

30 September 2022 Share price: 3160p

NAV/share: 5039p

Discount: 37.3%

About Caledonia

Caledonia is a self-managed investment trust company with net assets of £2.8bn. Our aim is to grow net assets and dividends paid to shareholders, whilst managing risk to avoid permanent loss of capital. We achieve this by investing in proven well-managed businesses that combine long term growth characteristics with an ability to deliver increasing levels of income. We hold investments in both listed and private markets, a range of sectors and, particularly through our listed and fund investments, have a global reach.

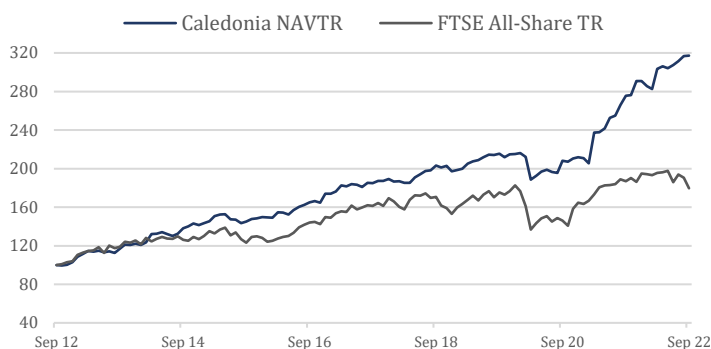
Review

NAVTR for the six months ended 30 September 2022 was 4.5% and includes the biannual revaluation of Private Capital investments. The underlying performance of our private assets in both the Private Capital and Funds pools, coupled with the significant positive impact of the 15% fall in the value of Sterling against the US dollar, has more than offset volatility and weakness witnessed in global equity markets.

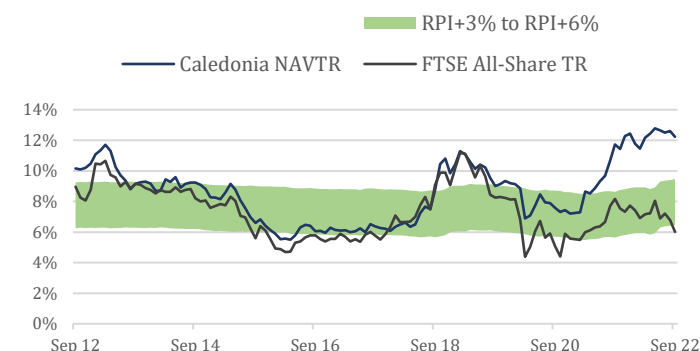
During the month we invested £35m into quoted equities and private equity funds. We realised £35m, £26m of which was private equity fund distributions.

Net cash at the month end was £239m following payment of the final and special dividends of £121m in August.

NAV total return index ten years



Annualised ten year rolling performance



Ten largest holdings

Name	Business	£m
Seven Investment Management	Investment management	184.5
Cobehold	Investment company	174.2
Aberdeen US PE Funds	Funds of funds	145.5
Stonehage Fleming	Family office services	141.2
Cooke Optics	Cine lens manufacturer	137.1
Liberation Group	Pubs & restaurants	124.4
Axiom Asia Funds	Funds of funds	98.7
Watsco	Ventilation products	62.0
Asia Alternatives	Funds of funds	56.5
Microsoft	Software	55.6
		1,179.7
Other pool investments		1,336.1
Cash and other items		265.6
Net assets		2,781.4

Caledonia reviews the valuation of its unquoted investments biannually, in March and September.

Private equity fund valuation dates

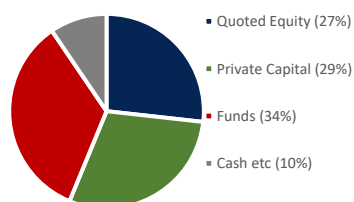
Manager NAV date	£m	%
30 June 2022	947.5	100.0
	947.5	100.0

Caledonia Investments plc

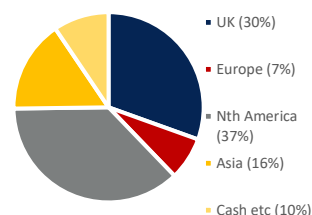
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The price of shares and the income from them may go down as well as up. Past performance is no indication of future performance. Under no circumstances should this information be considered as an offer, or solicitation, to deal in investments.

Pool allocation



Geographic allocation



Performance to 30 September 2022

	YTD %	1 year %	3 years %	5 years %	10 years %
NAV total return	4.5	15.1	47.3	71.4	217.2
Annualised					
NAV total return		15.1	13.8	11.4	12.2
Retail Prices Index		11.2	5.6	4.5	3.5
Caledonia vs RPI		3.9	8.2	6.9	8.7
FTSE All-Share Total Return		-4.0	0.8	2.2	6.0
Caledonia vs FTSE			13.0	9.2	6.2

NAV is calculated on a diluted, cum-income basis.

Investor information

Sector	Flexible Investment
Fund Type	Investment Trust
Listing	London Stock Exchange (SEDOL 0163992, TIDM CLDN)
Investing	Direct through a broker or financial intermediary
Contact	Cayzer House, 30 Buckingham Gate, London SW1E 6NN +44 20 7802 8080 enquiries@caledonia.com
Website	www.caledonia.com

Caledonia Investments plc

Unaudited net asset value and portfolio update

Caledonia Investments plc ("**Caledonia**") announces that its unaudited diluted net asset value per share ("**NAV**") as at 30 September 2022, calculated on a cum-income basis, was 5039p. This incorporates the biannual revaluation of the Private Capital portfolio.

The NAV total return ("**NAVTR**") for the six months to 30 September 2022 was 4.5%. A final dividend of 47.3p per ordinary share for the year ended 31 March 2022 plus a special dividend of 175p per ordinary share was paid to shareholders on 4 August 2022, amounting to a payment of £121m.

This announcement provides a further update on Caledonia's portfolio and should be read in conjunction with the factsheet dated 30 September 2022 and released on 7 October 2022, a copy of which is available at www.caledonia.com.

Summary

The underlying performance of our private assets during the first half of the year, in both Private Capital and Funds, coupled with the significant positive impact of the 15% fall in the value of Sterling against the US dollar, has more than offset the volatility and weakness in global equity markets.

The Quoted Equity portfolio produced a return of -9.5%, reflecting the broader trend in public equity markets, mitigated to some degree by favourable exchange rate movements. The Private Capital portfolio produced a return of 6.3% following the biannual revaluation of our holdings, with the majority of our investee businesses performing well. The Funds portfolio, which continues to generate cash, returned 22.3% based on the favourable exchange rate position plus valuation growth for our US funds.

Performance for the first half is summarised in the table below.

Caledonia pool performance

Net asset value – Half Year to 30 September 2022

£m	<u>NAV</u> <u>31/3/22</u>	<u>Net</u> <u>investment</u> <u>/(disposal)</u>	<u>Capital</u> <u>gains /</u> <u>(losses)</u>	<u>Other</u>	<u>NAV</u> <u>30/9/22</u>	<u>Income</u>	<u>Total</u> <u>Return</u>
Quoted Equity	830.1	4.0	(90.1)	-	744.0	11.4	-9.5%
Private Capital	781.7	(1.3)	36.6	1.9	818.9	12.2	6.3%
Funds	794.4	(16.0)	174.5	-	952.9	1.8	22.3%
Portfolio	2,406.2	(13.3)	121.0	1.9	2,515.8	25.4	
Net Cash/(debt)	341.1	13.3	-	(115.8)	238.6		
Other assets	35.4	-	-	(8.4)	27.0		
Net assets	2,782.7	-	121.0	(122.3)	2,781.4	NAVTR	4.5%

Caledonia has continued to invest and dispose of assets, in line with our active approach to portfolio management. There was a net cash outflow of £103m in the first half of the year, largely reflecting final and special dividends of £121m paid out to shareholders in August. The Quoted Equity pool increased its holdings in three companies, refined positions in a number of others and completed the sale of our holdings in A G Barr and Imperial Brands, creating a net investment outflow of £4m. There was no material transaction activity in the Private Capital portfolio in the period. The Funds portfolio benefitted from a sustained level of fund distributions, resulting in a net cash inflow of £16m in the period.

Total liquidity remains healthy with cash of £239m plus undrawn bank facilities of £250m as at 30 September 2022. Caledonia's £250m banking facilities include £137.5m expiring in May 2025, with the balance of £112.5m expiring in July 2025.

Caledonia Quoted Equity – Capital and Income portfolios (27% of NAV)

The total return on the Quoted Equity pool was -9.5% over the first half of the year. This performance reflected the volatile and challenging nature of the global public equity markets over the last six months. The impact of the notable rise in inflation and resulting interest rate increases, together with the uncertainty created by the conflict in Ukraine, has contributed to weakening market pricing across many sectors. Our portfolios have been directly impacted with most stocks registering price reductions over the period.

The Capital portfolio delivered a return of -9.9%. Microsoft, Oracle, Charter Communications and Hill & Smith have seen material price declines, although general underlying trading for these businesses remains strong. With 75% of the portfolio invested in US stocks, the decline in overall return for the period was significantly mitigated by the strength of the US dollar compared to Sterling.

The Income portfolio delivered a return of -8.5% with notable valuation falls for our property stocks, Big Yellow Group and London Metric, and for Sabre Insurance. These adverse returns were partially offset by stronger performance by tobacco and consumer products holdings. Our US stocks, representing around 25% of the portfolio, delivered a neutral return with any price declines offset by the movement in exchange rates.

Trading activity has been relatively limited, in line with our long-term investment approach. The main activity was to increase our holdings in Moody's, Charter Communications and London Metric. We disposed of our remaining holdings in A G Barr and Imperial Brands. Other activity was restricted to refining positions in existing investments.

Caledonia Private Capital (29% of NAV)

Caledonia's Private Capital portfolio is dominated by significant positions in four UK centric businesses and one private European investment company. These five investments represent over 90% of the portfolio value. Investee companies are revalued in March and September each year. The portfolio generated a total return of 6.3% in the first half of the year.

Seven Investment Management ("7IM"), a vertically integrated multi-asset class investment manager, continues to perform well. Whilst the volatility in public markets has impacted overall assets under management ("AUM"), net investment flows and revenue, the business has continued to grow earnings through the period aided by direct cost savings, higher interest income and a strong performance from recently acquired Partners Wealth Management. AUM was over £20bn at the end of August 2022, down from £21bn at the start of the calendar year, reflecting a mix of negative market movement and positive net fund inflows. Valuation at end September was £184.5m, a return of 8.0% for the first half of the year.

Cobepa, the Belgian based investment company, owns a diverse portfolio of private global investments. The businesses within the Cobepa portfolio continue to develop well, with many delivering strong performance and valuation progression. Recent disposals of significant individual assets, most notably Hillebrand and BioAgilytix, have boosted returns and provided liquidity to support new investment opportunities. These factors are reflected in the valuation of Cobehold (the holding company of Cobepa); the valuation of Caledonia's holding at end September was £174.2m, a return of 11.1% for the first half of its year.

Stonehage Fleming, the international multi-family office, continues to deliver good earnings growth. The integration of the Maitland private client business, acquired on 31 January 2022, is progressing well. The Family Office division has been delivering good results on the back of new client wins. In contrast, the Investment Management division has been somewhat adversely impacted by the volatility

in global public equity markets. Valuation at end September was £141.2m, a return of 3.7% for the first half of the year.

Cooke Optics, a leading manufacturer of cinematography lenses, has traded well in recent months following the successful launch of a series of new lenses and delivered strong earnings growth in its most recent financial year to 30 June 2022. The market is strong as global demand for both streaming and cinema content remains elevated. The business has invested in capacity to fulfil this demand and is developing plans to bring several innovative new products to the market. Valuation at end September was £137.1m, an equity return of 22.0% for the first half of the year.

Liberation Group, a pub, restaurant and drinks business with operations in the Channel Islands and the South West of the UK, has traded well through the spring and summer. Its portfolio is well positioned with a focus on destination pubs, a strong food offering, large outdoor spaces and, in some cases, quality accommodation. The business has been delivering strong earnings growth as it emerged from the Covid-19 period but is now facing the headwinds of weaker consumer confidence, as cost of living issues dominate the news, and cost pressures, particularly from energy contracts. In mitigation, the cost base is well managed and there remains further upside from the Wadworth estate pubs acquired in December 2020 and other site acquisitions. Valuation at end September was £124.4m, a return of -8.3% for the first half of the year.

Caledonia Funds (34% of NAV)

Caledonia's Funds investments are principally in third party managed private equity funds operating in North America and in Asia. The total return on the Funds portfolio was 22.3% for the first half of the year. This reflects ongoing valuation growth across the maturing portfolio of US and Asia based funds, plus a significant positive exchange impact given that the majority of these holdings are US dollar denominated. A number of our general partners, particularly Boyne, KLH, CenterOak and New Heritage, produced very strong gains for the period alongside our US fund of funds manager, Aberdeen US private equity funds. 100% of funds, by value, are valued as at 30 June 2022.

During the first half of the year, £70m was invested and distributions of £86m were received. The level of distributions remains positive, with notable receipts from specific funds in both the US and Asia, reflecting merger, acquisition and IPO activity in the broader private equity markets.

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7 October 2022

Notes

Valuation approach and methodology

The valuation approach utilised for each asset portfolio is summarised below.

Caledonia Quoted Equity: all listed companies are valued based on the closing bid price on the relevant exchange as at 30 September 2022.

Caledonia Private Capital: the holdings are valued biannually, principally on a normalised EBITDA x market multiple basis (in line with the latest IPEV guidelines). This approach was applied to the majority of significant assets in the portfolio on 30 September 2022. There was one exception to this approach; our holding in Cobehold, where fair value was derived from the external valuation prepared by Cobepa.

Caledonia Funds: the fund valuations are based on the most recent valuations provided by the fund managers, subject to cash movements from the valuation date. Valuations are received 60 to 180 days from the valuation date.

Caledonia Investments plc

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For additional information on Caledonia, please visit www.caledonia.com.

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