Strategic report

Chair's statement

David Stewart
Chair

All three of our investment pools contributed to growth in the year.

Results

I am pleased to report another year of positive performance at Caledonia, with NAVTR of 3.3%. This has further extended our track record of generating long-term real returns, outperforming inflation by 5.8% p.a. over the last decade, at the top end of our medium to long term goal. Our portfolio delivered a 3.5% return against an increasingly uncertain macroeconomic and geopolitical backdrop. All three of our investment pools contributed to growth in the year.

Income and dividend

Investment and other income[1] decreased from £62.7m to £53.6m[2] and total net revenue was £30.9m[3]. As reported in previous years, 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 fund investments will play a more material role in dividend cover. The Funds pool generated a net cash inflow of £43.8m which, together with net revenue, was sufficient to cover our proposed annual dividend.

The board is recommending a final dividend of 53.91p per share for the year ended 31 March 2025 which, if approved by shareholders, will be payable on 7 August 2025 to ordinary shareholders on the register on 27 June 2025. This represents a full-year dividend of 73.6p per share, an increase of 4.5% when compared to the previous year, and 58 consecutive years of increased annual dividends.

We remain committed to our progressive dividend policy which aims to increase annual dividends by at least the rate of inflation over the long term. The board intends to increase future interim dividends to 50% of the prior year's total annual dividend, commencing later this year. This will ensure a more balanced dividend profile than has been paid historically and provide a more predictable income stream to our shareholders.

Share split

The board is recommending a 10:1 share split which, if approved by shareholders at the forthcoming annual general meeting, is planned for implementation on or after 17 July 2025. This will reduce the nominal value of ordinary shares from 5p to 0.5p and is expected to improve accessibility for a wider range of shareholders.

1. Revenue account.
2. Including the benefit of £9m of revenue from non-consolidated subsidiaries.
3. Alternative Performance Measure.

Share buybacks and general meeting

The Cayzer family concert party (the 'Concert Party') is a long-term shareholder and the source of Caledonia's strong culture and long-term outlook. Share buybacks increase the percentage of voting rights held by the Concert Party. Previously, in circumstances where the Concert Party owned more than 30% but less than 50% of the shares, any increase in the percentage of shares it owned could have triggered an obligation on the Concert Party to make a mandatory offer for the company under Rule 9 of The City Code on Takeovers and Mergers (the 'Code'). Independent shareholders were therefore asked each year to renew a waiver of these mandatory offer provisions such that they would not be triggered provided that the Concert Party's percentage holding in the company did not exceed 49.9%.

This cap on the Concert Party's holding was constraining the company's ability to buy back any further shares. During the year the board carefully considered the possibility of taking steps to remove the 49.9% cap and to seek approval for further buybacks which could result in the Concert Party's interest in the company's voting rights increasing beyond 50%. I was pleased to take part in meetings with independent shareholders to discuss this.

Two resolutions were proposed at a general meeting held on 18 December 2024. The first resolution refreshed the authority to make market purchases of ordinary shares. The second resolution sought approval of an uncapped waiver of any requirement on the Concert Party to make an offer for the company under the Code's mandatory offer provisions due to share buybacks. The board is pleased that both resolutions were duly passed, giving the company flexibility to buy back its shares in the future. In considering whether to do this, the board will continue to take into account the liquidity of the company's shares, its ongoing investment strategy and the level of any discount at which the shares are trading in the market relative to NAV per share.

Since the general meeting, the Concert Party's percentage holding in the company has increased to over 50%. As at 19 May 2025, the Concert Party holding was 50.4%.

Chairing the board

The board has asked that I extend my tenure for one final year, until no longer than the annual general meeting in 2026. This is subject to my re-election being approved by shareholders in July.

Annual general meeting

Each year I, together with my board colleagues, very much welcome the opportunity to meet with shareholders in person at our annual general meeting which once again takes place in London on 16 July 2025.

Outlook

As Mat outlines in his report, the unstable macroeconomic and geopolitical backdrop is likely to continue, causing a degree of uncertainty across the portfolio. However, Caledonia's investment strategy takes a long-term view. We have a diversified portfolio of high quality, well managed and profitable companies alongside investments in funds with track records of success. We continue to focus on the quality and resilience of each investment. 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
19 May 2025

Chief Executive Officer's report

Mat Masters
Chief Executive Officer

Our performance has been delivered against a background of increasing macroeconomic and geopolitical uncertainty, underlining the strength of our investment strategy.

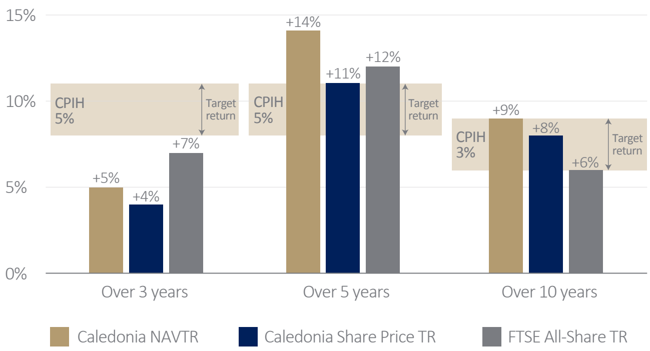
3.3%
NAV total return

Caledonia's long term investment approach of 'Time Well Invested', making thoughtful compounding investments, has underpinned another year of positive performance, with NAVTR of 3.3%. This performance continues to build on our track record of delivering long term real returns, outperforming both inflation and the FTSE All-Share total return over the past decade. Alongside this, we have increased dividends paid to shareholders for 58 consecutive years.

We have delivered this performance against an increasingly uncertain macroeconomic and geopolitical backdrop, demonstrating the strength and resilience of our diversified, global portfolio of quality companies and funds, with all investment pools contributing to growth in the year.

In particular, in the latter part of our financial year, changes in US trade policy introduced significant uncertainty into the global economic outlook. Market volatility rose significantly in March as investors assessed the potential implications of higher tariffs and escalating US-China trade tensions on global growth, productivity and inflation. This volatility, along with recent elevated levels of inflation, has reduced short-term real returns. We believe our focus on investing in high quality, well managed companies, as well as fund managers with track records of success, positions us well to navigate the current uncertainty.

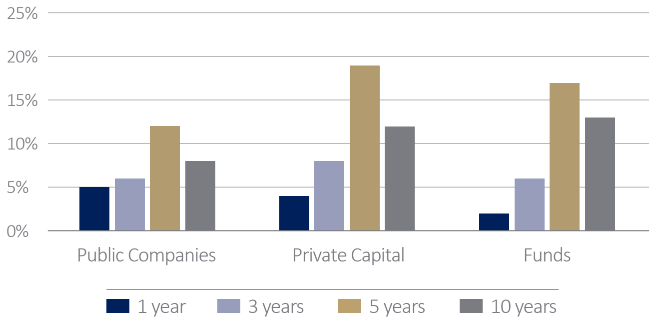
Annualised performance



Performance highlights

We invest across private and public markets. Overall the portfolio generated a return of 3.5% in the year. This included adverse foreign exchange movements which negatively impacted returns by 1.4%.

Annualised investment pool returns



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 market volatility nearing the end of the year. Despite this, the pool delivered a 4.7% return in the year.

Within Private Capital, we acquired Direct Tyre Management ('DTM'), adding another excellent business to our portfolio of directly held private assets. DTM is the UK's leading provider of outsourced tyre management services - a fantastic technology led solution enabling its customers to maximise fleet efficiency. Both Stonehage Fleming and AIR-serv Europe continued to report a strong performance, resulting in an increase in their valuations. This has been partially offset by a decline in the valuation of Cooke Optics. As previously reported, following the Hollywood strikes in 2023, demand for Cooke's products has taken longer than we anticipated to recover. As a result we have reflected a more conservative outcome in our valuation of the business. Overall, Private Capital reported a return of 3.7%.

Our Funds pool delivered a net positive cashflow of £44m following a subdued prior financial year. Our North America portfolio delivered an 8.4% return in local currency, with gains being driven by strong underlying operating performance and realisation activity. Our Asia portfolio return was -1.6% in local currency, which reflects the more challenging market conditions in the region. Taken together and including the negative impact of foreign exchange movements, our Funds pool produced a return of 2.2% in the year.

Liquidity and balance sheet

A strong financial position is core to Caledonia's strategy. We ended the year with net cash of £151m which, alongside our £325m revolving credit facility, provides significant liquidity to invest in attractive opportunities as they arise.

Shareholder returns

Broader market volatility and sentiment towards investment companies continue to weigh on ratings across the sector, and in particular those investment companies that invest in private assets, many of which continue to trade at significant discounts to net asset value.

Caledonia's share price increased by 10.2% on a total return basis over the year, with the discount narrowing from 39% to 35%. Despite this reduction in discount, we believe the share price continues to fundamentally undervalue the quality of our portfolio and our long-term track record.

Alongside continuing to deliver long-term compounding returns, addressing the discount remains a priority for the board and management team; it is important for shareholders to capture more fully the long-term increase in net asset value per share. There is no single solution to narrowing the discount. During the year we have focused much of our efforts on improving our investor relations and communications activities including launching a series of events profiling each of our investment pools and our differentiated approach. The first of these, the Private Capital Spotlight, was held in January and we will host a similar spotlight for our Public Companies pool in June 2025.

As covered in the Chair's statement, alongside improving communication, we also increased our ability to repurchase shares, which is highly accretive to NAV per share. We are announcing today two further initiatives: a 10:1 share split which we hope will make our shares more accessible to a wider range of investors and a change to our dividend payment profile. A reliable source of income is important to our shareholders and our progressive dividend policy aims to increase annual dividends by at least the rate of inflation over the long term.

Chief Executive Officer's report (continued)

People

Our employees remain our greatest asset and we are committed to fostering an environment that enables us to attract, retain and nurture exceptional people. This year, we have continued to strengthen the team across a number of functions, promoting internal talent and bringing in new expertise. I would like to thank my colleagues for their unwavering enthusiasm and dedication, which drives the success of our business.

Caledonia's long-term ethos and culture focused on 'Time Well Invested' is central to our working environment. During the year, we completed our second anonymised employee engagement survey and are delighted to have received a 92% response rate with 96% of responders recommending Caledonia as a 'great place to work'. We benchmark our analysis against businesses within the UK's financial services sector and are pleased that Caledonia is represented in the top quartile for both participation rates and engagement scores.

→ **Further information on our people and culture can be found in our Sustainability section**
Turn to pages 57-62

Our approach to responsible investment

As we highlight in the Sustainability section, we have further developed our approach to responsible investment. During the year, through our working group, we have strengthened our investment processes and continue to consider the issues associated with climate change and its potential impact on our business and portfolio. This year, for the first time, we are disclosing emissions for our Private Capital pool. Our third Taskforce on Climate-related Financial Disclosures report will be published alongside this annual report.

→ **Further details on our activities in this area are provided within the Sustainability section**
Turn to pages 52-56

Looking forward

We believe our diversified, global portfolio is well positioned to weather the uncertainties of the current market. We invest in businesses with strong market positions and fundamentals. We have a diversified portfolio of high quality, well managed and profitable companies. This strategy has delivered compounding real returns. Central to our success is a long term perspective underpinned by our robust evergreen balance sheet. These strengths enable us to look through shorter term volatility and take advantage of the long term opportunities arising from market disruptions.

Mat Masters
Chief Executive Officer
19 May 2025

The Strategic report includes the Section 172 statement, which sets out further detail of our stakeholders, on pages 80 to 85

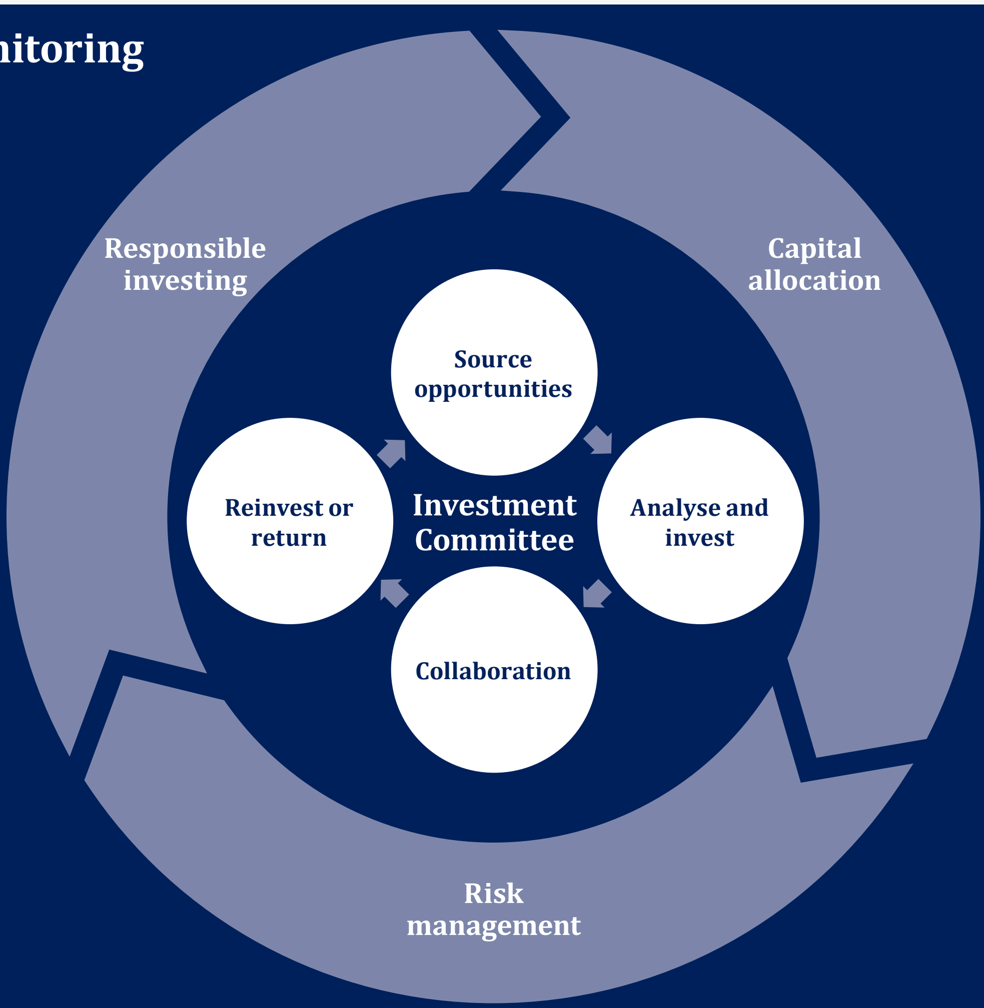
How we create value

We invest in proven, well-managed businesses that combine long-term growth characteristics with an ability to deliver increasing levels of income. We are a self-managed investment trust, and capitalise on our resources and relationships to identify opportunities, to deliver long-term capital growth and dividends for our shareholders.

Investment and monitoring

Key enablers of value

- expert team
- long term
- evergreen balance sheet
- investment process
- careful portfolio construction and risk mitigation
- reputation and network



Expert team

Our team has deep knowledge of the companies and sectors in which we invest. Our culture is centred around a collection of values that shape our approach to every aspect of investing: insightful, supportive, responsible, considered and long-term.

Long term

We buy to hold, investing in high-quality companies with strong market positions and fundamentals alongside investments in funds with track records of success.

Evergreen balance sheet

Our long term approach is underpinned by our evergreen balance sheet, which provides us with flexibility to invest in both private equity and quoted opportunities over longer timeframes (+10 year), and significantly reduces our investment cycle risk. We invest solely from the balance sheet and have no permanent corporate debt. We aim to maintain sufficient cash, liquid assets and committed facilities to cover our liabilities and commitments as they fall due.

Our investment process is tailored to the nature and risk of each investment pool. All investments are approved by the central Investment Committee with board approval required for investments and disposals over a defined threshold.

Investment pools

Public Companies

Target return
10.0% p.a. Capital portfolio
7.0% p.a. Income portfolio

Further information
Turn to page 28

Private Capital

Target return
14.0% p.a.

Further information
Turn to page 32

Funds

Target return
12.5% p.a.

Further information
Turn to page 36

Who benefits

Our shareholders

Our shareholders provide Caledonia's permanent capital and it is for their benefit that the directors are required to promote the company's success

Our people

Our employees are our most important asset and we invest time to foster their professional development and wellbeing

Our portfolio companies and funds

We build rewarding relationships and a deep understanding of our investments

Suppliers

We build and value long-term relationships

Community

Through our foundation, we have an ongoing commitment to the wider community

Further information
Turn to page 80

Investment process

Source opportunities
Opportunities are identified through our business network and our own research, with opportunities initially screened for characteristics which meet our strategic risk/return appetite.

Analyse and invest
Extensive and ongoing business and financial due diligence is conducted by the team, often with input from independent advisers, before a final investment decision is made.

Collaboration
We build long-term rewarding relationships while continuously monitoring performance and risk.

Reinvest or return
Proceeds from realisations are reinvested in new investment opportunities or returned to shareholders through dividends or share buybacks.

Careful portfolio construction and risk management

To achieve our target returns, we primarily invest in equities, on a global basis. We manage the risk of permanent loss of capital by diversifying our interests and avoiding excessively risky investments. Effective risk management is a key component of our investment approach and we consider a number of key risk areas which assist in ensuring that the investment pools operate within strategic risk parameters.

Reputation and network

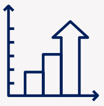
Our reputation as a supportive and constructively involved long-term investor enables us to develop our network of business contacts. This network enables us to identify opportunities and carry out due diligence, as well as being invaluable to the management of our investee companies.

Key performance indicators

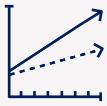
We measure our performance against four strategic objectives using key performance indicators.

KPI	Rationale	Progress in the year
Net asset value total return ('NAVTR')	NAVTR is a measure of how the net asset value ('NAV') per share has performed over a period, taking into account both capital returns and dividends paid to shareholders APM Alternative performance measure - see page 159 for details	• the company has further extended its performance track record, reporting NAVTR of 3.3% in the year • over five and 10 years the company has reported a NAVTR of 13.5% p.a. and 9.0% p.a. respectively, outperforming inflation by 8.9% and 5.8% over the same periods • over 10 years the company's NAVTR has outperformed the FTSE All-Share TR Index by 2.8% p.a.
Total shareholder return ('TSR')	TSR measures the return to our shareholders through the movement in the share price and dividends paid during the measurement period APM Alternative performance measure - see page 159 for details	• the company's TSR for the year was 10.2% p.a. • over five and 10 years, the company's TSR was 11.0% p.a. and 7.5% p.a. respectively • over five years the company's TSR has underperformed against the FTSE All-Share index by 1.0% p.a. and outperformed inflation by 6.4% p.a. • over 10 years the company's TSR has outperformed the FTSE All-Share index by 1.3% p.a. and inflation by 4.3% p.a.
Dividend growth over time	A reliable source of income is important for our shareholders. Caledonia has a progressive dividend policy Annual dividend is the per share amount payable to shareholders out of profits for the year, excluding any special dividends	• the company paid an interim dividend of 19.69p and has proposed a final dividend of 53.91p, taking total dividends to 73.6p per share, a 4.5% increase year on year, extending our record of growing annual dividends for 58 consecutive years • over the last five and 10 years, our dividend has grown by 3.8% p.a. and 3.8% p.a. • over the same period, inflation has increased by 4.6% p.a. and 3.2% p.a.
NAV per share	The measure of the company assets, calculated by dividing net assets by the fully diluted number of shares in issue Please see note 17 of the financial statements	• at 31 March 2025, the company had net assets of £2,932m (5475p per share), reporting a 2.0% NAV per share return over the year • over five and 10 years the company has reported a NAV per share growth of 11.1% p.a. and 6.5% p.a. respectively

Our strategic objectives



Generate total returns that outperform inflation by 3%-6% over the medium to long term

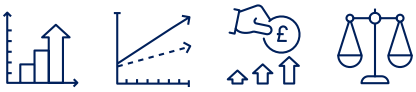


Generate total returns that outperform the FTSE All-Share index over 10 years

Pay annual dividends increasing by inflation or more over the long term

Manage investment risk effectively for long-term wealth creation

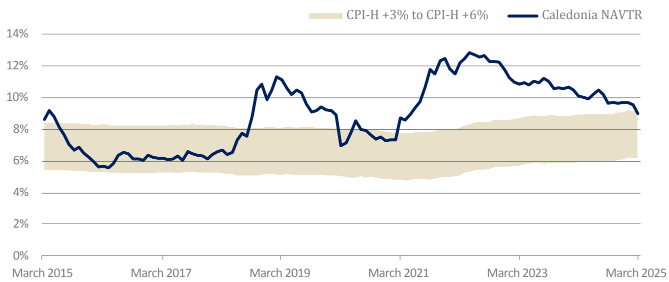
Links to strategic objectives and risks | Metric

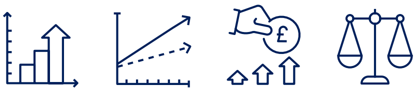


Risks:

Strategic
Investment
Market
Liquidity
Operational
ESG

NAVTR annualised 10-year rolling performance

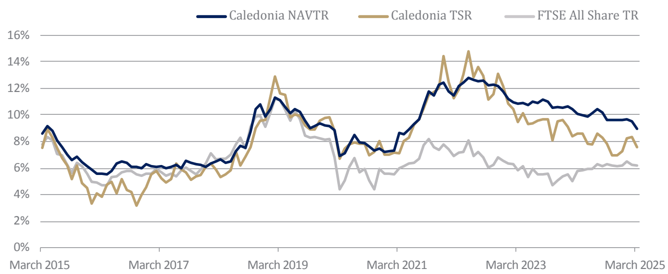




Risks:

Strategic
Investment
Market
Liquidity
Operational
ESG

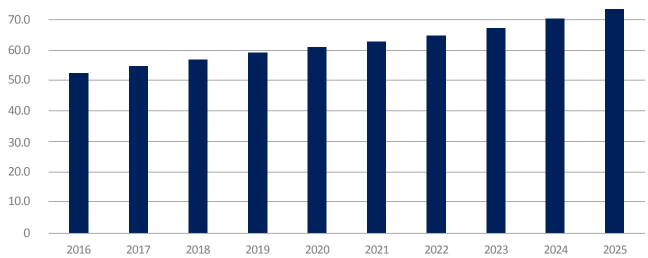
TSR annualised 10-year rolling performance

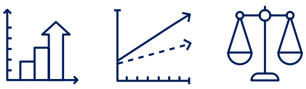


Risks:

Strategic
Investment
Market
Liquidity
Operational
ESG

Annual dividend/share over 10 years (p)

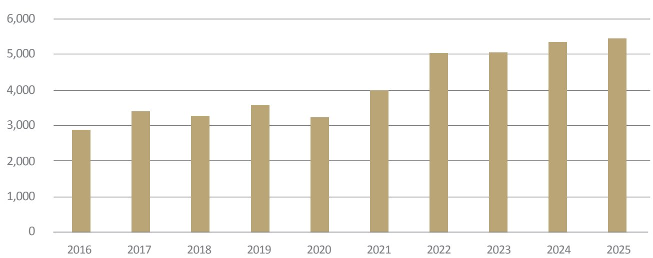




Risks:

Strategic
Investment
Market
Liquidity
Operational
ESG

NAV/share over 10 years (p)

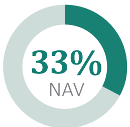


Investment review

Caledonia is a long term investor in both listed and private markets via three pools: Public Companies, Private Capital and Funds. Each investment pool is 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.

To ensure that we maintain a balanced portfolio, each of our investment pools has a strategic allocation range. At 31 March 2025, all of our investment pools were within their strategic allocation ranges.

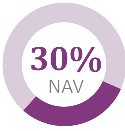
Public Companies



30%-40%

Strategic asset allocation

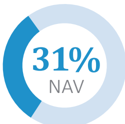
Private Capital



25%-35%

Strategic asset allocation

Funds



25%-35%

Strategic asset allocation

Overall performance

At 31 March 2025, the investment portfolio was valued at £2,732.7m, generating a return of 3.5% during the year. All investment pools contributed to growth, with performance delivered against a continuing backdrop of uncertainty and economic headwinds, underscoring the value of our diversified global portfolio of high-quality well-managed businesses with strong market fundamentals, alongside funds with strong track records of success.

Investment activity

During the year, we invested a total of £320.3m into the portfolio, against which £336.4m of proceeds were received, resulting in net inflow of £16.1m.

Geographic diversification

The following chart shows the distribution of the portfolio at 31 March 2025 between regions. The basis of this analysis is the country of listing for quoted securities, country of headquarter for unlisted investments and underlying regional analysis for funds.

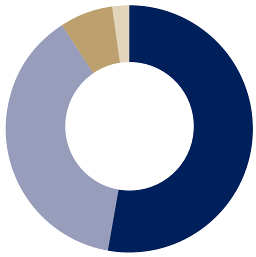
Geography by region (headquartered)

North America	45%
UK & Channel Islands	35%
Asia	11%
Europe	9%

Currency

The following chart analyses net assets at 31 March 2025 by currency exposure, based on the currencies in which investments, cash or other assets are denominated or traded. During the year, Sterling strengthened by 2.2% against the US dollar, adversely impacting our total return.

Currency exposure

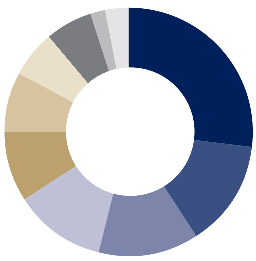


US dollar	53%
Pound Sterling	38%
Euro	7%
Other currencies	2%

Sector

The following chart shows the distribution of the portfolio at 31 March 2025 by sector, demonstrating a highly diverse sector exposure across our investments.

Sector



Industrials[1]	27%
Consumer discretionary	14%
Financials	13%
Information technology	12%
Funds of funds	9%
Healthcare	8%
Materials	6%
Consumer staples	6%
Communication services	2%
Other sectors	3%

1. Includes AIR-serv Europe, DTM and Cooke Optics

Investment movements in the year

	31 March 2024 £m	Investments £m	Realisations[3] £m	Accrued income £m	Gains/ (losses) £m	31 March 2025 £m	Income £m	Return[4] %
Public Companies	949.8	106.8	(114.2)	-	22.3	964.7	21.8	4.7
Private Capital	820.3	83.7	(48.6)	2.2	13.1	870.7	17.5	3.7
Funds	926.3	129.8	(173.6)	-	14.8	897.3	4.4	2.2
Total pools	2,696.4	320.3	(336.4)	2.2	50.2	2,732.7	43.7	3.5
Other investments[1]	18.0	-	(0.8)	-	(6.3)	10.9	9.0	
Total investments[2]	2,714.4	320.3	(337.2)	2.2	43.9	2,743.6	52.7	
Net cash	227.4					151.3		
Other net assets	23.5					36.7		
Net assets	2,965.3					2,931.6		

1. Other investments comprise legacy investments, cash, receivables and deferred tax liability in subsidiary investment entities.
2. Total investment portfolio at 31 March 2024 included £19.0m relating to one investment that was classified as assets held for sale in the Group's Statement of financial position and was realised during the year to 31 March 2025.
3. Private Capital realisation of £48.6m relates to the repayment of a bridge loan relating to the acquisition of DTM and the realisation of Bloom.
4. Returns for investments are calculated using the Modified Dietz methodology.

Investment review (continued)

Top 10 investments

At 31 March 2025, our top 10 investments were valued at £1,234.2m and represent 42.2% of net assets.

Stonehage Fleming

Sector	Investment pool
Financials	**Private Capital**

Value **£221.4m**

% of NAV **7.6%**

Largest independent multi-family office in EMEA, providing family office, fiduciary, investment management, corporate services, treasury and custody services.

Investment thesis
- attractive long-term growth dynamics of the ultra high net worth market
- geographic and product based acquisition strategy
- significant investment in technology platform and people.

AirServ

Sector	Investment pool
Industrials	**Private Capital**

Value **£197.7m**

% of NAV **6.7%**

Leading designer and manufacturer of air, vacuum and jet wash machines, providing turnkey solutions to fuel station forecourt operators across Western Europe.

Investment thesis
- expand the installed machine estate, focusing on jet wash and incremental air opportunities in the UK and air growth in existing and new European geographies
- create a standalone business, investing in people, operations and governance
- drive performance efficiencies and cash generation.

Cobepa

Sector	Investment pool
Financials	**Private Capital**

Value **£192.7m**

% of NAV **6.6%**

Belgian-based independent investment company with net assets of €5.1bn, investing in private businesses in Europe and North America.

Investment thesis
- first invested with Cobepa in 2004 and the investment has since delivered strong, compounding returns
- long-term partner, with similar investment philosophy to Caledonia Private Capital
- geographic diversification and source of potential co-investments.

Butcombe Group

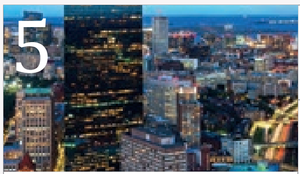
Sector	Investment pool
Consumer Discretionary	**Private Capital**

Value **£136.5m**

% of NAV **4.7%**

Inns and drinks business with a pub estate stretching from south-west London to Bristol and the Channel Islands.

Investment thesis
- defensive, asset backed business generating robust cash flow from its Channel Islands operations which is being reinvested in expanding the UK operations
- capital growth generated through targeted capex within the UK estate, both enhancing current assets and the acquisition of additional pubs
- market share gains and synergies from acquisitions.



HighVista Strategies

Sector	Investment pool
Diversified sector exposure	**Funds**

Value **£99.9m**

% of NAV **3.4%**

Private equity funds of funds investing in the US lower mid-market managed by HighVista Strategies.

Investment thesis
- provides diversified exposure to US private equity
- committed to five funds of funds.

Investments summary
Turn to page 158

6

PHILIP MORRIS INTERNATIONAL

Value **£90.1m**

% of NAV **3.1%**

Sector
Consumer discretionary

Investment pool
Public Companies

Leading international tobacco company, actively delivering a smoke-free future by transitioning its portfolio from predominantly combustible tobacco to smoke-free nicotine products.

Investment thesis
- market-leading position in smoke-free products, with IQOS and Zyn demonstrating strong growth and premium pricing power
- attractive economics and resilient cashflows with optionality to grow revenues further in the US over the medium term.

7

watsco THE COOLEST GREEN COMPANY

Value **£76.6m**

% of NAV **2.6%**

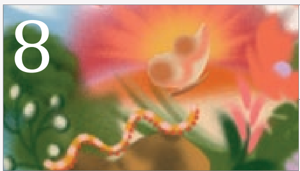
Sector
Industrials

Investment pool
Public Companies

Largest distributor of air conditioning, heating and refrigeration equipment in North America.

Investment thesis
- sustained investment in digitalisation of the business should support market share growth, margin improvement and enhance the attractiveness of Watsco as an owner of other smaller distributors
- continued positive industry dynamics should lead to strong compounding of earnings.

8



Microsoft

Value **£73.6m**

% of NAV **2.5%**

Sector
Information technology

Investment pool
Public Companies

Leading developer of computer software systems, applications and cloud services.

Investment thesis
- focuses on Microsoft's strength as a top tier cloud platform and a leader in enterprise software. In addition they are an important player in AI and are quickly integrating AI technology across their product range
- long duration of growth due to long term enterprise cloud transition with Microsoft's economics driven by Azure and Microsoft Office 365.

9

AXIOM ASIA Private Capital

Value **£73.4m**

% of NAV **2.5%**

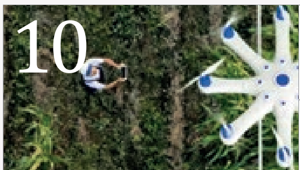
Sector
Diversified sector exposure

Investment pool
Funds

A leading private equity investment firm focused on the Asia Pacific region with total commitments of over $8bn across 10 funds.

Investment thesis
- access to top-tier mid-market private equity funds diversified across buyout, growth and venture capital
- primarily invests in mid-market, country-specific funds with proven track records and strategies
- committed to five funds of funds.

10



ORACLE

Value **£72.3m**

% of NAV **2.5%**

Sector
Information technology

Investment pool
Public Companies

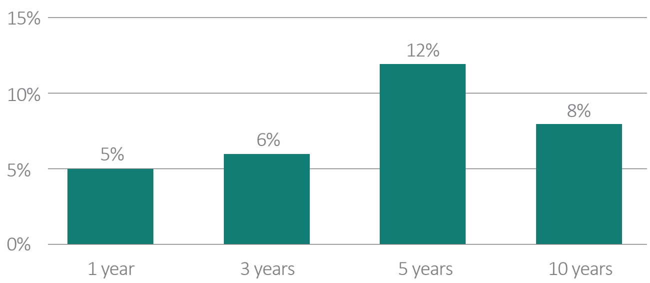
One of the largest global providers of products and services, including enterprise applications and infrastructure, for enterprise information management.

Investment thesis
- revenue growth should accelerate due to increasing demand for Oracle cloud infrastructure services
- long term economics benefit from the continued transition to a cloud and subscription based model.

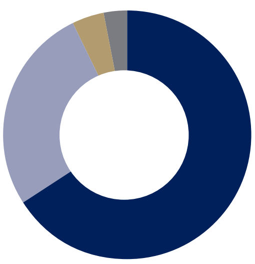
Public Companies

We believe, over the long term, performance of the portfolio is primarily driven by the operational performance of the underlying companies. Focused on 'co-owning' companies that are built on solid foundations and generate cash, we target businesses that we understand with underlying growth and pricing power that can deliver good returns on capital.

Annualised returns (%)



Geography by region (headquartered)



North America	66%
UK & Channel Islands	27%
Europe	4%
Asia	3%

Sector

Information technology	24%
Industrials	20%
Consumer staples	14%
Materials	12%
Healthcare	7%
Financials	6%
Consumer discretionary	6%
Communication services	4%
Utilities	4%
Real estate	3%

Strategy

The Public Companies pool provides Caledonia with exposure to a concentrated portfolio of high-quality well-managed businesses. The qualities we focus on include a strong market position, good and sustainable returns on capital, and experienced management teams, which are closely aligned with long-term investors. We expect that a combination of these factors will reward patient long-term ownership. The portfolio is well positioned to withstand short-term market volatility, which we believe does not materially impact the long-term value in the businesses we own.

Caledonia's evergreen balance sheet ensures our strategy is not constrained by the need to manage subscriptions or redemptions. This allows us to introduce and realise capital to and from the pool when markets provide good opportunities.

The global portfolio comprises two strategies, the Capital and the Income portfolios, each generally holding between 15 and 20 companies. 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, consequently, should produce higher returns over time. The portfolios are managed by a single team, with no benchmark, and with the same research methodology and investment discipline.

Performance

During the year, the Public Companies pool generated a total return of 4.7% (6.6% in local currencies). Over the last 10 years the Public Companies pool has delivered returns of 8.4% p.a.

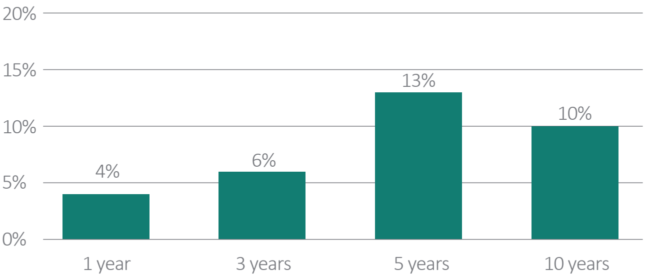
Capital portfolio

"We invest in high quality companies with strong market fundamentals and resilient cashflows. The portfolio is well positioned to withstand short-term market volatility, which we believe does not materially impact the long-term value we see in the businesses we own."

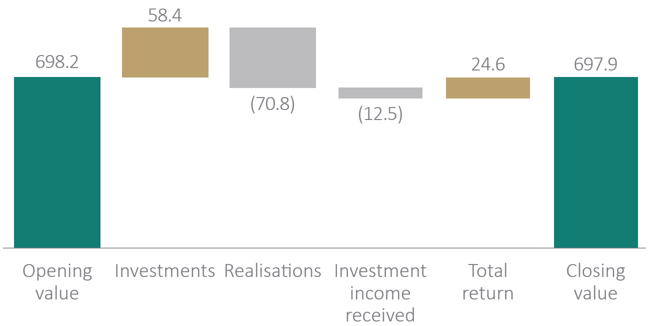
Alan Murran
Co-Head of
Public Companies

Moody's case study
Turn to page 31

Annualised portfolio returns - Capital



Portfolio movements (£m) - Capital



Performance

At the year end, the Capital portfolio was valued at £697.9m and delivered a return of 3.6% in the year. Volatility and uncertainty in equity markets during March 2025 had a particularly sharp impact, with a decline of 7.3% in the month. The portfolio remains concentrated, comprising 18 holdings. Including the impact of foreign exchange, over the last 10 years the Capital portfolio has delivered annualised returns of 10.2% p.a.

The strongest performers in terms of share price returns were Alibaba Group (82.4%), Philip Morris (77.1%) and Charter Communications (24.1%), primarily driven by a combination of underlying company operating results and improved expectations for future growth prospects. Alibaba Group's performance followed growth in its domestic and international e-commerce businesses and an expansion in cloud computing revenues, coupled with economic stimulus measures in China which boosted investor confidence. Phillip Morris' smoke-free products continue to grow strongly with net revenues up over 20% from the prior year. Charter remains well positioned to benefit from robust free cashflow growth as capex diminishes, particularly in the wireless market. Gains across the Capital portfolio were partially offset by negative contributions primarily from Croda International (-39.7%) and Spirax Sarco (-36.8%) due to operational deleveraging amid demand headwinds in their end markets. However, we remain confident in the longer-term prospects of both.

Investment activity

During the year, the portfolio initiated a new position in Pool Corp, a leading US distributor of swimming pools and related outdoor living products and sold its holding in British American Tobacco. Following a period of strong share price appreciation, the portfolio crystalised gains on a portion of its holdings in Fastenal, Oracle and Watsco. Other than this trading activity remained targeted with refined positions in a number of existing investments.

Significant portfolio investments

Name	Business	Geography	First invested	Value £m	Portfolio %	Return %
Microsoft	Software	US	2014	73.6	10.5	(12.1)
Oracle	Software	US	2014	72.3	10.4	15.7
Philip Morris	Tobacco and smoke-free products	US	2016	64.8	9.3	77.1
Watsco	Ventilation products	US	2017	58.4	8.4	19.1
Texas Instruments	Semiconductors	US	2018	46.5	6.7	3.6
Charter Communications	Cable communications	US	2017	40.4	5.8	24.1
Thermo Fisher Scientific	Pharma and life sciences services	US	2015	38.7	5.5	(15.9)
Moody's Corporation	Financial services	US	2022	38.3	5.5	16.8
Hill & Smith	Infrastructure	UK	2011	35.6	5.1	(5.9)
Pool Corp	Pool services	US	2024	31.9	4.6	(6.6)
Spirax Sarco	Steam engineering	UK	2011	31.0	4.4	(36.8)
Alibaba Group	E-commerce	Asia	2021	28.5	4.1	82.4
Fastenal	Industrial Supplies	US	2020	27.8	4.0	2.4
Other				110.1	15.7	
				697.9	100.0	3.6

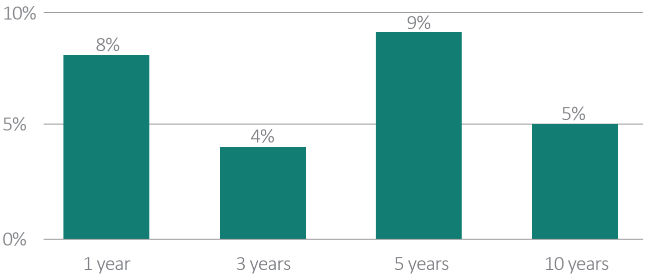
Public Companies (continued)

Income portfolio

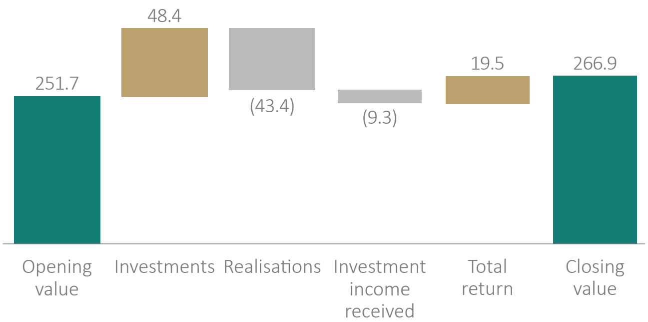
"This strategy offers a resilient and growing income stream. The quality focus and defensive bias delivered a strong result for the year and in an increasingly uncertain environment these companies continue to provide robust cashflows."

Ben Archer
Co-Head of
Public Companies

Annualised portfolio returns - Income



Portfolio movements (£m) - Income



Performance

The Income portfolio was valued at £266.9m and generated a return of 8.0% in the year. The higher weighting to more defensive companies partially shielded its performance from the volatility in equity markets during March 2025. Like the Capital portfolio, it is concentrated, comprising 17 holdings. Including the impact of foreign exchange, over the last 10 years the Income portfolio has delivered annualised returns of 4.6% p.a.

The strongest performers were Philip Morris (77.1%), British American Tobacco ('BAT') (43.2%), Unilever (21.0%) and Sage (20.1%). While BAT's smoke-free business is not as well developed as that of Philip Morris, it continues to make progress while paying an attractive dividend. Both Unilever and Sage continued to execute well against their stated strategies.

Gains were partially offset by weaker share price performances from Croda International (-38.8%) and Diageo (-28.6%). Both companies have suffered from an extended period of post pandemic normalisation in their end markets characterised by destocking and softer demand conditions. However, we remain positive on their longer-term prospects.

Investment activity

During the year, the portfolio initiated three new positions: Sage, a leading accounting, HR and payroll software provider to SMEs; Howdens, the UK's leading trade kitchen supplier; and Croda International, the speciality chemicals company, which is also held in the Capital portfolio. The portfolio exited positions in DS Smith, following the announcement of the agreed offer from International Paper, together with Pennon Group and Reckitt Benckiser.

Fastenal case study
Turn to page 7

Significant portfolio investments

Name	Business	Geography	First invested	Value £m	Portfolio %	Return %
Philip Morris	Tobacco & smoke-free products	US	2021	25.3	9.5	77.1
National Grid	Electricity	UK	2015	20.9	7.8	9.5
Unilever	Consumer goods	UK	2019	18.9	7.1	21.0
Fortis	Utilities	US	2020	18.5	6.9	16.2
Watsco	Ventilation products	US	2020	18.2	6.8	19.9
Relx	Research & consulting	UK	2023	18.2	6.8	15.1
Texas Instruments	Semiconductors	US	2020	17.7	6.6	3.6
SGS	Testing & certification	Europe	2020	16.8	6.3	2.6
Sage Group	Software	UK	2024	16.6	6.2	20.1
Fastenal	Industrial supplies	US	2020	15.4	5.8	0.1
Diageo	Alcoholic drinks	UK	2020	13.9	5.2	(28.6)
Other Investments				66.5	25.0	
				266.9	100.0	8.0

Case study

MOODY'S

Leading global provider of credit ratings and risk management solutions.

£25m
Weighted average cost

2022
Date of initial investment

£38m
Valuation at 31 March 25

17% p.a.
Return since initial investment (£)

$64bn
Market capitalisation

Financial services
Sector

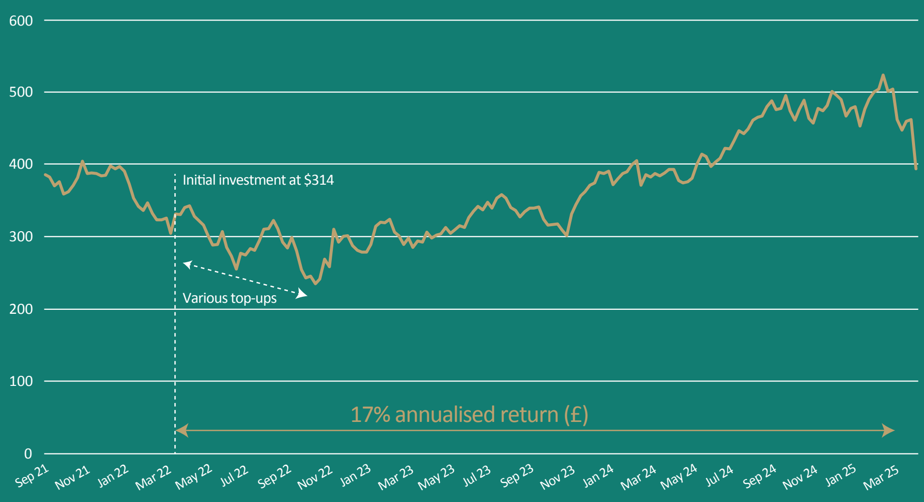
Original investment thesis

- Strong pricing power underpinned by compelling customer value proposition
- Attractive re-investment opportunities across the analytics business
- Low capital requirements and conservatively managed

Caledonia built a position in the Capital portfolio over March to October 2022, following a c.40% share price decline due to market concerns regarding debt issuance amid a sharp Federal Reserve tightening cycle and Russia's invasion of Ukraine.

Since that time Moody's has increased revenues from $5.4bn to $7.3bn (CAGR 15.5%), reported an EBIT CAGR of 28.2% and substantial EBIT margin expansion of 788 bps to 42.4%. Over the same period, the share price has nearly doubled, reporting an annualised total return of 17%, including dividends of £0.7m.

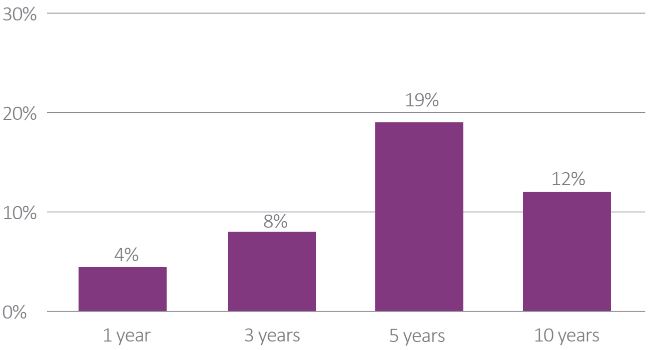
Share price (US$)



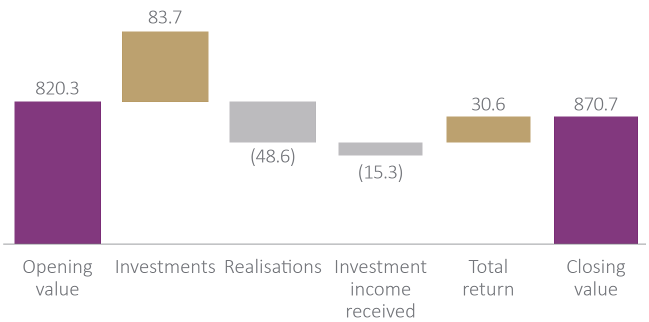
Private Capital

Concentrating on mid-market companies, we focus on delivering enduring value in the shape of capital growth and a current yield throughout the business cycle.

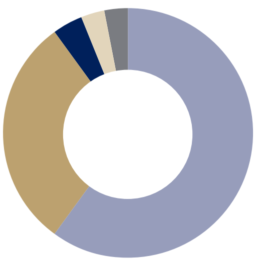
Annualised pool returns - Private Capital



Portfolio movements (£m) - Private Capital

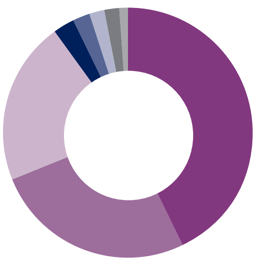


Geography by revenue generation



UK & Channel Islands	60%
Europe	30%
North America	4%
Other countries	3%
Asia	3%

Sector



Industrials[1]	43%
Financials	26%
Consumer discretionary	21%
Materials	3%
Healthcare	2%
Consumer staples	2%
Other sectors	2%
Information technology	1%

1. Includes AIR-serv Europe, DTM and Cooke Optics

Tom Leader
Head of Private Capital

"We seek to invest in high-quality, well-established UK centric businesses, with a mid-market focus. We provide a whole eco-system of support to our portfolio companies, be that through M&A, establishing governance structures or supporting their data and digital strategies. This, along with our buy-to-own, rather than buy-to-sell, philosophy differentiates us from other private equity managers."

Strategy

The Private Capital pool comprises a small number of direct investment holdings in private companies, predominantly in the UK mid-market. We buy-to-own, focusing on cash generative businesses with strong growth potential and favourable market dynamics. We typically invest £50m to £150m in each company using low levels of 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. This allows us to create fundamental value over the medium to long term allowing us to exit only when the time is right to maximise value for shareholders. From investments made since 2012, the strategy has returned £1.1bn of realised proceeds at an IRR of 17% and a multiple of 1.8x cost.

Performance

At 31 March 2025, the Private Capital portfolio consisted of eight companies, with five investments representing over 90% of value.

The portfolio was valued at £870.7m and generated a return of 3.7%, driven by good operational performance from Stonehage Fleming and AIR-serv Europe. This was partially offset by a reduction in the value of our investment in Cooke Optics. Including the impact of foreign exchange, over the last 10 years the Private Capital pool has delivered an annualised return of 12.4% p.a.

The majority of the portfolio is valued on an earnings multiple basis, with these multiples in the range of 10 to 14.5 times last 12 months' earnings before interest, tax, depreciation and amortisation ('LTM EBITDA'). Gearing levels are low, with net debt typically in the range of 2 to 2.5 times LTM EBITDA.

Investment activity

We invested a total of £68.7m during the period, primarily our £55.0m acquisition of DTM in August 2024. We received proceeds of £33.6m from the sale of Bloom Engineering in December 2024, at an uplift of 42.5% to the 31 March 2024 carrying value.

Portfolio summary

Stonehage Fleming, the international multi-family office, continues to deliver strong organic growth across each of the Family Office, Investment Management and Financial Services businesses, with revenue increasing by over 10% during the last 12 months. The valuation at 31 March 2025 was £221.4m, a return of 32.1% for the year.

AIR-serv Europe, is 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. The business has c.60% market share, with c.23,000 machines installed at over 15,000 customer locations. It has performed well since acquisition, reporting good year-on-year growth. AIR-serv Europe continues to trade ahead of expectations and we received our first dividend of £6.2m in the year. The valuation at 31 March 2025 was £197.7m, a return of 20.0% for the year.

Cobepa, the Belgian based investment company, owns a diverse portfolio of 18 private global investments. The majority of the businesses within the Cobepa portfolio continue to make progress. The valuation at 31 March 2025 was £192.7m, a return of 7.8% (10.0% in local currency) for the year.

Butcombe Group (formerly Liberation Group), is an inns and drinks business with an estate of 69 managed and 50 tenanted pubs, stretching from Southwest London to Bristol and the Channel Islands. Trading performance has improved across all three business units, with year-on-year profits increasing. The optimisation of the Cirrus Inns business, acquired in December 2022, is also delivering good results. Despite this improved trading, the UK operations will be impacted by the Chancellor’s increase to both National Insurance and National Minimum Wage, accordingly the valuation at 31 March 2025 was broadly in line with 31 March 2024 at £136.5m, a return of 0.9% for the year.

DTM, the UK's leading independent provider of outsourced tyre management services to fleet operators, was acquired in August 2024. Headquartered in Blackpool, DTM has over 100 employees and serves c.250 fleet customers with c.285,000 vehicles and c.1.3 million tyres under management. Enabled by a proprietary technology platform, which allows customers to maximise their fleet efficiency, compliance and output, DTM connects the vehicles it manages to a national network of over 3,500 service provider locations. Over the last 15 years, DTM has consistently delivered year-on-year growth with a revenue CAGR of c.15%. Since acquisition we have appointed a new Chair to support the management team and have recruited a Chief Revenue Officer, who brings extensive industry experience and will further strengthen the sales function. The valuation has been maintained at the equity purchase cost of £55.0m.

Cooke Optics, a leading manufacturer of cinematography lenses, continues to be heavily impacted by the repercussions from the Hollywood strikes in 2023. These disputes were resolved later that year, however recovery in the cinematography market has been slow and it is clear that it will take longer than previously anticipated for the industry to recover to pre-strike levels. As previously reported, we have reflected a more conservative outcome of the timing and level of this recovery in the valuation at 31 March 2025 of £44.1m, a reduction of 63.2% for the period. Cooke has no third-party debt. During the year, following a comprehensive executive search, a new CEO joined the business in January 2025. We have been working closely with the management team as they navigate through this challenging period.

We have assessed the portfolio against the backdrop of possible global tariff increases and, while the situation remains volatile, we do not believe any of the companies will be materially impacted, whether directly or indirectly. None are exposed in a way which would threaten their viability or liquidity position. The most significant risk is that tariff increases result in a general economic and capital markets downturn.

DTM Case study
Turn to page 9

Stonehage Fleming case study
Turn to page 34

Significant pool investments

Name	Business	Geography	First invested	Value £m	Pool %	Return %
Stonehage Fleming	Family office services	Channel Islands	2019	221.4	25.4	32.1
AIR-serv Europe	Forecourt vending	UK	2023	197.7	22.7	20.0
Cobepa	Investment company	Europe	2004	192.7	22.1	7.8
Butcombe Group	Pubs, bars & inns	Channel Islands	2016	136.5	15.7	0.9
Direct Tyre Management	Tyre management services	UK	2024	55.0	6.3	0.6
Cooke Optics	Cine lens manufacturer	UK	2018	44.1	5.1	(63.2)
Other				23.3	2.7	
				870.7	100.0	3.7

Private Capital (continued)

Case study

A leading independent global multi-family office.

£89m Cost	2019 Date of initial investment	£221m Valuation at 31 March 25
18% IRR	Financial Services Sector	

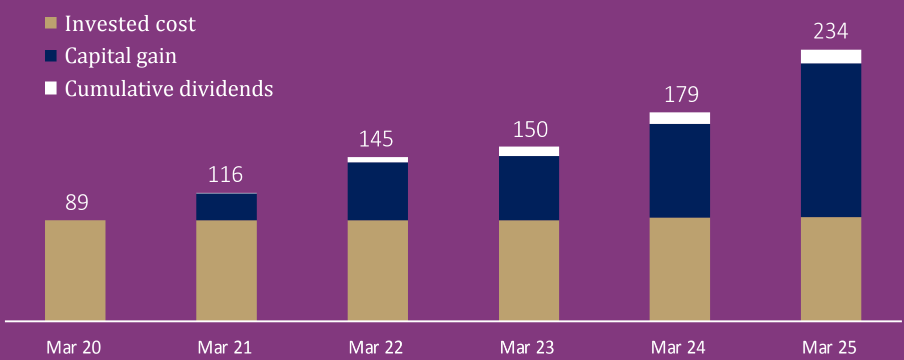
Investment thesis

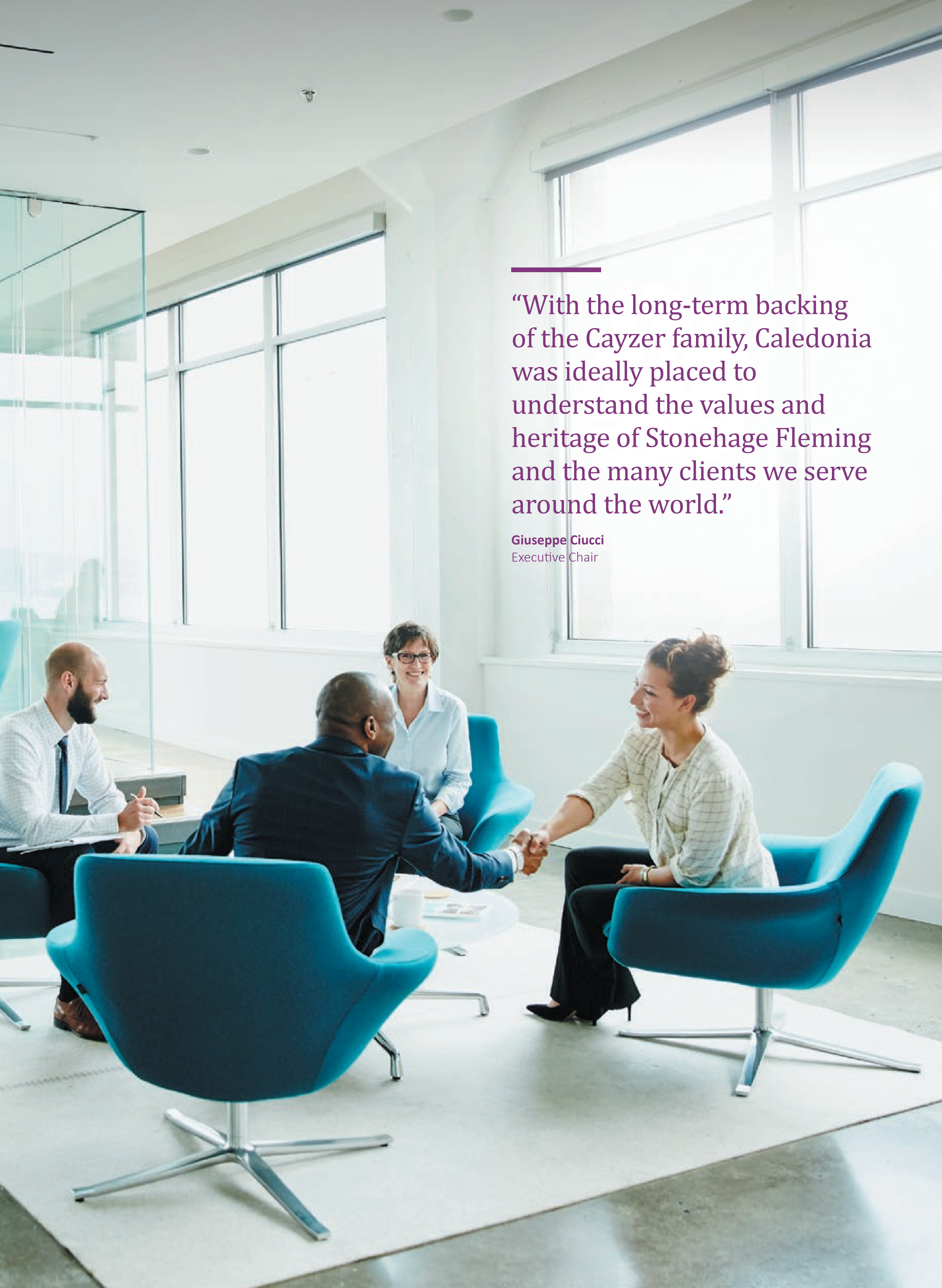
- Attractive long-term growth dynamics
- Geographic and product-based acquisition strategy
- Significant investment in technology platform and people

Formed in 2015 through the merger of Stonehage Group and Fleming Family & Partners, Stonehage Fleming is a leading independent multi-family office and ultra-high net worth wealth manager. In 2018, Stonehage Fleming's shareholders sought to identify a long term financial investor with a similar ethos and heritage to the business, and Caledonia invested in the business in July 2019.

Our investment thesis was centred on building scale, international reach and additional services to be able to service the fast-growing ultra-high net worth market with a comprehensive independent service offering from a global footprint. Since acquiring our stake in the business it has delivered strong organic and inorganic growth, including completing three acquisitions, which have added AUM and geographic scale to the business. Since 2019, the business has grown into the largest independent multi-family office in EMEA, with 20 offices in 14 countries and it is involved in the management, fiduciary oversight and administration of assets of US$170 billion.

Returns track record





“With the long-term backing of the Cayzer family, Caledonia was ideally placed to understand the values and heritage of Stonehage Fleming and the many clients we serve around the world.”

Giuseppe Ciucci
Executive Chair

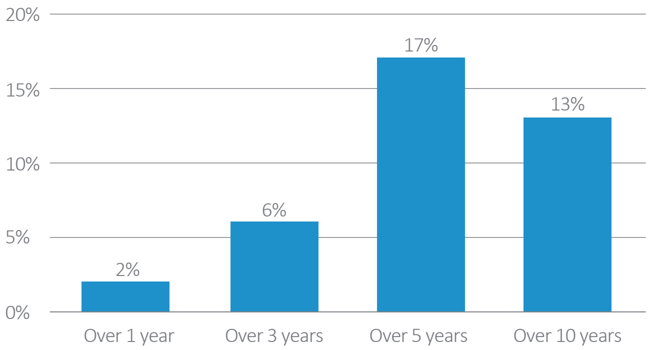
Funds

We seek diversified fund holdings in private capital that provide long-term returns in geographic markets that counterbalance our quoted equity and UK-centric private capital investments.

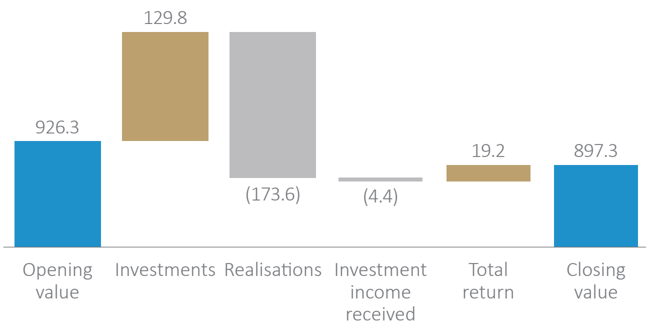
Jamie Cayzer-Colvin
Head of Funds

"Although no portfolio is immune to geopolitical and macroeconomic headwinds, we believe our diversified portfolio is well-positioned to navigate the ongoing uncertainty around US trade policy and its global implications. Our North America portfolio, focused on the lower mid-market, is composed of resilient businesses with limited exposure to international trade flows. Likewise, our Asia holdings are predominantly focused on domestic markets and supply chains."

Annualised pool returns - Funds



Portfolio movements (£m) - Funds



Geography by region

N. America	63%
Asia	37%

By strategy

N. America buyout	52%
N. America fund of funds	9%
N. America other	2%
Asia venture and growth	20%
Asia fund of funds	17%

Strategy

We invest in funds operating in North America and Asia with a bias to buyouts. The pool provides attractive diversification, investing in 80 funds managed by 45 managers, with an underlying portfolio of over 600 companies in our directly held funds, across a wide range of sectors and company sizes.

The North America based funds, which represent 63% of the Funds pool (19% 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 North America holdings are a combination of directly owned funds (52% of Funds pool), fund of funds investments (9% of Funds pool) and quoted funds (2% of Funds pool).

Our Asia funds represent 37% of the Funds pool (11% of Caledonia's NAV) investing 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 which have successfully developed their business model and are in the early years of significant growth. Whilst focused on local markets, a small number, particularly those with a healthcare focus, also invest into the US. The pool is a combination of directly owned funds (20% of Funds pool) with the balance (17% of Funds pool) invested with Asia Alternatives, Axiom and Unicorn, all fund of funds providers.

De Cheng Capital case study
Turn to page 11

KLH Capital case study
Turn to page 38

Performance

At 31 March 2025, the pool was valued at £897.3m, comprising £565.7m of North America funds, £328.7m of Asia funds and £2.9m of legacy fund investments. The pool generated a total return of 2.2% (4.6% in local currencies) driven by continued positive performance from our North America holdings (8.4% in local currency) partially offset by the decline in the value of our Asia holdings (-1.6% in local currency) reflecting the more challenging market conditions in the region. Including the impact of foreign exchange, over the last 10 years, the Funds pool has delivered annualised returns of 13.3% p.a.

Looking at the performance drivers in our North America primary fund programme, alongside improved realisation activity, robust operating performance continued to be a key driver of returns. That said, no portfolio is immune to geopolitical and macroeconomic headwinds, but we believe our diversified portfolio is well-positioned to navigate the ongoing uncertainty around US trade policy and its global implications. Our North America portfolio, focused on the lower mid-market, is composed of resilient businesses with limited exposure to international trade flows. Whilst the underlying companies are fundamentally sound, our managers anticipate a more moderated distribution profile in the near-term as companies assess the duration and economic impact of the announced US trade policy. Likewise, our managers anticipate that new investment activity may also be impacted, and fund drawdowns may be moderated during the period of uncertainty.

Within our Asia portfolio, we believe underlying portfolios are well positioned, benefitting from selective exposure to high-growth sectors. However, valuations have continued to be impacted by the weakness in local public markets, the operating environment and reduced attractiveness of foreign public markets for IPOs. In Asia we have seen an increase in the level of distributions from 2024, albeit the pace of distributions has yet to recover to the peak of 2021. Given the continued uncertainty in the macro environment, alongside the earlier stage focus of our Asia fund holdings, we expect the pace of distributions to take longer to return to normal levels. Similar to our North America portfolio, our Asia holdings are predominantly focused on domestic markets and supply chains.

Investment activity

Overall, the Funds pool generated net cash of £43.8m in the year. Drawdowns totalled £129.8m, with 80% deployed into North America funds and the balance into Asia funds. Distributions totalled £173.6m with 65% distributed from the North America portfolio. Included within distributions of £173.6m, is £19.0m from a secondary sale of an Asia fund.

Portfolio maturity

Our primary funds portfolio has a weighted average age of approximately 4.3 years (31 March 2024: 4.3 years). The weighted average age of our North America holdings is 4.0 years (31 March 2024: 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 4.9 years (31 March 2024: 5.1 years).

Portfolio maturity (excluding funds of funds)

< 1 year	12%
1 - 3 years	21%
3 - 5 years	32%
5 - 7 years	20%
7 years plus	15%

Uncalled commitments

At 31 March 2025, uncalled commitments were £415.9m (2024: £377.0m), 73% to North America and 27% to Asia.

During the year, US$200m was committed: US$180m to North America lower mid-market buyout funds and US$20m to an existing fund manager in the Asia portfolio.

Significant manager exposure

Name	Business	Geography	First invested	Value £m	Pool %	Return %
HighVista Strategies	Funds of funds	US	2013	99.9	11.1	(9.8)
Axiom Asia funds	Funds of funds	Asia	2012	73.4	8.2	(4.6)
De Cheng funds	Private equity funds	Asia	2015	58.5	6.5	(12.6)
Unicorn funds	Funds of funds	Asia	2018	39.9	4.4	(5.0)
Asia Alternatives funds	Funds of funds	Asia	2012	38.2	4.3	(4.2)
Boyne funds	Private equity funds	US	2017	33.4	3.7	51.3
AE Industrial funds	Private equity funds	US	2018	29.0	3.2	39.0
Stonepeak funds	Private equity funds	US	2015	28.6	3.2	(10.2)
Other investments				496.4	55.4	
				897.3	100.0	2.2

Funds (continued)

Case study

KLH CAPITAL

Founded in 2005, KLH Capital pursue value-oriented investments in small companies in the specialty services, value-added distribution and niche manufacturing sectors.

Typically KLH will be the first institutional capital into closely-held or family-owned businesses who roll meaningful equity. They look to invest in businesses with stable earnings, consistent profitability and a sustainable competitive advantage, where they can improve operations post-transaction.

Target company criteria

$20m-$125m Enterprise value	$20m+ Revenue	$5m+ EBITDA
$10m-$60m Total equity investment	8-12 Platform investments per fund	1-3 Investments per annum

Portfolio company snapshots

D&H United Fueling Solutions – Leading supplier of petroleum fuelling and EV charging equipment, installation and service across the United States. Sold in September 2022.

Jackson Infrastructure – Leading utility and infrastructure service provider to the telecom, power, gas and other infrastructure markets.

Marek Sawing & Drilling – Leading field services provider of sawing, drilling, demolition and concrete placement for the maintenance and retrofit of critical assets and infrastructure.

Caledonia's commitment

Caledonia first committed to KLH Capital in 2019 and made a follow-on commitment to Fund V in 2022.

Caledonia serves on the Limited Partner advisory board for KLH IV and KLH V.

Fund name	KLH IV	KLH V
Vintage year	2019	2023
Fund size	$209m	$412m
Caledonia's Commitment	$27.5m	$30m

"The lower mid-market is central to our North America strategy, and we've cultivated a successful relationship with KLH Capital over their last two funds."

Eloise Fox
Director, Funds

Financial review

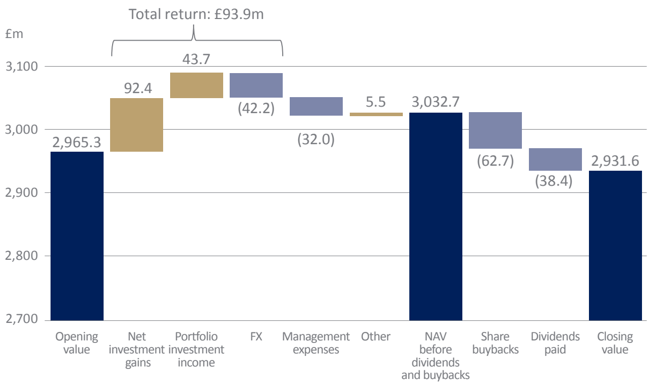
Rob Memmott
Chief Financial Officer

Our robust balance sheet has no structural leverage. With total liquidity of £476m we are well positioned to take advantage of investment opportunities.

Caledonia ended the year with net assets of £2,932m (5,475p per share) (2024: £2,965m; 5,369p per share), delivering a return of 3.3% for the year. The NAV performance reflects generally good operating performance offset by recent equity market volatility and foreign exchange movements. Our portfolio of high-quality companies coupled with our long-term philosophy, positions us well to navigate uncertainty and deliver long-term real returns.

Our annualised NAVTR over 10 years is 9.0%, with 5.8% and 2.8% respective outperformance of inflation and the FTSE-All Share index over the same period.

Change in net assets



Total comprehensive income

The company seeks to generate total profits from both investment income and capital growth. For the year ended 31 March 2025, the total comprehensive income was £66.9m (2024: £203.4m), of which £30.9m (2024: £40.5m) derived from revenue and £36.0m (2024: £162.9m) from capital.

Summary balance sheet

£m	31 Mar 2024	Investments	Realisations	Investment income[3]	Total return	31 Mar 2025
Total investment portfolio	2,696.4	320.3	(336.4)	(41.5)	93.9	2,732.7
Other investments[1]	18.0	–	(0.8)	(9.0)	2.7	10.9
Total investments[2]	2,714.4	320.3	(337.2)	(50.5)	96.6	2,743.6
Net cash	227.4	–		–		151.3
Other net (liabilities)/assets	23.5	–		–		36.7
Net assets	2,965.3	–		–		2,931.6

1. Other investments comprise legacy investments, cash, receivables and deferred tax liability in subsidiary investment entities.
2. Total investment portfolio at 31 March 2024 included £19.0m relating to one investment that was classified as assets held for sale in the Group's Statement of financial position and was realised during the year to 31 March 2025.
3. Investment income is net of the movement in accrued income of £2.2m.

Income statement

£m	31 Mar 2025 Revenue	Capital	Total	31 Mar 2024 Revenue	Capital	Total
Investment income - portfolio[1]	43.7	-	43.7	47.1	-	47.1
Net gains on fair value investments - portfolio[2]	-	50.2	50.2	-	185.3	185.3
Total return	**43.7**	**50.2**	**93.9**	**47.1**	**185.3**	**232.4**
Investment income - other investments[1]	9.0	-	9.0	14.7	-	14.7
Net losses on fair value investments - other investments[2]	-	(6.3)	(6.3)	-	(10.9)	(10.9)
Net losses on fair value property	-	(1.3)	(1.3)	-	(3.9)	(3.9)
Other income	0.9	0.4	1.3	0.9	0.6	1.5
Total net investment income	**53.6**	**43.0**	**96.6**	**62.7**	**171.1**	**233.8**
- ongoing management	(25.9)	-	(25.9)	(22.9)	-	(22.9)
- performance awards[3]	-	(5.8)	(5.8)	-	(8.3)	(8.3)
- transaction costs	-	(0.3)	(0.3)	-	(0.1)	(0.1)
- exchange movements and other	(1.3)	-	(1.3)	(0.7)	-	(0.7)
- other expenses (non-recurring)	(2.9)	-	(2.9)	-	-	-
- other transactions with intra-group (non-consolidated) entities[4]	-	-	-	(0.2)	-	(0.2)
Net finance costs	6.4	-	6.4	(0.2)	-	(0.2)
Taxation and other	1.0	(0.9)	0.1	1.8	0.2	2.0
Total comprehensive income	**30.9**	**36.0**	**66.9**	**40.5**	**162.9**	**203.4**

1. Total investment income from the portfolio and other investments £52.7m (2024: £61.8m).
2. Total net gains / (losses) on fair value investments from the portfolio and other investments £43.9m (2024: £174.4m).
3. Performance awards of £5.8m includes £0.5m of costs recharged to an intra-group (non-consolidated) entity.
4. Other transactions with intra-group (non-consolidated) entities in the year to 31 March 2024 includes a £7.2m foreign exchange gain on an intra-group loan facility and a £7.2m interest expense on the intra-group loan facility which is reflected in finance costs in the Group statement of comprehensive income. The loan to the non-consolidated subsidiary was fully repaid at 31 March 2024.

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 £30.9m (2024: £40.5m), a decrease of £9.6m, driven by a £5.7m reduction in investment income from non-consolidated intra-group entities, £2.9m of non-recurring other expenses which includes professional fees in relation to the Rule 9 Waiver announced in November 2024, offset by higher net finance income.

Investment income in the year totalled £43.7m, £3.4m lower than the prior year. Income from the Public Companies pool remained stable at £21.8m (2024: £21.8m). Investment income from the Private Capital pool was £17.5m, £4.2m lower than the prior year which included a pre-completion dividend of £5.6m from the sale of 7IM. Investment income from the Funds pool was £4.4m (2024: £3.6m).

Investment income from other investments totalled £9.0m representing a distribution paid by an intra-group non-consolidated entity from trading reserves.

The company's revenue management expenses were £3.0m higher than last year at £25.9m (2024: £22.9m), reflecting higher personnel expenses of £2.5m, largely due to an increase in the average number of employees. There was also an increase in other costs, driven by legal, professional and communication expenditure, as well as an increase in non-recoverable indirect taxes.

Ongoing charges

Our ongoing charges ratio for the year was 0.87% (2024: 0.81%). The ongoing charges ratio is calculated on an industry standard basis, comprising published management expenses over the monthly average net assets.

Capital performance

Total comprehensive income was £36.0m (2024: £162.9m). The movement compared to last year is predominantly due to the lower levels of capital gains achieved from our investments.

Net fair value gains from the portfolio were £50.2m (2024: £185.3m), and together with portfolio investment income, as described above, of £43.7m (2024: £47.1m) generated a total return of £93.9m (2024: £232.4m), or 3.5%. Foreign exchange detracted from performance, with 53% of our NAV denominated in US dollars, predominantly the 2.2% strengthening of Sterling against the US dollar resulted in a £42.2m loss across our investment pools.

There was a reduction of £1.3m on property (2024: £3.9m reduction) reflecting higher yields on commercial properties.

The company’s capital management expenses relating to performance awards were £5.8m (2024: £8.3m). Transaction costs of £0.3m (2024: £0.1m) were incurred, mainly linked to due diligence work on new private equity and fund investments.

Financial review (continued)

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 2025. 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 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 1.3% based on valuations dated 31 March 2025, 1.6% dated 28 February 2025, 67.0% dated 31 December 2024, 30.0%, mostly funds of funds holdings, dated 30 September 2024 and 0.1% at 30 June 2024. In addition, we reviewed the valuations to ensure any trends or company specific issues were appropriately reflected. This included a thorough review of the potential impact of trade tariffs.

The following table summarises the source of valuations across the portfolio, illustrating that 75% 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]	40%
Earnings	25%

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 58 consecutive years. We paid an interim dividend of 19.69p per share on 9 January 2025 and have proposed a final dividend of 53.91p per share. The total annual dividend for the year of 73.6p per share 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 2025 total £39.0m, which is covered by net revenue for the year of £30.9m and the net cash inflow of £43.8m from our Funds pool.

As discussed in the Chair's and CEO's statements, we will be increasing the interim dividend to 50% of the prior year's total annual dividend, which will provide shareholders with a more balanced dividend payment profile and more predictable income stream.

Capital allocation

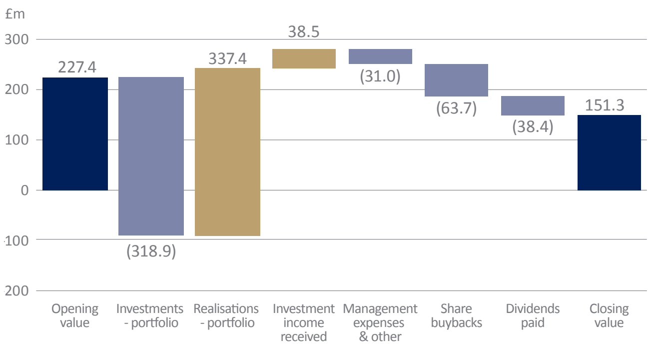
Prudent and disciplined management of our balance sheet is key to its continued strength and to ensure an efficient allocation of capital. To ensure that we maintain a balanced portfolio, each of our investment pools has a strategic allocation range. At 31 March 2025, all of our investment pools were within their strategic allocation range.

Alongside allocation to our investment strategies, we are committed to our dividend policy and, when appropriate, share buybacks. Following shareholder approval for an uncapped Rule 9 Waiver in December 2024, we increased our capacity for buybacks. Over the course of the year, we allocated £62.7m to share buybacks, purchasing and cancelling 1,729,061 shares at an average discount of 33.7%, resulting in a 59.2p accretion to NAV per share.

Cash flows, liquidity and facilities

During the year, we performed enhanced modelling and stress testing, which not only informed our capital allocation but also supported our credit facility renewal. In September 2024, the company entered into a new revolving credit facility of £325m with three banks on improved terms. The facility comprises £150m over a five-year term expiring in August 2029 and £175m over a three year term expiring in August 2027. The facility increases the available resources by £75m and provides the company with enhanced liquidity and flexibility to support long term investment.

Movement in net cash £m



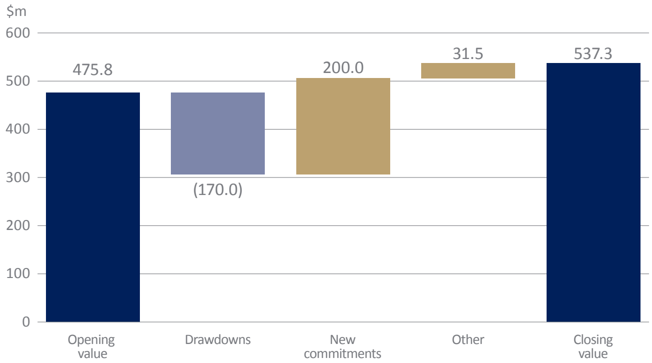
At 31 March 2025, total liquidity of cash and undrawn facilities was £476.3m, comprising of £151.3m of cash and £325m of undrawn facility. Our net investment cashflows were an inflow of £18.5m. Investment into our portfolio totalled £318.9m. Realisations from our portfolio totalled £337.4m.

After investment income, management expenses, dividend payments to our shareholders and share buybacks, net cash outflow was £76.1m. At 31 March 2025 our net cash was £151.3m (31 March 2024: £227.4m).

Uncalled commitments

Our total uncalled commitments were £415.9m or US$537.3m (2024: £377.0m, US$475.8m), split 73% in North America and 27% Asia. During the year we committed US$200m (2024: US$59m).

Uncalled commitments US$m



Foreign exchange

62% 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 framework.

Rob Memmott
Chief Financial Officer
19 May 2025

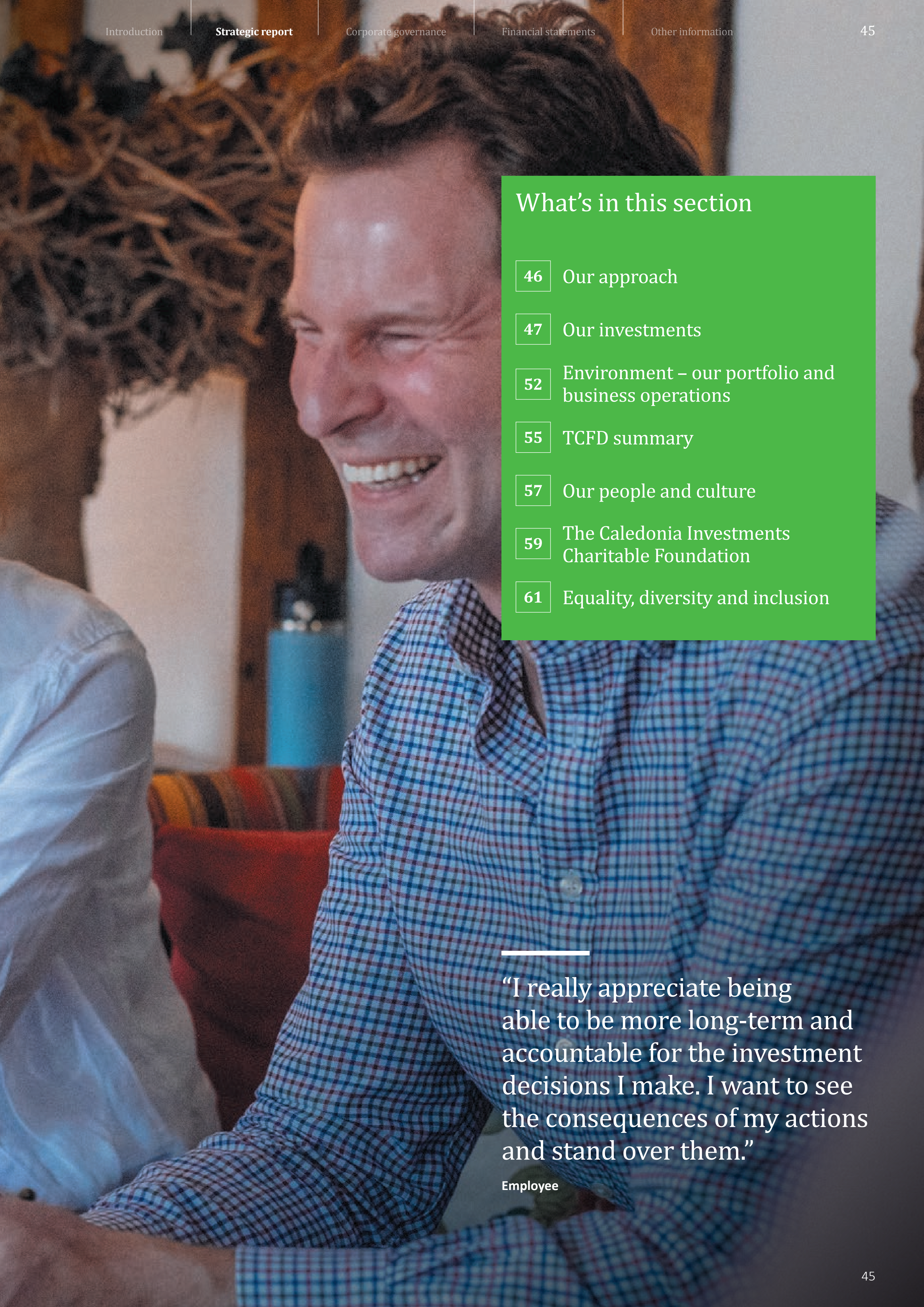
Sustainability

At Caledonia we are committed to building our business for the long term.

In this section, as an investment company, we outline how we approach our investment decisions responsibly, and manage our investment portfolio for today and the future.

A healthy and vibrant culture, built around a set of aligned values is fundamental to success. We also explore in this section how we manage our business operations, for the benefit of our employees and wider stakeholders.

Further information on our stakeholders in the Section 172 statement
Turn to page 80



What's in this section

"I really appreciate being able to be more long-term and accountable for the investment decisions I make. I want to see the consequences of my actions and stand over them."

Employee

Sustainability (continued)

Responsible investment

Our approach

At Caledonia we believe that responsible investment and business success go hand in hand. We are committed to building businesses for the long term and consider the ESG impact of the investments that we make.

Through proactive and constructive engagement with our portfolio, we are committed to fostering continuous improvement and driving positive change.

We expect to invest in businesses and funds which:

- grow, provide employment and generate economic benefit in an environmentally and socially responsible way, both during and after our ownership
- take a responsible approach towards the environment and society, based on good governance practices.

Responsible Investment/Responsible Corporate Working Group

Chaired by our Chief Executive Officer, the Responsible Investment/Responsible Corporate Working Group ('RI/RC Working Group') advises and assists in the development and implementation of Caledonia's approach to sustainability matters, including climate-related issues. The group has met regularly throughout the year.

A review of our approach and progress across each investment pool, alongside our overall business operations for the year ended 31 March 2025 can be found on pages 47 to 55.

Members

CEO (Chair)	Senior members of –	Other key corporate managers
Chief Financial Officer	Public Companies	
Company Secretary	Private Capital	
	Funds	

Function

1.	2.	3.	4.
Advises and assists in the continued development and implementation of our approach to ESG matters across the business	Seeks to ensure that ESG matters are appropriately factored into decision-making processes	Continues to develop understanding of climate-related matters	Supports the development of our reporting, particularly on climate-related matters

Our investments – Public Companies

We aim to invest in businesses which we believe are of high quality and have durable business models that enable long-term compounding.

Our extensive due-diligence process ensures that selection risk is managed by analysing numerous characteristics for each company and then, through ownership, our monitoring and engagement continues to ensure sustainability is embedded in our portfolio management process.

Our approach means we do not typically invest in capital intensive businesses or companies directly involved in the extraction and production of coal, oil or natural gas.

Further information on Public Companies – climate change metrics and targets
Turn to page 54

In line with our selective, quality-driven investment approach:

- we exercise our voting rights judiciously, ensuring that we cast votes on all our holdings ahead of shareholder meetings
- while we generally vote in support of management's recommendations, we will abstain or vote against proposals that we believe do not serve the best interests of our shareholders
- we will use influence through engagement and voting to encourage companies to proactively plan for and demonstrate the measures they have implemented to address climate risks and opportunities.

Sustainability (continued)

Our investments – Private Capital

We look to invest in established businesses with strong financial metrics operating in markets that present attractive opportunities for growth. Our long-term approach to working with our portfolio companies aligns with our responsible investment strategy throughout the investment cycle – from origination, ownership and exit. Working closely to support the management teams of portfolio companies, we look to:

- elevate corporate governance standards through the appointment of seasoned, non-executive chairs and by establishing audit and remuneration committees
- embed our team in non-executive roles, fostering close partnerships with management to drive performance whilst managing risk
- hold regular formal and informal meetings with management that encompass a wide range of topics, including ESG policies, and performance metrics that are reviewed annually
- actively assess and manage their social and environmental impacts, fostering responsible stewardship of their businesses
- encourage investment in technologies to improve energy efficiency and support a successful transition to a low-carbon future.

Progress during the year

- Climate risks and opportunities identified for all portfolio company investments
- Climate risk aggregation model and processes formally established
- Reporting system tracking company ESG policies and KPIs
- Reporting Scope 1 and Scope 2 emissions for the majority of the Private Capital's pool net asset value

Our investments – Funds

We invest in funds operating in North America and Asia with a bias towards lower mid-market buyouts. The pool provides attractive diversification, investing in 80 funds managed by 45 managers with an underlying portfolio of over 600 companies, across a range of sectors.

- We expect our fund managers to consider all factors including ESG considerations, when seeking to optimise returns while effectively managing risk.
- We will encourage our fund managers to consider climate change factors in their selection criteria, both in terms of identifying potential risks and capitalising on emerging opportunities, and to explore initiatives that help reduce emissions within the underlying portfolio.

Progress during the year

- Third-party training completed with a focus on evolving market practice surrounding ESG matters in fund documentation alongside ESG focused training with the Institutional Limited Partners Association
- Use of the ESG Data Convergence Initiative ('EDCI') as a benchmark with our underlying managers, to identify areas for improvement towards greater consistency in data reporting
- ESG related questionnaire embedded into the due diligence process for new funds
- Initial analysis completed on the weighted average carbon intensity for the Funds pool, using estimation factors derived from public markets proxy data

Working with our portfolio – The Butcombe Group

BUTCOMBE GROUP

The Butcombe Group is a high-quality premium pub, brewing and drinks business that extends all the way from London through the South West English countryside across into the Channel Islands, employing over 1,900 people.

The business has been in Caledonia's portfolio since 2016. We continue to work closely with Butcombe's management team to support its long term ESG strategy. The CEO, Jonathan Lawson, has an ambition to operate and grow the business in an inclusive and sustainable manner to deliver a positive impact on regional and local communities and their environment.

Butcombe's ESG strategy 'Our Ambition, Your Future' is focused on three pillars, as detailed on pages 50 and 51, and has ambition to be carbon neutral by 2030.

Sustainability (continued)

OUR AMBITION, YOUR FUTURE

OUR WHY

We want to deliver the best experience for all our customers with outstanding service and award-winning food and drink. We will ***raise the spirits*** and through innovating and ***setting the bar high***, we will stay ahead of the competition and be ***talk of the town***. We are passionate about building great teams who work together, we do everything ***from the heart.***

OUR AMBITION

To operate and grow our business in an inclusive and sustainable manner which has a positive impact on regional and local communities and their environments.

WE LOVE LOCAL

EMBRACING TECHNOLOGY AND INNOVATION

ENABLE COLLEAGUES, DRIVE POSITIVE CHANGE

AND TO BE CARBON NEUTRAL BY 2030

BUTCOMBE GROUP

WE LOVE LOCAL

Our ethos is simple; source quality produce and products that are sustainable, traceable and local, wherever possible.

We want to know where every ingredient has come from. We want to treat ingredients with the respect they deserve, and do our bit to reduce food waste through the skill of our chefs and training.

What have we achieved?

Field to Fork approach: Working with high quality and local suppliers that adopt high welfare standards to reduce the number of deliveries and miles travelled

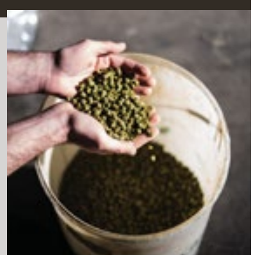
We work with local farmers to recycle the spent grain from our brewing process - the grain is fed to cattle that ultimately produce the cheese we use in our managed pubs

We brew the beer, we sell the beer: Over half of the beer sold in our managed pubs is produced by us in our own breweries, helping us to reduce beer miles

Partnering with Bramley products, an environmentally friendly and sustainable toiletries company

Supporting local initiatives such as used cooking oil collection in Jersey, Healing Waves and Sunflower Project menu donations in CI

We always recruit locally where possible, through open day initiatives and engagement with local colleges and apprenticeships



What are our plans?

As the estate grows, we will continue to innovate our drinks offering and develop more relationships with local suppliers.

Continue to promote the stories of local food and drink producers, farmers and fishermen through our menus and marketing material

Where possible, develop kitchen garden locations across our estate

Continue to support and build new relationships with local charities, sports clubs and groups local to our pubs, to allow us to become a hub for each individual community, culminating in our annual Community Week.

Accreditation and mark of local excellence schemes including 'Genuine Jersey' leading out on promotion and use of Jersey produce and we intend to enhance our locally sourced produce on both Jersey and Guernsey

BUTCOMBE GROUP

EMBRACING TECHNOLOGY AND INNOVATION

We are a nimble business that embraces change and utilises technology and innovation to improve our business performance. By increasing our operational efficiency, we will reduce our energy usage and waste to the benefit of the enviroment.

What have we achieved?

Solar panels have been installed at our distribution centre and will generate up to 58% of the depot's electricity going forwards

Electric car charging points have been installed at 5 of our managed pubs, helping our customers to reduce their emissions

All LPG forklifts have been replaced in our depot with electric equivalents, reducing emissions and utilising self-generated, clean energy

Our trade effluent is now transferred to a biogas generator which more than offsets the site's consumption of gas

Our lightweight glass bottles contain 10% less glass and are 70% recycled. The plastic shrink wrap is made from 50% recycled plastic

We shred and bale the cardboard received on-site to recycle as packaging for our online deliveries

We measure, monitor and target waste reduction in our sites and our recycling rates are in excess of 63%

What are our plans?

We continue to explore further opportunities for solar panels at our brewery and across our pub estate

We are trialling electrification of our delivery fleet to reduce fuel emissions in the future

A further 15 managed sites will install electric car charging points by the end of 2025. We also intend to install car charging points for employees at our depot and breweries

We are in dialogue with our glass suppliers to make our recycling processes more efficient

We are planning CO2 capture in the future to reduce waste and be CO2 self sufficient

BUTCOMBE GROUP

ENABLING COLLEAGUES, DRIVE POSITIVE CHANGE

BUTCOMBE GROUP

Focusing on our most important asset – our people – is at the centre of our strategy. All our colleagues are as individual as our pubs with no two being the same and we continue to invest in training and development for all colleagues, ranging from wine champions to apprenticeships, and our very own internal learning management system.

What have we achieved?

World's Happiest Workplaces AWARD WINNER

We invest in the Burnt Chef and Employee Assistance Programmes to support the mental and physical well-being of all our colleagues

Our colleagues have the opportunity to grow and develop in our business. Everyone will receive mandatory training applicable to their role and continued investment in our Butcombe Academy management training programme

We have established an internal network to offer support, guidance & mentors to women in the business to increase female representation in senior roles. We are proud that 47% of colleagues are now female

We launched Our Commitment to ensure we have a fully inclusive and supported culture and a zero tolerance for any form of harassment.

We regularly run employee surveys and have been recognised as one of the happiest workplaces

We have introduced enhancements to our maternity leave and a new policy to support returning to the work after a significant life event

We have over 100 colleagues as trained trainers throughout the business

We have trained mental health first aiders across the teams, and built mental health awareness training into all of our management apprenticeships

We prioritise employee wellbeing and offer mental wellbeing support and financial wellbeing advice and guidance

What are our plans?

All our managers will be trained in how to support the well-being of our colleagues and support our ED and I agenda

We will provide development opportunities aiming to develop 80% of our new managers internally through our Butcombe Academy programmes and supported apprenticeships

We will ensure apprenticeship opportunities are at the forefront of our Learning and Development strategy

We are working towards equal representation across management roles. Currently 31% of our pub management colleagues are female

We will engage our pub teams in creating an environment for their communities that helps tackle loneliness and supports their communities well-being where their pub is 'the place to go to feel at home and welcome'

Sustainability (continued)

Environment

Our portfolio, the climate and transition to net zero

At Caledonia, we are committed to building a sustainable future that underpins robust, long term investment performance for our shareholders. We recognise that our principal environmental impact arises primarily from the companies and funds within our portfolio.

With this in mind, we have set an expectation for the businesses we invest in to target net zero emissions (Scope 1 and Scope 2, market-based) by 2050. We understand that the pace at which these targets are met will vary across our portfolio; as risks and opportunities arise from evolving regulatory frameworks, shifts in consumer preferences, or increasing pressure to curb carbon emissions and address wider environmental issues.

We actively engage with our underlying portfolio companies and fund managers to evaluate the robustness and transparency of their carbon emissions data. We continue to enhance our monitoring and reporting systems to enable us to track progress on this journey towards a low-carbon future and we anticipate that many will achieve this target more swiftly.

Our business, the climate and transition to net zero

Our business operations are consolidated within a single central London office. Whilst our operational footprint is modest in comparison to our broader investment activities, we are committed to operating our business in an efficient manner and to reducing our climate impact where feasible. We are seeking to achieve net zero emissions for Scope 1 and Scope 2 (market-based) emissions by 2030.

To reach this target, we are pursuing several initiatives, including:

- maintaining our commitment to sourcing all electricity from renewable suppliers
- enhancing energy efficiency across lighting, cooling systems and IT equipment
- gradually reducing, with the goal of ultimately eliminating the use of gas for heating.

In 2021, our switch to a renewable energy provider markedly reduced our market-based Scope 2 emissions. We continue to recycle nearly all waste and ensure that wastewater is safely returned to the sewer system. The resulting emissions from water and waste processes are categorised under ‘other’ Scope 3 emissions and are considered immaterial.

It is worth noting that electricity consumption has risen since 2020, mainly due to the return of colleagues to the office after the Covid-19 pandemic and, more recently, our decision to operate 24-hour security for enhanced safety.

In 2023, we engaged an external provider to conduct an Energy Savings Opportunity Scheme audit of our office energy usage. This provided us with a number of recommendations which we have implemented. Looking ahead, our transition strategy will be to explore the implementation of innovative, low-carbon alternatives to replace our traditional gas boiler heating system.

Travel

Most of our colleagues commute to our office via public transport. We actively encourage sustainable travel through our cycle-to-work programme, supported by secure bicycle storage along with changing and shower facilities. Our meeting rooms are equipped with modern audiovisual and teleconferencing facilities, reducing the need for travel where appropriate.

Our Scope 3 emissions primarily relate to international business travel. Since 2020, the net asset value of our portfolio has increased by 64% and the proportion of our overseas investments has almost doubled. Our Public Companies and Funds investment teams continue to deepen their due-diligence, monitoring, governance and stewardship activities against a background of continuing macroeconomic and geopolitical uncertainty. We remain committed to managing our business travel in an informed and responsible manner and will continue to explore ways in which we can reduce these emissions over the medium term.

Climate change metrics and targets including greenhouse gas emissions

The data in the following tables has been prepared in accordance with the regulations, The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implemented the Government's policy on Streamlined Energy and Carbon Reporting ('SECR').

Emissions data

		Tonnes CO_2e					
Scope	Source of GHG emissions – year to 31 March	2020	2021	2022	2023	2024	2025
Scope 1	Combustion of fuel & facilities operation	24	19	17	16	14	14
(direct emissions)	including company car use (sold in April 2022)			4	-	-	-
Scope 2	Electricity (location-based)	57	47	45	52	59	61
(indirect emissions)	Electricity (market-based)	57	47	-	-	-	-
Scopes 1 and 2 - location-based		**81**	**66**	**66**	**68**	**72**	**75**
Scopes 1 and 2 - market-based		**81**	**66**	**21**	**15**	**14**	**14**
Scope 3	Business travel	371	7	94	243	375	825
(indirect emissions)	Other	-	-	-	1	1	-
Total – location-based		**452**	**73**	**160**	**312**	**448**	**900**
Total – market-based		**452**	**73**	**115**	**259**	**389**	**839**
KPI – location-based	Total emissions per average number of employees	**7.5**	**1.2**	**2.6**	**5**	**6.3**	**11.8**
KPI – market-based	Total emissions per average number of employees	**7.5**	**1.2**	**1.9**	**4.2**	**5.5**	**11.0**
Per average number of employees		**60**	**61**	**61**	**62**	**71**	**76**

Notes:
1. These emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard guidelines using UK Government GHG Conversion Factors for Company Reporting.
2. Caledonia consumes all its water from the mains which we understand is sourced from high stressed areas, with all its waste water currently being returned to the sewer. The resultant CO_2 emissions from its use of water are <1 tonne.
3. Caledonia has a mix of recycled and general waste; the related Scope 3 GHG emission data is included under 'Other' in the table above.
4. Location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). The market-based method reflects emissions from 100% renewable sourced electricity that we have chosen to purchase.
5. 100% of our reported emissions are in the UK, involving business travel primarily departing from or arriving in the UK. Accordingly, this table does not include a column indicating the yearly UK proportion of global emissions.
6. The sources of GHG emissions shown in the table above are from the companies included in the consolidated financial statements. Under the SECR regime we are not required to report any emissions from companies that are not included in our consolidated financial statements.
7. Caledonia does not release any hazardous air pollutants. Caledonia only has material hazardous waste in the form of batteries and print toner, both of which are responsibly recycled.

Other metrics	Unit	2020	2021	2022	2023	2024	2025
Electricity usage	KWh(k)	224	199	214	270	286	298
Gas usage	KWh(k)	100	93	91	76	67	68
Water consumption	m^3	Data not available but will be tracked going forward			798	1,166	1,085
General mixed waste	tonnes				-	-	-
Mixed recycling	tonnes				-	-	-
WEEE waste	tonnes				-	-	-
Confidential waste	tonnes				2	2	3
Waste generation	tonnes				2	2	3
Waste recycled	%				99%	99%	100%

Sustainability (continued)

Our investment portfolio

Public Companies – climate change metrics and targets

We continue to monitor and manage climate change transition risks within our public companies portfolio. To this end, we expect that all businesses develop and implement robust strategies to achieve net zero Scope 1 and Scope 2 emissions by 2050, or sooner if possible.

For our TCFD reporting, we use the MSCI World Index as a benchmark owing to its similar sector exposure to the companies within our Public Companies pool. The table below presents the primary metrics we use to quantify the Scope 1 and Scope 2 greenhouse gas (GHG) emissions of this pool, which form part of the aggregate emissions linked to our investment portfolio.

The Public Companies pool demonstrates both a significantly lower total carbon footprint and a reduced weighted average carbon intensity ('WACI') compared with the benchmark. This is notable even within traditionally high-emitting sectors such as materials, utilities and industrials.

The data we draw on from MSCI is subject to a reporting lag. The figures for 2024 primarily cover the period from 1 June 2023 to 31 May 2024, while the comparative data largely reflects the period from 1 June 2022 to 31 May 2023.

Our Public Companies investments have seen a 33% decrease in total carbon emissions over the past year. This is predominantly due to the sale of one holding that was previously one of the highest emitters in the portfolio.

Latest annual reported data	Scope	Portfolio (2025)	Benchmark (2025)	Variance vs benchmark	Portfolio (2024)	Units
Total carbon emissions	1 and 2	12,956	42,840	-70%	19,345	Tonnes CO_2e
Carbon footprint	1 and 2	13	43	-69%	16	Tonnes CO_2e/$m invested
WACI	1 and 2	51	97	-47%	60	Tonnes CO_2e/$m sales

Carbon emissions data for our public company investments was obtained from the MSCI One platform. MSCI collects the data from publicly available sources, including annual reports, the Carbon Disclosure Project ('CDP') and government databases. All carbon emissions data collected is classified per the GHG Protocol methodology to enable aggregation and comparability across investee companies and sectors. We have not sought to verify this data and assume no responsibility for its accuracy or completeness.

The following table shows other key climate metrics we use to monitor companies in our Public Companies pool that are managing their climate risk exposure and have a decarbonisation plan.

Other metrics	Portfolio (2025)	Portfolio (2024)
Companies targeting net zero for Scopes 1 and 2 by 2050	82%	93%
Companies with top quartile carbon management score	60%	68%
Green revenue exposure	5%	6%

The majority of the companies in our Public Companies pool have plans to achieve net zero emissions by 2050 or sooner, giving us comfort that they are aligned to our goal. Those companies that have yet to establish net zero targets contribute c.18% of the pool's total carbon emissions and, based on our knowledge and engagement of the companies and their commitment to good corporate governance, we believe they will establish appropriate targets.

The majority (60%) of the companies have a top quartile carbon management score, indicating that they have the capability and resources to manage their climate risks and opportunities. We will continue to monitor progress on these metrics.

Private Capital – climate change metrics and targets

This is the first year we are providing emissions data for our Private Capital pool investments. Due to the diverse nature of these investments, emissions may vary significantly based on the types of businesses we own, as well as any acquisitions or divestments within a given year. These variations are not only driven by changes in our portfolio composition but also by improvements in data quality. As our portfolio companies refine their reporting processes and collect more comprehensive emissions data, we expect that reported emissions may increase, reflecting greater transparency and data availability.

Latest annual reported data[1]	Scope	Portfolio (2025)	Units
Total carbon emissions[2]	1 and 2	6,742.7	Tonnes CO_2e
Carbon footprint	1 and 2	10.0	Tonnes CO_2e/£m invested
WACI	1 and 2	10.0	Tonnes CO_2e/£m sales

1. Since each of our portfolio companies has a different financial year-end, we have included the most recent data available.
2. The majority (78% of net asset value) of our Private Capital pool have provided emissions data, with most reporting the majority or all of their Scope 1 and Scope 2 emissions.

Task Force on Climate-Related Financial Disclosures (‘TCFD’)

We continue to recognise the importance of clearly communicating both financial and non-financial ESG performance to our stakeholders.

This is the third year we have produced a separate TCFD report. The following table, which should be read in conjunction with our TCFD report, summarises our response to each of the TCFD recommendations, and explains how we incorporate climate-related risks and opportunities into each of the four TCFD pillars of governance, strategy, risk management and metrics and targets.

As required by Listing Rule 6.6.6R (8), we consider these climate-related disclosures to be consistent with the TCFD recommendations and recommended disclosures, other than the completion of scenario analysis (strategy pillar disclosure (c)) and the development of metrics and targets for all of our investment assets (metrics and targets pillar disclosures (a), (b) and (c)).

We have fully addressed the assets within our Public Companies pool. We have also increased our disclosure for our Private Capital pool. Over time we will seek to develop our metrics and methodology further as the quality of data improves and more information is available for our Funds pool.

TCFD report

Our third standalone TCFD report sets out our progress towards meeting all TCFD recommendations and can be found at www.caledonia.com

Governance

Disclose the organisation’s governance around climate-related risks and opportunities.

Read more in our TCFD report.

The board is collectively responsible for Caledonia’s success. It sets the company’s strategy, ensures that the necessary financial and human resources are in place to enable the company to meet its objectives, and reviews management performance.

Caledonia has a well-defined governance framework, appropriate for a relatively small business, based on delegated authority. The board has delegated overall responsibility for the delivery of the strategy to the CEO. Our governance and reporting frameworks enable the board to have oversight of the climate-related risks and opportunities which could impact our business.

The board conducts deep-dive reviews of the activity and performance of each of Caledonia’s three investment pools annually. To provide enhanced visibility and monitor progress, an assessment of climate-related risks and opportunities, together with appropriate metrics, is incorporated into reporting.

The remuneration structure for our executive directors includes two variable pay elements:

a. short-term incentive (bonus) to reward performance on an annual basis against key financial and personal objectives.

b. long-term incentive to motivate the delivery of long-term shareholder value.

The structure of the annual bonus includes an assessment of delivery against personal objectives, which include elements related to responsible investment and being a responsible corporate.

Sustainability (continued)

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

Read more in our TCFD report.

Our strategic aim is to achieve capital appreciation and dividend growth for our shareholders over the long term through disciplined investment and careful stewardship of the assets in our portfolio. We recognise our responsibility to support the transition to a lower carbon economy. This is why we have set an expectation that the businesses in which we invest should target net zero emissions by 2050 (Scope 1 and Scope 2, market-based).

Our investment portfolio is well-diversified across the pools, with limited direct exposure to carbon-intensive sectors such as oil and gas and industrials.

Each year we carefully select a small number of new investments in proven, well-managed and sustainable businesses across a wide range of industry sectors and geographies. We seek to avoid investment in businesses that cause material harm to the environment unless they have a clear strategy to reduce their impact over time.

We have considered both physical and transition risks over three time horizons. The availability of robust data and quality information is a prerequisite to effective analysis. We have used the most recent data and information for the constituent businesses in the Public Companies pool using MSCI's One platform. This data has been used to support a scenario analysis exercise, which has provided valuable insights to confirm the resilience of the pool to both physical and transition risks, under various climate scenarios.

The scope of the analysis for the Private Capital pool covers all eight investee companies in the portfolio as at 31 March 2025. We have implemented a data collection framework to measure company specific key performance indicators and an annual survey has been established to enable year-on-year progression to be measured on carbon emissions and other related metrics. The analysis is qualitative in nature. Unlike the Public Companies pool, there is no distinction between the methodology applied for physical and transition risks. The scenario analysis was tailored to the characteristics of each company in the portfolio and was performed with reference to its sector and geographic footprint.

We anticipate that similar information will be developed for the constituents of the Funds pool in the coming years, to broaden our scenario analysis to cover a greater proportion of our investment portfolio.

Our business operations have a modest carbon footprint when compared with the impact of our investment portfolio, with all our employees operating from a single location in central London. We remain committed to minimising the impact of our own operations on the environment and mitigating the risks posed by climate change. We are seeking to achieve net zero emissions by 2030 (Scope 1 and Scope 2, market-based).

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Read more in our TCFD report.

The corporate approach to risk management is covered on pages 63 to 67 of this report.

Risks are assessed and managed in accordance with our corporate risk management framework which includes ESG and climate change as one of the principal risks.

Assessments of climate-related risks continue to be incorporated into our strategy and, in discharging its responsibilities, the board is ultimately accountable for the oversight of climate-related risks that could impact the business. Non-executive director oversight of the risk management framework and associated processes is exercised through the Audit and Risk Committee ('ARC').

The Chief Financial Officer has responsibility for ensuring that a risk management framework is in place and each area of the business is responsible for using this to identify, assess and report on their risks and controls.

Investment managers identify climate-related risks in the portfolios they manage and line management is supplemented by key support functions such as Finance, Tax, Human Resources, Facilities Management and Company Secretarial with further oversight from the Operational Risk Committee.

Risks within the companies and funds in which we invest are identified through ongoing research using in-house expertise and external data, together with reporting from investee businesses. Our business operations use third party resources to ensure a good practice approach is taken to identifying risks and addressing them in a timely manner.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Read more in our TCFD report.

We are continuing to improve our analysis and disclose further metrics and targets where we consider these to be material. For the first time this year, in addition to emissions data for our Public Companies pool and our own business operations, we are reporting Scope 1 and Scope 2 emissions for the majority of the Private Capital pool's net asset value.

Information on specific metrics and targets are provided in the TCFD report. In line with SECR requirements, we have also listed our GHG data.

Sustainability (continued)

Our people and culture

Centred around a collection of values that shape our approach to every aspect of investing, our team is key to delivering long-term performance.

Employee engagement

At Caledonia we are committed to building our business for the long term. We seek to create a thriving workplace culture – built on shared, consistent values and purpose that helps us to attract, retain and develop exceptional people. This year we completed our second employee engagement survey to help us understand how we can continue to improve our working environment.

We were delighted to receive a 92% response rate to the anonymised survey and that 96% of those who responded recommended Caledonia as a "great place to work". We benchmark our analysis against businesses within the UK's financial services sector and were pleased that Caledonia is once again in the top quartile for both participation and engagement.

Feedback from colleagues helps us to shape the future direction of our business. Since our inaugural engagement survey in 2023 we have been working on a number of initiatives to help ensure that Caledonia remains a great place to work in the years ahead.

We are committed to creating an inclusive environment where our employees can develop and contribute fully, underpinned by good remuneration packages, favourable leave policies and health and wellbeing support, alongside training and development to support progression. Further information on our remuneration policy can be found in the Directors' remuneration report on pages 96 to 114.

"We're very lucky with the environment in which we work, the resources that are made available to us and the colleagues we work amongst. Caledonia has a great culture."

Employee,
Staff engagement survey March 2025

Sustainability (continued)

Intern programme

At Caledonia we are committed to investing time to plan for success in the future, to sow the seeds that will flourish for generations to come.

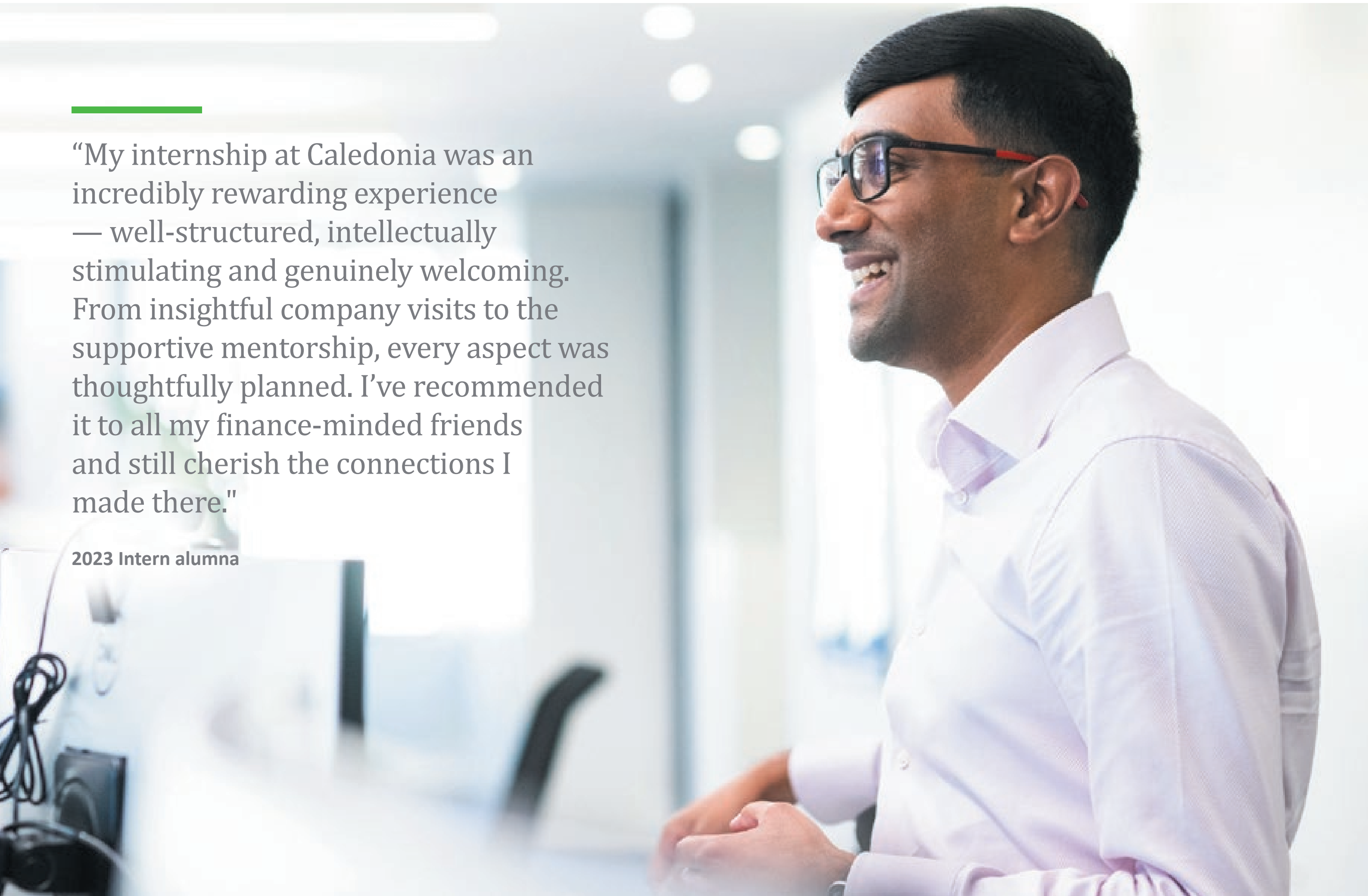
Every June and July we welcome a cohort of successful applicants who we believe will benefit the most from the intern programme.

Led by an independent facilitator but with involvement from across Caledonia, the interns experience insight into the investment management industry, benefitting from a detailed programme. This includes building softer skills in a workplace environment, as well as learning from our investment teams on how and why we construct our long-term investment approach. The programme culminates in the group working in small teams to present their 'Dragons Den' style investment recommendations.

Ahead of the programme, each intern is assigned a mentor from the Caledonia team. The role of the mentor plays a key part in helping the intern through the programme. As interns embark on their chosen careers, they can continue to maintain a lasting relationship with Caledonia, creating an important network of talent for the future.

"My experience at Caledonia exceeded all expectations. The culture of openness and support created learning opportunities that extended far beyond the designated workshops, and being part of an intern class with such diverse backgrounds made the ongoing collaboration all the more rewarding. It was an invaluable experience, shaping me both personally and professionally."

2024 Intern alumna



"My internship at Caledonia was an incredibly rewarding experience — well-structured, intellectually stimulating and genuinely welcoming. From insightful company visits to the supportive mentorship, every aspect was thoughtfully planned. I've recommended it to all my finance-minded friends and still cherish the connections I made there."

2023 Intern alumna

The Caledonia Investments Charitable Foundation

The company made a grant of £300,000 to The Caledonia Investments Charitable Foundation (the 'Foundation') during the year through which we are proud to support causes linked to Caledonia's history, values, culture and team.

The Foundation provides essential funding and support to many good causes each year and seeks to create a thriving legacy by supporting the development of a small number of charities through a multi-year donation programme.

Cornwall Community Foundation

The Foundation's multi-year awards seek to provide a catalyst for future development, enabling the charities to make a significant and lasting impact. Since 2021 the Cornwall Community Foundation ('CCF') has benefited from this support. CCF provides financial and non-financial support for community projects across Cornwall and the Isles of Scilly, investing in people and projects that will make a difference.

This year the Foundation has:

- provided funding to support an events officer to lead and develop the CCF's fundraising and events programmes
- provided financial assistance to support local charities and community projects that address issues relating to financial planning, debt management and financial education.

"We are incredibly grateful to the Caledonia Foundation's multi-year donation. We are already benefitting from the recruitment of an events officer, particularly at our recent gala dinner which raised over £150,000. This, combined with providing vital support, education and resources to those who need it most will transform the lives of many individuals and families across the county."

Susie Croft,
Philanthropy Director, Cornwall Community Foundation

Sustainability (continued)

Fundraising and volunteering

Alongside our support to the Foundation, we encourage our team to volunteer their time and raise funds for charities close to them. We provide our colleagues with up to two additional days of leave to support those causes that they feel passionately about.

This year, Henry Morris, a Director in our Public Companies pool, cycled 980 miles from Land's End to John O'Groats, sleeping under canvas in some of the most beautiful parts of the UK. With the support of the Foundation, he raised nearly £10k for The Outward Bound Trust.

The Foundation was also proud to support members of our Private Capital team to complete the Butcombe Ultra Marathon raising funds for Only A Pavement Away, a charity that supports people looking to rebuild their lives through employment opportunities in hospitality.

Equality, diversity and inclusion

At Caledonia, we believe that a diverse workforce creates the optimum environment in which our business will continue to thrive and grow.

Our recruitment and employment policies are compliant with relevant UK legislation. Recruitment, development and promotion are based on suitability for the role. We will not discriminate on the basis of gender, sexual orientation, marital status, pregnancy, gender reassignment, age, race, nationality, ethnicity, disability, or political or religious beliefs.

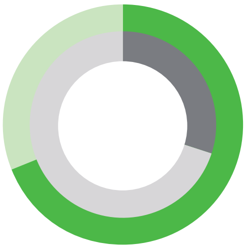
We are committed to increasing diversity and inclusion over time. We are mindful of the need for orderly succession planning and ensuring that an appropriate mix of skills and experience is maintained throughout our organisation, from the board to every operational level.

As at 31 March 2025, the gender distribution across the various levels of our business is as follows:

	Male number (%)		Female number (%)	
	2025	2024	2025	2024
Board	7 (64%)	7 (64%)	4 (36%)	4 (36%)
Senior managers	14 (50%)	15 (60%)	14 (50%)	10 (40%)
All employees (including board)	37 (44%)	38 (46%)	47 (56%)	44 (54%)

Caledonia operates a flatter management structure than is often found in many other companies and, for information, 60% (2024: 55%) of direct reports to members of our Investment Committee are female.

Investment and support employees 2025[1]

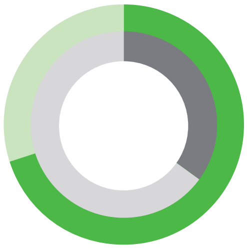


Investment employees	
Male	69%
Female	31%

Support employees	
Male	30%
Female	70%

1. Excluding non-executive directors

Investment and support employees 2024[1]



Investment employees	
Male	70%
Female	30%

Support employees	
Male	35%
Female	65%

In accordance with Listing Rule 6.6.6R (9) of the FCA's Listing Rules, the table below sets out details of the diversity of the individuals serving on the board and executive management as at 31 March 2025. Our executive management consists of members of our Investment Committee, being the most senior level of management. Data was obtained on a voluntary self-reported basis. The board met the ethnicity diversity target set out in LR 6.6.6R (9) (a) but not the two gender diversity targets. The targets were introduced in 2022 and, given the gradual change in board membership, it will take time to meet them.

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	63.6%	4	6	85.7%
Women	4	36.4%	-	1	14.3%
Not specified/prefer not to say	-	-	-	-	-

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	10	90.9%	4	7	100%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	1	9.1%	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

Sustainability (continued)

Working environment

At Caledonia, we look to establish, nurture and maintain a culture of high standards in both behaviour and professional integrity. Our comprehensive policies are designed to safeguard employees against unlawful discrimination and to foster a working environment where fairness, consideration and respect are paramount.

Annual performance appraisals, through which employees may be set objectives and against which their achievements are assessed, are intended to ensure that employees have a clear view of their performance and to identify additional learning and development needs to help them meet their full potential.

Grievance procedure and whistleblowing

Our staff handbook clearly sets out Caledonia's formal grievance procedures, offering all colleagues a structured yet flexible framework to raise concerns, whether through formal channels or in a more informal manner.

In addition, there are established robust whistleblowing arrangements designed to provide a safe, confidential and impartial channel for reporting any potential misconduct in our business. These mechanisms enable employees to raise issues independently of their immediate line management, ensuring a culture of transparency and accountability. Responsibility for oversight of our whistleblowing procedure sits with the board.

Health and safety

At Caledonia, we are committed to continuously enhancing health and safety across our workplace, ensuring full compliance with all applicable legislation. While the nature of our business means that occupational risks remain low, we remain dedicated to providing a secure working environment through the supply of safe equipment and comprehensive, ongoing training. This proactive approach is designed to prevent accidents and mitigate any risks of work-related ill health.

Our detailed health and safety policies are outlined in our employee handbook, and staff are encouraged to undertake regular workstation assessments to identify and address any requirements.

For the year ended 31 March 2025 there were no incidents reported under RIDDOR ('Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013'), and no work-related accidents.

Risk management

Risk management is an integral part of the company's business model and embedded within its business operations. Caledonia's risk management framework seeks to ensure that the different parts of the group operate within strategic risk appetite parameters and that this is integrated with its governance and decision-making processes.

The board has overall responsibility for setting and monitoring the company's risk appetite.

The risk framework supports and informs business activity and decisions, managing risk through a set of integrated processes.

Board

Approve strategy, investment decisions and risk appetite

Assessment, management and reporting of principal risk categories

Strategic

Board review investment pool strategies & asset allocation

Investment

Investment Committee

- Investment strategy
- Investment decisions

Market

- Risks and sensitivities reviewed regularly
- Market & portfolio volatility reviews

Liquidity

- Detailed cash forecasting supported by scenario analysis
- Credit facility in place

Operational

- Oversight by Operational Risk Committee
- Robust systems and controls in place

ESG/climate change

- Implemented through RI/RC Working Group
- Sustainability criteria in investment decisions

The risk framework aligns with and supports business activities

Internal control assurance

Risk analysis & reporting

Identify

the range of risks we need to manage that are relevant to our business activities and strategy. The top-down risks that Caledonia is exposed to form our principal risks.

Report

key risk exposures, control assessments and actions for risks outside appetite. Detailed reporting to the Operational Risk Committee with aggregate dashboards to the Investment Committee and Audit and Risk Committee.

Measure

and assess the materiality and magnitude of the risks identified, and assign risk ratings to articulate both our risk profile and appetite position.

Monitor

the risk exposures, through regular risk reviews, analysis of incidents and scenario exercises, all of which could trigger a reassessment of the original rating.

Manage

the risks according to our rating and control assessments. The risk may not be accepted as assessed and need remedial actions (control strengthening) to bring it back within appetite.

Risk management (continued)

Risk governance, structure and responsibilities

Risk management and its governance is the responsibility of the board, with specific components delegated to the Audit and Risk Committee. The Executives are given the task of managing an effective and transparent process to ensure that current and emerging risks are identified, measured, managed, monitored and reported on. The board sets the risk appetite in line with the business model and strategy. This is communicated through the executive to all those with managerial responsibilities. The illustration below depicts the risk governance structure in place and the responsibilities of each committee.

Board

- The board sets the risk appetite in line with the business model and strategy
- Biannual investment pool reviews
- Approves material investments
- Opines on the internal control environment

Audit and Risk Committee

- Reviews principal risks and detailed assessments as required
- Monitors the effectiveness of the risk management framework
- Reviews the control assurance programme

Investment Committee

- Implements investment strategy
- Approves individual investments

Valuation Committee

- Reviews valuations for the company's investments
- Scrutiny and review proportionate to both the complexity of the portfolio and the degree of judgement involved
- Oversight from external audit

Operational Risk Committee

- Monitors key risks identified in the operational risk universe against risk appetite preferences
- Reviews detailed risk and control assessments and associated actions/ remediation

Risk management reporting

We manage, monitor and report on risk across two core risk types: investment and operational risks.

Investment and operational risk reports are considered by the Audit and Risk Committee at least biannually, with any major issues or changes arising from these reviews escalated to the board for further discussion.

The investment risk report focuses on investment portfolio risks arising from our investment strategy. Investment risk exposures are considered against parameters in place for asset allocation, performance, investment volatility, diversification, concentration, liquidity and currency exposure.

Operational risk reporting, including more detailed risk and control assessments, is reviewed by the Operational Risk Committee. It covers the entirety of the operational risk universe, including financial crime, legal and regulatory exposures, business operations, people and business continuity. Related risks, including cyber security, are closely monitored by the committee. Summary reporting, including selected detailed assessments, are included in Audit and Risk Committee reporting.

Risk Management Development

Risk framework components and their supporting processes evolve under a programme of continuous improvement. A more comprehensive risk and control assessment process was implemented during the year. The approach to operational risk appetite also evolved. These, and other developments, further strengthens the control assurance programme in advance of the FRC's updated requirements for risk and internal control, effective from April 2026.[1]

1. The Financial Reporting Council published an updated UK Corporate Governance Code in January 2024. From 1 April 2026, the board will be required to provide a declaration of the effectiveness of the material controls as at the balance sheet date (31 March 2027).

Principal Risks

The principal risks are those at the highest level in our risk universe. They have the potential to impact the delivery of our strategic objectives, threaten our business model, solvency or liquidity and damage our reputation.

The board and Audit and Risk Committee thoroughly assess these risks throughout the year and consider any changes or additions in light of the external environment (market, legal or regulatory changes) or following changes to our own business activities that might expose us to additional risks. Whilst external activity has heightened our exposure to some risks, no new current or emerging risks have been identified.

Overall, our key risks remain largely stable but with a heightened outlook for market risk given the continuing geopolitical uncertainty, and market volatility caused by the US approach to trade tariffs.

Operational risks are reviewed by the Operational Risk Committee, most recently in March 2025. Cyber risk remains Caledonia's most material operational risk exposure but one where there is an ongoing cycle of control review and enhancement to provide high levels of protection for our systems.

We have set out the six principal risks on pages 66 to 67, highlighting developments throughout the year and our assessment of their current rating alongside indicators reflecting current sentiment.

Risk Appetite Statements

Each year the Audit and Risk Committee and board review our stated appetite for taking on and managing our key risk exposures.

The statements reflecting our position at the end of March 2025 are noted below, with no material changes from the previous year.

Risk appetite statements

Strategic risk

The strategy of the business is to invest in equities, across a variety of asset classes, sectors and geographies. The nature of equity investing leads to a balance of risk and reward, leading to a measured risk appetite.

Liquidity risk

Having sufficient liquidity to meet both liabilities as they become due and fund investment opportunities is critical to our strategy and viability. There is no appetite for circumstances that would result in a lack of liquidity.

Market risk

As investors in equities, the business is automatically exposed to a number of market driven risks. Whilst our strategy and approach to risk aim to mitigate these risks they cannot fully remove them. The nature of equity investing leads to a balance of risk and reward, leading to a measured risk appetite in this area.

Investment risk

Individual investment decisions rely on judgement which can result in poor or untimely investments and divestments. To manage this the business operates a comprehensive diligence and review process ensuring investments are made carefully, balancing risk and reward, allowing our experts the time to analyse all aspects before committing capital or divesting. We have a very low appetite for non-compliance with our investment process.

Operational risk

We do not seek to take on operational risk but the key sources of this risk type are inherent within our business processes and operations. A material operational risk failure could harm our business and reputation, as such our overall appetite for any to crystallise is low. In certain critical areas, notably protecting our systems and data from cyber threats and ensuring compliance with applicable laws and regulations, we aim to reduce risk exposure to the lowest achievable level.

ESG & climate change

We continue to evolve the integration of ESG matters into our investment activity, this reflects a low tolerance for ESG risks that could impact our stakeholders, undermine our long-term sustainability objectives or damage our reputation.

Risk management (continued)

Principal risks	Mitigation and management	Key developments	Current risk status and movement in year to March 2025
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 their strategic banding. The capital allocation model was further developed to support liquidity management, strengthening our resilience to financial market volatility. An uncapped Rule 9 waiver was successfully completed allowing the company to buy back shares. Investor relations activity has been developed introducing spotlight sessions for each of the investment pools. The Private Capital session in January was well received with Public Companies and Funds to follow.	MEDIUM ⟷
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 Committee met throughout the year to consider investment decisions. The investment teams continue to review capacity and capability to ensure appropriate skills and resources are in place. As well as new positions, the teams promote talent from within, with a number of promotions approved during the year.	MEDIUM ⟷
Market Risk of losses in the 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 regularly 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 and geopolitical risks remain and have heightened over the past six months with impacts from the ongoing conflicts in Ukraine and the Middle East. However, recent market volatility is largely driven by US trade tariffs and ongoing uncertainty over their coverage and application. The Public Companies team maintain a long-term horizon, which benefits us in volatile periods, remaining vigilant for market opportunities that may present themselves in the short term. Inflation, reduced from last year, is expected to remain above the Bank of England's target in the short term. Current projections indicate a return to the 2% target in the medium term. Exchange rate movements (particularly £ v US$) impact valuations. This is closely monitored although there are no plans to change our unhedged position given the long term nature of our investments.	MEDIUM ↑

Principal risks	Mitigation and management	Key developments	Current risk status and movement in year to March 2025
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.	At the end of March 2025 there was £151m cash, in addition to a £325m undrawn on the revolving credit facility. This was renewed and increased (£250m to £325m) in the year which, in addition to cash, provides a substantial amount of available capital for investment in high quality opportunities. Detailed cash forecasting continues to be reviewed quarterly.	LOW ⟷
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's ESG knowledge, processes and policies continue to develop as ESG matters are integrated into our investment approach. The pools report on ESG and climate change information and developments, to the board annually.	An assessment of the Private Capital portfolio companies' climate change risks and opportunities was conducted for the second year, updating the approach to ensure alignment with the corporate risk framework. This supports the climate change risk and opportunities disclosures within the TCFD report. Disclosure of carbon emissions for the Private Capital portfolio was introduced for the first time.	MEDIUM ⟷
Operational Risks arising from inadequate or failed processes, people and systems, or from external factors. Operational risks arise from failures around the recruitment, development and retention of staff, system failures and integrity issues, poor procedures, business disruption and failure to adhere to legal or regulatory requirements. Process failures can impact finance, IT and investment teams.	Systems and control procedures are developed and reviewed regularly ensuring that defences against cyber threats remain robust and aligned to industry standards. 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. Caledonia has internal resources to consider regulatory and tax matters as they arise. Professional advisers are engaged, where necessary, to assist in specialised areas or when new laws and regulations are introduced.	Cyber security remains a material risk exposure, with focused activity during the year to augment and strengthen our technical controls. As part of ongoing controls assurance, a third party expert was engaged to review our system controls against NIST standards (National Institute of Standards & Technology) with actions being progressed. A system security focused simulation was facilitated by a third party which stressed the control environment, indicating areas of control improvement which are being progressed. Annual cyber security training was conducted, alongside targeted phishing simulation campaigns. A new expenses system was introduced increasing efficiency and systemising controls.	MEDIUM ⟷

Going concern and viability

Going concern and viability

The review of going concern and viability was considered and approved by the board, following full scrutiny by the Audit and Risk Committee. This review considered the key risks to the group, their potential financial impact and mitigating actions. A number of scenarios were considered to stress-test the robustness of the group's position to adverse events. These scenarios were applied to a detailed three-year financial plan that was approved by the board in March 2025.

Going concern

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 £151m, undrawn banking facilities of £325m and readily realisable assets of £965m as part of a wider process in connection with its viability assessment. It has been 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.

Viability statement

The directors have assessed the viability of the group over the period to May 2028 (three years from the date of signing the financial statements), having determined that this is an appropriate period for which to provide this statement given the group's long-term investment objective, the resilience demonstrated by the stress testing and the relatively low working capital requirements of the group.

The viability assessment takes into account the group's position, its investment strategy and the potential impact of the relevant risks set out in this strategic report. In making this statement, the board is satisfied that the group operates an effective risk management process and confirms that it has conducted a robust assessment of the principal and emerging risks facing the group.

This includes those that would threaten its strategic objectives, its business model, its ability to operate and its future performance, solvency or liquidity. Based on this assessment, the directors have concluded that the group will be able to continue in operation and meet its liabilities as they fall due over the period to May 2028.

In making this assessment, the directors took comfort from the results of two stress tests, which extended the three-year viability assessment to a longer period to 31 March 2030. This considered the impact of significant market downturn conditions.

The first stress test addressed two discrete scenarios: a 5% reduction in the value of Sterling versus the US dollar compared to the rate on 31 March 2025 and a 12-month delay to Private Capital realisations.

The second stress test modelled a market downturn event over a two-year period reflecting a fall in Public Companies investment income of 20%, reduction of Private Capital investment income by 100%, an inability to realise the Private Capital portfolio and a 50% reduction in distributions from the group's funds portfolio. To simulate an extreme downside scenario the impact of a market downturn event and all fund commitments falling due was also assessed. The directors do not believe the extreme downside scenario is likely but factors this into the viability assessment.

It was concluded that even in a simulated market downturn and all fund commitments falling due, the group has sufficient liquidity on the balance sheet to meet its obligations as they fall due.

Overall, through the stress testing described above, the directors demonstrated the strength of the group's financial position and, in particular, its ability to settle projected liabilities as they fall due, even under extremely adverse circumstances.

The Strategic report was approved by the board on 19 May 2025 and signed on its behalf by:

Mat Masters
Chief Executive Officer
19 May 2025