

Chief Executive Officer's review

Our thoughtful, long-term compounding investments delivered another year of positive performance.

Time Well Invested

5.4%

NAV total return
as at 31 March 2026

9.2% p.a.

NAV total return over 10 years

Chief Executive Officer's review continued



“While having a high-quality portfolio matters, it is nothing without the quality of the people behind it. It is important to surround yourself with great people — the teams we back and my colleagues at Caledonia.”

Mat Masters
Chief Executive Officer

Q&A

Mat Masters shares his perspective on our strategy, market environment and lessons from his 20 years' service at Caledonia.

Q: How would you describe Caledonia's performance this year?

A: We delivered a solid performance of 5.4% NAVTR in what was a highly unsettled environment – against a backdrop of geopolitical uncertainty, volatile markets and rapid shifts in sentiment, particularly the impact of artificial intelligence ('AI'). All three of our investment pools contributed positively to growth, which speaks to the resilience and diversification of the portfolio.

More broadly, the year demonstrated the strengths of our model. We are not trying to predict every short-term market move; we are focused on owning high-quality businesses, backing experienced managers and allocating capital prudently. That long-term, disciplined approach, combined with a strong balance sheet and significant liquidity, means we are well placed not only to withstand uncertainty but also to take advantage of opportunities as they arise.

Q: Caledonia has a majority shareholder in the Cayzer family – how does this benefit the rest of your shareholders?

A: We are now in the 7th generation of the Cayzer family and that brings a genuinely long-term perspective. Caledonia was established to protect and grow multigenerational wealth – with a focus on compounding capital and income over time. Importantly, all shareholders invest on exactly the same terms. The family shareholding provides stability, reinforces our long-term perspective and allows us to stay focused on building value steadily.

Q: TSR has been disappointing and despite positive NAV growth, the shares continue to trade at a significant discount. How are you addressing this?

A: We recognise that TSR has been disappointing and that the discount remains wide. Addressing it is a clear priority for the board. During the year we allocated £35m to share buybacks, enhanced our investor engagement, implemented a share split to broaden accessibility and re-profiled the interim dividend to provide a more predictable income stream. Ultimately, we believe the best way to close that gap is to continue delivering strong long-term NAV growth while ensuring the quality of our investment proposition is better understood by the market.

Q: What is your perspective on AI and its implications for Caledonia?

A: AI is clearly an important long-term theme, but I would not characterise our approach as chasing it or fearing it. We are clearly very mindful of both the opportunities and the volatility it can create. It contributed to a significant re-rating in Oracle, where we took gains and managed our exposure, and reinforced the importance of staying disciplined amid fast-moving market sentiment. For Caledonia, the implication is that AI will continue to shape markets and create opportunities, but our focus remains on fundamentals, selective capital allocation and active risk management.

Q: With substantial liquidity and a strong balance sheet, how are you thinking about capital allocation from here – between backing new opportunities, maintaining flexibility and continuing share buybacks where appropriate?

A: Our first priority is to allocate capital selectively to the best opportunity. Because we invest our balance sheet, we have the flexibility to act decisively when attractive opportunities arise, without relying on fundraising.

Following completion of the Stonehage Fleming sale, Private Capital will be underinvested, so we would like to re-deploy a meaningful proportion of the proceeds to this pool. However, we are in no rush, being comfortable holding additional cash until we see opportunities that meet our return and quality thresholds. Share buybacks remain an important tool where they are clearly in shareholders' interests, but they must be balanced against staying well invested and retaining flexibility for future opportunities.

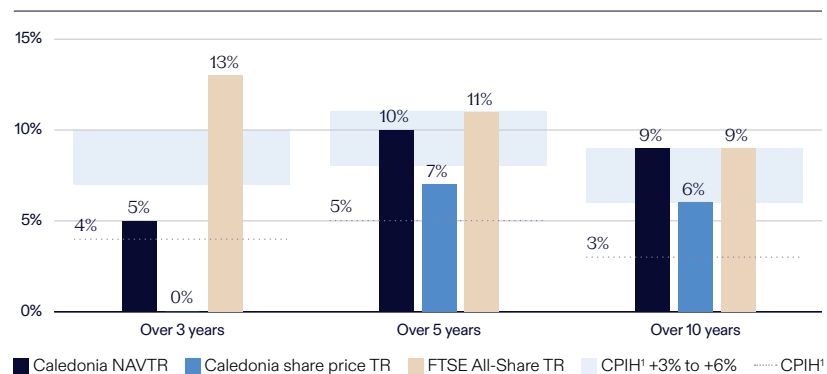
Q: You recently celebrated 20 years' service at Caledonia, what have those two decades taught you?

A: I have learned that successful long-term investing is as much about temperament as it is about judgement. Markets, technologies and geopolitics will always change, often in unpredictable ways, but the principles that matter most are more constant: backing high-quality businesses, maintaining a strong balance sheet, allocating capital prudently and staying focused on the long term. I have also learned that, while having a high-quality portfolio matters, it is nothing without the quality of the people behind it. I have come to appreciate just how important it is to surround yourself with great people – the teams we back and my colleagues at Caledonia. Those are the principles that have stood the test of time and are central to our success.

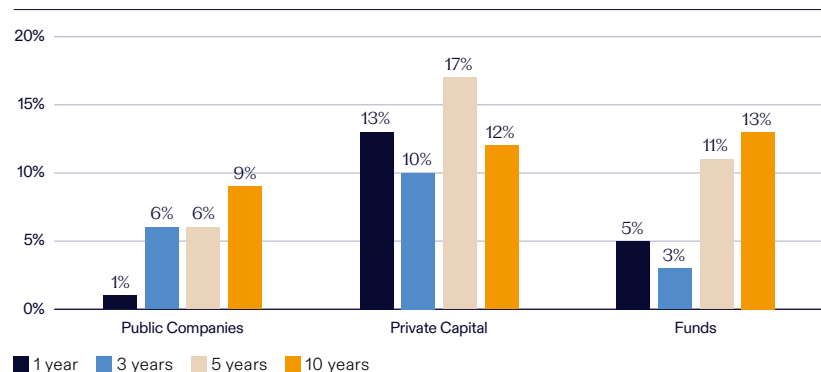
Chief Executive Officer's review continued

Caledonia's long-term investment approach, embodied in our philosophy of 'Time Well Invested', continued to underpin another year of positive progress.

ANNUALISED RETURNS



ANNUALISED INVESTMENT POOL RETURNS



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

We delivered a solid performance this year with NAVTR of 5.4%, against the backdrop of considerable macroeconomic and geopolitical uncertainty, with all three investment pools contributing positively to growth. This reflects the strength of our business model, the benefit of our diversified portfolio and the resilience of our investment approach. We continue to focus on investing in well-managed companies with strong fundamentals, operating in attractive markets. These characteristics position the portfolio to look through short-term noise and to navigate periods of disruption and uncertainty with confidence.

The year began with volatility following the US administration's 'Liberation Day' announcement in April 2025, which led to a decline across global equity markets and provided us an opportunity to deploy capital into our Public Companies pool. We maintained discipline, taking advantage where we saw opportunity to invest and manage risk.

The rapid progress in AI and technology during the year fuelled both optimism and concern. Sentiment fluctuated over the course of the year, highlighting the pace of change and the uneven path of market expectations. A significant re-rating of our investment in Oracle took place during this period. We successfully risk managed the position, realising £65m, delivering a 96.3% return during the year, which compares favourably with the return that the stock delivered of 2.4% over the year.

In the Private Capital pool, we agreed the sale of Stonehage Fleming, delivering a fantastic result. More broadly, transaction volumes in private markets remained low, although we were encouraged to see some early signs of momentum returning during the year, particularly in our Asia funds.

Towards the end of the year, the Iranian conflict increased uncertainty leading to heightened market volatility in March, and the subsequent increase in inflation created a more challenging environment for investors and reduced our overall return for the year.

We recognise that shareholders will rightly be disappointed by the -7.1% total shareholder return due to the discount widening. There is no single solution to narrowing the discount and as set out in the Chair statement, during the year we have continued to pursue a number of measures to address it.

Performance highlights

We invest across private and public markets. Overall, the portfolio generated a return of 6.1% in the year. This included adverse foreign exchange movements which negatively impacted returns by 0.9%.

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 cover our cost base and dividend.

Performance was affected by the considerable market volatility as a result of the Iranian conflict nearing the end of the financial year. The pool delivered a 1.2% return in the year, down from 9.0% at the end of February.

5.8% p.a.
NAV outperformance of inflation over 10 years

Chief Executive Officer's review continued

Within Private Capital, the portfolio delivered an overall return of 13.1%. The agreed sale of Stonehage Fleming was a key contributor and marks an excellent outcome. It is a clear demonstration of our patient capital approach at work: backing an exceptional management team, supporting the development of an even stronger business over time, creating substantial value during our ownership and ultimately delivering an outstanding return for shareholders. AIR-serv Europe also delivered another year of strong performance, leading to a higher valuation.

The Funds pool performed well in the year, delivering a total return of 4.9% or 7.1% in local currency. Performance was supported by positive contributions from both North America and Asia, reflecting the quality of the underlying portfolios and meaningful realisations. While distributions continued to be subdued as expected, we are encouraged by a pick up in IPO and fundraising activity in Asia. The portfolios remain resilient, with exposure to domestic markets and attractive long-term growth sectors.

Liquidity and balance sheet

A strong financial position is core to Caledonia's strategy. We ended the year with net cash of £90m, which, alongside our £325m revolving credit facility, provides significant liquidity to invest in attractive opportunities as they arise.

Proceeds of c.£290m from the agreed sale of Stonehage Fleming are expected in mid 2026. This will further enhance our liquidity and position us well to pursue opportunities that meet our selective investment criteria.

People

Our people remain at the heart of our business and we are committed to fostering an environment in which exceptional talent can thrive. I would like to thank my colleagues for their unwavering enthusiasm and dedication which continue to drive our success.

I would also like to thank our Chair, David Stewart, and non-executive director, Charles Cayzer who will both step down at the conclusion of the forthcoming annual general meeting. We are very grateful for their leadership, counsel and support throughout their tenure.

Our approach to responsible investment

As we highlight in the Sustainability section, we have continued to build on our approach to responsible investment and consider the issues associated with climate change and its potential impact on our business and portfolio. Our Task Force on Climate-related Financial Disclosures report will be published alongside this annual report.



“ While uncertainty is likely to remain a feature of markets, Caledonia is well placed to continue delivering long-term value for shareholders. ”

Mat Masters
Chief Executive Officer

Looking forward

Looking ahead, we recognise that uncertainty in the economic and geopolitical backdrop is likely to remain a feature of markets in the year ahead. Nevertheless, we believe Caledonia is well placed to continue delivering long-term value for shareholders. The strength of our model, centred on investing in high-quality companies with lower levels of financial risk, gives us confidence in the resilience of the portfolio and its ability to perform over the long term. Our balance sheet and liquidity are strong, providing us with the ability to pursue opportunities as they arise. We remain focused on compounding NAV over the long term, while continuing our efforts to improve shareholder returns and ensure that the strength of our investment proposition is more fully reflected in the share price.

Mat Masters
Chief Executive Officer
18 May 2026