EDISON

The Schiehallion Fund

Shooting for the stars

Investment companies
Growth capital

4 September 2025

The Schiehallion Fund (MNTN) invests in later-stage private companies with the potential for transformational growth and eventual public listing. The fund owns some of the world's most exciting, game-changing companies, including SpaceX, a US spacecraft designer and manufacturer, ByteDance, the dominant Chinese social media and entertainment company (and owner of TikTok), and Bending Spoons, an Italian digital consumer product company. Launched in 2019, MNTN does not have a benchmark, instead aiming to deliver a 3x return over rolling 10-year periods. Its recent performance has been strong in absolute terms and compared to the MSCI ACWI Growth Index. It has also outperformed all its peers over one and five years, despite struggling during 2022–23, when a sharp spike in interest rates had an adverse impact on the valuations of tech and other growth stocks. MNTN's managers continue to search for the next generation of private company superstars, and believe the outlook for such investments is 'extremely compelling', thanks to the rapid pace of innovation. They cite satellite internet provision, frictionless cross-border transacting and data-driven medical diagnostics as a few of the great products and services created by private companies, and they see a deep and diverse pipeline of investment opportunities for further exposure to the unprecedented vitality of this sector.

The analyst's view

- Some of the world's most significant, game-changing global companies reside within private markets, and private markets are likely to become even larger and more interesting in future, as businesses opt to stay private for longer (see discussion below). Investors may welcome the exposure MNTN offers to this extraordinary but largely inaccessible sector.
- The fund is supported by the expertise and research resources of its investment manager, Baillie Gifford & Co, which has a growth investing heritage spanning more than a century, and is the go-to investor for many companies seeking a partner to accompany them to IPO and beyond.
- MNTN is not reliant on a few successful big bets on tech companies. The portfolio usually comprises around 50 positions diversified across regions, sectors and investment themes, which include many applications of AI, the transition to renewable energy and innovations in the fields of finance, manufacturing and health.
- Over the 12 months to end August 2025, the fund returned 25.7% in NAV terms compared to the MSCI ACWI Growth Index's 19.7%. Returns were also positive in the previous 12-month period.
- Investors may appreciate the flexibility provided by the fund's ability to continue holding companies once listed. This allows the portfolio to keep benefiting from the potential recognised by the managers.
- MNTN's shares are trading at discount of around 20%, well below the premiums at which they traded early in the company's life. With performance strong and the shares set to list on the Main Market of the London Stock Exchange, now may be a good time for investors to acquire exposure.

Price		**$1.21**
Market cap		**$1,231m**
NAV		$1.5
Discount to NAV		18.5%
Shares in issue		1,019.1m
Code/ISIN		MNTN/GG00BJ0CDD21
Primary exchange		LSE
AIC sector		Growth Capital
Financial year end		31 January
52-week high/low	$1.2	$0.8

Fund objective

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

Bull points

- Private companies are often at the cutting edge of innovation and the sector is growing.
- Investment in private growth companies offers the possibility of asymmetric returns via limited downside but unlimited upside.
- MNTN is supported by the expertise and research resources of Baillie Gifford & Co.

Bear points

- Private companies are a more risky investment than established, publicly listed companies and despite careful due diligence, some private companies will fail.
- Investors need to give private companies time to realise their full growth potential.
- MNTN's major exit route is IPOs, which may be subject to fluctuating market sentiment and interest rates, although the recent pick-up in IPO activity suggests investor confidence is improving.

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The Schiehallion Fund is a research client of Edison Investment Research Limited

Targeting the exceptional private companies of today and tomorrow

MNTN is managed by Peter Singlehurst and Robert Natzler of Baillie Gifford & Co, an Edinburgh-based investment management company. The fund seeks to generate capital growth for investors through long-term minority investment in private businesses that the managers consider possess the capacity for transformational growth and eventual public listing. They favour companies in the later stages of their developmental journey, with new investments typically in companies at Series C stage or later (see the Investment process section for further discussion).

Some of the world's most significant, game-changing global companies now reside within private markets, and private markets are likely to become even larger and more interesting in future, as businesses are generally staying private for longer. According to Baillie Gifford, in 2024, the median age of venture capital-backed private companies was 10.7 years, compared to 6.9 years in 2014, as businesses seek to avoid onerous reporting responsibilities and the whims of the market, and focus instead on getting on with what they do best. The capacity to choose their shareholders adds further appeal.

MNTN offers shareholders exposure to some of the most important businesses within this sector. The fund has already generated a lot of value by being an early investor in names such as SpaceX and ByteDance. These two names remain in the portfolio, along with Stripe, an online payments provider, Databricks, a data analytics and AI solutions business, and Revolut, a fintech company disrupting traditional banking. These are five of the world's 10 largest private growth companies. MNTN also holds a stake in Chime, a US fintech company, which was also one the largest private companies until it listed in June 2025.

MNTN does not rely on a few big successful bets on tech companies. On the contrary, it usually comprises c 50 holdings, diversified across regions and sectors. The holdings cluster around several themes, including the multifarious applications of AI, and technology more generally, but also the transition to renewable energy and innovation in the fields of finance, manufacturing and health.

The managers maintain their search for the next generation of companies with strong revenue growth and a source of durable competitive advantage, setting them up to be the future stars of the private company realm. They look specifically for businesses with healthy fundamentals, characterised by strong growth, adaptability and robust cash runways that provide the resilience needed to maintain significant momentum in the face of short-term challenges.

Examples of portfolio holdings the managers believe to be executing strongly on their growth journeys include PsiQuantum and recent investments Revolut and Vinted, an online second-hand market place. Singlehurst and Natzler expect quantum computing will be 'massively disruptive' across many industries, as it will help solve a wide range of problems by facilitating high-fidelity simulations at scale. In their view, PsiQuantum has an edge on competitors in this field through its focused and practical approach, which is based on existing, scalable semiconductor technology, rather than on alternative solutions reliant on exotic hardware that has to be scaled up. PsiQuantum's founders have worked together for 15 years, having established their relationship in academia, and the company has received significant government endorsement over the past year. The investment cases for Revolut and Vinted are discussed in more detail in the Portfolio positioning section below and in Exhibit 6.

Supported by Baillie Gifford's long experience with privately held companies

The managers' capacity to spot scalable growth businesses in private markets is no accident. Baillie Gifford is an experienced growth investor with a public market legacy dating back more than a century, coupled with investments of more than $9.5bn in over 150 private companies since 2012 – the year the firm made its first private investment when its flagship fund, Scottish Mortgage, invested in Alibaba, China's internet retail behemoth. The investment manager has garnered a reputation as the investor of choice for privately held companies with public ambitions, and it has the capacity to remain a reliable and useful partner once these businesses go public, given its large exposure to public companies and long-term, patient investment approach. As at June 2025, Baillie Gifford continued to hold 26 listed companies at an approximate value of $17bn across its stable, in which it initially invested when these businesses were private. MNTN was launched in March 2019 to give investors better access to the growth opportunities in private markets, and it was the first dedicated private company fund in Baillie Gifford's stable.

Portfolio positioning

Exhibit 1: Top 10 holdings (31 July 2025)

Company	Country	Sector	Portfolio weight (%) 31 July 2025	Portfolio weight (%) 31 January 2024	Change in portfolio weight (basis points)
Bending Spoons	Italy	Digital consumer products	12.6	4.0	8.6
Space X	US	Space launches and satellite connectivity	9.9	7.2	2.7
ByteDance	China	Social media and entertainment	7.8	5.2	2.6
Affirm	US	Point-of-sale lending	6.0	4.3	1.7
Wise	UK	Cross border payments	4.4	5.1	-0.7
Tempus AI	US	AI-driven precision medicine	3.1	2.2	0.9
Wayve	UK	Automated driving software	3.1	2.8	0.3
Stripe	US	Online payment systems	3.0	2.3	0.7
Tekever Holdings	Portugal	Drones	2.9	N/A	N/A
Databricks	US	Data management and intelligence	2.6	2.5	0.1
Total			**55.3**		

Source: Baillie Gifford & Co

The managers believe that MNTN's top five holdings showcase their ability to find varying types of growth companies across different geographies (Exhibit 1):

- Bending Spoons' core strategy is to acquire digital products and use its world-class team to improve the monetisation and scale of these products through the application of a generalisable set of tools. For example, recently the company acquired Komoot, a German outdoor route-planning app, as well as Brightcove, a US enterprise video platform. Bending Spoons continues to demonstrate strong operational execution through the application of its tool set and approach to increasing scale. The company's very strong corporate culture allows it to attract the very best talent available.
- SpaceX remains one of the fund's highest-conviction holdings. Its truly differentiated product straddles both its core launch business and the Starlink satellite business. The company's market opportunity is enormous, and its competitive advantages are among the most robust the managers have seen. Towards the end of 2024 SpaceX reached a publicly disclosed valuation of $350bn after an employee tender offer, thereby making it the most valuable private company in the world. SpaceX has generated a return of 9.5x on the first dollar invested in 2019. News in July 2025 of a further employee share tender is targeting a company valuation at $400bn, so another valuation uplift may be in the offing. The managers are not concerned by 'short-term static' generated by the now fractious relationship between US President Trump and SpaceX's founder, Elon Musk, as they expect US government contracts will be less important for SpaceX's future revenue streams, as demand for the company's services diversifies. This position was trimmed in Q424 via a secondary market transaction for portfolio management reasons.
- ByteDance's investment case fundamentally rests on the scale of its domestic opportunity in China, through Toutiao, a newsfeed, and Douyin, a short-form video platform, both of which generate substantial cash flows. The company is outpacing its domestic Chinese peers and generating similar revenues to public market US peer Meta, butgrowing faster. MNTN's managers believe the market is underestimating ByteDance's growth potential given optionality into e-commerce and AI, and they insist the investment case for the company will remain strong even if the US government eventually bans TikTok from the US market.
- Public financial technology holdings Affirm (mentioned above) and Wise, a UK-based provider of domestic and cross-border banking services, are the fund's other two top five holdings, having been purchased while private (as is the case with all new purchases in the fund). Both continue to improve and expand their respective offerings.

Exhibit 2, Exhibit 3 and Exhibit 4 illustrate the portfolio's diversity by sector, region and valuation. At the sector level, although IT stocks comprise just under a third of the portfolio, the fund has meaningful exposure to most other sectors, except real estate. Not surprisingly, US-based companies dominate at the regional level, but Europe, China, the UK and India also feature. The managers' preference for companies in the later stages of their developmental journey is evident in Exhibit 4, with 79% of the fund invested in businesses valued at $2.5bn or more.

Exhibit 2: Portfolio sector changes and active weights (31 March 2025)

Sector	Portfolio weight, %	Portfolio weight, %	Change in portfolio weight
	31-Mar-25	31-Jan-24	(basis points)
Information technology	32.1	21.3	10.8
Industrials	15.9	13.0	2.9
Financials	14.9	18.0	-3.1
Communication Services	11.6	8.8	2.8
Consumer Discretionary	7.0	10.1	-3.1
Cash & T bills	5.5	14.4	-8.9
Health Care	4.6	3.6	1.0
Consumer Staples	3.8	4.2	-0.4
Materials	3.7	2.6	1.1
Real Estate	0.7	4.0	-3.3
Total	**100.0**	**100.0**	

Source: Baillie Gifford & Co

Exhibit 3: Portfolio geographic changes and active weights (31 July 2025) (% unless stated)

Country	Portfolio weight (%)	Portfolio weight (%)	Change in portfolio weight
	31-Jul-25	31-Jan-24	(basis points)
United States	54.9	49.1	5.8
Italy	12.6	4.0	8.6
China	9.9	7.7	2.2
United Kingdom	9.0	8.4	0.6
Portugal	2.9	0.0	2.9
India	2.3	3.4	-1.1
Lithuania	2.0	0.0	2.0
Germany	1.6	5.8	-4.2
Singapore	1.4	0.0	1.4
Australia	0.7	1.8	-1.1
Brazil	0.4	0.9	-0.5
Other	0.0	4.5	-4.5
Net liquid assets	2.2	14.4	-12.2
Total	**100.0**	**100.0**	

Source: Baillie Gifford & Co

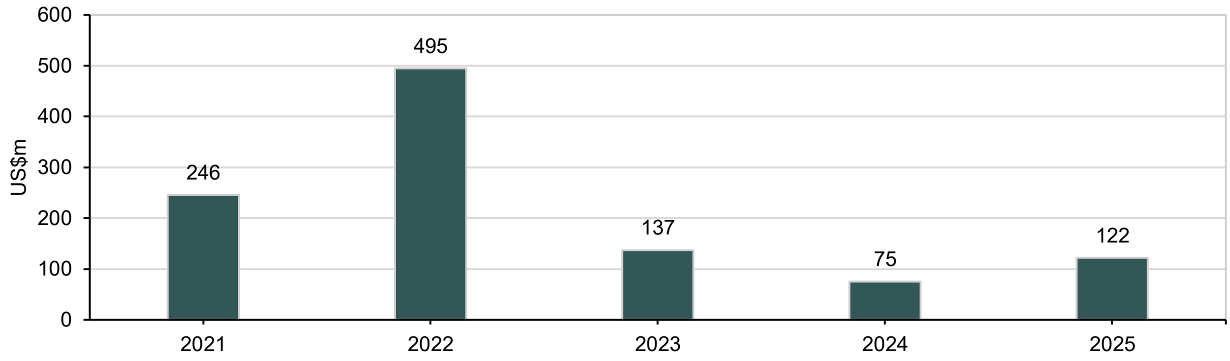
Exhibit 4: Portfolio by valuation (31 March 2025)

Valuation, US$	Portfolio weight, %	Portfolio weight %	Change in portfolio weight
	31-Mar-25	31-Jan-24	(basis points)
<$500m	5	2	3
$500m-2.5bn	16	22	(6)
$2.5m-10bn	39	38	1
>$10bn	40	38	2
Total	**100**	**100**	

Source: Ballie Gifford & Co

The portfolio held 48 names at end March 2025 (FY24: 46). The number of opportunities currently on offer has seen the managers increase the pace of capital deployment over the past year or so, and available cash is now almost fully invested (Exhibit 5), amounting to just 2.5% of cash and cash equivalents at end June 2025. This is the first time the fund has reached near full cash deployment. As such, any future additions to the portfolio are likely to be primarily funded through sales of existing holdings, either via full or partial sales of listed holdings, or full or partial exits from private holdings. The fund has no immediate plans to raise additional capital, but the board will review this on a continuous basis.

Exhibit 5: Capital deployed*



Source: Baillie Gifford & Co, Edison Investment Research. Note: *Calculated as the difference between total capital deployed at the end of each year.

The managers have added eight names to the portfolio since end FY24. These include three US-based businesses: Tenstorrent, a semiconductor design company; Runway AI, a generative AI video laboratory assisting creators in every step of their process; and Anduril, a supplier of AI-powered defence technology. Elsewhere, the managers have made investments in Tekever, a Portuguese surveillance drone maker; Vinted, a Lithuanian-based peer-to-peer online second-hand marketplace operating primarily across Europe; and bolttech, a Singaporean-based embedded insurance platform. The two other additions to the portfolio are Zetwerk, an Indian outsourced manufacturing marketplace, and Revolut, a UK-based fintech company. Exhibit 6 provides details on the investment cases of each of these acquisitions. In addition to these new holdings, the managers made follow-on investments in Bending Spoons and Databricks.

Exhibit 6: New investments since end FY24

Company	Description and investment case
Tenstorrent	A semiconductor design company positioning itself to benefit from the vast changes expected in the sector, including dedicated AI computing and chiplets. The company develops chips, chiplets and connecting hardware for the computing workloads and data centres of tomorrow. Its management team has two decades of experience working at the sector's cutting edge.
Runway AI	A generative AI video research lab that creates video editing tools, with the goal of becoming a creative co-pilot to assist filmmakers at each stage of the production process. The company is constantly improving its editing platform and growing its customer base, and has an innovative pricing model that delivers diversified revenue streams. Prominent clients include the likes of Netflix, as well as film studio Lionsgate.
Anduril	A supplier of AI-powered defence technology that is expected to see increased demand for its products as Western countries step up their defence spending.
Tekever	A Portuguese producer of long-range drones used mainly for surveillance, which is a leading European aerial intelligence company for military and civilian use. The flexibility of its offering is attracting customers and the company has great potential to scale up to meet existing demand and address new markets.
Vinted	A second-hand online marketplace for fashion and lifestyle items used by >100 million people in >20 markets in Europe and North America. The company is based in Lithuania and is set to benefit from multiple strands of future growth in existing and new markets and new products, assisted by the trend towards sustainable, cost-effective consumption.
Bolttech	This Singapore-based embedded insurance platform works with retail partners to offer insurance for mobile phones, housing, cars and travel. The company has global reach and scale, operates in 35 countries with $50bn of annual quoted premiums, and has ambitions to be the B2B2C enabler for the multi-trillion-dollar global personal insurance industry, which has been largely undisturbed by digitisation to date.
Zetwerk	Zetwerk helps companies looking to outsource production to India and other countries to find suitable manufacturers. It links third-party, pre-vetted suppliers to customers across India, Vietnam and Mexico. The company has facilitated a reduction in its clients' lead times of up to 50% and is growing organically, branching out into other countries and onboarding more factories. It is well-placed to benefit from supply chain diversification.
Revolut	A UK-based fintech that aims to provide more flexible and cost-effective alternatives to traditional banking services via its app. Operating in over 40 countries, mainly in Europe, with >50 million customers, Revolut is recognised for its rapid product development and efficiency and has a strong competitive advantage in scale and product bundling, which gives it potential for further international expansion and significant upside potential. The company recently received approval from the UK's Prudential Regulation Authority for its UK banking licence, which triggered a 12-month mobilisation stage before full authorisation is granted.

Source: Baillie Gifford & Co, Edison Investment Research

Two realisations were made during FY25. The company sold its position in listed sustainable apparel maker Allbirds, following disappointing performance, and its holding in UK semiconductor company Graphcore, which was acquired by Softbank in July 2024. The value of Graphcore had previously been written down on account of lacklustre operational performance, but Softbank's acquisition allowed MNTN to recover most of its investment on account of being a senior ranking shareholder. In addition to the trim to SpaceX mentioned above, the position in Wise was also reduced to provide a source of funding, although it remains a top 10 holding. More recently, the managers have sold Airbnb, a listed online accommodation platform that had delivered a 135% return over the course of its holding period since 2019, in Q125, and Masterclass, a privately owned educational video content provider, in Q225, in favour of more attractive investment opportunities, as competition for capital within MNTN has increased as the pace of deployment has picked up.

Public company holdings also permitted

MNTN only invests in private companies, but as mentioned above it has scope to continue holding companies once they list, and to add to these listed positions if the growth case is compelling. For example, the fund invested in Airbnb in 2019 and continued to hold this stock after its listing in 2020. The company performed well over the course of the full holding period, but the managers recently reassessed its growth prospects in light of new opportunities available, which culminated in a Q125 sale, as mentioned above. In all, MNTN held seven public companies as at end March 2025, all but one of which (Oscar Health, a US healthcare plan provider) have delivered significant returns since investment. This compares with holdings of eight listed companies at end FY24 due to the sale of Allbirds, mentioned above.

As at 31 March 2025, the average holding period of MNTN's current positions was 3.6 years, while the average holding period of holdings beyond their IPO date was 2.9 years. This latter figure includes nine historical IPOs, three of which were no longer held at end March 2025. There have since been two more IPOs: Chime, which floated in June 2025, as mentioned above, and HeartFlow, a US medical technology company providing non-invasive diagnoses and treatments for coronary diseases, which listed in August 2025.

Exhibit 7 provides a comprehensive overview of MNTN's holdings' IPO activity and exits since inception. The table shows that the number of both IPOs and exits has been relatively limited over this period. All holdings that have listed have remained in the portfolio, at least for a period, after IPO. The table includes three companies currently held at zero valuations: McMakler, Blockstream and Northvolt, although the circumstances of each of these companies remains dynamic and it is uncertain whether they will ultimately be written-off. See further discussion below.

Exhibit 7: IPOs and total exits since inception

Calendar year	IPOs that remained in the portfolio	Positions closed/written-off
2020	**1 IPO** (Airbnb)	
2021	**6 IPOs** (Allbirds, Affirm, Oscar Health, Warby Parker, Wise, Zymergen)	**1 takeover** (Grail)
2023	**1 IPO** (Oddity Tech)	**1 listed sale** (Ginko Bioworks*), **1 takeover** (Scopely), **1 write-off (**Convoy)
2024	**1 IPO** (Tempus AI)	**1 listed sale** (Allbirds), **1 takeover** (Graphcore)
2025	**2 IPOs** (Chime and HeartFlow)	**1 listed sale** (Airbnb), **1 complete secondary sale** (Masterclass), **1 pending write-off** (Northvolt; pending liquidation procedures)**)

Source: Baillie Gifford & Co. Note: *Ginkgo Bioworks shares were originally received in 2022 when former fund holding Zymergen was acquired by Ginkgo. **Investments in McMakler and Blockstream are being fair valued at zero, but remain operational.

The outlook for private company investment has never been better

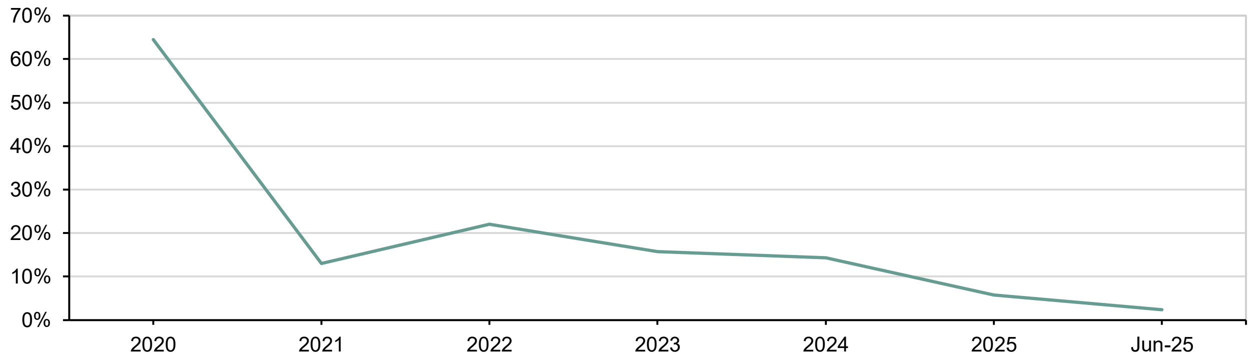
MNTN's portfolio managers believe the outlook for their sector is 'extremely compelling'. They argue that never before have so many privately held companies brought so much innovation to bear on creating such exceptional products. They cite satellite internet provision, frictionless cross-border transacting, data-driven medical diagnostics and AI-assisted video creation as just a few examples, and see a deep and diverse pipeline of great investment opportunities. In their view, these opportunities are available at compelling valuations, especially compared to public market peers.

The macroeconomic and financial market environment is proving a favourable backdrop for the sector. Singlehurst believes the higher interest rate environment of recent years, while especially challenging for private companies, has actually improved the quality of investment opportunities by triggering a 'Darwinian process' that has made the best tougher and better, by forcing an increasing focus on cost-cutting, operational efficiencies and capital discipline. The manager concedes that persistent uncertainties related to US tariffs are weighing on investor sentiment, but he expects the current climate of lower inflation, declining rates and hence cheaper capital to support markets and help companies plan for growth with greater confidence. The Fed Funds rate has declined steadily from its peak of 5.25–5.50%, maintained from July 2023 to September 2024, to 4.25–4.50% currently and, according to the latest reading of the CME FedWatch Tool, the Fed Funds rate is likely to decline to 4.0–4.25% in September and to 3.75–4.0% by year-end.

Declining interest rates also appear to be providing impetus to activity in the IPO market. In addition to the summer listings of portfolio holdings Chime and HeartFlow discussed above, other recent IPOs have included CoreWeave, a software infrastructure company, and Figma, which specialises in web-based design tools, and in this context, the managers are cautiously optimistic about the outlook for IPOs over the remainder of this year and beyond.

With so many exciting investment opportunities on offer, at attractive valuations, and a generally supportive economic and market backdrop, it is no surprise that MNTN's managers have stepped up the pace of capital deployment over the past year. The fund is now fully invested, and well-positioned to continue benefiting from the unprecedented vitality of the private company sector (Exhibit 8).

Exhibit 8: Net liquid assets



Source: Baillie Gifford & Co, Edison Investment Research

Performance

Exhibit 9: Five-year discrete performance data

12 months ending	Total share price return (%)	Total NAV return (%)	MSCI ACWI Growth (%)	S&P 500 (%)
31/08/21	64.3	52.5	26.5	30.6
31/08/22	(30.6)	(23.0)	(23.0)	(11.6)
31/08/23	(60.7)	(18.6)	18.1	15.3
31/08/24	53.4	10.4	26.0	26.6
31/08/25	31.5	25.7	19.7	15.4

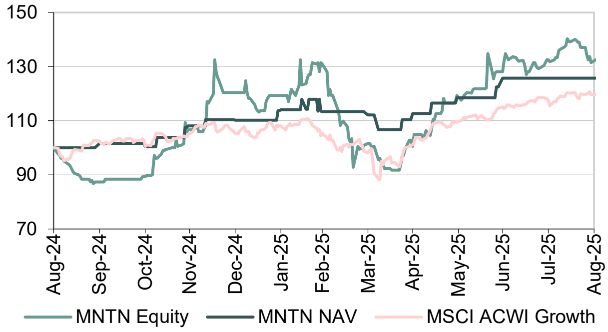
Source: LSEG Data & Analytics, Edison Investment Research

MNTN's managers are excited about the progress being made by the company's portfolio holdings. Over the 12 months to end June 2025, portfolio holdings delivered average revenue growth of 45% (weighted by fair value), well ahead of the Nasdaq 100 Index's revenue growth of 20%. These figures clearly illustrate just how much growth MNTN can offer relative to one of the highest growth, technology-heavy public market indices. Gross profit margins were also very healthy, at 59% across the total portfolio at end June 2025, again ahead of the Nasdaq 100 Index reading of 57% and more than 60% of the fund's fair value is invested in companies that are already profitable. Holdings also possess a significant degree of financial resilience; almost 80% of the portfolio's private company holdings have cash runways of four years or more.

MNTN does not have a formal benchmark, although it has a stated target return objective of a threefold increase in returns over rolling 10-year periods. For the purpose of this note, we have used the MSCI ACWI Growth Index as a market proxy, although it is important to bear in mind that this is a public market index that does not reflect the dynamics of private markets and the particular issues faced by privately owned, growing companies as they move towards profitability.

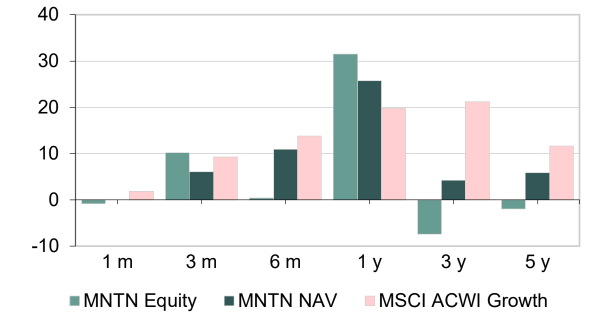
With this key caveat in mind, the fund has been doing well recently, in both absolute terms and against the market. Over the 12 months ended August 2025, it has returned 25.7% in NAV terms and 31.5% on a share price basis, compared to the MSCI ACWI Growth Index return of 19.7% (Exhibit 10). Returns were also positive in outright terms in the previous 12-month period. However, the fund struggled during 2022 and 2023, registering outright declines and underperforming the index dramatically in 2023, due to the adverse impact of rapid interest rate rises (Exhibit 9). Rising rates undermined the valuations of tech and other growth stocks, regardless of whether they are privately owned or listed. In addition, growth companies, especially private ones, struggled to access capital in this environment and in some cases this hurt operational performance.

Exhibit 10: Price, NAV and index total return performance to 31 August 2025, one year re-based.



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 11: Price, NAV and index total return performance (%) to 31 August 2025



Source: LSEG Data & Analytics, Edison Investment Research. Note: Three- and five-year performance figures annualised.

During its financial year ended 31 January 2025 (FY25) and in the months since then, MNTN's performance has been supported by its three largest holdings, SpaceX, which has made 'remarkable operational progress', ByteDance and Bending Spoons. Together these names represent c 30% of the portfolio (Exhibit 1). (See the Portfolio positioning section for further detail on these holdings.) As discussed above, the fund has scope to continue to own and add to portfolio holdings that have gone public, and among its public company positions, Tempus AI (mentioned above) and US point-of-sale credit provider Affirm have both been among the top five contributors to returns.

There will, of course, always be disappointments in the pursuit of high-growth private opportunities. The main detractors from returns over the year to end March 2025 were McMakler, a German online real estate platform, Blockstream, a provider of bitcoin and blockchain tech services, and Northvolt, a Swedish electric vehicle (EV) battery maker. McMakler and Blockstream have faced operational struggles over the past 12–18 months, but both continue to operate and are taking steps to improve performance. However, there are no prospects of recovery for Northvolt pending liquidation procedures. The market held high hopes that Northvolt would make Europe self-sufficient in EV batteries, and the company's $5bn funding round in January 2024 set the record as Europe's biggest capital raise. However, subsequent operational challenges in scaling manufacturing across its facilities, increased competition from China and a general slowdown in demand for EVs drove the company into Chapter 11 bankruptcy proceedings in the US at the end of 2024, and it filed for bankruptcy in Sweden in Q125. The valuations of McMakler, Blockstream and Northvolt have all been written down to zero during the period.

Despite these disappointments, it pays to remember that in this sector performance is driven by exceptional businesses like SpaceX, the entry valuation of which has increased by 9.5x since the first investment in 2019 to end Q225, ByteDance, which has returned 4.8x on its initial investment as at end Q225, and Bending Spoons, up 7.8x on the same basis. Potential losses are limited to the loss of the initial investment and capital committed in any subsequent funding rounds. The possibility of such asymmetric returns, with uncapped upside and bounded downside, suggests that over the long term, the portfolio's big winners should more than make up for the unexpectedly poor performances of a few holdings.

Peer group comparison

Exhibit 12: AIC Growth Capital sector companies sector (as at 28 August 2025)

% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	Discount (cum-fair)	Ongoing charge	Perf. fee	Net gearing	Dividend yield
Schiehallion Fund	908.0	27.8	1.4	38.2	(20.9)	0.92	No	100	0.0
Chrysalis Investments	605.3	19.5	6.2	26.5	(32.2)	0.73	Yes	100	0.0
Molten Ventures	637.4	(8.1)	(27.5)	23.8	(47.0)	2.58	Yes	108	0.0
Petershill Partners	2,675.8	17.8	26.2	-	(34.3)	1.07	Yes	100	3.1
Schroder British Opportunities	56.2	1.1	11.4	-	(31.7)	1.50	No	101	0.0
Schroders Capital Global Innov Trust	82.6	3.7	(38.5)	(51.9)	(40.5)	1.13	No	100	0.0
Seraphim Space Investment Trust	168.4	4.8	(3.1)	-	(29.5)	1.80	Yes	100	0.0
Peer group average	**704.3**	**6.5**	**(4.2)**	**(0.5)**	**(35.9)**	**1.47**	**-**	**101**	**0.5**
Schiehallion Fund rank in peer group	**2**	**1**	**4**	**1**	**1**	**6**	**-**	**3**	**2**

Source: Morningstar, Edison Investment Research. Note: Performance as at 27 August 2025 based on cum-fair NAV. TR, total return. Net gearing is total assets less cash and equivalents as a percentage of net assets

MNTN is a member of the AIC's Growth Capital sector. This group comprises investment companies with a range of strategies; some are focused specifically on technology, and one, Seraphim Space Investment Trust, concentrates more narrowly, solely on space tech. Some have a global geographic focus, while Molten Ventures has a European focus and the minnow of the group, Schroder British Opportunities, concentrates on opportunities within the UK. As a result, there is very little crossover in portfolio holdings between these companies.

MNTN is the second-largest fund within this cohort. It has outperformed all its peers over one and five years and did better than the average of its peers in terms of performance over three years. MNTN's discount is the narrowest among its peers, possibly due to the improvement in performance over the past two years, and the support provided to the share price by share repurchases (see the Discount section below for more discussion). MNTN's ongoing charge is the second lowest, with no performance fee. Like most of its peers, the fund does not use gearing or pay a dividend.

Discount

For those seeking exposure to the unique investments available among private companies, now may be a particularly opportune time to invest in MNTN. Early in its life, the fund traded at a substantial premium to NAV, but the shares fell into substantial discount during 2022–23, which peaked at close to 60% when performance weakened due to the decline in the valuations of tech and other growth stocks. Such discount widening has been a common experience across many investment trust companies, especially those that are focused on growth.

The board believed that MNTN's shares represented an attractive investment opportunity at such wide levels, so, in November 2023, the fund announced a capital allocation update. In addition to making new investments and follow-on investments, the board announced the allocation of up to $20m of capital to fund share repurchases to support the share price. Since then, up to the end of March 2025, the fund has purchased a total of 10.9m shares at a cost of $9.4m. This, combined with the recovery in the fund's performance over the past two years, has seen the discount narrow significantly, although it is still hovering at around 20% (Exhibit 13).

In March 2025, MNTN's board announced plans to become a UK tax resident and join the UK's investment trust regime. This news may also be supporting the share price, as the change would see the fund's shares move from trading on the Specialist Fund Segment of the London Stock Exchange to trading on the Main Market, which would increase the profile and liquidity of the stock and improve retail access. A consultation process is underway, with a view to implementing this change in Q126. The board will provide shareholders with further updates in due course, including seeking any necessary approvals.

Exhibit 13: Share price discount to NAV (including income) over five years (%)

Source: LSEG Data & Analytics, Edison Investment Research

Dividend policy

MNTN's priority is to generate capital growth over the long term. It therefore has no dividend target and does not seek to provide shareholders with a particular level of distribution. In FY25 the net revenue return per ordinary share was negative 0.39 cents (FY24: negative 0.12 cents), so the board recommended that no final dividend be paid. MNTN has not paid any dividends to date.

Investment process

A bottom-up team supported by Baillie Gifford's global research resources

MNTN's managers are bottom-up investors, so they do not favour any particular sector or geography. The team is generalist in this sense, but they see themselves as growth specialists. Both Singlehurst and Natzler are members of Baillie Gifford's dedicated Private Companies team. Singlehurst, who is a partner at Baillie Gifford, heads up this 11-strong team, which was created in 2017, two years before MNTN was launched as the investment manager's first dedicated private company fund. This team also collaborates with a wider resource of 13 fund managers across strategies and geographies, and has access to a wider group of 130 growth investors, which allows the Private Companies team to benefit from sourcing and insights from public market teams.

As the venture capital ecosystem is based in the US, Baillie Gifford's Private Companies team has a permanent presence in San Francisco to engage with the venture capital community. However, the team also looks further afield to other countries. MNTN's ownership of Italian company Bending Spoons and its recent investment in Portuguese drone maker Tekever are two examples of this broad geographic focus (Exhibit 3).

More than 80% of deals originate from within Baillie Gifford's proprietary sourcing network, defined as comprising an established network of select early-stage VC firms, founders, management teams, boards of existing private and public companies, direct outreach, and inbound opportunities. The latter are the result of Baillie Gifford's reputation as a partner of choice for high-growth companies.

Each investment is preceded by deep analysis

The research process fundamentally entails assessing the future growth prospects of potential investments, by searching for most or all the following characteristics in each company under consideration:

- The potential to grow revenue and earnings multiples over the long term.
- Scalable business models that enable businesses to grow into their addressable market.

- Robust and durable competitive advantages that are engines of growth.
- Exceptional founders and management teams.
- An entry valuation that offers the potential for 5x returns over five years.

In a typical year, the team will engage with approximately 750 companies and consider about 550 financing rounds. This will lead to approximately 50 first cuts of research, comprising a one-page due diligence report to determine whether a full research assessment is warranted. About 50–60% of these initial one-pagers progress to the full diligence phase, known as the 10-question (10-Q) framework. The research process includes every step from the top of this funnel, which is then winnowed down to those select few companies that ultimately make it into the fund (about six to 10 per year on average).

The 10-Q framework is the core of the Baillie Gifford's private company investment process. The framework has been refined over 20 years of use in private and public markets and has been used to identify highly successful growth companies like Meituan, Spotify, Amazon and Tesla. The questions are intended to firstly identify companies with ambitious, long-term growth potential. Specifically, the team targets businesses capable of delivering a fivefold increase in returns over five years, although they do not expect such performance to be linear. Subsequent questions assess a business's current and future comparative advantage, its leadership and culture, the views of its customers, and its financial strength and capacity to generate the required return on capital. Several questions consider how environmental and social factors create opportunities and risks. The role of ESG factors in Baillie Gifford's investment process is discussed further below.

Overall, the team is looking for businesses that have solved their technical problems and hence offer a viable product and are ready to scale up towards profitability (if they are not already profitable). Typically, MNTN's median deal tends to be with companies at the point of Series C(later stage) financing, that boast annual revenues of c $160m and that are growing at c 75% per year, with valuations of around $2.7bn.

The final investment decision is taken by the portfolio managers, Singlehurst and Natzler.

During the previous financial year, MNTN's managers considered more than 600 financing rounds, which led to 60 first cuts of research, followed by 30 deep dives, with only six of these names (Tenstorrent, Runway AI, Vinted, Tekever, bolttech and Zetwerk) making their way into the fund as new holdings during FY25. Three more names (Anduril, Revolut and Rippling, a workforce management platform) have been added since. These investments were drawn from a range of industries and geographies, as the managers continue to find opportunities both inside and beyond the US's traditional fertile hunting grounds (see the Portfolio positioning section for details).

All existing portfolio holdings are subject to close ongoing scrutiny...

Once the investment decision has been made, each portfolio holding has three to five key milestones to meet, which differ from holding to holding. The management team of each investment is told of the milestones that apply in their case. These could include, for example, customer growth or cost-cutting targets. This process sets clear expectations that are referred to in subsequent engagements with the company. Companies are monitored and assessed on these milestones, and their broader performance, every six months, and the team may do a fresh deep dive if the macro environment deteriorates, or the investment case comes under pressure.

…and regular re-valuations

Baillie Gifford values private companies at 'fair value', reflecting the price likely to be paid in an open-market transaction. The process combines regular quarterly valuation cycles with ad hoc adjustments triggered by significant events, to ensure valuations remain timely and accurate, and ideally to limit large fluctuations. Trigger events prompting immediate re-valuation include funding rounds, company takeovers, IPO plans, major operational changes or material shifts in comparable public company valuations. Valuations are also informed by weekly monitoring of market benchmarks.

This work is undertaken by an independent valuations group within Baillie Gifford. All voting members are from different operational areas, and portfolio managers only see final valuations after they are applied. S&P Global acts as an external adviser to this group, providing estimates and data, although Baillie Gifford retains discretion to adjust valuations based on any additional relevant insights.

Each private company held by Ballie Gifford's funds is revalued at least four times a year. For MNTN, valuations undergo further review twice annually, by the board and by external auditors. In FY25, 70% of the portfolio was re-valued five or more times, and the remainder of the portfolio was re-valued four times. During FY25, several of MNTN's portfolio holdings raised capital at stable or higher valuations, thanks to improved market conditions.

The possibility of follow-on investments is considered at the initiation of each new position. The managers make such investments across multiple follow-on funding rounds as conviction in the investment case increases and the investee company hits its various milestones. However, MNTN does not make pre-emptive commitments to participate in future cash calls.

The managers do not use gearing to enhance returns. They do have scope to use borrowings of up to 10% of NAV as a source of short-term working capital, but to date they have not utilised this capability.

Several exit routes available

The target holding of MNTN's investments is usually five to 10 years, and when the time comes to divest, IPOs are the primary exit route. Acquisitions are another form of exit, as in the case of Graphcore, which was bought by Softbank in July 2024, as mentioned above. In addition, MNTN is beginning to use the secondary market as a further means of trimming or closing positions, given the regular liquidity opportunities on offer for some of the largest private companies in the private growth ecosystem globally, the likes of which include SpaceX, ByteDance and Stripe. Recent transactions of this nature include last year's reduction in its SpaceX holding.

AI tools enhance the investment process

Baillie Gifford employs AI tools in its investment process in various ways. The investment manager has a bespoke set of analytical tools, called 'Sidekick +' and analysts and managers also use external tools such as Perplexity and Open AI at their discretion. Together, these tools do basic tasks such as taking minutes, producing transcripts and summarising documents. More importantly, AI tools may provide insights and comparative data to supplement and speed up decisions and to stimulate creative thinking.

ESG factors are an integral part of the investment process

Baillie Gifford and MNTN embed environmental, social and governance (ESG) considerations in their investment philosophy, process and engagement practices, as they believe that responsible practices and good governance support a company's full growth potential and value creation over the long term.

Several questions in Baillie Gifford's 10-Q research framework focus directly on ESG considerations, such as the quality of a company's leadership and culture, and its relationship with customers, while question six specifically examines environmental and social factors as sources of risk and opportunity. The investment manager's Private Companies team is also supported by ESG specialists and networks of academics and impact-focused investment professionals, to ensure ESG factors are always given due consideration.

Engagement with existing and potential investments is key to the investment manager's investment process, especially as it relates to ESG considerations. Rather than excluding companies solely due to ESG concerns, the investment manager favours positive engagement, working with the management of both current and potential investments, to improve policies and practices.

Common engagement topics include:

- Board composition: supporting companies transitioning to independent boards by offering advice and introductions to experienced directors.
- Capital structure: encouraging clear, long-term aligned capital arrangements to avoid unintended consequences.
- IPO preparation: taking observer seats on investee company boards and providing guidance on listing choices, reporting and the cultural expectations of public markets.

A recent example of engagement on ESG considerations relates to MNTN's investment in US defence company Anduril. While Baillie Gifford does not ban any sector, including defence, outright on ESG grounds, it does ban 'controversial weapons' such as indiscriminate cluster bombs and land mines. The team engaged with Anduril to ensure the company did not produce these kinds of weapons.

Baillie Gifford holds discretionary voting rights over public holdings, and votes against proposals that could harm shareholder rights or economic interests, and the company is a signatory to the UN Principles for Responsible Investment and complies with the UK's Stewardship Code.

Fees and charges

The ongoing charge for the ordinary shares – which includes ongoing expenses and a management fee – was 0.92% as at 31 January 2025 (FY24: 0.85%). This is the second-lowest fee among its peer group. The fund has a tiered management fee, which means that the benefits of scale are shared with investors. This annual fee is 0.90% on the NAV (excluding cash and cash equivalents) up to and including $650m; 0.8% on the NAV (excluding cash and cash equivalents) exceeding $650m up to and including $1.3bn; and 0.7% on the NAV (excluding cash and cash equivalents) exceeding $1.3bn. Unlike several of its peers, MNTN does not charge a performance fee.

Management fees are calculated and payable quarterly in arrears. No management fee is charged on cash or cash equivalents. The managers absorb the valuation costs and legal expenses associated with making private company investments.

Board

Members of the board come from a broad variety of backgrounds and the board can draw on an extensive pool of knowledge and experience. All the directors are subject to annual re-election at the AGM in May.

Exhibit 14: MNTN's board of directors

Board member	Date of appointment	Remuneration for FY26 (expected), £	Shareholdings at end FY25
Dr Linda Yueh, CBE, chairperson	2019	94,350	44,573
John Mackie	2019	75,450	91,278
Trudi Clark, audit committee, chairperson	2019	78,900	60,808
Richard Holmes	2021	62,900	54,801

Source: Baillie Gifford & Co

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