THE SCHIEHALLION FUND LIMITED

Annual Report and Financial Statements
For the year to 31 January 2023

BAILLIE GIFFORD

Investment Objective

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

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

Strategic Report

This Strategic Report includes pages 1 to 24 and incorporates the Chairperson's Statement.

Summary of Results*

The following information illustrates how The Schiehallion Fund Limited performed over the year ended 31 January 2023.

Ordinary shares	31 January 2023	31 January 2022	% change
Shareholders' funds	US$597.61m	US$791.66m	
Net asset value per ordinary share	119.42¢	158.20¢	(24.5)
Share price	92.00¢	212.00¢	(56.6)
(Discount)/premium†	(23.0%)	34.0%	
Number of shares in issue	500,430,002	500,430,002	
Market capitalisation	US$460.40m	US$1,060.91m	
Ongoing charges†	0.87%	0.89%	

	Year ended 31 January 2023	Year ended 31 January 2022
Revenue loss per share	(0.98¢)	(1.47¢)

C shares	31 January 2023	Period from 26 April 2021 # to 31 January 2022	% change
Shareholders' funds	US$555.57m	US$680.85m	
Net asset value per C share	79.37¢	97.26¢	(18.4)
Share price	49.00¢	118.00¢	(58.5)
(Discount)/premium†	(38.3%)	21.3%	
Number of shares in issue	700,000,000	700,000,000	
Market capitalisation	US$343.00m	US$826.00m	
Ongoing charges†	0.71%	0.38%	

	Year Ended 31 January 2023	Period from 26 April 2021 # to 31 January 2022
Revenue loss per share	(0.35¢)	(0.28¢)

Notes

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 72 and73

† Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 72 and 73.

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.

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

Summary of Results* (continued)

Period's High and Low

Ordinary shares	Year ended 31 January 2023		Year ended 31 January 2022	
Period's high and low	**High**	**Low**	**High**	**Low**
Net asset value per ordinary share	153.18¢	116.84¢	198.40¢	146.57¢
Share price	214.00¢	91.50¢	296.00¢	180.00¢
Premium/(Discount)†	40.5%	(26.9%)	64.9%	17.4%

C shares	Year ended 31 January 2023		Period from 26 April 2021# to 31 January 2022	
Period's high and low	**High**	**Low**	**High**	**Low**
Net asset value per C share	97.20¢	77.32¢	101.21¢	97.17¢
Share price	129.00¢	49.00¢	145.00¢	117.50¢
Premium/(Discount)†	36.1%	(41.1%)	42.4%	17.9%

Performance Since Inception

Ordinary shares	31 January 2023	27 March 2019‡	% change
Net asset value per ordinary share	119.42¢	99.66¢	19.8
Share price	92.00¢	100.00¢	(8.0)

C shares	31 January 2023	26 April 2021#	% change
Net asset value per C share	79.37¢	99.25¢	(20.0)
Share price	49.00¢	124.00¢	(60.5)

Notes

*For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 72 and 73.

†Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 72 and 73.

#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.

‡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.

Chairperson's Statement

The Schiehallion Fund Limited (the 'Company' or 'Schiehallion') seeks to generate capital growth for investors through 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.

The last year has been a period of great public market share price volatility. Public market prices are incorporated into the Company's private company valuation process and have, therefore, impacted the Company's carrying values of its investments. The Company's valuation policy is set out on page 14.

The Board meets quarterly with the Company's portfolio managers and holds meetings to review the Company's investment valuations twice a year. We also have regular contact with the Investment Manager outside of formal Board meetings. Last week, I visited one of the Company's larger investments and two potential investments with the portfolio manager. The Investment Manager has a dedicated Private Companies investment team, supported by a specialist operations team that ensures that investments are monitored at all stages. Details of the Investment Manager's resources are set out on page 26.

The Board has complete confidence in the Investment Manager's ability to scrutinise and oversee private company investments. In the view of the Board which includes a director who has 40 years of private equity and venture capital experience, the Investment Manager has the most rigorous process of any investor in this area. The Board is wholly committed to the aim of the company that seeks to generate returns of three times capital over a rolling ten year period through long-term minority investments in later stage private businesses.

Investment Performance

During the financial year to 31 January 2023, the Company's ordinary share price and net asset value returned negative 56.6% and negative 24.5%, respectively. Over the period from 27 March 2019 (launch date) to 31 January 2023, the Company's ordinary share price and net asset value returned negative 8.0% and positive 19.8%, respectively.

During the financial year to 31 January 2023, the Company's C share price and net asset value returned negative 58.5% and negative 18.4%, respectively. During the period from admission to trading on 26 April 2021 to 31 January 2023, the Company's C share price and net asset value returned negative 60.5% and negative 20.0%, respectively.

Commentary on performance is included in the Investment Managers' Review.

Share Price Discount

In each of the Company's previous Annual Reports, I noted the level of premium to net asset value at which the Company's shares have traded and explained that investors should bear in mind that shares bought at a high premium to net asset value can quickly lose substantial value if the premium is eroded. Unfortunately, this proved to be the case over the last 12 months as sentiment turned against growth stocks and private company investments. The ordinary shares derated from a 34.0% premium to net asset value at the start of 2022 to a 23.0% discount to net asset value at the year end. The C shares also derated from a 21.3% premium to net asset value to a 38.3% discount to net asset value over the same period.

Although there is no current intention to exercise the authority to purchase the Company's shares, the Company will be seeking authority to renew the buy-back authority for the ordinary shares at the forthcoming Annual General Meeting ('AGM'). The Company is also seeking authority at the AGM to purchase the Company's C shares. No shares were bought back during the year ended 31 January 2023.

The Company has a general authority to issue further shares if the Directors determine such issues to be in the best interests of shareholders and the Company as a whole. At 31 January 2023 the Company had authority, which was granted at the initial launch, to issue a further 242.75 million shares. This authority expires at the end of the period concluding immediately prior to the Annual General Meeting to be held in 2024 (or, if earlier five years from 15 March 2019, the date the special resolution was passed).

Deployment of Capital

The C shares will convert into ordinary shares once at least 85 per cent. of the net placing proceeds of the C share issue have been deployed. When the C shares were issued in April 2021, your Board said it would be reasonable to expect that the C share proceeds would be two-thirds invested within two years. As at 31 January 2023, approximately 79% of C share proceeds had been invested in 25 companies. There is commentary on the Company's portfolio in the Investment Manager's Review and Review of Investments on pages 12 to 24.

Cost

The ongoing charges for the ordinary shares as at 31 January 2023 were 0.87%. Last year, the ongoing charges for the ordinary shares were 0.89%.

The ongoing charges for the C shares as at 31 January 2023 were 0.71%. Last year, the ongoing charges, for the period from 26 April 2021 to 31 January 2022, for the C shares were 0.38%. Management fees are not charged on cash and cash equivalents, so the ongoing charges have risen as the C share proceeds have been deployed. As at 31 January 2023 the C share capital has been 79% deployed, increasing from 60% in the previous year.

Past performance is not a guide to future performance.

For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 72 and 73.

Chairperson's Statement (continued)

Earnings and Dividend

The Company's priority is to generate capital growth over the long term. The Company therefore has no dividend target and will not seek to provide shareholders with a particular level of distribution. This period the net revenue return per ordinary share was a negative 0.98 cents (year to 31 January 2022, negative 1.47 cents) and the net revenue return per C share was negative 0.35 cents (period to 31 January 2022, negative 0.28 cents). The Board is recommending that no final dividend be paid.

Board

Members of the Board come from a broad variety of backgrounds and the Board can draw on a very extensive pool of knowledge and experience. Directors' biographies can be found on page 25.

The Board undertook an external evaluation during the year and has considered its balance of skills, which was deemed to be suitable for the Company. All the Directors are subject to annual re-election at the AGM in May.

Annual General Meeting

The AGM will be held at 12 noon on Friday 12 May 2023 at the offices of Alter Domus in Guernsey. Shareholders are reminded that they are able to submit proxy voting forms before the applicable deadline on Wednesday 10 May 2023 and also to direct any questions for the Board or Manager in advance by email to **trustenquiries@baillliegifford.com** or by calling 0800 917 2112. (Please note that Baillie Gifford may record your call).

Information on the resolutions can be found on pages 67 and 68. The Directors consider that all resolutions to be put to shareholders are in their and the Company's best interests as a whole and recommend that shareholders vote in their favour.

Investment Outlook

The past year has been characterised by geo-political uncertainties, inflationary pressures, higher interest rates, increased cost of borrowing, and a recessionary environment. The macro context worsened the disruption caused by supply chains stemming in part from the COVID-19 pandemic. Although inflationary pressures have begun to ease, these factors have collectively contributed to a challenging economic and market environment.

Despite the considerable uncertainties, the Board and the Investment Manager are optimistic about the outlook for the Company with its focus on the long-term and investing in companies with transformational potential. The Company solely invests in companies with exceptional growth potential which are not widely accessible in public markets. The potential of the companies in our portfolio is generally dependent on their ability to take advantage of opportunities. Therefore, the Board is positive about the growth prospects of these companies, and the pipeline of private companies that the Investment Manager has access to. The Board and the Investment Manager are confident in the investment outlook for the Company.

Dr Linda Yueh CBE
Chairperson
27 March 2023

Business Review

Business Model

Business and Status

The Schiehallion Fund Limited (the 'Company') is a non-cellular investment company limited by shares, registered and incorporated in Guernsey under the Companies (Guernsey) Law, 2008 (the 'Companies Law') on 4 January 2019, with registration number 65915. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 2020 and the Registered Collective Investment Scheme Rules, 2021 issued by the Guernsey Financial Services Commission ('GFSC'). The Company is listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

The Company has fixed share capital consisting of both ordinary and C shares, although subject to shareholder approval, it may purchase its own ordinary and/or C shares or issue ordinary and/or C shares.

The authority to purchase ordinary shares expires at the end of the Company's Annual General Meeting ('AGM') and the Directors are seeking to renew this authority at the AGM on 12 May 2023. The Directors are also seeking authority at the AGM to purchase C shares.

The authority to issue ordinary shares will expire at the end of the period immediately prior to the AGM to be held in 2024 (or, if earlier, five years from 15 March 2019, the date the special resolution was passed). The price of the ordinary shares and C shares is determined, like other listed shares, by supply and demand. The Company's ordinary shares and C shares are denominated in US dollars.

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

Company Culture

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

Life of the Company

The Company has been established with an unlimited life.

Investment Objective

The Company's investment objective is to generate capital growth for investors through making long-term minority investments in later stage private businesses that the Company considers to have transformational growth potential and to have the potential to become publicly traded.

Investment Policy

In making its initial investment in a business, the Company will seek to invest in private businesses which it considers have the potential to become admitted to trading on a public stock exchange. Those investments will typically take the form of equity or equity-related instruments (which may include, without limitation, preference shares, convertible debt instruments, equity-related and equity-linked notes and warrants) issued by investee companies.

The Company will only invest in private businesses that are considered to have some or all of the following features:

- the potential to grow revenue and earnings multiple fold over the long term;
- scalable business models that should enable those businesses to grow into their opportunity;
- robust competitive advantages;
- exceptional management teams;
- an entry price which significantly undervalues the long-term opportunity for the business; and
- an ambition and ability to become stand-alone public companies.

Investee companies may be from any sector and any geography. While there are no specific limits placed on exposure to any one sector, the Company will at all times seek to invest and manage the portfolio in a manner consistent with spreading investment risk.

With prior approval of the Board, the Company may permit the use of derivatives for the purpose of currency hedging, though it currently does not expect to do so. Save for this and for investments made using equity-related instruments as described above, the Company may not engage in derivative transactions for any purpose.

The Board does not intend to use structural gearing with a view to enhancing equity returns on investments. The Company may employ gearing on a short-term basis for the purpose of bridging investments and general working capital purposes. The Company may in aggregate borrow amounts equalling up to 10% of net asset value, calculated at the time of drawdown.

The Company is subject to the following investment restrictions:

- an investee company must be a private investee company at the time of the Company's initial investment in that investee company. The Company may, however, make subsequent investments in the investee company, even if the investee company has been admitted to trading on a public stock exchange in the period since the Company's initial investment;
- a private investee company must have a value of at least US$500 million at the time of the Company's initial investment in the private investee company. This restriction will not apply to the Company's subsequent investments in the investee company, if any;
- the Company may not make an initial investment in a private investee company which exceeds in value 10% (calculated at the time of investment) of the most recently published net asset value (save to the extent that breach of this 10% limit is due to a change in the value of the Company's invested assets or currency fluctuations from the time of the Company's firm commitment to make the investment to the time of investment);
- the Company may not make any investment in a private investee company that would cause the value of the Company's holding in that private investee company to exceed 19.9% (calculated at the time of investment) of the most recently published net asset value; and
- the Company may not make any investment in an investee company that would cause the Company's holding in that investee company to exceed 20% (calculated at the time of investment) of the total issued share capital of the investee company.

A reference to the value of assets of the Company (including investee companies) in the restrictions above shall refer to the value as determined in accordance with the Company's valuation policy from time to time.

The Company does not currently expect the portfolio to be majority invested in public investee companies at any point in time, but it has not set a limit on the percentage of the portfolio which can be invested in public investee companies at a given time.

As disclosed in the Company's C Share Prospectus, it is intended that the Company would, subsequent to the issue of the C shares, be two-thirds invested by the end of the investment period of two years from the date of Admission. However, during that period the Company could at any time hold overnight or term deposits or, pending investment in investee companies, invest in a range of cash equivalent instruments such as US Treasury Bills or money market funds. There was no restriction on the amount of cash or cash equivalent instruments that the Company could hold. At 31 January 2023, the Company's ordinary shares net assets were 93.6% invested and held the remaining 6.4% in cash and other current assets and liabilities. At 31 January 2023, the Company's C share net assets were 74.3% invested and held the remaining 25.7% in US Treasury Bills, cash and other current assets and liabilities.

Dividend Policy

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

Liquidity Policy

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

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

Share Buybacks – At the last Annual General Meeting the Company was granted authority to purchase up to 75,014,457 ordinary shares (equivalent to 14.99% of its issued share capital as at 12 May 2022), such authority to expire at the 2023 Annual General Meeting. The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases of up to 75,014,457 ordinary shares representing approximately 14.99% of the Company's ordinary shares in issue as at 24 March 2023, being the latest practicable date prior to the publication of this document, such authority to expire at the Annual General Meeting of the Company to be held in 2024.

The Directors are also seeking shareholders' approval at the 2023 Annual General Meeting to make market purchases of up to 104,930,000 C shares representing approximately 14.99% of the Company's C shares in issue as at 27 March 2023, being the latest practicable date prior to the publication of this document, such authority to expire at the Annual General Meeting of the Company to be held in 2024.

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

Shares purchased by the Company may be cancelled or held in treasury (or a combination of both). Shares may be sold from treasury but not at a price per share which would be less (after taking account of all commissions, costs and expenses of such sale) than the last reported net asset value per share at the relevant time. No shares were bought back by the Company during the year ended 31 January 2023.

Treasury Shares – The Company is permitted to hold shares acquired by way of market purchase in treasury, rather than being obliged to cancel them. A maximum of 10% of the ordinary shares and 10% of the C shares in issue at the relevant time may be held in treasury. Such shares may be subsequently cancelled or sold for cash. Holding shares in treasury would give the Company the ability to sell shares from treasury quickly and in a cost efficient manner, and would provide the Company with additional flexibility in the management of its capital base. However, the issue of shares from treasury will be subject to the Articles of Incorporation and the provisions relating to rights of pre-emption contained therein, further details of which are referred to in the section entitled 'Share Issuance' below. No shares were held in treasury at the year end.

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

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the issue of ordinary shares. The Articles of Incorporation do, however, contain pre-emption rights in relation to issue of ordinary shares for cash, although such pre-emption rights have, by a resolution passed on 15 March 2019, been disapplied in respect of up to 720 million ordinary shares or C shares (such figure to include the ordinary shares issued pursuant to the Placing) for a period concluding immediately prior to the Annual General Meeting of the Company to be held in 2024 (or, if earlier, five years from the date of the passing of the relevant resolution).

477,250,000 shares were issued in the initial placing leaving the ability to issue up to a further 242,750,000 shares. There have been 23,180,000 shares issued since the initial placing hence the Directors have authority to issue a further 219,570,000 shares.

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 raising gross proceeds of US$700,000,000.

Performance

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

Key Performance Indicators

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

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

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on pages 72 and 73.

The KPIs for the year ended 31 January 2023 are shown on pages 1 and 2.

Borrowings

The Company's approach to borrowings is noted within the Investment Policy detailed on page 5.

There were no borrowings as at 31 January 2023.

Principal and Emerging Risks

As explained on pages 33 and 34, there is a process for identifying, evaluating and managing the risks, including emerging risks, faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten
its business model, future performance, solvency or liquidity. A description of these risks and how they are being managed or mitigated is set out in the table below.

The Board considers the implications of geopolitical tensions, such as those arising from the Russian invasion of Ukraine, tensions between the USA and China regarding tariffs, the impact of Brexit and the Covid-19 pandemic to be factors which exacerbate existing risks, rather than discrete risks, within the context of an investment fund. While the risk due to Covid-19 has declined over the year, it still remains a potential threat in some businesses and geographies. Their impact is considered within the relevant risks.

	Impact	How the risk is managed	Current assessment of risk
Investment and Strategic Risk			
Liquidity of Investments	The Company's investments are predominately in private investee companies or companies which have recently completed an IPO. Such investments may not be liquid or may have restrictions on sale or transfer of shares. This may limit the Company's ability to realise investments at short notice or at all.	By diversification of the portfolio, in accordance with the Company's investment limits and risk diversification policies.	↑ **Increasing:** The Company has not seen any significant impact on underlying liquidity of investments, however, the economic climate has led to lower IPO activity during the year.
Market, Economic, Political and Environmental Risks	From time to time a large proportion of the total value of the Company's portfolio could be concentrated in a limited number of investee companies, which could be adversely affected by an unexpected change in their markets, by governmental intervention or by a reputational issue. This could have a material impact on the overall value of the Company's portfolio and consequential adverse effects on the Company's share price.	The Board assesses this risk by considering, at each meeting, metrics which have contributed to performance as well as discussion with the investment manager on specific conditions which the underlying investee companies face. This risk is also managed by the Company's investment diversification policy.	↑ **Increasing:** This risk is seen as increasing due to increased volatility as a result of the Russian invasion of Ukraine, increasing energy prices and inflation rates, as well as the global reach of the increasing political tension between the US and China. The Covid-19 pandemic continues to have a lingering impact on the global economic environment.

	Impact	How the risk is managed	Current assessment of risk
Investment and Strategic Risk (continued)			
Valuation Risk	The Company invests in late-stage private businesses which are valued in accordance with International Private Equity and Venture Capital Valuation ('IPEV') Guidelines using appropriate valuation methods. Such methods include an element of judgement which may lead to a material misstatement of the valuation and consequently in the Company's net asset value.	The Investment Manager has a robust valuation methodology, which it applies consistently. The Board meets with the Investment Manager at special meetings solely to consider the valuations for the Interim and Annual Financial Statements. At these meetings there is an opportunity for the Board to challenge the valuations and to request further information.	↑ **Increasing:** This risk is seen as increasing due to the ongoing invasion of Ukraine by Russia, increasing energy prices and inflation rates and the impact events these are having on global markets. Reduced valuations of public listed companies have had an impact by depressing the inputs used to value the Company's private listed investee companies.
Investment Strategy Risk	Pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or ineffective implementation of the Company's investment strategy, may lead to lower returns for shareholders and a consequential impact on share price.	The Board regularly reviews and monitors the Company's investment policy and strategy, the investment portfolio and its performance, the level of discount/premium to net asset value at which the shares trade and movements in the share register. A strategy meeting is also held annually. In addition, the Investment Manager keeps in close contact with key shareholders and provides regular feedback to the Board.	→ **Stable:** Controls are working effectively with no change during the current year.
Discount Risk	The discount/premium at which the Company's shares trade relative to its net asset value can change. Such an imbalance can diminish the attractiveness of the Company's shares to existing investors and lead to a lack of liquidity in the Company's share trading.	The Board monitors the level of discount/premium at each Board meeting. The Company has authorities in place to buy back or issue shares, when deemed to be in the best interest of the Company and its shareholders.	↑ **Increasing:** The risk is increasing as the Company's shares moved from a premium to a discount during the year.
Environmental, Social and Governance ('ESG')	Failure by the Investment Manager to identify potential future problems on ESG matters in an investee company could lead to the Company's shares being less attractive to investors as well as potential valuation issues in the underlying investee company.	The Investment Manager has an application process integrated into the investment process, as well as upfront and ongoing due diligence which the Investment Manager undertakes on each investee company. This includes the risk inherent in climate change (see page 35).	→ **Stable:** This risk is mitigated by the Investment Manager's strong ESG stewardship and engagement policies.
External Risks			
Political and Associated Economic Risk	Global political changes in policy or direction changes in areas in which the Company invests or may invest may have practical consequences for the Company and impact financial performance.	Political developments and other social trends are closely monitored by the Board and are regularly discussed at Board meetings.	↑ **Increasing:** This risk is increasing as Governments and consumers around the world continue to assess the impact of the Russian invasion of Ukraine, including sanctions applied in response, increasing energy prices and inflation rates and intensifying of US-China tensions. The ongoing assessment of the longer term impacts of Covid-19 on international policy remains a factor for consideration.

	Impact	How the risk is managed	Current assessment of risk
External Risks (continued)			
Legal and Regulatory Risk	Failure to comply with tax or regulatory rules could lead to suspension of the Company's stock exchange listing, financial penalties or a qualified audit report. Changes in tax legislation may lead to the Company being subject to tax on capital gains.	The Board receives regular updates from the Investment Manager and Administrator on Compliance and the Investment Manager's monitoring programmes. External legal advice is sought on any areas of concern.	→ **Stable:** All control procedures working effectively. There have been no material regulatory changes that have occurred during the year.
Operational Risks			
Performance and Reliance on Third Party Service Providers	In common with other investment companies the Company has no direct employees and relies entirely for its operations on third party service providers. Failure of the Investment Manager's systems or those of another service provider could lead to an inability to accurately report or lead to a misappropriation of assets.	The Audit Committee receives reports from the Investment Manager's Business Risk Department on their monitoring programme of internal controls. The Audit Committee also receives ISAE 3402 or equivalent reports on the Investment Manager and other service providers. These reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns are investigated.	↓ **Decreasing:** All control procedures working effectively. Portfolio management and all regulatory and administrative tasks have continued uninterrupted. This risk is decreasing due to the reduced impact of the Covid-19 pandemic.
Cyber Security Threats	Errors, fraud or control failures by the Company's key service providers or loss of data through increasing cyber threats or business continuity could damage the Company's reputation or investors interests or result in losses.	The Audit Committee and the Board receive confirmation that all service providers have appropriate Cyber/IT policies to ensure that controls are in place including business continuity and disaster recovery arrangements.	↑ **Increasing:** Increasing risk due to recent indications that developments relating to the Russian invasion of Ukraine could lead to cyber attacks. As a result of operational changes made during the height of the Covid-19 pandemic, service providers are using a hybrid approach of remote and office working, thereby creating a higher potential of a Cyber Security Threat, highlighted by a growing number of attacks on high profile companies.
Key Professionals	Loss of Key Professionals, particularly in relation to the Investment Manager could impact the Company's ability to implement its investment strategy.	The Board reviews the Investment Manager's performance annually as well as the resources of the Investment Manager for attracting and retaining talent.	→ **Stable:** All procedures are satisfactory.

Emerging Risks

As explained on pages 7 to 9 the Board has regular discussions on principal risks and uncertainties, including any risks which are not an immediate threat but could arise in the longer term.

The Board considers that the key emerging risks arise from two areas:

— The global reach of the investment portfolio and its exposure to external and emerging threats such as the Russian invasion of Ukraine, US/China tensions, cyber risk and the decreasing but lasting risk of coronavirus. An escalation in tensions may lead to sanctions being imposed on China with the potential of adversely affecting the Company's Chinese investments. Rising inflation, increasing energy costs and increasing interest rates are likely to add pressures to the companies in the investment portfolio. These are mitigated by the Investment Manager's close links to the investee companies and their ability to ask questions on contingency plans. The Investment Manager believes the impact of such events may be to slow growth rather than to invalidate the investment rationale; and

— As investors place increased emphasis on Environmental, Social and Governance issues ('ESG'), any failure by the Investment Manager to identify potential future problems on ESG matters in an investee company could lead to the Company's shares being less attractive to investors as well as potential valuation issues in the underlying investee company. This is mitigated by the Investment Manager's strong ESG policies, which have been adopted by the Company, and which are fully integrated into the investment process as well as the extensive upfront and ongoing due diligence which the Investment Manager undertakes on each investee company. These include the risks inherent in climate change (see page 35).

Viability Statement

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

The Board undertakes a robust risk assessment of the principal and emerging risks, detailed on pages 33 and 34, facing the Company but believes that a sudden or prolonged downturn in global economies is the most significant risk facing the Company. Such a downturn could significantly affect valuations of the Company's investments and its net asset value as well as impacting liquidity since the Company may not be able to realise its investments at a reasonable price. The Board believes the Company would still be viable during such a downturn, similar to that seen in the early part of the COVID-19 pandemic, since it does not have any long-term gearing obligations which might require immediate repayment or has any obligation to pay dividends. The Company also holds a well-diversified portfolio of investments in various industries in order to minimise the impact of any economic shock. Specific leverage and liquidity testing was conducted during the year, including consideration of the risk of further market deterioration resulting from the Russian invasion of Ukraine and the ongoing COVID-19 pandemic. The stress testing did not indicate any matters of concern.

Since the Company outsources its operations to third parties, the viability of the Company could be impacted if a service provider was unable to provide or withdrew their services. The recent COVID-19 pandemic has stress tested the resilience of third party service providers which include its Investment Manager, Administrator, Custodian and Depositary, Registrar, Auditor and Broker. None have experienced any significant operational difficulties which affected the services they provide to the Company. In addition, the Board considers outsourced third party service providers could be replaced at relatively short notice where necessary.

Finally, the Investment Manager monitors closely the Company's cash requirements to meet ongoing fees and expenses and expects to maintain around 2% of its assets in cash or near cash to meet these obligations. At 31 January 2023, the Company held cash and cash equivalent investments amounting to $182 million. These liquid assets could sustain the Company's annual operating expenses for the year, including the management fee of US$8.9 million, for at least 20 years. The Company also has liquid listed investments of US$119 million which could be sold should the need arise.

As a result of this analysis, the Board believes the Company can effectively manage the principal and emerging risks and uncertainties and remains confident that the Company will be able to continue in operation, and does not envisage any change in strategy, objectives or events that would prevent the Company from operating over the period of at least five years. This period has been increased from three to five years to better reflect the medium to long-term investment horizon of the Company.

In determining the period of assessment, the Directors consider that five years is appropriate given the reduced rate of deployment of capital over the last year and when valuing the underlying companies we would normally look to a medium term. The Company takes note that it has an even longer term time horizon when applying its investment strategy of 10 years however, projecting longer term financial and economic scenarios presents difficulties and therefore making five years the period of assessment is considered more appropriate.

Relations with Stakeholders

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

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

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

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

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

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

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

In this context and having regard to Schiehallion being an externally managed investment company with no employees, the Board considers that the Company's key stakeholders are its existing and potential new shareholders, its externally-appointed managers, Baillie Gifford & Co Limited, and other service providers (Administrator, Corporate Broker, Registrar, Auditor and Depositary), as well as wider society and the environment.

Great importance is placed by the Board on communication with shareholders as described in Relations with Shareholders on page 34.

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

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

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

The Board recognises the importance of keeping the interests of the Company's shareholders, and of acting fairly towards them, firmly front of mind in its key decision making and the Investment Manager is at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. The Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the Company's performance, future plans and prospects. It also allows shareholders the opportunity to meet with the Board and Managers and raise questions and concerns. The Chairperson is available to meet with shareholders as appropriate independently of the Managers. The Managers communicate regularly with current and potential shareholders and their representatives, reporting their views back to the Board. Directors can also attend investor presentations, in order to gauge sentiment first hand. Investors may also communicate with members of the Board at any time by writing to them at the Company's registered office or to the Company's broker. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all stakeholders over the long term.

In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

— the appointment of Lintstock to carry out an external performance evaluation of the Board as a whole and its committees (see page 33 for further information): and

— the annual evaluation of all service providers and review of their remuneration.

Employees, Human Rights and Community Issues

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

Gender and Ethnic Representation

The Board comprises five Directors, two women, including the Chairperson who is from an ethnic minority background, and three men. The Company has no employees. The Board's policy on diversity is set out on page 32.

Environmental, Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 16.

The Company makes efforts to hold board meetings virtually and provide reports digitally, to limit non-essential travel and usage of paper. All publicly available documentation produced is made available digitally.

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

Future Developments of the Company

The outlook for the Company for the next twelve months is set out in the Chairperson's Statement on page 4 and the Investment Manager's Review on page 13.

Investment Manager's Review

The role of the annual Investment Managers' review is to look both backwards and forwards. Looking backwards, we are disappointed with what we delivered for shareholders over the last 12 months. However, looking forward to 2023 and beyond, we feel a sense of profound optimism for the portfolio and new opportunities.

Performance

Our aspiration is to generate a net return for the Company of approximately three times invested capital over rolling 10 year periods, measured on the basis of NAV total return on the portfolio. During the year to 31 January 2023, the NAV total return of the ordinary shares and the C shares was negative 24.5% and negative 18.4% respectively. The path to long-term capital growth is never straight, and periods of volatility and underperformance are inevitable. However, even in this context, 2022 was a year in which we stepped backwards rather than forwards. We are conscious that this has been particularly felt by newer investors, who did not experience the strong performance of the ordinary shares in the previous two financial years.

Across The Schiehallion Fund, poor NAV performance was driven by significant declines in the value of our holdings that had entered the public markets, markdowns in the carrying values of our private company investments due to reductions in the valuations of comparable public companies and indices, and poor operational performance from some portfolio companies. Pain for both ordinary and C shareholders was exacerbated by share price swings from significant premiums to NAV to discounts to NAV.

Portfolio

Whilst we can feel gloomy looking at investment returns over the last 12 months, we only need to look at the companies in The Schiehallion Fund to start feeling more optimistic. We believe shareholders' capital is invested in some of the best private companies in the world, capable of delivering outsized investment returns over the long run. This is not without risk, or even in some cases, controversy. As we exited 2022, the five largest holdings were SpaceX, Scopely, ByteDance, Solugen, and Wise. It would be hard to imagine a more diverse set of businesses than those making money selling access to space, virtual in-game goods, advertising, speciality chemicals, and foreign exchange. In each of these companies, there are strong founders, robust competitive advantages, and huge addressable markets. The average growth rate of these companies was approximately 50% and three of the five are profitable.

It is not just at the top end of the portfolio where the quality of companies and the scale of potential upside gives us real optimism. Looking at the whole portfolio, the average revenue growth rate was just over 50%† in the last 12 months. Holdings such as Databricks are helping organisations use advances in AI to improve their use of data to inform product development and decision-making. Away, a direct-to-consumer luggage business, has seen a significant upswing in its business after a tough time during Covid-19. McMakler, a digital German real estate broker, is weathering a tough operating environment but (we believe) taking significant share from its competitors. We hope the extra detail around portfolio companies included in the review of investments on pages 17 to 24 will help convey this excitement and optimism to shareholders.

Of course, some companies met challenges in 2022. Consumer-facing companies that saw leaps forward in demand in 2020–2022 saw growth rates come back as consumer spending retrenched, and they started to lag those big increases. We saw this in companies such as Affirm, Warby Parker, Masterclass and Pet Circle. Epic Games faced another kind of challenge in a large fine by the FTC for historical issues around online child protection and payment practices. These issues have long since been rectified, but it was nevertheless short of the standards we expect of our companies.

Investing in Late-stage Private Companies

We typically invest in late-stage private companies that are scaling up and becoming profitable. At the stage we invest, founders are no longer looking for the operational support traditional venture capital firms offer. Instead, we provide long-term patient capital to fund further expansion, often holding businesses after they have listed on public markets, to capture their full growth potential.

One of the benefits of investing in late stage private companies is that these companies tend to have well-established financing teams and diversified banking relationships. This benefit was evident during the recent uncertainty in the banking sector. We engaged with all the private companies in our portfolios to help better understand their banking relationships and any potential impacts. The vast majority of investee companies had no material exposure to Silicon Valley Bank. In addition, we were reassured by the Federal Reserve's announcements that deposits would be accessible and that affected companies were able to access their deposits and continue with business as usual.

Deployment

2022 was also a frustrating year for deployment. Our universe has no shortage of attractive companies, but we made fewer investments in the last 12 months than in any year since inception. Three factors drove this. Firstly, many good companies chose not to raise due to adverse market conditions. Secondly, there was often a mismatch between companies' valuation expectations and what we believed reflected market conditions. This led to us walking away from opportunities after deep diligence based on price. Finally, in one notable instance where we found a good business at a compelling price, misalignments uncovered in our legal due diligence process caused us to walk away from the investment.

The net result was that deployment from the C-Share pool was slower than anticipated.

During the year, we invested in two new companies, Kepler Computing and Merlin Labs; further information on each is included in the review of investments. We also added to existing investments in Loft, Northvolt, Affirm, Brex, Databricks, Faire Wholesale, Solugen, Tempus and Ver Se. As at 31 January 2023, approximately 79% of C share proceeds had been deployed.

†Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 72 and 73.

Looking Forward

From a deployment perspective, 2023 has got off to a good start. We are currently in deep diligence on companies in the US, China, Italy, and Israel. In all these instances, price realism exists, sometimes at valuations below previous rounds. We believe normalising down rounds is essential for high-growth private markets. Far from viewing it as a marker of failure, we applaud those founders and boards willing to adjust their expectations to market norms. We have more respect for those companies that raise rounds at lower valuations than those that use artificial means to maintain valuations set in an environment that no longer exists.

Most of the capital we have deployed from Schiehallion has been primary investment into companies. Companies create and issue new shares, with the capital we use to buy them going directly onto the companies' balance sheets. This is our preferred means of investment as it gives companies extra resources to fund their growth. Put another way, the investment itself favourably twists the odds and magnitude of success. This contrasts with secondary investment, where shares are bought from existing investors, with none of the capital going to the company's benefit in the same direct manner. Our preference has always been, and will continue to be, for primary over secondary investment, but in the current environment, we are seeing some compelling secondary opportunities that are too good to ignore. Early investors at the end of their fund life are coming under pressure to realise gains and return capital to their clients. This is giving rise to a spike in the supply of shares in private companies, with a corresponding decline in the price at which we can buy these shares. We have been more actively exploring this market in conjunction with our dealing team. Though we have not yet transacted in this manner, we see it as an extra string to our bow that, over time, has the potential to broaden the opportunity set for The Schiehallion Fund.

We want to finish by thanking shareholders for their support in 2022. As we look into 2023, we see strong reasons for optimism for both our existing holdings and new opportunities. Our proposition around long-termism and alignment with companies is more relevant today than it ever had been and we maintain our conviction that this will lead to attractive returns for shareholders.

Peter Singlehurst
27 March 2023

Valuing Private Companies

We hold our private company investments at 'fair value' i.e., the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 committee at Baillie Gifford which takes advice from an independent third party (S&P Global). The Baillie Gifford valuations committee is independent from the portfolio managers, as well as Baillie Gifford's Private Companies Specialist team, with all voting members being from different operational areas of the firm, and the portfolio managers only receive final valuation notifications once they have been applied.

We revalue private company investments on a three-month rolling cycle, with one-third of the holdings reassessed each month. 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. Recent market volatility has meant that recent pricing has moved much more frequently than would have been the case with the quarterly valuations cycle.

Beyond the regular cycle, the valuations committee also monitors each of the private company investments for certain 'trigger events'. These may include changes in fundamentals; a takeover approach; an intention to carry out an Initial Public Offering ('IPO'); or changes to the valuation of comparable public companies. The valuations committee 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. When market volatility is particularly pronounced the team do these checks daily. Any ad hoc change to the fair valuation of any holding is implemented swiftly and reflected in the next published NAV. There is no delay.

The Schiehallion Fund*	
Instruments valued	451
Instruments held	74
Percentage of portfolio revalued up to 4 times	18.9%
Percentage of portfolio revalued 5 or more times	81.1%

* Data reflecting year to 31 January 2023.

During the year, most valuations have resulted in decreases.

Valuation movements†	
Average movement per instrument	(16.7%)
Average mark-down per instrument	(28.1%)
Average movement at private company level	(28.5%)
Average mark-down at private company level	(40.6%)

† Alternative performance measures, see Glossary of Terms and Alternative Performance Measures on pages 72 and 73.

Share prices have decreased less than headline valuations because Schiehallion typically holds preference stock, which provides downside protection. The share price movement reflects a probability weighted average of both the regular valuation, which would be realised in an IPO, and the downside protected valuation, which would normally be triggered in the event of a corporate sale or liquidation.

Approach to Environmental, Social and Governance Considerations ('ESG')

The environmental, social and governance considerations at play when Baillie Gifford's Private Companies Team researches late-stage private companies.

ESG In Our Philosophy

Over our long-term horizon, we believe there is a convergence between what is good for a business and what is good for the world at large. The conventional wisdom that there is tension between profitability and doing the right thing is based on short-term thinking. Over our investment horizon, we believe profitability depends not only on a company's ability to serve customers well but also on its ability to do this without jeopardising its social licence to operate.

As such, we don't break out consideration of a company's role in the broader system from our core investment work, under ESG or any other rubric. These considerations are core to long-term investing. It is the long-term nature of the growth ambition within our investment philosophy that causes us to pay special attention to the positive and/or negative externalities produced by a company's operations. Over five-year-plus periods, these can have profound impacts on a company's relationship with customers, regulators and staff. They can hugely help or hinder the growth of a business.

This is not about being a moral conscience for our clients. Rather, it is a vital part of practising the philosophy that we believe will grow the value of their capital over the long term.

ESG In Our Process

The Private Companies Team structures our research into potential investments by using a proprietary '10 Questions' research framework. These questions aim to address issues such as the scale of the opportunity, the competitive edge and potential returns, whilst others focus specifically on ESG related topics.

Question Four ('How does the company's culture help it achieve the leadership's long-term business vision?') asks about the stakeholders within a firm, the culture within the workplace, and whether it cultivates a healthy organisational mindset capable of delivering the mission. We have declined companies in the past based on negative behaviours toward staff as part of this question. Meanwhile, Question Five asks about external stakeholders ('Do the company's customers like them?'). This question is geared towards ecosystem impact in terms of opportunities and potential strengths, not just uncovering risks. Question Six explores the E and S of ESG in greater depth ('How do environmental and social factors create opportunities and risks?').

Ultimately, this approach enables us to explore the inevitable grey areas. Companies, like economies, are complex ecosystems. Judging such a system as 'good' or 'bad' based on a single metric or factor strikes us as profoundly unwise. Factors must be weighed together. Consideration must be subjective and nuanced. The key data points are inherently qualitative. We would be doing our clients and our companies a disservice if we portrayed it as anything else.

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 vastly different industries and geographies and we celebrate their uniqueness. Consequently, we are wary of prescriptive policies and rules, believing that 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.

Our Stewardship Principles for Public Companies

Prioritisation of Long-term Value Creation

We encourage company management and their boards to be ambitious and focus their investments on long-term value creation. We understand that it is easy for businesses to be influenced by short-sighted demands for profit maximisation but believe these often lead to sub-optimal long-term outcomes. We regard it as our responsibility to steer businesses away from destructive financial engineering towards activities that create genuine economic value over the long run. We are happy that our value will often be in supporting management when others do not.

A Constructive and Purposeful Board

We believe that boards play a key role in supporting corporate success and representing the interests of minority shareholders. There is no fixed formula, but it is our expectation that boards have the resources, cognitive diversity and information they need to fulfil these responsibilities. We believe that a board works best when there is strong independent representation able to assist, advise and constructively test 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 in driving behaviour, and we encourage policies which create alignment with genuine long-term shareholders. We are accepting of significant pay-outs to executives if these are commensurate with outstanding long-run value creation, but plans should not reward mediocre outcomes. We 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

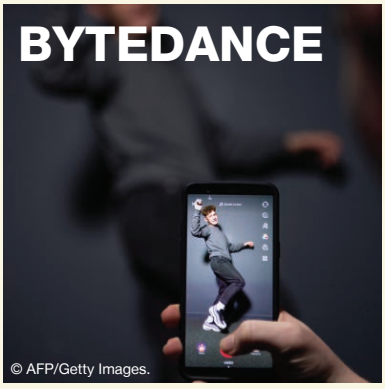
We believe it is in the long-term interests of companies to maintain strong relationships with all stakeholders, treating employees, customers, suppliers, governments and regulators in a fair and transparent manner. We do not believe in one-size-fits-all governance and we recognise that different shareholder structures are appropriate for different businesses. However, regardless of structure, companies must always respect the rights of all equity owners.

Sustainable Business Practices

We look for companies to act as responsible corporate citizens, working within the spirit and not just the letter of the laws and regulations that govern them. We believe that corporate success will only be sustained if a business's long-run impact on society and the environment is taken into account. Management and boards should therefore understand and regularly review this aspect of their activities, disclosing such information publicly alongside plans for ongoing improvement.

Review of Investments

A review of the Company's top ten investments as at 31 January 2023 is given below.

What Does It Do?	Why We Like It	Update	
SpaceX designs, manufactures and launches rockets and spacecrafts.	By fully embracing innovation and vertical integration, SpaceX has opened up a series of cost and capability improvements which are transforming the space industry. SpaceX is methodically moving closer to its vision of making humanity an interplanetary species.	SpaceX continues to make impressive progress in its mission. The company is close to finalising Starship, a fully reusable spacecraft designed to carry crew and cargo that NASA has selected to land astronauts on the moon. Starship is SpaceX's next step from the five operational crew launches the company has achieved with NASA and eight in total in the last two years. SpaceX has now launched more than 3,300 satellites for its Starlink service and used its Falcon 9 rocket to launch satellites for communications providers OneWeb, and Eutelsat in the last few months. This impressive operational performance has led to continued strength in the company's share price even amongst weaker market performance.	© SpaceX.
Scopely is a private independent publisher of interactive entertainment for both casual and committed gamers.	Scopely is rapidly becoming the partner of choice for intellectual property owners to monetise their content without devaluing their brand.	Scopely has grown steadily since our initial investment in 2019 and the share price has held up well in 2022 due to continuing demand and the clear desire of companies such as Microsoft and Sony to acquire and grow the gaming side of their businesses. Scopely continued to invest to grow the business in 2022, most notably acquiring Stumble Guys in September as well as other local gaming studios. Its acquisition of GSN games from Sony, in the previous year, has driven revenue growth and improved margins, which it looks to further enhance by expanding beyond mobile to web and PC platforms, thereby avoiding the high commission rates charged by Google and Apple and expanding each game's potential market.	
ByteDance is the Chinese technology developer behind short-form video platforms Douyin and TikTok and news aggregator Toutiao.	ByteDance's unique culture of innovation has led to the incredible growth of users across its platform, both in China and worldwide. Despite its significant scale, its under-monetised user base and continually improving customer experience leave it positioned to continue to grow.	ByteDance continues to show impressive operational performance amidst headwinds which have weighed on technology company valuations in China, such as the ongoing geopolitical tensions with the U.S. and Europe ByteDance's daily and monthly active users have grown across its platform, including short-form video apps, TikTok and Douyin and its news app Toutiao. Rising user numbers and engagement led to 70% revenue growth in 2021, continued growth in 2022, and a positive cash flow position. Although we have seen evidence of an active secondary market for ByteDance shares and some company buybacks at a lower valuation, the opportunity remains strong, having yet to fully monetise TikTok, one of the most visited internet sites in the world.	 © AFP/Getty Images.
Solugen is a synthetic biology and chemicals company. It designs and manufactures enzymes to use together with catalysts to transform feedstock into finished chemicals.	Solugen is pioneering a revolutionary approach which has the potential to make chemicals at much better yields, costs and environmental footprints than traditional processes.	Since our initial investment in 2021, Solugen has continued to make meaningful progress in its bid to scale up synthetic biology and bring greener chemicals to the world. Solugen has performed well over the last year, enabling them to raise capital at a higher valuation despite the difficult fundraising environment. Solugen has strong demand both for its chemical sales, having shipped more than 50m pounds of products in 2021 and for the use of its original 10 kilotons per annum ('KTA') Bioforge in Houston. The company hopes to reach 250KTA of capacity in the next five years. Solugen also has continued to produce new molecules, with four in 2021 and the announcement of its new glucaric molecules in 2022. Increasing capacity not only unlocks chemical demand but should also enable it to accelerate new molecule production in the next few years.	© Solugen.

What Does It Do?	Why We Like It	Update	
Wise is an international money transfer business. It enables customer and business payments that eliminate intermediaries and minimise transaction costs.	Wise's integrated platform and lower cost base allow it to not only charge lower transaction fees and improve the user experience but establish itself as an infrastructure layer for a growing foreign exchange market.	Wise has delivered exceptional progress since our initial investment in 2019, with payment volumes growing from c.$10bn in 2016 to a predicted c.$100bn for FY 2022, with expected revenue growth of c.70%. Wise now has over 5.8m users on its platform who continue to increase their payment volumes, underlining the value it delivers to its customers based on price, speed, convenience and transparency. To maintain its lead, Wise continues to invest to improve its platform and add new features such as 'interest' for UK customers, removing fees for certain domestic transfers in Europe and improving pay-ins for businesses. Even after this investment, the company is highly profitable and cash generative and well poised to continue to expand market share in a growing market. Listed – July 2021	
Northvolt operates lithium-ion battery plants intended to produce eco-friendly batteries for electric vehicles.	Still in the early innings of the energy transition, moving away from fossil fuel cars is a vast and long growth opportunity, with batteries the critical enabler of change. Northvolt's excellent team, focus on sustainability and commitments from manufacturers leave it well-positioned against its rivals.	Northvolt now has over $55bn in orders from car manufacturers such as BMW, Polestar and Volkswagen to deliver on, in addition to the implementation of its large-scale battery recycling program. To satisfy the rapidly expanding demand for electric vehicles, Northvolt raised $1.1bn in the summer to finance the continued expansion of battery cell and cathode production in Europe. However, due to the European energy cost crisis, the company are considering whether to delay its plans to build a third facility in Heide, Germany, to potentially expand to North America first, where it believes it could build batteries for between 30%–40% less. Northvolt also continues to innovate in its use of sustainable materials. It announced an agreement with Stora Enso to produce a battery anode made from Lignin, a plant polymer derived from Nordic forest wood.	
Brex provides credit cards, current accounts and cash management software to underserved growing businesses.	Today's system of tools for a business to raise, manage and spend money is often a disjointed, expensive and frustrating experience. With Brex's business model and customer alignment, they can expand to provide every service a growing business needs in an integrated and cheaper fashion.	Brex recently decided to move away from small businesses to focus on institutionally backed and scaled companies. It also continues to evolve its software platform, introducing spending management tools, an international payroll system and enhanced customisation of financial data in the last year. Its work here is bearing fruit as its card and spend management solution, Empower, crossed $3bn annualised processing volume in its first three months of going live. Brex announced in October that it had laid off 11% of its workforce, showing the company is not immune to the challenging macroeconomic environment, which has also caused weakness in its share price due to a fall in the valuation of its fintech peers in public markets.	

What Does It Do?	Why We Like It	Update	
Daily Hunt is the developer of content and video platforms for local language internet users in India.	With internet and smartphone penetration increasing steadily, Daily Hunt serves a rapidly growing population of 500m local language users and an evolving advertising market. The company's local content creator network and personalisation algorithms leave it in a strong position to delight users and add new products.	Daily Hunt's high-quality, specialised content and recommendation engine continue to drive growth for the business. It continues to hit new highs in terms of both the number of users and engagement across its platform of apps. It has also announced plans to expand into the Middle East, its first foray into the global market and an area of close cultural alignment with its core Indian user base. This should provide a chance to boost user and revenue growth further alongside the long-term structural opportunities presented in India. Daily Hunt is sharpening its focus on profitability, announcing both headcount cuts across its workforce and more disciplined sales and marketing expenditure without so far affecting its revenue generation. The company is well positioned, with its video platform app, Josh, growing quickly without yet being properly monetised and its news app, Daily Hunt, performing well.	
Affirm is a digital financial services company that offers simple, transparent and affordable consumer loans to buy anything from electronics to home furnishings and holidays.	Consumer loans and credit card markets, reliant on late fees and opaque charging structures, are ripe for disruption. Affirm's proprietary credit checking model, better user experience and honest approach create the foundation to integrate themselves into the financial lives of customers and merchants.	Affirm's share price has been hit hard recently amidst a broader sell-off in consumer credit companies due to worsening inflation, rising interest rates and growing recession fears. Affirm had previously experienced rapid share price growth during the pandemic. Despite the challenging environment, it continues to grow, with its gross merchandise value (GMV) and revenue increasing 62% and 34%, respectively, year on year. Higher interest rates are impacting funding costs and margins, but reassuringly, Affirm's delinquency rates have remained stable and below pre-pandemic levels, validating their proprietary credit checking model, which should continue to improve. The management team is confident in the company's ability to disrupt incumbent credit card companies and help its merchant partners with improved, cost-effective customer acquisition. We added to our position in Affirm in 2022 on share price weakness.	
Genki Forest is a fast-growing beverage company in China, mainly offering sugar-free sparkling water and ready-to-drink teas.	Genki has anticipated consumer demand for healthy and new products with its rapid data-driven product development process, particularly for China's 400m Gen Z customers. This scalable formula, married with its experimental distribution approach, could lead it to establish itself as China's version of Coca-Cola.	Previously reliant on third-party manufacturers, Genki has recently raised money to expand its own manufacturing capabilities with six self-built factories now operational across China. It also has a vast distribution network, cooperating with over 1,000 dealers in 2021. China's zero covid policy during the pandemic has impacted Genki's growth domestically and the resultant supply chain disruption has also impaired overseas expansion plans. Competitors are also increasingly encroaching on their turf, with many releasing new health-orientated beverages and trying to push Genki out of their expanding offline distribution channels. Despite the competition locally, pandemic restrictions easing should allow Genki to continue to grow internationally, with the company now selling its products in more than 40 countries globally.	

A review of the Company's new investments made during the year to 31 January 2023 is given below.

	When	Who	Why	How
Developer of a next-generation computing technology.	Baillie Gifford first invested in Kepler Computing in July 2022 (Schiehallion – July 2022).	Kepler Computing is a semiconductor company, founded in 2018 to develop next generation memory and CPU chips based on a ferroelectric material. In contrast to many other semiconductor startups, the idea is not to provide a new chip architecture, but to go one level deeper and rethink the underlying units that a chip architecture is composed of.	Kepler Computing aims to be a new type of semiconductor company combining elements of ARM's licensing model with the manufacturing and materials expertise of a TSMC or Intel. In the shorter term, the technology could help relieve the current supply chain constraints in the semiconductor industry. In the longer term, it would be adopted by leading edge incumbents and second-tier foundries.	Baillie Gifford sourced Kepler Computing through its proprietary network, with an introduction from Gates Frontier and Addition.
Manufacturer of autonomous flying technology.	Baillie Gifford first invested in Merlin Labs in April 2022 (Schiehallion – April 2022).	Merlin Labs is building a system that will enable aircraft to fly themselves. Making use of off-the-shelf hardware and innovative proprietary software, Merlin Labs has been able to build a capable, reliable and certifiable AI pilot.	Merlin Labs is focused on crew reduction rather than full autonomy, which is unique in the industry and has allowed Merlin Labs to make significant progress with the regulators. The fully-burdened cost of a commercial airline pilot to a large airline is up to $500,000 per year, so the possibility of reducing the number of pilots required on a flight from two (or more) down to just one makes for a very attractive product offering.	Baillie Gifford sourced Merlin Labs directly, with an introduction coming from Google Ventures.

List of Investments as at 31 January 2023

Name	Business	Country	2023 Ordinary shares value US$'000	2023 C shares value US$'000	2023 Total value US$'000	2023 % of net assets	2022 Total value US$'000
Space Exploration Technologies Corp	Designs, manufactures and launches advanced rockets and spacecraft	United States	70,113	–	70,113	6.1	50,992
Scopely Inc	Online gaming company	United States	60,223	–	60,223	5.2	47,918
ByteDance Ltd	Social media and news aggregation company	China	49,808	–	49,808	4.3	58,378
Solugen Inc	Combines enzymes and metal catalysts to make chemicals	United States	–	47,881	47,881	4.2	28,129
Wise PLC – Listed	Online platform to send and receive money	United Kingdom	30,112	10,009	40,121	3.5	48,644
Northvolt AB	Lithium ion battery manufacturer	Sweden	22,525	16,280	38,805	3.4	30,975
Brex Inc	Corporate credit cards for startups	United States	11,292	24,441	35,733	3.1	15,709
Daily Hunt (Ver Se Innovation Limited)	Telephone voice, data, text messaging, and roaming services	India	32,032	–	32,032	2.8	33,236
Affirm Holdings Inc – Listed	Online platform which provides point of sale consumer finance	United States	14,437	17,427	31,864	2.8	57,033
Genki Forest Technology Group Holdings Limited	Non-alcoholic beverages	China	–	29,727	29,727	2.6	33,000
Faire Wholesale Inc	Online wholesale marketplace	United States	–	29,404	29,404	2.6	36,703
Epic Games Inc	Video game developer	United States	28,320	–	28,320	2.5	29,013
Stripe Inc	Online payment platform	United States	27,943	–	27,943	2.4	45,046
Chime Financial Inc	Digital current account provider	United States	7,417	19,294	26,711	2.3	44,357
Flix SE	European mobility provider	Germany	13,309	13,356	26,665	2.3	21,865
McMakler GmbH	Real estate services	Germany	–	24,621	24,621	2.1	28,583
Tempus Labs Inc	Oncological records aggregator and diagnostic testing provider	United States	20,177	4,210	24,387	2.1	27,089
Databricks Inc	Data software solutions	United States	–	23,523	23,523	2.0	24,766
Grammarly Inc	Online platform for checking grammar, spelling and improving written communication	United States	–	22,353	22,353	1.9	45,002
Nuro Inc	Developer of autonomous delivery vehicles	United States	9,100	12,112	21,212	1.8	29,874
Warby Parker (JAND Inc) – Listed	Online and physical corrective eyewear retailer	United States	20,774	–	20,774	1.8	47,868
Rappi Inc	Provider of an on-demand delivery platform designed to connect consumers with local stores	United States	–	19,922	19,922	1.7	25,542
Workrise Technologies Inc	Jobs marketplace for the energy sector	United States	17,073	–	17,073	1.5	25,026
Kepler Computing Inc	Semiconductor company	United States	–	15,919	15,919	1.4	–
Indigo Agriculture Inc	Microbial seed treatments to increase crop yields and grain marketplace	United States	15,839	–	15,839	1.4	16,958
Loft Holdings Ltd	Online property platform	Brazil	–	15,569	15,569	1.4	19,223
Merlin Labs Inc	Autonomous flight technology	United States	–	13,842	13,842	1.2	–

Name	Business	Country	2023 Ordinary shares value US$'000	2023 C shares value US$'000	2023 Total value US$'000	2023 % of net assets	2022 Total value US$'000
Convoy Inc	Marketplace for truckers and shippers	United States	9,165	4,210	13,375	1.2	17,185
PsiQuantum	Silicon photonic quantum computing	United States	–	13,195	13,195	1.1	15,000
Jiangxiaobai Holdings Ltd	Producer of alcoholic beverages	China	12,892	–	12,892	1.1	14,187
Away (JRSK Inc)	Travel and lifestyle brand	United States	12,355	–	12,355	1.1	11,920
Tanium Inc	Online security management	United States	11,799	–	11,799	1.0	29,773
Pet Circle (Millell Pty Ltd)	Pet food and accessories	Australia	–	11,357	11,357	1.0	28,182
Wayve Technologies Ltd	AI based software for self-driving cars	United Kingdom	–	9,728	9,728	0.8	16,267
Carbon Inc	Manufactures and develops 3D printers	United States	9,670	–	9,670	0.8	12,920
Blockstream Corp Inc	Financial software developer	United States	–	8,885	8,885	0.8	13,937
Graphcore Ltd	Computer chip developer	United Kingdom	8,706	–	8,706	0.7	16,600
Airbnb Inc – Listed	Online market place for travel accommodation	United States	8,544	–	8,544	0.7	11,828
Cohesity Inc	Data storage	United States	8,033	–	8,033	0.7	11,930
Illumina Inc – Listed	Gene sequencing equipment and consumables	United States	7,355	–	7,355	0.6	9,396
Honor Technology Inc	Provider of home-care services	United States	2,990	3,888	6,878	0.6	12,043
MasterClass (Yanka Industries Inc)	Online education platform	United States	6,487	–	6,487	0.6	8,542
Allbirds Inc – Listed	Sustainable direct-to-customer footwear brand	United States	4,659	1,459	6,118	0.5	27,600
Oscar Health Inc – Listed	Healthcare insurance provider	United States	3,157	–	3,157	0.3	5,508
HeartFlow Inc	Develops software for cardiovascular disease diagnosis and treatment	United States	2,029	–	2,029	0.2	11,413
Ginkgo Bioworks Holdings Inc – Listed*	Genetic engineering for industrial applications	United States	1,085	–	1,085	0.1	3,162
Total securities			**559,420**	**412,612**	**972,032**	**84.3**	**1,148,322**

* During the year Zymergen was taken over by Ginkgo Bioworks.

Name	2023 Ordinary shares value US$'000	2023 C shares value US$'000	2023 Total value US$'000	2023 % of net assets	2022 Total value US$'000
US Treasury Bill 18/05/2023	–	23,112	23,112	2.0	–
US Treasury Bill 13/07/2023	–	22,874	22,874	2.0	–
US Treasury Bill 07/09/2023	–	22,870	22,870	2.0	–
US Treasury Bill 23/03/2023	–	22,801	22,801	2.0	–
US Treasury Bill 02/11/2023	–	22,630	22,630	2.0	–
US Treasury Bill 28/12/2023	–	22,510	22,510	1.9	–
US Treasury Bill 24/03/2022	–	–	–	–	44,697
US Treasury Bill 16/06/2022	–	–	–	–	44,738
US Treasury Bill 14/07/2022	–	–	–	–	44,786
US Treasury Bill 08/09/2022	–	–	–	–	44,782
US Treasury Bill 03/11/2022	–	–	–	–	44,698
US Treasury Bill 29/12/2022	–	–	–	–	44,515
Total US Treasury Bills	–	136,797	136,797	11.9	268,216
Cash	38,872	6,927	45,799	3.9	86,898
Other current assets and liabilities	(684)	(761)	(1,445)	(0.1)	(30,924)
Net current assets	**38,188**	**142,963**	**181,151**	**15.7**	**324,190**
Net assets	**597,608**	**555,575**	**1,153,183**	**100.0**	**1,472,512**

Name	Listed investments %	Private company investments %	Net current assets %	Net assets %
31 January 2023	**10.3**	**74.0**	**15.7**	**100.0**
31 January 2022	14.3	63.7	22.0	100.0

Allocation of Net Assets

As at 31 January 2023

	2023 Ordinary shares value US$'000	2023 C shares value US$'000	2023 Total value US$'000	2023 % of net assets	2022 Total value US$'000
Listed investments	90,123	28,895	119,018	10.3	211,039
Private company investments	469,297	383,717	853,014	74.0	937,283
US treasury bills	–	136,797	136,797	11.9	268,216
Cash and cash equivalents	38,872	6,927	45,799	3.9	86,898
Net current assets	(684)	(761)	(1,445)	(0.1)	(30,924)
Total net assets	**597,608**	**555,575**	**1,153,183**	**100.0**	**1,472,512**

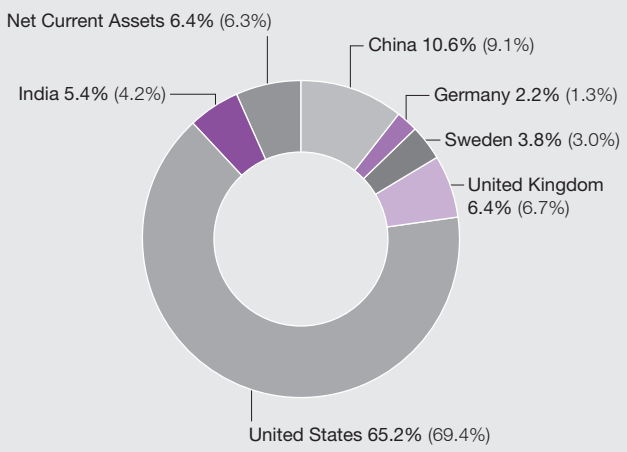
	Capital deployed (US$'000) *	Number of private company acquisitions	Number of private company realisations	Number of IPOs/listings	Gross Internal Rate of Return (IRR) *	Gross Multiple on Invested Capital (MOIC) *
Company metrics	**1,046,802**	**46**	**1**	**7**	**(2.7%)**	**1.0**

* Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on pages 72 and 73.

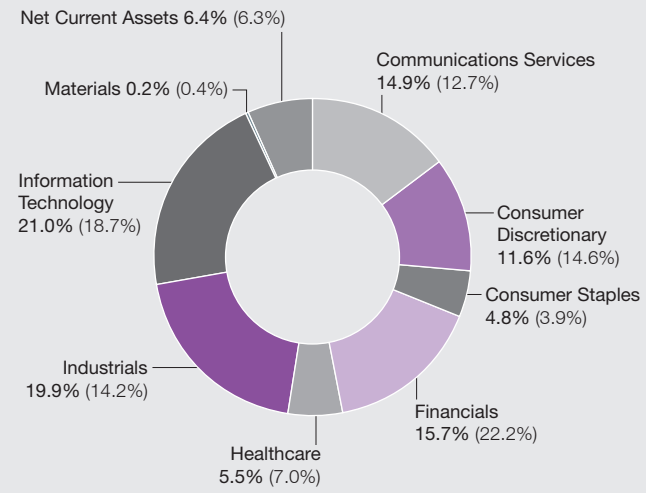
Distribution of Net Assets

Ordinary Shares

Geographical as at 31 January 2023 (31 January 2022)



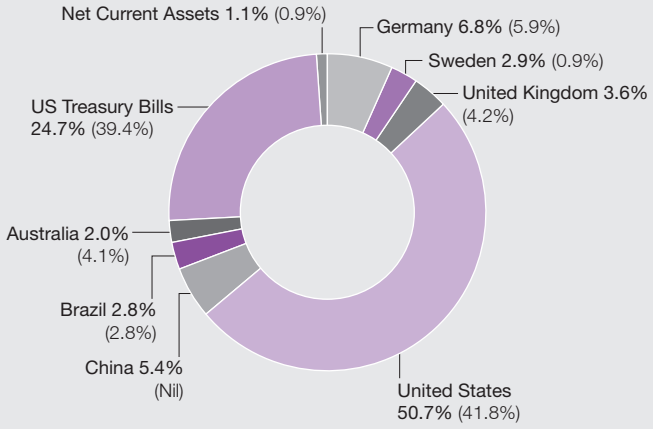
Sectoral as at 31 January 2023 (31 January 2022)



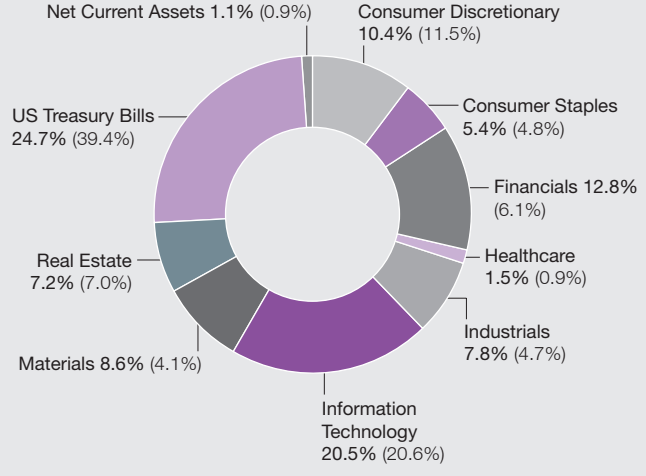
The above sectoral distribution is not derived from any index.

C Shares

Geographical as at 31 January 2023 (31 January 2022)



Sectoral as at 31 January 2023 (31 January 2022)



The above sectoral distribution is not derived from any index.

The Strategic Report which incorporates pages 1 to 24 was approved by the Board on 27 March 2023.

Dr Linda Yueh CBE
Chairperson

Directors and Management

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

Directors

Dr Linda Yueh CBE

Dr Linda Yueh was appointed a Director and Chairperson on 4 January 2019 and is also Chairperson of the Nomination Committee. Dr Linda Yueh is an experienced Board director, academic economist and adviser on economic policy. She is a fellow in economics at St Edmund Hall, University of Oxford and adjunct professor of economics at London Business School. She was visiting professor at the LSE and visiting professor of economics at Peking University. Dr Yueh is an Adviser to the UK Board of Trade and was a member of the Ring-fencing and Proprietary Trading Review Panel for the UK government. She is also a non-executive director of Rentokil Initial PLC, SEGRO PLC and Standard Chartered PLC. She was previously Senior Independent Director of Fidelity China Special Situations PLC and a non-executive director of Baillie Gifford's flagship Scottish Mortgage Investment Trust PLC and JPMorgan Asian Growth and Income PLC. In the King's New Year Honours List of 2023, Dr Yueh was awarded a CBE for Services to Economics.

John Mackie CBE

Mr John Mackie was appointed a Director on 4 January 2019 and is also the Senior Independent Director. Following an early career in retail management, Mr Mackie went to the University of Glasgow as a mature student and then qualified as a chartered accountant with Arthur Andersen & Co in Glasgow. He then spent five years with 3i Group before joining Morgan Grenfell Private Equity in 1990 as a founder director. Mr Mackie was made a director of Morgan Grenfell & Co in 1993. From 2000 to 2006, Mr Mackie was chief executive of the British Venture Capital Association and was a partner in Parallel Private Equity LLP until 2011. He was, until 2013, chairman of Henderson Private Equity Investment Trust PLC, until 2014, a director of Baronsmead VCT PLC and, until September 2018, the senior independent director at Mithras Investment Trust PLC. Mr Mackie is currently a partner in Mithras Capital Partners LLP and chairman of the advisory boards at Amadeus and Angels Seed Fund and Amadeus IV Early Stage Fund. In the 2006 New Years Honours list he was awarded a CBE for services to business.

Dr David Chiswell OBE

Dr David Chiswell was appointed a Director on 2 September 2021. Dr Chiswell has over 30 years' experience in the biotechnology industry. In 1990, Dr Chiswell co-founded Cambridge Antibody Technology and served as its chief executive officer ('CEO') from 1996 to 2002. He served as CEO of Kymab Ltd from 2015 to 2018 and prior to that as CEO of Nabriva Therapeutics from 2009 to 2012. He served as a director of Arakis and non-executive chairman of Sosei, Arrow Therapeutics, Daniolabs, Nabriva Therapeutics and Kymab. Dr Chiswell is currently chairman of Albireo Pharma Inc and, Epsilogen Ltd and a board member of Avillion Bond 2 Development 2 GP. Dr Chiswell is also a past chairman of the UK BioIndustry Association and his contributions to the field were recognised in 2006 when he was awarded the OBE by HM the Queen for services to the biotechnology industry.

Trudi Clark

Ms Trudi Clark was appointed a Director on 4 January 2019 and is also Chairperson of the Audit Committee. Ms Clark graduated in business studies and qualified as a chartered accountant with Robson Rhodes in Birmingham before moving to Guernsey in 1987. In Guernsey she joined KPMG, where she was responsible for an audit portfolio including some of the major financial institutions in Guernsey. After 10 years in public practice, Ms Clark was recruited by the Bank of Bermuda as head of European internal audit, later moving into corporate banking. In 1995 she joined Schroders in the Channel Islands as CFO and was promoted in 2000 to banking director and in 2003 to managing director. From 2006 to 2009, Ms Clark established a family office, specialising in alternative investments. From 2009 to 2018 she returned to public practice specialising in corporate restructuring services. Since 2018, Ms Clark is audit committee chair of BMO Commercial Property Trust Limited and Taylor Maritime Investments Limited, and a non-executive director of NB Private Equity Partners Ltd where she is a member of the audit committee and chairs the remuneration, nomination and management engagement committees. Ms Clark also holds a personal fiduciary licence issued by the GFSC and acts as non-executive director and consultant to one high net worth family.

Richard Holmes

Mr Richard Holmes was appointed a Director on 2 September 2021. Mr Holmes completed a BSc in Economics at London School of Economics and then a Masters at Warwick University. He worked in various marketing roles at Unilever in London, Paris and Milan from 1983 to 1995. He then moved to Boots Plc where he was marketing director and launched the Boots Advantage Card and set up Boots.com. In 2007, he moved to Guernsey to join the board of Specsavers Optical Group as group marketing director. He retired from full time work in 2018. He currently holds various non-executive positions, including Lok'nStore Plc, Moorfields Eye Hospital and Citizens Advice Guernsey.

All the Directors are members of the Audit Committee with the exception of Dr Yueh. Dr Yueh stepped down from the Audit Committee in March 2022. All Directors are members of the Nomination Committee.

Investment Manager

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

Baillie Gifford is one of the largest investment trust managers in the UK and, as well as Schiehallion, currently manages twelve investment trusts together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under management or advice of Baillie Gifford totalled around £230 billion as at 24 March 2023. Based in Edinburgh it is one of the leading privately-owned investment management firms in the UK, with 51 partners.

Baillie Gifford has a dedicated Private Companies investment team of eight investors. In addition, Baillie Gifford has a further 29 investors who research and invest in both private and public companies. Baillie Gifford's Private Company investors are supported by a team of specialist deal lawyers, valuation analysts and other operational staff to ensure that the investments are monitored at all stages from pre-buy to ongoing relations with the companies.

The portfolio manager of Schiehallion is Peter Singlehurst and the deputy portfolio manager is Robert Natzler. Peter joined Baillie Gifford in 2010 and is head of the Private Companies Team and Robert joined in 2015.

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

Directors' Report

The Directors present their Report together with the audited Financial Statements of the Company for the year ended 31 January 2023.

Listing Status

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

Corporate Governance

The Corporate Governance Report is set out on pages 25 to 40 and forms part of this Report.

Investment Manager

The Company has appointed Baillie Gifford & Co Limited as its Investment Manager (the 'Investment Manager'). As the entity appointed to be responsible for risk management and portfolio management, the Investment Manager has also been appointed as the Company's Alternative Investment Fund Manager ('AIFM'). Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford Overseas Limited. The Investment Management Agreement is terminable on not less than six months' notice. Compensation fees would only be payable in respect of the notice period if termination by the Company were to occur within a shorter notice period. Under the terms of the Investment Management Agreement and with effect from the date the Company's ordinary shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, the Investment Manager is entitled to an annual fee of: 0.9% on the net asset value excluding cash or cash equivalent assets up to and including US$650 million; 0.8% on the net asset value excluding cash or cash equivalent assets exceeding US$650 million up to and including US$1.3 billion; and 0.7% on the net asset value excluding cash or cash equivalent assets exceeding US$1.3 billion. Management fees are calculated and payable quarterly.

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

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

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

- the quality of the personnel assigned to handle the Company's affairs;
- the investment process and the results achieved to date; and
- the administrative services provided by the Investment Manager.

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

Administrator

Alter Domus (Guernsey) Limited has been appointed as Administrator, Secretary and Designated Manager of the Company (the 'Administrator'). The Administrator is responsible for certain aspects of the day-to-day administration and general secretarial functions of the Company in conjunction with the Investment Manager (including but not limited to the maintenance of the Company's statutory records). The Administrator is entitled to receive a fixed annual fee of £69,900 (exclusive of goods and services tax), payable quarterly in arrears. This fee is subject to an annual increase in line with Guernsey RPI. The Administrator is also entitled to reimbursement of reasonable costs, expenses and disbursements properly incurred.

Depositary

In accordance with the Alternative Investment Fund Managers Directive, the AIFM must appoint a Depositary to the Company. The Bank of New York Mellon (International) Limited has been appointed as the Company's Depositary. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The custody function is also undertaken by The Bank of New York Mellon (International) Limited.

Directors

The names and biographical details of the Board members who served on the Board as at the year end and up to the date the Financial Statements were signed can be found on page 25. The Corporate Governance Code requires that all Directors be subject to annual election by shareholders. As a result, the Directors will retire at the Annual General Meeting on 12 May 2023 and offer themselves for re-election. Following a formal performance evaluation, the Chairperson confirms that the Board members consider that their performance continues to be effective and that they remain committed to the Company. The Board therefore recommends their re-election to shareholders.

Director Indemnification and Insurance

The Company has entered into qualifying third-party deeds of indemnity in favour of each of its Directors. The deeds, which were in force during the year ended 31 January 2023 and up to the date of approval of this Report, cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him/her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' liability insurance.

Conflicts of Interest

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

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

Share Capital

Capital Structure

The Company's capital structure, as at 31 January 2023, consisted of 500,430,002 ordinary shares of US$1 each (2022 – 500,430,002 ordinary shares of US$1 each and 700,000,000 C shares of US$1 each (2022 – 700,000,000)). The ordinary and C shares are subject to transfer restrictions and forced transfer provisions for investors in the United States and certain other jurisdictions.

Capital Entitlement

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

Dividends

The ordinary and C shares carry a right to receive dividends. Given the nature of the Company's investments, the Company does not expect to pay dividends in the foreseeable future. If any dividends or distributions are made, they will at all times be subject to compliance with the solvency test prescribed by Guernsey law.

Voting

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

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

Information on the deadlines for proxy appointments can be found on pages 69 and 70.

C shares will convert to ordinary shares once the C share portfolio is at least 85% invested. It is expected that conversion will occur within 12 months of the issuance of this report.

Major Interests Disclosed in the Company's Shares

Name	No. of ordinary shares held at 31 January 2023	% of issue
Florida Retirement System Trust Fund (Direct)	190,900,000	38.2
RBC Canadian Master Trust (Indirect)	47,725,000	9.5
Baillie Gifford & Co (Indirect)	47,725,000	9.5
Winnipeg Civic Employee's Benefits Program	42,500,000	8.5
Textron Inc. Master Trust (Direct)	35,000,000	7.0
NAV Canada Pension Plan (Direct)	25,000,000	5.0

Name	No. of C shares held at 31 January 2023	% of issue
Baillie Gifford & Co (Indirect)	70,803,954	10.1
Blackrock (Indirect)	48,709,834	7.0
RBC Canadian Master Trust (Indirect)	47,725,000	6.8
Columbia Threadneedle Investments (Indirect)	44,373,439	6.3
Sarasin & Partners (Indirect)	40,105,682	5.7

There have been no disclosed changes to the major interests in the Company's ordinary or C shares disclosed up to 24 March 2023.

Directors' Interests

The Directors are not required to hold shares in the Company. The Directors at the end of the year under review, and their interests in the Company are shown in the following table. There have been no changes intimated in the Directors' interests up to 24 March 2023.

	Nature of interest	C shares held at 31 January 2023	C shares held at 31 January 2022
L Yueh	Beneficial	58,641	–
J Mackie	Beneficial	57,642	–
D Chiswell	Beneficial	520,000	–
T Clark	Beneficial	80,000	–
R Holmes	Beneficial	72,098	–

Issuance of Shares and Share Buybacks

By way of a special resolution dated 15 March 2019 the Directors have a general authority to allot up to 720 million ordinary shares or C shares, such figure to include the ordinary shares issued at the initial placing. 477,250,000 ordinary shares were issued at the Company's initial placing hence the Company has the ability to issue a further 242,750,000 ordinary shares under this existing authority which expires at the end of the period concluding immediately prior to the Annual General Meeting of the Company to be held in 2024 (or, if earlier, five years from the date of the resolution).

In the year to 31 January 2023, no ordinary shares were issued (2022 – 20,080,000 ordinary shares raising net proceeds of US$41,431,000). In the period from 31 January 2023 to 24 March 2023, no ordinary shares have been issued.

In the year to 31 January 2023, no C shares were issued (2022 – 700,000,000 C shares raising net proceeds of US$694,802,000). In the period from 31 January 2023 to 24 March 2023, no C shares have been issued.

Annual General Meeting

Market Purchases of Shares by the Company

At the last Annual General Meeting, the Company was granted authority to purchase up to 75,014,457 ordinary shares (equivalent to 14.99% of its issued share capital) at 12 May 2022, such authority to expire at the 2023 Annual General Meeting. The Directors are seeking shareholders' approval at the 2023 Annual General Meeting to renew the authority to make market purchases up to 75,014,457 ordinary shares representing approximately 14.99% of the Company's ordinary shares in issue as at 24 March 2023, being the latest practicable date prior to publication of this document (or, if less, up to 14.99% of the ordinary shares in issue (excluding treasury shares) on the date on which the resolution is passed), such authority to expire at the Annual General Meeting of the Company to be held in 2024.

The Directors are also seeking shareholder approval at the 2023 Annual General Meeting to make market purchases of up to 104,930,000 C shares representing approximately 14.99% of the Company's C shares in issue at 24 March 2023, being the latest practicable date prior to the publication of this document (or, if less, up to 14.99% of the C shares in issue on the date on which the resolution is passed), such authority to expire at the Annual General Meeting of the Company to be held in 2024.

No shares were bought back during the year (2022 – none) and no shares are held in treasury.

Share buybacks may be made principally:

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

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

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

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

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

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

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

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

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

The minimum price (exclusive of expenses) that may be paid will be the nominal value of an ordinary or C share. Purchases of shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to Resolutions 11 and 12 in the Notice of Annual General Meeting.

Recommendation

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

Financial Instruments

The Company's financial instruments comprise its investment portfolio, US Treasury Bills, cash balances and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 15 to the Financial Statements.

Articles of Incorporation

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

Disclosure of Information to Auditor

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

Independent Auditor

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

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reason as set out above, the Company is a low energy user under the SECR regulations and has no energy and carbon information to disclose.

Bribery Act

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

Tax Evasion

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

Events after the Reporting Date

The Directors confirm that there have been no events after the reporting date which require adjustment of, or disclosure in, the Financial Statements or notes thereto up to 27 March 2023.

On behalf of the Board
Dr Linda Yueh CBE
Chairperson
27 March 2023

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. The Board has taken note of the Code of Corporate Governance issued by the Guernsey Financial Services Commission (the 'Guernsey Code'). The Guernsey Code provides a governance framework for GFSC licensed entities, authorised and collective investment schemes. Companies reporting in compliance with the UK Corporate Governance Code (the 'UK Code') or The Association of Investment Companies Code of Corporate Governance (the 'AIC Code') are deemed to satisfy the provisions of the Guernsey Code. This statement outlines how the principles of the AIC Code were applied throughout the financial year ended 31 January 2023. The Company intends to comply with the AIC Code for the year ended 31 January 2024. The AIC Code can be found at **theaic.co.uk**.

Compliance

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

The Board

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

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

The executive responsibilities for investment management have been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and in the context of a Board comprising entirely Non-Executive Directors, there is no chief executive officer. Mr John Mackie is the Company's Senior Independent Director (SID). Mr Mackie is available to shareholders if they have concerns not properly addressed by the Chairperson. The SID leads the Chairperson's appraisal.

The Directors believe that the Board has a balance of skills and experience which enable it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 25.

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

Appointments to the Board

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

Under the provisions of the Company's Articles of Incorporation, a Director appointed during the period is required to retire and seek election by shareholders at the next Annual General Meeting. In accordance with the principals of the AIC Code, all Directors will offer themselves for re-election annually.

The reasons why the Board supports the election and re-election of the Directors are set out on page 27.

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

Independence of Directors

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

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

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

Tenure of Directors

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

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, premium/discount, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The following table shows the attendance record for the Board and Committee meetings held during the year ended 31 January 2023.

Directors' Attendance at Meetings

	Board	Audit Committee	Nomination Committee	Board Valuation Meetings
Number of meetings	**4**	**2**	**2**	**2**
L Yueh*	4	1	2	2
J Mackie	4	2	2	2
D Chiswell	4	2	2	2
T Clark	4	2	2	2
R Holmes	4	2	2	2

* Dr Yueh stepped down from the Audit Committee following the meeting, held in March 2022, to approve the Company's 2022 year end accounts.

Nomination Committee

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

Diversity

Appointments to the Board are made on merit with due regard for the benefits of diversity including gender and ethnicity. The priority in appointing new Directors is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. However, it is the Board's policy to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment.

The composition of the Board is two-fifths female, which complies with the target outlined in the FCA Listing Rules. The Board consists of one Director who is from an ethnic minority background, thereby meeting the recommendations of the Parker Review. The Board further includes one Director with a registered disability.

Although the Company is not required to report against the targets set out in the FCA's Listing Rule 9.8.6R(9)(a) until the 2024 Annual Report, the board has resolved to do so for the year ended 31 January 2023. In relation to Listing Rule 9.8.6R(9), (10) and (11) the Board provides the following information in relation to its Diversity.

As an externally managed investment fund, there are no executive staff, and therefore the Company does not have a chief executive officer ('CEO') or a chief financial officer ('CFO'), both of which are deemed senior board positions by the FCA. The Board however considers the Chair of the Audit Committee to be a senior board position and the following disclosures are made on this basis. The FCA recognises the Chairperson and Senior Independent Director to be senior board positions. The Board has also resolved that the Company's year end date is the most appropriate date for disclosure purposes.

Board Gender as at 31 January 2023

	Number of Board Members	Percentage of the Board*	Number of senior positions on the Board#	Number in executive management	Percentage of executive management
Men	3	60%	1	n/a	n/a
Women	2	40%	2	n/a	n/a

* Target of 40% of board are women is met per the Hampton-Alexander Review.

The positions of the Chairperson and Chair of the Audit Committee are held by women. The position of Senior Independent Director is held by a man. This exceeds the target that at least one senior board position should be held by a woman.

Board Ethnic Background as at 31 January 2023

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	4	80%	2	n/a	n/a
Minority ethnic	1	20%	1	n/a	n/a

† Target of at least one member of the board is from a minority background is met per the Parker Review.

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

Performance Evaluation

During the year the Board appointed Lintstock, a firm which assists companies with external board evaluations. Lintstock has no other connection with the Company or its Directors. Each Director completed a questionnaire, provided by Lintstock, which was followed up with a telephone interview carried out by a representative of Lintstock. The Board evaluation included a review of the following areas:

- Board composition and expertise;
- Board dynamics;
- Management and focus of meetings;
- Board information and support;
- Audit and Nomination Committees;
- Investment Strategy and performance;
- External relations;
- Risk management; and
- Succession.

Lintstock reviewed the information from the questionnaires and interviews. It is intended that an external evaluation will be carried out every three years.

Following the process, it was concluded that the performance of each Director, the Chairperson, the Board and its committees continues to be effective and each Director, including the Chairperson remains committed to the Company.

A review of the Chairperson's and other Directors' commitments was carried out and the Nomination Committee is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chairperson's other commitments during the year ended 31 January 2023.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. During the year ended 31 January 2023, briefings on industry and regulatory matters were provided to the Board by the Investment Manager and Administrator. Directors receive other relevant training as necessary.

Remuneration

As all the Directors are non-executive, there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 38 and 39.

Audit Committee

The report of the Audit Committee is set out on pages 36 and 37.

Internal Controls and Risk Management

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

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

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

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

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

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

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

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

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

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Company's Depositary also acts as the Company's Custodian. The Custodian prepares reports on its key controls and safeguards which are independently reviewed by KPMG LLP. The reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns are investigated.

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

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

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

Going Concern

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

In undertaking this review, the Directors have considered the Company's principal and emerging risks. The Company's principal risks are market-related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is set out on pages 7 to 10 and contained in note 15 to the Financial Statements on pages 61 to 66.

The Board has, in particular, considered the impact of heightened market volatility due to the macroeconomic and geopolitical concerns, including rising inflation and interest rates, the Russian invasion of Ukraine as well as the lingering effects of the Covid-19 pandemic. Specific leverage and stress testing has been carried out by the Board 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 and emerging risks and other matters set out in the Viability Statement on page 10 which assesses the prospects of the Company over a period of five years, that the Company will continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.

Relations with Shareholders

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

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

Corporate Governance and Stewardship

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

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and has asked the Investment Manager to take these issues into account as long as the investment objectives are not compromised. The Investment

Manager does not exclude companies from its investment universe purely on the grounds of ESG factors but adopts a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Investment Manager to consider how ESG factors could impact long-term investment returns. The Investment Manager's statement of compliance with the UK Stewardship Code can be found on the Investment Manager's website at **baillliegifford.com**. The Investment Manager's policy has been reviewed and endorsed by the Board. The Baillie Gifford Statement on Stewardship and its Stewardship Principals are set out on page 16. Baillie Gifford & Co, the Managers, has considered the Sustainable Finance Disclosure Regulation ('SFDR') and further details can be found on page 74.

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

Climate Change

The Board recognises that climate change poses a serious threat to our environment, our society and to economies and companies around the globe. Addressing the underlying causes is likely to result in companies that are high emitters of carbon facing greater societal and regulatory scrutiny and higher costs to account for the true environmental impact of their activities.

Baillie Gifford's Task Force on Climate-Related Financial Disclosures ('TCFD') Climate Report is available on the Managers' Website at **baillliegifford.com**. The Managers, Baillie Gifford & Co, are signatories to the Carbon Disclosure Project.

On behalf of the Board
Dr Linda Yueh CBE
Chairperson
27 March 2023

Audit Committee Report

The Company's Audit Committee is chaired by Ms Trudi Clark, and meets twice a year or more often if required. Ms Clark is a Chartered Accountant. The Board considers that the members of the Audit Committee have the requisite financial skills and experience to fulfil the responsibilities of the Audit Committee. The Committee consists of all the Directors, except for Dr Yueh, who stood down from the Audit Committee in March 2022. Although not a member of the Committee, Dr Yueh was invited to and attended all the meetings.

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

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

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

Main Activities of the Committee

KPMG Channel Island Limited ('KPMG') attended both Audit Committee meetings held during the year along with the meeting held on 27 March 2023 to approve the Annual Report and Financial Statements. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes at both meetings held during the year.

The matters considered, monitored and reviewed by the Committee covering the year ended 31 January 2023 include the following:

- the interim results announcement and the Interim Report;
- the Company's accounting policies and practices and the implementation of the Investment Manager's Valuation Policy for investments in unquoted companies;
- the regulatory changes impacting the Company;
- the fairness, balance and understandability of the Annual Report and Financial Statements and whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the effectiveness of the Company's internal control environment;
- appointment/reappointment, remuneration and terms of engagement of the external Auditor;
- the policy on the engagement of the external Auditor to supply non-audit services;
- the independence and objectivity of the external Auditor;
- the need for the Company to have its own internal audit function;
- internal controls reports received from the Investment Manager and Custodian; and
- the arrangements in place within the Investment Manager and Administrator whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

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

Financial Reporting

The Committee considers that the most significant area of risk likely to impact the Financial Statements is the valuation of private company investments as they represent 74.0% of the Company's net assets and since the valuation of these investments requires the use of estimates, assumptions and judgements.

Private Company Investments

The Committee reviewed the Investment Manager's valuation approach for investments in private companies (as described in note 1(e) on page 50) and approved the valuations of the private company investments following a detailed review of the valuation of each investment and relevant challenge where appropriate.

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

Listed Investments

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

The Investment Manager agreed the prices of all the listed investments at 31 January 2023 to external price sources and the holdings were agreed to confirmations from the Company's Custodian or Transfer Agent.

Other Matters

The Committee reviewed the Investment Manager's Report on Internal Controls which details the controls in place regarding the complete and accurate recording of investment income.

At the meeting held on 27 March 2023, the Investment Manager and external Auditor confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole and that the Financial Statements are in accordance with applicable law and accounting standards.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 33 and 34. No significant weaknesses were identified in the period under review.

External Auditor

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

- the Auditor's audit strategy for the financial year ended 31 January 2023 which included a report from the Auditor describing their arrangements to manage auditor independence and received confirmation of their independence; and
- there were no non-audit services provided by the external Auditor in the year to 31 January 2023. The non-audit fees in the previous year to 31 January 2022 paid to KPMG Channel Islands Limited were for providing procedural services related to the issue of the Company's C shares. The fees charged for these services were US$83,000 (see note 4 on page 52). The Committee does not believe this impaired the Auditor's independence and confirmed the services provided are permitted under the non-audit services policy of the Company.

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

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

- the Auditor's engagement letter;
- the Auditor's proposed audit strategy;
- the audit fee; and
- a report from the Auditor on the conclusion of the audit.

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

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

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

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

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on pages 40 to 44.

On behalf of the Board
Trudi Clark
Audit Committee Chairperson
27 March 2023

Directors' Remuneration Report

Statement by the Chairperson

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. As the Remuneration Policy, which is set out below, was last approved at the Annual General Meeting in May 2020, shareholders' approval is being sought at the forthcoming Annual General Meeting. Shareholders' attention is drawn to Resolution 2 in the Notice of Annual General Meeting on page 67. The policy for which approval is sought is set out below and is unchanged from that currently in force.

Directors' fees are increased in line with inflation annually. A resolution to amend the aggregate limit for Directors' fees will be put to shareholders as and when required.

Directors' Remuneration Policy

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

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

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

Limits on Directors' Remuneration

The fees for the non-executive Directors are payable quarterly in arrears and are determined within the limit set out in the Company's Articles of Incorporation, which is currently £360,000 per annum in aggregate. Any change to this limit requires shareholder approval by way of an ordinary resolution.

The basic and additional annual fees payable to Directors in respect of the year to 31 January 2023 and the expected fees payable in respect of the year ending 31 January 2024 are set out in the table below. The fees payable to the Directors in the subsequent financial periods are subject to annual increases in line with inflation.

Statement of Voting at Annual General Meeting

At the Annual General Meeting held on 12 May 2022, of the proxy votes received in respect of the Directors' Remuneration Report that approved the annual increases in line with inflation, 100.0% were in favour, 0.0% were against and 0.0% were withheld.

	Expected fees per annum for year ending 31 January 2024 £	Fees for the year ending 31 January 2023 £
L Yueh	90,300	82,500
J Mackie	72,200	66,000
D Chiswell	60,200	55,000
T Clark	75,500	69,000
R Holmes	60,200	55,000
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Incorporation	360,000	360,000

Annual Report on Remuneration

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

Directors' Remuneration for the Year

The Directors who served during the year ended 31 January 2023 received the following remuneration in the form of fees and taxable benefits. This represents the entire remuneration paid to the Directors.

	For the year ended 31 January 2023		For the year ended 31 January 2022		
Name	Fees £	Total £	Fees £	Other fees * £	Total £
L Yueh (Chairperson)	82,500	**82,500**	52,359	5,000	**57,359**
J Mackie (Senior Independent Director)	66,000	**66,000**	38,867	5,000	**43,867**
D Chiswell (appointed 2 September 2021)	55,000	**55,000**	16,852	–	**16,852**
T Clark (Audit Committee Chairperson)	69,000	**69,000**	41,517	5,000	**46,517**
R Holmes (appointed 2 September 2021)	55,000	**55,000**	16,852	–	**16,852**
	327,500	**327,500**	**166,447**	**15,000**	**181,447**

* Each Director, appointed at the time of the C share issuance, received a one-off fee of £5,000 which covered services relating to the issue of the Company's C shares. As these fees related to the listing of the Company's C shares, they were included within the cost of issuing shares (see note 10).

No other remuneration or compensation was paid or is payable by the Company during the period to any of the Directors, other than travel expenses of US$6,000 (2022 – nil).

Annual Percentage Change in Remuneration

This represents the annual percentage change in the entire remuneration paid to the Directors.

	% from 2022 to 2023	% from 2021 to 2022
L Yueh	43.8	27.5
J Mackie	50.5	33.3
D Chiswell*	36.0	–
T Clark	48.3	32.9
R Holmes*	36.0	–

* R Holmes & D Chiswell were appointed to the board on 2 September 2021. Their fees for the period from 2 September 2021 to 31 January 2022 have been annualised in order to provide the above annual percentage change from 2022 to 2023.

Relative Importance of Spend on Pay

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

Directors' Service Details

Name	Date of appointment	Due date for re-election
L Yueh	4 January 2019	AGM in 2023
J Mackie	4 January 2019	AGM in 2023
D Chiswell	2 September 2021	AGM in 2023
T Clark	4 January 2019	AGM in 2023
R Holmes	2 September 2021	AGM in 2023

Approval

The Report on remuneration on pages 38 and 39 was approved by the Board of Directors and signed on its behalf on 27 March 2023.

Dr Linda Yueh CBE
Chairperson

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

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

We confirm to the best of our knowledge:

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

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

On behalf of the Board
Dr Linda Yueh CBE
27 March 2023

Note

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

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

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

Our opinion is unmodified

We have audited the financial statements of The Schiehallion Fund Limited (the 'Company'), which comprise the statement of financial position as at 31 January 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 January 2023, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

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

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2022):

	The risk	Our response
Valuation of private company investments US$ 853,014,000 (2022 – US$ 937,283,000) Refer to the Audit Committee Report on page 36 of the Annual Report, note 1 (d), 1 (e), 7 and 15 of the financial statements	**Basis:** The Company's investments are classified, recognised and measured at fair value through profit or loss in accordance with IFRS 9. Private company investments represent 74% of the Company's net assets as at 31 January 2023. The directors review and challenge the valuation of private company investments proposed by Baillie Gifford & Co Limited (the 'Investment Manager'). The Investment Manager's investment valuation policy applies techniques consistent with the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines 2018. In assessing fair value the Investment Manager considers information provided by their independent third party valuation firm (the 'Valuation Agent'). **Risk:** The valuation of the Company's private company investments is a significant risk area of our audit, given that they represent a significant portion of the net assets of the Company. The valuation of the Company's private company investments incorporates a risk of error given the significance of estimates and judgements that may be involved in the determination of their fair value.	Our audit procedures included but were not limited to: **Internal Controls:** We evaluated the design and implementation of the control in place in relation to the valuation of the Company's private company investments. **Challenging management's assumptions and inputs including use of our KPMG valuation specialist:** For the private company investments, with the support of our KPMG valuation specialist, we: — assessed the scope of the services provided by the Valuation Agent in relation to the private company investments as well as the objectivity, capability and competence of the Valuation Agent; — held discussions with the Investment Manager to understand the valuation approach; — read the valuation reports and memoranda produced by the Valuation Agent and by the Investment Manager, including the Investment Manager's considerations of the Valuation Agent's reports; — assessed the reasonableness and appropriateness of the valuation approach and methodology applied to each private company investment; — benchmarked the assumptions established in the valuation models employed to observable market data; — obtained an understanding of how the impact of global economic factors and the resultant increase in uncertainty have been reflected in the valuation of private company investments; and — corroborated material investee company inputs and recent investment transactions used in the valuation models to supporting documentation. **Assessing disclosures:** We also considered the Company's disclosures (see notes 1 (d) and 15) in relation to the use of estimates and judgements relating to the valuation of private company investments and the Company's investment valuation policies adopted in note 1 (e) and fair value disclosures in note 7 for compliance with International Financial Reporting Standards.

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

Materiality for the financial statements as a whole was set at $23,100,000, determined with reference to a benchmark of net assets of $1,153,183,000, of which it represents approximately 2.0% (2022 – 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2022 – 75%) of materiality for the financial statements as a whole, which equates to $17,325,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $1,155,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the 'going concern period').

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to affect the Company's financial resources or ability to continue operations over this period was the availability of capital to meet operating costs and other financial commitments.

We considered whether this risk could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from this risk against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 1 (a) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and

— we found the going concern disclosure in the notes to the financial statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

— enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;

— reading minutes of meetings of those charged with governance; and

— using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

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

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

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

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

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 40, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Steven Stormonth
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey
27 March 2023

Statement of Comprehensive Income

	Notes	For the year ended 31 January 2023 Revenue US$'000	Capital US$'000	Total US$'000	For the year ended 31 January 2022 Revenue US$'000	Capital US$'000	Total US$'000
(Losses)/gains on investments	7	–	(311,938)	**(311,938)**	–	39,460	**39,460**
Currency losses		–	(17)	**(17)**	–	(19)	**(19)**
Income	2	2,800	–	**2,800**	362	–	**362**
Investment management fee	3	(8,931)	–	**(8,931)**	(8,427)	–	**(8,427)**
Other administrative expenses	4	(1,233)	–	**(1,233)**	(1,100)	–	**(1,100)**
Operating (loss)/profit before finance costs and taxation		(7,364)	(311,955)	**(319,319)**	(9,165)	39,441	**30,276**
Finance costs of borrowings		(10)	–	**(10)**	(7)	–	**(7)**
Operating (loss)/profit before taxation		(7,374)	(311,955)	**(319,329)**	(9,172)	39,441	**30,269**
Tax on ordinary activities		–	–	**–**	–	–	**–**
(Loss)/profit and total comprehensive (loss)/income for the year		**(7,374)**	**(311,955)**	(319,329)	**(9,172)**	**39,441**	**30,269**
Total comprehensive (loss)/income for the year analysed as follows:							
Attributable to ordinary shareholders		(4,923)	(189,131)	**(194,054)**	(7,238)	51,460	**44,222**
Attributable to C shareholders		(2,451)	(122,824)	**(125,275)**	(1,934)	(12,019)	**(13,953)**
(Loss)/profit and total comprehensive (loss)/income for the year		**(7,374)**	**(311,955)**	(319,329)	**(9,172)**	**39,441**	**30,269**
(Loss)/earnings per ordinary share	5	(0.98¢)	(37.79¢)	**(38.77c)**	(1.47¢)	10.46¢	**8.99¢**
Loss per C share	5	(0.35¢)	(17.55¢)	**(17.90¢)**	(0.28¢)	(1.72¢)	**(2.00¢)**

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

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

The accompanying notes on pages 49 to 66 are an integral part of the Financial Statements.

Statement of Financial Position

As at 31 January

	Notes	2023 US$'000	2023 US$'000	2022 US$'000	2022 US$'000
Fixed assets					
Investments held at fair value through profit or loss	7		972,032		1,148,322
Current assets					
US Treasury Bills	15	136,797		268,216	
Cash and cash equivalents	15	45,799		86,898	
Debtors	8	884		405	
		183,480		355,519	
Current liabilities					
Amounts falling due within one year	9	(2,329)		(31,329)	
Net current assets			181,151		324,190
Net assets			**1,153,183**		**1,472,512**
Capital and reserves					
Share capital	10/11		1,216,503		1,216,503
Capital reserve	11		(51,536)		260,419
Revenue reserve	11		(11,784)		(4,410)
Shareholders' funds			**1,153,183**		**1,472,512**
Shareholders' funds – ordinary shares			597,608		791,663
Net asset value per ordinary share	12		119.42¢		158.20¢
Number of ordinary shares in issue	10		500,430,002		500,430,002
Shareholders' funds – C shares			555,575		680,849
Net asset value per C share	12		79.37¢		97.26¢
Number of C shares in issue	10		700,000,000		700,000,000

The Financial Statements of The Schiehallion Fund Limited (Company registration number 65915) were approved and authorised for issue by the Board of Directors and were signed on 27 March 2023.

Dr Linda Yueh CBE
Chairperson

The accompanying notes on pages 49 to 66 are an integral part of the Financial Statements.

Statement of Changes in Equity

For the year ended 31 January 2023

	Notes	Share capital US$'000	Capital reserve US$'000	Revenue reserve US$'000	Shareholders' funds US$'000
Shareholders' funds at 1 February 2022		1,216,503	260,419	(4,410)	**1,472,512**
Ordinary shares issued	10/11	–	–	–	**–**
C shares issued	10/11	–	–	–	**–**
Total comprehensive loss – ordinary shares		–	(189,131)	(4,923)	**(194,054)**
Total comprehensive loss – C shares		–	(122,824)	(2,451)	**(125,275)**
Shareholders' funds at 31 January 2023		**1,216,503**	**(51,536)**	**(11,784)**	**1,153,183**

For the year ended 31 January 2022

	Notes	Share capital US$'000	Capital reserve US$'000	Revenue reserve US$'000	Shareholders' funds US$'000
Shareholders' funds at 1 February 2021		480,340	220,978	4,762	**706,080**
Ordinary shares issued	10/11	41,361	–	–	**41,361**
C shares issued	10/11	694,802	–	–	**694,802**
Total comprehensive income/(loss) – ordinary shares		–	51,460	(7,238)	**44,222**
Total comprehensive loss – C shares		–	(12,019)	(1,934)	**(13,953)**
Shareholders' funds at 31 January 2022		**1,216,503**	**260,419**	**(4,410)**	**1,472,512**

The accompanying notes on pages 49 to 66 are an integral part of the Financial Statements.

Statement of Cash Flows

	Notes	For the year ended 31 January 2023 US$'000	US$'000	For the year ended 31 January 2022 US$'000	US$'000
Cash flows from operating activities					
Operating (loss)/profit before taxation			(319,329)		30,269
US Treasury Bills interest			(1,618)		(166)
Net losses/(gains) on investments			311,938		(39,460)
Currency losses			17		19
Changes in debtors and creditors			(899)		879
Net cash used in operating activities*			(9,891)		(8,459)
Cash flows from investing activities					
Acquisitions of US Treasury Bills		(161,229)		(1,031,088)	
Disposals of US Treasury Bills		294,266		840,039	
Acquisitions of investments	7	(166,076)		(474,843)	
Disposals of investments	7	1,848		8,740	
Net cash used in investing activities			(31,191)		(657,152)
Cash flows from financing activities					
Ordinary shares issued	10/11	–		41,613	
C shares issued	10/11	–		694,802	
Net cash inflow from financing activities			–		736,415
Net (decrease)/increase in cash and cash equivalents			(41,082)		70,804
Effect of exchange rate fluctuations on cash and cash equivalents			(17)		(19)
Cash and cash equivalents at 1 February			86,898		16,113
Cash and cash equivalents at 31 January			**45,799**		**86,898**

* Cash from operations includes interest received of US$700,000 (2022 – US$1,000).

	2023 US$'000	2022 US$'000
Cash and cash equivalents comprise the following:		
Cash at bank	**45,799**	**86,898**

The accompanying notes on pages 49 to 66 are an integral part of the Financial Statements.

Notes to the Financial Statements

The Schiehallion Fund Limited is a non-cellular investment company limited by shares, registered and incorporated in Guernsey under the Companies (Guernsey) Law, 2008 (the 'Companies Law') on 4 January 2019, with registration number 65915. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the Registered Collective Investment Scheme Rules 2021 issued by the Guernsey Financial Services Commission.

The Company's shares are listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

1 Principal Accounting Policies

The Financial Statements for the year ended 31 January 2023 have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

(a) Basis of Accounting

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The Financial Statements give a true and fair view and comply with the Companies (Guernsey) Law, 2008. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for Investment Companies issued by the Association of Investment Companies ('AIC') updated in July 2022 (the 'AIC SORP') is consistent with the requirements of IFRS, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

Going Concern

The Directors have adopted the going concern basis in preparing the Company's Financial Statements. The Board has, in particular, considered the impact of heightened market volatility due to macroeconomic and geopolitical concerns, including rising inflation and interest rates, the Russian invasion of Ukraine as well as the lingering effects of the Covid-19 pandemic. 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. It is the Directors' opinion that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. In reaching this conclusion the Directors considered the Company's investment portfolio, cash position and expenses.

(b) Functional and Presentational Currency

The Company's functional and presentational currency is the US dollar. The US dollar is the functional currency as the Company has issued its share capital in US dollars, its shareholders are based globally and the Company's investment policy has global reach. The Company's performance is evaluated and its liquidity is managed in US dollars. Therefore, the US dollar is considered the currency that most closely represents the economic effects of the underlying transactions, events and conditions.

(c) Basis of Measurement

The Financial Statements have been prepared under the historical cost convention, adjusted for the revaluation of fixed asset investments at fair value through profit or loss.

(d) Accounting Estimates, Assumptions and Judgements

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the fair valuation of the private company investments.

Judgements

The Directors consider that the preparation of the Financial Statements involves the following key judgements:

(i) the determination of the functional currency of the Company as US dollars (see rationale in 1(b) above); and

(ii) the fair valuation of the private company investments.

The key judgements in the fair valuation process are:

(i) the Investment Manager's determination of the appropriate application of the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines 2018 to each private company investment; and

(ii) the Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used (see 1(e) below) for determining the fair value of each private company investment can have a significant impact upon the valuation.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the private company investments by the Investment Manager for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the private company investments at the date of the Statement of Financial Position. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The main estimates involved in the selection of the valuation process inputs are:

(i) the selection of appropriate comparable companies in order to derive revenue multiples and meaningful relationships between enterprise value, revenue and earnings growth. Comparable companies are chosen on the basis of their business characteristics and growth patterns;

(ii) the selection of a revenue metric (either historical or forecast);

(iii) the application of an appropriate discount factor to reflect the reduced liquidity of private companies versus their listed peers;

(iv) the estimation of the probability assigned to an exit being through an initial public offering ('IPO') or a company sale;

(v) the selection of an appropriate industry benchmark index to assist with the valuation validation or the application of valuation adjustments, particularly in the absence of established earnings or closely comparable peers; and

(vi) the calculation of valuation adjustments derived from milestone analysis (i.e. incorporating operational success against the plan/forecasts of the business into the valuation).

Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimates. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in note 15 on pages 63 to 65 to illustrate the effect on the Financial Statements of an over or under estimation of the unobservable inputs used in the estimation of fair values. The risk of an over or under estimation of fair values is greater when methodologies are applied using more subjective inputs.

Assumptions

The determination of fair value by the Investment Manager involves key assumptions dependent upon the valuation technique used. As explained in 1(e) below, the primary technique applied under the IPEV Guidelines is the Multiples approach. Where the Multiples approach is used the valuation process recognises also, as stated in the IPEV Guidelines, that the price of a recent investment may be an appropriate calibration for estimating fair value. The Multiples approach involves subjective inputs and therefore presents a greater risk of over or under estimation and particularly in the absence of a recent transaction. The key assumptions for the Multiples approach are that the selection of comparable companies provides a reasonable basis for identifying relationships between enterprise value, revenue and growth to apply in the determination of fair value. Other assumptions include:

(i) the discount applied for reduced liquidity versus listed peers;

(ii) the probabilities assigned to an exit being through either an IPO or a company sale; and

(iii) that the application of milestone analysis and industry benchmark indices are a reasonable basis for applying appropriate adjustments to the valuations.

Valuations are cross-checked for reasonableness to alternative Multiples-based approaches or benchmark index movements as appropriate.

(e) Investments

The Company's investments are classified, recognised and measured at fair value through profit or loss in accordance with IFRS 9. Changes in fair value of investments and gains and losses on disposal are recognised as capital items in the Statement of Comprehensive Income.

Recognition and Initial Measurement

Purchases and sales of investments are accounted for on a trade date basis. Expenses incidental to purchase and sale are written off to capital at the time of acquisition or disposal. All investments are designated as valued at fair value through profit or loss upon initial recognition and are measured at subsequent reporting dates at fair value.

Measurement and Valuation

Listed Investments

The fair value of listed security investments is bid value, or, in the case of holdings on certain recognised overseas exchanges, at last traded prices depending on the custom of the relevant exchange.

Private Company Investments

Private company investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Investment Manager. The Investment Manager's private company investment valuation policy applies techniques consistent with the IPEV Guidelines.

The techniques applied are predominantly market-based approaches. The market-based approaches available under the IPEV Guidelines are set out below and are followed by an explanation of how they are applied to the Company's private companies portfolio:

— Multiples;

— Industry Valuation Benchmarks; and

— Available Market Prices.

The nature of the private companies portfolio currently will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered. As a result, various Multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. Discounted cashflows are used where appropriate. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach. All valuations are cross-checked for reasonableness by employing relevant alternative techniques. The private company investments are valued according to a three monthly cycle of measurement dates. The fair value of the private company investments will be reviewed before the next scheduled three monthly measurement date on the following occasions:

— at the year end and half year end of the Company; and

— where there is an indication of a change in fair value as defined in the IPEV guidelines (commonly referred to as 'trigger' events).

A trigger event may include any of the following:

— a subsequent round of financing by the investee company;

— a secondary transaction involving the investee company where there is sufficient information available to enable an assessment of the nature of the transaction;

— a recent material change in the current or expected financial and/or operational performance of the investee company;

— a material milestone achieved or missed by the investee company;

— a change in the management personnel of the investee company;

— a material change in the market environment in which the investee company operates; or

— a material change in market indices or economic indicators.

Derecognition

Financial assets are derecognised when the contractual rights to cash flows from the asset expire or the Company transfers the financial assets and substantially all of the risks and rewards of ownership have been transferred.

On derecognition of a financial asset, the difference between the weighted average carrying amount of the asset (or the carrying amount allocated to the proportion of the asset derecognised), and the consideration received (including new asset obtained less any liability assumed), is recognised in profit and loss.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

Gains and Losses

Gains and losses on investments, including those arising from foreign currency exchange differences, are recognised in the Statement of Comprehensive Income as capital items.

The Investment Manager monitors the investment portfolio on a fair value basis and uses the fair value basis for investments in making investment decisions and monitoring financial performance.

(f) US Treasury Bills

Assets that are held in order to collect contractual cash flows that are solely payments of principal and interest are measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest rate method less impairment recognised using the expected credit loss method. As at 31 January 2023 impairment recognised was nil (31 January 2022 – nil).

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

(h) Financial Liabilities

Bank loans and overdrafts are classified as loans and are initially recorded at the proceeds received net of direct costs and subsequently measured at amortised cost.

(i) Income

(i) Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

(ii) If scrip dividends are taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

(iii) Special dividends are treated as repayments of capital or income depending on the facts of each particular case.

(iv) Overseas dividends include the taxes deducted at source.

(v) Interest receivable on bank deposits is recognised on an accruals basis.

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

(j) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except where: (i) they relate directly to the acquisition or disposal of an investment (transaction costs), in which case they are recognised as capital within losses/gains on investments; and (ii) they relate directly to the buyback/issuance of shares, in which case they are added to the buyback cost or deducted from the share issuance proceeds. Expenses which do not explicitly relate to either the ordinary shares or C shares are allocated 50:50 between both share classes (based on approximate net asset values at time of C share issuance).

(k) Taxation

The Company has applied for and been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 in Guernsey for the current period. The exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200 per applicant, provided the Company qualifies for exemption under the applicable legislation.

It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

(l) Foreign Currencies

Transactions involving foreign currencies other than US dollars are converted at the rate ruling at the time of the transaction. Assets and liabilities in such currencies are translated at the closing rates of exchange at the date of the Statement of Financial Position. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or revenue reserve as appropriate. Foreign exchange movements on investments are included in the Statement of Comprehensive Income within gains or losses on investments.

(m) Capital Reserve

Gains and losses on disposal of investments, changes in the fair value of investments held and realised and unrealised foreign exchange differences of a capital nature are dealt with in this reserve after being recognised in the Statement of Comprehensive income. Purchases of the Company's own shares may be funded from this reserve.

(n) Revenue Reserve

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

(o) Single Segment Reporting

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

(p) New and Revised Standards

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

(i) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

(ii) Definition of Accounting Estimates – Amendments to IAS 8

2 Income

	2023 US$'000	2022 US$'000
US Treasury Bills interest	1,618	166
Overseas interest	482	195
Deposit interest	700	1
Total income	**2,800**	**362**

3 Investment Management Fee

	2023 US$'000	2022 US$'000
Investment management fee	**8,931**	**8,427**

Details of the Investment Management Agreement are set out on page 27. Under the terms of the Investment Management Agreement and with effect from the date the Company's ordinary shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, the Investment Manager is entitled to an annual fee (exclusive of VAT, which shall be added where applicable) of: 0.9% on the net asset value excluding cash or cash equivalent assets up to and including US$650 million; 0.8% on the net asset value excluding cash or cash equivalent assets exceeding US$650 million up to and including US$1.3 billion; and 0.7% on the net asset value excluding cash or cash equivalent assets exceeding US$1.3 billion. Management fees are calculated and payable quarterly.

Cash equivalents include US Treasury Bills.

4 Other Administrative Expenses

	2023 US$'000	2022 US$'000
General administrative expenses	517	511
Administrator's fee	86	92
Auditor's remuneration for audit services	236	248
Directors' fees	394	249
	1,233	**1,100**

In the year to 31 January 2023 there were no fees paid to the Auditor, KPMG Channel Islands Limited, in respect of non-audit services. In the year to 31 January 2022 non-audit fees paid to the Auditor amounted to US$83,000 in respect of procedural services related to the issuance of the Company's C shares. As these costs related to the issuance of the C shares, they are capital in nature and included within the costs of issuing shares (see note 11).

5 Earnings per Share

Ordinary shares	Year ended 31 January 2023 US$'000	¢	Year ended 31 January 2022 US$'000	¢
Revenue return on ordinary activities after taxation	(4,923)	(0.98)	(7,238)	(1.47)
Capital return on ordinary activities after taxation	(189,131)	(37.79)	51,460	10.46
(Loss)/profit and total comprehensive (loss)/income for the year	**(194,054)**	**(38.77)**	**44,222**	**8.99**
Weighted average number of ordinary shares in issue	**500,430,002**		**491,934,440**	

C shares	Year ended 31 January 2023 US$'000	¢	Period from 27 April 2021 to 31 January 2022 US$'000	¢
(Loss)/revenue return on ordinary activities after taxation	(2,451)	(0.35)	(1,934)	(0.28)
Capital return on ordinary activities after taxation	(122,824)	(17.55)	(12,019)	(1.72)
Profit and total comprehensive (loss)/income for the year/period	**(125.275)**	**(17.90)**	**(13,953)**	**(2.00)**
Weighted average number of C shares in issue	**700,000,000**		**700,000,000**	

6 Ordinary Dividends

There were no dividends paid or proposed in respect of the year to 31 January 2023 (2022 – US$nil).

7 Financial Instruments

Fair Value Hierarchy

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

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

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

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

The valuation techniques used by the Company are explained in the accounting policies on page 50. Transfers between levels of the fair value hierarchy take place when the criteria for recognition in another level are met, such as the listing of an investment.

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**
Private company ordinary shares/warrants	–	–	131,977	**131,977**
Private company preference shares*	–	–	708,914	**708,914**
Private company convertible promissory notes	–	–	12,123	**12,123**
Total financial asset investments	**119,018**	**–**	**853,014**	**972,032**

As at 31 January 2022	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Listed equities	211,039	–	–	**211,039**
Private company ordinary shares/warrants	–	–	167,268	**167,268**
Private company preference shares*	–	–	765,207	**765,207**
Private company convertible promissory notes	–	–	4,808	**4,808**
Total financial asset investments	**211,039**	**–**	**937,283**	**1,148,322**

* 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 year ended 31 January 2023, investments with a fair value (IPO price) of US$nil (2022 – US$197,699,000) were transferred from Level 3 to Level 1 on becoming listed.

Investments in securities are financial assets held at fair value through profit or loss. In accordance with IFRS 13, the table above provides an analysis of these investments based on the fair value hierarchy described above, which reflects the reliability and significance of the information used to measure their fair value.

7 Financial Instruments (continued)

Fair Value Hierarchy (continued)

	Listed securities US$'000	Private company securities * US$'000	Total US$'000
Cost of investments at 1 February 2022	147,488	752,024	**899,512**
Investment holding gains and losses at 1 February 2022	63,551	185,259	**248,810**
Fair value of investments at 1 February 2022	211,039	937,283	**1,148,322**
Movements in the period:			
Purchases at cost†	25,795	113,068	**138,863**
Sales – proceeds	(1,367)	(1,848)	**(3,215)**
– loss on disposal	(13,633)	–	**(13,633)**
Changes in categorisation	–	–	**–**
Changes in investment holding gains and losses	(102,816)	(195,489)	**(298,305)**
Fair value of investments at 31 January 2023	**119,018**	**853,014**	**972,032**
Cost of investments at 31 January 2023	158,283	863,244	**1,021,527**
Investment holding gains and losses at 31 January 2023	(39,265)	(10,230)	**(49,495)**
Fair value of investments at 31 January 2023*	**119,018**	**853,014**	**972,032**

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

† During the period the Company disposed of its investment in Zymergen in exchange for proceeds comprising Ginkgo Bioworks Holdings Inc shares, the equivalent value of which on the transaction date was US$1,367,163. The Ginkgo Bioworks Holdings Inc shares received are a non-cash item and hence are not reflected in the Statement of Cash Flows on page 48.

The purchases and sales proceeds figures above include transaction costs of US$nil (2022 – US$99,000) and US$nil (2022 – US$nil) respectively.

	Listed securities US$'000	Private company securities * US$'000	Total US$'000
Cost of investments at 1 February 2021	19,126	374,084	**393,210**
Investment holding gains and losses at 1 February 2021	83,316	137,653	**220,969**
Fair value of investments at 1 February 2021	102,442	511,737	**614,179**
Movements in the period:			
Purchases at cost†	43,588	472,519	**516,107**
Sales – proceeds	–	(21,424)	**(21,424)**
– gains on sales	–	11,424	**11,424**
Changes in categorisation	197,699	(197,699)	**–**
Changes in investment holding gains and losses	(132,690)	160,726	**28,036**
Fair value of investments at 31 January 2022	**211,039**	**937,283**	**1,148,322**
Cost of investments at 31 January 2022	147,488	752,024	**899,512**
Investment holding gains and losses at 31 January 2022	63,551	185,259	**248,810**
Fair value of investments at 31 January 2022*	**211,039**	**937,283**	**1,148,322**

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

† During the period the Company disposed of its investment in Grail in exchange for proceeds comprising cash of US$8,740,000 and Illumina shares, the equivalent value of which on the transaction date was US$12,684,000. The Illumina shares received are a non-cash item and hence are not reflected with the Statement of Cash Flows on page 44.

The purchases and sales proceeds figures above include transaction costs of US$99,000 (2021 – US$31,000) and US$nil (2021 – US$nil) respectively.

	2023 US$'000	2022 US$'000
Net gains on investments designated at fair value through profit or loss		
(Losses)/gains on investments disposed/taken over during the year	(13,633)	11,424
Changes in investment holding gains on investments still held at year-end	45,244	176,112
Changes in investment holding losses on investments still held at year-end	(343,549)	(148,076)
	(311,938)	**39,460**

7 Financial Instruments (continued)

Investment Holdings

Details of significant holdings are noted below in accordance with the disclosure requirements of paragraph 82 of the AIC Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (updated in July 2022), in relation to the private company investments. As required, this disclosure includes turnover, pre-tax profits and net assets attributable to investors, as reported within the most recently audited financial statement of the investee companies.

Ordinary share private company investment portfolio as at 31 January 2023									
Name	Business	Latest Financial Statements	Proportion of capital owned %	Book cost US$'000	Value US$'000	Income recognised from holding in the period	Turnover US$'000	Pre-tax profit/(loss) US$'000	Net assets attributable to shareholders US$'000
Space Exploration Technologies Corp	Designs, manufactures and launches advanced rockets and spacecraft	n/a	0.03	22,100	70,114	nil			
Scopely Inc	Online gaming company	n/a	0.87	21,299	60,223	nil			
ByteDance Ltd	Social media and news aggregation company	n/a	0.02	25,000	49,808	nil			
Daily Hunt (Ver Se Innovation Limited)	Telephone voice, data, text messaging, and roaming services	n/a	1.34	37,119	32,032	nil			
Epic Games Inc	Video game developer	n/a	0.10	22,054	28,320	nil			
Stripe Inc	Online payment platform	n/a	0.04	18,052	27,943	nil			
Northvolt AB	Lithium ion battery manufacturer	n/a	0.20	10,351	22,525	nil			
Tempus Labs Inc	Oncological records aggregator and diagnostic testing provider	n/a	0.37	13,468	20,177	nil			
Workrise Technologies Inc	Jobs marketplace for the energy sector	n/a	0.94	22,500	17,073	nil	Information not publicly available		
Indigo Agriculture Inc	Microbial seed treatments to increase crop yields and grain marketplace	n/a	0.50	16,873	15,838	nil			
Flix SE	European mobility provider	n/a	0.44	11,153	13,309	nil			
Jiangxiaobai Holdings Ltd	Producer of alcoholic beverages	n/a	0.54	9,996	12,892	nil			
Away (JRSK Inc)	Travel and lifestyle brand	n/a	4.76	14,375	12,355	nil			
Tanium Inc	Online security management	n/a	0.32	24,352	11,799	nil			
Brex Inc	Corporate credit cards for startups	n/a	0.13	10,006	11,291	nil			
Carbon Inc	Manufactures and develops 3D printers	n/a	0.37	10,000	9,670	nil			
Convoy Inc	Marketplace for truckers and shippers	n/a	0.31	10,000	9,165	nil			
Nuro Inc	Developer of autonomous delivery vehicles	n/a	0.18	10,000	9,100	nil			
Graphcore Ltd	Computer chip developer	n/a	0.49	11,200	8,706	nil	50,444	(184,540)	342,723
Cohesity Inc	Data storage	n/a	0.37	10,000	8,033	nil			
Chime Financial Inc	Digital current account provider	n/a	0.07	10,000	7,417	nil			
MasterClass (Yanka Industries Inc)	Online education platform	n/a	0.36	10,000	6,488	nil	Information not publicly available		
Honor Technology Inc	Provider of home-care services	n/a	0.46	5,000	2,990	nil			
HeartFlow Inc	Develops software for cardiovascular disease diagnosis and treatment	n/a	0.28	10,000	2,029	nil			
Ordinary share private company investment portfolio total				**364,898**	**469,297**				

7 Financial Instruments (continued)

Investment Holdings

C share private company investment portfolio as at 31 January 2023									
Name	Business	Latest Financial Statements	Proportion of capital owned %	Book cost US$'000	Value US$'000	Income recognised from holding in the period	Turnover US$'000	Pre-tax profit/(loss) US$'000	Net assets attributable to shareholders US$'000
Solugen Inc	Combines enzymes and metal catalysts to make chemicals	n/a	2.31	45,000	47,881	nil	Information not publicly available		
Genki Forest Technology Group Holdings Limited	Non-alcoholic beverages	n/a	0.21	33,000	29,727	nil			
Faire Wholesale Inc	Online wholesale marketplace	n/a	0.36	36,186	29,404	nil			
McMakler GmbH	Real estate services	n/a	2.89	29,075	24,621	nil			
Brex Inc	Corporate credit cards for startups	n/a	0.28	34,040	24,441	nil			
Databricks Inc	Data software solutions	n/a	0.07	26,900	23,523	nil			
Grammarly Inc	Online platform for checking grammar, spelling and improving written communication	n/a	0.36	45,002	22,353	nil			
Rappi Inc	Provider of an on-demand delivery platform designed to connect consumers with local stores	n/a	0.55	30,000	19,922	nil			
Chime Financial Inc	Digital current account provider	n/a	0.12	30,000	19,294	nil			
Northvolt AB	Lithium ion battery manufacturer	n/a	0.11	15,766	16,280	nil			
Kepler Computing Inc	Semiconductor company	n/a	1.64	15,000	15,919	nil			
Loft Holdings Ltd	Online property platform	n/a	4.83	21,718	15,569	nil			
Merlin Labs Inc	Autonomous flight technology	n/a	2.53	15,000	13,842	nil			
Flix SE	European mobility provider	n/a	0.44	13,848	13,356	nil			
PsiQuantum	Silicon photonic quantum computing	n/a	0.49	15,000	13,195	nil			
Nuro Inc	Developer of autonomous delivery vehicles	n/a	0.18	16,000	12,112	nil			
Pet Circle (Millell Pty Ltd)	Pet food and accessories	n/a	3.56	28,464	11,357	nil			
Wayve Technologies Ltd	AI based software for self-driving cars	n/a	1.72	16,402	9,728	nil			
Blockstream Corp Inc	Financial software developer	n/a	0.51	15,000	8,885	nil			
Convoy Inc	Marketplace for truckers and shippers	n/a	0.13	5,000	4,210	nil			
Tempus Labs Inc	Oncological records aggregator and diagnostic testing provider	n/a	0.06	5,000	4,210	nil			
Honor Technology Inc	Provider of home-care services	n/a	0.49	6,945	3,888	nil			
C share private company investment portfolio total				**498,345**	**383,717**				
Company private company investment portfolio total				**861,243**	**853,014**				

7 Financial Instruments (continued)

Investment Holdings (continued)

Ordinary share private company investment portfolio as at 31 January 2022

Name	Business	Latest Financial Statements	Proportion of capital owned %	Book cost US$'000	Value US$'000	Income recognised from holding in the period	Turnover US$'000	Pre-tax profit/(loss) US$'000	Net assets attributable to shareholders US$'000
ByteDance Ltd	Social media and news aggregation company	n/a	0.02	25,000	58,378	nil			
Space Exploration Technologies Corp	Designs, manufactures and launches advanced rockets and spacecraft	n/a	0.05	22,100	50,991	nil			
Scopely Inc	Online gaming company	n/a	1.11	21,299	47,918	nil			
Stripe Inc	Online payment platform	n/a	0.04	18,053	45,047	nil			
Daily Hunt (Ver Se Innovation Limited)	Telephone voice, data, text messaging, and roaming services	n/a	1.37	30,153	33,236	nil			
Tanium Inc	Online security management	n/a	0.33	24,353	29,773	nil	Information not publicly available		
Epic Games Inc	Video game developer	n/a	0.11	22,055	29,013	nil			
Tempus Labs Inc	Oncological records aggregator and diagnostic testing provider	n/a	0.38	13,468	27,089	nil			
Workrise Technologies Inc	Jobs marketplace for the energy sector	n/a	0.94	22,500	25,026	nil			
Northvolt AB	Lithium ion battery manufacturer	n/a	0.17	10,351	24,177	nil			
Indigo Agriculture Inc	Microbial seed treatments to increase crop yields and grain marketplace	n/a	0.58	16,873	16,958	nil			
Graphcore Ltd	Computer chip developer	n/a	0.49	11,200	16,600	nil	3,327	(140,945)	251,862
Brex Inc	Corporate credit cards for startups	n/a	0.16	10,006	15,708	nil			
Chime Financial Inc	Digital current account provider	n/a	0.02	10,000	15,530	nil			
Nuro Inc	Developer of autonomous delivery vehicles	n/a	0.15	10,000	14,554	nil			
Jiangxiaobai Holdings Ltd	Producer of alcoholic beverages	n/a	0.54	9,993	14,187	nil			
Carbon Inc	Manufactures and develops 3D printers	n/a	0.39	10,000	12,920	nil			
Convoy Inc	Marketplace for truckers and shippers	n/a	0.31	10,000	12,185	nil			
Cohesity Inc	Data storage	n/a	0.41	10,000	11,930	nil	Information not publicly available		
Away (JRSK Inc)	Travel and lifestyle brand	n/a	5.04	14,375	11,920	nil			
HeartFlow Inc	Develops software for cardiovascular disease diagnosis and treatment	n/a	0.63	10,000	11,413	nil			
Flix SE	European mobility provider	n/a	0.39	11,153	10,560	nil			
MasterClass (Yanka Industries Inc)	Online education platform	n/a	0.37	10,000	8,542	nil			
Honor Technology Inc	Provider of home-care services	n/a	0.52	5,000	5,585	nil			
Ordinary share private company investment portfolio total				**357,931**	**549,241**				

7 Financial Instruments (continued)

Investment Holdings (continued)

C share private company investment portfolio as at 31 January 2022

Name	Business	Latest Financial Statements	Proportion of capital owned %	Book cost US$'000	Value US$'000	Income recognised from holding in the period	Turnover US$'000	Pre-tax profit/(loss) US$'000	Net assets attributable to shareholders US$'000
Grammarly Inc	Online platform for checking grammar, spelling and improving written communication	n/a	0.35	45,002	45,002	nil	Information not publicly available		
Faire Wholesale Inc	Online wholesale marketplace	n/a	0.31	27,179	36,703	nil			
Genki Forest Technology Group Holdings Limited	Non-alcoholic beverages	n/a	0.21	33,000	33,000	nil			
Chime Financial Inc	Digital current account provider	n/a	0.05	30,000	28,827	nil			
McMakler GmbH	Real estate services	n/a	3.11	29,075	28,583	nil			
Pet Circle (Millell Pty Ltd)	Pet food and accessories	n/a	3.56	28,464	28,182	nil			
Solugen Inc	Combines enzymes and metal catalysts to make chemicals	n/a	7.15	30,000	28,129	nil			
Rappi Inc	Provider of an on-demand delivery platform designed to connect consumers with local stores	n/a	0.59	30,000	25,542	nil			
Databricks Inc	Data software solutions	n/a	0.07	26,900	24,766	nil			
Loft Holdings Ltd	Online property platform	n/a	0.77	20,000	19,224	nil			
Wayve Technologies Ltd	AI based software for self-driving cars	n/a	2.22	16,402	16,267	nil			
Nuro Inc	Developer of autonomous delivery vehicles	n/a	0.23	16,000	15,320	nil			
PsiQuantum	Silicon photonic quantum computing	n/a	0.51	15,000	15,000	nil			
Blockstream Corp Inc	Financial software developer	n/a	0.50	15,000	13,937	nil			
Flix SE	European mobility provider	n/a	0.49	13,848	11,305	nil			
Northvolt AB	Lithium ion battery manufacturer	n/a	0.10	6,276	6,797	nil			
Honor Technology Inc	Provider of home-care services	n/a	0.72	6,945	6,458	nil			
Convoy Inc	Marketplace for truckers and shippers	n/a	0.15	5,000	5,000	nil			
C share private company investment portfolio total				**394,092**	**388,042**				
Company private company investment portfolio total				**752,023**	**937,283**				

8 Debtors

	2023 US$'000	2022 US$'000
Amounts falling due within one year:		
Income accrued (net of withholding taxes)	759	278
Share issuance awaiting settlement	–	–
Other debtors and prepayments	125	127
	884	**405**

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value. There were no debtors that were past due or impaired at 31 January 2023 (2022 – US$nil).

9 Creditors – Amounts falling due within one year

	2023 US$'000	2022 US$'000
Unsettled investment purchases	–	28,580
Investment management fee	2,106	2,459
Administrator's fee	7	8
Other creditors and accruals	216	282
	2,329	**31,329**

None of the above creditors at 31 January 2023 (2022 – US$nil) are financial liabilities designated at fair value through profit or loss.

10 Share Capital

	2023 Number	2023 US$'000	2022 Number	2022 US$'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. During the year to 31 January 2023, the Company issued no ordinary and no C shares. In the period from 31 January 2023 to 24 March 2023 no further shares were issued. Consequently, the Company has the authority to issue a further 219,570,000 ordinary shares under the 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 net proceeds of US$694,802,000. The issue costs of US$5,198,000 consisted of mainly broker commission (US$4,066,000), legal fees (US$601,000) and listing fees (US$396,000).

By way of an ordinary resolution passed on 12 May 2022, the Directors of the Company have general authority to make market purchases of up to 75,014,457 ordinary shares, being 14.99% of the ordinary shares in issue. This authority will expire at the end of the period concluding immediately prior to the second Annual General Meeting of the Company to be held on 12 May 2023. No shares have been bought back during the year ended 31 January 2023 hence the authority remains at 75,014,457 ordinary shares.

The Company maintains separate Ordinary and C share portfolios, as detailed in note 7.

Holders of ordinary shares have the right to receive income and capital from assets attributable to such share class. Assets are allocated through the appreciation and realisation of investments acquired using the proceeds of the ordinary share issue. 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. Assets are allocated through the appreciation and realisation of investments acquired using the proceeds of the C share issue. 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.

11 Capital and Reserves

	Share capital US$'000	Capital reserve US$'000	Revenue reserve US$'000	Shareholders' funds US$'000
At 1 February 2022	1,216,503	260,419	(4,410)	**1,472,512**
Changes in investment holding gains and losses	–	(311,938)	–	**(311,938)**
Exchange differences	–	(17)	–	**(17)**
Ordinary shares issued	–	–	–	**–**
C shares issued	–	–	–	**–**
Revenue earnings on ordinary activities after taxation	–	–	(7,374)	**(7,374)**
At 31 January 2023	**1,216,503**	**(51,536)**	**(11,784)**	**1,153,183**

	Share capital US$'000	Capital reserve US$'000	Revenue reserve US$'000	Shareholders' funds US$'000
At 1 February 2021	480,340	220,978	4,762	**706,080**
Changes in investment holding gains and losses	–	39,460	–	**39,460**
Exchange differences	–	(19)	–	**(19)**
Ordinary shares issued	41,361	–	–	**41,361**
C shares issued	700,000	–	–	**700,000**
Costs in relation to C share issue	(5,198)	–	–	**(5,198)**
Revenue earnings on ordinary activities after taxation	–	–	(9,172)	**(9,172)**
At 31 January 2022	**1,216,503**	**260,419**	**(4,410)**	**1,472,512**

The capital reserve includes investment holding losses of US$62,934,000 (2022 – gains of US$248,810,000) as disclosed in note 7.
The revenue reserve and the capital reserve (to the extent it constitutes realised profits) may be distributed by way of dividend.

12 Net Asset Value per Share

The net asset value per ordinary and C share and the net assets attributable to the ordinary and C shareholders at 31 January calculated in accordance with the Articles of Incorporation were as follows:

Ordinary shares	2023	2022
Shareholders' funds	US$597,608,000	US$791,663,000
Number of ordinary shares in issue at the year end	500,430,002	500,430,002
Net asset value per ordinary share	119.42¢	158.20¢

C shares	2023	2022
Shareholders' funds	US$555,570,000	US$680,849,000
Number of C shares in issue at the year end	700,000,000	700,000,000
Net asset value per C share	79.37¢	97.26¢

There are no dilutive or potentially dilutive shares in issue. The aggregate change in assets during the year attributable to the ordinary and C shares is shown in note 11.

13 Contingencies, Guarantees and Financial Commitments

In accordance with the Corporate Income Tax ('CIT') Law of the People's Republic of China ('PRC') and its latest Detailed Implementation Regulations ('DIRs'), the Tax Collection and Administration Law of the PTC ('TCAL') and its DIRS, the transfer of shares in the Company's private Chinese resident holdings would be subject to Chinese withholding tax on a taxable gain. However, the tax basis for calculating taxable gains is unclear, varying between different locations and tax authorities within the PRC. As such, the amount of any tax that may arise on disposal of the Company's private Chinese resident holdings is currently highly uncertain. The Directors are however satisfied that, based on information available to them at the time of approving these financial statements, the quantum of any such tax charge would not be material and consequently no accrual for withholding tax is recognised within the financial statements.

At the year end, the Company had an investment in Stripe, which had a right, but not an obligation, to sell to the Company, Series H Preferred shares up to a maximum cost of US$1,920,000. Subsequent to the year end, the Company participated in a fund raise for Stripe. As part of this equity funding round this put option was extinguished.

14 Transactions with Related Parties and the Investment Manager and Administrator

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles of Incorporation. Directors' fees for the year are detailed in the Directors' Remuneration Report on pages 38 and 39.

All of the Directors will also be entitled to be paid all reasonable expenses properly incurred by them in connection with the performance of their duties. These expenses will include those associated with attending general Board or committee meetings and legal fees. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

No Director has a contract of service with the Company.

The Directors have the following shareholdings in the Company:

Name	Nature of interest	C shares held at 31 January 2023	C shares held at 31 January 2022
L Yueh	Beneficial	58,641	–
J Mackie	Beneficial	57,642	–
D Chiswell	Beneficial	520,000	–
T Clark	Beneficial	80,000	–
R Holmes	Beneficial	72,098	–

Details of the investment management contract are set out in note 3. The management fee payable to the Investment Manager by the Company for the year ended 31 January 2023, as disclosed in note 3, was US$8,931,000 (2022 – US$8,427,000) of which US$2,106,000 was outstanding at 31 January 2023 (2022 – US$2,459,000), as disclosed in note 9.

The fee payable to the Administrator, for the year to 31 January 2023 as disclosed in note 4, was US$86,000 (2022 – US$92,000) of which US$7,000 was outstanding at 31 January 2023 (2022 – US$8,000) as disclosed in note 9.

15 Risk Management

The Company predominantly invests in long-term minority investments in later stage private businesses. Pending investment in private companies the Company may invest in a range of cash equivalent instruments. The Company may employ gearing on a short-term basis for the purpose of bridging investments and general working capital purposes. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests.

These risks are categorised as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise short-term volatility. Risk provides the potential for both losses and gains. In assessing risk, the Board encourages the Investment Manager to exploit the opportunities that risk affords.

Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Manager both assesses the exposure to market risk when making individual investment decisions and monitors the overall level of market risk across the investment portfolio on an ongoing basis.

Details of the Company's investment portfolio are shown in note 7. The Company may, from time to time, enter into derivative transactions to hedge specific market, currency or interest rate risk. In the year to 31 January 2023, no such transactions were entered into (2022 – no such transactions). The Company's Investment Manager may not enter into derivative transactions without the prior approval of the Board.

(i) Currency Risk

The Company's assets, liabilities and income are principally denominated in US dollars, the Company's functional currency and that in which it reports its results. Consequently, movements in the exchange rate of its functional currency relative to other foreign currencies will affect the US dollar value of those items.

The Investment Manager monitors the Company's exposure to foreign currencies and reports to the Board on a regular basis. The Investment Manager assesses the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. owever, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown over the page.

15 Risk Management (continued)

Currency Risk (continued)

At 31 January 2023	Investments US$'000	US Treasury Bills and cash US$'000	Other debtors and creditors * US$'000	Net exposure US$'000
Sterling	58,555	237	124	**58,916**
Euro	51,286	–	–	**51,286**
Indian rupee	11,357	–	–	**11,357**
Australian dollar	32,032	–	–	**32,032**
Total exposure to currency risk	153,230	237	124	**153,591**
US dollar	818,802	182,359	(1,569)	**999,592**
	972,032	**182,596**	**(1,445)**	**1,153,183**

At 31 January 2022	Investments US$'000	US Treasury Bills and cash US$'000	Other debtors and creditors * US$'000	Net exposure US$'000
Sterling	64,911	445	127	**65,483**
Euro	50,448	28,580	–	**79,028**
Indian rupee	33,236	–	–	**33,236**
Australian dollar	28,182	–	–	**28,182**
Total exposure to currency risk	176,777	29,025	127	**205,929**
US dollar	971,545	326,089	(31,051)	**1,266,583**
	1,148,322	**355,114**	**(30,924)**	**1,472,512**

* Includes net non-monetary assets of US$124,000 (2022 – US$127,000).

Currency Risk Sensitivity

At 31 January 2023, if the US dollar had strengthened by 10% in relation to all other currencies, with all other variables held constant, total net assets and profit and total comprehensive income for the year to 31 January 2023 would have decreased by US$15,359,000 (2022 (5%) – US$10,296,000). A 10% weakening of the US dollar to other currencies, with all other variables held constant, would have had an equal but opposite effect on the Financial Statement amounts.

A change of 10% in foreign currency rates (2022 – 5%) has been considered to be a reasonably plausible change reflective of market circumstance in the year.

(ii) Interest Rate Risk

Interest rate movements may affect directly the level of income receivable on cash deposits and the interest payable on any variable rate borrowings.

They may also impact upon the market value of investments as the effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and the income receivable on cash deposits.

The Company may finance, on a short-term basis, part of its activities through borrowings at approved levels. The amount of any such borrowings and the approved levels are monitored and reviewed regularly by the Board.

The interest rate risk profile of the Company's financial assets and liabilities at 31 January 2023 and 31 January 2022 is shown below.

Financial Assets

	2023 Fair value US$'000	2023 Weighted average interest rate	2022 Fair value US$'000	2022 Weighted average interest rate
Cash				
US dollar	45,562	–	57,873	–
Euro	–	–	28,580	–
Sterling	237	–	445	–

The cash deposits generally comprise overnight call or short-term money market deposits and earn interest at floating rates based on prevailing bank base rates.

15 Risk Management (continued)

Interest Rate Risk (continued)

Interest Rate Risk Sensitivity

Financial Liabilities

The Company currently has no financial liabilities.

An increase of 100 basis points in interest rates, with all other variables being held constant, would have increased the Company's total net assets and profit and total comprehensive income for the year ended 31 January 2023 by US$511,000 (2022 – US$517,000). This is mainly due to the Company's exposure to interest rates on its cash balances. A decrease of 100 basis points would have had an equal but opposite effect.

A change of 100 basis points in interest rates has been considered to be a reasonably plausible change taking account of the movement in interest rates during the year.

(iii) Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Company's portfolio of private company Level 3 investments is not necessarily affected by market performance, however the valuations are affected by the performance of the underlying securities in line with the valuation criteria in note 1(e). The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment portfolio positioning to ensure consistency with the Company's objectives and investment policies. Investments are selected based upon the merit of individual companies. The portfolio does not seek to reproduce any index.

Other Price Risk Sensitivity

A full list of the Company's investments is given on pages 21 to 23. In addition, an analysis of the investment portfolio by broad geographical, industrial or commercial sector is shown on page 24.

15.1% of the Company's ordinary shares net assets are invested in listed investments. 5.2% of the Company's C shares net assets are invested in listed investments.

78.5% of the Company's ordinary shares net assets are invested in private company investments. 69.1% of the Company's C shares net assets are invested in private company investments.

A 20% increase in quoted equity valuations at 31 January 2023 would have increased total net assets and net return after taxation by US$23,804,000 (2022 (10% increase) – US$21,104,000). A decrease of 20% would have an equal but opposite effect.

The fair valuation of the private company investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see note 1(d) on pages 49 and 50).

The private companies sensitivity analysis below recognises that the valuation methodologies employed involve different levels of subjectivity in their inputs. The sensitivity analysis applies a wider range of input variable sensitivity to the Multiples methodology as it involves more significant subjective estimation than the recent transaction method (the risk of over or under estimation is higher due to the greater subjectivity involved, for example, in selecting the most relevant measure of sustainable revenues and identifying appropriate comparable companies).

As at 31 January 2023 Valuation technique	Fair value of investments US$'000	Significant unobservable inputs*	Range	Sensitivity %	Sensitivity to changes in significant unobservable inputs
Market approach using comparable trading multiples	444,168	EV/LTM revenue multiple	1.4x–7.7x	10%	If EV/LTM multiples changed by +/-10%, the fair value would change by $29,726,888 and ($30,223,319).
		EV/NTM revenue multiple	2.1x–4.5x	10%	If EV/NTM multiples changed by +/-10%, the fair value would change by $1,067,698 and ($1,067,709).
		Valuation (discount)/ premium	(18.7%) to 117.6%	10%	If a +/- 10% adjustment is applied to the calculated premiums and discounts the fair value would change by $5,091,514 and ($4,392,862).
Comparable company performance	310,833	Selection of comparable companies	(40%)–20%	10%	If input comparable company performance changed by +/-10%, the fair value would change by $19,987,767 and ($20,249,838)
Price of expected transaction	2,029	Execution risk discount	n/a	10%	If the execution risk changed by +/-10%, the fair value would change by +/- $202,908.
Recent transaction price	125,711	n/a	n/a	n/a	n/a
Total	**853,014**				

15 Risk Management (continued)

Other Price Risk Sensitivity (continued)

Comparable company performance considers the movements in index performance and comparable company share prices from the last transaction date to the point of valuation. Consideration is also given to the probability of different liquidation scenarios. For the investments where an adjusted recent transaction was appropriate, the comparable share prices ranged from (40%) to 20%. Trading multiples involve reviewing the performance of each holding against their respective peer-group. For the investments where a trading-multiples methodology was appropriate, the enterprise value /last twelve months multiple ranged from 1.4x–7.7x and the enterprise value/forecast revenue was 2.1x–4.5x. The probability of all liquidation scenarios was deemed to be equal, aside from those holdings where an upcoming IPO/acquisition is imminent, however there has been no impact on the disclosures above. These movements and scenarios were considered along with the last transaction price to determine a fair value at the valuation point.

As at 31 January 2022 Valuation approach	Fair value of investments US$'000	Significant unobservable input*	Range	Sensitivity %	Sensitivity to changes in significant unobservable inputs
Recent transaction price	317,595	n/a	n/a	n/a	n/a
Market approach using comparable trading multiples	332,816	EV/LTM revenue multiple	3.9x–13.2x	10%	If EV/LTM multiples changed by +/-10%, the fair value would change by US$25,095,152 and (US$24,533,059)
		EV/NTM revenue multiple	2.7x	10%	If EV/LTM multiples changed by +/-10%, the fair value would change by US$1,041,740 and (US$932,671)
		Valuation (discount)/ premium	(14.5%)–70.6%		If the valuation discount/premium changed by +/-10% of the discount/ premium, the fair value would change by US$1,716,750 and (US$2,754,025)
Price of expected transaction	81,154	Execution risk discount	10%	10%	If the execution risk changed by +/-10%, the fair value would change by +/-US$8,115,427
Comparable company performance	205,718	Selection of comparable companies	(34%)–22%	10%	If input comparable company performance changed by +/-10%, the fair value would change by US$14,909,056 and (US$15,162,494)
Total	**937,283**				

***Significant Unobservable Inputs**

The variable inputs applicable to each broad category of valuation basis will vary dependent on the particular circumstances of each private company valuation. An explanation of each of the key variable inputs is provided below and includes an indication of the range in value for each input, where relevant. The assumptions made in the production of the inputs are described in note 1(d) on pages 49 and 50.

Selection of Appropriate Benchmarks

The selection of appropriate benchmarks is assessed individually for each investment. The industry and geography of each company are key inputs to the benchmark selection.

Selection of Comparable Companies

The selection of comparable companies is assessed individually for each investment at the point of investment, and the relevance of the comparable companies is continually evaluated at each valuation. The key criteria used in selecting appropriate comparable companies are the industry sector in which they operate, the geography of the company's operations, the respective revenue and earnings growth rates and the operating margins. Typically, between 4 and 10 comparable companies will be selected for each investment, depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples derived will vary depending on the companies selected and the industries they operate in.

Probability Estimation of Liquidation Events

The probability of a liquidation event such as a company sale, or alternatively an initial public offering ('IPO'), is a key variable input in the transaction-based and multiples-based valuation techniques. The probability of an IPO versus a company sale is typically estimated from the outset to be 50:50 if there has been no indication by the company of pursuing either of these routes. If the company has indicated an intention to IPO, the probability is increased accordingly to 75% and if an IPO has become a certainty the probability is increased to 100%. Likewise, in a scenario where a company is pursuing a trade sale the weightings will be adjusted accordingly in favour of a sale scenario, or in a situation where a company is underperforming expectations significantly and therefore deemed very unlikely to pursue an IPO.

15 Risk Management (continued)

Other Price Risk Sensitivity (continued)

Application of Valuation Basis

Each investment is assessed independently, and the valuation basis applied will vary depending on the circumstances of each investment. When an investment is pre-revenue, the focus of the valuation will be on assessing the recent transaction and the achievement of key milestones since investment. Adjustments may also be made depending on the performance of comparable benchmarks and companies. For those investments where a trading multiples approach can be taken, the methodology will factor in revenue, earnings or net assets as appropriate for the investment, and where a suitable correlation can be identified with the comparable companies then a regression analysis will be performed. Discounted cash flows will also be considered where appropriate forecasts are available.

Estimated Sustainable Earnings

The selection of sustainable revenue or earnings will depend on whether the company is sustainably profitable or not, and where it is not then sustainable revenues will be used in the valuation. The valuation approach will typically assess companies based on the last twelve months of revenue or earnings, as they are the most recent available and therefore viewed as the most reliable. Where a company has reliably forecasted earnings previously or there is a change in circumstance at the business which will impact earnings going forward, then forward estimated revenue or earnings may be used instead.

Application of Liquidity Discount

The application of a liquidity discount will be applied either through the calibration of a valuation against the most recent transaction, or by application of a specific discount. The discount applied where a calibration is not appropriate is typically 10%, reflecting that the majority of the investments held are substantial companies with some secondary market activity.

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Investments in private businesses are expected to comprise a material proportion of the Company's portfolio. Interests in private businesses are highly illiquid and have no public market, which may affect the Company's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion, or at all, and at satisfactory prices in response to changes in economic or other conditions. At 31 January 2023, the Company, within the allocation of net assets due to the C shares, held US$136,797,000 of US Treasury Bills (2022 – US$268,216,000) which are fully realisable. The Board provides guidance to the Investment Manager as to the maximum exposure to any one holding and to the maximum aggregate exposure to substantial holdings.

The Company has the power to take out borrowings, which give it access to additional funding when required. There are no borrowings as at 31 January 2023 (2022 – US$nil).

Credit Risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. This risk is managed as follows:

- where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;
- the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Investment Manager monitors the Company's risk by reviewing the Custodian's internal control reports and reporting its findings to the Board;
- investment transactions are carried out with brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;
- the creditworthiness of the counterparty to transactions involving derivatives, structured notes and other arrangements, wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager; and
- cash is only held at banks that are regularly reviewed by the Investment Manager. At 31 January 2023, all cash deposits were held with the custodian bank which has a credit rating of F1+ (2022 – F1+).

15 Risk Management (continued)

Credit Risk Exposure

The exposure to credit risk at 31 January was:

	2023 US$'000	2022 US$'000
US Treasury Bills	136,797	268,216
Cash and short-term deposits	45,799	86,898
Debtors and prepayments	884	405
	183,480	**355,519**

The maximum exposure in cash and cash equivalents during the year to 31 January 2023 was US$319,868,000 (2022 – US$746,151,000 and the minimum was US$181,612,000 (2022 – US$69,589,000). None of the Company's financial assets are past due or impaired.

Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that the carrying amount of financial assets and liabilities of the Company in the Statement of Financial Position approximate their fair value.

Capital Management

The capital of the Company is its share capital and reserves as set out in note 11. The objective of the Company is to invest predominantly in long-term minority investments in later stage private businesses in order to achieve capital growth. The Company's investment policy is set out on pages 5 and 6. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern are set out on page 34 and details of the related risks and how they are managed are set out on pages 7 to 10 and pages 33 and 34, respectively. The Company has the authority to issue and buyback its shares and changes to the share capital during the period are set out in note 10.

16 Subsequent Events

A detailed in note 13, subsequent to the Company's year end the put option to acquire shares in Stripe was extinguished.

Notice of Annual General Meeting

The Company's Annual General Meeting (AGM) is being convened at 12 noon on Friday, 12 May, at the offices of at the offices of Alter Domus, North Suite, 1st Floor, Regency Court, Glategny Esplanade St Peter Port, Guernsey, Channel Islands, GY1 1WW.

The Board encourages all shareholders to submit proxy voting forms, appointing the chairperson of the AGM, as soon as possible and, in any event, by no later than 12 noon on 10 May 2023.

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

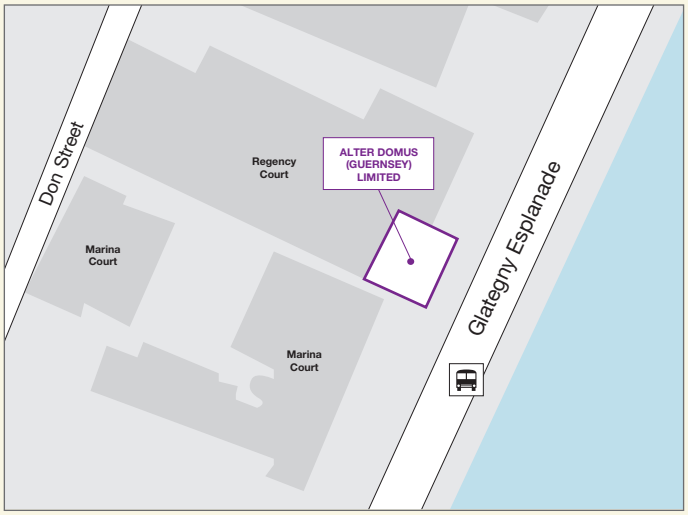
Alter Domus (Guernsey) Limited may record your call.

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

Notice is hereby given that the fourth Annual General Meeting of The Schiehallion Fund Limited will be held at the offices of Alter Domus, North Suite, 1st Floor, Regency Court, Glategny Esplanade St Peter Port, Guernsey, Channel Islands, GY1 1WW., on Friday, 12 May 2023 at 12 noon for the following purposes:

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

1. To receive and adopt the Annual Report and Financial Statements of the Company for the year to 31 January 2023 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Report on Remuneration for the year to 31 January 2023.
4. To re-elect Dr Linda Yueh as a Director.
5. To re-elect Mr John Mackie as a Director.
6. To re-elect Ms Trudi Clark as a Director.
7. To re-elect Dr David Chiswell as a Director.
8. To re-elect Mr Richard Holmes as a Director.
9. To reappoint KPMG Channel Islands Limited as Independent Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
10. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.



To consider and, if thought fit, to pass Resolutions 11 and 12 as Special Resolutions.

11. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 315(2)(b) of the Companies (Guernsey) Law, 2008 (the 'Law') to make market purchases (within the meaning of section 316 of the Law) of ordinary shares of no par value in the capital of the Company ('ordinary shares') (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:
    (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 75,014,457, or, if less, the number representing approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;
    (b) the minimum price (excluding expenses) which may be paid for each ordinary share is US$1.00;
    (c) the maximum price (excluding expenses) which may be paid for each ordinary share shall not be more than the higher of:

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

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

(d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 31 January 2024, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

12. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 315(2)(b) of the Companies (Guernsey) Law, 2008 (the `Law') to make market purchases (within the meaning of section 316 of the Law) of C shares of no par value in the capital of the Company (`C shares') (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

(a) the maximum aggregate number of C shares hereby authorised to be purchased is 104,930,000, or, if less, the number representing approximately 14.99% of the issued C share capital of the Company as at the date of the passing of this resolution;

(b) the minimum price (excluding expenses) which may be paid for each ordinary share is US$1.00;

(c) the maximum price (excluding expenses) which may be paid for each C share shall not be more than the higher of:

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

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

(d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 31 January 2024, save that the Company may, prior to such expiry, enter into a contract to purchase C shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By order of the Board
Alter Domus (Guernsey) Limited
Secretary
27 March 2023

In connection with your votes on the resolutions to be considered at the upcoming AGM of The Schiehallion Fund Limited ('Schiehallion'), you are being requested to certify as to your status in the three respects described below. It is important that you make the correct certifications in order to avoid your votes being capped or scaled down when that is not necessary.

These certifications will also appear in the updated CREST and on the hard copy proxy form as additional resolutions.

Each certification is described below. The certifications are required in accordance with Articles 82 and 82A of Schiehallion's articles of incorporation, which are available to view on the company's website at **schiehallionfund.com**.

Please return confirmation of your status in respect of each certification by email to this email address by 5 pm (UK time) on 10 May 2023.

1. BHCA Certification

   You are asked to certify whether, at the time of the AGM, you are subject to restrictions under the US Bank Holding Company Act of 1956 ('BHCA') in respect of certain of your equity investments due to your relationship with a bank holding company (as defined by the BHCA).

   If you certify that you are subject to restrictions under the BHCA, your votes will be disregarded in respect of each resolution to appoint or remove a director and may be capped in respect of any other resolution.

2. US Shareholder Certification

   You are asked to certify that, at the time of voting: (a) you are not a US Person or US Resident (each as defined in Schiehallion's articles – see below); and (b) to the extent that you hold shares for the account or benefit of another person, such other person is not a US Person or US Resident.

   In Schiehallion's articles:

   — a 'US Person' means a 'U.S. person' as defined in Regulation S under the US Securities Act of 1933; and

   — a 'US Resident' means a resident of the United States within the meaning of Rule 405 under the US Securities Act of 1933 or Rule 3b–4(c) under the US Exchange Act of 1934.

   If you do not certify that you are not a US Person or US Resident (or holding shares for the account of such a person), it will be assumed that you are such a person and your votes may be scaled down in respect of each resolution to appoint or remove a director.

3. Canadian Pension Plan Certification

   You are asked to certify whether, at the time of the AGM, you are a pension plan governed by the laws of Canada (or a jurisdiction thereof) that is subject to section 11 of Schedule III to the Pension Benefits Standards Regulations, 1985 (Canada) or a substantially similar restriction contained in the legislation governing such pension plan (a 'Canadian Pension Plan').

   If you certify that you are a Canadian Pension Plan, your votes may be scaled down in respect of each resolution to appoint or remove a director.

General Notes

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

5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34 of The Uncertified Securities (Guernsey) Regulations, 2009.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Pursuant to Regulation 41 of The Uncertificated Securities (Guernsey) Regulations, 2009 and article 84 of the Company's Articles of Incorporation the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than two days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated by a shareholder holding their shares on behalf of that person to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
11. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from members representing at least 5% of the total voting rights of the Company. Such requests must be made in writing and must state your full name and address and be sent to the Company at Albert House, South Esplanade, St Peter Port, Guernsey, Channel Islands, GY1 1AJ.
12. Information regarding the Annual General Meeting is available from the Company's page of the Investment Manager's website at **schiehallionfund.com**.
13. Members have the right to ask questions at the meeting and the Company must cause to be answered any such questions relating to the business being dealt with at the meeting, provided that no such answer need be given if:
    (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    (b) the answer has already been given on a website in the form of an answer to a question; or
    (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
14. Members have the right to require the directors of the Company to call a general meeting upon receiving requests to do so from members who hold more than 10% of such of the capital of the Company as carries the right of voting at general meetings of the Company (excluding any capital held as treasury shares) and to require that notice of any resolutions identified in such a request as being intended to be moved at the meeting be circulated with notice of the meeting pursuant to section 204(2) of the Companies (Guernsey) Law, 2008.
15. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
16. As at 24 March 2023 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 500,430,002 ordinary shares, carrying one vote each and 700,000,000 C shares carrying one vote each. Therefore, the total voting rights in the Company as at 24 March 2023 were 1,200,430,002 votes.
17. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairperson of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.

Further Shareholder Information

Sources of Further Information on the Company

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

The Schiehallion Fund Identifiers

ISIN	GG00BJ0CDD21
Sedol	BJ0CDD2
Ticker ordinary shares	MNTN
Ticker C shares	MNTC
Legal Entity Identifier	213800NQOLJA1JCWXQ56

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

Key Dates

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

Share Register Enquiries

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

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

— hear the latest share price;

— confirm your current share holding balance; and

— order Change of Address and Stock Transfer forms.

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

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

— calculate the total market price of each shareholding;

— view price histories and trading graphs;

— change address details; and

— use online dealing services.

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

Electronic Proxy Voting

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

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

CREST Proxy Voting

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

Data Protection

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

Automatic Exchange of Information

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

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

Foreign Account Tax Compliance Act

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

Alternative Investment Fund Managers ('AIFM') Regulations (unaudited)

In accordance with the Alternative Investment Fund Managers Regulations, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy is available at **bailliegifford.com** or on request (see contact details on the back cover) and the numerical remuneration disclosures in respect of the AIFM's relevant reporting period are also available at **bailliegifford.com**.

The Company's maximum and actual leverage levels at 31 January 2023 are shown below:

	Gross method	Commitment method
Maximum limit	1.20:1	1.10:1
Actual	0.96:1	1.00:1

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

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

Total Assets

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

Net Asset Value

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

Net Current Assets

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

Premium/(Discount) (APM)

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

Ordinary shares		2023	2022
Closing NAV per share	(a)	119.42¢	158.20¢
Closing share price	(b)	92.00¢	212.00¢
Discount/premium ((b – a) ÷ (a) expressed as a percentage)		**(23.0%)**	**34.0%**

C shares		2023	2022
Closing NAV per share	(a)	79.37¢	97.26¢
Closing share price	(b)	49.00¢	118.00¢
Discount/premium ((b – a) ÷ (a) expressed as a percentage)		**(38.3%)**	**21.3%**

Capital Deployed (APM)

Capital deployed reflects cumulative amounts invested since inception of the Company.

Internal Rate of Return (IRR) (APM)

The IRR indicates the annualised rate of return for the Company's investment portfolio.

Gross Multiple on Invested Capital (MOIC) (APM)

The MOIC expresses, as a multiple, how much return the Company has made on investment realisations and income, relative to its book cost.

Ongoing Charges (APM)

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

Ordinary shares		2023 US$'000	2022 US$'000
Investment management fee		5,166	6,816
Other administrative expenses		637	655
Total expenses	(a)	5,803	7,471
Average net asset value (with borrowings deducted at fair value)	(b)	668,671	835,470
Ongoing Charges ((a) ÷ (b) expressed as a percentage)		**0.87%**	**0.89%**

C shares		2023 US$'000	2022 US$'000
Investment management fee		3,765	1,611
Other administrative expenses		596	445
Total expenses		4,361	2,056*
Total expenses annualised	(a)	4,361	2,680*
Average net asset value (with borrowings deducted at fair value)	(b)	617,439	697,793
Ongoing Charges ((a) ÷ (b) expressed as a percentage)		**0.71%**	**0.38%**

*The total expenses above cover the period from 26 April 2021 to 31 January 2022. A period of 280 days.

Leverage (APM)

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

Average Revenue Growth Rate (APM)

Calculated by taking an average of each investee company's last 12 months revenue growth (as a percentage).

Average Movement at Private Company Level/Per Instrument (APM)

Calculated by taking an average of all valuation movements (as a percentage) by company and by line of share class.

Average Mark-down at Private Company Level/Per Instrument (APM)

Calculated by taking an average of all valuation mark downs (as a percentage) by company and by line of share class.

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 Schiehallion is marketed in the EU by the AIFM, Baillie Gifford & 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 Governance and Sustainable Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

More detail on the Investment Manager's approach to sustainability can be found in the Governance and Sustainability Principles and Guidelines document, available publicly on the Baillie Gifford website **bailliegifford.com**.

Taxonomy Regulation

The Taxonomy Regulation establishes an EU-wide framework of criteria for environmentally sustainable economic activities in respect of six environmental objectives. It builds on the disclosure requirements under the SFDR by introducing additional disclosure obligations in respect of AIFs that invest in an economic activity that contributes to an environmental objective.

The Company does not commit to make sustainable investments as defined under SFDR. As such, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

Directors

Chairperson:
Dr Linda Yueh CBE

John Mackie CBE
Dr David Chiswell OBE
Trudi Clark
Richard Holmes

Administrator, Secretary, Designated Manager and Registered Office

Alter Domus (Guernsey) Limited
North Suite
1st Floor, Regency Court
Glategny Esplanade
St Peter Port
Guernsey
Channel Islands
GY1 1WW
Tel: +44 (0) 1481 742250

Investment Manager and Alternative Investment Fund Manager

Baillie Gifford & Co Limited
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN
Tel: +44 (0) 131 275 2000
baillliegifford.com

Registrar

Computershare Investor Services (Guernsey) Limited
First Floor
Tudor House
Le Bordage
St Peter Port
Guernsey
Channel Islands
GY1 1DB
Tel: +44 (0) 370 707 4040

Depositary

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
Queen Victoria Street
London
EC4V 4LA

Corporate Broker

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

Independent Auditor

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

Company Details

schiehallionfund.com
Company Registration No. 65915

ISIN	GG00BJ0CDD21
Sedol	BJ0CDD2
Ticker	MNTN
Ticker	MNTC

Legal Entity Identifier
213800NQOLJA1JCWXQ56