

THE SCHIEHALLION FUND



Dear Shareholders,

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

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

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

LONG-TERMISM

The decisions we make today will still matter ten years and more from now. Our company analysis is structured to try to find exceptional businesses that can succeed over these time frames. We also think about our relationships with shareholders over the same horizon. The evergreen structure of Schiehallion means that the only time limit on your ownership of the fund 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 fund, 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 fund, and our history of placing clients' and shareholders' interests first, embody this attitude.

MEANINGFUL RELATIONSHIPS

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

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

Peter Singlehurst & Mark Urquhart

Investment Managers

Baillie Gifford

Investment markets can go down as well as up and market conditions can change rapidly. The value of an investment in the Fund, and any income from it, can fall as well as rise and investors may not get back the amount invested. Changes in the rates of exchange may cause the value of investments in overseas assets priced in foreign currencies to go down. The Fund has a significant exposure to investment in private businesses. The Fund's risk could be increased as these assets may be more difficult to buy or sell, so changes in their prices may be greater. This letter has been issued and approved by Baillie Gifford & Co Limited which is authorised and regulated by the Financial Conduct Authority (FCA).