

Your capital is at risk. Past performance is not a guide to future returns. The following update is based on a representative portfolio. As such, stock examples may not be held in every client portfolio, and performance may differ.

Peter Singlehurst: In the race for AI model dominance, the field is spreading out and we are seeing genuine differentiation in capabilities and applications. Recently, we made an investment in Anthropic, the AI company building models with transparency, steerability, and safety at their core.

But why are we investing now? Well, there's a real paradox here. Despite the scale of the leading AI companies, we're only now getting into an environment where we can start charting which ones are best positioned to become profitable businesses. We've been asking ourselves the question of what does competitive advantage look like in an age of AI? And it's only now that we're seeing two things that we really needed. Firstly, we're seeing strategic differences between the two leading companies. OpenAI is going after the consumer and Anthropic is going after the enterprise. And then secondly, we're seeing clear water open up between the leading models, which are predominantly closed-source models, and the open-source models.

After two years of discussions, we've watched Anthropic transform from a research lab to a revenue machine with fast-growing enterprise revenues. Their breakthrough product, Claude, is rapidly capturing share in the roughly \$600 billion coding market. We believe that Anthropic is positioned to win in enterprise applications that prize both intelligence and safety, such as coding, but also financial services and healthcare. Anthropic has a shot at becoming a generational company that redefines knowledge work. So Schiehallion is now fully invested. What comes next?

Well, Anthropic is one of six new investments we made this year. With the portfolio fully invested, what do we do now? Well, going forward, we'll look to both public holdings and developing secondary markets for private companies to fund new opportunities. About 20 per cent of the portfolio is in publicly listed companies today. We funded the investment in Anthropic by selling two public companies, Warby Parker and Oscar Health.

We're also seeing a pickup in the pace of IPOs [initial public offerings]. In 2023 and 2024, we saw an IPO each year, Oddity and Tempus, respectively. This year, we've already seen two IPOs in the form of Chime and Heartflow. And we believe that there are strong candidates for public listings in the not-too-distant future. This liquidity over time will provide the capital to invest in exceptional new private businesses.

The secondary markets in private companies are also maturing. And this year we trimmed one of our largest positions, SpaceX, and we also sold our holding in Masterclass. This all gives us plenty of flexibility to actively manage the portfolio and introduce world-class high-growth private companies when we find them.

So, what does Schiehallion look like at the moment? Well, we believe the portfolio is in great shape. The net asset value was up by more than 20 per cent this year, reflecting strong operating performance, especially among the largest positions in the portfolio. We're seeing really great revenue growth with approximately 45 per cent top line growth by weighted average. This is more than double the top line growth of the Nasdaq 100 index.

Holdings also continue to make great progress on profitability. Around 20 per cent of invested capital went into profitable companies. But today, about half of the portfolio is invested in profitable business, with about 20 per cent close to reaching profitability.

In summary, the portfolio is fully invested, but our job is far from done. We're excited by the progress and the next steps in our mission for Schiehallion to offer liquid access to the world's best and most ambitious high-growth private companies.

The Schiehallion Fund Limited

Annual past performance to 30 September each year (% net)

	2021	2022	2023	2024	2025
The Schiehallion Fund	91.6	-48.6	-55.6	37.4	45.6
Net Asset Value	58.8	-29.5	-17.8	12.8	34.3

Source: Morningstar. Total return in sterling. Ordinary shares. Past performance is not a guide for future returns.

Important information

This communication was produced and approved in October 2025 and has not been updated subsequently. It represents views held at the time of writing and may not reflect current thinking.

Unlisted investments such as private companies may be more difficult to sell, so changes in their prices may be greater.

This communication should not be considered as advice or a recommendation to buy, sell or hold a particular investment. This communication contains information on investments which does not constitute independent investment research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned.

Baillie Gifford & Co and Baillie Gifford & Co Limited are authorised and regulated by the Financial Conduct Authority (FCA). The Schiehallion Fund is listed on the Specialist Fund Segment of the London Stock Exchange and are not authorised or regulated by the FCA. The value of its shares, and any income from them, can fall as well as rise and investors may not get back the amount invested. A Key Information Document is available at [bailliegifford.com](https://www.bailliegifford.com).

Australia

Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth) and holds Foreign Australian Financial Services Licence No 528911. This material is provided to you on the basis that you are a “wholesale client” within the meaning of section 761G of the Corporations Act 2001 (Cth) (“Corporations Act”). Please advise Baillie Gifford Overseas Limited immediately if you are not a wholesale client. In no circumstances may this material be made available to a “retail client” within the meaning of section 761G of the Corporations Act.

This material contains general information only. It does not take into account any person’s objectives, financial situation or needs.