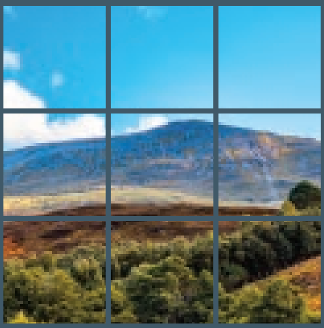
THE SCHIEHALLION FUND LIMITED

Interim Financial Report
For the period from incorporation on 4 January 2019 to 31 July 2019

BAILLIE GIFFORD



Investment Objective

The Schiehallion Fund Limited seeks to generate capital growth for investors through making long-term minority investments in later stage private businesses that the Company considers to have transformational growth potential and to have the potential to become publicly traded.

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Message from the Chairperson

It is with pleasure that I present the Board's first Interim Report for The Schiehallion Fund Limited (the 'Company' or 'Schiehallion') for the period from incorporation on 4 January 2019 to 31 July 2019. The Company raised gross proceeds of US$477 million at launch on 27 March 2019†.

During the period from 27 March 2019 to 31 July 2019, the Company's share price and NAV returned 17.5% and 1.2% respectively.

Since shares opened for trading on the London Stock Exchange they have climbed steadily, on thin trading volume, to a premium of approximately 16.5%. The premium is a function of supply and demand for the Company's shares in the secondary market. The Company has authority to issue further shares if the Directors determine such issues to be in the best interests of shareholders and the Company as a whole.

Further information about the Company's portfolio is covered by our portfolio managers, Peter Singlehurst and Mark Urquhart, in their Interim Management Report.

Linda Yueh
Chairperson
5 September 2019

Summary of Results (unaudited)*

For the period from 27 March 2019, launch and first day of trading, to 31 July 2019

	31 July 2019	27 March 2019 †	% change
Shareholders' funds	US$481.25m	US$475.64m	
Net asset value per ordinary share	100.84¢	99.66¢	1.2
Share price	117.50¢	100.00¢	17.5
Premium	16.5%	0.3%	
Number of shares in issue	477,250,002	477,250,002	
Market capitalisation	US$560.77m	US$477.25m	

	Period from 4 January 2019 # to 31 July 2019
Revenue earnings per share	(0.04¢)

Notes

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 25.

† 27 March 2019, the date the Company's ordinary shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

\# Date of incorporation of the Company.

All investment strategies have the potential for profit and loss.
Past performance is not a guide to future performance.

Welcome Letter

Dear Shareholders,

Following the launch of The Schiehallion Fund at the end of March, we would like to take this opportunity to thank you for your support. Schiehallion could never have existed without committed and far-sighted investors willing to invest their capital from day one.

We live in fascinating and changing times. This can be seen in the novel products and business models of companies, and in the way these companies are capitalised. In turn, we are seeing a shift in where shareholder value accrues. By breaking down the artificial divide between private and public company investing, we believe we are in a strong position to benefit from these changes.

We are enthusiastic to begin investing on your behalf in the exciting high-growth companies that we are finding in the later-stages of the private markets. As we embark on this journey together, we wanted to touch on three overarching principles that will guide our approach. These apply not just to how we invest in companies, but also how we conduct ourselves with you, the owners of Schiehallion.

Long-termism

The decisions we make today will still matter ten years and more from now. Our company analysis is structured to try to find exceptional businesses that can succeed over these time frames. We also think about our relationships with shareholders over the same horizon. The evergreen structure of Schiehallion means that the only time limit on your ownership of the Company is your willingness to remain invested. It is therefore incumbent on us to constantly renew your enthusiasm to remain an owner by living up to your investment expectations, but also by behaving as your partner. Baillie Gifford's longest standing client, the Scottish Mortgage Investment Trust, has been with us for 111 years, and is where our private market investing began. Looking forward over a similar period, it is unlikely that we will each personally be around in the year 2130. However, we hope that our long-term approach to both investing and our relationships with shareholders, means that Schiehallion itself will endure, and that our respective successors might still be partners.

Alignment

Alignment is what makes all this possible. It is not enough to think about how we are aligned with you, or how we are aligned with companies. We need to think about the whole chain of alignment, from your end beneficiaries, right through to the employees and customers of the companies in which we invest. We should succeed or fail together. Schiehallion has been designed from first principles to facilitate this alignment, first and foremost by being a long-term and low-cost Company, investing over an appropriate time horizon and enabling shareholders to keep more of the associated returns. Whilst structure can facilitate alignment, it is also an attitude held by all parties. The long-term nature of the Baillie Gifford partnership, the evergreen structure of the Company, and our history of placing clients' and shareholders' interests first, embody this attitude.

Meaningful Relationships

Our task is an analytical and financial one, but it is also deeply social. No metric will tell us whether a company's management team should be entrusted with shareholders' capital, just as no slide deck can tell you whether you should trust a manager with your beneficiaries' assets. The role that developing meaningful relationships plays in investing is critical, with an attitude of stewardship a necessary underpinning. We place a great deal of importance on this, both in our relationships with you as shareholders, and with the companies in which we will invest your capital. Long-termism and alignment can only bloom in the context of meaningful relationships.

We look forward to building such relationships over the years to come. Thank you once again for your support and enthusiasm in the founding of The Schiehallion Fund.

Peter Singlehurst and Mark Urquhart
Investment Managers
Baillie Gifford

Interim Management Report

Our Approach

The Schiehallion Fund Limited (Schiehallion) was conceived because many of the world's most exciting companies are choosing to remain private for longer. In our view, this has led to a concentration of exceptional and rapidly growing companies in the later stages of private markets. It is also causing a shift in where shareholder value might accrue. Schiehallion was also founded on a belief that these companies could arise anywhere in the world. The portfolio we have assembled to date supports both hypotheses. Furthermore, by breaking down the artificial divide between private and public company investing, the Company's shareholders are in a strong position to benefit from these changes.

Portfolio Update

As at the date of this report, we have invested in eight private companies, based in China, the United States, the United Kingdom and Germany. These holdings represent a diverse range of businesses – from space travel to bus travel, and from luggage to low cost foreign exchange. However, what they all have in common is their potential to become many times bigger over our investment horizon. Of these eight companies, five will have revenues in excess of US$100 million in 2019, three of which will be greater than US$1 billion. Between 2017 and 2018 their combined revenues more than doubled in US dollar terms. Our contention that there is a wide variety of exciting and high-growth businesses in the late-stages of private markets is borne out in the portfolio we have built over this initial short period.

We are bottom-up stock pickers – every company in which we invest must have excellent prospects on a fundamental basis. However, we do observe how wider changes are altering companies' operating environments and opportunity sets. One of the major trends we have seen over recent years is the extension of the disruption that has transformed media and retail into other industries. Many of these fields are both large and relatively untouched by the technological change of the last few decades. This presents enormous opportunities, but also inevitable complexity in navigating the vested interests of the status quo.

Looking to examples in the portfolio, something as traditional as bus travel has been given a new lease of life by Flix, as it uses technology to make booking tickets easier and route planning better. The result is a greatly enhanced customer experience. Luggage is an industry that, like so many others, might have been thought immune to the disruptive power of the internet. Yet today we see Away using online distribution and savvy social media strategies to create a new brand with high-quality products in a market that has not evolved in decades. Carbon is following where many others have failed, in trying to use 3D printing to disrupt the US$12 trillion industrial manufacturing market. However, it is doing so with an offering that is cheaper, faster and more versatile. As such its technology is being enthusiastically adopted by an ever-growing number of partners. We believe that investing in companies working to transform these relatively unchanged industries should be a rich seam for Schiehallion.

The nature of our investment approach means that we see these types of companies first in the private markets and can support, and benefit from, their rapid growth years before they become public companies. Our pipeline of opportunities continues to grow and contains companies operating in an increasingly diverse range of sectors.

Outlook

When Schiehallion was launched we stated it would be reasonable to expect that we could invest at least two-thirds of the capital raised within the first two years. Our current pace of investment puts the Company well on track to meet this milestone, but it would be a mistake to view it as an objective. Rather, the rate of investment will be an output of the number of high-quality companies we find worthy of the capital entrusted to Schiehallion by its shareholders.

Private companies have the luxury of choosing their shareholders and our ability to access high-quality businesses remains of fundamental importance. Several of the investments we have made for Schiehallion have been in private companies in which Baillie Gifford is already a shareholder. As a result, we have good relationships with management and have been following the businesses' progress closely. These include SpaceX, Carbon, TransferWise, Tempus and HeartFlow.

Furthermore, we continue to be encouraged by the new deal flow we are experiencing. We have looked at approximately 150 private financing rounds in the first months of Schiehallion's existence. This provides fantastic opportunities and brings a welcome challenge – selecting only the very best investments for the Company's shareholders.

In addition to the holdings sourced from Baillie Gifford's existing relationships, the three brand new investments that we deemed worthy of shareholders' capital are Away, ByteDance and Flix. Whenever we look at a private financing round we ask ourselves whether we have a competitive advantage, either in accessing or analysing the businesses in question. These three companies nicely encapsulate the access advantages we believe we have as private market investors. The opportunity to invest in Away came from an introduction by the CEO of another Baillie Gifford-sourced private investment. We invested in ByteDance following a direct approach from the company, after a few years of getting to know the business and team. Likewise, we first began research on Flix in 2016 and the company subsequently approached us directly when planning its most recent financing. These relationships reflect the attractiveness of Baillie Gifford's approach as a long-term supportive investor, and the rare access it provides for our shareholders to invest in exceptional growth businesses.

We are optimistic about the outlook from this point, both for the companies in which the Company has already invested and the pipeline of opportunities that we are working on. Thank you for being a shareholder in Schiehallion.

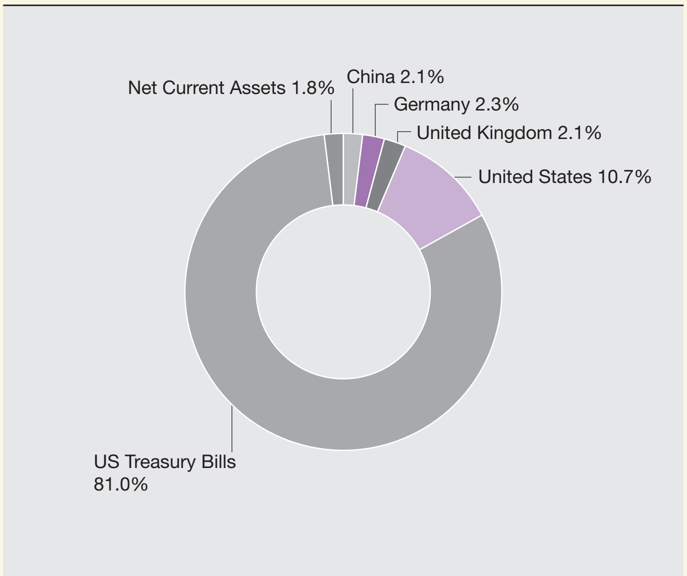
The principal risks and uncertainties facing the Company are set out on page 8.

List of Investments as at 31 July 2019 (unaudited)

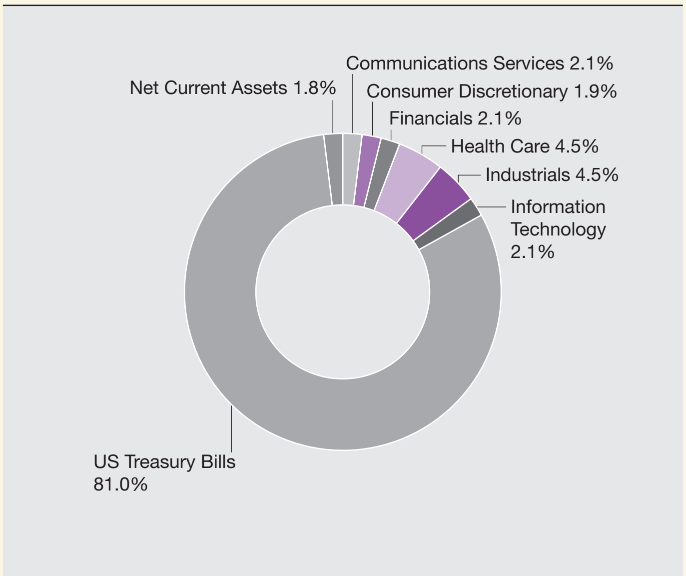
Name	Business	Country	2019 Value US$'000	2019 Value US$'000	2019 % of net assets
Tempus Labs Inc Series E Preferred	Oncological records aggregator and diagnostic testing provider	United States	4,387		
Tempus Labs Inc Series F Preferred	Oncological records aggregator and diagnostic testing provider	United States	7,043		
				11,430	2.4
FlixMobility GmbH Series F2 Preferred	European mobility provider	Germany		11,148	2.3
Space Exploration Technologies Corp Series K Preferred	Rocket and spacecraft company	United States		10,490	2.2
TransferWise Limited Ordinary	Online money transfer service	United Kingdom	5,123		
TransferWise Limited Seed Preferred	Online money transfer service	United Kingdom	1,761		
TransferWise Limited Series A Preferred	Online money transfer service	United Kingdom	2,082		
TransferWise Limited Series B Preferred	Online money transfer service	United Kingdom	598		
TransferWise Limited Series C Preferred	Online money transfer service	United Kingdom	334		
TransferWise Limited Series D Preferred	Online money transfer service	United Kingdom	92		
TransferWise Limited Series E Preferred	Online money transfer service	United Kingdom	10		
				10,000	2.1
ByteDance Limited Series E Preferred	Social media and news aggregation company	China		10,000	2.1
Carbon Inc Series E Preferred	Manufactures and develops 3D printers	United States		10,000	2.1
HeartFlow Inc Series E Preferred	Develops software for cardiovascular disease diagnosis and treatment	United States		9,999	2.1
Away (JRSK Inc) Series D Preferred	Travel and lifestyle brand	United States	5,625		
Away (JRSK Inc) Series Seed Preferred	Travel and lifestyle brand	United States	3,750		
				9,375	1.9
Total unlisted securities				**82,442**	**17.2**
US Treasury Bill 26/09/2019				64,665	13.4
US Treasury Bill 05/12/2019				64,740	13.4
US Treasury Bill 30/01/2020				64,825	13.5
US Treasury Bill 26/03/2020				64,908	13.5
US Treasury Bill 21/05/2020				66,446	13.8
US Treasury Bill 16/07/2020				64,433	13.4
Net current assets				8,794	1.8
Total cash and cash equivalents				**398,811**	**82.8**
Net assets				**481,253**	**100.0**

Distribution of Net Assets (unaudited)

Geographical as at 31 July 2019



Sectoral as at 31 July 2019



The above sectoral distribution is not derived from any index.

Company Summary

Structure

The Company is a non-cellular investment company limited by shares, registered and incorporated in Guernsey under the Companies (Guernsey) Law, 2008 on 4 January 2019, with registration number 65915. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended, and the Registered Collective Investment Scheme Rules 2018 issued by the Guernsey Financial Services Commission.

The Company commenced business on 27 March 2019 (the 'date of Admission'), when its ordinary shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

The Company's ordinary shares are denominated in US dollars.

Investment Objective

The Company's investment objective is to generate capital growth for investors through making long-term minority investments in later stage private businesses that the Company considers to have transformational growth potential and to have the potential to become publicly traded.

Investment Policy

In making its initial investment in a business, the Company will seek to invest in private businesses which it considers have the potential to become admitted to trading on a public stock exchange. Those investments will typically take the form of equity or equity-related instruments (which may include, without limitation, preference shares, convertible debt instruments, equity-related and equity-linked notes and warrants) issued by investee companies.

The Company will only invest in private businesses that are considered to have some or all of the following features:

— the potential to grow revenue and earnings multiple fold over the long term;

— scalable business models that should enable those businesses to grow into their opportunity;

— robust competitive advantages;

— exceptional management teams;

— an entry price which significantly undervalues the long-term opportunity for the business; and

— an ambition and ability to become stand-alone public companies.

Investee companies may be from any sector and any geography (save as set out below). While there are no specific limits placed on exposure to any one sector, the Company will at all times seek to invest and manage the portfolio in a manner consistent with spreading investment risk.

With prior approval of the Board, the Company may permit the use of derivatives for the purpose of currency hedging, though it currently does not expect to do so. Save for this and for investments made using equity-related instruments as described above, the Company may not engage in derivative transactions for any purpose.

The Board does not intend to use structural gearing with a view to enhancing equity returns on investments. The Company may employ gearing on a short-term basis for the purpose of bridging investments and general working capital purposes. The Company may in aggregate borrow amounts equalling up to 10% of net asset value, calculated at the time of drawdown.

The Company is subject to the following investment restrictions:

— an investee company must be a private investee company at the time of the Company's initial investment in that investee company. The Company may, however, make subsequent investments in the investee company, even if the investee company has been admitted to trading on a public stock exchange in the period since the Company's initial investment;

— a private investee company must have a value of at least US$500 million at the time of the Company's initial investment in the private investee company. This restriction will not apply to the Company's subsequent investments in the investee company, if any;

— the Company may not make an initial investment in a private investee company which exceeds in value 10% (calculated at the time of investment) of the most recently published net asset value (save to the extent that breach of this 10% limit is due to a change in the value of the Company's invested assets or currency fluctuations from the time of the Company's firm commitment to make the investment to the time of investment);

— the Company may not make any investment in a private investee company that would cause the value of the Company's holding in that private investee company to exceed 19.9% (calculated at the time of investment) of the most recently published net asset value; and

— the Company may not make any investment in an investee company that would cause the Company's holding in that investee company to exceed 20% (calculated at the time of investment) of the total issued share capital of the investee company.

A reference to the value of assets of the Company (including investee companies) referred to in the restrictions above shall be to value as determined in accordance with the Company's valuation policy from time to time.

The Company does not currently expect the portfolio to be majority invested in public investee companies at any point in time, but it has not set a limit on the percentage of the portfolio which can be invested in public investee companies at a given time.

It is intended that the Company will, subsequent to the initial investment period of two years from the date of Admission, be substantially invested in normal market conditions. However, the Company may at any time hold overnight or term deposits or, pending investment in investee companies, invest in a range of cash equivalent instruments such as US Treasury Bills or money market funds. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold.

Management Details

The Company has appointed Baillie Gifford & Co Limited as its Investment Manager (the 'Investment Manager'). As the entity appointed to be responsible for risk management and portfolio management, the Investment Manager has also been appointed as the Company's Alternative Investment Fund Manager. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford Overseas Limited.

Under the terms of the Investment Management Agreement and with effect from the date the Company's ordinary shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, the Investment Manager will be entitled to an annual fee of: 0.9% on the net asset value excluding cash or cash equivalent assets up to and including US$650 million; 0.8% on the net asset value excluding cash or cash equivalent assets exceeding US$650 million up to and including US$1.3 billion; and 0.7% on the net asset value excluding cash or cash equivalent assets exceeding US$1.3 billion. Management fees are calculated and payable quarterly.

Administrator

Alter Domus (Guernsey) Limited has been appointed as administrator, secretary and designated manager of the Company (the 'Administrator'). The Administrator is responsible for certain aspects of the day-to-day administration and general secretarial functions of the Company in conjunction with the Investment Manager (including but not limited to the maintenance of the Company's statutory records). The Administrator is entitled to receive a fixed annual fee of £64,000 (exclusive of goods and services tax), payable quarterly in arrears. The Administrator is also entitled to reimbursement of reasonable costs, expenses and disbursements properly incurred.

Depositary

In accordance with the Alternative Investment Fund Managers Directive, the AIFM must appoint a Depositary to the Company. The Bank of New York Mellon (International) Limited has been appointed as the Company's Depositary.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The custody function is also undertaken by The Bank of New York Mellon (International) Limited.

Dividend Policy

Given the nature of the Company's investments, the Company does not expect to pay dividends in the foreseeable future. If any dividends or distributions are made, they will at all times be subject to compliance with the solvency test prescribed by Guernsey law.

Going Concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. In undertaking this review, the Directors have considered the Company's principal risks including market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained on pages 8 and 21 to 24.

In managing the Company's assets the Investment Manager will seek to ensure that the Company holds at all times a proportion of assets that is sufficiently liquid to enable it to discharge its payment obligations. After making enquiries and considering the future prospects of the Company, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for a period of at least 12 months from the date of approval of these Financial Statements.

Corporate Governance

The Company will apply the AIC Code of Corporate Governance, published in February 2019, for the period to 31 January 2020.

Principal Risks

There is a process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A description of these risks and how they are being managed or mitigated is set out below:

Financial Risk – the Company's assets consist mainly of private investee companies' securities and its principal financial risks are therefore market-related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 14 on pages 21 to 24. As oversight of this risk, the Board considers at each meeting various metrics including top and bottom stock contributors to performance along with sales and purchases of investments. Individual investments are discussed with the portfolio managers together with their general views on the various investment markets and sectors.

Investee Companies – The Company's investments in private investee companies will not be liquid and there may be restrictions on transfer of those investments. This may limit the Company's ability to realise investments at short notice, at a fair value or at all. A large proportion of the overall value of the portfolio may at any time be accounted for by a relatively limited number of investee companies. If the value of one or more such investee companies were to be adversely affected, it could have a material adverse impact on the overall value of the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the ordinary shares. Risk is diversified by having a portfolio of investments which at the end of the initial investment period, two years from the date of admission of the ordinary shares to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, is expected to number between 20 and 60 holdings in investee companies.

Investment Strategy Risk – pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their net asset value. To mitigate this risk, the Board regularly reviews and monitors the Company's objective and investment policy and strategy, the investment portfolio and its performance, the level of discount/premium to net asset value at which the shares trade and movements in the share register. A strategy meeting is held annually.

Discount Risk – the discount/premium at which the Company's shares trade relative to its net asset value can change. The risk of a widening discount is that it may undermine investor confidence in the Company. The Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares, when deemed by the Board to be in the best interests of the Company and its shareholders.

Legal and Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules applicable to Guernsey domiciled investment funds, the laws and regulations applicable in Guernsey, and the continuing obligations imposed on all investment companies whose shares are admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange could lead to suspension of trading in the Company's shares on the Specialist Fund Segment of the Main Market of the Stock Exchange, financial penalties, a qualified audit report or the Company being subject to tax on capital gains. To mitigate this risk, Baillie Gifford's Business Risk, Internal Audit and Compliance Departments and Alter Domus, the designated manager, provide regular reports to the Audit Committee on their monitoring programmes. Major regulatory change could impose disproportionate compliance burdens on the Company. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.

Custody and Depositary Risk – safe custody of the Company's assets may be compromised through control failures by the Depositary, including breaches of cyber security. To monitor potential risk, the Audit Committee receives six monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Investment Manager. The Custodian's audited internal controls reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated.

Operational Risk – failure of Baillie Gifford's systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. To mitigate this risk, Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The Audit Committee reviews Baillie Gifford's Report on Internal Controls and the reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board.

Political and Associated Economic Risk – the Board is of the view that political change in areas in which the Company invests or may invest may have practical consequences for the Company. Political developments are closely monitored and considered by the Board. The Board has noted the UK Government's intention that the UK should leave the European Union. Whilst there is considerable uncertainty at present, the Board will continue to monitor developments as they occur and assess the potential consequences for the Company's future activities.

Directors

Dr Linda Yueh

Dr Linda Yueh was appointed a Director and Chairperson on 4 January 2019 and is also Chairperson of the Nomination Committee. Dr Linda Yueh is a non-executive director of Rentokil Initial plc, a constituent of the FTSE 100, where she is a member of the audit, remuneration and nomination committees. She is also a non-executive director of Fidelity China Special Situations plc, a constituent of the FTSE 250, where she is a member of the management engagement, remuneration and nomination committees. Dr Yueh is the chair of The Royal Commonwealth Society as well as a trustee of Malaria No More UK and the Coutts Foundation, where she is the chair-designate of the finance and investment sub-committee. She was a non-executive director of the following FTSE companies: Baillie Gifford's flagship Scottish Mortgage Investment Trust PLC and JPMorgan Asian Investment Trust plc. Dr Yueh is a fellow in economics at St Edmund Hall, University of Oxford and adjunct professor of economics at London Business School. She is also visiting professor at LSE IDEAS and was visiting professor of economics at Peking University.

Trudi Clark

Ms Clark was appointed a Director on 4 January 2019 and is also Chairperson of the Audit Committee. Ms Clark graduated in business studies and qualified as a chartered accountant with Robson Rhodes in Birmingham before moving to Guernsey in 1987. In Guernsey she joined KPMG, where she was responsible for an audit portfolio including some of the major financial institutions in Guernsey. After 10 years in public practice, Ms Clark was recruited by the Bank of Bermuda as head of European internal audit, later moving into corporate banking. In 1995 she joined Schroders in the Channel Islands as CFO and was promoted in 2000 to banking director and in 2003 to managing director. From 2006 to 2009, Ms Clark established a family office, specialising in alternative investments. In recent years she has returned to public practice specialising in corporate restructuring services, establishing the Guernsey practice of David Rubin & Partners Limited. Since 2018, Ms Clark has concentrated on a portfolio of non-executive director appointments for companies, both listed and non-listed, investing in property, private equity and other assets. Ms Clark holds a personal fiduciary licence issued by the GFSC and acts as non-executive director and consultant to one high net worth family.

John Mackie CBE

Mr Mackie was appointed a Director on 4 January 2019. Following an early career in retail management, Mr Mackie went to the University of Glasgow as a mature student and then qualified as a chartered accountant with Arthur Andersen & Co in Glasgow. He then spent five years with 3i Group before joining Morgan Grenfell Private Equity in 1990 as a founder director. Mr Mackie was made a director of Morgan Grenfell & Co in 1993. From 2000 to 2006, Mr Mackie was chief executive of the British Venture Capital Association and was a partner in Parallel Private Equity LLP until 2011. He was until 2013 chairman of Henderson Private Equity Investment Trust plc, until 2014 a director of Baronsmead VCT plc and until September 2018 the senior independent director at Mithras Investment Trust plc. Mr Mackie is currently a partner in Mithras Capital Partners LLP and chairman of the advisory boards at Amadeus and Angels Seed Fund and Amadeus IV Early Stage Fund.

All the Directors are members of the Audit and Nomination Committees.

Responsibility Statement

The Directors of The Schiehallion Fund Limited confirm that to the best of their knowledge:

a) the Interim Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Directors have elected to prepare financial statements that comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;

b) the Interim Management Report and the Principal Risks section includes a fair review of the information required by:

   (i) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first period of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

   (ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first period of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period.

By Order of the Board
Linda Yueh
Chairperson
5 September 2019

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income (unaudited)

For the period from 4 January 2019 to 31 July 2019

	Notes	Revenue US$'000	Capital US$'000	Total US$'000
Gains on investments	7	–	1,896	**1,896**
Gains on US Treasury Bills	7	–	3,936	**3,936**
Currency gains	11	–	7	**7**
Income	2	128	–	**128**
Investment management fee	3	(203)	–	**(203)**
Other administrative expenses	4	(154)	–	**(154)**
Operating profit before taxation		(229)	5,839	**5,610**
Tax on ordinary activities		–	–	**–**
Profit and total comprehensive income for the period		**(229)**	**5,839**	**5,610**
Earnings per ordinary share	5	**(0.04¢)**	**1.22¢**	**1.18¢**

The total column of this Statement represents the Statement of Comprehensive Income of the Company. The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in this statement derive from continuing operations.

The accompanying notes on pages 14 to 24 are an integral part of the Financial Statements.

Statement of Financial Position (unaudited)

As at 31 July 2019

	Notes	2019 US$'000	2019 US$'000
Fixed assets			
Investments held at fair value through profit or loss	7		82,442
Current assets			
Cash and cash equivalents	14	399,029	
Debtors	8	15	
		399,044	
Current liabilities			
Amounts falling due within one year	9	(233)	
Net current assets			398,811
Net assets			**481,253**
Capital and reserves			
Share capital	10		475,643
Capital reserve	11		5,839
Revenue reserve	11		(229)
Equity shareholders' funds			**481,253**
Net asset value per ordinary share	12		**100.84¢**

The accompanying notes on pages 14 to 24 are an integral part of the Financial Statements.

Statement of Changes in Equity (unaudited)

For the period from 4 January 2019 to 31 July 2019

	Notes	Share capital US$'000	Capital reserve US$'000	Revenue reserve US$'000	Shareholders' funds US$'000
Equity shareholders' funds at 4 January 2019		–	–	–	**–**
Ordinary shares issued	10/11	475,643	–	–	**475,643**
Total comprehensive income for the period		–	5,839	(229)	**5,610**
Equity shareholders' funds at 31 July 2019		**475,643**	**5,839**	**(229)**	**481,253**

The accompanying notes on pages 14 to 24 are an integral part of the Financial Statements.

Statement of Cash Flows (unaudited)

For the period from 4 January 2019 to 31 July 2019

	Notes	2019 US$'000	2019 US$'000
Cash flows from operating activities			
Operating profit before taxation			5,610
Net gains on investments			(1,896)
Currency gains			(7)
Changes in debtors and creditors			218
Net cash used in operating activities*			3,925
Cash flows from investing activities			
Acquisitions of investments	7	(80,546)	
Disposals of investments	7	–	
Net cash used in investing activities			(80,546)
Cash flows from financing activities			
Ordinary shares issued	10/11	475,643	
Net cash inflow from financing activities			475,643
Net increase in cash and cash equivalents			399,022
Effect of exchange rate fluctuations on cash and cash equivalents			7
Cash and cash equivalents at 4 January 2019			–
Cash and cash equivalents at 31 July 2019			**399,029**

* Cash from operations includes interest received of US$128,000.

The accompanying notes on pages 14 to 24 are an integral part of the Financial Statements.

Notes to the Financial Statements (unaudited)

The Schiehallion Fund Limited is a non-cellular investment company limited by shares, registered and incorporated in Guernsey under the Companies (Guernsey) Law, 2008 (the 'Companies Law') on 4 January 2019, with registration number 65915. The company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended, and the Registered Collective Investment Scheme Rules 2018 issued by the Guernsey Financial Services Commission.

The Company's shares are listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

1 Principal Accounting Policies

The Financial Statements for the period from 4 January 2019 to 31 July 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company was incorporated on 4 January 2019 and therefore no comparative information has been provided.

(a) Basis of Accounting

The Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the Directors have elected to prepare Financial Statements that comply with International Financial Reporting Standards ('IFRS'). Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment companies issued by the Association of Investment Companies ('AIC') updated in February 2018 (the 'AIC SORP') is consistent with the requirements of IFRS, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

(b) Functional Currency

The Company's functional and presentational currency is the US dollar. The US dollar is the functional currency as the Company has issued its share capital in US dollars, its shareholders are based globally and the Company's investment policy has global reach. The Company's performance is evaluated and its liquidity is managed in US dollars. Therefore, the US dollar is considered the currency that most closely represents the economic effects of the underlying transactions, events and conditions.

(c) Basis of Measurement

The Financial Statements have been prepared under the historical cost convention, adjusted for the revaluation of fixed asset investments at fair value through profit or loss.

(d) Accounting Estimates, Assumptions and Judgements

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the fair valuation of the unlisted investments.

Judgements

The Directors consider that the preparation of the Financial Statements involves the following key judgements:

(i) the determination of the functional currency of the Company as US dollars (see rationale in 1(b) above); and

(ii) the fair valuation of the unlisted investments.

The key judgements in the fair valuation process are:

(i) the Investment Manager's determination of the appropriate application of the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines 2018 to each unlisted investment; and

(ii) the Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used (see 1(e) below) for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investments by the Investment Manager for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investments at the date of the Statement of Financial Position. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The main estimates involved in the selection of the valuation process inputs are:

(i) the selection of appropriate comparable companies in order to derive revenue multiples and meaningful relationships between enterprise value, revenue and earnings growth. Comparable companies are chosen on the basis of their business characteristics and growth patterns;

(ii) the selection of a revenue metric (either historical or forecast);

(iii) the application of an appropriate discount factor to reflect the reduced liquidity of unlisted companies versus their listed peers;

(iv) the estimation of the probability assigned to an exit being through an initial public offering ('IPO') or a company sale;

(v) the selection of an appropriate industry benchmark index to assist with the valuation validation or the application of valuation adjustments, particularly in the absence of established earnings or closely comparable peers; and

(vi) the calculation of valuation adjustments derived from milestone analysis (i.e. incorporating operational success against the plan/forecasts of the business into the valuation).

Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimates. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in note 14 on pages 23 and 24 to illustrate the effect on the Financial Statements of an over or under estimation of fair values. The risk of an over or under estimation of fair values is greater when methodologies are applied using more subjective inputs.

Assumptions

The determination of fair value by the Investment Manager involves key assumptions dependent upon the valuation technique used. As explained in 1(e) below, the primary technique applied under the IPEV Guidelines is the Multiples approach. Where the Multiples approach is used the valuation process recognises also, as stated in the IPEV Guidelines, that the price of a recent investment may be an appropriate calibration for estimating fair value. The Multiples approach involves subjective inputs and therefore presents a greater risk of over or under estimation and particularly in the absence of a recent transaction. The key assumptions for the Multiples approach are that the selection of comparable companies provides a reasonable basis for identifying relationships between enterprise value, revenue and growth to apply in the determination of fair value. Other assumptions include:

(i) the discount applied for reduced liquidity versus listed peers;

(ii) the probabilities assigned to an exit being through either an IPO or a company sale; and

(iii) that the application of milestone analysis and industry benchmark indices are a reasonable basis for applying appropriate adjustments to the valuations.

Valuations are cross-checked for reasonableness to alternative Multiples-based approaches or benchmark index movements as appropriate.

(e) Investments

The Company's investments are classified, recognised and measured at fair value through profit or loss in accordance with IFRS 9. Changes in fair value of investments and gains and losses on disposal are recognised as capital items in the Statement of Comprehensive Income.

Recognition and Initial Measurement

Purchases and sales of investments are accounted for on a trade date basis. Expenses incidental to purchase and sale are written off to capital at the time of acquisition or disposal. All investments are designated as valued at fair value through profit or loss upon initial recognition and are measured at subsequent reporting dates at fair value.

Measurement and Valuation

Listed Investments

The fair value of listed security investments is the last traded price on recognised overseas exchanges, or, in the case of UK holdings, at bid value.

Unlisted Investments

Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Investment Manager. The Investment Manager's unlisted investment valuation policy applies techniques consistent with the IPEV Guidelines.

The techniques applied are predominantly market-based approaches. The market-based approaches available under IPEV Guidelines are set out below and are followed by an explanation of how they are applied to the Company's unlisted portfolio:

— Multiples;

— Industry Valuation Benchmarks; and

— Available Market Prices.

The nature of the unlisted portfolio currently will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered. As a result, various Multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. Discounted cashflows are used where appropriate. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach. All valuations are cross-checked for reasonableness by employing relevant alternative techniques.

The unlisted investments are valued according to a three monthly cycle of measurement dates. The fair value of the unlisted investments will be reviewed before the next scheduled three monthly measurement date on the following occasions:

— at the period end and half year end of the Company; and

— where there is an indication of a change in fair value as defined in the IPEV guidelines (commonly referred to as 'trigger' events).

Derecognition

Financial assets are derecognised when the contractual rights to cash flows from the asset expire or the Company transfers the financial assets and substantially all of the risks and rewards of ownership have been transferred.

On derecognition of a financial asset, the difference between the weighted average carrying amount of the asset (or the carrying amount allocated to the proportion of the asset derecognised), and the consideration received (including any new asset obtained less any liability assumed), is recognised in profit and loss.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

Gains and Losses

Gains and losses on investments, including those arising from foreign currency exchange differences, are recognised in the Statement of Comprehensive Income as capital items.

The Investment Manager monitors the investment portfolio on a fair value basis and uses the fair value basis for investments in making investment decisions and monitoring financial performance.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, US Treasury Bills and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

(g) Financial Liabilities

Bank loans and overdrafts are classified as loans and are initially recorded at the proceeds received net of direct costs and subsequently measured at amortised cost.

(h) Income

(i) Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

(ii) If scrip dividends are taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

(iii) Special dividends are treated as repayments of capital or income depending on the facts of each particular case.

(iv) Overseas dividends include the taxes deducted at source.

(v) Interest receivable on bank deposits is recognised on an accruals basis.

(i) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except where: (i) they relate directly to the acquisition or disposal of an investment (transaction costs), in which case they are recognised as capital within losses/gains on investments; and (ii) they relate directly to the buy-back/issuance of shares, in which case they are added to the buy-back cost or deducted from the share issuance proceeds.

(j) Taxation

The Company has applied for and been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 in Guernsey for the current period. The exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200 per applicant, provided the Company qualifies for exemption under the applicable legislation.

It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

(k) Foreign Currencies

Transactions involving foreign currencies other than US dollars are converted at the rate ruling at the time of the transaction. Assets and liabilities in such currencies are translated at the closing rates of exchange at the date of the Statement of Financial Position. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or revenue reserve as appropriate. Foreign exchange movements on investments are included in the Statement of Comprehensive Income within gains or losses on investments.

(l) Capital Reserve

Gains and losses on disposal of investments, changes in the fair value of investments held and realised and unrealised foreign exchange differences of a capital nature are dealt with in this reserve after being recognised in the Statement of Comprehensive income. Purchases of the Company's own shares may be funded from this reserve.

(m) Single Segment Reporting

The Company is engaged in a single segment of business, being investment business, consequently no segmental analysis is presented.

2 Income

	2019 US$'000
Other income	
Deposit interest	128
Total income	**128**

3 Investment Management Fee

	2019 US$'000
Investment management fee	**203**

Details of the Investment Management Agreement are set out on page 7. Under the terms of the Investment Management Agreement and with effect from the date the Company's ordinary shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, the Investment Manager will be entitled to an annual fee (exclusive of VAT, which shall be added where applicable) of: 0.9% on the net asset value excluding cash or cash equivalent assets up to and including US$650 million; 0.8% on the net asset value excluding cash or cash equivalent assets exceeding US$650 million up to and including US$1.3 billion; and 0.7% on the net asset value excluding cash or cash equivalent assets exceeding US$1.3 billion. Management fees are calculated and payable quarterly.

4 Other Administrative Expenses

	2019 US$'000
General administrative expenses	79
Administrator's fee	28
Auditor's remuneration for audit services	–
Directors' fees	47
	154

In the period from 4 January 2019 to 31 July 2019 non-audit fees paid to KPMG Channel Islands Limited amounted to US$74,000 in respect of procedural services related to the initial listing of the Company. As these costs related to the initial listing of the Company, they are capital in nature and included within the costs of issuing shares (see note 11). There were no other non-audit fees incurred during the period from 4 January 2019 to 31 July 2019.

5 Earnings per Ordinary Share

	2019 Revenue	2019 Capital	2019 Total
Earnings per ordinary share	**(0.04¢)**	**1.22¢**	**1.18¢**

Revenue earnings per ordinary share is based on the net revenue loss on ordinary activities after taxation of US$229,000 and on 477,250,002 ordinary shares, being the number of ordinary shares in issue during the period from 4 January 2019 to 31 July 2019.

Capital earnings per ordinary share is based on the net capital gain for the financial period of US$5,839,000 and on 477,250,002 ordinary shares, being the number of ordinary shares in issue during the period from 4 January 2019 to 31 July 2019.

Total earnings per ordinary share is based on the total gain for the financial period of US$5,610,000 and on 477,250,002 ordinary shares, being the number of ordinary shares in issue during the period from 4 January 2019 to 31 July 2019.

There are no dilutive or potentially dilutive shares in issue.

6 Ordinary Dividends

There were no dividends paid or proposed in respect of the period from 4 January 2019 to 31 July 2019.

7 Financial Instruments

Fair Value Hierarchy

The fair value hierarchy used to analyse the fair values of financial assets is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

The valuation techniques used by the Company are explained in the accounting policies on page 15.

As at 31 July 2019	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
US Treasury Bills	390,017	–	–	**390,017**
Unlisted ordinary shares	–	–	5,123	**5,123**
Unlisted preference shares*	–	–	77,319	**77,319**
Total financial asset investments	**390,017**	**–**	**82,442**	**472,459**

* The investments in preference shares are not classified as equity holdings as they include liquidation preference rights that determine the repayment (or multiple thereof) of the original investment in the event of a liquidation event such as a take-over.

There have been no transfers between levels of fair value hierarchy during the period from 4 January 2019 to 31 July 2019.

Investments in securities are financial assets held at fair value through profit or loss. In accordance with IFRS 9, the tables above provide an analysis of these investments based on the fair value hierarchy described below, which reflects the reliability and significance of the information used to measure their fair value.

	US Treasury Bills US$'000	Unlisted securities* US$'000	Total US$'000
Cost of investments at 4 January 2019	–	–	**–**
Investment holding gains and losses at 4 January 2019	–	–	**–**
Fair value of investments at 4 January 2019			
Movements in the period:	–	–	**–**
Purchases at cost	583,906	80,546	**664,452**
Sales – proceeds	(197,825)	–	**(197,825)**
– gains on sales	1,012	–	**1,012**
Changes in investment holding gains and losses	2,924	1,896	**4,820**
Fair value of investments at 31 July 2019	**390,017**	**82,442**	**472,459**
Cost of investments at 31 July 2019	387,093	80,546	**467,639**
Investment holding gains and losses at 31 July 2019	2,924	1,896	**4,820**
Fair value of investments at 31 July 2019	**390,017**	**82,442**	**472,459**

* Includes holdings in preference shares and ordinary shares.

The Company incurred transaction costs on purchases of US$50,000 and on sales of US$nil, being US$50,000 in total.

7 Financial Instruments (continued)

Significant Holdings

Details of significant holdings are noted below in accordance with the disclosure requirements of paragraph 82 of the AIC Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (updated in February 2018), in relation to the unlisted investments. As required, this disclosure includes turnover, pre-tax profits and net assets attributable to investors, as reported within the most recently audited financial statement of the investee companies.

As at 31 July 2019 Name	Business	Latest Financial Statements	Proportion of capital owned %	Book cost US$'000	Market Value US$'000	Income recognised from holding in the period	Turnover '000	Pre-tax profit/(loss) '000	Net assets attributable to shareholders '000
Tempus Labs	Oncological records aggregator and diagnostic testing provider	n/a	0.37	9,968	11,430	Nil	Information not publicly available		
FlixMobility	European mobility provider	n/a	0.48	11,153	11,148	Nil	Information not publicly available		
Space Exploration Technologies	Rocket and spacecraft company	n/a	0.03	10,000	10,490	Nil	Information not publicly available		
TransferWise	Online money transfer service	31/03/18	0.28	10,050	10,000	Nil	£117,280	£7,860	£107,450
ByteDance	Social media and news aggregation company	n/a	0.01	10,000	10,000	Nil	Information not publicly available		
Carbon	Manufactures and develops 3D printers	n/a	0.42	10,000	10,000	Nil	Information not publicly available		
HeartFlow	Develops software for cardiovascular disease diagnosis and treatment	n/a	0.70	10,000	9,999	Nil	Information not publicly available		
Away (JRSK)	Travel and lifestyle brand	n/a	0.74	9,375	9,375	Nil	Information not publicly available		

8 Debtors

	2019 US$'000
Amounts falling due within one year:	
Income accrued (net of withholding taxes)	–
Other debtors and prepayments	15
	15

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value. There were no debtors that were past due or impaired at 31 July 2019.

9 Creditors – Amounts falling due within one year

	2019 US$'000
Investment management fee	185
Administrator's fee	7
Other creditors and accruals	41
	233

None of the above creditors at 31 July 2019 are financial liabilities designated at fair value through profit or loss.

10 Share Capital

	2019 Number	2019 US$'000
Allotted, called up and fully paid ordinary shares of US$1 each	**477,250,002**	**475,643**

On incorporation, the share capital of the Company was US$2 represented by two ordinary shares with a nominal value of US$1, which were held by Baillie Gifford & Co Limited and Baillie Gifford Overseas Limited to allow the Company to commence business and to exercise its borrowing powers.

On 27 March 2019, the date the Company's ordinary shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, the Company issued 477,250,000 ordinary shares of US$1 and raised gross proceeds of US$477,250,000 which was used to finance the initial investments of the Company. The issue costs in respect of the initial investment were US$1,607,000, which were made up of set up costs.

By way of a special resolution dated 15 March 2019 the Directors have a general authority to allot up to 720 million ordinary shares or C shares, such figure to include the ordinary shares issued at the initial placing. 477,250,000 ordinary shares were issued at the Company's initial placing hence the Company has the ability to issue a further 242,750,000 shares under this existing authority which expires at the end of the period concluding immediately prior to the Annual General Meeting of the Company to be held in 2024 (or, if earlier five years from the date of the resolution). In the period 27 March 2019 to 31 July 2019, no further shares have been issued, nor have any in the period from 31 July 2019 to 4 September 2019.

By way of an ordinary resolution passed on 15 March 2019 the Directors of the Company have general authority to make market purchases of up to 47,725,000 ordinary shares, being 10% of the ordinary shares in issue immediately following the initially placed shares being admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange at a price not exceeding the last reported net asset value per ordinary share at the time of purchase. This authority will expire at the end of the period concluding immediately prior to the first Annual General Meeting of the Company. No shares have been bought back during the period ended 31 July 2019 hence the authority remains at 47,725,000 ordinary shares.

11 Capital and Reserves

	Share capital US$'000	Capital reserve US$'000	Revenue reserve US$'000	Shareholders' funds US$'000
At 4 January 2019	–	–	–	**–**
Net gains on sales of US Treasury Bills	–	1,012	–	**1,012**
Changes in investment holding gains and losses	–	1,896	–	**1,896**
Changes in US Treasury Bills gains and losses	–	2,924	–	**2,924**
Exchange differences	–	7	–	**7**
Ordinary shares issued at initial offering	477,250	–	–	**477,250**
Costs in relation to issue of ordinary shares	(1,607)	–	–	**(1,607)**
Revenue earnings on ordinary activities after taxation	–	–	(229)	**(229)**
At 31 July 2019	**475,643**	**5,839**	**(229)**	**481,253**

The capital reserve includes investment and US Treasury Bills holding gains of US$4,820,000 as disclosed in note 7.

The revenue reserve and the capital reserve (to the extent it constitutes realised profits) may be distributed by way of dividend.

12 Net Asset Value per Ordinary Share

The net asset value per ordinary share and the net assets attributable to the ordinary shareholders at 31 July 2019 calculated in accordance with the Articles of Association were as follows:

	2019 Net asset value per share	2019 Net assets attributable US$'000
Ordinary shares	**100.84¢**	**481,253**

The change in assets attributable to the ordinary shares during the period is shown in note 11.

Net asset value per ordinary share is based on the net assets as shown above and 477,250,002 ordinary shares, being the number of ordinary shares in issue at 31 July 2019.

13 Transactions with Related Parties and the Investment Manager and Administrator

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. The Directors' level of remuneration during the period 4 January 2019 to 31 July 2019 was £30,000 per annum for each Director other than the Chairperson, who is entitled to receive an additional £15,000 per annum, and Chairperson of the Audit Committee, who is entitled to receive an additional £5,000 per annum. In addition to the above each Director received a one off fee of £7,500 (US$9,815) which was to cover services related to the initial listing of the Company. As these costs related to the initial listing of the Company, they were included within the costs of issuing shares (see note 11).

All of the Directors will also be entitled to be paid all reasonable expenses properly incurred by them in connection with the performance of their duties. These expenses will include those associated with attending general Board or committee meetings and legal fees. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

None of the Directors has a shareholding or other interest in the share capital of the Company.

No Director has a contract of service with the Company.

Details of the management contract are set out in note 3. The management fee payable to the Investment Manager by the Company for the period from 27 March 2019, the date the Company's ordinary shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, to 31 July 2019, as disclosed in note 3, was US$203,000 of which US$185,000 was outstanding at 31 July 2019, as disclosed in note 9.

The fee payable to Alter Domus, the Company's Administrator, for the period to 27 March 2019, the date of Admission to trading of the Company's ordinary shares on the Specialist Fund Segment of the Main Market of the London Stock Exchange, to 31 July 2019 as disclosed in note 4, was US$28,000 of which US$7,000 was outstanding at 31 July 2019 as disclosed in note 9.

14 Risk Management

The Company predominantly invests in long-term minority investments in later stage private businesses. Pending investment in unlisted companies the Company may invest in a range of cash equivalent instruments. The Company may employ gearing on a short-term basis for the purpose of bridging investments and general working capital purposes. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests.

These risks are categorised as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise short-term volatility. Risk provides the potential for both losses and gains. In assessing risk, the Board encourages the Investment Manager to exploit the opportunities that risk affords.

Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Manager both assesses the exposure to market risk when making individual investment decisions and monitors the overall level of market risk across the investment portfolio on an ongoing basis.

Details of the Company's investment portfolio are shown in note 7. The Company may, from time to time, enter into derivative transactions to hedge specific market, currency or interest rate risk. In the period from 4 January 2019 to 31 July 2019 no such transactions were entered into. The Company's Investment Manager may not enter into derivative transactions without the prior approval of the Board.

(i) Currency Risk

The Company's assets, liabilities and income are principally denominated in US dollars, the Company's functional currency and that in which it reports. Consequently, movements in the exchange rate of its functional currency relative to other foreign currencies will affect the US dollar value of those items.

The Investment Manager monitors the Company's exposure and reports to the Board on a regular basis. The Investment Manager assesses the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

14 Risk Management (continued)

(i) Currency Risk (continued)

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown below.

At 31 July 2019	Investments US$'000	Cash, US Treasury Bills and deposits US$'000	Other debtors and creditors * US$'000	Net exposure US$'000
Sterling	–	–	(218)	**(218)**
Euros	11,148	–	–	**11,148**
Total exposure to currency risk	11,148	–	(218)	**10,930**
US dollar	71,294	399,029	–	**470,323**
	82,442	**399,029**	**(218)**	**481,253**

* Includes net non-monetary assets of US$15,000.

Currency Risk Sensitivity

At 31 July 2019, if the US dollar had strengthened by 5% in relation to all other currencies, with all other variables held constant, total net assets and profit and total comprehensive income for the period from 4 January 2019 to 31 July 2019 would have decreased by US$546,000. A 5% weakening of the US dollar to other currencies, with all other variables held constant, would have had an equal but opposite effect on the Financial Statement amounts.

A change of 5% in foreign currency rates has been considered to be a reasonably plausible change.

(ii) Interest Rate Risk

Interest rate movements may affect directly the level of income receivable on cash deposits and treasury bills and the interest payable on any variable rate borrowings.

They may also impact upon the market value of investments as the effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and the income receivable on cash deposits.

The Company may finance, on a short-term basis, part of its activities through borrowings at approved levels. The amount of any such borrowings and the approved levels are monitored and reviewed regularly by the Board.

The interest rate risk profile of the Company's financial assets and liabilities at 31 July 2019 is shown below.

Financial Assets

	2019 Fair value US$'000	2019 Weighted average interest rate
Cash		
US dollar	**9,012**	**0.8%**

The cash deposits generally comprise overnight call or short-term money market deposits and earn interest at floating rates based on prevailing bank base rates.

Financial Liabilities

The Company currently has no financial liabilities.

Interest Rate Risk Sensitivity

An increase of 100 basis points in interest rates, with all other variables being held constant, would have increased the Company's total net assets and profit and total comprehensive income for the period from 4 January 2019 to 31 July 2019 by US$160,000. This is mainly due to the Company's exposure to interest rates on its cash balances. A decrease of 100 basis points would have had an equal but opposite effect.

(iii) Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Company's portfolio of unlisted Level 3 investments is not necessarily affected by market performance, however the valuations are affected by the performance of the underlying securities in line with the valuation criteria in note 1(e). The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment portfolio positioning to ensure consistency with the Company's objectives and investment policies. Investments are selected based upon the merit of individual companies. The portfolio does not seek to reproduce any index.

14 Risk Management (continued)

(iii) Other Price Risk (continued)

Other Price Risk Sensitivity

A full list of the Company's investments is given on page 4. In addition, an analysis of the investment portfolio by broad geographical, industrial or commercial sector is shown on page 5.

81.0% of the Company's net assets are invested in US Treasury Bills. A 5% increase in valuations at 31 July 2019 would have increased net assets and profit and total comprehensive income for the period from 4 January 2019 to 31 July 2019 by US$19,500,000. A decrease of 5% would have had an equal but opposite effect.

17.2% of the Company's net assets are invested in unlisted investments. The fair valuation of the unlisted investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see note 1(d) on pages 14 and 15). A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve different levels of subjectivity in their inputs. The sensitivity analysis below applies a wider range of input variable sensitivity to the Multiples methodology as it involves more significant subjective estimation than the recent Transaction method (the risk of over or under estimation is higher due to the greater subjectivity involved, for example, in selecting the most relevant measure of sustainable revenues and identifying appropriate comparable companies).

As at 31 July 2019				Impact	
Valuation Approach	Fair value of investments US$'000	Key variable input*	Variable input sensitivity (%)	US$'000 †	% of net assets
Trading Multiples and adjusted Recent Transaction	82,442	Selection of appropriate benchmark Selection of comparable companies Probability estimation of liquidation event# Application of valuation basis	±10	8,244	1.7
Total	**82,442**			**8,244**	**1.7**

† Impact on net assets and profit and total comprehensive income for the period from 4 January 2019 to 31 July 2019.

A liquidation event is typically a company sale or an initial public offering ('IPO'). In assessing fair value the Company has determined the likely enterprise value attributed to the different investment classes held by the Company.

***Key Variable Inputs**

The variable inputs applicable to each broad category of valuation basis will vary dependent on the particular circumstances of each unlisted company valuation. An explanation of each of the key variable inputs is provided below and includes an indication of the range in value for each input, where relevant. The assumptions made in the production of the inputs are described in note 1(d) on pages 14 and 15.

Selection of Appropriate Benchmarks

The selection of appropriate benchmarks is assessed individually for each investment. The industry and geography of each company are key inputs to the benchmark selection.

Selection of Comparable Companies

The selection of comparable companies is assessed individually for each investment at the point of investment, and the relevance of the comparable companies is continually evaluated at each valuation. The key criteria used in selecting appropriate comparable companies are the industry sector in which they operate, the geography of the company's operations, the respective revenue and earnings growth rates and the operating margins. Typically, between 4 and 10 comparable companies will be selected for each investment, depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples derived will vary depending on the companies selected and the industries they operate in and can vary in the range of 1x to 10x.

Probability Estimation of Liquidation Events

The probability of a liquidation event such as a company sale, or alternatively an initial public offering ('IPO'), is a key variable input in the Transaction-based and Multiples-based valuation techniques. The probability of an IPO versus a company sale is typically estimated from the outset to be 50:50 if there has been no indication by the company of pursuing either of these routes. If the company has indicated an intention to IPO, the probability is increased accordingly to 75% and if an IPO has become a certainty the probability is increased to 100%. Likewise, in a scenario where a company is pursuing a trade sale the weightings will be adjusted accordingly in favour of a sale scenario, or in a situation where a company is underperforming expectations significantly and therefore deemed very unlikely to pursue an IPO.

Application of Valuation Basis

Each investment is assessed independently, and the valuation basis applied will vary depending on the circumstances of each investment. When an investment is pre-revenue, the focus of the valuation will be on assessing the recent transaction and the achievement of key milestones since investment. Adjustments may also be made depending on the performance of comparable benchmarks and companies. For those investments where a trading Multiples approach can be taken, the methodology will factor in revenue, earnings or net assets as appropriate for the investment, and where a suitable correlation can be identified with the comparable companies then a regression analysis will be performed. Discounted cash flows will also be considered where appropriate forecasts are available.

14 Risk Management (continued)

***Key Variable Inputs (continued)**

Estimated Sustainable Earnings

The selection of sustainable revenue or earnings will depend on whether the company is sustainably profitable or not, and where it is not then sustainable revenues will be used in the valuation. The valuation approach will typically assess companies based on the last twelve months of revenue or earnings, as they are the most recent available and therefore viewed as the most reliable. Where a company has reliably forecasted earnings previously or there is a change in circumstance at the business which will impact earnings going forward, then forward estimated revenue or earnings may be used instead.

Application of Liquidity Discount

The application of a liquidity discount will be applied either through the calibration of a valuation against the most recent transaction, or by application of a specific discount. The discount applied where a calibration is not appropriate is typically 10%, reflecting that the majority of the investments held are substantial companies with some secondary market activity.

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Investments in private businesses are expected to comprise a material proportion of the Company's portfolio. Interests in private businesses are highly illiquid and have no public market, which may affect the Company's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion, or at all, and at satisfactory prices in response to changes in economic or other conditions. The Board provides guidance to the Investment Manager as to the maximum exposure to any one holding and to the maximum aggregate exposure to substantial holdings.

The Company has the power to take out borrowings, which give it access to additional funding when required. There are no borrowings as at 31 July 2019.

Credit Risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. This risk is managed as follows:

- where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;
- the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Investment Manager monitors the Company's risk by reviewing the Custodian's internal control reports and reporting its findings to the Board;
- investment transactions are carried out with brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;
- the creditworthiness of the counterparty to transactions involving derivatives, structured notes and other arrangements, wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager; and
- cash is only held at banks that are regularly reviewed by the Investment Manager. At 31 July 2019 all cash deposits were held with the custodian bank.

Credit Risk Exposure

The exposure to credit risk at 31 July 2019 was:

	2019 US$'000
US Treasury Bills	390,017
Cash and short-term deposits	9,012
Debtors and prepayments	15
	399,044

The maximum exposure in cash and cash equivalents during the period from 4 January 2019 to 31 July 2019 was US$477,250,000 and the minimum was US$2. None of the Company's financial assets are past due or impaired.

Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that the carrying amount of financial assets and liabilities of the Company in the Statement of Financial Position approximate their fair value.

Capital Management

The capital of the Company is its share capital and reserves as set out in note 11. The objective of the Company is to invest predominantly in long-term minority investments in later stage private businesses in order to achieve capital growth. The Company's investment policy is set out on page 6. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on page 8. The Company has the authority to issue and buy back its shares and changes to the share capital during the period are set out in note 10.

15 Subsequent Events

Up to the date of this report the Company is not aware of any subsequent events.

Glossary of Terms and Alternative Performance Measures ('APM')

Total Assets

The total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

Shareholders' Funds and Net Asset Value

Shareholders' Funds is the value of all assets held less all liabilities, with borrowings deducted at book cost. Net Asset Value (NAV) is the value of all assets held less all liabilities, with borrowings deducted at either fair value or par value as described below. Per share amounts are calculated by dividing the relevant figure by the number of ordinary shares in issue.

Net Liquid Assets

Net liquid assets comprise current assets less current liabilities (excluding borrowings).

Discount/Premium (APM)

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, it is said to be trading at a premium.

Total Return (APM)

The total return is the return to shareholders after reinvesting the dividend on the date that the share price goes ex-dividend.

Ongoing Charges (APM)

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

Alternative Investment Fund Managers ('AIFM') Directive

In accordance with the Alternative Investment Fund Managers Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy is available at **www.bailliegifford.com** or on request (see contact details on the back cover) and the numerical remuneration disclosures in respect of the AIFM's relevant reporting period are also available at **www.bailliegifford.com**.

The Company's maximum and actual leverage levels at 31 July 2019 are shown below:

	Gross method	Commitment method
Maximum limit	1.20:1	1.10:1
Actual	0.98:1	1.00:1

Other Shareholder Information

Automatic Exchange of Information

In order to fulfil its legal obligations under the Guernsey Common Reporting Standard Legislation relating to the automatic exchange of information, the Company is required to collect and report certain information about certain shareholders.

The legislation will require investment companies to provide personal information to the Guernsey authorities on certain investors who purchase shares in investment funds. As an affected company, The Schiehallion Fund Limited will have to provide information annually to the local authority on the tax residencies of non-UK based certificated shareholders and corporate entities.

Foreign Account Tax Compliance Act

Pursuant to the reciprocal information sharing inter governmental agreement entered into by the States of Guernsey and the US Treasury, and for the purposes of the US Foreign Account Tax Compliance Act ('FATCA') of the Company registered with the Internal Revenue Service ("IRS") as a Foreign Financial Institution ('FFI') and received a Global Intermediary Identification Number (R2NXXB.9999.SL.831). The Company can be located on the IRS FFI list.

As the Company was incorporated during 2019, no reports have yet been filed by the Company for FATCA purposes.

Directors

Chairperson:
Dr Linda Yueh

Trudi Clark
John Mackie CBE

Administrator, Secretary, Designated Manager and Registered Office

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Company Registration No. 65915

ISIN	GG00BJ0CDD21
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Ticker	MNTN

Legal Entity Identifier
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