

# THE SCHIEHALLION FUND LIMITED

---



Interim Financial Report  
31 July 2020





## Investment Objective

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

## Principal Risks and Uncertainties

The principal risks facing the Company are financial risk, investee companies risk, valuation risk, investment strategy risk, discount risk, legal and regulatory risk, custody and depositary risk, operational risk and political and associated economic risk. An explanation of these risks and how they are managed is set out on pages 6 and 7 of the Company's Annual Report and Financial Statements for the period from 4 January 2019 to 31 January 2020 which is available on the Company's website: [www.schiehallionfund.com](http://www.schiehallionfund.com). The principal risks and uncertainties have not changed since the date of the Annual Report and Financial Statements with the exception of the current unprecedented situation surrounding the COVID-19 pandemic. The Board and Investment Manager are working closely to monitor the situation as it develops and will continue to do so. Further details on the Company's risks can be found in note 10.

## Responsibility Statement

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

- a) the Interim Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Directors have elected to prepare financial statements that comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- b) the Interim Management Report includes a fair review of the information required by:
  - (i) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  - (ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period.

By Order of the Board  
Linda Yueh  
Chairperson  
18 September 2020

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

## Summary of Unaudited Results\*

	31 July 2020	31 January 2020	% change
Shareholders' funds	US\$514.65m	US\$493.08m	
Net asset value per ordinary share	107.81¢	103.32¢	4.3
Share price	131.50¢	121.50¢	8.2
Premium†	22.0%	17.6%	
Number of shares in issue	477,350,002	477,250,002	
Market capitalisation	US\$627.72m	US\$579.86m	

	Six months to 31 July 2020	Period from 4 January 2019 # to 31 July 2019
Revenue earnings per share	0.13¢	0.78¢

	Six months to 31 July 2020		Period from 4 January 2019 to 31 January 2020	
<b>Period's high and low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
Net asset value per ordinary share	107.81¢	102.01¢	103.32¢	99.66¢
Share price	135.50¢	127.50¢	121.50¢	100.00¢
Premium†	31.80%	22.00%	18.10%	0.30%

	31 July 2020	27 March 2019 ‡	% change
<b>Performance since inception</b>			
Net asset value per ordinary share	107.81¢	99.66¢	8.20
Share price	131.50¢	100.00¢	31.50

### Notes

\* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 17.

† Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on page 17.

# Date of incorporation of the Company.

‡ 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.

All investment strategies have the potential for profit and loss.

Past performance is not a guide to future performance

# Interim Management Report

The global spread of COVID-19 has brought about a quantum of societal change that we would normally expect to see over years or decades in just a few monumental months. Baillie Gifford changed overnight from the office-based firm of the last 112 years to being a distributed organisation working from kitchen tables and spare bedrooms. The change was a shock, to be sure!

Surprisingly, then, our transition was seamless. With members in three time zones, the Private Companies team had a head start on adapting to a world of dispersed working and Zoom calls. The team was able to maintain a high standard of investment research and analytical insight despite the disruptions. I want to thank them for all their efforts.

As the world went into lockdown, we reviewed each of the companies held in the portfolio to determine their resiliency. We categorised them as Red, Amber, or Green based on how well placed we thought they were for weathering the storm.

Like many others, we braced ourselves for short term pain. And some companies felt that pain. Holdings in the travel industry in particular saw their revenues decline rapidly. However, most of our holdings did not miss a beat! Those that suffered have now largely bounced back, far quicker than we might have feared back in the dark days of March and April, and during the six months to 31 July 2020, the Company's NAV increased by 4.3%.

We thus find ourselves wondering whether we have not overestimated the near-term impact of COVID-19. As long-term investors, one of the behavioural inefficiencies we seek to exploit is the propensity for humans to overestimate the pace of change in the short-term, but to underestimate it in the long-term. It is thus natural that we now find ourselves pondering what the longer-term and as yet underappreciated ramifications may be.

In the meantime, many of our portfolio companies are flourishing. Scopely and Epic Games, both social gaming companies, are seeing strong user engagement and corresponding revenue growth as we all find new ways to spend time with our friends and families in a world of social distancing. Other companies are thriving for more idiosyncratic reasons. Whether it is Allbirds' successful launch of their new running shoe, The Dasher; or SpaceX's eagerly anticipated Crew Dragon mission to launch people into space, it is reassuring to be reminded that the whole world does not revolve around COVID-19.

Certainly, looking at the flow of new opportunities over recent months, you would never guess that we were operating during a pandemic. Since the end of January, we have invested in seven new companies. The diversity of what these companies do, and by extension the lack of correlation between the success or failure of each, is striking. To pick out a few, Grail is developing blood tests to detect early stage cancer when it is easier to treat and survival rates are higher; Graphcore is developing chips on which to run cutting edge artificial intelligence algorithms; and Epic Games is changing the nature of digital entertainment with Fortnite and the Unreal Engine.

Of equal focus has been supporting existing holdings in the portfolio. In the last six months we have made nine follow-on investments. Many of these were a result of companies bolstering their balance sheets to remove any financing risk given the uncertainty caused by COVID-19. This has enabled us to build on our positions in some exceptional companies such as Stripe, Tempus, TransferWise and Warby Parker, to name but a few. Initial construction of the portfolio has been deliberately flat, with initial holdings in companies being largely the same size. However, this will change as the portfolio matures, with larger positions emerging to reflect both underlying performance and our growing conviction in those opportunities.

As of the end of July, 62% of the capital raised in Schiehallion had been invested in high growth private companies. Over the coming months, we will likely have the opportunity to deploy more capital into some holdings as they enter public markets.

Schiehallion was founded on the belief that we could deliver attractive returns by investing shareholders' capital in great private companies, that we could then own for the long-term once they became public. With Airbnb and Grail both filing to go public, we are likely to get our first taste of this within Schiehallion. We are not approaching the IPOs of these companies as liquidity events. They are merely the next steps on the journeys of great companies that have the potential to grow over decades. The long-term structure of Schiehallion and patience of its shareholders make this possible, and we thank you for your continued support.

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

Peter Singlehurst

## List of Investments as at 31 July 2020 (unaudited)

Name	Business	Country	2020 Value US\$'000	2020 Value US\$'000	2020 % of net assets *
Warby Parker (JAND Inc) Series A Preferred	Online and physical corrective eyewear retailer	United States	9,930		
Warby Parker (JAND Inc) Series C Preferred	Online and physical corrective eyewear retailer	United States	8,393		
Warby Parker (JAND Inc) Series F Preferred	Online and physical corrective eyewear retailer	United States	12,143		
				30,466	5.9
Scopely Inc Common	Online gaming company	United States	6,237		
Scopely Inc Series D Preferred	Online gaming company	United States	16,192		
				22,429	4.4
TransferWise Limited Ordinary	Online international money transfer service	United Kingdom	12,690		
TransferWise Limited Seed Preferred	Online international money transfer service	United Kingdom	3,220		
TransferWise Limited Series A Preferred	Online international money transfer service	United Kingdom	4,191		
TransferWise Limited Series B Preferred	Online international money transfer service	United Kingdom	918		
TransferWise Limited Series C Preferred	Online international money transfer service	United Kingdom	522		
TransferWise Limited Series D Preferred	Online international money transfer service	United Kingdom	141		
TransferWise Limited Series E Preferred	Online international money transfer service	United Kingdom	15		
				21,697	4.2
Tempus Labs Inc Series E Preferred	Oncological records aggregator and diagnostic testing provider	United States	7,447		
Tempus Labs Inc Series F Preferred	Oncological records aggregator and diagnostic testing provider	United States	11,877		
Tempus Labs Inc Series G Preferred	Oncological records aggregator and diagnostic testing provider	United States	1,095		
				20,419	4.0
Epic Games Inc	Video game developer	United States		20,000	3.9
Stripe Inc Series G Preferred	Online payment platform	United States		19,843	3.9

Name	Business	Country	2020 Value US\$'000	2020 Value US\$'000	2020 % of net assets*
Indigo Agriculture Inc Common	Microbial seed treatments to increase crop yields and grain marketplace	United States	1,077		
Indigo Agriculture Inc Warrants March 2020	Microbial seed treatments to increase crop yields and grain marketplace	United States	1,931		
Indigo Agriculture Inc Series F Preferred	Microbial seed treatments to increase crop yields and grain marketplace	United States	12,979		
Indigo Agriculture Inc Series F Warrants	Microbial seed treatments to increase crop yields and grain marketplace	United States	418		
				16,405	3.2
Space Exploration Technologies Corp Series K Preferred	Designs, manufactures and launches advanced rockets and spacecraft	United States		13,235	2.6
RigUp Inc Series D Preferred	Jobs marketplace for the energy sector	United States	10,500		
RigUp Inc Series D-1 Preferred	Jobs marketplace for the energy sector	United States	2,000		
				12,500	2.4
ByteDance Limited Series E Preferred	Social media and news aggregation company	China		11,678	2.3
Cohesity Inc Series E Preferred	Data storage	United States		11,057	2.1
FlixBus GmbH Series F2 Preferred	European mobility provider	Germany		10,694	2.1
Affirm Holdings Inc Convertible Promissory Note	Online platform which provides point of sale consumer finance	United States	4,000		
Affirm Holdings Inc Series A Preferred	Online platform which provides point of sale consumer finance	United States	6,131		
				10,131	2.0
Graphcore Limited Series D Preferred	Computer chip developer	United Kingdom		10,000	1.9
Grail Inc Series D Preferred	Oncology testing	United States		10,000	1.9
Oscar Health (Mulberry Health Inc) Series A11 Preferred	Healthcare insurance provider	United States		10,000	1.9
Zymergen Inc	Synthetic biology	United States		10,000	1.9

Name	Business	Country	2020 Value US\$'000	2020 Value US\$'000	2020 % of net assets *
Allbirds Inc Series Seed Preferred	Sustainable direct-to-customer footwear brand	United States	2,817		
Allbirds Inc Series D Preferred	Sustainable direct-to-customer footwear brand	United States	6,984		
				9,801	1.9
HeartFlow Inc Series E Preferred	Develops software for cardiovascular disease diagnosis and treatment	United States		9,794	1.9
Convoy Inc Series D Preferred	Marketplace for truckers and shippers	United States		9,727	1.9
Carbon Inc Series E Preferred	Manufactures and develops 3D printers	United States		9,477	1.8
Tanium Inc Class B Common	Online security management	United States		9,166	1.8
Away (JRSK Inc) Convertible Promissory Note	Travel and lifestyle brand	United States	2,500		
Away (JRSK Inc) Series Seed Preferred	Travel and lifestyle brand	United States	2,012		
Away (JRSK Inc) Series D Preferred	Travel and lifestyle brand	United States	4,227		
				8,739	1.7
Airbnb Inc Class A Common	Online market place for travel accommodation	United States	3,229		
Airbnb Inc Series D Preferred	Online market place for travel accommodation	United States	238		
Airbnb Inc Series E Preferred	Online market place for travel accommodation	United States	129		
				3,596	0.7
<b>Total unlisted securities</b>				<b>320,854</b>	<b>62.3</b>

Name	2020 Value US\$'000	2020 Value US\$'000	2020 % of net assets *
US Treasury Bill 10/09/2020	29,810		
US Treasury Bill 03/12/2020	29,737		
US Treasury Bill 28/01/2021	29,427		
US Treasury Bill 25/02/2021	29,819		
US Treasury Bill 20/05/2021	31,260		
US Treasury Bill 17/06/2021	29,561		
Total US Treasury Bills		179,614	34.9
Cash		14,970	2.9
Other current assets and liabilities		(786)	(0.1)
<b>Net current assets</b>		<b>193,798</b>	<b>37.7</b>
<b>Net assets</b>		<b>514,652</b>	<b>100.0</b>

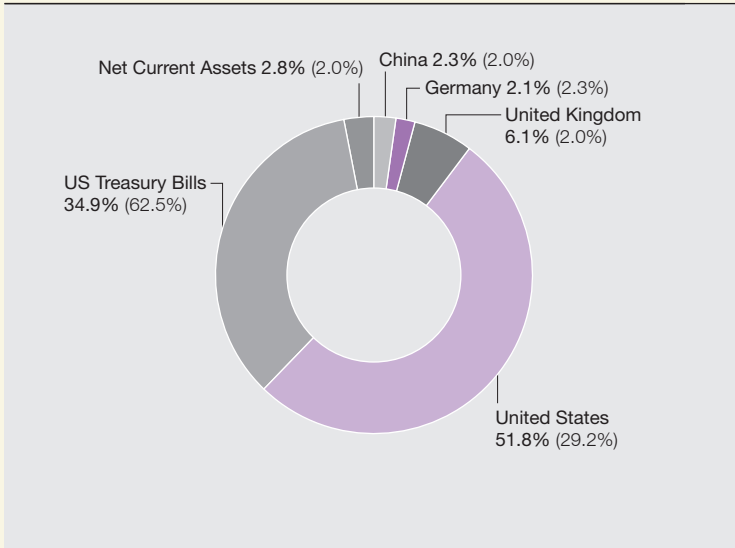
\* See Glossary of Terms and Alternative Performance Measures on page 17.



# Distribution of Net Assets (unaudited)

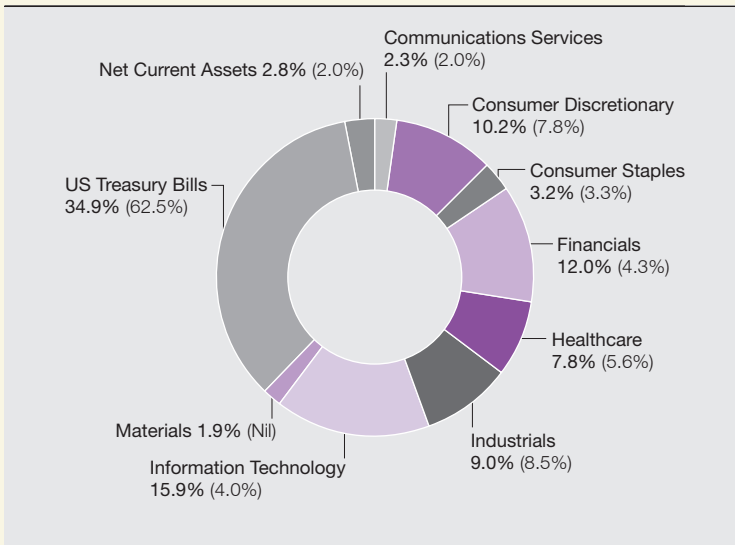
## Geographical as at 31 July 2020

(31 January 2020)



## Sectoral as at 31 July 2020

(31 January 2020)



The above sectoral distribution is not derived from any index.

## Income Statement (unaudited)

	Notes	For the six months to 31 July 2020		
		Revenue US\$'000	Capital US\$'000	Total US\$'000
Gains on investments		–	20,809	<b>20,809</b>
Currency gains		–	24	<b>24</b>
Income	2	2,191	–	<b>2,191</b>
Investment management fee	3	(1,252)	–	<b>(1,252)</b>
Other administrative expenses	4	(331)	–	<b>(331)</b>
<b>Operating profit before taxation</b>		608	20,833	<b>21,441</b>
Tax on ordinary activities		–	–	–
<b>Profit and total comprehensive income for the period</b>		<b>608</b>	<b>20,833</b>	<b>21,441</b>
<b>Earnings per ordinary share</b>	5	<b>0.13¢</b>	<b>4.37¢</b>	<b>4.50¢</b>

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

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

For the period from 4 January 2019 to 31 July 2019			For the period from 4 January 2019 to 31 January 2020		
Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000
–	1,896	<b>1,896</b>	–	11,068	<b>11,068</b>
–	7	<b>7</b>	–	10	<b>10</b>
4,064	–	<b>4,064</b>	7,747	–	<b>7,747</b>
(203)	–	<b>(203)</b>	(929)	–	<b>(929)</b>
(154)	–	<b>(154)</b>	(458)	–	<b>(458)</b>
3,707	1,903	<b>5,610</b>	6,360	11,078	<b>17,438</b>
–	–	–	–	–	–
<b>3,707</b>	<b>1,903</b>	<b>5,610</b>	<b>6,360</b>	<b>11,078</b>	<b>17,438</b>
<b>0.78¢</b>	<b>0.40¢</b>	<b>1.18¢</b>	<b>1.33¢</b>	<b>2.32¢</b>	<b>3.65¢</b>

## Statement of Financial Position (unaudited)

	Notes	At 31 July 2020 US\$'000	At 31 July 2020 US\$'000	At 31 January 2020 US\$'000	At 31 January 2020 US\$'000
<b>Fixed assets</b>					
Investments held at fair value through profit or loss	7		320,854		175,046
<b>Current assets</b>					
US Treasury Bills		179,614		308,135	
Cash and cash equivalents		14,970		10,133	
Debtors		68		271	
		194,652		318,539	
<b>Current liabilities</b>					
Amounts falling due within one year		(854)		(505)	
<b>Net current assets</b>					
			193,798		318,034
<b>Net assets</b>					
			<b>514,652</b>		<b>493,080</b>
<b>Capital and reserves</b>					
Share capital	8		475,773		475,642
Capital reserve			31,911		11,078
Revenue reserve			6,968		6,360
<b>Shareholders' funds</b>					
			<b>514,652</b>		<b>493,080</b>
<b>Net asset value per ordinary share</b>					
			<b>107.81¢</b>		<b>103.32¢</b>
<b>Ordinary shares in issue</b>					
	8		<b>477,350,002</b>		<b>477,250,002</b>

## Statement of Changes in Equity (unaudited)

### Six months to 31 July 2020

	Notes	Share capital US\$'000	Capital reserve US\$'000	Revenue reserve US\$'000	Shareholders' funds US\$'000
Shareholders' funds at 31 January 2020		475,642	11,078	6,360	<b>493,080</b>
Ordinary shares issued	8	131	–	–	<b>131</b>
Total comprehensive income for the period		–	20,833	608	<b>21,441</b>
<b>Shareholders' funds at 31 July 2020</b>		<b>475,773</b>	<b>31,911</b>	<b>6,968</b>	<b>514,652</b>

### For the period from 4 January 2019 to 31 July 2019

	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	475,642	–	–	<b>475,642</b>
Total comprehensive income for the period	–	1,903	3,707	<b>5,610</b>
<b>Shareholders' funds at 31 July 2019</b>	<b>475,642</b>	<b>1,903</b>	<b>3,707</b>	<b>481,252</b>

## Statement of Cash Flows (unaudited)

	Six months to 31 July 2020		Period from 4 January 2019 to 31 July 2019	
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Operating profit before taxation		21,441		5,610
US Treasury Bills interest		(2,394)		(3,936)
Net gains on investments		(20,809)		(1,896)
Currency gains		(24)		(7)
Changes in debtors and creditors		552		218
<b>Net cash used in operating activities*</b>		(1,234)		(11)
<b>Cash flows from investing activities</b>				
Acquisitions of US Treasury Bills	(120,028)		(583,906)	
Disposals of US Treasury Bills	250,943		197,825	
Acquisitions of investments	(124,999)		(80,546)	
Disposals of investments	–		–	
<b>Net cash from/(used in) investing activities</b>		5,916		(466,627)
<b>Cash flows from financing activities</b>				
Ordinary shares issued	131		475,643	
<b>Net cash from financing activities</b>		131		475,643
<b>Net increase in cash and cash equivalents</b>		4,813		9,005
Effect of exchange rate fluctuations on cash and cash equivalents		24		7
Cash and cash equivalents at start of period		10,133		–
<b>Cash and cash equivalents at 31 July</b>		<b>14,970</b>		<b>9,012</b>

\* Cash from operations includes interest received of US\$17,000 (2019 – US\$194,000).

# Notes to the Financial Statements (unaudited)

## 1 Basis of Accounting

The condensed Financial Statements for the six months to 31 July 2020 comprises the statements set out on the previous pages together with the related notes on pages 13 to 16. They have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements for the six months to 31 July 2020 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements for the period from 4 January 2019 to 31 January 2020.

### Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its COVID-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern and specifically in the context of the coronavirus pandemic.

Having considered the Company's principal risks and uncertainties, as set out in the inside front cover, together with its current position, investment objective and policy, its assets and liabilities, and projected income and expenditure, it is the Directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have considered the Company's principal and emerging risks as detailed on pages 6 and 7 of the Company's Annual Report and Financial Statements for the period from 4 January 2019 to 31 January 2020 and the Investment Manager ensures that the Company holds at all times a proportion of assets that is sufficiently liquid to enable it to discharge its payment obligations. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements.

## 2 Income

	Six months to 31 July 2020 US\$'000	Period from 4 January 2019 to 31 July 2019 US\$'000	Period from 4 January 2019 to 31 January 2020 US\$'000
US Treasury Bills interest	2,394	3,742	7,292
Overseas interest	(220)	128	251
Deposit interest	17	194	204
<b>Total income</b>	<b>2,191</b>	<b>4,064</b>	<b>7,747</b>

## 3 Investment Management Fee

	Six months to 31 July 2020 US\$'000	Period from 4 January 2019 to 31 July 2019 US\$'000	Period from 4 January 2019 to 31 January 2020 US\$'000
Investment management fee	<b>1,252</b>	<b>203</b>	<b>929</b>

The Company has appointed Baillie Gifford & Co Limited as its Investment Manager (the 'Investment Manager'). As the entity appointed to be responsible for risk management and portfolio management, the Investment Manager has also been appointed as the Company's Alternative Investment Fund Manager ('AIFM'). Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford Overseas Limited. The Investment Management Agreement is terminable on not less than six months' notice.

Under the terms of the Investment Management Agreement, the Investment Manager will be entitled to an annual fee (exclusive of VAT, which shall be added where applicable) of: 0.9% on the net asset value excluding cash or cash equivalent assets up to and including US\$650 million; 0.8% on the net asset value excluding cash or cash equivalent assets exceeding US\$650 million up to and including US\$1.3 billion; and 0.7% on the net asset value excluding cash or cash equivalent assets exceeding US\$1.3 billion. Management fees are calculated and payable quarterly.

#### 4 Other Administrative Expenses

	Six months to 31 July 2020 US\$'000	Period from 4 January 2019 to 31 July 2019 US\$'000	Period from 4 January 2019 to 31 January 2020 US\$'000
General administrative expenses	168	79	184
Administrator's fee	47	28	63
Auditor's remuneration for audit services	46	–	93
Directors' fees	70	47	118
	<b>331</b>	<b>154</b>	<b>458</b>

In the periods from 4 January 2019 to 31 July 2019 and 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. There were no non-audit fees incurred during the six months to 31 July 2020.

#### 5 Earnings per Ordinary Share

	Six months to 31 July 2020		Period from 4 January 2019 to 31 July 2019		Period from 4 January 2019 to 31 January 2020	
	US\$'000	¢	US\$'000	¢	US\$'000	¢
Revenue return on ordinary activities after taxation	608	0.13	3,707	0.78	6,360	1.33
Capital return on ordinary activities after taxation	20,833	4.37	1,903	0.40	11,078	2.32
<b>Total net return</b>	<b>21,441</b>	<b>4.50</b>	<b>5,610</b>	<b>1.18</b>	<b>17,438</b>	<b>3.65</b>
<b>Weighted average number of shares in issue</b>	<b>477,267,310</b>		<b>277,250,002</b>		<b>277,250,002</b>	

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

#### 6 Ordinary Dividends

There were no dividends paid or proposed in respect of the six months (2019 – none).



## 7 Financial Instruments

### Fair Value Hierarchy

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

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

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

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

As at 31 July 2020	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Unlisted ordinary shares/warrants	–	–	64,748	<b>64,748</b>
Unlisted preference shares*	–	–	249,606	<b>249,606</b>
Unlisted convertible promissory notes	–	–	6,500	<b>6,500</b>
Total financial asset investments	–	–	<b>320,854</b>	<b>320,854</b>

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	<b>10,817</b>
Unlisted preference shares*	–	–	149,902	<b>149,902</b>
Unlisted convertible promissory notes	–	–	14,327	<b>14,327</b>
Total financial asset investments	–	–	<b>175,046</b>	<b>175,046</b>

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

There have been no transfers between levels of fair value hierarchy during the six months to 31 July 2020 or during the period from 4 January 2019 to 31 January 2020.

The valuation techniques used by the Company are explained in the accounting policies on page 35 of the Company's Annual Report and Financial Statements for the period from incorporation on 4 January 2019 to 31 January 2020. Listed investments are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data. The Company's holdings in unlisted investments are categorised as Level 3 as unobservable data is a significant input to their fair value measurements.

## 8 Share Capital

	2020 Number	2020 US\$'000	2019 Number	2019 US\$'000
Allotted, called up and fully paid ordinary shares of US\$1 each	<b>477,350,002</b>	<b>475,773</b>	<b>477,250,002</b>	<b>475,642</b>

By way of a special resolution dated 15 March 2019 the Directors have a general authority to allot up to 720,000,000 ordinary shares or C shares, such figure to include the ordinary shares issued at the initial placing. 477,250,000 ordinary shares were issued at the Company's initial placing hence the Company has the ability to issue a further 242,750,000 shares under this existing authority which expires at the end of the period concluding immediately prior to the Annual General Meeting of the Company to be held in 2024 (or, if earlier, five years from the date of the resolution). During the six months to 31 July 2020 the Company issued 100,000 ordinary shares raising net proceeds of US\$131,000. As at 31 July 2020 the Company has the authority to issue 242,650,000 ordinary shares. In the period from 1 August 2020 to 18 September 2020 the Company issued a further 100,000 shares raising net proceeds of US\$131,000.

By way of an ordinary resolution passed on 19 May 2020 the Directors of the Company have general authority to make market purchases of up to 71,539,775 ordinary shares, being 14.99% of the ordinary shares in issue. This authority will expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 31 January 2021. No shares have been bought back during the six months ended 31 July 2020 (period from 4 January 2019 to 31 July 2019 – nil) hence the authority remains at 71,539,775 ordinary shares.

## 9 Transaction Costs

During the period the Company incurred transaction costs on purchases of investments of US\$nil (period 4 January 2019 to 31 July 2019 – US\$50,000; period 4 January 2019 to 31 January 2020 – US\$50,000) and transaction costs on sales of US\$nil (period 4 January 2019 to 31 July 2019 – US\$nil; period 4 January 2019 to 31 January 2020 – US\$nil).

## 10 Principal Risks and Uncertainties

As well as the other risks referred to on the inside front cover, the Board of The Schiehallion Fund Limited and the Investment Manager are actively working together to monitor the effect of COVID-19 on the Company and its investee companies. The Investment Manager has measures in place to safeguard the health of its employees whilst remaining fully operational and providing business continuity to its clients. In particular, the Board and Investment Manager are monitoring closely the following:

- the valuation and liquidity of Schiehallion's portfolio companies;
- the operational arrangements in place at Baillie Gifford & Co; and
- the ability of Schiehallion's third-party service providers to continue to provide contracted services.

The Investment Manager and third-party service providers remain fully operational and business continuity plans are working as expected.

Political developments are closely monitored and considered by the Board. The Board continues to monitor developments as they occur following the UK's departure from the European Union but believes that the Company's global portfolio, with only a modest exposure to the United Kingdom, positions the Company to be suitably insulated from Brexit-related risks.

## 11 Transactions with Related Parties and the Investment Manager and Administrator

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

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

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

## Total Assets

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

## Shareholders' Funds and Net Asset Value

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

## Net Liquid Assets

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

## Discount/Premium (APM)

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

## Ongoing Charges (APM)

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

## Other Shareholder Information

### Automatic Exchange of Information

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

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

### Foreign Account Tax Compliance Act

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

## Directors

Chairperson:  
Dr Linda Yueh

Trudi Clark  
John Mackie CBE

## Administrator, Secretary, Designated Manager and Registered Office

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

## Investment Manager and Alternative Investment Fund Manager

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

## Registrar

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

## Depository

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

## Corporate Broker

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

## Independent Auditor

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

## Company Details

[www.schiehallionfund.com](http://www.schiehallionfund.com)  
Company Registration  
No. 65915  
ISIN GG00BJ0CDD21  
Sedol BJ0CDD2  
Ticker MNTN

Legal Entity Identifier  
213800NQOLJA1JCWXQ56