

Simplified Prospectus

Virgin Climate Change Fund

19 June 2009



Virgin Money Unit Trust Managers Ltd

Registered office:
Discovery House,
Whiting Road,
Norwich NR4 6EJ.

Registered in England no. 3000482.

Virgin Money Unit Trust Managers Ltd
is authorised and regulated by the Financial
Services Authority.

All calls are recorded and randomly monitored.

All products are available only to
residents of the United Kingdom.

The information contained in this booklet
is correct as at June 2009.

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Simplified Prospectus

All unit trust managers have to send customers a Simplified Prospectus, to give customers full details about the investment they are buying. To make it easier to compare unit trusts, the layout and content of the prospectus has to conform to strict guidelines.

This means some of the information is quite technical. If you are at all unclear about anything, either get in touch with us, or seek independent financial advice.

General information

Manager

Virgin Money Unit Trust Managers Limited,
Discovery House,
Whiting Road,
Norwich NR4 6EJ

Tel: 08456 10 20 30

www.virginmoney.com

Trustee

Citibank International Plc,
Citigroup Centre,
Canada Square,
Canary Wharf,
London E14 5LB

Auditors

KPMG LLP,
Saltire Court,
20 Castle Terrace,
Edinburgh EH1 2EG

Scheme promoter

Virgin Money Unit Trust Managers Limited has distribution agreements with Virgin Money Personal Financial Service Limited, a member of the Virgin Money group which markets and provides financial services. Contact details are as per the Manager.

Supervisory authority

The Financial Services Authority,
25 The North Colonnade,
Canary Wharf,
London E14 5HS
www.fsa.gov.uk

Additional information

If you would also like copies of the full prospectus and/or the Manager's annual and half-yearly reports, or details of earlier total expense ratio figures for our funds, you can get them free by writing to the Manager at the address at the start of this section.

Virgin Climate Change Fund (VCCF)

An authorised unit trust registered in the United Kingdom on 7 December 2007.

Investment information

What are the investment objectives of the Virgin Climate Change Fund?

The investment objective of the Fund is to provide a compound appreciation of the investor's capital.

What is the investment policy of the Fund?

The Fund will invest primarily in liquid listed European equities of issuers in all sectors to develop a portfolio of securities of companies which benefit either directly or via sustained competitive advantage from pursuing environmentally aware capitalism. For example, companies taking positive action on the corporate responsibility front by promoting environmentally aware behaviour internally, such as encouraging recycling in their workplaces, adopting a carbon emission offsetting program or recycling side products such as the reinjection of CO² in oil exploration.

The Fund may also invest in other transferable securities issued by such companies, collective investment schemes which invest mainly or predominantly in such companies, in government bonds and in cash and near cash. The Fund may use derivatives for efficient portfolio management purposes only.

What are the risks of investing in this Fund?

There are some general risks of investing in equity based funds like the Virgin Climate Change Fund, and also some specific risks you should be aware of.

In general:

- The value of investments and the income they receive may fall and investors may get back less than they put in.
- Governments can change the tax relief available to individuals and funds.
- The value of any investment gains may be eroded over time by increases in the general level of prices, i.e. inflation.

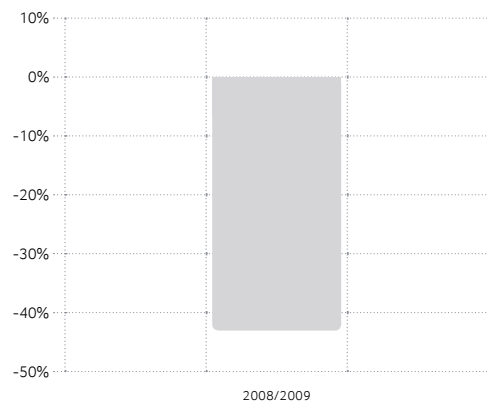
In relation to the Virgin Climate Change Fund, investors may face these specific risks:

Type of risk	What this means
Market risk	Share, bond and gilt prices may go up and down, meaning you may get back less than you put in.
Performance risk	The Fund may not deliver its stated investment objective.
Performance fee risk	The Fund is an actively managed fund which incentivises the Manager to take risks to produce returns for investors and secure a performance fee payment. While efforts will be made to eliminate potential inequalities between unitholders through the performance fee calculation methodology, there may be occasions where a unitholder may pay a performance fee for which they have received no benefit.
Foreign exchange risk	As this Fund invests outside the UK, the value of your investments may be affected by changes in currency exchange rates.
Credit risk	Once we have paid for shares, bonds and gilts, the individual or organisation we bought them from could fail to hand them over.

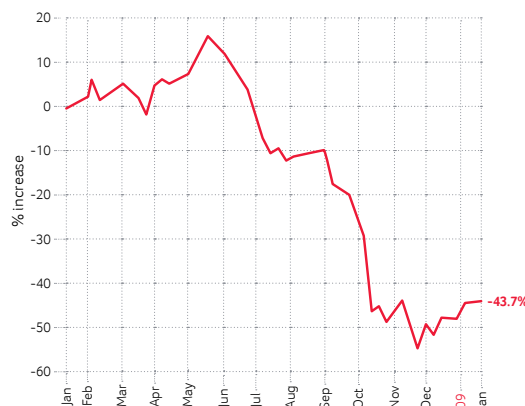
Full details of these risks can also be found in the full prospectus.

How has the Fund performed so far?

The graphs below show how the Fund has performed since launch on 18 January 2008. Please note that the Virgin Climate Change Fund launched in 2008 in the face of an impending world recession and financial crisis that saw some of the most challenging market conditions for decades, which inevitably led to a disappointing first year. Past performance is not a guide to future performance.



Source: Morningstar Workstation. £1,000 single investment from 18 January 2008 to 16 January 2009. Buying to selling unit prices, basic rate tax with income reinvested.



Source: Morningstar Workstation. £1,000 single investment from 18 January 2008 to 16 January 2009. Buying to selling unit prices, basic rate tax with income reinvested. Please remember that stock markets can go up and down in value and your investment returns are not guaranteed.

What sort of investor is the Fund designed for?

The Fund is aimed at investors who would like to grow their capital by potentially more than a stock market average, by investing in a wide range of mainly European companies that are delivering improved environmental performance, and who are comfortable investing a proportion of their money in actively managed investments.

Investors should be able to put their money away for five years or more and accept the possibility that they may not get back all of their original investment. Funds which invest in a smaller number of stocks carry more risk than funds spread across a larger number of companies, like index trackers, so they are not suitable as the core holding in an investor's portfolio.

Tax and charges

Tax

Taxation can have an impact in two different ways – on the Fund and on you as an individual taxpayer.

How does tax affect the Fund?

In the UK, unit trusts are liable to corporation tax, payable at the lower rate of income tax but are not liable to capital gains made on the disposal of investments, i.e. when shares are sold.

How does tax on my ISA affect me?

When investing through an ISA, there is no capital gains tax and no further income tax to pay. However, you will not be able to reclaim the 10% tax credit on the dividend distribution.

How does tax on my unit trust affect me?

If you are investing direct into a unit trust in the UK, there are two potential areas of taxation to consider – income tax and capital gains tax. Your liability to pay tax on your investment really depends on your personal circumstances and finances.

If you are at all unclear about your individual tax situation, or what any of the tax regulations mentioned below mean, you can get further advice from HM Revenue & Customs, or by seeking professional financial advice.

Income Tax

On all dividend distributions of the Fund, we automatically deduct tax at 10% of the 'gross distribution'. However:

- ▶ If you are a higher rate taxpayer you will have further tax to pay. The further tax will be at 32.5% of the gross distribution, less a 10% credit for the tax already taken off the distribution. (This equates to 25% of the net distribution.)
- ▶ Taxpayers other than higher rate taxpayers will have no further tax to pay.
- ▶ Non-taxpayers are not entitled to reclaim the 10% tax already taken off.

Capital Gains Tax (CGT)

When you sell units (i.e. cash in some or all of your investment), if your capital gains for the tax year, from all sources, are greater than the annual CGT allowance, you may also be liable to CGT.

Gains are added to total income and the amount of tax you will pay on any capital gains, above your annual allowance, will depend on your individual tax position.

The above statements are based on the Manager's understanding of UK law and HM Revenue & Customs practice as at the date of this prospectus and considers the position of individual UK resident investors only. The future basis and rates of taxation may vary. Although every effort has been made to ensure its accuracy, no responsibility can be taken for the Manager's interpretation. If you are not sure about your individual tax position you should speak to a professional adviser.

What about tax if I am investing for a child?

If you are a parent who has opened a unit trust for your child, as long as they are under 18 and unmarried, any income up to £100 is classed as the child's and may be set against the child's personal tax allowance. Any income above £100 is taxed as if it was the parent's. The £100 applies to each parent individually, so gifts given separately mean that a child could receive up to £200 before tax is levied on the parents.

Tax credits on dividends from the Virgin Climate Change Fund cannot be repaid to non-tax payers.

If you are opening a unit trust for a child that you are not the parent of, all of the income is treated as the child's. Any capital gains made when the unit trust is cashed in are classed as the child's. Children have the same capital gains allowance as adults.

What about Stamp Duty?

Stamp Duty Reserve Tax (SDRT) is a tax levied by the Government. Just like you have to pay stamp duty when you buy a house, a fund manager has to pay SDRT when they buy certain investments. As fund manager we buy your investments back from you when you withdraw money from your fund, so we are subject to this tax, of up to 0.5% of the value of your units.

Our current policy is that all SDRT costs will be paid out of the fund. SDRT will not normally be recovered from unitholders, but we do reserve the right to require unitholders to pay SDRT when we consider circumstances have arisen which make that fair to all unitholders or potential unitholders.

How will charges and expenses affect my separate investment?

An annual management fee is charged by the Fund. It is currently 1.75%, calculated daily on the value of the unit trust and is deducted every day from income. Dealing costs for buying and selling investments in the underlying unit trust are reflected in the unit price as expenses of the Fund, so you are not charged for them as part of your 1.75% annual management fee.

Customer charges for buying and selling of units	
Initial charge on purchase of units	NIL
Exit fee on sale or fund switch of units	NIL
Annual operating expenses	
All European funds are required to show their Total Expense Ratio (TER). The TER gives investors a clearer idea of the total annual costs involved in running their fund and allows you to compare the annual operating costs of the Fund. It is made up of the Annual Management Charge, plus any additional expenses where charged to the customer, such as trustee fees, audit/legal fees and registration costs. It does not include charges for buying and selling units, if these apply.	
Annual Management Charge	1.75%
Performance Fee	1.66%
Additional Expenses	0.27%
Total Expense Ratio	3.68%
Performance fee	
The initial performance period of the Fund commenced at the close of the Initial Offer Period on 18 January 2008 and ended on the next Performance Period End Date of 30 May 2008. For that initial performance period, the Fund performance exceeded the benchmark and so a fee of £358,269 was charged to the Fund. The second performance period of the Fund started on 31 May 2008 and ended on 30 November 2008. For that performance period, the performance fee charged to the Fund was £2,265.	

When GLG (Fund Manager of the Virgin Climate Change Fund) buy or sell shares they use brokers who get paid a rate of commission. In addition to the normal broker services GLG receive, the brokers may also supply or pay for additional services, for instance company research which helps GLG in their stock analysis and selection. The broker receives no extra payment for these services and GLG only accepts such additional services if they are offered on a 'best execution' basis and are fully compliant with FSA regulations.

Example of how charges and expenses will affect your investment in an ISA

Their effect on an investment of £3,000, assuming growth of 7% a year, is set out below. The figures are not guaranteed and serve only to demonstrate the effect of charges and expenses on an investment.

At the end of year	Investment to date	Effect of deductions to date	What you might get back at 7%
1	£3,000	£116	£3,090
3	£3,000	£384	£3,290
5	£3,000	£708	£3,490
10	£3,000	£1,819	£4,080

The last line in the table shows that over 10 years, the effect of the total charges and expenses could amount to £1,819. Put another way, if the growth rate were to be 7%, which is in no way guaranteed, this would have the same effect as reducing it to 3.13% a year.

Example of how charges and expenses will affect your investment in a unit trust

Their effect on an investment of £3,000, assuming growth of 6% a year, is set out below. The figures are not guaranteed and serve only to demonstrate the effect of charges and expenses on an investment.

At the end of year	Investment to date	Effect of deductions to date	What you might get back at 6%
1	£3,000	£130	£3,040
3	£3,000	£390	£3,180
5	£3,000	£692	£3,320
10	£3,000	£1,675	£3,690

The last line in the table shows that over 10 years, the effect of the total charges and expenses could amount to £1,675. Put another way, if the growth rate were to be 6%, which is in no way guaranteed, this would have the same effect as reducing it to 2.16% a year.

When will the performance fee be applicable?

A performance fee is charged when the Fund outperforms its agreed benchmark return of the Bank of England (BoE) base rate and its previous High Water Mark over a set six month period. The performance fee is 20% of the outperformance achieved.

The performance fee is calculated and accrued each day and included in the published unit price. It is then paid at the end of each half year and the benchmark is reset, unless units are withdrawn during the set six month period when the performance fee may become payable in relation to those units.

The 'High Water Mark' is set to ensure that the fee is only applicable if the Fund has beaten its previous high point. Examples of how the performance fee is applied (or not applied) can be found on pages 7 and 8. For further details of this please see the full prospectus.

Portfolio Turnover Rate (PTR)

The PTR gives the percentage of the Fund that has changed during a year through it buying and selling assets. The more stocks and shares a fund buys and sells, the higher the PTR. This can mean higher costs to the Fund, or simply that the Fund is being managed in line with its investment objectives. The PTR was 1147% from 17 January 2008 to 16 January 2009.

Examples of when the performance fee may, or may not be applied

Example 1 - Performance fee not payable

Assumptions Unit price at beginning of 6 month period is 60p. Unit price six months later is 58p. Bank of England base rate throughout that time is 0.5%.

Step 1: What is the increase in the unit price? There is no increase (as the unit price decreased from 60p to 58p).

Step 2: Has it beaten the High Water Mark? No – because the High Water Mark for a unit recently purchased is its purchase price which was 60p.

Step 3: Has it beaten the Bank of England base rate? No, and as the unit has not beaten its High Water Mark of 60p no performance fee is therefore payable irrespective of how well the unit price has done against the Bank of England base rate.

Step 4: Is a performance fee payable? No – the Fund didn't beat the benchmark in this example so no performance fee would be payable.

Step 5: What is the High Water Mark for future fee calculations? As the Fund has not beaten its benchmark, the High Water Mark for this unit is reset to 60p. The Fund will not be charged a performance fee in the future until the unit price is higher than this and the Fund has beaten the Bank of England base rate as well.

Example 2 - Performance fee payable

Assumptions Unit price at beginning of 6 month period is 60p. Unit price six months later is 70p. Bank of England base rate throughout that time is 0.5%.

Step 1: What is the increase in the unit price? 10p (as the unit price increased from 60p to 70p).

Step 2: Has it beaten the High Water Mark? Yes – because the High Water Mark for a unit recently purchased is its purchase price which was 60p. So the Fund beat its High Water Mark by 10p.

Step 3: Has it beaten the Bank of England base rate? Yes – over six months the Fund could have earned 0.25% in a deposit account paying interest at the base rate (6 months at 0.5% = 0.25%). That would give a return of 0.15p on a deposit of 60p from the Bank of England base rate, against a return of 10p from the Fund. So the Fund beat the base rate by 9.85p.

Step 4: Is a performance fee payable? Yes – the Fund beat the benchmark in this example so a performance fee would be payable. The amount paid is 20% of the amount the Fund beat the base rate by. In this case that means the fee is 20% of 9.85p which is 1.97p.

Step 5: What is the High Water Mark for future fee calculations?

The High Water Mark is 70p. The Fund will not be charged a performance fee in the future until the unit price is higher than this and the Fund has beaten the Bank of England base rate again.

Example 3 - Performance fee payable on units withdrawn during a six month performance period

Assumptions Unit price at beginning of 6 month period is 60p. Unit price when sold three months later is 65p. Bank of England base rate throughout that time is 0.5%.

Step 1: What is the increase in the unit price? 5p (as the unit price increased from 60p to 65p).

Step 2: Has it beaten the High Water Mark? Yes – because the High Water Mark for a unit recently purchased is its purchase price which was 60p. So the Fund beat its High Water Mark by 5p.

Step 3: Has it beaten the Bank of England base rate? Yes – over three months the Fund could have earned 0.125% in a deposit account paying interest at the base rate (3 months at 0.5% = 0.125%). That would give a return of 0.075p on a deposit of 60p from the Bank of England base rate, against a return of 5p from the Fund. So the Fund beat the base rate by 4.925p.

Step 4: Is a performance fee payable? Yes – the Fund beat its benchmark in this example so a performance fee would be payable. The amount paid is 20% of the amount the Fund beat the base rate by. In this case that means the fee is 20% of 4.925p which is 0.985p. This amount is paid to the Fund Manager within fourteen days of the date the units were sold.

Step 5: What is the High Water Mark for future fee calculations? There is no High Water Mark to carry forward as the units have been withdrawn by the customer so they can't be counted for future fee calculations.

Example 4 - Performance fee not payable on units withdrawn during a six month performance period

Assumptions Unit price at beginning of 6 month period is 60p. Unit price when sold three months later is 58p. Bank of England base rate throughout that time is 0.5%.

Step 1: What is the increase in the unit price? There is no increase (as the unit price fell from 60p to 58p).

Step 2: Has it beaten the High Water Mark? No – because the High Water Mark for a unit recently purchased is its purchase price which was 60p. So the Fund beat its High Water Mark by 2p.

Step 3: Has it beaten the Bank of England base rate? No, and as the unit has not beaten its High Water Mark of 60p no performance fee is therefore payable irrespective of how well the unit price has done against the Bank of England base rate.

Step 4: Is a performance fee payable? No – the Fund did not beat the benchmark in this example so a performance fee would not be payable.

Step 5: What is the High Water Mark for future fee calculations? There is no High Water Mark to carry forward as the units have been withdrawn by the customer so they can't be counted for future fee calculations.

Buying and selling units

Further information

How can I buy units?

ISAs can be set up by sending in a postal application, with your first payment made by cheque or direct debit. Or you can set up your ISA over the phone or online, where your first payment can be made by debit card or direct debit. You can make postal, phone or online top-ups by cheque or debit card.

You can also transfer money into this Fund from an existing ISA by post.

Unit trusts in a single name can also be set up by post making payments by cheque or direct debit, or over the phone or online with payment by debit card or direct debit. You can make postal or phone top-ups by cheque or debit card.

Joint unit trusts in the name of more than one person must be set up by postal application, and payments made by cheque.

We will buy units for you the same business day we receive investment or, if we receive it after 5pm, we will buy the units the next business day.

How can I sell units?

For ISAs and unit trusts held in a single name you may withdraw some or all of your units either by telephone or online service, using your security details, or by sending us your written instructions in the post.

For joint unit trusts in the name of more than one person, you may withdraw some or all of your units by sending us your written instructions.

You can make a withdrawal at any time but new payments (money you have recently paid in) must remain in your account until they have cleared, which takes 10 business days. Units will be sold on the day we receive your instruction (for instructions received after 5pm, the next business day will count as day one). Payment will be made within one business day of your units being sold.

Can I switch units to another fund?

Yes, you can switch some or all of your investment to another fund in our range. No charge is made for switching.

You can request a switch in writing or by sending a completed 'switch form' to the Manager. We will carry out the switch on the day we receive your instruction. Customers can also switch over the telephone or online (except for joint account holders).

If I change my mind can I cancel my investment?

No. You can't cancel an investment in this Fund. However, you can withdraw your money at any time. Please remember though, if the stock market has gone down since you invested, you may get back less than you invested.

How can I find out about unit prices?

The price of units is calculated every business day at 5pm. The unit prices are updated daily on our website at virginmoney.com They are also published in the Financial Times.

What happens to the income from the Fund?

Investment income earned is reinvested and automatically reflected in the value of your units.

What else do I need to know?

Before you decide whether to go ahead there are a few other things we need to tell you:

- › If you are saving regularly for a particular purpose (e.g. to pay off the capital part of an interest only mortgage), you may not achieve your target if you do not keep up your payments.
- › If you are transferring your ISA or unit trust to Virgin Money, we won't charge you for the transfer. However, your current provider may have an exit or transfer fee so please check with them before you make a decision.
- › The Manager of the VCCF is Virgin Money Unit Trust Managers Ltd, Discovery House, Whiting Road, Norwich NR4 6EJ. They pay Virgin Money Personal Financial Service Ltd a fee of £51 for marketing this ISA or unit trust to you. A fuller explanation is available on request.
- › This Simplified Prospectus should tell you everything you need to know. If you have any further questions, please call us on **08456 10 20 30**. If you're not sure whether this is the right product for you, please contact an Independent Financial Adviser.
- › All communications from us in relation to the Fund will be in English.