

Interim
Financial Report

31 July 2023

The Schiehallion Fund Limited

Managed by

Baillie Gifford™

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 and emerging risks facing the Company are:

Investment and strategic risks – liquidity of investments; market, economic, political and environmental risks; valuation risk; investment strategy risk; discount risk; and Environmental, Social and Governance (ESG).

External risks – political and associated economic risk; legal and regulatory risk.

Operational risks – performance and reliance on third party service providers; cyber security threats; and key professionals.

Emerging risks – geopolitical tensions, including the Russia-Ukraine conflict and US-China tensions, high energy prices, inflation and interest rates; cyber risk; and Environmental Social and Governance issues (ESG).

An explanation of these risks and how they are managed is set out on pages 7 to 10 of the Company's Annual Report and Financial Statements for the year to 31 January 2023 which is available on the Company's website: [schiehallionfund.com](https://www.schiehallionfund.com)

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
8 September 2023

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

Summary of unaudited results*

Ordinary shares	31 July 2023	31 January 2023 (audited)	% change
Shareholders' funds	US\$547.96\$m	US\$597.61m	
Net asset value per ordinary share	109.50¢	119.42¢	(8.3%)
Share price	66.00¢	92.00¢	(28.3%)
Discount†	(39.7%)	(23.0%)	
Number of shares in issue	500,430,002	500,430,002	
Market capitalisation	US\$330.28m	US\$460.40m	

	Six months to 31 July 2023	Six months to 31 July 2022
Revenue earnings per share	(0.30¢)	(0.57¢)

C shares	31 July 2023	31 January 2023 (audited)	% change
Shareholders' funds	US\$557.26m	US\$555.57m	
Net asset value per C share	79.61¢	79.37¢	0.3%
Share price	39.50¢	49.00¢	(19.4%)
Discount†	(50.4%)	(38.3%)	
Number of shares in issue	700,000,000	700,000,000	
Market capitalisation	US\$276.50m	US\$343.00m	

	Six months to 31 July 2023	Six months to 31 July 2022
Revenue earnings per share	0.06¢	(0.31¢)

Notes

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 23.

† Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on page 23.

All investment strategies have the potential for profit and loss. Past performance is not a guide to future performance.

Period's high and low

Ordinary shares	Six months to 31 July 2023		Year to 31 January 2023	
	High	Low	High	Low
Net asset value per ordinary share	117.98¢	103.94¢	153.18¢	116.84¢
Share price	87.00¢	59.50¢	214.00¢	91.50¢
(Discount)/premium [†]	(22.5%)	(44.9%)	40.5%	(26.9%)

C shares	Six months to 31 July 2023		Year to 31 January 2023	
	High	Low	High	Low
Net asset value per C share	79.60¢	73.83¢	97.20¢	77.32¢
Share price	48.00¢	39.50¢	129.00¢	49.00¢
(Discount)/premium [†]	(39.2%)	(50.4%)	36.1%	(41.1%)

Performance since inception

Ordinary shares	31 July 2023	27 March 2019[#]	% change
Net asset value per ordinary share	109.50¢	99.66¢	9.9
Share price	66.00¢	100.00¢	(34.0)

C shares	31 July 2023	26 April 2021[‡]	% change
Net asset value per C share	79.61¢	99.25¢	(19.8)
Share price	39.50¢	124.00¢	(68.2)

Notes

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 23.

† Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on page 23.

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.

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

Interim management report

The six months to 31 July 2023 saw a reduction in the asset price volatility of 2022. The NAV Total Return was -8.3% for the Ordinary Shares and 0.3% for the C Shares, which retained material exposure to US Treasury Bills during the period. The share price discounts to NAV of both the Ordinary Shares and the C Shares widened during the period to 39.9% and 50.4% respectively.

Public markets performed relatively strongly over the period, and the largest positive contributors to NAV performance of each of the share classes included public holdings Wise, Affirm, Airbnb as well as a new holding, Oddity, which is described in more detail in the Portfolio section below. Private company valuations lagged public markets over the period, and the largest detractors from NAV performance of the Ordinary Shares were Scopely and Indigo Agriculture.

The operational performance within your portfolio remained solid. Mean average revenue growth was 30%. By capital weighting, 22% of your portfolio comprised profitable companies, and 4% of companies with less than a year of cash runway remaining. Of the remaining companies, the mean average years of remaining cash runway was over four years. In practice, we are seeing companies across the board make strong progress towards becoming financially self-sustaining, through a mix of cost-cutting and top-line growth delivering operating leverage benefits.

We have continued to prospect globally for the best long-term growth investment opportunities in the later stages of the private markets. This has involved thematic work in supply chains, large language models, semiconductor design and emerging sports formats. Team members have also been spending time on the ground in South-East and East Asia, Australia, Israel, mainland Europe, Mexico, Brazil and of course the USA.

Following the Silicon Valley Bank crisis and Stripe's very public 50% down-round in the first quarter of 2023, pricing expectations among management teams have begun to normalise. This has been uneven between geographies. The US remains the market with the widest price expectations gap between companies and investors. We have seen more reasonable pricing expectations in Europe, Israel and Korea. China is its own story, with a continued forced sell-off of the more liquid names by American investors. We are trying to strike a balance between understanding our limited ability to assess geopolitical black swan risks, and the increasingly bargain-basement prices we are being offered for stakes in remarkable businesses.

Portfolio

During the six months to 31 July, we made one new investment in Oddity. We committed to another in Bending Spoons, which completed shortly after the period end.

Oddity is an Israeli-American company in the skincare space. This has been a sector that has resisted the attack of direct-to-consumer online brands, in no small part due to the large role try-before-you-buy plays in the shopping journey. Where direct-to-consumer brands have emerged, they have struggled with reliable product matching and hence have had to endure high return rates. Advances in cameras and image recognition technology have now begun to enable purely online channels to challenge the department store paradigm. Oddity has additionally been developing expertise in personalised medical skincare, with significant current investment in custom acne creams.

Bending Spoons is an Italian company that specialises in identifying American software-as-a-service businesses with under-monetised products and expensive cost bases. They acquire them, integrate them into their own technology systems, and then work to grow them using much cheaper and higher quality Italian software talent.

Their track record of restoring slow-growing American consumer apps to rapid and profitable growth is remarkable.

There are some common features to these businesses. Neither was on the venture capital ecosystem's radar. Both have capital frugal cultures that have enabled them to create profitable businesses without relying on regular infusions of venture capital. Both chose to partner with Baillie Gifford as part of their planned journey to public markets. Indeed, Oddity went public in July, with an IPO at a higher price than our investment in private markets, making it the largest contributor to NAV performance for the C Shares.

We have also continued to strategically reinvest in holdings. In January 2022, we set aside a sleeve of capital to ensure we would be able to support companies through the approaching period of market turbulence. At the end of the reporting period, a third of this sleeve remains. As ever, follow-on financing for portfolio companies is not guaranteed. It is conditional on continued operating performance and is price sensitive. There have been hard conversations during the period. In some cases, this has led holdings to recapitalise at much lower valuations; in other cases, it has driven them to seek strategic options. However, where performance has warranted, we have continued to support. During the period, we topped up your positions in McMakler, Stripe and Heartflow.

The period also saw the acquisition announcement for Scopely, the American mobile games company in your portfolio. We first invested in Scopely in October 2019 at a \$1.8bn valuation. Savvy Games agreed to acquire it for a \$4.9bn valuation in April 2023.

Private company valuations

Whilst the Scopely sale was clearly a good investment result, the acquisition price was beneath our NAV carrying value estimate, making it among the largest detractors to performance from the Ordinary Shares during the six-month period. Over the reporting period, there were 236 revaluation events, with 41% of holdings being revalued three or more times. The average movement at the private company level was -10.9%.

Unlike many of our peers, who often hold investments at last transaction value, we adjust our estimated carrying values using live market data

from public market companies deemed comparable by an independent third party. The net effect of this is to estimate a NAV for Schiehallion that is 18% below where it would be, if we were recording values as-at-last-transaction.

This leads to questions of how predictive our NAV estimates are. We look to undertake back-testing work whenever there is a real price discovery event. When these events occur, our aim is to achieve a balance of increases and decrease in carrying valuations, since this would indicate unbiased estimation. Since the start of 2022, we have had fifteen real price discovery events across all Baillie Gifford private holdings. On five occasions this has led to the need to mark down a valuation, and on ten it has led to the need to increase. This suggests that our valuation estimation process is at present marginally conservative. The overall average movement was +10%, with the distribution of moves being fairly evenly distributed at +/- 30%. This is wider than the +/- 20% margin the valuations team aims for in their estimates. (However, if one strips out the two furthest outliers, they would have landed within the target range, despite the last eighteen months of greatly increased market volatility).

C Share conversion

In August, the Board announced that the C Shares proceeds were 86.6% deployed. The calculation date for the conversion of the C Shares into Ordinary Shares was 31 August, and the conversion ratio of 0.7601 Ordinary Shares for each C Share was announced on 7 September. The new Ordinary Shares will be admitted to trading on 12 September.

Looking forward

Following the conversion of the C Shares, Schiehallion will have total net assets of approximately \$1,095m, diversified across 46 companies, with cash and Treasury Bills of approximately \$162m. We believe that this leaves the Company well placed to support and build positions in companies that are executing well and where we see attractive valuations.

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

Peter Singlehurst

Robert Natzler

Valuing private companies

We aim to hold our private company investments at 'fair value', i.e. the price that would be paid in an open-market transaction. Valuations are adjusted both during regular valuation cycles and on an ad hoc basis in response to 'trigger events'. Our valuation process ensures that private companies are valued in both a fair and timely manner.

The valuation process is overseen by a valuations group at Baillie Gifford, which takes advice from an independent third party (S&P Global). The valuations group is independent from the investment team with all voting members being from different operational areas of the firm, and the investment managers only receive final valuation notifications once they have been applied.

We revalue the private holdings on a three-month rolling cycle, with one-third of the holdings reassessed each month. During stable market conditions, and assuming all else is equal, each investment would be valued two times in a 6-month period. For Schiehallion and our investment trusts, the prices are also reviewed twice per year by the respective boards and are subject to the scrutiny of external auditors in the annual audit process.

Beyond the regular cycle, the valuations team also monitors the portfolio for certain 'trigger events'. These may include changes in fundamentals, a takeover approach, an intention to carry out an Initial Public Offering ('IPO'), company news which is identified by the valuation team or by the portfolio managers, or meaningful changes to the valuation of comparable public companies. Any ad hoc change to the fair valuation of any holding is implemented swiftly and reflected in the next published net asset value ('NAV'). There is no delay.

The valuations team also monitors relevant market indices on a weekly basis and updates valuations in a manner consistent with our external valuer's (S&P Global) most recent valuation report where appropriate.

Continued market volatility has meant that recent pricing has moved much more frequently than would have been the case with the quarterly valuations cycle. The data below quantifies the revaluations carried out during the 6 months to 31 July 2023, however doesn't reflect the ongoing monitoring of the private investment portfolio that hasn't resulted in a change in valuation.

The Schiehallion Fund*

Instruments held	74
Percentage of portfolio revalued up to 2 times	56%
Percentage of portfolio revalued up to 4 times	97%
Percentage of portfolio revalued 5+ times	3%

* Data reflecting period 1 February 2023 to 31 July 2023 a period of increased valuations due to ongoing market volatility.

Year to date, most revaluations have been decreases, with a small number of companies raising capital at an increased valuation. The average movement in company valuations and share prices for those are shown below.

	Average movement in company valuation	Average movement in share price
Schiehallion*	(10.9%)	(30.0%)

* Data reflecting period from 1 February 2023 to 31 July 2023.

During the 6 month period ended 31 July 2023 we've written down some of the valuations as a result of company specific circumstances which have challenged the economic reality of the liquidation preferences. This has contributed to the divergence in the average movement in valuation at instrument level in comparison to the underlying company value.

Baillie Gifford statement on stewardship

Reclaiming activism for long-term investors

Baillie Gifford's over-arching ethos is that we are 'Actual' investors. We have a responsibility to behave as supportive and constructively engaged long-term investors. We invest in companies at different stages in their evolution, across many different industries and geographies, and we focus on their unique circumstances and opportunities.

Consequently, we are wary of prescriptive policies and rules, believing these often run counter to thoughtful and beneficial corporate stewardship. Our approach favours a small number of simple principles which help shape our interactions with companies and give appropriate latitude to diverse processes of our different investment teams. These principles do not all have to be positively reflected in each holding our teams acquire.

Our stewardship principles for public companies

Prioritisation of long-term value creation

We encourage our holdings to be ambitious, focusing on long-term value creation and capital deployment for growth. Helping management to resist demands from shareholders with shorter horizons than ours can at times be an important way to achieve better investment outcomes.

We regard it as our responsibility to encourage holdings away from destructive financial engineering and towards activities that create genuine economic and stakeholder value over the long run. We are happy that our value will often be in supporting management when others don't.

A constructive and purposeful board

We believe that boards play a key role in supporting corporate success and representing the interests of all capital providers. There is no fixed formula, but we expect boards to have the resources, information, cognitive and experiential diversity they need to fulfil these responsibilities. We believe good governance works best when there are diverse skill sets and perspectives, paired with an inclusive culture and strong independent representation with sufficient time to assist, advise and constructively challenge the thinking of management.

Long-term focused remuneration with stretching targets

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour. We believe incentive schemes can be important drivers of behaviour, and encourage policies which create genuine long-term alignment with external significant payouts to executives if these are commensurate with outstanding long-run value creation, but plans should not reward mediocre outcomes or short-termism. We generally think that performance hurdles should be skewed towards long-term results and that remuneration plans should be subject to shareholder approval.

Fair treatment of stakeholders

We believe it is in the long-term interests of all companies to maintain strong relationships with stakeholders – including employees, customers, suppliers, regulators and the communities they work within. We do not believe in one-size-fits-all policies and recognise that operating policies, governance and ownership structures may need to vary according to circumstance. Nonetheless, we believe the principles of fairness, transparency and accountability should be prioritised at all appropriate times.

Sustainable business practices

We believe an entity's long-term success is dependent on maintaining its social licence to operate and look for holdings to work within the spirit and not just the letter of the laws and regulations that govern them. We expect all holdings to consider how their actions impact society, both directly and indirectly, and how such actions may impact their long-term success. Environmental practices should recognise the current pace of change in opportunities, risks and societal expectations. Climate change, environmental impact, social inclusion, tax and fair treatment of workers should be addressed at board level, with appropriately ambitious policies and targets focused on the relevant material dimensions. Boards and senior management with superior prospects for long-term value creation should understand, regularly review and disclose information relevant to such targets publicly, alongside plans for ongoing improvement.

List of investments as at 31 July 2023 (unaudited)

Name	Business	Country	2023 Ordinary shares value US\$'000	2023 C shares value US\$'000	2023 Total value US\$'000	2023 % of net assets *
Space Exploration Technologies Corp	Designs, manufactures and launches advanced rockets and spacecraft	United States	70,113	–	70,113	6.3
Wise PLC – Listed	Online platform to send and receive money	United Kingdom	45,115	14,996	60,111	5.4
ByteDance Limited	Social media and news aggregation company	China	45,561	–	45,561	4.1
Solugen Inc	Combines enzymes and metal catalysts to make chemicals	United States	–	39,947	39,947	3.6
Northvolt AB	Lithium-ion battery manufacturer	Sweden	22,780	16,418	39,198	3.5
McMakler GmbH	Real estate services	Germany	–	38,166	38,166	3.5
Affirm Holdings Inc – Listed	Online platform which provides point of sale consumer finance	United States	17,279	20,858	38,137	3.5
Brex Inc	Corporate credit cards for startups	United States	10,903	23,599	34,502	3.1
Flix SE GmbH	European mobility provider	Germany	15,660	15,716	31,376	2.8
Daily Hunt (Ver se Innovation Limited)	Telephone voice, data, text messaging, and roaming services	India	30,975	–	30,975	2.8
Faire Wholesale Inc	Online wholesale marketplace	United States	–	29,836	29,836	2.7
Stripe Inc	Online payment platform	United States	24,148	1,977	26,125	2.4
Chime Financial Inc	Digital current account provider	United States	6,982	18,525	25,507	2.3
Tempus Labs Inc	Oncological records aggregator and diagnostic testing provider	United States	20,998	4,329	25,327	2.3
Oddity – Listed	Direct to Consumer Cosmetics	United States	–	24,810	24,810	2.2
Grammarly Inc	Online platform for checking grammar, spelling and improving written communication	United States	–	23,804	23,804	2.2
Databricks Inc	Data software solutions	United States	–	22,791	22,791	2.1
Kepler Computing Inc	Semiconductor company	United States	–	22,302	22,302	2.0
Genki Forest Technology Group Holdings Limited	Non-alcoholic beverages	China	–	21,894	21,894	2.0
Epic Games Inc	Video game developer	United States	21,455	–	21,455	1.9
Rappi, Inc	Provider of an on-demand delivery platform designed to connect consumers with local stores	United States	–	21,114	21,114	1.9
Warby Parker Inc – Listed	Online and physical corrective eyewear retailer	United States	19,229	–	19,229	1.7
Workrise Technologies Inc	Jobs marketplace for the energy sector	United States	15,683	–	15,683	1.4
Tanium Inc	Online security management	United States	14,924	–	14,924	1.4

List of investments as at 31 July 2023 (unaudited) (continued)

Name	Business	Country	2023 Ordinary shares value US\$'000	2023 C shares value US\$'000	2023 Total value US\$'000	2023 % of net assets *
PsiQuantum	Silicon photonic quantum computing	United States	–	13,641	13,641	1.2
Loft Holdings Ltd	Online property platform	Brazil	–	13,602	13,602	1.2
Merlin Labs Inc	Autonomous flight technology	United States	–	13,406	13,406	1.2
Away (JRSK Inc)	Travel and lifestyle brand	United States	13,164	–	13,164	1.2
Airbnb Inc – Listed	Online market place for travel accommodation	United States	11,704	–	11,704	1.1
Nuro Inc	Developer of autonomous delivery vehicles	United States	5,056	6,524	11,580	1.1
Pet Circle (Millell Pty Limited)	Pet food and accessories	Australia	–	11,065	11,065	1.0
Wayve Technologies Ltd	AI based software for self-driving cars	United States	–	10,667	10,667	1.0
Carbon Inc Series	Manufactures and develops 3D printers	United States	9,881	–	9,881	0.9
Convoy Inc	Marketplace for truckers and shippers	United States	6,455	3,094	9,549	0.9
Jiangxiaobai Holdings Ltd	Producer of alcoholic beverages	China	9,321	–	9,321	0.8
HeartFlow Inc	Develops software for cardiovascular disease diagnosis and treatment	United States	2,084	7,100	9,184	0.8
Cohesity Inc	Data storage	United States	8,719	–	8,719	0.8
Illumina – Listed	Gene sequencing equipment and consumables	United States	6,761	–	6,761	0.6
Oscar Health Inc – Listed	Healthcare insurance provider	United States	6,174	–	6,174	0.6
Blockstream Corp Inc	Financial software developer	United States	–	5,300	5,300	0.5
MasterClass (Yanka Industries Inc)	Online education platform	United States	4,806	–	4,806	0.4
Allbirds Inc – Listed	Sustainable direct-to-customer footwear brand	United States	2,551	799	3,350	0.3
Graphcore Limited	Computer chip developer	United Kingdom	2,836	–	2,836	0.3
Honor Technology Inc	Provider of home-care services	United States	944	1,225	2,169	0.2
Ginkgo Bioworks Holdings Inc – Listed	Genetic engineering for industrial applications	United States	1,404	–	1,404	0.1
Indigo Agriculture Inc	Microbial seed treatments to increase crop yields and grain marketplace	United States	802	–	802	0.1
Total investments			474,467	447,505	921,972	83.4

Name	2023 Ordinary shares value US\$'000	2023 C shares value US\$'000	2023 Total value US\$'000	2023 % of net assets *
US Treasury Bill 18/04/2024	–	14,249	14,249	1.3
US Treasury Bill 07/09/2023	–	14,096	14,096	1.3
US Treasury Bill 02/11/2023	–	14,053	14,053	1.3
US Treasury Bill 13/06/2024	–	14,049	14,049	1.3
US Treasury Bill 22/02/2024	–	14,025	14,025	1.2
US Treasury Bill 28/12/2023	–	13,873	13,873	1.2
Total US Treasury Bills	–	84,345	84,345	7.6
Cash	73,618	36,931	110,549	10.1
Other current assets and liabilities	(127)	(11,523)	(11,650)	(1.1)
Net current assets	73,491	25,408	98,899	9.0
Total net assets	547,958	557,258	1,105,216	100.0

Allocation of net assets (unaudited)

Name	2023 Ordinary shares value US\$'000	2023 C shares value US\$'000	2023 Total value US\$'000	2023 % of net assets *
Listed investments	110,218	61,462	171,680	15.5
Private company investments	364,249	386,043	750,292	67.9
US Treasury Bills	–	84,345	84,345	7.6
Cash and cash equivalents	73,618	36,931	110,549	10.1
Net current assets	(127)	(11,523)	(11,650)	(1.1)
Total net assets	547,958	557,258	1,105,216	100.0

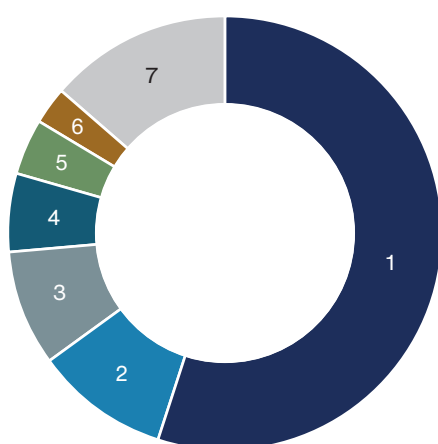
* See Glossary of Terms and Alternative Performance Measures on page 23.

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

Distribution of total net assets (unaudited)

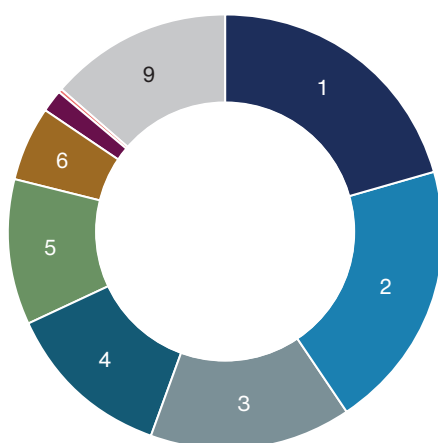
Ordinary shares

Geographical as at 31 July 2023



Geographical	% at 31 July 2023	% at 31 January 2023
1 United States	55.1	65.2
2 China	10.0	10.6
3 United Kingdom	8.7	6.4
4 India	5.7	5.4
5 Sweden	4.2	3.8
6 Germany	2.9	2.2
7 Net current assets	13.4	6.4

Sectoral as at 31 July 2023

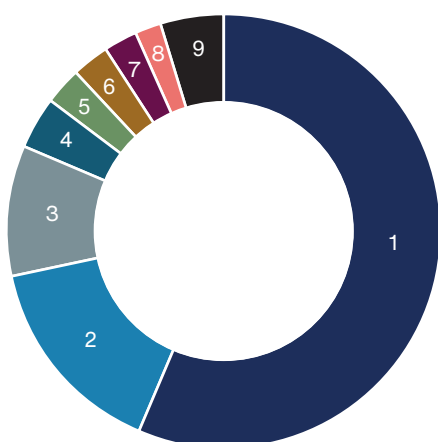


Sectoral	% at 31 July 2023	% at 31 January 2023
1 Industrials	20.6	19.9
2 Financials	20.2	15.7
3 Communication Services	14.8	14.9
4 Consumer Discretionary	12.7	11.6
5 Information Technology	10.6	21.0
6 Healthcare	5.6	5.5
7 Consumer Staples	1.8	4.8
8 Materials	0.3	0.2
9 Net current assets	13.4	6.4

The above sectoral distribution is not derived from any index.

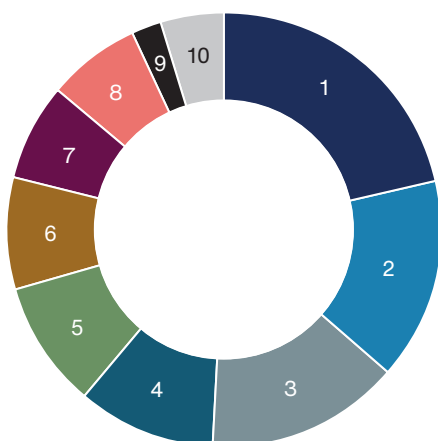
C shares

Geographical as at 31 July 2023



Geographical		% at 31 July 2023	% at 31 January 2023
1	United States	56.6	50.7
2	US Treasury Bills	15.1	24.7
3	Germany	9.7	6.8
4	China	3.9	5.4
5	Sweden	2.9	2.9
6	United Kingdom	2.7	3.6
7	Brazil	2.5	2.8
8	Australia	2.0	2.0
9	Net current assets	4.6	1.1

Sectoral as at 31 July 2023



Sectoral		% at 31 July 2023	% at 31 January 2023
1	Information Technology	21.4	20.5
2	US Treasury Bills	15.1	24.7
3	Financials	14.4	12.8
4	Consumer Discretionary	10.4	10.4
5	Real Estate	9.3	7.2
6	Consumer Staples	8.4	5.4
7	Materials	7.2	8.6
8	Industrials	7.0	7.8
9	Healthcare	2.3	1.5
10	Net current assets	4.5	1.1

Income statement (unaudited)

	Notes	For the six months to 31 July 2023			For the six months to 31 July 2022			For the year ended 31 January 2023		
		Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000
Losses on investments		–	(46,896)	(46,896)	–	(209,332)	(209,332)	–	(311,938)	(311,938)
Currency losses		–	(9)	(9)	–	(33)	(33)	–	(17)	(17)
Income	2	3,512	–	3,512	218	–	218	2,800	–	2,800
Investment management fee	3	(3,937)	–	(3,937)	(4,611)	–	(4,611)	(8,931)	–	(8,931)
Other administrative expenses	4	(637)	–	(637)	(595)	–	(595)	(1,233)	–	(1,233)
Operating loss before finance costs and taxation		(1,062)	(46,905)	(47,967)	(4,988)	(209,365)	(214,353)	(7,364)	(311,955)	(319,319)
Finance cost of borrowings		–	–	–	(9)	–	(9)	(10)	–	(10)
Operating loss before taxation		(1,062)	(46,905)	(47,967)	(4,997)	(209,365)	(214,362)	(7,374)	(311,955)	(319,329)
Tax on ordinary activities		–	–	–	–	–	–	–	–	–
Loss and total comprehensive loss for the period		(1,062)	(46,905)	(47,967)	(4,997)	(209,365)	(214,362)	(7,374)	(311,955)	(319,329)

	Notes	For the six months to 31 July 2023			For the six months to 31 July 2022			For the year to 31 January 2023		
		Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000
Total comprehensive (loss)/income for the period analysed as follows:										
Attributable to ordinary shareholders	5	(1,483)	(48,168)	(49,651)	(2,835)	(136,408)	(139,243)	(4,923)	(189,131)	(194,054)
Attributable to C shareholders	5	421	1,263	1,684	(2,162)	(72,957)	(75,119)	(2,451)	(122,824)	(125,275)
Loss and total comprehensive loss for the period		(1,062)	(46,905)	(47,967)	(4,997)	(209,365)	(214,362)	(7,374)	(311,955)	(319,329)
Earnings/(loss) per ordinary share	5	(0.30¢)	(9.62¢)	(9.92¢)	(0.57¢)	(27.26¢)	(27.83¢)	(0.98¢)	(37.79¢)	(38.77¢)
Earnings/(loss) per C share	5	0.06¢	0.18¢	0.24¢	(0.31¢)	(10.42¢)	(10.73¢)	(0.35¢)	(17.55¢)	(17.90¢)

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

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

Statement of financial position (unaudited)

	Notes	At 31 July 2023 US\$'000	At 31 July 2023 US\$'000	At 31 January 2023 US\$'000	At 31 January 2023 US\$'000
Fixed assets					
Investments held at fair value through profit or loss	7		921,972		972,032
Current assets					
US Treasury Bills		84,345		136,797	
Cash and cash equivalents		110,549		45,799	
Debtors		22,149		884	
		217,043		183,480	
Current liabilities					
Amounts falling due within one year		(33,799)		(2,329)	
Net current assets			183,244		181,151
Net assets			1,105,216		1,153,183
Capital and reserves					
Share capital	8		1,216,503		1,216,503
Capital reserve			(98,441)		(51,536)
Revenue reserve			(12,846)		(11,784)
Shareholders' funds			1,105,216		1,153,183
Shareholders' funds – ordinary shares			547,957		597,608
Net asset value per ordinary share			109.50¢		119.42¢
Number of ordinary shares in issue			500,430,002		500,430,002
Shareholders' funds – C shares			557,259		555,575
Net asset value per C share			79.61¢		79.37¢
Number of C shares in issue			700,000,000		700,000,000

Statement of changes in equity (unaudited)

Six months to 31 July 2023

	Notes	Share capital US\$'000	Capital reserve * US\$'000	Revenue reserve US\$'000	Shareholders' funds US\$'000
Shareholders' funds at 31 January 2023		1,216,503	(51,536)	(11,784)	1,153,183
Total comprehensive loss for the period – ordinary shares		–	(48,168)	(1,483)	(49,651)
Total comprehensive income for the period – C shares		–	1,263	421	1,684
Shareholders' funds at 31 July 2023		1,216,503	(98,441)	(12,846)	1,105,216

Six months to 31 July 2022

	Notes	Share capital US\$'000	Capital reserve * US\$'000	Revenue reserve US\$'000	Shareholders' funds US\$'000
Shareholders' funds at 31 January 2022		1,216,503	260,419	(4,410)	1,472,512
Total comprehensive loss for the period – ordinary shares		–	(136,408)	(2,835)	(139,243)
Total comprehensive loss for the period – C shares		–	(72,957)	(2,162)	(75,119)
Shareholders' funds at 31 July 2022		1,216,503	51,054	(9,407)	1,258,150

* Includes investment holdings losses of US\$113,452,000 (31 July 2022 – gains of US\$133,855,000).

Statement of cash flows (unaudited)

	Six months to 31 July 2023		Six months to 31 July 2022	
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Operating loss before taxation		(47,967)		(214,362)
US Treasury Bills interest		(2,236)		(60)
Net losses on investments		46,896		209,332
Currency losses		9		33
Changes in debtors and creditors		(592)		(422)
Net cash outflow in operating activities*		(3,890)		(5,479)
Cash flows from investing activities				
Acquisitions of US Treasury Bills		(53,111)		(93,886)
Disposals of US Treasury Bills		118,826		214,739
Acquisitions of investments		(45,621)		(158,358)
Disposals of investments		48,555		1,848
Net cash inflow/(outflow) in investing activities		68,649		(35,657)
Net increase/(decrease) in cash and cash equivalents		64,759		(41,136)
Effect of exchange rate fluctuations on cash and cash equivalents		(9)		(33)
Cash and cash equivalents at start of period		45,799		86,898
Cash and cash equivalents at 31 July		110,549		45,729

* Cash from operations includes interest received of US\$878,000 (2022 – US\$33,000).

Notes to the financial statements (unaudited)

01 Basis of accounting

The condensed Financial Statements for the six months to 31 July 2023 comprises the statements set out on pages 14 to 18 together with the related notes on pages 19 to 22. They have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements for the six months to 31 July 2023 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 January 2023.

Equity investment

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

Going concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

In undertaking this review, the Board has considered the Company's principal risks and uncertainties, as set out on the inside front cover, and in particular considered the impact of heightened market volatility due to macroeconomic and geopolitical concerns, including the Russia-Ukraine war and heightened tensions between China and both the USA and Taiwan. Liquidity stress testing has been carried out and having done so the Board does not believe the Company's going concern status is affected. The Company maintains sufficient cash balances to enable it to meet its liabilities as they fall due.

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 risks and uncertainties, that the Company will continue in operational existence for a period of at least 12 months from the date of approval of these Financial Statements.

02 Income

	Six months to 31 July 2023 US\$'000	Six months to 31 July 2022 US\$'000	Year to 31 January 2023 US\$'000
US Treasury Bills interest	2,236	60	1,618
Overseas interest	398	124	482
Deposit interest	878	34	700
Total income	3,512	218	2,800

03 Investment management fee

	Six months to 31 July 2023 US\$'000	Six months to 31 July 2022 US\$'000	Year to 31 January 2023 US\$'000
Investment management fee	3,937	4,611	8,931

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 of the Company excluding cash or cash equivalent assets exceeding US\$650 million up to and including US\$1.3 billion; and 0.7% on the net asset value excluding cash or cash equivalent assets exceeding US\$1.3 billion. Management fees are calculated and payable quarterly.

Cash equivalents include US Treasury Bills.

04 Other administrative expenses

	Six months to 31 July 2023 US\$'000	Six months to 31 July 2022 US\$'000	Year to 31 January 2023 US\$'000
General administrative expenses	228	202	517
Administrator's fee	28	74	86
Auditor's remuneration for audit services	154	121	236
Directors' fees	227	198	394
	637	595	1233

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

05 Earnings per share

	Six months to 31 July 2023		Six months to 31 July 2022		Year to 31 January 2023	
	US\$'000	¢	US\$'000	¢	US\$'000	¢
Ordinary shares						
Revenue return on ordinary activities after taxation	(1,483)	(0.30c)	(2,835)	(0.57)	(4,923)	(0.98)
Capital return on ordinary activities after taxation	(48,168)	(9.62c)	(136,408)	(27.26)	(189,131)	(37.79)
Loss and total comprehensive loss for the period	(49,651)	(9.92c)	(139,243)	(27.83)	(194,054)	(38.77)
Weighted average number of ordinary shares in issue	500,430,002		500,430,002		500,430,002	

	Six months to 31 July 2023		Six months to 31 July 2022		Year to 31 January 2023	
	US\$'000	¢	US\$'000	¢	US\$'000	¢
C shares						
Revenue return on ordinary activities after taxation	421	0.06c	(2,162)	(0.31)	(2,451)	(0.35)
Capital return on ordinary activities after taxation	1,263	0.18c	(72,957)	(10.42)	(122,824)	(17.55)
Profit/(Loss) and total comprehensive income/(loss) for the period	1,684	0.24c	(75,119)	(10.73)	(125,275)	(17.90)
Weighted average number of C shares in issue	700,000,000		700,000,000		700,000,000	

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

06 Ordinary dividends

There were no dividends paid or proposed in respect of the six months for either the ordinary shares or for the C shares (2022 – nil).

07 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 2023	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Listed equities	171,680	–	–	171,680
Unlisted ordinary shares	–	–	102,233	102,233
Unlisted preference shares*	–	–	635,916	635,916
Unlisted convertible promissory notes	–	–	12,143	12,143
Total financial asset investments	171,680	–	750,292	921,972

As at 31 January 2023	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Listed equities	119,018	–	–	119,018
Unlisted ordinary shares	–	–	131,977	131,977
Unlisted preference shares*	–	–	708,914	708,914
Unlisted convertible promissory notes	–	–	12,123	12,123
Total financial asset investments	119,018	–	853,014	972,032

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

During the six months to 31 July 2023, the investment in Oddity was transferred from Level 3 to Level 1 on becoming listed.

During the year ended 31 January 2023, no investments were transferred from Level 3 to Level 1 on becoming listed.

The valuation techniques used by the Company are explained in the accounting policies on page 50 of the Company's Annual Report and Financial Statements for the year to 31 January 2023. 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 unobservable data is a significant input to their fair value measurements.

08 Share capital

	31 July 2023 Number	31 July 2023 US\$'000	31 January 2023 Number	31 January 2023 US\$'000
Allotted, called up and fully paid ordinary shares of US\$1 each	500,430,002	521,701	500,430,002	521,701
Allotted, called up and fully paid C shares of US\$1 each	700,000,000	694,802	700,000,000	694,802

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, with a further 23,180,002 ordinary shares subsequently issued, the Company has the ability to issue a further 219,569,998 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).

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

During the six months to 31 July 2023 the Company did not issue any ordinary shares or C shares. In the period from 1 August 2023 to 7 September 2023 the Company issued no ordinary shares or C shares.

By way of ordinary resolutions passed on 12 May 2023 the Directors of the Company have general authority to make market purchases of up to 75,014,457 ordinary shares and 104,930,000 C shares, being 14.99% of the ordinary and C shares in issue as at 24 March 2023, being the latest practicable date prior to the publication of the Company's Annual Report and Financial Statements for the year ended 31 January 2023. These authorities will expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 31 January 2024. No ordinary shares or C shares have been bought back during the six months ended 31 July 2023 (31 July 2022 – nil) hence the authorities remain at 75,014,457 ordinary shares and 104,930,000 C shares. In the period from 1 August 2023 to 7 September 2023 no ordinary shares or C shares were bought back.

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

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

09 Transaction costs

During the period the Company incurred transaction costs on purchases of investments of US\$nil (31 July 2022 – US\$57,000; 31 January 2023 – US\$57,000) and transaction costs on sales of US\$nil (31 July 2022 – US\$nil; 31 January 2023 – US\$nil).

10 Transactions with related parties and the investment manager and administrator

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

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

Glossary of terms and alternative performance measures ('APM')

Shareholders' funds and Net Asset Value

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

Net current assets

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

(Discount)/premium (APM)

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

		31 July 2023	31 January 2023
Ordinary shares			
Closing NAV per share	(a)	109.50¢	119.42¢
Closing share price	(b)	66.00¢	92.00¢
Discount expressed as a percentage	(b - a) ÷ a	(39.7%)	(23.0%)
C shares			
Closing NAV per share	(a)	79.61¢	79.37¢
Closing share price	(b)	39.50¢	49.00¢
Discount expressed as a percentage	(b - a) ÷ a	(50.4%)	(38.3%)

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.

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John Mackie CBE
Dr David Chiswell OBE
Trudi Clark
Richard Holmes

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Ticker: MNTC
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Sustainable finance disclosure regulation ('SFDR')

The EU Sustainable Finance Disclosure Regulation ('SFDR') does not have a direct impact in the UK due to Brexit, however, it applies to third-country products marketed in the EU. As The Schiehallion Fund Limited is marketed in the EU by the AIFM, BG & Co Limited, via the National Private Placement Regime (NPPR) the following disclosures have been provided to comply with the high-level requirements of SFDR.

The AIFM has adopted Baillie Gifford & Co's ESG Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Baillie Gifford & Co believes that a company cannot be financially sustainable in the long run if its approach to business is fundamentally out of line with changing societal expectations. It defines 'sustainability' as a deliberately broad concept which encapsulates a company's purpose, values, business model, culture, and operating practices.

Baillie Gifford & Co's approach to investment is based on identifying and holding high quality growth businesses that enjoy sustainable competitive advantages in their marketplace. To do this it looks beyond current financial performance, undertaking proprietary research to build an in-depth knowledge of an individual company and a view on its long-term prospects. This includes the consideration of sustainability factors (environmental, social and/or governance matters) which it believes will positively or negatively influence the financial returns of an investment.

The likely impact on the return of the portfolio from a potential or actual material decline in the value of investment due to the occurrence of an environmental, social or governance event or condition will vary and will depend on several factors including but not limited to the type, extent, complexity and duration of an event or condition, prevailing market conditions and existence of any mitigating factors.

Whilst consideration is given to sustainability matters, there are no restrictions on the investment universe of the Company, unless otherwise stated within its Investment Objective & Policy. Baillie Gifford & Co can invest in any companies it believes could create beneficial long-term returns for investors. However, this might result in investments being made in companies that ultimately cause a negative outcome for the environment or society.

More detail on the Managers' approach to sustainability can be found in the Governance and Sustainability Principles and Guidelines document, available publicly on the Baillie Gifford website [bailliegifford.com](https://www.bailliegifford.com)

The underlying investments established under the EU Taxonomy Regulation do not take into account the EU criteria for environmentally sustainable economic activities.



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