Caledonia Investments plc

Final results for the year ended 31 March 2024

Financial highlights

	Year 31 March 2024	Year 31 March 2023
Net asset value per share total return[1]	7.4%	5.5%
Net asset value per share	5369p	5068p
Net assets	£2,965m	£2,798m
Annual dividend per share	70.4p	67.4p

1. NAV total return, and investment and pool returns are Alternative performance measures – see note 8.

NAV total return of 7.4%

- NAV of £2,965m (5,369p per share) +7.4% NAV Total Return ('NAVTR')
- All three investment pools contributed to growth, with the investment portfolio delivering a return of 8.7% in the year, despite foreign exchange headwinds of c.£39m
  - +12.0% return from Public Companies
  - +12.3% return from Private Capital
  - +2.2% return from Funds

57 consecutive years of progressive dividend growth

- Proposed final dividend of 51.47p, taking total dividend for the year to 70.4p, a 4.5% increase compared to 2023 and extending our record of growing annual dividends to 57 consecutive years

Robust balance sheet with significant liquidity and well positioned to take advantage of investment opportunities

- Net cash of £227m combined with an undrawn revolving credit facility of £250m, providing total liquidity of £477m
- £346m invested into new and existing investments with proceeds of £371m received from the portfolio in the year
- 290,219 of shares repurchased in March and April 2024 at an average discount of 36%, resulting in a 10.1p accretion to NAV per share

Performance to 31 March 2024

	1 year %	3 years %	5 years %	10 years %
NAV total return	7.4	44.8	67.5	160.5
Annualised				
NAV total return	7.4	13.1	10.9	10.0
CPIH[1]	3.8	6.3	4.2	2.9
FTSE All Share total return	8.4	8.0	5.4	5.8

1. Consumer Prices Index including owner occupiers' housing costs ('CPIH')

Mat Masters, Chief Executive Officer, commented:

"Our long-standing philosophy of investing in high-quality, well-managed companies, with a truly long-term view, continues to serve us well. All three investment pools have contributed to our growth over the past year, despite a background of continuing macroeconomic and geopolitical uncertainty, and we are delighted to be increasing our dividend for the 57th consecutive year.

While the external environment remains uncertain, we remain focused on what we can control. Our long-term approach, diversified global portfolio and strong balance sheet position us well to take advantage of investment opportunities and continue delivering attractive long-term returns."

21 May 2024

Enquiries

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Chair's statement

Results

I am pleased to report another year of growth at Caledonia, with net assets increasing to £3bn. NAVTR was 7.4%, within our long-term target of inflation plus 3% to 6%. Each of the Public Companies, Private Capital and Funds pools contributed to growth, despite foreign exchange headwinds. It is also welcoming to see our longer-term performance continuing to outperform inflation and FTSE All-Share total return, both key strategic objectives for the company.

Income and dividend

The board is recommending a final dividend of 51.47p per share which, if approved by shareholders, will be payable on 1 August 2024 to ordinary shareholders on the register on 28 June 2024. This represents a full-year dividend of 70.4p, an increase of 4.5% when compared to the previous year, and 57 consecutive years of increased annual dividends.

Investment and other income[1] increased from £44m to £63m[2]. Total net revenue was £41m, sufficient to cover the dividend for the year. As previously reported, we expect a gradual reduction in investment income as we maintain our focus on total returns and, over time, we anticipate that net distributions from our investments will play a more material role in dividend cover.

Board

We welcomed Rob Memmott as our new Chief Financial Officer on 1 September 2023. Rob, a chartered accountant with over 20 years' experience in senior financial leadership roles, has made an excellent start. He succeeds Tim Livett who retired last year. I would like once again to extend the board's thanks to Tim for his contribution to Caledonia and we wish him every success as he pursues a portfolio of non-executive roles. Stuart Bridges also retired as a non-executive director at the conclusion of last year's annual general meeting and we remain very grateful for his wise counsel over the years. As previously reported, following a period of notable change, the board has asked that I extend my tenure until the annual general meeting in 2025, subject to ongoing approval by shareholders.

Share buybacks

The board firmly believes that the company's ability to make market purchases of its own shares is in the best interest of all shareholders. The Cayzer family concert party is a long-term shareholder and the source of Caledonia's strong culture and long-term outlook. Given the obligation that could arise on the concert party to make a general offer for the company under Rule 9 of The City Code on Takeovers and Mergers ('Code'), we will once again be seeking shareholder approval of the waiver of the Code's mandatory offer provisions.

Annual general meeting

Each year I, together with my board colleagues, welcome the opportunity to meet with shareholders in person at our annual general meeting which once again takes place in London on 17 July 2024.

Outlook

Caledonia's investment strategy takes a long-term view, with the premise being that exposure to good-quality companies over long time periods is preferable to short-term trading. Focusing on the long term necessitates a balanced approach to building a portfolio and has resulted in Caledonia's exposure being well-diversified and having a global reach.

The economic, fiscal, geopolitical and technological environments appear to be in a state of flux and somewhat unpredictable. Our key steps to mitigate these risks continue to be with the quality and resilience of each investment being carefully considered, as well as avoiding debt to drive returns. While Caledonia is a long-term investor, an active approach to portfolio management enables us to take advantage of opportunities as they arise.

David Stewart
Chair

1. Revenue account.
2. Including the benefit of £15m of revenue from non-consolidated subsidiaries.

Chief Executive Officer's report

Caledonia's long-standing philosophy is to invest in high-quality, well-managed companies, with a truly long-term view. This has continued to serve us well over the past year, with NAVTR increasing by 7.4% and all three investment pools contributing to growth.

This performance has been delivered against a background of continuing macroeconomic and geopolitical uncertainty, underlining the strength of our investment strategy, which has generated consistent long-term real returns outperforming inflation by 7.2% p.a. over the last decade. We have continued to increase dividends paid to shareholders, which we have now done for 57 consecutive years – a track record we are incredibly proud of.

Years to 31 March	3 years %	5 years %	10 years %
Annualised performance			
NAVTR	13.1	10.9	10.0
Total shareholder return[1]	11.3	5.0	8.6
CPIH	6.3	4.2	2.9
FTSE All Share total return	8.0	5.4	5.8

1. Alternative performance measure – see note 8.

Strategy and allocation
We hold investments in both listed and private markets via three pools: Public Companies, Private Capital and Funds. The diversity and long-term outlook of our investment approach mean we can effectively manage risk, both through diversification and disciplined capital allocation across our three pools, providing shareholders with a well-balanced, global portfolio.

Performance highlights
The overall portfolio generated a return of 8.7% in the year, despite foreign exchange headwinds which impacted returns by (0.6)%.

Annualised investment pool returns

Years to 31 March	1 year %	3 years %	5 years %	10 years %
Public Companies	12.0	8.6	10.7	8.6
Private Capital	12.3	23.5	13.7	13.9
Funds	2.2	17.0	16.0	17.3

Our Public Companies pool is invested in high-quality, well-managed businesses with strong market positions and pricing power. The global portfolio is split between capital and income investments, with the latter providing an important contribution to covering our cost base and dividend. Performance in the year was driven by the Capital Portfolio, with material contributions from Microsoft, Oracle and Watsco. Each of these investments is a testament to our long-term strategy, having been held for many years and all have delivered double digit annual returns since our initial investment.

Within Private Capital, we sold Seven Investment Management ('7IM') for £256m, a 32% increase on the 31 March 2023 valuation and a 2.3x multiple of cost. Our ownership of 7IM embodies our investment philosophy. We acquired the business in 2015 and, over the following almost eight years, worked with the management team to successfully pivot the business from pure investment manager to a 'platform-led' wealth manager. The team integrated four acquisitions and almost tripled assets under management, significantly enhancing 7IM's revenue and profitability before agreeing the sale of the business to Ontario Teachers' Pension Plan Board last year. In April 2023, we announced the acquisition of AIR-serv Europe, adding an excellent business to our portfolio. AIR-serv Europe is a leading designer and manufacturer of air, vacuum and jet wash machines, which it provides as a turnkey solution to fuel station forecourt operators across Western Europe.

Growth from our Funds pool was lower than in recent years, with positive performance from our North American funds partially offset by weaker results from our Asia growth and venture capital funds. We also saw a slowdown in distributions, reflecting the broader market environment for private equity exits. During the last quarter of our financial year, we began to see an increase in distributions from our North American funds, with the underlying managers cautiously optimistic that exit markets will continue to improve. In contrast, we believe continued market volatility in Asia, and the portfolio's focus on earlier stage businesses, will likely mean that it will take longer for distributions from this region to improve.

Liquidity and balance sheet

Caledonia ended the year with net cash of £227m which, alongside our existing £250m revolving credit facility, provides significant liquidity to invest in attractive opportunities as they arise.

Shareholder returns

Sentiment towards investment companies, and in particular those investing in private assets, continues to weigh on discounts across the sector. Caledonia's share price has not been immune to this, with the shares delivering a total return of (1.2)% in the year, and our discount widening from 33% to 39%. We believe that the share price fundamentally undervalues the quality of Caledonia's investment portfolio and its long-term performance. The ongoing support of the Cayzer family underpins Caledonia's long-term culture and investment approach. However, given the family's significant holding, there are limitations to the number of shares we are able to repurchase. In March and April of this year, we purchased 290,219 shares at an average discount of 36%, resulting in a 10.1p accretion to NAV per share.

During the year, we also instigated a review of our investor relations and communications programme and activities, to ensure our investment proposition is well understood and recognised by the market. We will be building on several initiatives this year and will continue to improve and expand these in the coming months to increase our profile among existing and new investors.

Our culture and purpose

A healthy and vibrant culture, built around a set of aligned values, is fundamental to the success of any business. When I became CEO, one of my first priorities was to thoroughly interrogate what we do as a business, how we do it and, most importantly, why we do it. The project has brought our culture and values to the forefront of who we are – a long-term investor, investing in high-quality companies that have the potential to generate exceptional long-term value, alongside building rewarding relationships and a deep understanding of our investments. I am grateful to my colleagues and other stakeholders who provided invaluable feedback to help create our new manifesto, written by a broad cross section of employees and rooted in the concept of 'time well invested'. This manifesto will guide us as we look ahead, underpinning our focus on generating long-term compounding real returns that outperform inflation by 3%-6% over the medium to long term, and the FTSE All-Share index over 10 years.

People

Our employees remain our most important asset and we seek to create an environment that enables us to attract, retain and develop exceptional people. Alongside Rob Memmott's appointment as Chief Financial Officer, we also strengthened the team across a number of functions, promoting internal talent and hiring new expertise. I would like to thank my colleagues for their ongoing enthusiasm and commitment across the business.

In 2021, we implemented a formal internship programme, underscoring our commitment to developing future talent within the investment management industry, having provided internships on an informal basis for many years. In 2023, we welcomed a cohort of 12 interns with all respondents to our post-programme survey describing it as "excellent" and one which they would recommend. We look forward to continuing to support our interns' ongoing growth and development through our alumni programme.

Our approach to responsible investment

Over the course of the year, we have further developed our approach to responsible investment through our working group, embedding skills within our investment teams and strengthening our investment processes. We continue to consider the issues associated with climate change and its potential impact on our business and portfolio. Our second Taskforce on Climate-related Financial Disclosures report will be published alongside the annual report.

Looking forward

While the external environment remains uncertain, we remain focused on what we can control. Our long-term approach, diversified global portfolio and strong balance sheet position us well to take advantage of investment opportunities and continue delivering attractive long-term returns.

Mat Masters
Chief Executive Officer

Investment review

Caledonia's portfolio is invested across three investment pools, each managed by a specialist team investing in well-managed businesses that combine long-term growth characteristics with, in many cases, an ability to deliver increasing levels of income. We invest in both listed and private markets, covering a range of sectors, resulting in a well-balanced diversified portfolio of investments with a global reach.

Strategic allocation	Allocation	% NAV at 31 March 2024
Public Companies	30%-40%	32%
Private Capital	25%-35%	28%
Funds	25%-35%	31%

Overall performance
At 31 March 2024, the investment portfolio was valued at £2.7bn, delivering a return of 8.7% during the year, despite foreign exchange headwinds, building on our long-term track record of delivering real returns.

All investment pools contributed to growth, with Public Companies and Private Capital pools delivering double-digit growth of 12.0% and 12.3% respectively and our Funds pool delivering a return of 2.2% in the year. Within the Public Companies pool, performance was principally driven by our Capital portfolio. Performance across our Private Capital portfolio was driven by realisation activity and continued good operating progress across the majority of the portfolio. Performance from the Funds pool was lower than in recent years, with continued good performance from our North American mid-market buyout funds, partially offset by weaker performance from our Asia growth and venture capital funds.

Investment activity
During the year, we invested a total of £346.3m into the portfolio, against which £371.3m of proceeds were received, resulting in net movement of £25.0m.

New investment activity was primarily driven by the £142.5m acquisition of AIR-serv Europe by Private Capital, £108.6m into our Funds pool and £76.5m into our Public Companies pool.

Realisations proceeds were driven by the sale of Seven Asset Management ('7IM') for £255.8m and distributions from the Funds pool of £72.0m, the majority of which came from our maturing North American funds. Within the Public Companies pool, the team crystalised £43.5m on a small portion of several holdings following a period of strong share price appreciation.

Investment movements in the year

	31 March 2023	Investments	Realisations	Accrued income	Gains / (losses)	31 March 2024	Income	Return[4]
	£m	£m	£m	£m	£m	£m	£m	%
Public Companies	836.9	76.5	(43.5)	-	79.9	949.8	21.8	12.0
Private Capital	824.0	161.2	(255.8)	1.4	89.5	820.3	21.7	12.3
Funds	873.8	108.6	(72.0)	-	15.9	926.3	3.6	2.2
Total pools	2,534.7	346.3	(371.3)	1.4	185.3	2,696.4	47.1	8.7
Other investments[1]	260.2	(2.9)	(228.4)	-	(10.9)	18.0	14.7	
Total investments[2]	2,794.9	343.4	(599.7)	1.4	174.4	2,714.4	61.8	
Net cash	221.6					227.4		
Other net (liabilities) / assets[3]	(218.5)					23.5		
Net assets	2,798.0					2,965.3		

1. Other investments comprise legacy investments and cash, receivables and deferred tax liability in subsidiary investment entities

2. Total investment portfolio includes £19.0m of investments that are classified as assets held for sale in the Group's Statement of financial position
3. Movement in other net (liabilities) / assets primarily relates to the repayment of the loan to a non-consolidated subsidiary
4. Returns for investments are calculated using the Modified Dietz Methodology

Investments summary
Holdings over 1% of net assets at 31 March 2024 were as follows:

Name	Pool	Geography	Business	Value £m	Net assets %
Cobepa	Private Capital	Europe	Investment company	181.0	6.1
AIR-serv Europe	Private Capital	UK	Forecourt vending	170.1	5.7
Stonehage Fleming	Private Capital	Chan Is.	Family office services	168.5	5.7
HighVista Strategies	Funds	US	Funds of funds	139.7	4.7
Liberation Group	Private Capital	Chan Is.	Pubs, bars & inns	135.2	4.6
Cooke Optics	Private Capital	UK	Cine lens manufacturer	105.4	3.6
Microsoft	Public Companies	US	Software	84.3	2.8
Oracle	Public Companies	US	Software	83.5	2.8
Axiom Asia funds	Funds	Asia	Funds of funds	83.2	2.8
Watsco	Public Companies	US	Ventilation products	77.0	2.6
Texas Instruments	Public Companies	US	Semiconductors	63.6	2.1
Decheng funds	Funds	Asia	Private equity funds	59.0	2.0
Fastenal	Public Companies	US	Industrial supplies	53.2	1.8
Philip Morris	Public Companies	US	Tobacco & smoke-free products	53.1	1.8
Thermo Fisher Scientific	Public Companies	US	Pharma & life sciences services	46.1	1.6
Hill & Smith	Public Companies	UK	Infrastructure	45.7	1.5
Asia Alternatives funds	Funds	Asia	Funds of funds	44.2	1.5
Unicorn funds	Funds	Asia	Funds of funds	39.9	1.3
Ironbridge Funds	Funds	Canada	Private equity funds	35.9	1.2
SIS	Private Capital	UK	Content services	35.0	1.2
Stonepeak funds	Funds	US	Private equity funds	34.9	1.2
Spirax Sarco	Public Companies	UK	Steam engineering	34.1	1.1
Boyne funds	Funds	US	Private equity funds	33.8	1.1
British American Tobacco	Public Companies	UK	Tobacco & vaping	32.4	1.1
Moody's Corporation	Public Companies	US	Financial services	33.0	1.1
Charter Communications	Public Companies	US	Cable communications	32.5	1.1
Becton Dickinson	Public Companies	US	Medical technology	28.6	1.0
CenterOak funds	Funds	US	Private equity funds	28.3	1.0
Other investments				735.2	24.9
Investment portfolio				2,696.4	91.0
Cash and other net assets				268.9	9.0
Net assets				2,965.3	100.0

Public Companies

Strategy
The Public Companies pool provides Caledonia with exposure to a concentrated portfolio of high-quality well-managed businesses. We take a long-term ownership approach because we believe that it is better to allow the companies to drive returns, rather than simply trading them. The qualities we focus on include a strong market position, good and sustainable returns on capital and capable management closely aligned with long-term investors. We expect that a combination of these factors will reward long-term ownership.

Caledonia invests its own balance sheet, so our strategy does not need to contend with subscriptions or redemptions. This structure enables us to introduce and realise capital to and from the pool when markets provide good opportunities. Our approach allows us to introduce capital into the portfolio with a margin of safety around each investment, which cumulatively provides downside protection.

The global portfolio comprises two strategies, the Capital portfolio and the Income portfolio, each generally holding between 15 and 20 companies. There are five stocks that are held in both portfolios. The Income portfolio aims to deliver an initial yield on invested cost of 3.5% with the dividend per share from these holdings growing ahead of inflation over the longer term. The Capital portfolio has no dividend target, is unconstrained and, as a consequence, should produce higher returns over time.

The portfolios are managed by a single team, with the same research methodology and operational discipline used across both.

Performance
During the year, the Public Companies pool generated a total return of +12.0%, or +13.7% in local currencies, reflecting positive performance of a number of our holdings. Over the last 10 years the Public Companies pool has delivered returns of 8.6% p.a.

Public Companies – Capital portfolio

Performance
At the year end, the Capital portfolio was valued at £698.2m and delivered a return of +14.0% (+16.0% in local currencies) in the year. The portfolio is concentrated, with 18 holdings with no benchmark. Including the impact of foreign exchange, over the last 10 years the Capital portfolio has delivered returns of 10.2% p.a.

Operating performance was generally good across the portfolio. The strongest performers in terms of share price returns were Hill & Smith (+49.2%), Microsoft (+44.2%), Fastenal (+43.0%), Oracle (+38.1%) and Watsco (+37.2%). Their performance was driven by a combination of underlying company operating results coupled with future growth prospects. Hill & Smith demonstrated strong momentum in its US businesses across both composites and galvanising together with increased M&A, and both Microsoft and Oracle benefited from strong growth in cloud services.

Gains were partially offset by negative contributions from companies including Alibaba (-27.9%), Charter Communications (-21.3%) and Croda International (-19.1%). This was primarily due to company or industry dynamics. For example, following a period of underperformance, Alibaba has undertaken some notable management changes with a new CEO and a renewed focus on its core ecommerce business. We continue to closely monitor all our holdings as they adapt through time.

Investment activity
Consistent with our long-term investment approach, trading activity remained targeted, primarily with increased holdings in Croda International, Philip Morris, Spirax Sarco and Symrise. Following a period of strong share price appreciation, we crystalised gains on a portion of our holdings in Microsoft, Oracle and Watsco.

Public Companies – Income portfolio

Performance
The Income portfolio was valued at £251.6m and generated a return of +6.8% (+7.7% in local currencies). Like the Capital portfolio, it is concentrated, comprising 17 holdings and is not managed against a benchmark. Including the impact of foreign exchange, over the last 10 years the Income portfolio has delivered returns of 4.9% p.a.

The strongest performers were Fastenal (+43.5%), Watsco (+37.7%), RELX (+43.0%), DS Smith (+34.6%) and Sabre Insurance (+61.4%). Fastenal and Watsco are leading distributors in their end markets and continue to execute particularly well. The performance of RELX reflects its improved growth as the business continues to shift towards data and analytics. DS Smith received two takeover approaches during March 2024, following which, we decided to exit our position post the year end. Sabre Insurance has enjoyed a strong recovery as the UK motor insurance market improved after a challenging period last year.

Gains were partially offset by weaker share price performances from Reckitt Benckiser (-24.5%) and Diageo (-15.2%). Reckitt Benckiser was impacted by litigation concerns within its infant nutrition business. Diageo was impacted by the slowing macro-environment and broader destocking, particularly in its Latin American business. This follows several strong years and we have used the share price weakness to add to our position.

Investment activity
The team added one new company to the portfolio, RELX, the global provider of information-based analytics and decision tools and made selective partial realisations and investments in existing portfolio companies to take advantage of share price movements.

Private Capital

Strategy
The Private Capital pool comprises a small number of direct investment holdings in private companies, predominantly in the UK mid-market. We focus on cash generative businesses with strong growth potential. We typically invest £50m to £150m in private companies with low leverage, providing long-term capital along with operational and strategic support to portfolio company management teams. Unlike many private equity firms, as a balance sheet investor, we are not constrained by the finite life of a private equity fund, which allows us to take a truly long-term approach to managing and realising value from our investments.

Performance
At 31 March 2024, the Private Capital portfolio consisted of eight companies, with five investments representing over 90% of value.

The portfolio was valued at £820.3m and generated a return of +12.3% (+12.9% in local currencies), driven by the sale of Seven Investment Management ('7IM'), generating a £59m or 32% uplift to the 31 March 2023 carrying value and good operating performance across the majority of the investee companies. Over the last 10 years the Private Capital pool has delivered a return of 13.9% p.a.

The majority of the portfolio is valued on an earnings multiple basis, with multiples in the range 9 to 14 times current year earnings. Gearing levels are low, with net debt typically in the range of 2 to 2.5 times earnings before interest, tax, depreciation and amortisation ('EBITDA').

Investment activity
We invested a total of £161.2m during the year, primarily driven by our £142.5m acquisition of AIR-serv Europe in April 2023. We received £255.8m of proceeds from the sale of 7IM in January 2024.

Portfolio summary
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 trade well, with many delivering good performance and valuation progression. The valuation at 31 March 2024 was £181.0m, a return of 4.3% for 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 by Caledonia in April 2023. The business has since reported year-on-year growth, trading ahead of expectations. Having been held at equity purchase cost since acquisition in April 2023, the business is now valued on an earnings basis, leading to an increase in value of £28m. The valuation at 31 March 2024 was £170.1m, a return of 19.4% for the year.

Stonehage Fleming, the international multi-family office, continues to deliver good revenue and margin growth across each of the Family Office, Investment Management and Financial Services businesses, driven by client wins and increased activity levels. The valuation at 31 March 2024 was £168.5m, a return of 18.8% for the year.

Liberation Group, an inns and drinks business with a pub estate stretching from south-west London to Bristol and the Channel Islands. The business has been adversely impacted by the cost of living crisis, reducing consumer discretionary incomes and sustained cost inflation, particularly UK energy costs. Profitability and revenue growth continues to improve and the optimisation of the Cirrus Inns business, acquired in December 2022, is ongoing. The valuation at 31 March 2024 was £135.2m, a return of 2.6% for the year.

Cooke Optics, a leading manufacturer of cinematography lenses, as previously reported, has been heavily impacted by the Hollywood writers' strike which started in early May 2023 and the subsequent actors' strike. Both disputes were resolved in November 2023. We are pleased to see improvement in demand for Cooke Optics' core products and the success of the new SP3 'prosumer' range. The valuation at 31 March 2024 includes a 10% equity discount to reflect continued uncertainty around the timing and nature of the post-strike recovery. The valuation at 31 March 2024 was £105.4m, a return of (14.9)% for the year.

Funds

Strategy

We invest in funds operating in North America and Asia with a bias to buyouts. The pool provides attractive diversification, investing in 74 funds managed by 42 managers with an underlying portfolio of over 600 companies, across a wide range of sectors and company sizes.

The North American based funds, which represent 59% of the Funds pool (18% of Caledonia's NAV), invest into the lower mid-market, with a focus on small to medium sized, often owner-managed, established businesses. These funds regularly provide the first institutional investment into these businesses, and support their professionalisation and growth, both organically and through M&A activity. Realisations are typically through trade sales or to other, larger private equity funds. The pool is a combination of directly owned funds (45% of Funds pool), with a broad range of managers generally managing funds under US$750m. The balance is in funds of funds investments (13% of Funds pool) with HighVista Strategies US private equity funds, our largest single manager over five separate funds with highly diversified portfolios.

Our Asia fund which represent 41% of the Funds pool (13% of Caledonia's NAV) invest across a wide range of sectors, which are set to benefit from wider demographic trends, such as healthcare and technology. The funds typically invest in 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 achieved through an IPO or trade sale. The pool is a combination of directly owned funds (23% of Funds pool), with a broad range of managers, the balance (18% of Funds pool) is invested with Asia Alternatives, Axiom and Unicorn, all funds of funds providers, investing in buyout, growth and venture capital.

Performance
At 31 March 2024, the pool was valued at £926.3m, generating a total return of +2.2%, or +4.3% in local currencies, driven by continued positive performance from our North American holdings (+9.8% in local currency) partially offset by the decline in the value of our Asia holdings (-3.1% in local currency) reflecting the more challenging market conditions in the region. Over the last 10 years, the Funds pool has delivered returns of 17.3% p.a.

Looking at the performance drivers in our North American primary fund programme, alongside realisation activity, robust operating performance continues to be a key driver of returns. Within our Asia portfolio, we believe underlying portfolios are well positioned, and trading is generally healthy. However, valuations have continued to be impacted by the weakness in local public markets and reduced attractiveness of foreign public markets for IPOs.

Investment activity
The Funds pool invested £108.6m over the year, with 63% deployed into North American funds and the balance into Asia funds. Distributions of £72.0m were broadly split 75%/25% between North America and Asia. After a quieter first half, we have seen a meaningful increase in activity in the North American portfolio, especially in the last quarter of the financial year, with our underlying managers cautiously optimistic that exit markets will continue to improve. In our Asia portfolio, given the market volatility and macro uncertainty in the region, alongside its earlier stage focus, we expect the pace of distributions to take longer to regain momentum.

Portfolio maturity
Our primary funds portfolio has a weighted average age of approximately 4.3 years. The weighted average age of our North American holdings is 4.0 years, within the window of a four to six year holding period typically targeted by our managers. Given the earlier stage focus of our Asia portfolio the weighted average age of these holdings is 5.1 years. As noted above, we expect exit activity in Asia to take longer to improve.

Uncalled commitments
During the year, we made a new commitment to a leading North American mid-market industrials fund and one secondary purchase of an Asia fund. We have a good investment pipeline of potential new fund commitments and in particular, we expect a number of our US managers to be fundraising over the next 12-18 months, as broader market conditions for exits in this market improve.

At 31 March 2024, uncalled commitments were £377m, 66% to North America and 34% to Asia.

Financial review

Our diversified portfolio underpinned another year of growth for Caledonia, with the company reporting a NAVTR of 7.4%, despite continuing challenges from elevated levels of inflation, higher interest rates and geopolitical uncertainty.

This continued positive performance has further extended our long-term track record of consistent returns, with the company reporting NAVTR of 10.0% over 10 years, a 7.2% and 4.2% respective outperformance of inflation and the FTSE-All Share index over the same period.

Caledonia ended the year with net assets of £2,965m (5369p per share) (2023: £2,798m; 5068p per share), with the uplift largely reflecting capital gains and investment income across our portfolio, partially offset by foreign exchange movements, dividend payments to our shareholders and the group's cost base.

Change in net assets

	£m
31 March 2023	2,798.0
Net investment gains	224.1
Portfolio investment income	47.1
Foreign exchange impact	(38.8)
Management expenses	(31.3)
Other	3.2
Net assets before dividends	3,002.3
Dividends paid	(37.0)
31 March 2024	2,965.3

Total comprehensive income

The company seeks to generate total profits from both investment income and capital growth. For the year ended 31 March 2024, the total comprehensive income was £203.4m (2023: £144.0m), of which £40.5m (2023: £20.6m) derived from income and £162.9m (2023: £123.4m) from capital.

	31 Mar 2024 £m			**31 Mar 2023 £m**		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Investment income – portfolio[1]	47.1	-	47.1	43.2	-	43.2
Net gains on fair value investments – portfolio[2]	-	185.3	185.3	-	126.4	126.4
Total return	47.1	185.3	232.4	43.2	126.4	169.6
Investment income – other investments[1]	14.7	-	14.7	-	-	-
Net (losses)/gains on fair value investments – other investments[2]	-	(10.9)	(10.9)	-	6.6	6.6
Net losses on fair value property	-	(3.9)	(3.9)	-	(1.4)	(1.4)
Other income	0.9	0.6	1.5	0.8	1.3	2.1
Total revenue	62.7	171.1	233.8	44.0	132.9	176.9
- ongoing management	(22.9)	-	(22.9)	(21.3)	-	(21.3)
- performance awards	-	(8.3)	(8.3)	-	(8.2)	(8.2)
- transaction costs	-	(0.1)	(0.1)	-	(0.4)	(0.4)
- exchange movements and other	(0.7)	-	(0.7)	-	-	-
- other transactions with intra-group (non-consolidated) entities[3]	(0.2)	-	(0.2)	(0.1)	-	(0.1)
Net finance costs	(0.2)	-	(0.2)	2.3	-	2.3
Taxation and other	1.8	0.2	2.0	(4.3)	(0.9)	(5.2)
Total comprehensive income	40.5	162.9	203.4	20.6	123.4	144.0

1. Total investment income from the portfolio and other investments £61.8m (2023: £43.2m)
2. Total net gains on fair value investments from the portfolio and other investments £174.4m (2023: £133.0m)
3. Other transactions with intra-group (non-consolidated) entities includes a £7.2m foreign exchange gain (2023: £nil) on an intra-group loan facility and a £7.2m (2023: £0.1m) interest expense on the intra-group loan facility which is reflected in finance costs in the Group statement of comprehensive income.

Caledonia allocates expenses between revenue and capital in accordance with guidance from the Association of Investment Companies and broader market practice. In addition to transaction costs, share-based payment expenses are allocated to capital. Caledonia's share-based compensation is directly linked to investment performance and is therefore viewed as an expense against gains on investments.

Revenue performance

Total comprehensive income was £40.5m (2023: £20.6m), an increase of £19.9m, primarily driven by the £14.7m investment income from a non-consolidated intra-group entity and a movement in the tax charge of £6.1m.

Investment income in the year totalled £47.1m, £3.9m higher than the prior year. Income from the Public Companies pool increased to £21.8m (2023: £20.8m). Investment income from the Private Capital pool was £21.7m (2023: £20.6m). Investment income from the Funds pool was £3.6m (2023: £1.8m).

Investment income from other investments totalled £14.7m representing a distribution paid by an intra-group non-consolidated entity. This primarily comprised income from the Funds pool and treasury income retained by the subsidiary over the preceding four years.

The company's revenue management expenses were £1.6m higher than last year at £22.9m (2023: £21.3m), reflecting higher personnel expenses of £0.9m, primarily driven by an inflationary increase, coupled with an increase in the average number of employees in our investment teams to support our growth. This was partially offset by a reduction in pension costs on our closed defined benefit scheme. There was also an increase in other costs, primarily driven by an increase in property expenses and marketing and communication expenditure.

Capital performance

Total comprehensive income was £162.9m (2023: £123.4m). The movement compared to last year was generated by higher levels of capital gains achieved by our investments.

Our investment portfolio continued to provide a degree of diversification, generating gains over the year. Net fair value gains from the portfolio were £185.3m (2023: £126.4m), and together with portfolio investment income, as described above, of £47.1m (2023: £43.2m) generated a total return of £232.4m (2023: £169.6m), an 8.7% return. Foreign exchange detracted from performance, with 52% of our NAV denominated in US dollars, predominantly the 2% strengthening of Sterling against the US dollar resulted in the £38.8m loss across our investment pools.

Within the net fair value gains from other investments is a loss of £10.9m related principally to foreign exchange losses on loans and tax movements in a non-consolidated subsidiary. The loan to the non-consolidated subsidiary was fully repaid at 31 March 2024. There is a reduction of £3.9m on property (2023: £1.4m reduction), reflecting higher yields on commercial properties.

The company's capital management expenses relating to performance awards were £8.3m (2023: £8.2m). Transaction costs of £0.1m (2023: £0.4m) were incurred, mainly linked to due diligence work on new private equity fund investments.

Ongoing charges

Our ongoing charges ratio for the year was 0.81% (2023: 0.77%). The ongoing charges ratio is calculated on an industry standard basis, comprising published management expenses over the monthly average net assets.

Valuation

The company maintains a considered valuation approach to all investments, applying caution in exercising judgement and making the necessary estimates.

All listed investments are valued based on the closing bid price on the relevant exchange as at 31 March 2024.Private Capital investments are valued biannually, principally on a normalised EBITDA/market multiple basis, in line with the latest IPEV guidelines. Our holding in Cobepa is derived from the external valuation it prepares. The Funds pool valuations are based on the most recent valuations provided by the fund managers, subject to cash movements from the valuation date. Within our Funds pool, we also reviewed the underlying valuation methodologies adopted by our fund managers and were satisfied that the techniques utilised were appropriate. The NAV of the Funds pool comprised 0.9% based on valuations dated 29 February 2024, 74.6%dated 31 December 2023, 24.4%, mostly funds of funds holdings, dated 30 September 2023 and 0.1% at 30 June 2023.

The following table summarises the source of valuations across the portfolio, illustrating that 76% of the portfolio value is subject to either market prices or independent external valuation.

Pool assets by valuation method	%
Quoted price	35
Fund NAV[1]	41
Earnings	24

[1] Includes Private Capital investment in Cobepa

Dividend
We recognise that a reliable source of growing dividends is an important part of shareholder return over both the short and longer term and have extended our record of growing annual dividends to 57 consecutive years. We paid an interim dividend of 18.93p per share on 4 January 2024 and have proposed a final dividend of 51.47p. The total annual dividend for the year of 70.4p is an increase of 4.5% on last year.

Including the proposed final dividend, the dividends to be paid out of revenue earnings for the year ended 31 March 2024 total £38.3m, which was covered by net revenue for the year of £40.5m.

Capital allocation
Prudent and disciplined management of our balance sheet is key to its continued strength and to ensure an efficient allocation of capital. We have performed additional modelling and stress testing during the year, which has informed our viability assessment.

To ensure that we maintain a balanced portfolio, each of our investment pools has a strategic allocation range. At 31 March 2024, all of our investment pools were within their strategic allocation range, albeit both our Public Companies and Private Capital pools are at the lower end of their respective ranges.

Alongside allocation to our investment strategies, we are committed to our dividend policy and, when appropriate, share buybacks. As more fully outlined in the Chair's and Chief Executive Officer's statements, we are limited in the number of shares we can repurchase. However, with the shares trading at a significant discount to NAV, the company has purchased and cancelled 290,219 shares at an average discount of 36% during March and April 2024, resulting in a 10.1p NAV per share accretion.

Cash flows, liquidity and facilities
Our net investment cashflows were an inflow of £27.6m. Investments into our portfolio totalled £343.7m, relating mainly to our Private Capital investment into AIR-serv Europe of £142.5m, £76.5m of investment into our Public Companies pool and £108.6m of investment into our Funds pool. Realisations from our portfolio totalled £371.3m, relating to the sale of our Private Capital investment 7IM for £255.8m, realisations of our Public Companies holdings of £43.5m and £72.0m of distributions from our Funds pool.

After investment income, management expenses and dividend payments to our shareholders, net cash inflow was £5.8m. At 31 March 2024, our net cash was £227.4m (31 March 2023: £221.6m). This combined with our undrawn revolving credit facility of £250m, provides the group with total liquidity of £477.4m.

Uncalled commitments
Our total uncalled commitments were US$476m (£377m), split 66% in North America and 34% Asia. During the year we committed US$59m.

Treasury management
Our treasury department provides a central service to group companies and conducts its operations in accordance with clearly defined guidelines and policies. Treasury transactions are only undertaken as a consequence of underlying commercial transactions or exposures and we do not seek to take active risk positions.

It is the treasury function's role to ensure that the group has sufficient available funds and facilities to meet its needs in the foreseeable future. Credit facilities of the group totalled £250m, comprising £112.5m from ING Group expiring in July 2025 and £137.5m from RBSI expiring in November 2027. One of the outcomes from the capital allocation modelling described above has informed an ongoing review and renewal of our credit facilities.

61% of our net asset value is non-Sterling denominated. We do not hedge our foreign currency exposure. However, this risk is fully recognised by the business and considered carefully within our risk management approach.

Shareholder communication
Since joining Caledonia in September 2023, one of the areas I have focused on has been to enhance the company's investor relations and communications programme to ensure our investment proposition is well understood and recognised by the market. As part of this process, we have recently reviewed and made significant updates to our monthly factsheet, and have increased our disclosures and case studies in the annual report and half and full year results presentations. We will continue to evolve this in future periods.

I have also reviewed the company's shareholder reporting cycle. Going forward, we will continue to announce a monthly NAV and factsheet, which capture movements in the value of our Public Companies and Funds investment pools, foreign exchange movements and key news. Our Private Capital pool is revalued twice a year and these valuations will be included in our March and September NAV and factsheets. Detailed analysis and commentary on all of our investment pools will be released in our half and full-year results announcements.

Rob Memmott
Chief Financial Officer

Risk management

Effective risk management is an integral part of the company's business model and assists in ensuring that the different parts of the group operate within strategic risk parameters. The board has overall responsibility for setting and monitoring the company's risk appetite.

Principal risks	Mitigation and management	Key developments
Strategic		
Risks in relation to the appropriateness of the business model to deliver long-term growth in capital and income. Strategic risks include the allocation of capital between public and private equity, and in relation to geography, sector, currency, yield and liquidity.	The company's business model and strategy are reviewed periodically, against market conditions and target returns. The performance of the company and its key risks are monitored regularly by management and the board.	All pools operated within the defined banding. As part of the financial planning cycle, enhanced stress testing was completed to ensure resilience to financial market volatility. The stress testing was supported by a third-party analytics company and the output supported backtesting pool assets over historical periods of volatility, for example the global financial crisis.
Investment		
Risks in respect of specific investment and realisation decisions. Investment risks include appropriate research and due diligence for new investments and the timely execution of both investments and realisations for optimising value.	Investment opportunities are subject to rigorous appraisal and a multi-stage approval process. Investment managers have well-developed networks through which they attract proprietary deal flow. Opportunities to enter or exit investments are reviewed regularly, being informed by market conditions, pricing and strategic aims.	The investment teams continue to review capacity and capability to ensure appropriate skills and resources are in place. New positions have been approved, including expertise in data and analytics. The Investment Committee met throughout the year to consider all material investment decisions.
Market		
Risk of losses in value of investments arising from sudden and significant movements in public market prices, particularly in highly volatile markets. Private asset valuations have an element of judgement and could also be impacted by market fluctuations. Caledonia's principal market risks are therefore equity price volatility, foreign exchange rate movements and interest rate volatility.	Market risks and sensitivities are reviewed weekly with actions taken, where appropriate, to balance risk and return. A regular review of market and portfolio volatility is conducted by the board. Reviews also consider investment concentration, currency exposure and portfolio liquidity. Portfolio construction, including use of private assets, provides some mitigation.	Market volatility has remained a factor during the year, although through the second half of 2023 and early 2024 this has reduced. Geopolitical conflicts remain, with the wars in the Ukraine and Middle East. Inflation pressures have reduced but remain higher than central bank targets, with interest rates likely to be higher for longer. The Public Companies team, whilst focused on long-term returns, remain alert to pricing opportunities around their core holdings. Foreign exchange movements continue to be an inherent risk. Ongoing monitoring remains the key control, with no appetite to hedge at the current time.
Liquidity		

Risk that liabilities, including private equity fund drawdowns, cannot be met or new investments cannot be made due to a lack of liquidity. Such risk can arise from being unable to sell an investment due to lack of a market, or from not holding cash or being able to raise debt.	Detailed cash forecasting for the year ahead is updated and reviewed quarterly, including the expected drawdown of capital commitments. A weekly cash update is produced, focused on the short-term cash forecast. Loan facilities are maintained to provide appropriate liquidity headroom. The liquidity of the portfolio is reviewed regularly.	£227m of cash on balance sheet at 31 March 2024, in addition to £250m of undrawn revolving credit facilities, providing significant capacity to fund attractive investment opportunities. Enhanced stress-testing and capital allocation modelling completed during the year, with activity in place to review and renew credit facilities. All excess cash placed in AAA-rated money market funds on an overnight basis. Regular counterparty reviews are undertaken. No bank term deposits utilised.
ESG & Climate change		
Risks in relation to the successful incorporation of ESG matters and climate change impacts into our investment approach. Identifying opportunities to drive our approach to ESG matters, deliver strong returns and manage the risks to meet evolving stakeholder expectations.	Caledonia continues to build ESG knowledge, particularly on climate change, and develop policy and processes to integrate ESG matters into our investment approach. The assessment of new and existing investments will fully incorporate ESG and climate change risks and opportunities.	Biannual pool reports to the board include ESG information and developments relating to that pool. Third party consultants were engaged to support the assessment of climate risks and opportunities associated with the Private Capital pool, enabling increased disclosure in this year's TCFD Report.
Regulatory & legal		
Risks arising from exposure to litigation or fraud, or failure to adhere to the tax and regulatory environment. Caledonia operates across a number of jurisdictions and in an industry that is subject to significant regulatory oversight.	Caledonia has internal resources to consider regulatory and tax matters as they arise. Professional advisers are engaged, where necessary, to supplement internal knowledge in specialised areas or when new regulations are introduced. Activities supported by regular staff training. Caledonia is a member of the Association of Investment Companies and operates in line with industry standards.	Key changes to the UK Corporate Governance Code occurred, including enhancements to the reporting of the monitoring and review of the effectiveness of the company’s risk management and internal control framework, and a future declaration of the effectiveness of the material controls. Additional resource has been engaged to drive the company’s response, coupled with the further enhancement of existing governance arrangements with the formation of an Operational Risk Committee. The requirements are non-prescriptive, with core developments planned for 2024 in preparation for pilot reporting to the board in March 2025.
Operational		

Risks arising from inadequate or failed processes, people and systems, or from external factors. Operational risks arise from the recruitment, development and retention of staff, systems and procedures, and business disruption.	Systems and control procedures are developed and reviewed regularly. They are tested to ensure effective operation. Appropriate remuneration and other policies are in place to facilitate the retention of key staff. Business continuity plans are maintained and updated as the business evolves and in response to emerging threats. This includes a specific focus on cyber security.	Cyber security remains a material risk exposure, with focused activity during the year to further strengthen the control environment. Technology control improvements included firewall enhancements, penetration testing and disaster recovery improvements. Human error remains a key potential weakness for all businesses and, to further strengthen controls, compulsory annual cyber security training has been enhanced alongside targeted phishing campaigns. Simulated scenario exercises have helped focus remediation on weaker controls. These were a key driver in migrating servers from Cayzer House to a secure off-site data centre, mitigating a number of potential threats to business continuity. A real-time cyber security simulation was facilitated by a third-party for executives, which strengthened planned incident management and cyber defence improvements. Oracle NetSuite replaced legacy finance systems, bringing greater resilience and facilitating a refresh of key processes. A new expenses system is being rolled out to further enhance controls and assist with the automation of tax compliance processes.

Group statement of comprehensive income for the year ended 31 March 2024

		2024			2023	
	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
Revenue						
Investment income	61.8	–	61.8	43.2	–	43.2
Other income	0.9	0.6	1.5	0.8	1.3	2.1
Net gains on fair value investments	–	174.4	174.4	–	133.0	133.0
Net losses on fair value property	–	(3.9)	(3.9)	–	(1.4)	(1.4)
Total revenue	62.7	171.1	233.8	44.0	132.9	176.9
Management expenses	(22.9)	(8.4)	(31.3)	(21.3)	(8.6)	(29.9)
Profit before finance costs	39.8	162.7	202.5	22.7	124.3	147.0
Treasury interest receivable	3.2	–	3.2	4.6	–	4.6
Finance costs	(10.6)	–	(10.6)	(2.4)	–	(2.4)
Exchange movements	6.3	–	6.3	–	–	–
Profit before tax	38.7	162.7	201.4	24.9	124.3	149.2
Taxation	1.8	0.6	2.4	(4.3)	(2.0)	(6.3)
Profit for the year	40.5	163.3	203.8	20.6	122.3	142.9
Other comprehensive income items never to be reclassified to profit or loss						
Re-measurements of defined benefit pension schemes	–	(0.8)	(0.8)	–	1.4	1.4

Tax on other comprehensive income	–	0.4	0.4	–	(0.3)	(0.3)
Total comprehensive income	40.5	162.9	203.4	20.6	123.4	144.0
Basic earnings per share	74.5p	300.2p	374.7p	37.9p	225.3p	263.2p
Diluted earnings per share	73.3p	295.7p	369.0p	37.3p	221.7p	259.0p

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

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

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

Statement of financial position
at 31 March 2024

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Non-current assets				
Investments held at fair value through profit or loss	2,695.4	2,794.9	2,700.7	2,803.2
Investments in subsidiaries held at cost	–	–	0.9	0.9
Investment property	13.3	15.1	–	–
Property, plant and equipment	25.2	27.9	–	–
Deferred tax assets	5.3	5.7	–	–
Other receivables	–	–	35.5	37.1
Employee benefits	4.3	4.0	–	–
Non-current assets	2,743.5	2,847.6	2,737.1	2,841.2
Current assets				
Asset held for sale	19.0	–	19.0	–
Trade and other receivables	7.3	6.9	5.0	3.1
Current tax assets	1.7	19.3	2.0	20.3
Cash and cash equivalents	227.4	221.6	227.3	221.1
Current assets	255.4	247.8	253.3	244.5
Total assets	2,998.9	3,095.4	2,990.4	3,085.7
Current liabilities				
Interest bearing loans and borrowings	–	(266.0)	–	(266.0)
Trade and other payables	(24.4)	(22.1)	(38.2)	(33.8)
Employee benefits	(3.1)	(2.4)	–	–
Current liabilities	(27.5)	(290.5)	(38.2)	(299.8)
Non-current liabilities				
Employee benefits	(5.0)	(5.1)	–	–
Deferred tax liabilities	(1.1)	(1.8)	–	–
Non-current liabilities	(6.1)	(6.9)	–	–
Total liabilities	(33.6)	(297.4)	(38.2)	(299.8)
Net assets	2,965.3	2,798.0	2,952.2	2,785.9
Equity				
Share capital	3.1	3.1	3.1	3.1
Share premium	1.3	1.3	1.3	1.3
Capital redemption reserve	1.4	1.4	1.4	1.4
Capital reserve	2,716.6	2,555.4	2,717.1	2,554.3
Retained earnings	250.2	247.4	236.6	236.4
Own shares	(7.3)	(10.6)	(7.3)	(10.6)
Total equity	2,965.3	2,798.0	2,952.2	2,785.9
Undiluted net asset value	5452p	5150p		
Diluted net asset value	5369p	5068p		

The Company profit for the year ended 31 March 2024 was £202.4m (2023: £144.8m)
The financial statements were approved by the board and authorised for issue on 20 May 2024 and were signed on its behalf by:

Mat Masters
Chief Executive Officer

Rob Memmott
Chief Financial Officer

Statement of changes in equity for the year ended 31 March 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Capital reserve £m	Retained earnings £m	Own shares £m	Total equity £m
Group							
Balance at 31 March 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
Total comprehensive income							
Profit for the year	–	–	–	163.3	40.5	–	203.8
Other comprehensive income	–	–	–	(0.4)	–	–	(0.4)
Total comprehensive income	–	–	–	162.9	40.5	–	203.4
Transactions with owners of the company							
Contributions by and distributions to owners							
Share-based payments	–	–	–	–	6.2	–	6.2
Transfer of shares to employees	–	–	–	–	(6.9)	6.9	–
Own shares purchased and cancelled	–	–	–	(1.7)	–	–	(1.7)
Own shares purchased	–	–	–	–	–	(3.6)	(3.6)
Dividends paid	–	–	–	–	(37.0)	–	(37.0)
Total transactions with owners	–	–	–	(1.7)	(37.7)	3.3	(36.1)
Balance at 31 March 2024	3.1	1.3	1.4	2,716.6	250.2	(7.3)	2,965.3
Company							
Balance at 31 March 2022	3.1	1.3	1.4	2,526.0	251.3	(13.3)	2,769.8
Profit and total comprehensive income	–	–	–	123.3	21.5	–	144.8
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	2,554.3	236.4	(10.6)	2,785.9
Profit and total comprehensive income	–	–	–	164.5	37.9	–	202.4
Transactions with owners of the company							
Contributions by and distributions to owners							
Share-based payments	–	–	–	–	6.2	–	6.2
Transfer of shares to employees	–	–	–	–	(6.9)	6.9	–

Own shares purchased and cancelled	–	–	–	(1.7)	–	–	(1.7)
Own shares purchased	–	–	–	–	–	(3.6)	(3.6)
Dividends paid	–	–	–	–	(37.0)	–	(37.0)
Total transactions with owners	–	–	–	(1.7)	(37.7)	3.3	(36.1)
Balance at 31 March 2024	3.1	1.3	1.4	2,717.1	236.6	(7.3)	2,952.2

Statement of cash flows
for the year ended 31 March 2024

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Operating activities				
Dividends received	57.9	41.6	57.9	44.5
Interest received	3.8	6.5	3.8	6.5
Cash received from customers	1.5	2.6	0.6	1.8
Cash paid to suppliers and employees	(24.5)	(25.3)	(24.7)	(28.2)
Taxes received	0.1	0.1	0.1	0.1
Group tax relief received	20.9	2.0	21.1	2.1
Group tax relief paid	(0.8)	–	–	(0.1)
Net cash flow from operating activities	58.9	27.5	58.8	26.7
Investing activities				
Purchases of investments	(340.8)	(468.1)	(340.8)	(468.1)
Proceeds from disposal of investments	599.7	192.1	599.7	192.1
Purchases of property, plant and equipment	(0.5)	(0.3)	–	–
Net cash flow from/(used in) investing activities	258.4	(276.3)	258.9	(276.0)
Financing activities				
Interest paid	(10.4)	(2.2)	(10.4)	(2.0)
Dividends paid to owners of the company	(37.0)	(130.5)	(37.0)	(130.5)
Proceeds from bank borrowings	70.0	–	70.0	–
Proceeds from group borrowings	–	266.0	–	283.7
Repayment of bank borrowings	(70.0)	–	(70.0)	–
Loan payments to subsidiaries	(258.8)	–	(258.8)	(17.8)
Purchases of own shares	(5.3)	(4.0)	(5.3)	(4.0)
Net cash flow (used in)/from financing activities	(311.5)	129.3	(311.5)	129.4
Net increase/(decrease) in cash and cash equivalents	5.8	(119.5)	6.2	(119.9)
Cash and cash equivalents at year start	221.6	341.1	221.1	341.0
Cash and cash equivalents at year end	227.4	221.6	227.3	221.1

Reconciliation of Net Cash Flow to Movement in Net Debt
for the year ended 31 March 2024

	Group		Company	
	2024	2023	2024	2023
	£m	£m	£m	£m
Net increase/(decrease) in cash and cash equivalents in the year	5.8	(119.5)	6.2	(119.9)
Cash inflow from increase in borrowings	(70.0)	(266.0)	(70.0)	(283.7)
Cash outflow from decrease in borrowings	328.8	–	328.8	17.8
Change in net debt resulting from cash flows	264.6	(385.5)	265.0	(385.8)
Change in net debt resulting from foreign exchange movements	7.2	–	7.2	(0.1)
Net (debt)/cash at the start of the year	(44.4)	341.1	(44.9)	341.0
Net cash/(debt) at the end of the year	227.4	(44.4)	227.3	(44.9)

Notes to the final results announcement

1. General information

Caledonia Investments plc is an investment trust company domiciled in the United Kingdom and incorporated in England in 1928, under number 235481. 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.

Going concern

As at 31 March 2024, the board has undertaken an assessment of the appropriateness of preparing its financial statements on a going concern basis, taking into consideration future cash flows, current cash holdings of £227m, undrawn banking facilities of £250m and readily realisable assets of £950m as part of a wider process in connection with its viability assessment. It has concluded that the group has sufficient cash, other liquid resources and committed bank facilities to meet existing and new investment commitments.

The directors have concluded that the group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to consider it appropriate to adopt the going concern basis in preparing the financial statements.

The group has conducted a going concern assessment which considered future cash flows, the availability of liquid assets and debt facilities, banking covenant requirements and consideration of the economic environment over at least 12 months from the date of approval of these financial statements. In making this assessment a number of stress scenarios were developed, factoring in (a) adverse foreign exchange movements, (b) a delay in disposals of directly owned private equity investments, (c) drawdown of all existing private equity fund commitments, (d) a significant market decline for two years and (e) the cumulative impact of (c) and (d) above.

Under these scenarios the group would have a range of mitigating actions available to it, including sales of liquid assets, and usage of banking facilities, which would provide sufficient funds 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 financial statements and therefore have prepared the financial statements on a going concern basis.

2. Dividends

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

	2024		2023	
	p/share	£m	p/share	£m
Final dividend for the year ended 31 March 2023 (2022)	49.20	26.7	47.3	25.6
Special dividend for the year ended 31 March 2022			175.0	95.0
Interim dividend for the year ended 31 March 2024 (2023)	18.93	10.3	18.2	9.9
	68.13	37.0	240.5	130.5

Amounts proposed after the year end and not recognised in the financial statements were as follows:

Proposed final dividend for the year ended 31 March 2024	51.47	28.0		

The proposed final dividend for the year ended 31 March 2024 was not included as a liability in these financial statements. The dividend, if approved by shareholders at the annual general meeting to be held on 17 July 2024, will be payable on 1 August 2024 to holders of shares on the register on 28 June 2024. The ex-dividend date will be 27 June 2024. The deadline for elections under the dividend reinvestment plan offered by Link Group will be the close of business on 11 July 2024.

For the purposes of section 1158 of the Corporation Tax Act 2010 and associated regulations, the dividends payable for the year ended 31 March 2024 are the interim and final dividends for that year, amounting to £38.3m (2023: £36.6m).

3. Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share of the group was based on the profit attributable to shareholders and the weighted average number of shares outstanding during the year. The calculation of diluted earnings per share included an adjustment for the effects of dilutive potential shares.

The profit attributable to shareholders (basic and diluted) was as follows:

	2024	2023
	£m	£m
Revenue	40.5	20.6

Capital	163.3	122.3
Total	203.8	142.9

The weighted average number of shares was as follows:

	2024 000's	2023 000's
Issued shares at the year start	54,664	54,664
Effect of shares cancelled	(1)	–
Effect of shares held by the employee share trust	(270)	(376)
Basic weighted average number of shares in the year	54,393	54,288
Effect of performance shares, share options and deferred bonus awards	844	881
Diluted weighted average number of shares in the year	55,237	55,169

4. Operating segments

The following is an analysis of the profit/(loss) before tax for the year and assets analysed by primary operating segments:

	Profit/(loss) before tax		Total assets	
	2024 £m	2023 £m	2024 £m	2023 £m
Public Companies	101.8	1.4	949.8	836.9
Private Capital	111.2	64.6	820.3	824.0
Funds	19.4	103.6	926.3	873.8
Investment portfolio	232.4	169.6	2,696.4	2,534.7
Other investments[1]	1.4	7.3	18.0	260.2
Total revenue/investments	233.8	176.9	2,714.4	2,794.9
Cash and cash equivalents	3.2	4.6	227.4	221.6
Other items	(35.6)	(32.3)	57.1	78.9
Reportable total	201.4	149.2	2,998.9	3,095.4

1. Other investments included £18.0m of non-pool investments (2023: 260.2m of non-pool investments).

5. Share-based payments

In the year to 31 March 2024, participating employees in the performance share scheme were awarded options over 212,049 shares at nil-cost (2023: 172,802 shares). Also in the year to 31 March 2024, participating employees received deferred awards over 1,976 shares (2023: 39,500 shares). The IFRS 2 expense included in profit or loss for the year was £7.1m (2023: £7.4m).

6. Net asset value

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

	2024			2023		
	Net assets £m	Number of shares[1] 000's	NAV p/share	Net assets £m	Number of shares[1] 000's	NAV p/share
Undiluted	2,965.3	54,388	5452	2,798.0	54,326	5150
Share awards	–	844	(83)	–	881	(82)
Diluted	2,965.3	55,232	5369	2,798.0	55,207	5068

1. Number of shares in issue at the year-end is stated after the deduction of 223,666 (2023: 337,962) ordinary shares held by the Caledonia Investments plc Employee Share Trust.

Net asset value total return is calculated in accordance with guidance from the Association of Investment Companies ('AIC'), as the change in NAV from the start of the period, assuming that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

	2024 p	2023 p
Diluted NAV at year start	5068	5041
Diluted NAV at year end	5369	5068

Dividends payable in the year	68	241
Reinvestment adjustment[2]	6	9
	5443	5318
NAVTR over the year	7.4%	5.5%

2. The reinvestment adjustment is the gain or loss resulting from reinvesting the dividends in NAV at the ex-dividend date.

7. Capital commitments

At the reporting date, the group and company had entered into unconditional commitments to limited partnerships, committed loan facility agreements and a conditional loan and purchase agreement, as follows:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Investments				
Contracted but not called	377.3	422.6	377.3	422.6
Conditionally contracted	–	–	4.5	4.5
	377.3	422.6	381.8	427.1

Amounts are callable within the next 12 months. The group has conducted a going concern assessment which considered future cash flows, the availability of liquid assets and debt facilities, over the 12-month period required. In making this assessment a number of stress scenarios were developed. All scenarios include all outstanding private equity fund commitments being drawn. Under these scenarios the group would have a range of mitigating actions available to it, including sales of liquid assets and usage of banking facilities, which would provide sufficient funds to meet all of its liabilities as they fall due and still hold significant liquid assets over the assessment period.

8. Performance measures

Caledonia uses a number of performance measures to aid the understanding of its results. The performance measures are standard within the investment trust industry and Caledonia's use of such measures enhances comparability. Principal performance measures are as follows:

Net assets
Net assets provides a measure of the value of the company to shareholders and is taken from the IFRS group net assets.

Net asset value ('NAV')
NAV is a measure of the value of the company, being its assets – principally investments made in other companies and cash held – minus any liabilities. NAV per share is calculated by dividing net assets by the number of shares in issue, adjusted for shares held by the Employee Share Trust and for dilution by the exercise of outstanding share awards. NAV takes account of dividends payable on the ex-dividend date.

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

Total shareholder return ('TSR')
TSR measures the return to shareholders through the movement in the share price and dividends paid during the measurement period.

9. Financial instruments – 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 fund 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 investments), totalling £820.3m (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 instruments that are substantially the same (subject to appropriate adjustments).

For private equity fund investments (unlisted Funds Pool investments), totalling £898.8m (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.

The following table provides information on significant unobservable inputs used at 31 March 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

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 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 are therefore subject to a similar degree of estimation uncertainty. 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.

At 31 March 2024

Description / valuation method	Fair value	Unobservable input	Weighted average input	Input sensitivity	Change in valuation
	£m			+/-	+/- £m
Internally developed					
Private companies					
Large, earnings	473.9	EBITDA multiple	12.1x	10.0%	+51.1/-52.7
Small and medium, earnings	164.0	EBITDA multiple	9.1x	10.0%-15%	+15.3/-14.4
Net assets / manager valuation	182.4	Multiple	1	0.1x	+18.6/-18.8
	820.3				+85.0/-85.9
Non-pool companies	18.0				
Total internal	838.3				
Externally developed					
Private equity fund					
Net asset value	898.8	Manager NAV	1	5%	+/-44.9
	1,737.1				+129.9/-130.8

10. Financial information

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 March 2024 or 2023 but is derived from those accounts. Statutory accounts for 31 March 2023 have been delivered to the Registrar of Companies, and those for 31 March 2024 will be delivered in due course. The auditor has reported on those accounts; their reports were: (i) unqualified; (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The statutory accounts for the year ended 31 March 2024 will be published on 14 June 2024 and made available for download from the company's website on that date. Also, a copy will be delivered to the Registrar of Companies in accordance with section 441 of the Companies Act 2006, following approval by shareholders.

The statutory accounts for the year ended 31 March 2024 include a 'Directors' statement of responsibility' as follows:

Each of the directors confirm that, to the best of their knowledge:

- The group and parent company financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole

- The strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the board by:

Mat Masters	Rob Memmott
Chief Executive Officer	Chief Financial Officer
20 May 2024	20 May 2024

Forward looking statements: This announcement may contain statements about the future including certain statements about the future outlook for Caledonia Investments plc and its subsidiaries ('Caledonia'). These are not guarantees of future performance and will not be updated. Although we believe our expectations are based on reasonable assumptions, any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

END

Copies of this statement are available at the company's registered office, Cayzer House, 30 Buckingham Gate, London SW1E 6NN, United Kingdom, or from its website at www.caledonia.com.