



**CALEDONIA**  
INVESTMENTS

## **Half-year results 2022**

Six months ended 30 September 2022



# Financial highlights

	6 months 30 Sep 2022	Year 31 Mar 2022	Change
Net asset value per share total return*	4.5%	27.9%	
Net asset value per share	5039p	5041p	-
Net assets	£2,782m	£2,783m	-
Interim dividend per share	18.2p	17.5p	4.0%

\*Alternative Performance Measure

## Highlights

- +4.5% NAV total return for the six months.
- Caledonia Quoted Equity returned -9.5%, reflecting the broader trend in global equity markets, mitigated to some degree by favourable exchange rate movements.
- Caledonia Private Capital returned 6.3%, with the majority of investee companies performing well.
- Caledonia Funds returned 22.3%, with performance based on the favourable exchange rate position plus valuation growth for our US funds.
- Progressive dividend maintained, with the interim increased by 4.0% to 18.2p per share.
- Final and special dividends of £121m paid to shareholders in August 2022, in respect of the year ended 31 March 2022.
- Portfolio transactions realised net proceeds totalling £13m, which included £16m from the Funds pool as the level of distributions was sustained.
- Total liquidity position remains healthy, with £243m of cash plus undrawn facilities of £250m at 30 September 2022.

**Mat Masters, Chief Executive Officer**, commented:

*“The portfolio delivered a good return in the first half of the year, particularly compared to the broader market, demonstrating the benefits of our diversified investment approach. Our significant exposure to private assets and a weighting towards US dollar denominated assets were the key drivers of performance and more than offset the adverse impact of falling global public equity markets.*”

*The global economic outlook has become more challenging during the period, leading to increased volatility across markets. This will influence the short-term performance of our portfolio but we believe our long-term outlook and ethos of investment in high quality, well-financed and managed companies, leaves us well-placed to withstand pressures and deliver long-term returns in line with our aims.”*

## 22 November 2022

### Enquiries

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# Performance highlights

- Net asset value per share total return\* of 4.5%
- Interim dividend per share up 4.0% to 18.2p

\*Alternative Performance Measure

## Results summary

	6 months 30 Sep 2022	Year 31 Mar 2022	Change %
NAV total return*	4.5%	27.9%	
NAV per share (diluted)	5039p	5041p	–
Net assets	£2,782m	£2,783m	–
Interim dividend per share	18.2p	17.5p	+4.0

\*Alternative Performance Measure

## Performance

	6 mths %	1 year %	3 years %	5 years %	10 years %
NAVTR* <i>Annualised</i>	4.5	15.1	47.3	71.4	217.2
NAVTR		15.1	13.8	11.4	12.2
Retail Prices Index		11.2	5.6	4.5	3.5
NAVTR vs RPI		3.9	8.2	6.9	8.7

\*Alternative Performance Measure

## Net Assets

	30 Sep 2022 £m	6-mths Return %
Quoted Equity	744	-9.5
Private Capital	819	6.3
Funds	953	22.3
Cash and other	266	
Net assets	2,782	4.5

# Management report

## Results

Caledonia's NAV total return ("NAVTR") for the six months to 30 September 2022 was 4.5% with net assets at the period end totalling £2,781.5m. The NAVTR for the 12 months to 30 September 2022 was 15.1%. Revenue income for the half year decreased 26% to £25.4m largely due to a one-off pre-disposal dividend in the comparative period. Total liquidity remains healthy with cash at the period end of £243m (31 March 2022: £341m) plus undrawn bank facilities of £250m (31 March 2022 - £250m). The net decrease in cash was driven by payment of final and special dividends in August totalling £121m, in respect of the year ended 31 March 2022.

The directors have declared an interim dividend of 18.2p 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 2022:

### Performance record

	6 m	1 yr	3 yr	5 yr	10 yr
	%	%	%	%	%
NAVTR	4.5	15.1	47.3	71.4	217.2
<i>Annualised</i>					
NAVTR		15.1	13.8	11.4	12.2
Retail Prices Index		11.2	5.6	4.5	3.5
NAVTR vs RPI		3.9	8.2	6.9	8.7
FTSE All-Share Total Return				2.2	6.0
NAVTR vs FTSE All-Share Total Return				9.2	6.2

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. We do not currently hedge our currency exposure, however we review our approach on a regular basis.

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 companies 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. 100% of funds, by value, are valued as at 30 June 2022.

### Asset allocation

	Net assets allocation			Return target
	Strategic	Sep 2022	Mar 2022	
	%	%	%	%
Quoted Equity	30-40	27	30	9.0
Private Capital*	25-35	29	28	14.0
Funds	25-35	34	28	12.5

\*Includes Cobepa

The asset allocation model has been subject to refinement. The new bandings, shown in the above table, reflect a consideration of the risk return profile for each asset group. The most significant change is a reduction in the range for Private Capital; the revised banding will support a portfolio with 6 to 8 holdings at an average equity value of £100m, together with our holding in Cobepa. The increased funds allocation follows a move to increase our current exposure to US lower mid-market private equity funds, which have shown strong, reliable performance over recent years.

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

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 £98m in the first half of the year, principally due to the payment of 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

# Management report

completed the sale of our holdings in AG 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.

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

## Pool performance

	31 Mar 2022 £m	Invest- ments £m	Realis- ations £m	Gains/ losses £m	Accrued income £m	30 Sep 2022 £m	Income £m	Return %
Quoted Equity	830.1	29.8	(25.8)	(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	69.7	(85.7)	174.5	-	952.9	1.8	22.3
Portfolio investments	2,406.2	99.5	(112.8)	121.0	1.9	2,515.8	25.4	
Other investments	(20.8)	0.1	-	(15.8)	-	(36.5)	-	
Total investments	2,385.4	99.6	(112.8)	105.2	1.9	2,479.3	25.4	
Cash and other	397.3					302.2		
Net assets	2,782.7					2,781.5	NAVTR	4.5

1. Other investments comprised legacy investments and cash and receivables in subsidiary investment entities.
2. Returns for investments are calculated using the Modified Dietz methodology and the return is Caledonia's NAVTR.
3. The Private Capital valuation at September 2022 includes £3.6m of accrued income (March 2022: £1.7m).

### **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 volatile and challenging 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 ongoing 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 and insurance 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 AG Barr and Imperial Brands. The AG Barr position

# Management report

was held for 45 years, generating a lifetime IRR of 17.4%. 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"), the business has continued to see positive net investment flows and 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. The closing September valuation 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 closing valuation of Caledonia's holding in 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. The closing September valuation was £141.2m, a total return including distributions 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. The closing September valuation 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 South West of the UK and Channel Islands, 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. The closing September valuation 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



# Management report

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 in 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. Price movements in public-equity markets in the quarter ended 30 September 2022 were reviewed and determined to be in line with historic precedent. This, combined with our knowledge of the underlying valuation methodologies adopted by our fund managers, satisfies us of the appropriateness of June valuations.

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

## *Fund investments*

<i>Geography</i>		<i>Category</i>	
North America	55%	Private equity	63%
Asia	44%	Funds of private equity funds	36%
United Kingdom	1%	Quoted market	1%

## **Management and Board**

Tim Livett, Chief Financial Officer, has advised the board of his intention to retire and leave the Company to develop a portfolio of non-executive roles once his successor joins. The search process for a new Chief Financial Officer has commenced and the market will be updated on progress as appropriate.

## **Dividend**

The board has declared an interim dividend of 18.2p per share, an increase of 4.0% on last year's interim, at a total value of £9.9m. This will be paid to shareholders on 5 January 2023.

The board has historically aimed for the annual dividend to be fully covered by net revenue for the

relevant financial year in a period of normal trading. However, in light of the growing scale of the private equity funds portfolio and lower yields for Private Capital businesses, the board has determined that the approach should be modified to reduce the strategic level of net revenue cover to around 0.5x and factor in net cash inflow from the maturing funds portfolio. The expectation is that this will provide an aggregate cashflow cover for the dividend of at least 1x.

## **Outlook**

The global economic outlook has become more challenging with the impact of high rates of inflation, rising interest rates, central bank debt reduction and the conflict in Ukraine leading to increased volatility across global markets. These factors will 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 it 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 2022 were as follows:

Name	Pool	Geography	Business	Value £m	Net assets %
Seven Investment Management	Private Capital	Jersey	Investment management	184.5	6.6%
Cobehold	Private Capital	Belgium	Investment company	174.2	6.3%
Aberdeen US PE Funds	Funds	US	Funds of funds	145.5	5.2%
Stonehage Fleming	Private Capital	Guernsey	Family office services	141.2	5.1%
Cooke Optics	Private Capital	UK	Cine lens manufacturer	137.1	4.9%
Liberation Group	Private Capital	Jersey	Pubs & restaurants	124.4	4.5%
Axiom Asia funds	Funds	Asia	Funds of funds	98.7	3.5%
Watsco	Quoted Equity	US	Ventilation products	62.0	2.2%
Asia Alternatives funds	Funds	Asia	Funds of funds	56.5	2.0%
Microsoft	Quoted Equity	US	Software	55.6	2.0%
Texas Instruments	Quoted Equity	US	Semiconductors	55.6	2.0%
Oracle	Quoted Equity	US	Software	51.1	1.8%
Thermo Fisher Scientific	Quoted Equity	US	Pharma & life sciences services	45.6	1.6%
Philip Morris	Quoted Equity	US	Tobacco	43.7	1.6%
British American Tobacco	Quoted Equity	UK	Tobacco & vaping	42.1	1.5%
Unicorn funds	Funds	Asia	Funds of funds	42.4	1.5%
Stonepeak funds	Funds	US	Private equity funds	40.2	1.4%
Decheng funds	Funds	Asia/US	Private equity funds	38.3	1.4%
Fastenal	Quoted Equity	US	Industrial supplies	37.1	1.3%
CenterOak funds	Funds	US	Private equity funds	35.3	1.3%
AE Industrial funds	Funds	US	Private equity funds	33.8	1.2%
PAG Asia funds	Funds	Asia	Private equity funds	32.4	1.2%
Charter Communications	Quoted Equity	US	Cable communications	31.1	1.1%
LYFE funds	Funds	Asia	Private equity funds	29.8	1.1%
Becton Dickinson	Quoted Equity	US	Medical technology	29.2	1.0%
Ironbridge funds	Funds	Canada	Private equity funds	28.9	1.0%
Spirax Sarco	Quoted Equity	UK	Steam engineering	27.9	1.0%
TZP funds	Funds	US	Private equity funds	26.5	1.0%
Other investments				665.1	23.9%
Investment portfolio				2,515.8	90.2%
Cash and other				265.7	9.8%
<b>Net assets</b>				<b>2,781.5</b>	<b>100.0%</b>

1. Geography is based on the country of listing, country of domicile for unlisted investments and underlying regional analysis for funds.

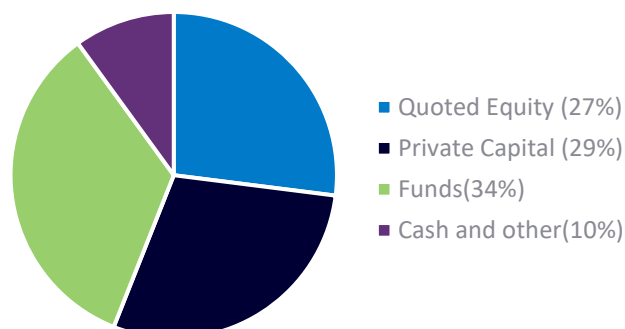


# Portfolio summary

## Change in pool investments value

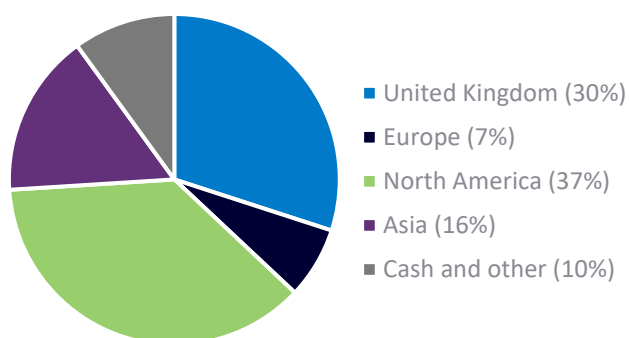
	£m
Opening balance	2,406.2
Investments	99.5
Realisations	(112.8)
Gains/losses	121.0
Accrued income	1.9
Closing balance	2,515.8

## Net Assets pool distribution



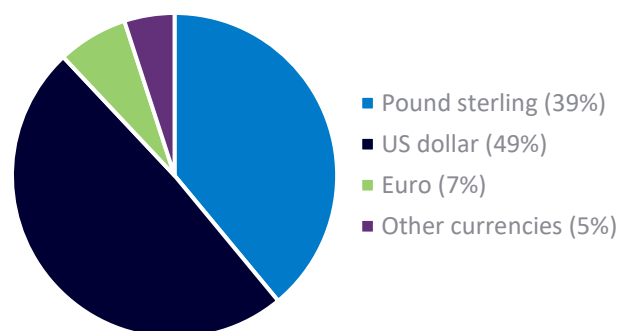
	Sep 2022	Mar 2022
Quoted Equity	27%	30%
Private Capital	29%	28%
Funds	34%	28%
Cash and other	10%	14%

## Net Assets geographic distribution



	Sep 2022	Mar 2022
United Kingdom	30%	32%
Europe	7%	7%
North America	37%	35%
Asia	16%	12%
Cash and other	10%	14%

## Net Assets currency distribution



	Sep 2022	Mar 2022
Pound sterling	39%	47%
US dollar	49%	45%
Euro	7%	6%
Other currencies	5%	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 2022. 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 2022 remain unchanged, other than the following developments:

The global economic outlook is increasingly uncertain, with the ongoing conflict in Ukraine coupled with rising 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 portfolio.

- 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 2022. As at 30 September 2022, there have been no significant changes to these factors.

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, stress scenarios were considered to reflect the increasingly uncertain economic outlook, addressing the risks of foreign exchange appreciation, investment income decline, private equity funds distribution decline 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 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  
21 November 2022

# Independent review report to Caledonia Investments plc

## Introduction

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 2022 which comprises of the 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.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the 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.

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

## Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. 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.

## 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 2022 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.

## Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with 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*

UK

21 November 2022

# Condensed group statement of comprehensive income

## for the six months ended 30 September 2022

	Unaudited Six months 30 Sep 2022			Unaudited Six months 30 Sep 2021			Audited Year 31 Mar 2022		
	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
<i>Revenue</i>									
Investment income	25.4	–	25.4	34.4	4.8	39.2	51.0	4.8	55.8
Other income	0.4	0.3	0.7	0.1	–	0.1	0.6	–	0.6
Net gains and losses on fair value investments	–	105.2	105.2	–	323.0	323.0	–	567.1	567.1
Net gains and losses on fair value property	–	0.3	0.3	–	0.3	0.3	–	3.6	3.6
<b>Total revenue</b>	<b>25.8</b>	<b>105.8</b>	<b>131.6</b>	<b>34.5</b>	<b>328.1</b>	<b>362.6</b>	<b>51.6</b>	<b>575.5</b>	<b>627.1</b>
Management expenses	(10.6)	(2.9)	(13.5)	(10.4)	(4.8)	(15.2)	(21.0)	(11.8)	(32.8)
<b>Profit before finance costs</b>	<b>15.2</b>	<b>102.9</b>	<b>118.1</b>	<b>24.1</b>	<b>323.3</b>	<b>347.4</b>	<b>30.6</b>	<b>563.7</b>	<b>594.3</b>
Treasury interest receivable	1.5	–	1.5	–	–	–	0.1	–	0.1
Finance costs	(1.2)	–	(1.2)	(1.0)	–	(1.0)	(2.3)	–	(2.3)
Exchange movements	1.2	–	1.2	–	–	–	(0.1)	–	(0.1)
<b>Profit before tax</b>	<b>16.7</b>	<b>102.9</b>	<b>119.6</b>	<b>23.1</b>	<b>323.3</b>	<b>346.4</b>	<b>28.3</b>	<b>563.7</b>	<b>592.0</b>
Taxation	1.4	(0.4)	1.0	5.2	3.7	8.9	11.0	8.2	19.2
<b>Profit for the period</b>	<b>18.1</b>	<b>102.5</b>	<b>120.6</b>	<b>28.3</b>	<b>327.0</b>	<b>355.3</b>	<b>39.3</b>	<b>571.9</b>	<b>611.2</b>
<i>Other comprehensive income items never to be reclassified to profit or loss</i>									
Re-measurement of defined benefit pension schemes	–	(0.1)	(0.1)	–	–	–	–	(1.4)	(1.4)
Tax on other comprehensive income	–	(0.5)	(0.5)	–	0.6	0.6	–	1.5	1.5
<b>Total comprehensive income</b>	<b>18.1</b>	<b>101.9</b>	<b>120.0</b>	<b>28.3</b>	<b>327.6</b>	<b>355.9</b>	<b>39.3</b>	<b>572.0</b>	<b>611.3</b>
Basic earnings per share	33.4p	188.9p	222.3p	51.7p	597.5p	649.2p	72.1p	1049.3p	1121.4p
Diluted earnings per share	32.9p	185.9p	218.8p	50.9p	587.7p	638.6p	70.8p	1030.7p	1101.5p

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 2022

	Unaudited 30 Sep 2022 £m	Unaudited 30 Sep 2021 £m	Audited 31 Mar 2022 £m
<i>Non-current assets</i>			
Investments held at fair value through profit or loss	2,479.3	2,232.5	2,385.4
Investment property	16.0	13.6	16.0
Property, plant and equipment	29.0	28.7	29.2
Deferred tax assets	21.1	19.3	24.2
Employee benefits	2.4	4.1	2.3
<b>Non-current assets</b>	<b>2,547.8</b>	<b>2,298.2</b>	<b>2,457.1</b>
<i>Current assets</i>			
Trade and other receivables	8.3	5.6	7.5
Current tax assets	12.0	2.7	8.9
Cash and cash equivalents	242.7	268.0	341.1
<b>Current assets</b>	<b>263.0</b>	<b>276.3</b>	<b>357.5</b>
<b>Total assets</b>	<b>2,810.8</b>	<b>2,574.5</b>	<b>2,814.6</b>
<i>Current liabilities</i>			
Trade and other payables	(23.6)	(28.5)	(22.4)
Employee benefits	(1.2)	(1.5)	(3.6)
Current tax liabilities	–	–	(0.1)
<b>Current liabilities</b>	<b>(24.8)</b>	<b>(30.0)</b>	<b>(26.1)</b>
<i>Non-current liabilities</i>			
Employee benefits	(3.2)	(3.4)	(4.7)
Deferred tax liabilities	(1.3)	(1.3)	(1.1)
<b>Non-current liabilities</b>	<b>(4.5)</b>	<b>(4.7)</b>	<b>(5.8)</b>
<b>Total liabilities</b>	<b>(29.3)</b>	<b>(34.7)</b>	<b>(31.9)</b>
<b>Net assets</b>	<b>2,781.5</b>	<b>2,539.8</b>	<b>2,782.7</b>
<i>Equity</i>			
Share capital	3.1	3.2	3.1
Share premium	1.3	1.3	1.3
Capital redemption reserve	1.4	1.3	1.4
Capital reserve	2,533.9	2,289.8	2,527.0
Retained earnings	252.4	257.6	263.2
Own shares	(10.6)	(13.4)	(13.3)
<b>Total equity</b>	<b>2,781.5</b>	<b>2,539.8</b>	<b>2,782.7</b>
Undiluted net asset value per share	5120p	4670p	5133p
Diluted net asset value per share	5039p	4592p	5041p



# Condensed group statement of changes in equity

## for the six months ended 30 September 2022

	Share capital £m	Share premium £m	Capital redemption reserve £m	Capital reserve £m	Retained earnings £m	Own shares £m	Total equity £m
<b>Six months ended 30 September 2022</b>							
<b>(Unaudited)</b>							
Balance at 1 April 2022	3.1	1.3	1.4	2,527.0	263.2	(13.3)	2,782.7
<i>Total comprehensive income</i>							
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
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Share-based payments	–	–	–	–	2.9	–	2.9
Transfer of shares to option holders	–	–	–	–	(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
<b>Six months ended 30 September 2021</b>							
<b>(Unaudited)</b>							
Balance at 1 April 2021	3.2	1.3	1.3	1,979.1	254.3	(13.9)	2,225.3
<i>Total comprehensive income</i>							
Profit for the period	–	–	–	327.0	28.3	–	355.3
Other comprehensive income	–	–	–	0.6	–	–	0.6
Total comprehensive income	–	–	–	327.6	28.3	–	355.9
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Share-based payments	–	–	–	–	3.4	–	3.4
Transfer of shares to option holders	–	–	–	–	(3.3)	3.3	–
Own shares purchased and cancelled	–	–	–	(16.9)	–	–	(16.9)
Own shares purchased	–	–	–	–	–	(2.8)	(2.8)
Dividends paid	–	–	–	–	(25.1)	–	(25.1)
Total transactions with owners	–	–	–	(16.9)	(25.0)	0.5	(41.4)
Balance at 30 September 2021	3.2	1.3	1.3	2,289.8	257.6	(13.4)	2,539.8
<b>Year ended 31 March 2022 (Audited)</b>							
Balance at 1 April 2021	3.2	1.3	1.3	1,979.1	254.3	(13.9)	2,225.3
<i>Total comprehensive income</i>							
Profit for the year	–	–	–	571.9	39.3	–	611.2
Other comprehensive income	–	–	–	0.1	–	–	0.1
Total comprehensive income	–	–	–	572.0	39.3	–	611.3
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Share-based payments	–	–	–	–	8.2	–	8.2
Transfer of shares to option holders	–	–	–	–	(4.0)	4.0	–
Own shares purchased and cancelled	(0.1)	–	0.1	(24.1)	–	–	(24.1)
Own shares purchased	–	–	–	–	–	(3.4)	(3.4)
Dividends paid	–	–	–	–	(34.6)	–	(34.6)
Total transactions with owners	(0.1)	–	0.1	(24.1)	(30.4)	0.6	(53.9)
Balance at 31 March 2022	3.1	1.3	1.4	2,527.0	263.2	(13.3)	2,782.7

# Condensed group statement of cash flows

## for the six months ended 30 September 2022

	Unaudited 6 mths 30 Sep 2022 £m	Unaudited 6 mths 30 Sep 2021 £m	Audited Year 31 Mar 2022 £m
<i>Operating activities</i>			
Dividends received	24.6	34.2	52.9
Interest received	2.3	–	1.7
Cash received from customers	0.4	0.1	0.5
Cash paid to suppliers and employees	(14.3)	(11.3)	(20.4)
Taxes received	–	0.1	0.1
Taxes paid	–	(0.1)	(0.1)
Group tax relief received	0.5	1.4	1.4
<b>Net cash flow from operating activities</b>	<b>13.5</b>	<b>24.4</b>	<b>36.1</b>
<i>Investing activities</i>			
Purchases of investments	(98.1)	(63.5)	(226.9)
Proceeds from disposal of investments	111.5	352.8	602.2
Purchases of property, plant and equipment	(0.1)	(0.3)	(0.4)
<b>Net cash flow from investing activities</b>	<b>13.3</b>	<b>289.0</b>	<b>374.9</b>
<i>Financing activities</i>			
Interest paid	(1.1)	(1.1)	(2.6)
Dividends paid to owners of the company	(120.6)	(25.1)	(34.6)
Repayments of bank borrowing	–	(15.0)	(15.0)
Loan payments to subsidiaries	–	–	(4.4)
Purchases of own shares	(3.5)	(18.4)	(27.5)
<b>Net cash flow used in financing activities</b>	<b>(125.2)</b>	<b>(59.6)</b>	<b>(84.1)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(98.4)</b>	<b>253.8</b>	<b>326.9</b>
Cash and cash equivalents at period start	341.1	14.2	14.2
<b>Cash and cash equivalents at period end</b>	<b>242.7</b>	<b>268.0</b>	<b>341.1</b>

# 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 21 November 2022 and is unaudited.

The information for the period ended 30 September 2022 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 2022 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 2022, 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 2022, 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 2023.

A number of new amendments to standards and interpretations will be effective for periods beginning on or after 1 April 2023. 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 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 2022 the group holds £744m of liquid investment assets, £243m of cash and has access to £250m of undrawn committed banking facilities, of which £137.5m expires in May 2025 and £112.5m expires in July 2025.

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, stress scenarios were considered to reflect the increasingly uncertain economic outlook, addressing the risks of foreign exchange appreciation, investment income decline, private equity funds distribution decline 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 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.

### *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

# Notes to the condensed 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 2022.

## *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 2022.

In the six months ended 30 September 2021, the company purchased for cancellation 512,603 shares at a cost of £16.9m. In addition, the Employee Share Trust sold 116,510 shares for £nil and purchased 85,388 shares for £2.8m relating to the exercise of performance share and deferred bonus awards.

In the year ended 31 March 2022, the company purchased for cancellation 710,072 shares at a cost of £24.1m. In addition, the Employee Share Trust sold 137,899 shares for £nil and purchased 98,828 shares for £3.4m relating to the exercise of performance share and deferred bonus awards.

## 3. Dividends

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

	6 months 30 Sep 2022 £m	6 months 30 Sep 2021 £m	Year 31 Mar 2022 £m
Final dividend for the year ended 31 March 2022 of 47.3p per share (2021 – 45.9p)	25.6	25.1	25.1
Special dividend for the year ended 31 March 2022 of 175.0p per share	95.0	–	–
Interim dividend for the year ended 31 March 2022 of 17.5p per share	–	–	9.5
	<u>120.6</u>	<u>25.1</u>	<u>34.6</u>

The directors have declared an interim dividend for the year ending 31 March 2023 of 18.2p per share, totalling £9.9m, which has not been included as a liability in this condensed set of financial statements. This dividend will be payable on 5 January 2023 to holders of shares on the register on 2 December 2022. The ex-dividend date will be 1 December 2022.

The deadline for elections under the dividend reinvestment plan offered by Link Group will be the close of business on 13 December 2022.

## 4. Share capital

During the period, 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.

# Notes to the condensed financial statements

## 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.

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

	Profit before tax			Total assets		
	6 months 30 Sep 2022 £m	6 months 30 Sep 2021 £m	Year 31 Mar 2022 £m	30 Sep 2022 £m	30 Sep 2021 £m	31 Mar 2022 £m
<i>Pool</i>						
Quoted Equity	(79)	97	101	744	778	830
Private Capital	49	134	322	819	708	782
Funds	176	150	230	953	751	794
Portfolio investments	146	381	653	2,516	2,237	2,406
Other investments	(14)	(18)	(26)	(37)	(5)	(20)
<b>Total revenue/investments</b>	<b>132</b>	<b>363</b>	<b>627</b>	<b>2,479</b>	<b>2,232</b>	<b>2,386</b>
Cash and cash equivalents	2	–	–	243	268	341
Other items	(14)	(16)	(35)	89	75	88
<b>Reportable</b>	<b>120</b>	<b>347</b>	<b>592</b>	<b>2,811</b>	<b>2,575</b>	<b>2,815</b>

## 7. Employee benefits

An entity is not always required to remeasure a net defined benefit pension scheme asset or liability for interim reporting purposes under IAS 19 and IAS 34. Both accounting standards indicate that the entity needs to exercise judgement in determining whether it needs to remeasure the net defined benefit pension scheme asset or liability at the end of the reporting period.

Accordingly, pension assets have not been remeasured to market values at the reporting date, or liabilities remeasured to latest actuarial assumptions, although based on an extrapolation of March values, total pension liabilities have fallen by 31% (£21m) over the period, and the fair value of assets has fallen by 10% (£7.5m). Had we remeasured the net pension assets, the net pension surplus would have increased by £13.5m ignoring surplus recognition restrictions. Once surplus restrictions are applied, the increase in net surplus would have been £2.3m.

## 8. Related parties

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 2022, £13.5m was charged to the company for these services (30 September 2021: £15.2m and 31 March 2022: £33.0m).

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 2022 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 2022.

## 9. Capital commitments

At 30 September 2022, the group had undrawn fund and other commitments totalling £339.0m (30 September 2021: £368.4m and 31 March 2022: £331.1m). 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.

## 10. 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.

# Notes to the condensed financial statements

- 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 2022	30 Sep 2021	31 Mar 2022
	£m	£m	£m
<i>Investments held at fair value</i>			
Level 1	744.1	779.1	830.1
Level 2	5.4	7.0	6.2
Level 3	1,729.9	1,446.4	1,549.1
	<u>2,479.3</u>	<u>2,232.5</u>	<u>2,385.4</u>

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 2022	6 mths 30 Sep 2021	Year 31 Mar 2022
	£m	£m	£m
Balance at the period start	1,549.1	1,468.3	1,468.3
Purchases	69.7	55.9	154.4
Realisation proceeds	(81.3)	(319.1)	(561.2)
Gains and losses on investments sold in the period	15.2	122.1	247.6
Gains and losses on investments held at the period end	175.3	117.3	239.2
Accrued income	1.9	1.9	0.8
Balance at the period end	<u>1,729.9</u>	<u>1,446.4</u>	<u>1,549.1</u>

## 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 funds and funds of funds (the Funds pool). The directors have made two estimates 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 £782.4m (31 March 2022: £761.0m), 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 Funds Pool), totalling £947.5m (31 March 2021 - £788.1m) 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. 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 monitoring and review of financial reporting.

This delay in the receipt of manager creates a risk of changes or events occurring between the valuation dates and the company's reporting dates which could impact valuations. The increased level of volatility in public equity markets during the first six-months, principally reflecting concerns about increasing rates of inflation, rising interest rates and the conflict in Ukraine, led to a review of this pricing risk. This review determined that public market movements between 30 June 2022 and 30 September 2022 for relevant indices were in line with historic precedents, the impact of inflation was not deemed material for underlying holdings within the funds pool, and there was no material exposure to the conflict in Ukraine. The underlying valuation methodologies adopted by our fund managers and were also reviewed and satisfied the board that the techniques utilised were appropriate.

## At 30 September 2022

Description/ valuation method	Fair value Unobserva ble input	Weighte d average y input	Change in sensitiv valuation
	£m	+/-	+/- £m
<hr/>			



# Notes to the condensed financial statements

## Internally developed

### Private companies

Large, earnings	450.2 EBITDA multiple	13.4x	10.0%	+46.1/-47.0
Medium, earnings	161.3 EBITDA multiple	9.0x	10.0-15.0%	+/-12.8
Small, earnings	9.0 EBITDA multiple	4.6x	15.0%	+/-2.0
Net assets / manager valuation	198.4 Multiple	1	0.1x	+/-22.9
	818.9			+83.9/-84.7

Non-pool companies (36.5)

**Total internal** 782.4

## Externally developed

### Private equity funds

Net asset value	947.5 Manager 1 NAV		5%	+/-47.4
	1,729.9			+131.3/-132.1

The principal change during the half-year, was change in valuation method used to value Liberation Group, (included in the 'Large, earnings' category above) which operates pubs and restaurants from a tangible assets multiple to an EBITDA multiple.

The following table provides information on significant unobservable inputs used at 31 March 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

### At 31 March 2022

Description/valuation method	Fair value	Unobservable input	Weighted average input	Input sensitivity	Change in valuation
	£m			+/-	+/- £m

## Internally developed

## Private companies

Large, earnings	313.8 EBITDA multiple	13.5x	10.0%	+/-28.2
Medium, earnings	117.8 EBITDA multiple	8.5x	10.0-15.0%	+/-10.4
Small, earnings	23.3 EBITDA multiple	4.6x	15.0%	+/-1.6
Large, Leisure, tangible assets	135.7 Tangible assets multiple	1.14x	10.0%	+/-15.4
Net assets / manager valuation	191.1 Multiple	1	0.1x	+/-19.1
	781.7			+/-74.7

Non-pool companies (20.7)

**Total internal** 761.0

## Externally developed

### Private equity fund

Net asset value	788.1 Manager 1 NAV		5%	+/-39.4
	1,549.1			114.1

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-£100m, 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.

# Notes to the condensed financial statements

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 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.

## 11. Share-based payments

The group operates performance share schemes and deferred bonus plans. Details of these schemes were disclosed in the annual report 2022 and the basis of measuring fair value was consistent with those disclosures.

During the six months ended 30 September 2022, awards over 167,633 shares were issued under the performance share scheme (30 September 2021 and 31 March 2022: 237,861 shares). Compulsory deferred bonus awards over 39,500 shares were also granted (30 September 2021 and 31 March 2022: 49,267 shares).

Expenses in respect of share-based payments in the period were £3.1m (30 September 2021: £3.6m and 31 March 2022: £9.0m).