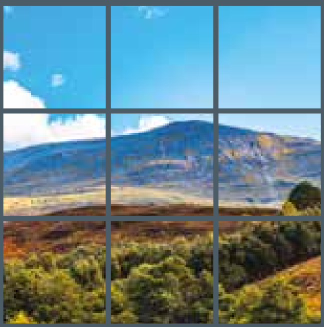
THE SCHIEHALLION FUND LIMITED

Annual Report and Financial Statements
For the period from incorporation on 4 January 2019
to 31 January 2020

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in The Schiehallion Fund Limited, please forward this document, together with any accompanying documents, but not your personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

Welcome Letter at Launch

Dear Shareholders,

Following the launch of The Schiehallion Fund at the end of March 2019, 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 continue 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.

Linda Yueh
Chairperson

Peter Singlehurst and Mark Urquhart
Portfolio Managers

Baillie Gifford
April 2019

Strategic Report

This Strategic Report includes pages 2 to 14 and incorporates the Chairperson's Statement.

Summary of Results*

The following information illustrates how The Schiehallion Fund Limited performed over the period from 27 March 2019†, launch and first day of trading, to 31 January 2020.

	31 January 2020	27 March 2019 †	% change
Shareholders' funds	US$493.08m	US$475.64m	
Net asset value per ordinary share	103.32¢	99.66¢	3.7
Share price	121.50¢	100.00¢	21.5
Premium#	17.6%	0.3%	
Number of shares in issue	477,250,002	477,250,002	
Market capitalisation	US$579.86m	US$477.25m	
Ongoing charges#	0.34%		

	Period from 4 January 2019 ‡ to 31 January 2020
Revenue earnings per share	1.33¢

	Period from 27 March 2019 † to 31 January 2020	
Period's high and low	**High**	**Low**
Net asset value per ordinary share	103.32¢	99.66¢
Share price	121.50¢	100.00¢
Premium#	18.1%	0.3%

Notes

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 50.

† 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.

Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on page 50.

‡ 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.

Chairperson's Statement

It is with pleasure that I present the Board's first Annual Report for The Schiehallion Fund Limited (the 'Company' or 'Schiehallion') for the period from incorporation on 4 January 2019 to 31 January 2020. The Company raised gross proceeds of US$477 million at launch on 27 March 2019.

Investment Performance

During the period from 27 March 2019 to 31 January 2020, the Company's share price and net asset value returned 21.5% and 3.7% respectively.

Since shares opened for trading on the London Stock Exchange, they have climbed steadily, on thin trading volume, to a premium of approximately 17.6% at 31 January 2020. Investors should bear in mind that shares bought at a high premium to net asset value can quickly lose substantial value if the premium is eroded. 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.

Deployment of Capital

When the Company was launched, your Board said it would be reasonable to expect that the Company would be two-thirds invested within the first two years. The Company is well on track to meet that milestone, with 35.5% of shareholders' funds invested in 17 private companies as at the end of January 2020. There is commentary on these investments in the Investment Manager's Review and Review of Investments on pages 9 to 12.

While the near-term priority remains the identification of investment opportunities and the deployment of the initial capital, once the Company is substantially invested, the Company may seek to raise additional capital, most likely by way of a C share issue to avoid cash drag on the ordinary shares, in order to enable it to continue to invest in new opportunities.

Earnings and Dividend

The Company's priority is to generate capital growth over the long term. The Company therefore has no dividend target and will not seek to provide shareholders with a particular level of distribution.

This period the net revenue return per share was 1.33 cents. The Board is recommending that no final dividend be paid.

Annual General Meeting

The Annual General Meeting of the Company will be held at Alter Domus' offices in Guernsey at 14:00 BST on Tuesday 19 May 2020. Further information on this and all the resolutions can be found on pages 46 and 47. The Directors consider that all resolutions put to shareholders are in their and the Company's best interests as a whole and recommend that shareholders vote in their favour.

Investment Outlook

Notwithstanding the uncertainties in the global economic and business environment, including those from the outbreak of the Covid-19 (Coronavirus), the Board and the Investment Manager are optimistic about the investment outlook, both for the companies in which the Company has already invested and the pipeline of opportunities that the Investment Manager has access to as long-term investors in exceptional private companies. The Company solely focuses on investing in companies with transformational growth potential, which are not widely accessible through public markets. The potential of these companies is generally dependent on their ability to take advantage of opportunities rather than on the performance of the economy. In terms of ESG (Environmental, Social and Governance) impact, the Investment Manager has a track record of incorporating these considerations into its assessment of potential investments because they provide insight into the long-term opportunities and risks.

The Board and the Investment Manager are confident in the future outlook for the Company.

Linda Yueh
Chairperson
19 March 2020

Past performance is not a guide to future performance.

For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 50.

Business Review

Business Model

Business and Status

The Schiehallion Fund Limited (the 'Company') 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 ('GFSC').

The Company has a fixed share capital, although subject to shareholder approval, it may purchase its own shares or issue shares. These authorities were granted by way of special resolutions dated 15 March 2019. The authority to purchase shares expires at the end of the Company's first Annual General Meeting and the Directors are seeking to renew this authority at the Annual General Meeting on 19 May 2020. The authority to issue shares will expire at the end of the period concluding immediately prior to the Annual General Meeting of the Company to be held in 2024. The price of the Company's shares is determined, like other listed shares, by supply and demand.

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.

The Company is an Alternative Investment Fund ('AIF') for the purposes of the EU Alternative Investment Fund Managers Directive.

Company Culture

The Board acknowledges the importance of a strong corporate governance culture that meets the requirements of the Code of Corporate Governance issued by the Guernsey Financial Services Commission (the 'Guernsey Code'), the UK Listing Rules and other bodies such as The AIC and that contributes to the Company's long-term success.

Life of the Company

The Company has been established with an unlimited life.

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.

Dividend Policy

The Company's priority is to produce capital growth over the long term. Given the nature of the Company's investments, the Company does not expect to pay dividends in the foreseeable future and so therefore has no dividend target and will not seek to provide shareholders with a particular level of income. If any dividends or distributions are made, they will at all times be subject to compliance with the solvency test prescribed by Guernsey law.

Liquidity Policy

The Directors will consider repurchasing ordinary shares in the market if they believe it to be in the interests of shareholders as a whole and as a means of addressing imbalances between supply and demand for the ordinary shares.

The timing, price and volume of any buyback of ordinary shares will be at the absolute discretion of the Directors and are subject to the Company having sufficient working capital for its requirements and surplus cash resources available. The acquisition of ordinary shares pursuant to this authority is subject to compliance with the solvency test and any other relevant provisions of the Companies Law.

Share Buybacks – The Directors have been granted general authority to purchase in the market up to 10% of the number of ordinary shares in issue immediately following Admission, with such authority expiring at the conclusion of the Company's first Annual General Meeting. The Directors intend to seek annual renewal of this authority from the shareholders at each of the Company's Annual General Meetings up to a maximum of 14.99%.

In the event that the Board decides to repurchase ordinary shares, purchases will only be made through the market for cash at prices (after taking account of all commissions, costs and expenses of the purchases) not exceeding the last reported net asset value per ordinary share.

Ordinary shares purchased by the Company may be cancelled or held in treasury (or a combination of both). Ordinary shares may be sold from treasury but not at a price per share which would be less (after taking account of all commissions, costs and expenses of such sale) than the last reported net asset value per ordinary share at the relevant time.

Treasury Shares – The Company is permitted to hold ordinary shares acquired by way of market purchase in treasury, rather than being obliged to cancel them. A maximum of 10% of the ordinary shares in issue at the relevant time may be held in treasury. Such ordinary shares may be subsequently cancelled or sold for cash. Holding ordinary shares in treasury would give the Company the ability to sell ordinary shares from treasury quickly and in a cost efficient manner, and would provide the Company with additional flexibility in the management of its capital base. However, the issue of ordinary shares from treasury will be subject to the Articles of Incorporation and the provisions relating to rights of pre-emption contained therein, further details of which are referred to in the section entitled 'Share issuance' below.

Share Issuance – The Directors have authority to issue further ordinary shares. Further issues of ordinary shares will only be made if the Directors determine such issues to be in the best interests of shareholders and the Company as a whole. Relevant factors in making such determination include the Company's performance, the discount/premium at which the ordinary shares trade to the prevailing net asset value per ordinary share, perceived investor demand and investment opportunities. Ordinary shares will only be issued at prices per ordinary share which, after taking into account any placing commission and expenses payable in respect of such issues, are not less than the last reported net asset value per ordinary share.

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the issue of ordinary shares. The Articles of Incorporation do, however, contain pre-emption rights in relation to issue of ordinary shares for cash, although such pre-emption rights have, by a resolution passed on 15 March 2019, been disapplied in respect of up to 720 million ordinary shares or C shares (such figure to include the ordinary shares issued pursuant to the Placing) for a 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 passing of the relevant resolution). The Directors expect to request that the authority to issue ordinary shares on a non-pre-emptive basis is renewed at the Annual General Meeting of the Company to be held in 2024 and at each subsequent Annual General Meeting of the Company.

477,250,000 shares were issued in the initial placing leaving the ability to issue up to a further 242,750,000 shares. There have been no further issuances since the initial placing hence the authority remains at 242,750,000 shares.

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

Key performance indicators

The key performance indicators ('KPIs') used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in net asset value per ordinary share;
- the movement in the share price;
- the premium/discount of the share price to the net asset value per share; and
- ongoing charges.

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on page 50.

The KPIs for the period from 27 March 2019 to 31 January 2020 are shown on page 2.

Borrowings

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 the Company's net asset value, calculated at the time of drawdown.

There were no borrowings as at 31 January 2020.

Principal and Emerging Risks

As explained on pages 20 and 21, there is a process for identifying, evaluating and managing the risks, including emerging risks, faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging 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 investments consist 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 42 to 45. 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.

Valuation Risk – the Company invests predominately in late stage private businesses which are valued in accordance with International Private Equity and Venture Capital Valuation ('IPEV') Guidelines using appropriate valuation methods. Such methods include an element of judgement which may lead to a material misstatement of the valuation and consequently in the Company's net asset value. The Investment Manager has a robust valuation methodology which it applies consistently to make valuation recommendations to the Board.

The Company's Directors meet with the Investment Manager at special meetings solely to consider the valuations to be included in the Interim and Annual Financial Statements. At these meetings, valuation analysis on the Company's investments is provided by the Investment Manager. The Directors have the opportunity to challenge the valuations, request further information and make changes before the valuations are finally approved.

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 buyback 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 Administrator, Secretary and Designated Manager ('Administrator'); 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's departure from the European Union on 31 January 2020. Whilst considerable uncertainty remains, the Board will continue to monitor developments as they occur and assess the potential consequences for the Company's future activities.

The investment portfolio has global reach and is exposed to external and emerging threats such as cyber risk and Coronavirus. These risks are mitigated by the Investment Manager's close links to investee companies and their ability to ask questions on contingency plans. The Investment Manager believes the impact of such events may be to slow growth rather than to invalidate the investment rationale.

Viability Statement

In accordance with the requirements of the AIC Code that the Directors assess the prospects of the Company over a defined period, the Board has evaluated the long-term prospects of the Company beyond the twelve month time horizon assumption within the going concern framework taking account of the longer term investment strategy of the Company. Details of how that assessment has been undertaken are set out below.

The Board undertakes a robust risk assessment of the principal and emerging risks, detailed on pages 6 and 7, facing the Company but believes that a sudden or prolonged downturn in global economies is the most significant risk facing the Company. Such a downturn could significantly affect valuations of the Company's investments and its net asset value as well as impacting liquidity since the Company may not be able to realise its investments at a reasonable price.

The Board believes the Company would still be viable during such a downturn since it does not have any long-term gearing obligations which might require immediate repayment, or has any obligation to pay dividends. The Company also holds a well-diversified portfolio of investments in various industries in order to minimise the impact of any economic shock.

The Board has considered the uncertainties regarding the UK's continuing negotiations after leaving the EU and does not consider that any outcome would significantly affect the going concern status or viability of the Company.

All the Company's key operations are outsourced to third-party service providers and the Board considers that alternative providers could be engaged at relatively short notice. Finally, the Investment Manager monitors closely the Company's cash requirements to meet on-going fees and expenses and expects to maintain around 2% of its assets in cash or near cash to meet these obligations.

As a result of this analysis, the Board believes the Company can effectively manage the principal and emerging risks and uncertainties and remains confident that the Company will be able to continue in operation, and does not envisage any change in strategy, objectives or events that would prevent the Company from operating, over the period of at least three years.

In determining the period of assessment, the Directors consider that three years is appropriate given the target for deployment of capital and projecting longer term financial and economic scenarios would present difficulties given the lack of longer term economic visibility. The Board also considered that the metrics used to value underlying companies would normally look to a medium-term time horizon.

Relations with Stakeholders

Although the Company is domiciled in Guernsey, the Board has considered the guidance set out in the AIC Code in relation to Section 172 of the Companies Act 2006 in the UK. Section 172 of the Companies Act requires that the Directors of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters and to the extent applicable) to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others;

(d) the impact of the Company's operations on the community and the environment;

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the Company.

In this context and having regard to Schiehallion being an externally managed investment company with no employees, the Board considers that the Company's key stakeholders are its existing and potential new shareholders, its externally-appointed managers Baillie Gifford & Co Limited and Alter Domus (Guernsey) Limited. Other professional service providers (corporate broker, registrar, auditor and depositary), wider society and the environment.

Great importance is placed by the Board on communication with shareholders as described in Relations with Shareholders on page 21.

The Board seeks to engage with its managers and other service providers in a collaborative and collegiate manner, with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The aim of this approach is to enhance service levels and strengthen relationships with the Company's third-party service providers with a view to ensuring the interests of the Company's shareholders are best served by keeping cost levels proportionate and competitive, by maintaining the highest standards of business conduct and by upholding the Company's values.

Whilst the Company's operations are limited (with all substantive operations being conducted by the Company's third-party service providers), the Board is aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance ('ESG') matters is an important part of its responsibility to all stakeholders and that proper consideration of ESG considerations are factored into the Investment Manager's decision making process as described in the Investment Manager's Review on page 9.

The Board recognises the importance of keeping the interests of the Company's shareholders, and of acting fairly towards them, firmly front of mind in its key decision making and the Investment Manager is at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the period which have required the Directors to have regard to applicable section 172 factors include:

— the raising of over US$477 million at the Company's launch on 27 March 2019.

Employees, Human Rights and Community Issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, human rights and community issues.

Gender Representation

The Board comprises three Directors, two of whom are women, including the Chair, and one man. The Company has no employees. The Board's policy on diversity is set out on page 20.

Environmental, Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 21.

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 ('the Act') and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement by the Investment Manager under the Act has been published on the Investment Manager's website at **www.bailliegifford.com**.

Future Developments of the Company

The outlook for the Company for the next twelve months is set out in the Chairperson's Statement on page 3 and the Investment Manager's Review on page 9.

Investment Manager's Review

The Schiehallion Fund Limited ('Schiehallion') was launched in March 2019 with the aim of investing in exceptional high growth private companies. Such companies are increasingly staying private longer, leading to more growth and value creation before they enter the public markets. At Baillie Gifford we have been investing in these companies since 2012 for existing funds. Schiehallion was designed to give shareholders concentrated exposure to high growth private companies, but with the ability to own these for the long term if they choose to list on public markets. We believe that the evergreen structure of Schiehallion gives it preferential access to the best companies, whose founders are looking for investors with a time horizon that is philosophically and structurally aligned with theirs. The portfolio of 17 companies we have assembled as of 31 January 2020 would seem to validate both the structural shift in markets, as well as Schiehallion's advantage in access.

Portfolio Update

Since the Interim Report for the period to 31 July 2019, we have invested in nine new companies. All of these businesses happened to be domiciled in the US. This is both a coincidence, but also reflective of the calibre of companies to be found in the North American market. San Francisco and Silicon Valley are synonymous with technology led businesses, but we have found companies in Austin, Los Angeles, Boston, New York and Seattle every bit as innovative as their Bay Area counterparts. Whilst some still have a domestic focus, others are most certainly international businesses, most notably Airbnb, which has more than seven million listings, located over 190 countries around the world.

In the Interim Management Report we noted two themes, which have both continued since then. The first was the growing impact of internet facilitated business models on a wider range of industries. Two of our recent investments highlight this in particular. RigUp is changing how blue-collar workers find work in the energy industry, whilst Convoy is making it more efficient for truckers and shippers to connect. Network effects underpin the business models of both companies, making them better as they get bigger, and leading to robust competitive advantages in large industries that have witnessed little change for decades.

The other trend we have continued to see is our ability to buy shares in private companies where pre-existing shareholdings within Baillie Gifford has given us preferential access. Airbnb, Affirm, Warby Parker and Indigo Agriculture are all recent examples. These are businesses we have known for years and that we have seen execute over our time as shareholders.

We are often asked how Environmental, Social and Governance ('ESG') considerations are factored into our investment thinking. Schiehallion does not have an explicit ESG mandate, but these questions are still woven through our research. There is a common perception that ESG analysis is somehow distinct from fundamental business analysis. This might be true over short time periods, but over our time horizon of ten years and beyond, these two types of analysis converge. How a business is run, its impact on broader stakeholders, and the perception of whether it is a force for good or ill, will come to have a direct impact on the growth prospects of a given business, just as much as the business's competitive advantage and margin structure. In our research framework, we ask of every company 'What is your impact on Society?' We ask this question, not to satisfy some abstract ESG criteria, but because it unlocks insight into long-term opportunities and risks for companies.

The growing relevance of ESG issues is highlighted by a number of our recent investments. Affirm is an online point of sale lender, founded by Max Levchin who was previously one of the founders of Paypal. Point of sale lenders have historically treated their customers very badly, offering opaque teaser rates and exorbitant late fees. Affirm have made it their mission to treat their customers well. They do not charge late fees and they are totally transparent with the interest they charge. In one sense, this is a tick on any two-dimensional ESG scoring system, but in another more important sense, it defines the company's customer proposition, generates goodwill and repeat business with their borrowers, and underpins their competitive advantage.

Another recent example is Allbirds, the direct-to-consumer shoe company, whose branding is based around the sustainability of their product. Again, Allbirds would get a tick from an environmental sustainability perspective, but more importantly, they are tapping into a shift in consumer's priorities and have developed a product, brand, and supply chain that enables them to offer a differentiated product and as a direct result grow rapidly.

The other side of this is the companies we choose not to invest in. We have declined, and will continue to decline, companies where we think the societal impact of a product or service, or the culture of the business, will have a net negative impact on the world in which that business operates. We have seen time and time again how consumer or regulatory backlash can negatively impact companies that do ill, which in turn makes these companies unattractive investments. We believe we have a much better chance of making attractive returns for shareholders by deploying their capital into companies that have a positive impact on a wider range of stakeholders and avoiding those companies that do not.

Outlook

We remain excited by the outlook for the current portfolio, though this is tempered by the uncertainty presented by Coronavirus. The idiosyncratic nature of each of these businesses makes it difficult to generalise about how each will fare over the coming year. This is by design. Whilst there will be external factors that influence the success or failure of a company, each holding in Schiehallion has been selected because of its ability to determine its own destiny over the longer term through product differentiation, business model innovation and execution. It is likely that some companies in the portfolio will face challenges in the near term as a result of Coronavirus, particularly those tied to the travel industry. But we believe that the long-term opportunity and investment potential is unchanged for these businesses. We also continue to be encouraged by the pipeline of new opportunities, both from businesses that are new to us, and others that we have been following closely for many years. Again, this encouragement is tempered by the wider uncertainty presented by Coronavirus. Thank you for being a shareholder in Schiehallion.

Review of Investments

A review of the Company's investments as at 31 January 2020 is given below and on the following two pages.

WHEN
Baillie Gifford first invested in Affirm in March 2019.

WHO
Financial technology company.

WHY
Provides point of sale credit at fair and transparent interest rates. Sophisticated technology, with a mission to treat customers fairly. Trusted brand with significant room for growth.

WHEN
Baillie Gifford first invested in Airbnb in July 2015.

WHO
Accommodation marketplace.

WHY
Transformed travel market, initially in leisure and now in business. Powerful global network effects providing enduring competitive advantage. Seven million properties now on platform, with experiences adding further layer to growth.

WHEN
Baillie Gifford first invested in Allbirds in December 2019.

WHO
Environmentally friendly footwear.

WHY
'The world's most comfortable shoes', sold direct to consumers. Strong story around brand, the use of sustainable materials, and a differentiated design philosophy.

WHEN
Baillie Gifford first invested in Away in May 2019.

WHO
Consumer travel and lifestyle brand.

WHY
Producer of high-quality luggage sold direct to the end customer. Ability to listen and react rapidly to consumer feedback. Expanding from core suitcases to other travel accessories.

WHEN
Baillie Gifford first invested in ByteDance in May 2019.

WHO
Chinese internet technology company.

WHY
Leading provider of online social media and entertainment services, with over 700 million daily active users. Services include TikTok, a video sharing platform, and Toutiao, a news aggregation app.

WHEN
Baillie Gifford first invested in Carbon in December 2017.

WHO
3D printing and manufacturing company.

WHY
Making 3D printing cheaper, faster and more versatile. Offerings include hardware, consumables and software. Driving adoption in the US$12 trillion manufacturing market.

WHEN
Baillie Gifford first invested in Convoy in October 2019.

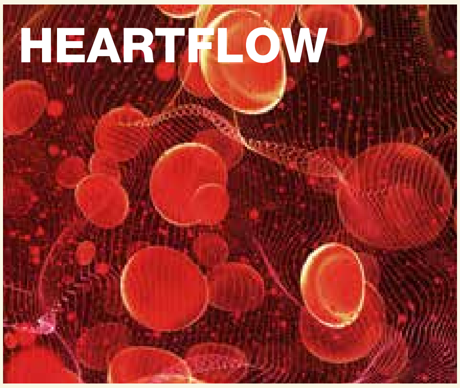
WHO
Digital freight brokerage platform.

WHY
Solving fundamental problems of inefficiency in large market. Driving cost reduction and consolidation as drivers and shippers use platform. Economic and environmental benefits.

WHEN
Baillie Gifford first invested in Flix in July 2019.

WHO
Bus and train operator.

WHY
Changing the way millions of people travel. Partners with local bus operators, providing the technology platform. 90% market share in Germany and expanding into the US and other European markets.



WHEN
Baillie Gifford first invested in HeartFlow in November 2017.

WHO
Medical diagnostics company.

WHY
Transforming the diagnosis and treatment of cardiovascular disease. Analysis used on over 30,000 patients. Test now reimbursable in the US, helping adoption.

WHEN
Baillie Gifford first invested in Indigo in September 2017.

WHO
Agricultural technology company.

WHY
Using microbial expertise to improve crop yields. Working with farmers and improving food security. Driving change in a complex industry, with vision of agricultural marketplace.

WHEN
Baillie Gifford first invested in RigUp in October 2019.

WHO
Energy industry marketplace.

WHY
Disrupting inefficient and fragmented labour market. Platform efficiently matches energy industry operators and contractors. Scale driving adoption in core oil and gas markets. Expanding into renewables.

WHEN
Baillie Gifford first invested in Scopely in October 2019.

WHO
Mobile games developer.

WHY
Beneficiary of move to internet distribution. Partners with brand-name intellectual property owners to develop games and maximise engagement and monetisation.

WHEN
Baillie Gifford first invested in SpaceX in December 2018.

WHO
Space transportation company.

WHY
Lowering the cost of travelling to space, using reusable rockets. Launching satellites for government and corporate customers. Over 100 launches contracted for over US$12bn.

WHEN
Baillie Gifford first invested in Stripe in October 2019.

WHO
Online payment processing.

WHY
Payments platform of choice for internet start-ups. High quality product with focus on what developers need to run an online business. Building culture that supports quick and effective innovation.

WHEN
Baillie Gifford first invested in Tempus in August 2018.

WHO
Medical technology company.

WHY
Provides genomic testing of tumours to enable physicians to tailor treatments to patients. It has also built the world's largest library of clinical data, with an operating system to make information accessible.

WHEN
Baillie Gifford first invested in TransferWise in February 2016.

WHO
International money transfer business.

WHY
Classic disruption of sleepy incumbents, benefitting customers. 5 million customers transferring £4 billion a month on 1,600 routes. Revenue growth +50% p.a. and now profitable.

WHEN
Baillie Gifford first invested in Warby Parker in April 2015.

WHO
Direct to consumer retailer of eyewear.

WHY
Online plus offline model is popular, with a Net Promoter Score in the 80s. Vertical integration including high value lens production. Large opportunities in contact lenses and vision insurance.

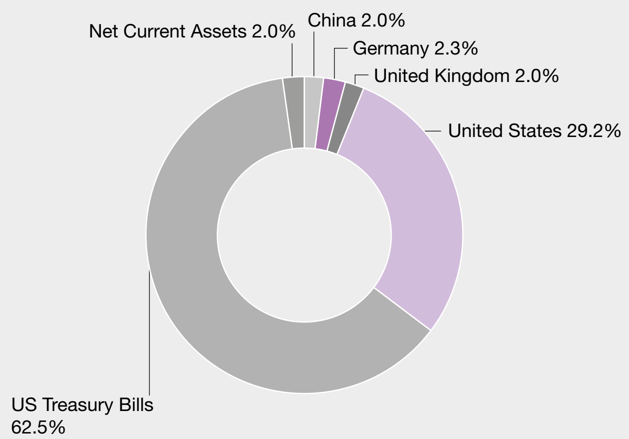
List of Investments as at 31 January 2020

Name	Business	Country	2020 Value US$'000	2020 Value US$'000	2020 % of net assets
Tempus Labs Inc Series E Preferred	Oncological records aggregator and diagnostic testing provider	United States	6,798		
Tempus Labs Inc Series F Preferred	Oncological records aggregator and diagnostic testing provider	United States	10,843		
				17,641	3.6
Indigo Agriculture Inc Common	Microbial seed treatments to increase crop yields and grain marketplace	United States	449		
Indigo Agriculture Inc Warrants December 2019	Microbial seed treatments to increase crop yields and grain marketplace	United States	1,145		
Indigo Agriculture Inc Sub Promissory Note December 2019	Microbial seed treatments to increase crop yields and grain marketplace	United States	14,327		
				15,921	3.3
Warby Parker (JAND Inc) Series A Preferred	Online and physical corrective eyewear retailer	United States	6,594		
Warby Parker (JAND Inc) Series C Preferred	Online and physical corrective eyewear retailer	United States	5,573		
				12,167	2.5
Away (JRSK Inc) Series Seed Preferred	Travel and lifestyle brand	United States	4,970		
Away (JRSK Inc) Series D Preferred	Travel and lifestyle brand	United States	6,710		
				11,680	2.4
FlixMobility GmbH Series F2 Preferred	European mobility provider	Germany		11,096	2.3
RigUp Inc Series D Preferred	Jobs marketplace for the energy sector	United States		10,500	2.1
Space Exploration Technologies Corp Series K Preferred	Designs, manufactures and launches advanced rockets and spacecraft	United States		10,490	2.1
TransferWise Limited Ordinary	Online international money transfer service	United Kingdom	5,123		
TransferWise Limited Seed Preferred	Online international money transfer service	United Kingdom	1,761		
TransferWise Limited Series A Preferred	Online international money transfer service	United Kingdom	2,082		
TransferWise Limited Series B Preferred	Online international money transfer service	United Kingdom	598		
TransferWise Limited Series C Preferred	Online international money transfer service	United Kingdom	334		
TransferWise Limited Series D Preferred	Online international money transfer service	United Kingdom	92		
TransferWise Limited Series E Preferred	Online international money transfer service	United Kingdom	10		
				10,000	2.0
Allbirds Inc Series Seed Preferred	Sustainable direct-to-consumer footwear brand	United States	2,500		
Allbirds Inc Series D Preferred	Sustainable direct-to-consumer footwear brand	United States	7,500		
				10,000	2.0
Carbon Inc Series E Preferred	Manufactures and develops 3D printers	United States		10,000	2.0
Convoy Inc Series D Preferred	Marketplace for truckers and shippers	United States		10,000	2.0
Scopely Inc Series D Preferred	Online gaming company	United States		10,000	2.0
ByteDance Limited Series E Preferred	Social media and news aggregation company	China		10,000	2.0
HeartFlow Inc Series E Preferred	Develops software for cardiovascular disease diagnosis and treatment	United States		9,786	2.0
Affirm Holdings Inc Series A Preferred	Online platform which provides point of sale consumer finance	United States		6,305	1.3
Stripe Inc Series G Preferred	Online payment platform	United States		4,894	1.0
Airbnb Inc Class A Common	Online market place for travel accommodation	United States	4,100		
Airbnb Inc Series D Preferred	Online market place for travel accommodation	United States	302		
Airbnb Inc Series E Preferred	Online market place for travel accommodation	United States	164		
				4,566	0.9
Total unlisted securities				**175,046**	**35.5**

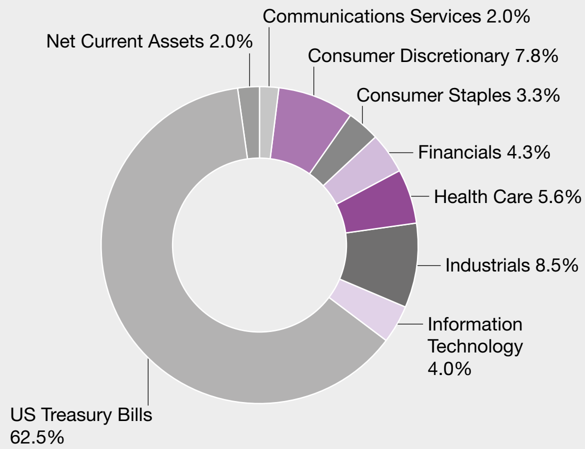
Name	2020 Value US$'000	2020 Value US$'000	2020 % of net assets
US Treasury Bill 26/03/2020	51,401		
US Treasury Bill 21/05/2020	52,770		
US Treasury Bill 16/07/2020	50,992		
US Treasury Bill 10/09/2020	51,165		
US Treasury Bill 03/12/2020	51,073		
US Treasury Bill 28/01/2021	50,734		
Total US Treasury Bills		308,135	62.5
Cash		10,133	2.0
Other current assets and liabilities		(234)	–
Net current assets		**318,034**	**64.5**
Net assets		**493,080**	**100.0**

Distribution of Net Assets

Geographical as at 31 January 2020



Sectoral as at 31 January 2020



The above sectoral distribution is not derived from any index.

The Strategic Report which incorporates pages 2 to 14 was approved by the Board on 19 March 2020.

Linda Yueh
Chairperson

Directors and Management

Members of the Board come from a broad variety of backgrounds. The Board can draw on a very extensive pool of knowledge and experience.

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 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 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.

John Mackie

Mr John Mackie was appointed a Director on 4 January 2019 and is also the Senior Independent Director. 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.

Trudi Clark

Ms Trudi 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.

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

Investment Manager

The Company has appointed Baillie Gifford & Co Limited, a wholly-owned subsidiary of Baillie Gifford & Co, as Investment Manager and as Alternative Investment Fund Manager (the 'Investment Manager'). Baillie Gifford and Co Limited has delegated portfolio management services to Baillie Gifford Overseas Limited. Baillie Gifford & Co is an investment management firm formed in 1927 out of the legal firm Baillie & Gifford, WS which had been involved in investment management since 1908.

Baillie Gifford is one of the largest investment trust managers in the UK and, as well as Schiehallion, currently manages ten investment trusts, unit trusts and open ended investment companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under management or advice of Baillie Gifford totalled around £185 billion as at 19 March 2020. Based in Edinburgh it is one of the leading privately-owned investment management firms in the UK, with 43 partners and a staff of around 1,250.

The portfolio manager of Schiehallion is Peter Singlehurst and the deputy portfolio manager is Mark Urquhart. Peter joined Baillie Gifford in 2010 and is head of the Unlisted Equities team. Mark joined Baillie Gifford in 1996 becoming a partner in 2004.

Baillie Gifford & Co Limited, Baillie Gifford & Co and Baillie Gifford Overseas Limited are all authorised and regulated by the Financial Conduct Authority.

Directors' Report

The Directors present their Report together with the audited Financial Statements of the Company for the period from 4 January 2019 (date of incorporation) to 31 January 2020.

Listing Status

Since being admitted to trading on the Specialist Fund Segment of the London Stock Exchange, a regulated market, on 27 March 2019, the Company is subject to the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the London Stock Exchange's Admission and Disclosure Standards.

Corporate Governance

The Corporate Governance Report is set out on pages 19 to 21 and forms part of this Report.

Investment Manager

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. Compensation fees would only be payable in respect of the notice period if termination by the Company were to occur within a shorter notice period. 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 is 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.

The Board is of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence on performance.

The Board as a whole fulfils the functions of the Management Engagement Committee. The Board considers the Company's investment management arrangements and administration arrangements (detailed below) on a continuing basis and a formal review is conducted at least annually.

The Board considers, amongst others, the following topics in its review:

— the quality of the personnel assigned to handle the Company's affairs;

— the investment process and the results achieved to date; and

— the administrative services provided by the Investment Manager.

Following the most recent review, it is the opinion of the Directors that the continuing appointment of Baillie Gifford & Co Limited as Investment Manager and AIFM and the delegation of the portfolio management services to Baillie Gifford Overseas Limited, on the terms agreed, is in the interests of the Company and the shareholders as a whole due to the strength of the investment management team, the Investment Manager's commitment to the investment funds sector and the quality of the administrative function.

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.

Directors

The names and biographical details of the Board members who served on the Board as at the period end and up to the date the Financial Statements were signed can be found on page 15. Each Director shall retire from office at each Annual General Meeting and offer themselves for re-election. Following formal performance evaluation, the Board concluded that the performance of the Directors continues to be effective and each remains committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their election to shareholders.

Director Indemnification and Insurance

The Company has entered into qualifying third-party deeds of indemnity in favour of each of its Directors. The deeds, which were in force during the period to 31 January 2020 and up to the date of approval of this Report, cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him/her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' liability insurance.

Conflicts of Interest

Each Director submits a list of potential conflicts of interest at each Board meeting. The Board considers these carefully, taking into account the circumstances surrounding them when deciding whether or not the potential conflicts should be authorised.

Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

Share Capital

Capital Structure

On incorporation, the share capital of the Company was US$2 represented by two ordinary shares with a nominal value of US$1 each, 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 each and raised gross proceeds of US$477,250,000 which were used to finance the initial investments of the Company. The issue costs in respect of the initial capital raising were US$1,608,000, which were made up of set up costs.

The Company's capital structure, as at 31 January 2020, consisted of 477,250,002 ordinary shares of US$1 each. The ordinary shares are subject to transfer restrictions and forced transfer provisions for investors in the United States and certain other jurisdictions.

Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

Dividends

The ordinary shares carry a right to receive dividends. 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.

Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Restrictions on voting apply to those shareholders who are subject to restrictions under the United States Bank Holding Company Act of 1956 (BHCA restricted holder) and may apply to those shareholders who are pension plans subject to section 11 of Schedule III to the Pension Benefits Standards Regulations, 1985 (Canada) (CPP Certifying Shareholder). It is recommended that each shareholder give consideration to the Company's Articles of Incorporation and their rights thereunder when considering whether they may be subject to restricted voting rights.

Information on the deadlines for proxy appointments can be found on pages 47 and 48.

Major Interests Disclosed in the Company's Shares

Name	No. of ordinary US$1 shares held at 31 January 2020	% of issue
Florida Retirement System Trust Fund (Direct)	190,900,000	40.0
Baillie Gifford & Co (Indirect)	47,725,000	10.0
Royal Bank of Canada (Indirect)	47,725,000	10.0
Winnipeg Civic Employees' Pension Fund (Direct)	42,500,000	8.9
Textron Inc. Master Trust (Direct)	35,000,000	7.3
NAV Canada Pension Plan (Direct)	25,000,000	5.2

There have been no disclosed changes to the major interests in the Company's shares disclosed up to 19 March 2020.

Issuance of Shares and Share Buybacks

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 ordinary 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 January 2020, no further shares have been issued, nor have any in the period from 31 January 2020 to 19 March 2020.

Annual General Meeting

Market Purchases of Shares by the Company

The Company was granted authority, by written resolution, to purchase up to 47,725,000 ordinary shares subject to the number of the shares to be acquired, other than pursuant to an offer made to shareholders generally between the date of the special resolution granting the general authority and the date of the first Annual General Meeting of the Company, shall not exceed 10% of the shares issued pursuant to the Company's initial public offering ('IPO').

No shares were bought back during the period under review and no shares are held in treasury.

Share buybacks may be made principally:

(i) to enhance net asset value for continuing shareholders by purchasing shares at a discount to the prevailing net asset value; and

(ii) to address any imbalance between the supply of and the demand for the Company's shares that results in a discount of the quoted market price to the published net asset value per share.

The Company may hold bought back shares in treasury and then:

(i) sell such shares (or any of them) for cash; or

(ii) cancel the shares (or any of them).

Shares will only be re-sold from treasury at a premium to net asset value per ordinary share.

The Directors are seeking shareholders' approval at the Annual General Meeting to grant the authority to purchase up to 14.99% of the Company's ordinary shares in issue as at 19 March 2020, being the latest practicable date prior to publication of this document (or, if less, up to 14.99% of the ordinary shares in issue (excluding treasury shares) on the date on which the resolution is passed), such authority to expire at the Annual General Meeting of the Company to be held in 2021.

In accordance with the Listing Rules of the UK Listing Authority, the maximum price (excluding expenses) that may be paid on the exercise of the authority must not exceed the higher of:

(i) 5% above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003).

The minimum price (exclusive of expenses) that may be paid will be the nominal value of an ordinary share. Purchases of shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to resolution 9 in the Notice of Annual General Meeting.

Recommendation

The Board considers each resolution being proposed at the Annual General Meeting to be in the best interests of the Company and its shareholders as a whole and it unanimously recommends that all shareholders vote in favour of them.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, US Treasury Bills, cash balances and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 14 to the Financial Statements.

Articles of Incorporation

The Company's Articles of Incorporation may only be amended by special resolution at a general meeting of shareholders.

Disclosure of Information to Auditor

The Directors confirm that so far as each of the Directors is aware there is no relevant audit information of which the Company's Auditor is unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

The Auditor, KPMG Channel Islands Limited, appointed upon the Company's incorporation, is willing to continue in office. Resolutions concerning KPMG Channel Islands Limited reappointment and remuneration will be submitted to the Annual General Meeting.

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Investment Manager also adopts a zero tolerance approach and has policies and procedures in place to prevent bribery.

Tax Evasion

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Events after the Reporting Date

The Directors, together with the Investment Manager, acknowledge the escalating concerns surrounding the Coronavirus outbreak and will continue to actively monitor the situation.

The Directors confirm that there have been no events after the reporting date which require adjustment of, or disclosure in, the Financial Statements or notes thereto up to 19 March 2020.

On behalf of the Board
Linda Yueh
Chairperson
19 March 2020

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. The Board has taken note of the Code of Corporate Governance issued by the Guernsey Financial Services Commission (the 'Guernsey Code'). The Guernsey Code provides a governance framework for GFSC licensed entities, authorised and collective investment schemes. Companies reporting in compliance with the UK Corporate Governance Code (the 'UK Code') or The Association of Investment Companies Code of Corporate Governance (the 'AIC Code') are deemed to satisfy the provisions of the Guernsey Code. This statement outlines how the principles of the AIC Code were applied throughout the financial period from incorporation on 4 January 2019 to 31 January 2020. The Company intends to comply with the AIC Code for the year to 31 January 2021. The AIC Code can be found at **www.theaic.co.uk**.

Compliance

The Board confirms that the Company has complied throughout the period under review with the relevant provisions of the AIC Code and the recommendations of the AIC Code.

The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters formally reserved for its approval including strategy, investment policy, currency hedging, gearing, treasury matters, dividend and corporate governance policy. A separate strategy session is held annually. The Board also reviews the Financial Statements, investment transactions, revenue budgets and performance of the Company. Full and timely information is provided to the Board to enable the Board to function effectively and to allow Directors to discharge their responsibilities.

The Board currently comprises three Directors all of whom are non-executive. The Chairperson, Dr Linda Yueh, is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda.

The executive responsibilities for investment management have been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and in the context of a Board comprising entirely Non-Executive Directors, there is no chief executive officer. Mr John Mackie was appointed as the Company's Senior Independent Director.

The Directors believe that the Board has a balance of skills and experience which enable it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 15.

There is an agreed procedure for Directors to seek independent professional advice if necessary at the Company's expense.

Appointments to the Board

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

Under the provisions of the Company's Articles of Incorporation, a Director appointed during the period is required to retire and seek election by shareholders at the next Annual General Meeting. Each Director will retire from office at each Annual General Meeting and offer themselves for re-election.

Directors are not entitled to any termination payments in relation to their appointment.

Independence of Directors

All of the Directors are considered by the Board to be independent of the Investment Manager and the Administrator and free of any business or other relationship which could interfere with the exercise of their independent judgement.

The Directors recognise the importance of succession planning for company boards and review the Board composition annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment company, where continuity and experience can be a benefit to the Board. The Board concurs with the view expressed in the AIC Code that long serving Directors should not be prevented from being considered independent.

Following formal performance evaluation, the Board considers that each Director continues to be independent in character and judgement and his/her skills and experience were a significant benefit to the Board.

Tenure of Directors

The Nomination Committee has considered the question of tenure for directors and has concluded that there should not be a set maximum time limit for a chairperson or director to serve on the Board. The Nomination Committee keeps under review the balance of skills, knowledge, experience, performance and length of service of the Directors ensuring the Board has the right combination of skills and preservation of knowledge and experience balanced with the appointment of new Directors bringing in fresh ideas and perspective.

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, premium/discount, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The following table shows the attendance record for the Board and Committee meetings held during the period from 27 March 2019, date of launch, to 31 January 2020. In addition, there were four meetings, attended by all Directors, relating to the initial listing of the Company, which took place prior to 27 March 2019.

Directors' Attendance at Meetings

	Board	Audit Committee	Nomination Committee
Number of meetings	**4**	**2**	**1**
L Yueh	4	2	1
J Mackie	4	2	1
T Clark	4	2	1

Nomination Committee

The Nomination Committee consists of the whole Board and the Chairperson of the Board is Chairperson of the Committee. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the composition of the Board, identifying and nominating new candidates for appointment to the Board, Board appraisal, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee is responsible for considering Directors' potential conflicts of interest and for making recommendations to the Board on whether or not the potential conflicts should be authorised.

Diversity

Appointments to the Board are made on merit with due regard for the benefits of diversity including gender and ethnicity. The priority in appointing new Directors is to identify the candidate with the best range of skills and experience to complement existing Directors.

The Committee's terms of reference are available on request from the Company and on the Company's website: **www.schiehallionfund.com**.

Performance Evaluation

An appraisal of the Chairperson, each Director and a performance evaluation and review of the Board as a whole and its Committees was carried out during the period to 31 January 2020.

The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and its Committees. Following this process, it was concluded that the performance of each Director, the Chairperson, the Board and its Committees continues to be effective and each Director and the Chairperson remain committed to the Company.

A review of the Chairperson's and other Directors' commitments was carried out and the Nomination Committee is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chairperson's other commitments during the period to 31 January 2020.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. During the period to 31 January 2020, briefings on industry and regulatory matters were provided to the Board by the Investment Manager and Administrator. Directors receive other relevant training as necessary.

Remuneration

As all the Directors are non-executive, there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 24 and 25. A resolution to approve the Director's Remuneration Policy will be put to members at the forthcoming Annual General Meeting, see Notice of Meeting on page 46.

Audit Committee

The report of the Audit Committee is set out on pages 22 and 23.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's risk management and internal controls systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is a continuing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the FRC guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly, including the maintenance of effective operational and compliance controls have been delegated to the Investment Manager and Administrator.

The Board oversees the functions delegated to the Investment Manager and Administrator and the controls managed by the AIFM in accordance with the Alternative Investment Fund Managers Directive (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available for Third Parties. This report is independently reviewed by Baillie Gifford & Co's auditor and a copy is submitted to the Audit Committee.

A report identifying the principal and emerging risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit Committee.

These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the period they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems which accord with the FRC guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the period under review and up to the date of this Report.

The Board confirms that these procedures have been in place throughout the Company's financial period and continue to be in place up to the date of approval of this Report.

To comply with the Alternative Investment Fund Managers Directive, The Bank of New York Mellon (International) Limited acts as the Company's Depositary and Baillie Gifford & Co Limited as its AIFM.

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 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 Company's Depositary also acts as the Company's Custodian. The Custodian prepares reports on its key controls and safeguards which are independently reviewed by KPMG LLP. The 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 are investigated.

The Depositary provides the Audit Committee with a report on its monitoring activities.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk management policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with any remedial measures being taken.

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 and emerging risks. The Company's principal risks are market-related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is set out on pages 6 and 7 and contained in note 14 to the Financial Statements on pages 42 to 45.

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.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters set out in the Viability Statement on page 7 which assesses the prospects of the Company over a period of three years, that the Company will continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Investment Manager meets regularly with shareholders and their representatives and report shareholders' views to the Board. The Chairperson is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any member of the Board may do so by writing to them at the Company's registered office or through the Company's broker, Winterflood Securities Limited (see contact details on the back cover). The Company's Annual General Meeting provides a forum for communication with all shareholders. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long term. The level of proxies lodged for each resolution will be announced at the Annual General Meeting and will be published on the Company's page of the Investment Manager's website **www.schiehallionfund.com** subsequent to the meeting.

Shareholders and potential investors may obtain up-to-date information on the Company at **www.schiehallionfund.com**.

Corporate Governance and Stewardship

The Company has given discretionary voting powers to Baillie Gifford & Co. The Investment Manager votes against resolutions they consider may damage shareholders' rights or economic interests.

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and has asked the Investment Manager to take these issues into account as long as the investment objectives are not compromised. The Investment Manager does not exclude companies from its investment universe purely on the grounds of ESG factors but adopts a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Investment Manager to consider how ESG factors could impact long-term investment returns. The Investment Manager's statement of compliance with the UK Stewardship Code can be found on the Investment Manager's website at **www.bailliegifford.com**. The Investment Manager's policy has been reviewed and endorsed by the Board.

The Investment Manager, Baillie Gifford & Co, is a signatory to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project and is also a member of the Asian Corporate Governance Association and International Corporate Governance Network.

On behalf of the Board
Linda Yueh
Chairperson
19 March 2020

Audit Committee Report

The Company's Audit Committee is chaired by Ms Trudi Clark and consists of all the Directors and will meet twice a year or more often if required. As the Board comprises three independent Directors, it was considered appropriate that Dr Linda Yueh be a member of the Audit Committee. The AIC Code of Corporate Governance permits the Chairperson of the Board to be a member of the Audit Committee. The Board considers that the members of the Audit Committee have the requisite financial skills and experience to fulfil the responsibilities of the Audit Committee. Ms Trudi Clark, Chairperson of the Committee, is a Chartered Accountant.

The Committee's authority and duties are clearly defined within its written terms of reference which are available on request from the Administrator and on the Company's website at **www.schiehallionfund.com**. The terms of reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

At least once a year the Committee meets with the external Auditor without any representative of the Investment Manager being present.

Main Activities of the Committee

The Committee met three times during the period from 4 January 2019 to 3 March 2020, and the external Auditor, KPMG Channel Islands Limited, attended two of these meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes for two of these meetings.

The matters considered, monitored and reviewed by the Committee covering the period from 4 January 2019 to 31 January 2020 include the following:

— the interim results announcement and the Interim Report;

— the Company's accounting policies and practices and the implementation of the Investment Manager's Valuation Policy for investments in unquoted companies;

— the regulatory changes impacting the Company;

— the fairness, balance and understandability of the Annual Report and Financial Statements and whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;

— the effectiveness of the Company's internal control environment;

— appointment/reappointment, remuneration and terms of engagement of the external Auditor;

— the policy on the engagement of the external Auditor to supply non-audit services;

— the independence and objectivity of the external Auditor;

— the need for the Company to have its own internal audit function;

— internal controls reports received from the Investment Manager and Custodian; and

— the arrangements in place within the Investment Manager and Administrator whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

The Committee believes that the compliance and internal controls systems and the internal audit function in place within the Investment Manager provides sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Financial Reporting

The Committee considers that the most significant area of risk likely to impact the Financial Statements is the existence, ownership and valuation of unlisted investments as they represent 35.5% of net assets and since the valuation of these investments requires the use of estimate, assumptions and judgements.

Unlisted Investments

The Committee reviewed the Investment Manager's valuation approach for investments in unquoted companies (as described in note 1(e) on page 35) and approved the valuations of the unlisted investments following a detailed review of the valuation of each investment and relevant challenge where appropriate.

The Investment Manager agreed the holdings in certificated form to confirmations from the Company's custodian and holdings of uncertificated unlisted investments were agreed to confirmations from the relevant investee companies.

Listed Investments

Investments in quoted securities have market prices which are readily available from independent external pricing sources. The Committee reviewed the Investment Manager's Report on Internal Controls which details the controls in place regarding the recording and pricing of investments.

There were no listed investments at 31 January 2020.

Other Matters

The Committee reviewed the Investment Manager's Report on Internal Controls which details the controls in place regarding completeness and accurate recording of investment income. The accounting treatment of special dividends received or receivable during the period are reviewed by the Investment Manager as they arise.

At the meeting held on 3 March 2020, the Investment Manager and Auditor confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole and that the Financial Statements are in accordance with applicable law and accounting standards.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 20 and 21. No significant weaknesses were identified in the period under review.

External Auditor

To fulfil its responsibility regarding the independence of the external Auditor, the Committee reviewed:

— the Auditor's audit strategy for the financial period to 31 January 2020 which included a report from the Auditor describing their arrangements to manage auditor independence and received confirmation of their independence; and

— the extent of non-audit services provided by the external Auditor. The non-audit fees in the period from 4 January 2019 to 31 January 2020 paid to KPMG Channel Islands Limited were for providing procedural services related to the initial listing of the Company. The fees charged for these services were US$74,000 (see note 4 on page 37). The Committee does not believe that this has impaired the Auditor's independence and has confirmed the services provided are permitted under the non-audit services policy of the Company.

To assess the effectiveness of the external Auditor, the Committee had detailed discussions with audit personnel to challenge audit processes and deliverables.

To fulfil its responsibility for oversight of the external audit process the Committee considered and reviewed:

— the Auditor's engagement letter;

— the Auditor's proposed audit strategy;

— the audit fee; and

— a report from the Auditor on the conclusion of the audit.

KPMG Channel Islands Limited was appointed as the Company's Auditor, by the Directors, upon the Company's incorporation. The audit partner responsible for the audit is to be rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business.

KPMG Channel Islands Limited has confirmed that it believes it is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

Having carried out the review described above, the Committee is satisfied that the Auditor is independent and effective for the purposes of this period's audit.

There are no contractual obligations restricting the Committee's choice of external Auditor.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on pages 26 to 29.

On behalf of the Board
Trudi Clark
Audit Committee Chairperson
19 March 2020

Directors' Remuneration Report

Statement by the Chairperson

The content of the Directors' Remuneration Report requires shareholder approval. Resolutions will be proposed at the forthcoming Annual General Meeting for the approval of the Directors' Remuneration Policy and the Annual Report on Remuneration as set out below. Thereafter, shareholders will be asked to approve the Annual Report on Remuneration each year and the Directors' Remuneration Policy every three years or sooner if an alteration to the policy is proposed.

The Directors' fees as set out in the IPO Prospectus, effective from 27 March 2019, are £45,000 per annum for the Chairperson, £30,000 per annum for the Directors and an additional fee of £5,000 for the Audit Committee Chairperson. 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. The Board reviewed the level of fees during the year and, following a review of the Directors' time commitment and the fees paid by comparable entities, it was agreed that there would be no change to the Directors' fees.

Directors' Remuneration Policy

The Board is composed wholly of non-executive Directors, none of whom has a service contract with the Company. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time.

The Board's policy is that the remuneration of Directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of the appropriate quality and experience. The Board believes that the fees paid to the Directors should reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by comparable investment companies. Baillie Gifford & Co Limited provides comparative information when the Board considers the level of Directors' fees. Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Board's policy on remuneration.

Non-executive Directors are not eligible for any other remuneration or benefits apart from the reimbursement of allowable expenses. There are no performance conditions relating to Directors' fees and there are no long-term incentive schemes or pension schemes. There is no notice period and no compensation is payable on loss of office.

Limits on Directors' Remuneration

The fees for the non-executive Directors are payable quarterly in arrears and are determined within the limit set out in the Company's Articles of Incorporation which is currently £300,000 per annum in aggregate. Any change to this limit requires shareholder approval.

The basic and additional annual fees payable to Directors in respect of the period from 27 March 2019 to 31 January 2020 and the expected fees payable in respect of the year ending 31 January 2021 are set out in the table below. The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees.

	Expected fees per annum for year ending 31 Jan 2021 £	**Fees per annum for period ended 31 Jan 2020 £**
Chairperson's fee	45,000	45,000
Non-executive Director fee	30,000	30,000
Additional fee for Chairperson of the Audit Committee	5,000	5,000
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Incorporation	300,000	300,000

Annual Report on Remuneration

An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

Directors' Remuneration for the Period

The Directors who served during the period from 4 January 2019 to 31 January 2020 received the following remuneration in the form of fees and taxable benefits. This represents the entire remuneration paid to the Directors.

	2020 Fees £	**2020 Other fees * £**	**2020 Total £**
L Yueh (Chairperson)	38,065	7,500	45,565
J Mackie (Senior Independent Director)	25,377	7,500	32,877
T Clark (Audit Committee Chairperson)	29,606	7,500	37,106
	93,048	**22,500**	**115,548**

* Each Director received a one-off fee of £7,500 which covered services relating to the initial listing of the Company. As these fees related to the initial listing of the Company, they were included within the cost of issuing shares (see note 10).

No other remuneration or compensation was paid or is payable by the Company during the period to any of the Directors, other than travel expenses of US$3,049.

Directors' Interests

The Directors are not required to hold shares in the Company. As at the financial year end, none of the Directors or any person connected with any of the Directors had a shareholding or any other interest in the share capital of the Company. There have been no changes in Directors' interests up to 19 March 2020.

Relative Importance of Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The Directors' remuneration for the period is set out on the previous page. There were no distributions to shareholders by way of dividend or share repurchases during the period.

Directors' Service Details

Name	Date of appointment	Due date for election
L Yueh	4 January 2019	AGM in 2020
J Mackie	4 January 2019	AGM in 2020
T Clark	4 January 2019	AGM in 2020

Approval

The Directors' Remuneration Report on pages 24 and 25 was approved by the Board of Directors and signed on its behalf on 19 March 2020.

Linda Yueh
Chairperson

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Responsibility Statement of the Directors in Respect of the Annual Report and Financial Statements

We confirm to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Linda Yueh
19 March 2020

Note

The following note relates to financial statements published on a website and is not included in the printed version of the Annual Report and Financial Statements:

- The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Independent Auditor's Report
To the Members of The Schiehallion Fund Limited

Our opinion is unmodified

We have audited the Financial Statements of The Schiehallion Fund Limited (the 'Company'), which comprise the statement of financial position as at 31 January 2020, the statements of comprehensive income, changes in equity and cash flows for the period from 4 January 2019 (date of incorporation) to 31 January 2020, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

— give a true and fair view of the financial position of the Company as at 31 January 2020, and of the Company's financial performance and cash flows for the period from 4 January 2019 (date of incorporation) to 31 January 2020;

— are prepared in accordance with International Financial Reporting Standards; and

— comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards, as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows:

	The risk	Our response
Valuation of investments held at fair value through profit or loss US$175,046,000 Refer to the Audit Committee Report on page 22 of the Annual Report, note 1(d), 1(e), 7 and 14 of the Financial Statements	**Basis:** The Company's investments are classified, recognised and measured at fair value through profit or loss in accordance with IFRS 9. Investments held at fair value through profit or loss comprise unlisted investments and represents 35.5% of the Company's net assets as at 31 January 2020. The Company's investments are measured at fair value. The Directors review and challenge the valuations proposed by Baillie Gifford & Co Limited (the 'Investment Manager'). The Investment Manager's investment valuation policy applies techniques consistent with the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines 2018. In assessing fair value the Investment Manager considers information provided by their independent third party valuation firm (the 'Valuation Agent').	Our audit procedures included but were not limited to: **Internal Controls:** We evaluated the design and implementation of the Board's approval of the valuation of investments. **Challenging management's assumptions and inputs including use of our KPMG valuation specialist:** For all investments, with the support of our KPMG valuation specialist, we: — held discussions with the Investment Manager to understand the valuation approach; — assessed the scope of the services provided by the Valuation Agent in relation to the investments; — read the valuation reports and memoranda produced by the Valuation Agent and by the Investment Manager;

Independent Auditor's Report
To the Members of The Schiehallion Fund Limited (Continued)

	The risk	Our response
	Risk: The valuation of the Company's investments are a significant risk area of our audit, given that they represent a significant portion of the net assets of the Company. The valuation of the Company's investments incorporates a risk of error given the significance of estimates and judgements that may be involved in the determination of their fair value.	— assessed the reasonableness and appropriateness of the valuation approach and methodology applied to each investment; — benchmarked the assumptions established in the valuation models employed to observable market data; and — corroborated material investee company inputs and recent investment transactions used in the valuation models to supporting documentation. **Assessing disclosures:** We also considered the Company's disclosures (see notes 1(d) and 14) in relation to the use of estimates and judgements relating to the valuation of investments and the Company's investment valuation policies adopted in note 1(e) and fair value disclosures in note 7 for compliance with International Financial Reporting Standards.

Our application of materiality and an overview of the scope of our audit

Materiality for the Financial Statements as a whole was set at US$4,940,000, determined with reference to a benchmark of net assets of US$493,080,000, of which it represents approximately 1.0%.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding US$250,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in these respects.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

— the Company has not kept proper accounting records; or

— the Financial Statements are not in agreement with the accounting records; or

— we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 26, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Steven Stormonth
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey
19 March 2020

Statement of Comprehensive Income

For the period from 4 January 2019 to 31 January 2020

	Notes	Revenue US$'000	Capital US$'000	Total US$'000
Gains on investments	7	–	11,068	**11,068**
Currency gains	11	–	10	**10**
Income	2	7,747	–	**7,747**
Investment management fee	3	(929)	–	**(929)**
Other administrative expenses	4	(458)	–	**(458)**
Operating profit before taxation		6,360	11,078	**17,438**
Tax on ordinary activities		–	–	**–**
Profit and total comprehensive income for the period		**6,360**	**11,078**	**17,438**
Earnings per ordinary share	5	**1.33¢**	**2.32¢**	**3.65¢**

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 34 to 45 are an integral part of the Financial Statements.

Statement of Financial Position

As at 31 January 2020

	Notes	2020 US$'000	2020 US$'000
Fixed assets			
Investments held at fair value through profit or loss	7		175,046
Current assets			
US Treasury Bills	14	308,135	
Cash and cash equivalents	14	10,133	
Debtors	8	271	
		318,539	
Current liabilities			
Amounts falling due within one year	9	(505)	
Net current assets			318,034
Net assets			**493,080**
Capital and reserves			
Share capital	10		475,642
Capital reserve	11		11,078
Revenue reserve	11		6,360
Shareholders' funds			**493,080**
Net asset value per ordinary share	12		**103.32¢**

The Financial Statements of The Schiehallion Fund Limited (Company registration number 65915) were approved and authorised for issue by the Board of Directors and were signed on 19 March 2020.

Linda Yueh
Chairperson

The accompanying notes on pages 34 to 45 are an integral part of the Financial Statements.

Statement of Changes in Equity

For the period from 4 January 2019 to 31 January 2020

	Notes	Share capital US$'000	Capital reserve US$'000	Revenue reserve US$'000	Shareholders' funds US$'000
Shareholders' funds at 4 January 2019		–	–	–	–
Ordinary shares issued	10/11	475,642	–	–	**475,642**
Total comprehensive income for the period		–	11,078	6,360	**17,438**
Shareholders' funds at 31 January 2020		**475,642**	**11,078**	**6,360**	**493,080**

The accompanying notes on pages 34 to 45 are an integral part of the Financial Statements.

Statement of Cash Flows

For the period from 4 January 2019 to 31 January 2020

	Notes	2020 US$'000	2020 US$'000
Cash flows from operating activities			
Operating profit before taxation			17,438
US Treasury Bills interest			(7,292)
Net gains on investments			(11,068)
Currency gains			(10)
Changes in debtors and creditors			234
Net cash from operating activities*			(698)
Cash flows from investing activities			
Acquisitions of US Treasury Bills		(750,726)	
Disposals of US Treasury Bills		449,883	
Acquisitions of investments	7	(163,978)	
Disposals of investments	7	–	
Net cash used in investing activities			(464,821)
Cash flows from financing activities			
Ordinary shares issued	10/11	475,642	
Net cash inflow from financing activities			475,642
Net increase in cash and cash equivalents			10,123
Effect of exchange rate fluctuations on cash and cash equivalents			10
Cash and cash equivalents at 4 January 2019			–
Cash and cash equivalents at 31 January 2020			**10,133**

* Cash from operations includes interest received of US$204,000.

	2020 US$'000
Cash and cash equivalents comprise the following:	
Cash at bank	10,133
	10,133

The accompanying notes on pages 34 to 45 are an integral part of the Financial Statements.

Notes to the Financial Statements

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 January 2020 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 International Financial Reporting Standards ('IFRS'). The Financial Statements give a true and fair view and comply with the Companies (Guernsey) Law, 2008. 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.

Going Concern

The Directors have adopted the going concern basis in preparing the Company's Financial Statements. It is the Directors' opinion that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. In reaching this conclusion the Directors considered the Company's investment portfolio, cash position and expenses.

(b) Functional and Presentational 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 42 and 45 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

US Treasury Bills

Assets that are held in order to collect contractual cash flows that are solely payments of principal and interest are measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest rate method.

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).

A trigger event may include any of the following:

— a subsequent round of financing by the investee company;
— a secondary transaction involving the investee company where there is sufficient information available to enable an assessment of the nature of the transaction;
— a recent material change in the current or expected financial and/or operational performance of the investee company;
— a material milestone achieved or missed by the investee company;
— a change in the management personnel of the investee company;
— a material change in the market environment in which the investee company operates; or
— a material change in market indices or economic indicators.

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 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.

(vi) Interest from fixed interest securities is recognised on an effective interest rate basis. Where income returns are for a non-fixed amount, the impact of these returns on the effective interest rate is recognised once such returns are known. If there is reasonable doubt that a return will be received, its recognition is deferred until that doubt is removed.

(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 buyback/issuance of shares, in which case they are added to the buyback 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) Revenue Reserve

Income and expense items of a revenue nature are included in the Revenue Reserve after being recognised in the Statement of Comprehensive Income. Any dividends paid by the Company would be funded from this reserve.

(n) Single Segment Reporting

The chief operating decision maker is the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business, consequently no segmental analysis is presented.

(o) New and Revised Standards

The following accounting standards were introduced and effective at the period end. The Directors have considered their impact and have concluded they will not have a significant impact on the Financial Statements:

— IFRS 16 Leases – effective 1 January 2019;

— IFRIC 23 Uncertainty over Income Tax Treatments – effective January 2019;

— Amendments to References to Conceptual Framework in IFRS Standards;

— Definition of a Business (Amendments to IFRS 3);

— Definition of Material (Amendments to IAS 1 and IAS 8);

— IFRS 17 Insurance Contracts; and

— Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

2 Income

	2020 US$'000
US Treasury Bills interest	7,292
Overseas interest	251
Deposit interest	204
Total income	**7,747**

3 Investment Management Fee

	2020 US$'000
Investment management fee	**929**

Details of the Investment Management Agreement are set out on page 16. 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 is 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

	2020 US$'000
General administrative expenses	184
Administrator's fee	63
Auditor's remuneration for audit services	93
Directors' fees	118
	458

In the period from 4 January 2019 to 31 January 2020 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 January 2020.

5 Earnings per Ordinary Share

	2020 Revenue	2020 Capital	2020 Total
Earnings per ordinary share	**1.33¢**	**2.32¢**	**3.65¢**

Revenue earnings per ordinary share is based on the net revenue gain on ordinary activities after taxation of US$6,360,000 and on 477,250,002 ordinary shares, being the number of ordinary shares in issue during the period from 4 January 2019 to 31 January 2020.

Capital earnings per ordinary share is based on the net capital gain for the financial period of US$11,078,000 and on 477,250,002 ordinary shares, being the number of ordinary shares in issue during the period from 4 January 2019 to 31 January 2020.

Total earnings per ordinary share is based on the total gain for the financial period of US$17,438,000 and on 477,250,002 ordinary shares, being the number of ordinary shares in issue during the period from 4 January 2019 to 31 January 2020.

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 January 2020.

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 35.

As at 31 January 2020	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Unlisted ordinary shares/warrants	–	–	10,817	**10,817**
Unlisted fixed interest shares	–	–	14,327	**14,327**
Unlisted preference shares*	–	–	149,902	**149,902**
Total financial asset investments	**–**	**–**	**175,046**	**175,046**

* 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 January 2020.

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

	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	163,978	**163,978**
Sales – proceeds	–	**–**
– gains on sales	–	**–**
Changes in investment holding gains and losses	11,068	**11,068**
Fair value of investments at 31 January 2020	**175,046**	**175,046**
Cost of investments at 31 January 2020	163,978	**163,978**
Investment holding gains and losses at 31 January 2020	11,068	**11,068**
Fair value of investments at 31 January 2020	**175,046**	**175,046**

* Includes holdings in preference shares, promissory notes, ordinary shares and warrants.

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

	2020 US$'000
Net gains on investments designated at fair value through profit or loss	
Changes in investment holding gains	11,068
	11,068

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 January 2020 Name	Business	Latest Financial Statements	Proportion of capital owned %	Book cost US$'000	Value US$'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	0.35	9,968	17,641	Nil	Information not publicly available		
Indigo Agriculture	Microbial seed treatments to increase crop yields and grain marketplace	n/a	0.01 *	15,000	15,921	Nil	Information not publicly available		
Warby Parker (JAND)	Online and physical corrective eyewear retailer	n/a	0.73	12,167	12,167	Nil	Information not publicly available		
Away (JRSK)	Travel and lifestyle brand	n/a	0.74	9,375	11,680	Nil	Information not publicly available		
FlixMobility	European mobility provider	n/a	0.48	11,153	11,096	Nil	Information not publicly available		
RigUp	Jobs marketplace for the energy sector	n/a	0.59	10,500	10,500	Nil	Information not publicly available		
Space Exploration Technologies	Designs, manufactures and launches advanced rockets and spacecraft	n/a	0.03	10,000	10,490	Nil	Information not publicly available		
TransferWise	Online international money transfer service	31/03/2019	0.29	10,050	10,000	Nil	£179,100	£10,100	£126,400
Allbirds	Sustainable direct-to-consumer footwear brand	n/a	2.62	10,000	10,000	Nil	Information not publicly available		
Carbon	Manufactures and develops 3D printers	n/a	0.41	10,000	10,000	Nil	Information not publicly available		
Convoy	Marketplace for truckers and shippers	n/a	0.39	10,000	10,000	Nil	Information not publicly available		
Scopely	Online gaming company	n/a	0.59	10,000	10,000	Nil	Information not publicly available		
ByteDance	Social media and news aggregation company	n/a	0.01	10,000	10,000	Nil	Information not publicly available		
HeartFlow	Develops software for cardiovascular disease diagnosis and treatment	n/a	0.67	10,000	9,786	Nil	Information not publicly available		
Affirm	Online platform which provides point of sale consumer finance	n/a	0.22	6,305	6,305	Nil	Information not publicly available		
Stripe	Online payment platform	n/a	0.01	4,894	4,894	Nil	Information not publicly available		
Airbnb	Online market place for travel accommodation	n/a	0.01	4,566	4,566	Nil	Information not publicly available		
				163,978	**175,046**				

* Excludes promissory notes and warrants.

8 Debtors

	2020 US$'000
Amounts falling due within one year:	
Income accrued (net of withholding taxes)	251
Other debtors and prepayments	20
	271

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 January 2020.

9 Creditors – Amounts falling due within one year

	2020 US$'000
Investment management fee	394
Administrator's fee	21
Other creditors and accruals	90
	505

None of the above creditors at 31 January 2020 are financial liabilities designated at fair value through profit or loss.

10 Share Capital

	2020 Number	2020 US$'000
Allotted, called up and fully paid ordinary shares of US$1 each	**477,250,002**	**475,642**

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$1,608,000, which were made up of set up costs. These costs consisted mainly of legal fees (US$1,190,000) and listing fees (US$247,000).

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 January 2020, no further shares have been issued, nor have any in the period from 31 January 2020 to 19 March 2020.

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 January 2020 hence the authority remains at 47,725,000 ordinary shares.

11 Capital and Reserves

	Share US$'000	Capital reserve US$'000	Revenue reserve US$'000	Shareholders' funds US$'000
At 4 January 2019	–	–	–	–
Changes in investment holding gains and losses	–	11,068	–	**11,068**
Exchange differences	–	10	–	**10**
Ordinary shares issued at initial offering	477,250	–	–	**477,250**
Costs in relation to issue of ordinary shares	(1,608)	–	–	**(1,608)**
Revenue earnings on ordinary activities after taxation	–	–	6,360	**6,360**
At 31 January 2020	**475,642**	**11,078**	**6,360**	**493,080**

The capital reserve includes investment holding gains of US$11,068,000 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 January 2020 calculated in accordance with the Articles of Incorporation were as follows:

	2020 Net asset value per share	2020 Net assets attributable US$'000
Ordinary shares	**103.32¢**	**493,080**

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 January 2020.

There are no dilutive or potentially dilutive shares in issue.

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 of Incorporation. The Directors' level of remuneration during the period from 27 March 2019 to 31 January 2020 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 10).

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 investment 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 January 2020, as disclosed in note 3, was US$929,000 of which US$394,000 was outstanding at 31 January 2020, as disclosed in note 9.

The fee payable to the Administrator, for the period from 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 January 2020 as disclosed in note 4, was US$63,000 of which US$21,000 was outstanding at 31 January 2020 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 January 2020, 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 its results. 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 to foreign currencies 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.

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 January 2020	Investments US$'000	US Treasury Bills and cash US$'000	Other debtors and creditors * US$'000	Net exposure US$'000
Sterling	–	40	(234)	**(194)**
Euros	11,096	–	–	**11,096**
Total exposure to currency risk	11,096	40	(234)	**10,902**
US dollar	163,950	318,228	–	**482,178**
	175,046	**318,268**	**(234)**	**493,080**

* Includes net non-monetary assets of US$20,000.

Currency Risk Sensitivity

At 31 January 2020, 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 January 2020 would have decreased by US$545,000. 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.

14 Risk Management (continued)

Currency Risk Sensitivity (continued)

(ii) Interest Rate Risk

Interest rate movements may affect directly the level of income receivable on cash deposits 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 January 2020 is shown below.

Financial Assets

	2020 Fair value US$'000	2020 Weighted average interest rate
Cash		
US dollar	10,093	1.0%
Sterling	40	–

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 January 2020 by US$103,000. 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.

Other Price Risk Sensitivity

A full list of the Company's investments is given on pages 13 and 14. In addition, an analysis of the investment portfolio by broad geographical, industrial or commercial sector is shown on page 14.

35.5% 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 34 and 35). 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).

14 Risk Management (continued)

Other Price Risk Sensitivity (continued)

As at 31 January 2020 Valuation Approach	Fair value of investment US$'000	Significant unobservable inputs	Range	Sensitivity to changes in significant unobservable inputs
Recent transaction/adjusted recent transaction	163,366			Not applicable for this valuation method
Multiples	11,680	Enterprise value/last twelve months revenue multiple	4.8x – 8.5x	If the EV/LTM revenue multiple were to increase, the value would increase
		Transaction implied premium	8.0%	If the transaction implied premium were to be reduced, the value would decrease
Total	**175,046**			

Significant Unobservable 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 34 and 35.

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.

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.

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.

14 Risk Management (continued)

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. At 31 January 2020, the Company held US$308,135,000 of US Treasury Bills which are fully realisable. 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 January 2020.

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 January 2020, all cash deposits were held with the custodian bank.

Credit Risk Exposure

The exposure to credit risk at 31 January 2020 was:

	2020 US$'000
US Treasury Bills	308,135
Cash and short-term deposits	10,133
Debtors and prepayments	271
	318,539

The maximum exposure in cash and cash equivalents during the period from 4 January 2019 to 31 January 2020 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 pages 4 and 5. 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 21, pages 6 and 7 and pages 20 and 21, respectively. The Company has the authority to issue and buyback its shares and changes to the share capital during the period are set out in note 10.

15 Subsequent Events

The Board and Investment Manager are aware of the current situation due to Coronavirus; however, they believe the principal and emerging risks remain appropriate as noted on pages 6 and 7. The Board and Investment Manager will monitor the situation as it develops.

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

Notice of Annual General Meeting

Covid-19 (Coronavirus) – Important note regarding arrangements for the Annual General Meeting ('AGM')

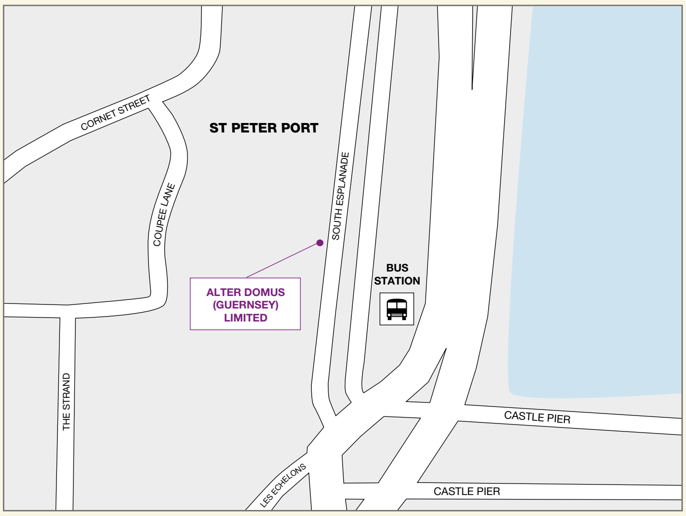
The Board of The Schiehalllion Fund Limited (the 'Company') recognises the public health risk associated with the Covid-19 outbreak arising from public gatherings and notes the United Kingdom and Guernsey governments' measures restricting such gatherings, travel and attendance at workplaces.

At the same time, the Board is conscious of the legal requirement for the Company to hold its AGM before 3 July 2020. Given the current uncertainty around when public health concerns will have abated, the Board has for the time being decided to aim to follow the Company's customary corporate timetable and, accordingly, the Company's AGM is being convened to take place as scheduled at 2.00pm on Tuesday, 19 May 2020 at the offices of Alter Domus (Guernsey) Limited, First Floor, Albert House, South Esplanade, St Peter Port, Guernsey, Channel Islands, GY1 1AJ. The Board will, however, continue to monitor developments and, depending on the circumstances in early May, may make alternative arrangements for the AGM in accordance with the Company's Articles of Incorporation, including postponing the AGM to a time when the Board considers that it will be safe to be held.

In the meantime, the Board encourages all shareholders to submit proxy voting forms, appointing the chairperson of the AGM, as soon as possible and, in any event, by no later than 2.00pm on 15 May 2020.

We would encourage shareholders to monitor the Company's website at **www.schiehallionfund.com**.

Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to **adgg-aafa-f@alterdomus.com** or call Hannah Dunnell at Alter Domus (Guernsey) Limited on +44 (0) 1481 742 255.



Alter Domus (Guernsey) Limited may record your call.

If you or, if appointed, your proxy wish to attend the Annual General Meeting electronically you, or your proxy, will have the same right to attend, be counted in the quorum, participate in the business of the Annual General Meeting, speak and vote as if you, or your proxy, had attended the meeting in person. Details of how to attend the Annual General Meeting electronically can be obtained from Alter Domus (Guernsey) Limited on the contact details provided above.

Notice is hereby given that the first Annual General Meeting of The Schiehallion Fund Limited will be held at the offices of Alter Domus (Guernsey) Limited, First Floor, Albert House, South Esplanade, St Peter Port, Guernsey, Channel Islands, GY1 1AJ, on Tuesday, 19 May 2020 at 2.00pm for the following purposes:

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions:

1. To receive and adopt the Annual Report and Financial Statements of the Company for the period from 4 January 2019 to 31 January 2020 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Report on Remuneration for the period from 4 January 2019 to 31 January 2020.
4. To elect Dr Linda Yueh as a Director.
5. To elect Mr John Mackie as a Director.
6. To elect Ms Trudi Clark as a Director.
7. To reappoint KPMG Channel Islands Limited as Independent Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
8. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.

To consider and, if thought fit, to pass Resolution 9 as a Special Resolution.

9. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 315(2)(b) of the Companies (Guernsey) Law, 2008 (the 'Law') to make market purchases (within the meaning of section 316 of the Law) of ordinary shares of no par value in the capital of the Company ('ordinary shares') (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:
   (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 71,539,775, or, if less, the number representing approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;
   (b) the minimum price (excluding expenses) which may be paid for each ordinary share is US$1.00;
   (c) the maximum price (excluding expenses) which may be paid for each ordinary share shall not be more than the higher of:
      (i) 5% above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003); and

(d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 31 January 2021, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By order of the Board
Alter Domus (Guernsey) Limited
Secretary
7 April 2020

General Notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the Financial Statements and proxy form) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services (Guernsey) Limited, First floor, Tudor House, Le Bordage, St Peter Port, Guernsey, Channel Islands, GY1 1DB or **www.eproxyappointment.com** no later than two days (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website **www.euroclear.com/CREST**. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than two days (excluding nonworking days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34 of The Uncertified Securities (Guernsey) Regulations, 2009.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Pursuant to Regulation 41 of The Uncertificated Securities (Guernsey) Regulations, 2009 and article 84 of the Company's Articles of Incorporation the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than two days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated by a shareholder holding their shares on behalf of that person to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
11. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from members representing at least 5% of the total voting rights of the Company. Such requests must be made in writing and must state your full name and address and be sent to the Company at Albert House, South Esplanade, St Peter Port, Guernsey, Channel Islands, GY1 1AJ.
12. Information regarding the Annual General Meeting is available from the Company's page of the Investment Manager's website at **www.schiehallionfund.com**.
13. Members have the right to ask questions at the meeting and the Company must cause to be answered any such questions relating to the business being dealt with at the meeting, provided that no such answer need be given if:
    (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    (b) the answer has already been given on a website in the form of an answer to a question; or
    (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
14. Members have the right to require the directors of the Company to call a general meeting upon receiving requests to do so from members who hold more than 10% of such of the capital of the Company as carries the right of voting at general meetings of the Company (excluding any capital held as treasury shares) and to require that notice of any resolutions identified in such a request as being intended to be moved at the meeting be circulated with notice of the meeting pursuant to section 204(2) of the Companies (Guernsey) Law, 2008.
15. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
16. As at 7 April 2020 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 477,250,002 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 7 April 2020 were 477,250,002 votes.
17. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairperson of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.

Further Shareholder Information

Sources of Further Information on the Company

The price of shares is quoted daily in the Financial Times and can also be found on the Company's page of the Investment Manager's website at **www.schiehallionfund.com**, Trustnet at **www.trustnet.co.uk** and on other financial websites. Monthly factsheets are also available on the Baillie Gifford website. These are available from Baillie Gifford on request.

The Schiehallion Fund Identifiers

ISIN GG00BJ0CDD21

Sedol BJ0CDD2

Ticker MNTN

Legal Entity Identifier 213800NQOLJA1JCWXQ56

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times under 'Investment Companies'.

Key Dates

The Annual Report and Financial Statements are normally issued in March and the Annual General Meeting will normally be held in May.

Share Register Enquiries

Computershare Investor Services (Guernsey) Limited maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on +44 (0) 370 707 4040 or at **info@computershare.co.je**.

This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

— hear the latest share price;

— confirm your current share holding balance; and

— order Change of Address and Stock Transfer forms.

You can also check your holding on the Registrars' website at **www.investorcentre.co.uk**. They also offer a free, secure share management website service which allows you to:

— view your share portfolio and see the latest market price of your shares;

— calculate the total market price of each shareholding;

— view price histories and trading graphs;

— change address details; and

— use online dealing services.

To take advantage of this service, please log in at **www.investorcentre.co.uk** and enter your shareholder Reference Number and Company Code (this information can be found on your share certificate).

Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at **www.eproxyappointment.com**.

If you have any questions about this service please contact Computershare on +44 (0) 370 707 4040 or at **info@computershare.co.je**.

CREST Proxy Voting

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. For further information please refer to the CREST Manual.

Data Protection

The Company is committed to ensuring the confidentiality and security of any personal data provided to it. Further details on how personal data is held and processed on behalf of the Company can be found in the privacy policy available on the Company's website **www.schiehallionfund.com**.

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.

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 January 2020 are shown below:

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

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

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Total Assets

Total value of all assets held less current liabilities, other than liabilities in the form of borrowings.

Net Asset Value

Also described as shareholder funds, net asset value ('NAV') is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue.

Net Current Assets

Net current assets comprise current assets less current liabilities excluding borrowings.

Premium/(Discount) (APM)

As stockmarkets and share prices vary, the 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, this situation is called a premium.

Ongoing Charges (APM)

The total recurring expenses (excluding the Company's costs of dealing in investments and borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

		2020 US$'000
Investment management fee*		929
Other administrative expenses		458
Total expenses†		1,387
Total expenses annualised†	(a)	1,633
Average net asset value (with borrowings deducted at fair value)	(b)	482,220
Ongoing Charges ((a) ÷ (b) expressed as a percentage)		**0.34%**

* The investment management fee reflects the initial period during which the Investment Manager did not receive fees on cash or cash equivalent elements of the portfolio.

† The total expenses above cover the period 27 March 2019 to 31 January 2020, a period of 310 days.

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of US dollar cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Directors

Chairperson:
Dr Linda Yueh

John Mackie CBE
Trudi Clark

Administrator, Secretary, Designated Manager and Registered Office

Alter Domus (Guernsey) Limited
First Floor
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Investment Manager and Alternative Investment Fund Manager

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Depositary

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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
Glategny Court
Glategny Esplanade
St Peter Port
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GY1 1WR

Company Details

www.schiehallionfund.com
Company Registration
No. 65915

ISIN	GG00BJ0CDD21
Sedol	BJ0CDD2
Ticker	MNTN

Legal Entity Identifier
213800NQOLJA1JCWXQ56