m), and £248.5m classified as an Asset Held for Sale in the Consolidated Statement of Financial Position as at 30 September 2023, relating to the agreed sale of 7IM.
2. Other investments comprised legacy investments and cash and receivables in subsidiary investment entities. The £208.1m realisation principally reflects a capital re-organisation, followed by a return of capital by an investment subsidiary.
3. Returns for investments are calculated using the Modified Dietz methodology and the return is Caledonia's NAVTR.

Caledonia Public Companies – Capital and Income portfolios (30% of NAV)

The total return on the Public Companies pool was 2.8% over the first half of the year. This outcome reflected the mixed performance of major markets during the period with technology stocks being in favour and US indices moving more positively than the UK, together with muted performance in Asia.

The Capital portfolio delivered a return of 4.6%. Key stocks Hill & Smith, Charter Communications, Microsoft, Oracle and Watsco delivered very strong returns ranging from 10% to 30%, in contrast to the first half of the previous financial year. However, these gains were partially offset by notable price reductions for Croda International, Spirax Sarco, Texas Instruments and Thermo Fisher Scientific.

The Income portfolio delivered a return of -2.2% with the majority of holdings recording adverse share price movements. These adverse returns were partially offset by stronger performance from RELX, Watsco and Sabre. The performance of Sabre reflects premium growth following a difficult trading period last year.

Holdings were increased in Symrise, Croda International and RELX. We sold down a portion of our holdings in Oracle and Watsco, following a period of strong share price appreciation. Other activity was restricted to refining positions in existing investments resulting in our Income portfolio moving closer to its target of £250m of invested cost.

Management report

Caledonia Private Capital (36% of NAV)

The Private Capital portfolio generated a total return of 5.9% in the first half of the year.

Caledonia's Private Capital strategy is focused on high-quality, UK mid-market companies. We take a long-term approach that aims to deliver enduring value throughout the business cycle, enabling us to give these businesses time to fulfil their potential and only sell when the time is right to maximise value.

Caledonia's Private Capital portfolio is dominated by significant positions in five UK-centric businesses and one private European investment company. These six investments represent over 90% of the pool's value. Investee companies are revalued in March and September each year. The portfolio generated a total return of 5.9% in the first half of the year. The five UK centric businesses are well-established and have strong market positions. With the exception of Cooke Optics, which has been impacted by temporary industry issues as outlined below, all are growing, profitable and cash generative.

Investee companies are revalued in March and September each year. Excluding 7IM, the remaining four businesses are valued on an earnings multiple basis, with multiples in the range 9 to 14 times current year earnings. AIR-serv Europe was acquired in April 2023 and is valued on a transaction basis using cost of recent investment. Gearing levels are modest, with net debt of approximately two times earnings before interest, tax, depreciation and amortisation ("EBITDA").

In early September 2023, Caledonia announced that we had agreed terms for the sale of our majority stake in 7IM, a vertically integrated retail wealth management business, to Ontario Teachers' Pension Plan Board. The transaction is subject to change in control approval by the Financial Conduct Authority and is expected to complete by early 2024. Subject to the exact timing of completion, we expect to receive cash proceeds of c.£255m, net of transaction expenses, for the sale of our ordinary and preference shares in 7IM. The valuation at the end of September of £248m, reflects expected cash proceeds less a 3% discount to equity value in recognition of the very limited degree of transaction execution risk. To reflect this transaction, this asset was disclosed as held for sale on the condensed group statement of financial position as at 30 September 2023. 7IM generated a return of 28.0% in the first half of the year.

Cobepa, the Belgian based investment company, owns a diverse portfolio of private global investments. The majority of the businesses within the Cobepa portfolio continue to develop well, with many delivering strong performance and valuation progression. Two significant disposals, one of which completed in the period, have been agreed which, together with progress from portfolio companies, supported the overall modest uplift in valuation. The valuation of Caledonia's holding of Cobehold, the holding company of Cobepa, was £179m at the end September, a return of 3.1% for the first half of the year.

Stonehage Fleming, the international multi-family office, continues to deliver good earnings growth across both the Family Office and Investment Management businesses. The former has seen a positive combination of new client wins and increased activity levels with existing clients; the latter has felt the benefit of recovering equity markets. The valuation at the end of September was £157m, a return of 11.7% for the first half of the year.

AIR-serv Europe, a leading designer and manufacturer of air, vacuum and jet wash machines, which it provides to fuel station forecourt operators across the UK and Western Europe, was acquired in April 2023. The business is trading well with earnings slightly ahead of expectations and demonstrating good year on year growth. The valuation has been maintained at the equity purchase cost of £143m, generating no return for the period. The position will be reviewed in March 2024.

Management report

Liberation Group, an inns and drinks business with a pub estate stretching from Southwest London to Bristol and the Channel Islands, has traded slightly below expectations through the spring and summer. It has been adversely impacted by the cost-of-living crisis reducing consumer discretionary incomes, sustained cost inflation (particularly UK energy costs) and poor UK weather affecting peak early-summer trading months. However, the integration of the Cirrus Inns business, whilst not complete, has progressed well. The valuation at the end of September was £135m, a return of 2.3% for the first half of the year.

Cooke Optics, a leading manufacturer of cinematography lenses, has been heavily impacted by the Hollywood writers' strike which started in early May 2023 and the subsequent actors' strike. With film and TV production severely affected, Cooke has seen a subsequent fall in sales and a resulting reduction in earnings. We anticipate that these industrial disputes will be resolved, with the writers' strike appearing to have concluded recently, and product demand will return. However, the timing and nature of a recovery in financial performance is uncertain. This is reflected in our valuation at the end of September of £102m, which includes a 15% equity discount to reflect this matter. The equity return is -22.7% for the first half of the year.

Caledonia Private Equity Funds (33% of NAV)

The total return on the Private Equity Funds pool was 4.6% for the first half of the year, including a 1% favourable impact from exchange rate movements. Underlying performance reflects modest valuation growth from holdings across the pool in both North America and Asia, with local currency returns of around 4% and 1% respectively.

Caledonia's fund investments are principally in third party managed private equity funds operating in North America and in Asia. The North American based private equity funds invest into the lower-mid market, with a focus on small to medium sized, often owner-managed, established businesses. These funds normally provide the first institutional investment into these businesses, and support their professionalisation and growth, both organically and through M&A activity. The entry pricing levels are relatively modest and there is a deep, robust market for future divestment, either via trade sales or to other, larger private equity private equity funds. The portfolio is a combination of directly owned Private Equity Funds (45% of Private Equity Funds NAV), with a broad range of managers generally managing funds in the range of US$250m to US$500m. The balance is in fund of private equity funds investments (13% of Private Equity Funds NAV) with HighVista Strategies (formerly Aberdeen), our largest single manager exposure, over five separate funds.

In contrast, our Asian based funds invest across a wide range of sectors with a focus on businesses in the early years of significant growth, having successfully developed their business model. Whilst focused on local markets, a number, particularly those with a healthcare focus, also invest into the US. The market is less developed than in North America with divestments, in the absence of a mature buyout market, mainly through an IPO or trade sale. The portfolio is a combination of directly owned funds (24% of Private Equity Funds NAV), with a broad range of managers, some sourced through our fund of private equity funds relationships but mostly through our own knowledge and contacts in the region. The balance (18% of Private Equity Funds NAV) is invested with Asia Alternatives, Axiom and Unicorn, all fund of private equity funds providers.

During the first half of the year, £52m was invested via drawdowns, £13m was invested in the secondary purchase of two Decheng funds positions and distributions of £15m, evenly balanced between North America and Asia, were received. The level of distributions has declined compared to the last two years, reflecting more challenging market conditions. We anticipate, based on feedback from our managers, something of a recovery in distributions over the next six to eighteen months.

Management and Board

Management report

Rob Memmott joined the board as Chief Financial Officer on 1 September 2023, succeeding Tim Livett.

Dividend

The board has declared an interim dividend of 18.93p per share, an increase of 4.0% on last year's interim. This will be paid to shareholders on 4 January 2024.

Outlook

The global economic outlook continues to be challenging with the impact of high rates of inflation, elevated interest rates and central bank debt reduction leading to mixed performance across global markets. These factors may influence the short-term performance of our portfolio but Caledonia's long-term outlook and ethos of investment in high quality, well-financed and managed companies, leaves us well-placed to withstand these pressures and deliver long-term returns in line with our aims.

Portfolio summary

Holdings of 1% or more of net assets at 30 September 2023 were as follows:

Name	Pool	Geography[1]	Business	Value £m	Net assets %
Seven Investment Management	Private Capital	Jersey	Investment management	248.5	8.6
Cobehold	Private Capital	Belgium	Investment company	178.8	6.2
Stonehage Fleming	Private Capital	Guernsey	Family office services	157.0	5.5
AIR-serv Europe	Private Capital	UK	Forecourt vending	142.5	5.0
Liberation Group	Private Capital	Jersey	Pubs, bars & inns	135.0	4.7
HighVista Strategies[2]	Private Equity Funds	US	Funds of funds	123.5	4.3
Cooke Optics	Private Capital	UK	Cine lens manufacturer	102.3	3.6
Axiom Asia funds	Private Equity Funds	Asia	Funds of funds	88.1	3.1
Watsco	Public Companies	US	Ventilation products	73.9	2.6
Microsoft	Public Companies	US	Software	72.3	2.5
Oracle	Public Companies	US	Software	69.8	2.4
Decheng funds	Private Equity Funds	Asia/ US	Private equity funds	57.4	2.0
Texas Instruments	Public Companies	US	Semiconductors	54.2	1.9
Philip Morris	Public Companies	US	Tobacco & smoke-free products	49.3	1.7
Asia Alternatives funds	Private Equity Funds	Asia	Funds of funds	47.3	1.6
Charter Communications	Public Companies	US	Cable communications	46.4	1.6
Thermo Fisher Scientific	Public Companies	US	Pharma & life sciences services	41.6	1.4
Fastenal	Public Companies	US	Industrial supplies	40.3	1.4
Hill & Smith	Public Companies	UK	Infrastructure	40.2	1.4
Unicorn funds	Private Equity Funds	Asia	Funds of funds	39.6	1.4
CenterOak funds	Private Equity Funds	US	Private equity funds	38.9	1.4
Stonepeak funds	Private Equity Funds	US	Private equity funds	36.2	1.3
SIS	Private Capital	UK	Content services	35.3	1.2
British American Tobacco	Public Companies	UK	Tobacco & vaping	33.6	1.2
Ironbridge funds	Private Equity Funds	Canada	Private equity funds	34.0	1.2
Becton Dickinson	Public Companies	US	Medical technology	30.9	1.1
AE Industrial funds	Private Equity Funds	US	Private equity funds	27.7	1.0
PAG Asia funds	Private Equity Funds	Asia	Private equity funds	27.6	1.0
Spirax Sarco	Public Companies	UK	Steam engineering	27.6	1.0
Moody's Corporation	Public Companies	US	Financial services	27.5	1.0
Other investments				727.8	25.3
Investment portfolio				2,855.1	99.6
Cash and other				21.0	0.4
Net assets				2,876.1	100.0

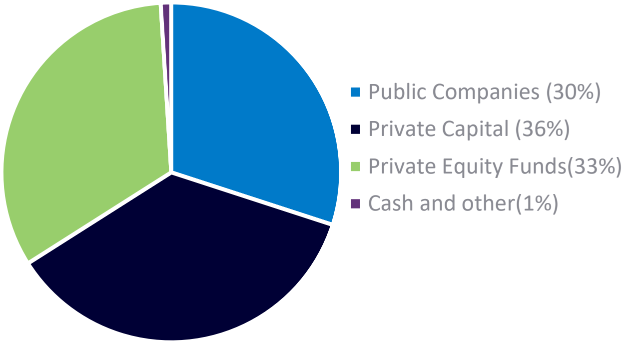
1. Geography is based on the country of listing, country of domicile for unlisted investments and underlying regional analysis for Private Equity Funds.
2. Previously Aberdeen.

Net assets summary

Change in portfolio value

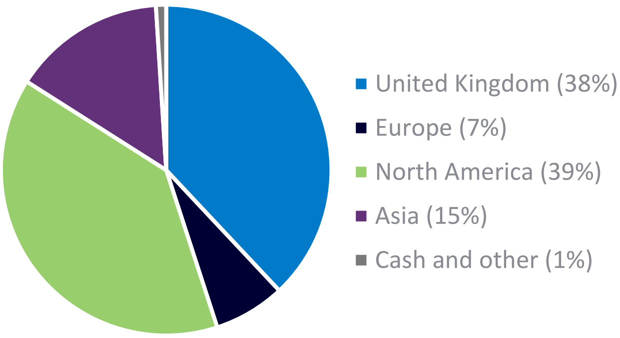
	£m
Opening portfolio balance	2,534.7
Investments	262.8
Realisations	(39.8)
Gains/losses	95.3
Accrued income	2.1
Closing portfolio balance	2,855.1
Cash and other	21.0
Total net assets	2,876.1

Net Assets pool distribution



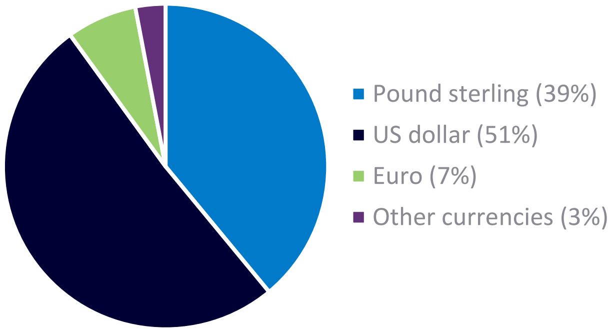
	Sep 2023	Mar 2023
Public Companies	30%	30%
Private Capital	36%	29%
Private Equity Funds	33%	32%
Cash and other	1%	9%

Net Assets geographic distribution



	Sep 2023	Mar 2023
United Kingdom	38%	31%
Europe	7%	8%
North America	39%	39%
Asia	15%	13%
Cash and other	1%	9%

Net Assets currency distribution



	Sep 2023	Mar 2023
Pound sterling	39%	41%
US dollar	51%	50%
Euro	7%	7%
Other currencies	3%	2%

Regulatory disclosures

Risks and uncertainties

Caledonia has a risk management framework that provides a structured process for identifying, assessing, and managing risks associated with the company's business objectives and strategy.

The principal risks and uncertainties faced by the company are set out in the strategic report section of Caledonia's annual report 2023 pages 44-45. External risks arise from political, legal, regulatory and economic changes. Strategic risks arise from the conception, design and implementation of the company's business model. Investment risks arise from specific investment and realisation decisions. Market risks arise from equity price volatility, foreign exchange rate movements and interest rate volatility. Liquidity risks arise from counterparties, uncertainty in market prices and rates and liquidity availability. Operational risks arise from potentially inadequate or failed controls, processes, people or systems. Regulatory risks arise from exposure to litigation or fraud or failure to adhere to the taxation and regulatory environment. Environmental, social and governance ("ESG") and climate change risks relate to the successful incorporation of ESG matters and climate change impacts into investment strategy.

The principal risks and uncertainties identified in the annual report 2023 remain unchanged, other than the following developments:

- the global economic outlook is increasingly uncertain, with the ongoing conflict in Ukraine and the Middle East coupled with elevated inflation and interest rates, leading to greater volatility across global markets.

Caledonia actively monitors key risk factors, including portfolio concentration, liquidity and volatility, and aims to manage risk by:

- diversifying the portfolio by sector and geography.
- ensuring access to relevant information from investee companies, particularly in the case of unquoted investments through board representation. Consideration of changes to the economic environment forms an important part of arriving at the valuation process for the assets within the Private Capital pool.
- managing cash and borrowings to ensure liquidity is available to meet investment and operating needs.
- reducing counterparty risk by limiting maximum aggregate exposures.

Going concern

The factors likely to affect the company's ability to continue as a going concern were set out in the annual report 2023. As at 30 September 2023, there have been no significant changes to these factors other than our cash position which has reduced in the period.

The group has conducted an interim going concern assessment which considered future cash flows including drawdown of all outstanding private equity fund commitments, the availability of liquid assets and debt facilities, and banking covenant requirements over at least 12 months from the date of approval of these financial statements. In making this assessment, several stress scenarios were considered to reflect the increasingly uncertain economic outlook, addressing the risks of foreign exchange appreciation, investment income decline, a decline in distributions from private equity funds, a delay in known Private Capital pool disposal and market price reduction. A final scenario considered the cumulative impact of all variables.

Under these scenarios the group would have a range of mitigating actions available to it, including the sale of liquid assets and usage of banking facilities. In all scenarios the group would have sufficient cash reserves to enable it to meet all of its liabilities as they fall due and still hold significant liquid assets over the assessment period. As a result of this assessment the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the interim financial statements and therefore have been prepared on a going concern basis.

Regulatory disclosures

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the United Kingdom;
- the interim management report includes a fair review of the information required by:
  - DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year;
  - DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, being related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the board

Mat Masters, Chief Executive Officer
20 November 2023

Independent review report
to Caledonia Investments plc

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 which comprises condensed group statement of comprehensive income, the condensed group statement of financial position, the condensed group statement of changes in equity and the condensed group statement of cash flows and the related explanatory notes.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors
The directors are responsible for preparing the half-yearly financial report in accordance with the

Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information
In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report
Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
20 November 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Condensed group statement of comprehensive income

for the six months ended 30 September 2023

	Unaudited Six months 30 Sep 2023			Unaudited Six months 30 Sep 2022			Audited Year 31 Mar 2023		
	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
Revenue									
Investment income	33.8	–	33.8	25.4	–	25.4	43.2	–	43.2
Other income	0.4	–	0.4	0.4	0.3	0.7	0.8	1.3	2.1
Net gains and losses on fair value investments	–	88.2	88.2	–	105.2	105.2	–	133.0	133.0
Net gains and losses on fair value property	–	0.3	0.3	–	0.3	0.3	–	(1.4)	(1.4)
Total revenue	34.2	88.5	122.7	25.8	105.8	131.6	44.0	132.9	176.9
Management expenses	(12.1)	(4.4)	(16.5)	(10.6)	(2.9)	(13.5)	(21.3)	(8.6)	(29.9)
Profit before finance costs	22.1	84.1	106.2	15.2	102.9	118.1	22.7	124.3	147.0
Treasury interest receivable	1.8	–	1.8	1.5	–	1.5	4.6	–	4.6
Finance costs	(7.2)	–	(7.2)	(1.2)	–	(1.2)	(2.4)	–	(2.4)
Exchange movements	4.8	–	4.8	1.2	–	1.2	–	–	–
Profit before tax	21.5	84.1	105.6	16.7	102.9	119.6	24.9	124.3	149.2
Taxation	(0.2)	(1.1)	(1.3)	1.4	(0.4)	1.0	(4.3)	(2.0)	(6.3)
Profit for the period	21.3	83.0	104.3	18.1	102.5	120.6	20.6	122.3	142.9
Other comprehensive income items never to be reclassified to profit or loss									
Re-measurement of defined benefit pension schemes	–	(0.4)	(0.4)	–	(0.1)	(0.1)	–	1.4	1.4
Tax on other comprehensive income	–	0.4	0.4	–	(0.5)	(0.5)	–	(0.3)	(0.3)
Total comprehensive income	21.3	83.0	104.3	18.1	101.9	120.0	20.6	123.4	144.0
Basic earnings per share	39.2p	152.7p	191.9p	33.4p	188.9p	222.3p	37.9p	225.3p	263.2p
Diluted earnings per share	38.6p	150.3p	188.9p	32.9p	185.9p	218.8p	37.3p	221.7p	259.0p

The total column of the above statement represents the condensed group statement of comprehensive income, prepared in accordance with IFRSs as adopted by the United Kingdom.

The revenue and capital columns are supplementary to the condensed group statement of comprehensive income and are prepared under guidance published by the Association of Investment Companies.

The profit for the period and total comprehensive income for the period is attributable to equity holders of the parent.

Condensed group statement of financial position
at 30 September 2023

	Unaudited 30 Sep 2023 £m	Unaudited 30 Sep 2022 £m	Audited 31 Mar 2023 £m
Non-current assets			
Investments held at fair value through profit or loss	2,656.5	2,479.3	2,794.9
Investment property	15.1	16.0	15.1
Property, plant and equipment	28.0	29.0	27.9
Deferred tax assets	4.8	21.1	5.7
Employee benefits	4.1	2.4	4.0
Non-current assets	2,708.5	2,547.8	2,847.6
Current assets			
Asset held for sale	248.5	–	–
Trade and other receivables	14.9	8.3	6.9
Current tax assets	20.1	12.0	19.3
Cash and cash equivalents	14.9	242.7	221.6
Current assets	298.4	263.0	247.8
Total assets	3,006.9	2,810.8	3,095.4
Current liabilities			
Interest bearing loans and borrowings	(49.2)	–	(266.0)
Trade and other payables	(39.0)	(23.6)	(22.1)
Employee benefits	(1.5)	(1.2)	(2.4)
Current liabilities	(89.7)	(24.8)	(290.5)
Non-current liabilities			
Interest bearing loans and borrowings	(35.0)	–	–
Employee benefits	(4.2)	(3.2)	(5.1)
Deferred tax liabilities	(1.9)	(1.3)	(1.8)
Non-current liabilities	(41.1)	(4.5)	(6.9)
Total liabilities	(130.8)	(29.3)	(297.4)
Net assets	2,876.1	2,781.5	2,798.0
Equity			
Share capital	3.1	3.1	3.1
Share premium	1.3	1.3	1.3
Capital redemption reserve	1.4	1.4	1.4
Capital reserve	2,638.4	2,533.9	2,555.4
Retained earnings	239.9	252.4	247.4
Own shares	(8.0)	(10.6)	(10.6)
Total equity	2,876.1	2,781.5	2,798.0
Undiluted net asset value per share	5286p	5120p	5150p
Diluted net asset value per share	5203p	5039p	5068p

Condensed group statement of changes in equity

for the six months ended 30 September 2023

	Share capital £m	Share premium £m	Capital redemption reserve £m	Capital reserve £m	Retained earnings £m	Own shares £m	Total equity £m
Six months ended 30 September 2023 (Unaudited)							
Balance at 1 April 2023	3.1	1.3	1.4	2,555.4	247.4	(10.6)	2,798.0
Total comprehensive income							
Profit for the period	–	–	–	83.0	21.3	–	104.3
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	83.0	21.3	–	104.3
Transactions with owners of the company							
Contributions by and distributions to owners							
Share-based payments	–	–	–	–	3.6	–	3.6
Transfer of shares to employees	–	–	–	–	(5.7)	5.7	–
Own shares purchased	–	–	–	–	–	(3.1)	(3.1)
Dividends paid	–	–	–	–	(26.7)	–	(26.7)
Total transactions with owners	–	–	–	–	(28.8)	2.6	(26.2)
Balance at 30 September 2023	3.1	1.3	1.4	2,638.4	239.9	(8.0)	2,876.1
Six months ended 30 September 2022 (Unaudited)							
Balance at 1 April 2022	3.1	1.3	1.4	2,527.0	263.2	(13.3)	2,782.7
Total comprehensive income							
Profit for the period	–	–	–	102.5	18.1	–	120.6
Other comprehensive income	–	–	–	(0.6)	–	–	(0.6)
Total comprehensive income	–	–	–	101.9	18.1	–	120.0
Transactions with owners of the company							
Contributions by and distributions to owners							
Share-based payments	–	–	–	–	2.9	–	2.9
Transfer of shares to employees	–	–	–	–	(6.2)	6.2	–
Own shares purchased	–	–	–	–	–	(3.5)	(3.5)
Dividends paid	–	–	–	(95.0)	(25.6)	–	(120.6)
Total transactions with owners	–	–	–	(95.0)	(28.9)	2.7	(121.2)
Balance at 30 September 2022	3.1	1.3	1.4	2,533.9	252.4	(10.6)	2,781.5
Year ended 31 March 2023 (Audited)							
Balance at 1 April 2022	3.1	1.3	1.4	2,527.0	263.2	(13.3)	2,782.7
Total comprehensive income							
Profit for the year	–	–	–	122.3	20.6	–	142.9
Other comprehensive income	–	–	–	1.1	–	–	1.1
Total comprehensive income	–	–	–	123.4	20.6	–	144.0
Transactions with owners of the company							
Contributions by and distributions to owners							
Share-based payments	–	–	–	–	5.8	–	5.8
Transfer of shares to employees	–	–	–	–	(6.7)	6.7	–
Own shares purchased	–	–	–	–	–	(4.0)	(4.0)
Dividends paid	–	–	–	(95.0)	(35.5)	–	(130.5)
Total transactions with owners	–	–	–	(95.0)	(36.4)	2.7	(128.7)
Balance at 31 March 2023	3.1	1.3	1.4	2,555.4	247.4	(10.6)	2,798.0

Condensed group statement of cash flows
for the six months ended 30 September 2023

	Unaudited 6 mths 30 Sep 2023 £m	Unaudited 6 mths 30 Sep 2022 £m	Audited Year 31 Mar 2023 £m
Operating activities			
Dividends received	30.8	24.6	41.6
Interest received	2.4	2.3	6.5
Cash received from customers	0.4	0.4	2.6
Cash paid to suppliers and employees	(14.2)	(14.3)	(25.3)
Taxes received	–	–	0.1
Group tax relief received	–	0.5	2.0
Group tax relief paid	(0.8)	–	–
Net cash flow from operating activities	18.6	13.5	27.5
Investing activities			
Purchases of investments	(253.1)	(98.1)	(468.1)
Proceeds from disposal of investments	241.1	111.5	192.1
Purchases of property, plant and equipment	(0.3)	(0.1)	(0.3)
Net cash flow (used in)/from investing activities	(12.3)	13.3	(276.3)
Financing activities			
Interest paid	(7.0)	(1.1)	(2.2)
Dividends paid to owners of the company	(26.7)	(120.6)	(130.5)
Proceeds from bank borrowings	35.0	–	–
Proceeds from group borrowings	–	–	266.0
Repayment of group borrowings	(211.2)	–	–
Purchases of own shares	(3.1)	(3.5)	(4.0)
Net cash flow (used in)/from financing activities	(213.0)	(125.2)	129.3
Net decrease in cash and cash equivalents	(206.7)	(98.4)	(119.5)
Cash and cash equivalents at period start	221.6	341.1	341.1
Cash and cash equivalents at period end	14.9	242.7	221.6

Notes to the condensed financial statements

1. General information

Caledonia Investments plc is an investment trust company registered in England and Wales with company number 00235481. The address of its registered office is Cayzer House, 30 Buckingham Gate, London SW1E 6NN. The ordinary shares of the company are premium listed on the London Stock Exchange.

This condensed set of financial statements was approved for issue on 20 November 2023 and is unaudited.

The information for the period ended 30 September 2023 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 March 2023 has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not draw attention to any matters by way of emphasis of matter and did not contain a statement under section 498(2) and (3) of the Companies Act 2006.

2. Accounting policies

Basis of accounting

This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended 31 March 2023, which were prepared in accordance with IFRSs adopted by the United Kingdom.

This condensed set of financial statements has been prepared in accordance with the recommendations of the Statement of Recommended Practice issued by the Association of Investment Companies.

Adopted IFRSs

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual report for the year ended 31 March 2023, except for the mandatory amendments that had an effective date prior to the start of the six-month period. None of the mandatory amendments had an impact on the reported financial position or performance of the group. The changes in accounting policies will also be reflected in the group's consolidated financial statements for the year ending 31 March 2024.

The group classifies assets as held-for-sale under IFRS 5 *(Non-current assets held for sale and discontinued operations)* where it judges they meet the relevant criteria. This policy has been applied in the current accounting period (see note 11).

A number of new amendments to standards and interpretations will be effective for periods beginning on or after 1 April 2024. The group plans to apply these amendments in the reporting period in which they become effective.

Basis of consolidation

In accordance with the IFRS 10/IAS 28 *investment entity amendments* to apply the investment entities exemption, the consolidated financial statements include the financial statements of the company and service entities controlled by the company made up to the reporting date. All other investments in controlled entities are accounted as held at fair value through profit or loss.

Going concern

Under the UK Corporate Governance Code and applicable regulations, the directors are required to satisfy themselves that it is reasonable to presume that the company is a going concern. As at 30 September 2023 the group holds £880m of liquid investment assets, £15m of cash and has access to £215m of undrawn committed banking facilities, of which £92.5m expires in July 2025 and £122.5m expires in November 2027.

The group has conducted an interim going concern assessment which considered future cash flows, including drawdown of all outstanding private equity fund commitments, availability of liquid assets and debt facilities, and banking covenant requirements over at least 12 months from the date of approval of these financial statements. In making this assessment, several stress scenarios were considered to reflect the increasingly uncertain economic outlook, addressing the risks of foreign exchange appreciation, investment income decline, a decline in distributions from private equity funds, a delay in known Private Capital pool disposal and market price reduction. A final scenario considered the cumulative impact of all variables.

Under these scenarios the group would have a range of mitigating actions available to it, including sale of liquid assets and usage of banking facilities. In all scenarios the group would have sufficient cash reserves to enable it to meet all of its liabilities as they fall due and still hold significant liquid assets over the assessment period. As a result of this assessment the directors are confident that the company will have sufficient Private Equity Funds to continue to meet its liabilities as they

Notes to the condensed financial statements

fall due for at least 12 months from the date of approval of the interim financial statements and therefore have been prepared on a going concern basis.

Changes in accounting policies
As required by the *Disclosure Guidance and Transparency Rules* of the Financial Conduct Authority and IAS 34, this condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 March 2023.

Judgements and estimates
In preparing these interim financial statements, management has made judgements, estimates and assumptions that affected the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 March 2023.

3. Dividends

Amounts recognised as distributions to owners of the company in the period were as follows:

	6 months 30 Sep 2023 £m	6 months 30 Sep 2022 £m	Year 31 Mar 2023 £m
Final dividend for the year ended 31 March 2023 of 49.2p per share (2022 – 47.3p)	26.7	25.6	25.6
Special dividend for the year ended 31 March 2022 of 175.0p per share	–	95.0	95.0
Interim dividend for the year ended 31 March 2023 of 18.2p per share	–	–	9.9
	26.7	120.6	130.5

The directors have declared an interim dividend for the year ending 31 March 2024 of 18.93p per share, totalling £10.3m, which has not been included as a liability in this condensed set of financial statements. This dividend will be payable on 4 January 2024 to holders of shares on the register on 1 December 2023. The ex-dividend date will be 30 November 2023.

The deadline for elections under the dividend reinvestment plan offered by Link Group will be the close of business on 12 December 2023.

4. Share capital

During the period, the company's Employee Share Trust sold 178,801 shares for £nil and purchased 90,158 shares for £3.1m relating to the exercise of performance share and deferred bonus awards.

In the six months ended 30 September 2022, the company's Employee Share Trust sold 201,529 shares for £nil and purchased 93,198 shares for £3.5m relating to the exercise of performance share and deferred bonus awards.

In the year ended 31 March 2023, the Employee Share Trust sold 221,581 shares for £nil and purchased 106,898 shares for £4.0m relating to the exercise of performance share and deferred bonus awards.

5. Net asset value per share

The group's undiluted net asset value per share is based on the net assets of the group at the period end and on the number of shares in issue at the period end less shares held by The Caledonia Investments plc Employee Share Trust. The group's diluted net asset value per share assumes the calling of performance share and deferred bonus awards for nil consideration.

6. Operating segments

The chief operating decision maker has been identified as the Chief Executive Officer, supported by the Investment Committee, who reviews the company's internal reporting to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The performance of operating segments is assessed on a measure of group total revenue, principally comprising gains and losses on investments and investment income. Reportable profit or loss is after treasury income and 'Other items', which comprise management and other expenses. Reportable assets equate to the group's total assets. 'Cash' and 'Other items' are not identifiable operating segments.

'Other' investments comprise subsidiaries and other investments not managed as part of the investment portfolio.

Notes to the condensed financial statements

	Profit before tax			Total assets		
	6 months 30 Sep 2023 £m	6 months 30 Sep 2022 £m	Year 31 Mar 2023 £m	30 Sep 2023 £m	30 Sep 2022 £m	31 Mar 2023 £m
Pool						
Public Companies	24	(79)	1	865	744	837
Private Capital*	56	49	65	1,027	819	824
Private Equity Funds	41	176	104	963	953	874
Portfolio investments	121	146	170	2,855	2,516	2,535
Other investments	2	(14)	7	50	(37)	260
Total revenue/investments	123	132	177	2,905	2,479	2,795
Cash and cash equivalents	–	2	4	15	243	221
Other items	(17)	(14)	(32)	87	89	79
Reportable	106	120	149	3,007	2,811	3,095

*Private Capital investment in 7IM was classified as an sset held for sale at 30 September 2023.

7. Related parties

Caledonia Investments plc repaid £211.2m to Caledonia US Investments Ltd, a wholly-owned subsidiary of Caledonia, and received a distribution of £212.1m from Caledonia US Investments Ltd in the period.

Caledonia Group Services Ltd, a wholly owned subsidiary of Caledonia Investments plc, provides management services to the company. During the six months ended 30 September 2023, £16.4m was charged to the company for these services (30 September 2022: £13.5m and 31 March 2023: £29.9m).

There were no other changes in the transactions or arrangements with related parties as described in the company's annual report for the year ended 31 March 2023 that have had a material effect on the results or the financial position of the company or of the group in the six months ended 30 September 2023.

8. Capital commitments

At 30 September 2023, the group had undrawn fund and other commitments totalling £427.4m (30 September 2022: £339.0m and 31 March 2023: £422.6m). These commitments could, in theory, be called upon simultaneously at any time. Although this is unlikely, the going concern assessment has modelled this scenario and in such circumstances the group would be able to meet all of these liabilities.

9. Fair value hierarchy

The company measures fair values using the following fair value hierarchy, reflecting the significance of the inputs used in making the measurements:

Level 1 Quoted prices (unadjusted) in active markets for identical assets.

Level 2 Inputs other than quoted prices included within Level 1 that are directly or indirectly observable.

Level 3 Inputs for the asset that are not based on observable market data.

The table below analyses financial instruments held at fair value according to level in the fair value hierarchy into which the fair value measurement is categorised:

	30 Sep 2023 £m	30 Sep 2022 £m	31 Mar 2023 £m
Investments held at fair value			
Level 1	865.0	744.1	836.9
Level 2	5.1	5.4	4.8
Level 3	2,034.9	1,729.9	1,953.2
	2,905.0	2,479.3	2,794.9

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	6 mths 30 Sep 2023 £m	6 mths 30 Sep 2022 £m	Year 31 Mar 2023 £m
Balance at the period start	1,953.2	1,549.1	1,549.1
Purchases	226.5	69.7	413.5
Realisation proceeds	(223.3)	(81.3)	(162.8)
Gains and losses on investments sold in the period	5.0	15.2	126.7
Gains and losses on investments held at the period end	71.4	175.3	27.3
Accrued income	2.1	1.9	(0.6)
Balance at the period end	2,034.9	1,729.9	1,953.2

Private asset valuation

Caledonia makes private equity investments in two forms: direct private equity investments (the Private Capital pool) and investments into externally managed unlisted private equity Private Equity Funds and Private Equity Funds of Private Equity Funds (the Private Equity Funds pool). The directors have made two estimates

Notes to the condensed financial statements

which they deem to have a significant risk of resulting in a material adjustment to the amounts recognised in the financial statements within the next financial year, which relate to the valuation of assets within these two pools.

For directly owned private investments (Private Capital pool), totalling £1,027.1m (31 March 2023: £824.0m), valuation techniques using a range of internally and externally developed unobservable inputs are used to estimate fair value. Valuation techniques make maximum use of market inputs, including reference to the current fair values of comparator businesses that are substantially the same (subject to appropriate adjustments). For each asset, a range of valuation methods are considered and methods judged most appropriate are used, taking into consideration the quantity and quality of data points available. Methods include inter alia: consideration of indicative offers from third parties, applying an earnings multiple to the maintainable earnings of a business, and net assets, sometimes employing third-party net asset valuations.

For private equity fund investments (unlisted Private Equity Funds pool), totalling £958.0m (31 March 2023: £869.0m) held through externally managed fund vehicles, the estimated fair value is based on the most recent valuation provided by the external manager, usually received within 3-6 months of the relevant valuation date. As at 30 September 2023, the majority of the valuations included in these financial statements were based principally on the 30 June 2023 managers' NAVs. Where required, valuations are adjusted for investments and distributions between valuation date and reporting date. These valuations depend upon the reasonableness of the fair value estimation made by third-party managers, whose approach is assessed by Caledonia through a combination of initial due diligence, on-going analytical monitoring and review of financial reporting.

At 30 September 2023

Description/ valuation method	Fair value	Unobservable input	Weighted average input	Input sensitivity	Change in valuation
	£m			+/-	+/- £m
Internally developed					
Private Capital					
Large, earnings	302.0	EBITDA multiple	13.9x	10.0%	+35.0/-33.0
Medium, earnings	137.6	EBITDA multiple	10.0x	10.0%	+10.5/-11.7
Small, earnings	17.7	EBITDA multiple	4.6x	15.0%	+1.4/-1.4
Transaction price	391.0	Multiple	1	3 – 5%	+14.8/-14.8
Net assets / manager valuation	178.8	Multiple	1	0.1x	+17.9/-17.9
	1,027.1				+79.6/-78.8
Non-pool companies	49.8				
Total internal	1,076.9				
Externally developed					
Private equity Private Equity Funds					
Net asset value	958.0	Manager NAV	1	5%	+47.9/-47.9
	2,034.9				+127.5/-126.7

The principal changes during the half-year, were the change in valuation method used to value 7IM and BioAgilytix. 7IM, an investment manager, is valued at an agreed transaction price and was previously valued on an EBITDA multiple. BioAgilytix, which operates bioanalytical testing, is valued on an EBITDA multiple (included in the 'Large, earnings' category above) and was previously valued on a net assets basis.

Notes to the condensed financial statements

The following table provides information on significant unobservable inputs used at 31 March 2023 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

At 31 March 2023

Description/ valuation method	Fair value	Unobservable input	Weighted average input	Input sensitivity	Change in valuation
	£m			+/-	+/- £m
Internally developed					
Private Capital					
Large, earnings	460.6	EBITDA multiple	13.9x	10.0 %	+39.6/-55.5
Medium, earnings	160.6	EBITDA multiple	11.1x	10.0 %	+/-13.1
Small, earnings	10.3	EBITDA multiple	4.6x	15.0 %	+/-1.2
Net assets / manager valuation	192.5	Multiple	1	0.1x	+/-21.8
	824.0				+75.7/-91.6
Non-pool companies	260.2				
Total internal	1,084.2				
Externally developed					
Private equity fund					
Net asset value	869.0	Manager NAV	1	5%	+/-43.5
	1,953.2				+119.2/-135.1

Private company (Private Capital) assets have been disaggregated into categories as follows:

- Assets in the large, earnings based category have an Enterprise Value of >£150m, and benefit from a reasonable number of comparative data points, as well as having sufficient size to make their earnings reliable and predictable.
- Assets in the medium, earnings based category have an Enterprise Value of £50-£150m, with a more limited universe of comparable businesses available.
- Assets in the smaller, earnings based category have an Enterprise value of <£50m. Their smaller size results in fewer data points due to a lack of available listed comparators, and makes them generally more vulnerable than larger assets to changes in economic conditions.
- Manager valuations are used for assets where the net asset method is employed.

For private company assets we have chosen to sensitise and disclose EBITDA multiple or tangible asset multiple inputs because their derivation involves the most significant judgements when estimating valuation, including which data sets to consider and prioritise. Valuations also include other unobservable inputs, including earnings and tangible assets, which are based on historic and forecast data and are less judgmental. For each asset category, inputs were sensitised by a percentage deemed to reflect the relative degree of estimation uncertainty, and valuation calculations re-performed to identify the impact. Private equity fund assets (unlisted Private Equity Funds Pool investments) are each held in and managed by the same type of fund vehicle, valued using the same method of adjusted manager valuations, and subject to broadly the same economic risks. They also comprise a diversity of sector and geographical exposure, reducing concentration risk. They have been sensitised at an aggregated level by 5% to reflect a degree of uncertainty over managers' valuations which form the basis of their fair value.

Notes to the condensed financial statements

10. Share-based payments

The group operates performance share schemes and a deferred bonus plan. Details of these schemes were disclosed in the annual report 2023 and the basis of measuring fair value was consistent with those disclosures.

During the six months ended 30 September 2023, awards over 192,384 shares were issued under the performance share scheme (30 September 2022: 167,633 shares and 31 March 2023: 172,802 shares). Compulsory deferred bonus awards over 1,976 shares were also granted (30 September 2022 and 31 March 2023: 39,500 shares).

Expenses in respect of share-based payments in the period were £3.9m (30 September 2022: £3.1m and 31 March 2023: £7.4m).

11. Asset held for sale

In September 2023, Caledonia agreed terms for the sale of a majority stake in 7IM, a vertically integrated retail wealth management business, to Ontario Teachers' Pension Plan Board. The transaction is subject to change in control approval by the Financial Conduct Authority and is expected to complete by early 2024. Cash proceeds of c.£255m, are expected net of transaction expenses. The valuation at the end of September of £248m reflects expected cash proceeds less a 3% discount to equity value in recognition of the very limited degree of transaction execution risk. To reflect this transaction, this asset was disclosed as held for sale on the condensed group statement of financial position as at 30 September 2023.

Glossary of terms and alternative performance measures

Alternative performance measure ('APM')

APMs are not prescribed by accounting standards but are industry specific performance measures which help users of the annual accounts and financial statements to better interpret and understand performance.

NAV Total Return ('NAVTR')

NAVTR is a measure of how the NAV per share has performed over a period, considering both capital returns and dividends paid to shareholders. NAVTR is calculated as the increase in NAV per share between the beginning and end of the period, plus accretion from the assumed dividend reinvestment in the period. We use this measure as it enables comparisons to be drawn against an investment index in order to benchmark performance and the calculation follows the method prescribed by the Association of Investment Companies ('AIC').