

# THE SCHIEHALLION FUND LIMITED

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Interim Financial Report  
31 July 2021





## 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.

## Principal and Emerging Risks and Uncertainties

The principal and emerging risks facing the Company are:

**Investment and Strategic Risks** – Liquidity of investments; Market, Economic, Political and Environmental Risks; Valuation Risk; Investment Strategy Risk; and Discount Risk.

**External Risks** – Political and Associated Economic Risk; Legal and Regulatory Risk; and Covid-19.

**Operational Risks** – Performance and Reliance on Third Party Service Providers; Cyber Security Threats; and Key Professionals.

**Emerging Risks** – Cyber risk and coronavirus; and Environmental Social and Governance issues (ESG).

An explanation of these risks and how they are managed is set out on pages 5 to 8 of the Company's Annual Report and Financial Statements for the year to 31 January 2021 which is available on the Company's website: [schiehallionfund.com](http://schiehallionfund.com). The principal risks and uncertainties have not changed since the date of the Annual Report and Financial Statements.

## 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 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 six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  - (ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months 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  
2 September 2021

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.

## Summary of Unaudited Results\*

Ordinary shares	31 July 2021	31 January 2021 (audited)	% change
Shareholders' funds	US\$810.66m	US\$706.08m	
Net asset value per ordinary share	164.19¢	146.99¢	11.7
Share price	203.00¢	180.00¢	12.8
Premium†	23.6%	22.5%	
Number of shares in issue	493,730,002	480,350,002	
Market capitalisation	US\$1,002.27m	US\$864.63m	
	<b>Six months to 31 July 2021</b>	<b>Six months to 31 July 2020</b>	
Revenue earnings per share	(0.75¢)	0.13¢	

## For the period from 26 April 2021, launch and first day of trading, to 31 July 2021

C shares	31 July 2021	26 April 2021 #	% change
Shareholders' funds	US\$698.31m	US\$694.78m	
Net asset value per ordinary share	99.76¢	99.25¢	0.5
Share price	125.00¢	124.00¢	0.8
Premium†	25.3%	24.9%	
Number of shares in issue	700,000,000	700,000,000	
Market capitalisation	US\$875.00m	US\$868.00m	
	<b>Period from 26 April 2021 # to 31 July 2021</b>		
Revenue earnings per share	(0.04¢)		

### Notes

\* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 20.

† Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on page 20.

# 26 April 2021, the date the Company's C shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

All investment strategies have the potential for profit and loss.

Past performance is not a guide to future performance

## Summary of Unaudited Results\* (continued)

### Period's High and Low

Ordinary shares	Six months to 31 July 2021		Year to 31 January 2021	
	High	Low	High	Low
Net asset value per ordinary share	164.19¢	146.57¢	146.99¢	102.01¢
Share price	203.00¢	180.00¢	180.00¢	121.50¢
Premium†	25.7%	17.4%	31.8%	2.5%

C shares	Period from 26 April 2021 # to 31 July 2021	
	High	Low
Net asset value per ordinary share	99.76¢	99.23¢
Share price	125.00¢	124.00¢
Premium†	26.0%	24.9%

### Performance Since Inception

Ordinary shares	31 July 2021	27 March 2019 ‡	% change
Net asset value per ordinary share	164.19¢	99.66¢	64.8
Share price	203.00¢	100.00¢	103.0

C shares	31 July 2021	26 April 2021 #	% change
Net asset value per C share	99.76¢	99.25¢	0.5
Share price	125.00¢	124.00¢	0.8

#### Notes

\* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 20.

† Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on page 20.

# 26 April 2021, the date the Company's C shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

‡ 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.

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## Interim Management Report

In April this year, Schiehallion raised US\$700m in capital via a conversion or C share issuance. We want to say a deep 'thank you' to everyone who supported and participated in this process, and to welcome our new C shareholders. At the time of the raise, the capital in the Schiehallion ordinary share class was 95% invested.

This raise represents an important bridge. In our long-term portfolio management task, we make no distinction between our ordinary and C shareholders. Whilst in the short term both have exposure to different parts of the Schiehallion portfolio, over the medium to long term, everyone will be a shareholder in the combined portfolio. The capital raised therefore enables Schiehallion ordinary shareholders to benefit from the continued flow of investment opportunities over the medium term until the recycling of capital within the portfolio, from maturing investments to new investments, starts occurring naturally. Given our investment time horizon is five to ten years, and beyond, this is not a process that we expect to start overnight.

Indeed, it remains our thesis that it is possible to gain access to some of the best opportunities in private markets via being a truly long-term and aligned investor. Sadly, many early-stage private investors are constrained to become forced sellers after private companies pass into the listed markets. This necessarily drives an increased investor focus on avoiding short-term tactical missteps that is often frustrating to founders and management teams who remain intent on seizing the long-term strategic opportunity. The Schiehallion offering, of being a long-term investor for whom listing events are just another step in the journey, is designed to stand out in this context.

We continue to see encouraging signs of this thesis playing out. Our pipeline remains as healthy as ever, with the team continuing to broaden our contacts across industries in North America, as well as engaging more deeply with companies in international geographies that are after many years approaching our investment sweet-spot such as India and Brazil, and working closely with our Shanghai team to engage with a new generation of Chinese local champions. We are also continuing to monitor the evolving regulatory environment in China, with these factors being incorporated into our investment analysis under the 'social license to operate' component of our research framework.

Drawing on this work, the last six months has seen us deploy capital into seven new investee companies: Brex, Faire, Loft, Daily Hunt, Rappi, Masterclass and PsiQuantum. Within their respective spheres – small business finance, wholesale, real estate, social media, delivery, entertainment and computer hardware – each has the clear potential to build a profoundly distinctive and valuable operation.

A couple of these businesses are particularly worth highlighting. Loft, Daily Hunt and Rappi are all companies based in geographies that we've been deepening our understanding of and sourcing work in for many years. In the case of two of them, Daily Hunt and Rappi, our conversations with the businesses have spanned much of that time. However, it's only now that we're finding that the operations and opportunities in these geographies are hitting the sweet spot for us to start deploying capital. We're excited to see great bottom-up investment cases emerging in these and other geographies as their innovation ecosystems ripen. In the case of Daily Hunt, it's perhaps also worth noting that the investment was made entirely from ordinary share capital as it is not possible for the C share pool to access the Indian market.

PsiQuantum also deserves a mention. The vast majority of our investee companies have robust revenue lines and clear unit economics, with the main debate focused on business model advantage and the scope for scale. This is very much our sweet spot. That said, we believe that there is room in the portfolio for a minority of companies with different characteristics. These businesses are typically in industries where value is created less by refinements in product-market fit or distribution, and more via technological innovations. Here we seek to clearly understand the technical abilities of the core team and their track record in reaching key milestones. PsiQuantum, whose work in photonic quantum computing leads the field, is an operation that we have followed over many years; however, we now believe that it has turned a corner in de-risking its approach, and so has become a highly attractive investment opportunity in its own right. As with any holding, there can be no certainty of success.

We have also seen Oscar Health, Wise and Zymergen enter the publicly listed section of the portfolio. Per our philosophy, we are continuing to be patient and long-term supporters of these

businesses. Short-term volatility in share prices in the months and quarters immediately following a listing matters less to us than tracking whether fundamental business performance continues to support the long-term investment opportunity. We're lucky to be able to work within the broader Baillie Gifford investment floor, with our public market colleagues adding an extra layer of analysis to our own as these businesses become more widely appreciated within public markets.

Across the portfolio, many of our holdings have continued to perform extremely strongly, the difficulties of the Covid-19 era notwithstanding. In the last six months, we have taken advantage of opportunities to put more capital to work in existing holdings, including Workrise, Tanium, Stripe, SpaceX, Northvolt and Epic Games – all cases where our conviction in the upside has deepened faster than their valuations have risen. Other holdings have had a tougher time of it, with the focus remaining on keeping their organisations and balance sheets stable through the pandemic. Here, as before, our conversations with management teams have focused on the importance of retaining key employees and customer relationships, preserving their ability to grow profitably as economic conditions improve.

The principal risks and uncertainties facing the Company are set out on the inside front cover of this report.

Peter Singlehurst  
Robert Natzler

# Baillie Gifford Statement on Stewardship

## Reclaiming Activism for Long-Term Investors

Baillie Gifford's over-arching ethos is that we are 'actual' investors. We have a responsibility to behave as supportive and constructively engaged long-term investors. We invest in companies at different stages in their evolution, across vastly different industries and geographies and we celebrate their uniqueness. Consequently, we are wary of prescriptive policies and rules, believing that these often run counter to thoughtful and beneficial corporate stewardship. Our approach favours a small number of simple principles which help shape our interactions with companies.

## Our Stewardship Principles

### Prioritisation of long-term value creation

We encourage company management and their boards to be ambitious and focus their investments on long-term value creation. We understand that it is easy for businesses to be influenced by short-sighted demands for profit maximisation but believe these often lead to sub-optimal long-term outcomes. We regard it as our responsibility to steer businesses away from destructive financial engineering towards activities that create genuine economic value over the long run. We are happy that our value will often be in supporting management when others do not.

### A constructive and purposeful board

We believe that boards play a key role in supporting corporate success and representing the interests of minority shareholders. There is no fixed formula, but it is our expectation that boards have the resources, cognitive diversity and information they need to fulfil these responsibilities. We believe that a board works best when there is strong independent representation able to assist, advise and constructively test the thinking of management.

### Long-term focused remuneration with stretching targets

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour. We believe incentive schemes can be important in driving behaviour, and we encourage policies which create alignment with genuine long-term shareholders. We are

accepting of significant pay-outs to executives if these are commensurate with outstanding long-run value creation, but plans should not reward mediocre outcomes. We think that performance hurdles should be skewed towards long-term results and that remuneration plans should be subject to shareholder approval.

### Fair treatment of stakeholders

We believe it is in the long-term interests of companies to maintain strong relationships with all stakeholders, treating employees, customers, suppliers, governments and regulators in a fair and transparent manner. We do not believe in one-size-fits-all governance and we recognise that different shareholder structures are appropriate for different businesses. However, regardless of structure, companies must always respect the rights of all equity owners.

### Sustainable business practices

We look for companies to act as responsible corporate citizens, working within the spirit and not just the letter of the laws and regulations that govern them. We believe that corporate success will only be sustained if a business's long-run impact on society and the environment is taken into account. Management and boards should therefore understand and regularly review this aspect of their activities, disclosing such information publicly alongside plans for ongoing improvement.

## List of Investments as at 31 July 2021 (unaudited)

Name	Business	Country	2021 Ordinary shares value US\$'000	2021 C shares value US\$'000	2021 Total value US\$'000	2021 % of net assets*
Wise PLC – Listed	Online international money transfer service	United Kingdom	61,551	20,459	82,010	5.4
ByteDance Limited	Social media and news aggregation company	China	59,920	–	59,920	4.0
Stripe Inc	Online payment platform	United States	51,035	–	51,035	3.4
Affirm Holdings Inc – Listed	Online platform which provides point of sale consumer finance	United States	50,181	–	50,181	3.3
Space Exploration Technologies Corp	Designs, manufactures and launches advanced rockets and spacecraft	United States	42,322	–	42,322	2.8
Warby Parker (JAND Inc)	Online and physical corrective eyewear retailer	United States	41,844	–	41,844	2.8
Scopely Inc	Online gaming company	United States	40,024	–	40,024	2.7
Epic Games Inc	Video game developer	United States	32,837	–	32,837	2.2
Tempus Labs Inc	Oncological records aggregator and diagnostic testing provider	United States	30,356	–	30,356	2.0
Daily Hunt (Ver se Innovation Limited)	Telephone voice, data, text messaging and roaming services	India	30,058	–	30,058	2.0
Rappi Inc	Provider of an on demand delivery platform designed to connect consumers with local stores	United States	–	30,000	30,000	2.0
Tanium Inc	Online security management	United States	28,573	–	28,573	1.9
Northvolt AB	Lithium ion battery manufacturer	Sweden	24,177	3,431	27,608	1.8
FlixBus GmbH	European mobility provider	Germany	13,363	13,411	26,774	1.8
Workrise Technologies Inc	Jobs marketplace for the energy sector	United States	26,238	–	26,238	1.7
Allbirds Inc	Sustainable direct-to-customer footwear brand	United States	23,211	–	23,211	1.5
Zymergen Inc – Listed†	Synthetic biology	United States	21,193	–	21,193	1.4
Loft Holdings Ltd	Online property platform	Brazil	–	20,000	20,000	1.3



Name	Business	Country	2021 Ordinary shares value US\$'000	2021 C shares value US\$'000	2021 Total value US\$'000	2021 % of net assets*
Indigo Agriculture Inc	Microbial seed treatments to increase crop yields and grain marketplace	United States	19,579	–	19,579	1.3
Grail Inc#	Oncology testing	United States	17,874	–	17,874	1.2
Graphcore Limited	Computer chip developer	United Kingdom	15,622	–	15,622	1.0
Chime Financial Inc	Digital current account provider	United States	15,442	–	15,442	1.0
PsiQuantum Corp	Silicon photonic quantum computing	United States	–	15,000	15,000	1.0
Cohesity Inc	Data storage	United States	14,940	–	14,940	1.0
Oscar Health Inc – Listed‡	Healthcare insurance provider	United States	13,909	–	13,909	0.9
Convoy Inc	Marketplace for truckers and shippers	United States	13,700	–	13,700	0.9
Faire Wholesale Inc	Online wholesale market place	United States	–	13,333	13,333	0.9
Carbon Inc	Manufactures and develops 3D printers	United States	12,642	–	12,642	0.8
Away (JRSK Inc)	Travel and lifestyle brand	United States	12,153	–	12,153	0.8
HeartFlow Inc	Develops software for cardiovascular disease diagnosis and treatment	United States	11,314	–	11,314	0.7
Jiangxiaobai Holdings Ltd	Producer of alcoholic beverages	China	11,273	–	11,273	0.7
Airbnb Inc – Listed	Online market place for travel accommodation	United States	11,069	–	11,069	0.7
Brex Inc	Corporate credit cards for start-ups	United States	10,210	–	10,210	0.7
Nuro Inc	Developer of autonomous delivery vehicles	United States	10,000	–	10,000	0.7
Yanka Industries Inc	Online education platform	United States	10,000	–	10,000	0.7
Honor Technology Inc	Provider of home-care services	United States	5,565	–	5,565	0.4
<b>Total investments</b>			<b>782,175</b>	<b>115,634</b>	<b>897,809</b>	<b>59.5</b>

## List of Investments as at 31 July 2021 (unaudited) (continued)

Name	2021 Ordinary shares value US\$'000	2021 C shares value US\$'000	2021 Total value US\$'000	2021 % of net assets *
US Treasury Bill 12/08/2021	–	96,299	96,299	6.4
US Treasury Bill 07/10/2021	–	96,296	96,296	6.4
US Treasury Bill 04/11/2021	–	96,296	96,296	6.4
US Treasury Bill 27/01/2022	–	96,237	96,237	6.4
US Treasury Bill 24/03/2022	–	96,222	96,222	6.3
US Treasury Bill 16/06/2022	–	96,240	96,240	6.4
<b>Total US Treasury Bills</b>	<b>–</b>	<b>577,590</b>	<b>577,590</b>	<b>38.3</b>
Cash	29,751	5,363	35,114	2.3
Other current assets and liabilities	(1,264)	(275)	(1,539)	(0.1)
<b>Net current assets</b>	<b>28,487</b>	<b>582,678</b>	<b>611,165</b>	<b>2.2</b>
<b>Total net assets</b>	<b>810,662</b>	<b>698,312</b>	<b>1,508,974</b>	<b>100.0</b>

## Allocation of Net Assets (unaudited)

Name	2021 Ordinary shares value US\$'000	2021 C shares value US\$'000	2021 Total value US\$'000	2021 % of net assets *
Listed investments	157,903	20,459	178,362	11.8
Private company investments	624,272	95,175	719,447	47.7
US Treasury Bills	–	577,590	577,590	38.3
Cash and cash equivalents	29,751	5,363	35,114	2.3
Net current assets	(1,264)	(275)	(1,539)	(0.1)
<b>Total net assets</b>	<b>810,662</b>	<b>698,312</b>	<b>1,508,974</b>	<b>100.0</b>

\* See Glossary of Terms and Alternative Performance Measures on page 20.

† Listed security, in line with the conditions of the IPO, investors with holdings prior to the listing are subject to a lock in period preventing trading of the holding. This expires on 19 October 2021.

# Subsequent to the period end Illumina announced its acquisition of Grail.

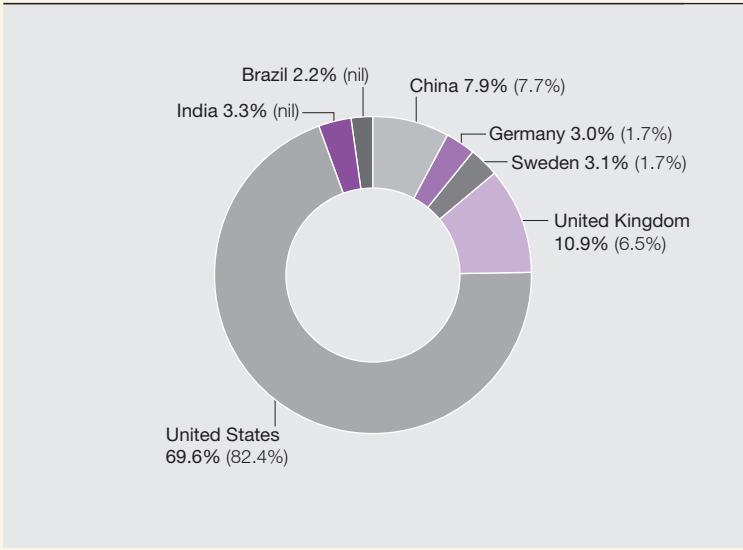
‡ Listed security, in line with the conditions of the IPO, investors with holdings prior to the listing are subject to a lock in period preventing trading of the holding. This expired on 30 August 2021.

The Company may hold various classes of shares in investee companies, some of which may have a preference on winding up.

# Distribution of Total Investments (unaudited)

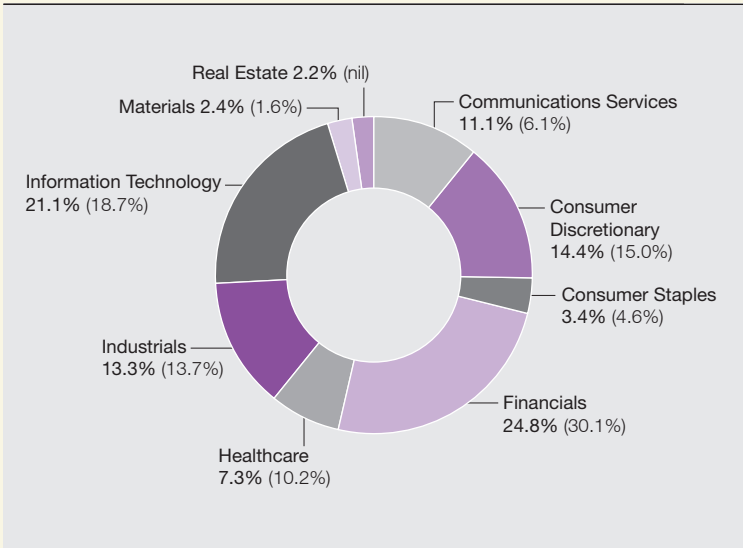
## Geographical as at 31 July 2021

(31 January 2021)



## Sectoral as at 31 July 2021

(31 January 2021)



The above sectoral distribution is not derived from any index.

## Income Statement (unaudited)

	Notes	For the six months to 31 July 2021			For the six months to 31 July 2020			For the year to 31 January 2021		
		Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000
Gains on investments		–	86,674	<b>86,674</b>	–	20,809	<b>20,809</b>	–	209,901	<b>209,901</b>
Currency gains/(losses)		–	338	<b>338</b>	–	24	<b>24</b>	–	(1)	<b>(1)</b>
Income	2	148	–	<b>148</b>	2,191	–	<b>2,191</b>	2,764	–	<b>2,764</b>
Investment management fee	3	(3,534)	–	<b>(3,534)</b>	(1,252)	–	<b>(1,252)</b>	(3,603)	–	<b>(3,603)</b>
Other administrative expenses	4	(509)	–	<b>(509)</b>	(331)	–	<b>(331)</b>	(759)	–	<b>(759)</b>
<b>Operating profit before taxation</b>		(3,895)	87,012	<b>83,117</b>	608	20,833	<b>21,441</b>	(1,598)	209,900	<b>208,302</b>
Tax on ordinary activities		–	–	–	–	–	–	–	–	–
<b>Profit and total comprehensive income for the period</b>		(3,895)	87,012	<b>83,117</b>	608	20,833	<b>21,441</b>	(1,598)	209,900	<b>208,302</b>

	For the six months to 31 July 2021			For the six months to 31 July 2020			For the year to 31 January 2021		
	Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000
Total comprehensive income/(loss) for the period analysed as follows:									
Attributable to Ordinary shareholders	(3,645)	83,252	<b>79,607</b>	608	20,833	<b>21,441</b>	(1,598)	209,900	<b>208,302</b>
Attributable to C shareholders	(250)	3,760	<b>3,510</b>	–	–	–	–	–	–
<b>Profit and total comprehensive income for the period</b>	(3,895)	87,012	<b>83,117</b>	608	20,833	<b>21,441</b>	(1,598)	209,900	<b>208,302</b>
(Loss)/earnings per Ordinary share	(0.75¢)	17.15¢	<b>16.40¢</b>	0.13¢	4.37¢	<b>4.50¢</b>	(0.33¢)	43.94¢	<b>43.61¢</b>
(Loss)/earnings per C share	(0.04¢)	0.54¢	<b>0.50¢</b>	–	–	–	–	–	–

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.

## Statement of Financial Position (unaudited)

	Notes	At 31 July 2021 US\$'000	At 31 July 2021 US\$'000	At 31 January 2021 US\$'000	At 31 January 2021 US\$'000
<b>Fixed assets</b>					
Investments held at fair value through profit or loss	7		897,809		614,179
<b>Current assets</b>					
US Treasury Bills		577,590		77,000	
Cash and cash equivalents		35,114		16,113	
Debtors		611		426	
		613,315		93,539	
<b>Current liabilities</b>					
Amounts falling due within one year		(2,150)		(1,638)	
<b>Net current assets</b>					
			611,165		91,901
<b>Net assets</b>					
			<b>1,508,974</b>		<b>706,080</b>
<b>Capital and reserves</b>					
Share capital	8		1,200,117		480,340
Capital reserve			307,990		220,978
Revenue reserve			867		4,762
<b>Shareholders' funds</b>					
			<b>1,508,974</b>		<b>706,080</b>
<b>Shareholders' funds per ordinary share (US\$'000)</b>					
			810,662		706,080
Net asset value per ordinary share			164.19¢		146.99¢
Number of ordinary shares in issue			493,730,002		480,350,002
<b>Shareholders' funds per C share (US\$'000)</b>					
			698,312		–
Net asset value per C share			99.76¢		–
Number of C shares in issue			700,000,000		–

## Statement of Changes in Equity (unaudited)

### Six months to 31 July 2021

	Notes	Share capital US\$'000	Capital reserve* US\$'000	Revenue reserve US\$'000	Shareholders' funds US\$'000
Shareholders' funds at 31 January 2021		480,340	220,978	4,762	<b>706,080</b>
Ordinary shares issued	8	24,975	–	–	<b>24,975</b>
C shares issued	8	694,802	–	–	<b>694,802</b>
Total comprehensive income for the period					
– Ordinary shares		–	83,252	(3,645)	<b>79,607</b>
Total comprehensive income					
– C shares		–	3,760	(250)	<b>3,510</b>
<b>Shareholders' funds at 31 July 2021</b>		<b>1,200,117</b>	<b>307,990</b>	<b>867</b>	<b>1,508,974</b>

### Six months to 31 July 2020

	Share capital US\$'000	Capital reserve* US\$'000	Revenue reserve US\$'000	Shareholders' funds US\$'000
Shareholders' funds at 31 January 2020	475,642	11,078	6,360	<b>493,080</b>
Ordinary shares issued	131	–	–	<b>131</b>
Total comprehensive income for the period	–	20,833	608	<b>21,441</b>
<b>Shareholders' funds at 31 July 2020</b>	<b>475,773</b>	<b>31,911</b>	<b>6,968</b>	<b>514,652</b>

\* Includes investment holdings gains of US\$307,643,000 (31 July 2020 – US\$8,250,000).

## Statement of Cash Flows (unaudited)

	Six months to 31 July 2021		Six months to 31 July 2020	
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Operating profit before taxation		83,117		21,441
US Treasury Bills interest		(78)		(2,394)
Net gains on investments		(86,674)		(20,809)
Currency gains		(338)		(24)
Changes in debtors and creditors		481		552
<b>Net cash used in operating activities*</b>		(3,492)		(1,234)
<b>Cash flows from investing activities</b>				
Acquisitions of US Treasury Bills	(752,036)		(120,028)	
Disposals of US Treasury Bills	251,524		250,943	
Acquisitions of investments	(196,956)		(124,999)	
Disposals of investments	–		–	
<b>Net cash (used in)/from investing activities</b>		(697,468)		5,916
<b>Cash flows from financing activities</b>				
Ordinary shares issued	24,821		131	
C shares issued	694,802		–	
<b>Net cash from financing activities</b>		719,623		131
<b>Net increase in cash and cash equivalents</b>		18,663		4,813
Effect of exchange rate fluctuations on cash and cash equivalents		338		24
Cash and cash equivalents at start of period		16,113		10,133
<b>Cash and cash equivalents at 31 July</b>		<b>35,114</b>		<b>14,970</b>

\* Cash from operations includes interest received of US\$1,000 (2020 – US\$17,000).

# Notes to the Financial Statements (unaudited)

## 1 Basis of Accounting

The condensed Financial Statements for the six months to 31 July 2021 comprises the statements set out on the previous pages together with the related notes on pages 15 to 19. They have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements for the six months to 31 July 2021 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 January 2021.

### Equity Investment

The Ordinary shares and C shares of the Company are classified as equity in accordance with the definition of equity instruments under IAS 32 Financial Instruments: presentation (IAS 32). The proceeds from the issue of shares are recognised in the Statement of Changes in Equity net of incremental issuance costs.

### Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its Covid-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern and specifically in the context of the coronavirus pandemic. Having considered the Company's principal risks and uncertainties, as set out in the inside front cover, together with its current position, investment objective and policy, its assets and liabilities, and projected income and expenditure, it is the Directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have considered the Company's principal and emerging risks as detailed on pages 5 to 8 of the Company's Annual Report and Financial Statements for the year to 31 January 2021 and the Investment Manager ensures that the Company holds at all times a proportion of assets that is sufficiently liquid to enable it to discharge its payment obligations. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements.

## 2 Income

	Six months to 31 July 2021 US\$'000	Six months to 31 July 2020 US\$'000	Year to 31 January 2021 US\$'000
US Treasury Bills interest	148	2,394	2,899
Overseas interest	–	(220)	(153)
Deposit interest	–	17	18
<b>Total income</b>	<b>148</b>	<b>2,191</b>	<b>2,764</b>

## 3 Investment Management Fee

	Six months to 31 July 2021 US\$'000	Six months to 31 July 2020 US\$'000	Year to 31 January 2021 US\$'000
Investment management fee	<b>3,534</b>	<b>1,252</b>	<b>3,603</b>

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 ('AIFM'). Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford Overseas Limited. The Investment Management Agreement is terminable on not less than six months' notice.



## Notes to the Financial Statements (unaudited) (continued)

### 3 Investment Management Fee (continued)

Under the terms of the Investment Management Agreement, 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 of the Company 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

	Six months to 31 July 2021 US\$'000	Six months to 31 July 2020 US\$'000	Year to 31 January 2021 US\$'000
General administrative expenses	239	168	323
Administrator's fee	55	47	83
Auditor's remuneration for audit services	113	46	206
Directors' fees*	102	70	147
	<b>509</b>	<b>331</b>	<b>759</b>

Expenses relating directly to a share class are charged directly to that share class. Expenses pertaining to both Ordinary and C shares are split equally between the share classes.

\* Each Director received a one-off fee of £5,000 (US\$6,953 equivalent) which covered services relating to the initial listing of the Company's C shares.

### 5 Earnings per Share

	Six months to 31 July 2021		Six months to 31 July 2020		Year to 31 January 2021	
	US\$'000	¢	US\$'000	¢	US\$'000	¢
Ordinary shares						
Revenue return on ordinary activities after taxation	(3,645)	(0.75)	608	0.13	(1,598)	(0.33)
Capital return on ordinary activities after taxation	83,252	17.15	20,833	4.37	209,900	43.94
<b>Profit and total comprehensive income for the period</b>	<b>79,607</b>	<b>16.40</b>	<b>21,441</b>	<b>4.50</b>	<b>208,302</b>	<b>43.61</b>
<b>Weighted average number of shares in issue</b>	<b>485,476,079</b>		<b>477,267,310</b>		<b>477,670,487</b>	

## 5 Earnings per Share (continued)

	Period from 26 April 2021 to 31 July 2021	
	US\$'000	¢
C shares		
Revenue return on ordinary activities after taxation	(250)	(0.04)
Capital return on ordinary activities after taxation	3,760	0.54
<b>Profit and total comprehensive income for the period</b>	<b>3,510</b>	<b>0.50</b>
<b>Weighted average number of C shares in issue</b>	<b>700,000,000</b>	

Net return per share is based on the above totals of revenue and capital and the weighted average number of shares in issue during each period. There are no dilutive or potentially dilutive shares in issue.

## 6 Ordinary Dividends

There were no dividends paid or proposed in respect of the six months for either the Ordinary shares or for the C shares (2020 – none).

## 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).

As at 31 July 2021	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Listed equities	178,362	–	–	<b>178,362</b>
Unlisted ordinary shares	–	–	124,541	<b>124,541</b>
Unlisted preference shares*	–	–	589,735	<b>589,735</b>
Unlisted convertible promissory notes	–	–	5,171	<b>5,171</b>
Total financial asset investments	<b>178,362</b>	–	<b>719,447</b>	<b>897,809</b>

## Notes to the Financial Statements (unaudited) (continued)

### 7 Financial Instruments (continued)

As at 31 January 2021	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Listed equities	102,442	–	–	<b>102,442</b>
Unlisted ordinary shares	–	–	79,352	<b>79,352</b>
Unlisted preference shares*	–	–	429,710	<b>429,710</b>
Unlisted convertible promissory notes	–	–	2,675	<b>2,675</b>
<b>Total financial asset investments</b>	<b>102,442</b>	<b>–</b>	<b>511,737</b>	<b>614,179</b>

\* 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.

During the six months to 31 July 2021, investments with a fair value (IPO price) of US\$85,165,000 were transferred from Level 3 to Level 1 on becoming listed. During the year ended 31 January 2021, investments with a fair value (IPO price) of US\$47,656,000 were transferred from Level 3 to Level 1 on becoming listed.

The valuation techniques used by the Company are explained in the accounting policies on page 42 of the Company's Annual Report and Financial Statements for the year to 31 January 2021. Listed investments are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data. The Company's holdings in unlisted investments are categorised as Level 3 as unobservable data is a significant input to their fair value measurements.

### 8 Share Capital

	31 July 2021 Number	31 July 2021 US\$'000	31 January 2021 Number	31 January 2021 US\$'000
Allotted, called up and fully paid ordinary shares of US\$1 each	<b>493,730,002</b>	<b>505,315</b>	<b>480,350,002</b>	<b>480,340</b>
Allotted, called up and fully paid C shares of US\$1 each	<b>700,000,000</b>	<b>694,802</b>	–	–

By way of a special resolution dated 15 March 2019 the Directors have a general authority to allot up to 720,000,000 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). During the six months to 31 July 2021 the Company issued 13,380,000 ordinary shares raising net proceeds of US\$24,974,000. As at 31 July 2021 the Company has the authority to issue 229,370,000 ordinary shares. In the period from 1 August 2021 to 1 September 2021 the Company issued a further 1,660,000 shares raising net proceeds of US\$3,436,000.

By way of a special resolution dated 18 March 2021 the Directors have a general authority to allot up to 700,000,000 C share. On 26 April 2021, the Company issued 700,000,000 C shares of US\$1 each and raised gross proceeds of US\$700,000,000. The issue costs in respect of the C share issue were US\$5,198,000. These costs consisted of mainly broker commission (US\$4,066,000), legal fees (US\$601,000) and listing fees (US\$396,000).

## **8 Share Capital (continued)**

By way of an ordinary resolution passed on 6 May 2021 the Directors of the Company have general authority to make market purchases of up to 72,176,850 ordinary shares, being 14.99% of the ordinary shares in issue as at 17 March 2021, being the latest practicable date prior to the publication of the Company's Annual Report and Financial Statements for the year ended 31 January 2021. This authority will expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 31 January 2022. No shares have been bought back during the six months ended 31 July 2021 (31 July 2020 – nil) hence the authority remains at 72,176,850 ordinary shares.

Holders of Ordinary shares have the right to receive income and capital from assets attributable to such share class. Ordinary shareholders have the right to receive notice of general meetings of the Company and have the right to attend and vote at all general meetings.

Holders of C shares have the right to receive income and capital from assets attributable to such share class. C shareholders have the right to receive notice of general meetings of the Company and have the right to attend and vote at all general meetings.

## **9 Transaction Costs**

During the period the Company incurred transaction costs on purchases of investments of US\$99,000 (31 July 2020 – US\$nil; 31 January 2021 – US\$31,000) and transaction costs on sales of US\$nil (31 July 2020 – US\$nil; 31 January 2021 – US\$nil).

## **10 Transactions with Related Parties and the Investment Manager and Administrator**

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Financial Statements that could have such an effect on the Company during that period.

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

# 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. 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).

## Premium/(discount) (APM)

As stock markets and share prices vary, an investment company'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.

		31 July 2021	31 January 2021
<b>Ordinary shares</b>			
Closing NAV per share	(a)	164.19¢	146.99¢
Closing share price	(b)	203.00¢	180.00¢
<b>Premium expressed as a percentage</b>	$(b - a) \div a$	<b>23.6%</b>	<b>22.5%</b>
		31 July 2021	26 April 2021
<b>C shares</b>			
Closing NAV per share	(a)	99.76¢	99.25¢
Closing share price	(b)	125.00¢	124.00¢
<b>Premium expressed as a percentage</b>	$(b - a) \div a$	<b>25.3%</b>	<b>24.9%</b>

## Other Shareholder Information

### Directors

Mr David Chiswell and Mr Richard Holmes were appointed Directors of the Company on 2 September 2021.

### 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.

## Directors

Chairperson:  
Dr Linda Yueh

John Mackie CBE  
David Chiswell  
Trudi Clark  
Richard Holmes

## Administrator, Secretary, Designated Manager and Registered Office

Alter Domus (Guernsey) Limited  
First Floor  
Albert House  
South Esplanade  
St Peter Port  
Guernsey  
Channel Islands  
GY1 1AJ

## Investment Manager and Alternative Investment Fund Manager

Baillie Gifford & Co Limited  
Calton Square  
1 Greenside Row  
Edinburgh  
EH1 3AN

## Registrar

Computershare Investor Services  
(Guernsey) Limited  
First Floor  
Tudor House  
Le Bordage  
St Peter Port  
Guernsey  
Channel Islands  
GY1 1DB

## Depository

The Bank of New York Mellon  
(International) Limited  
1 Canada Square  
London  
E14 5AL

## Corporate Broker

Winterflood Securities Limited  
The Atrium Building  
Cannon Bridge House  
25 Dowgate Hill  
London  
EC4R 2GA

## Independent Auditor

KPMG Channel Islands Limited  
Glatigny Court  
Glatigny Esplanade  
St Peter Port  
Guernsey  
Channel Islands  
GY1 1WR

## Company Details

[schiehallionfund.com](http://schiehallionfund.com)  
Company Registration  
No. 65915  
ISIN GG00BJ0CDD21  
Sedol BJ0CDD2  
Ticker MNTN  
  
Legal Entity Identifier  
213800NQOLJA1JCWXQ56