



The Virgin Money Growth Fund 1

Interim Report and Financial Statements
For the six month period ended 31 January 2024 (unaudited)

Contents

Manager's report	3
Management and professional services	3
Manager's investment report	5
Net asset value and operating charges	9
Portfolio statement	10
Purchases and sales of investments	11
Statement of total return	12
Statement of change in net assets attributable to unitholders	12
Balance sheet	13
Notes to the financial statements	14
Distribution tables	15
Directors' statement	16

Management and professional services

For the six month period ended 31 January 2024 (unaudited)

Manager (the 'Manager')

Virgin Money Unit Trust Managers Limited
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NE3 4PL

Directors:

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S. Wemyss

(Appointed 11 March 2024)

Telephone 03456 10 20 30*

Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

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10 Queen's Terrace
Aberdeen
Aberdeenshire
AB10 1XL

Authorised and regulated by the Financial Conduct Authority.

Registrar

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FNZ (UK) Limited***
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EH3 5DA

Trustee

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Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

* Calls to 03 numbers cost the same as calls to 01 or 02 numbers and they are included in inclusive minutes and discount schemes in the same way. Calls may be monitored and recorded.

** Main Register of Unitholders.

*** Plan register, a sub-register to the Main Register, which records persons who subscribe to a group plan for units.

Management and professional services

For the six month period ended 31 January 2024 (unaudited)

Independent Auditor

KPMG LLP
St. Vincent Plaza
Glasgow
G2 5AS

Manager's investment report

For the six month period ended 31 January 2024 (unaudited)

Investment Objective, Policy and Strategy

The aim of The Virgin Money Growth Fund 1 (the 'Fund') is to generate a total return (income and capital growth) over the longer term (5 years or more) from a multi-asset portfolio of shares and bonds from around the world (i.e. globally invested). The Fund is the lowest risk fund in the Virgin Money Growth range, which offers three funds with different levels of risk and potential return.

The Fund aims to achieve the objective by investing in other funds, rather than investing directly in individual shares and bonds. This means that the Fund is what's often known as a 'fund-of-funds'. The funds which it invests in may be managed by us, our Investment Adviser, or any other authorised fund manager.

The Fund invests:

- at least 30% in funds that have a higher return potential (compared to other investments in the Fund) – but which carry a higher level of risk, such as shares (from both developed and emerging countries) and higher yielding bonds. This includes company shares, property shares, and higher yielding bonds such as corporate bonds rated by the leading credit agencies as below investment grade (BB or lower); and
- the rest in funds that have a lower return potential (compared to other investments in the Fund) – but which carry a lower level of risk. This includes government bonds (loans to a government) from developed countries, investment grade corporate bonds (loans to a company) with relatively strong credit ratings (BBB or higher), and cash.

The split between higher and lower risk investments, and the types of investment (for example, geography and types of bonds) are chosen so that risk (measured by how much the Fund's value fluctuates, known as 'volatility') is expected to remain within the range 30% to 50% of the risk of world stock markets over 10-year periods. The Fund uses the MSCI All Countries World Index GBP to represent world stock markets.

The underlying funds are chosen to implement the desired mix of assets as per the bullet points above. Normally at least 80% of the funds that the Fund invests in will be passively managed. This means that they aim to track the performance of a particular share index or bond index. The rest will be actively managed funds – this is where the fund manager chooses individual shares / bonds and as a result returns may be higher (or lower) than the market.

One way in which the Fund seeks to manage risks and opportunities is via Environmental, Social and Governance (ESG) considerations. Where the Investment Adviser feels it is beneficial from a risk or return perspective, and suitable investment options are available, investments will be chosen because of their integration of ESG considerations into stock selection (increasing / decreasing allocation to individual companies based on the ESG scoring process of the index provider / fund manager), adoption of sustainable investing objectives or policies, positive shareholder engagement policies, and / or investment in companies providing products and services that support the transition to a low carbon economy. In addition, the Fund will limit (to no more than 0.5% of the value of the Fund's assets) indirect exposure to companies which:

- make more than 5% of their earnings from tobacco products, thermal coal or unconventional oil and gas (such as oil sands or shale gas),
- are involved in the manufacture of controversial weapons such as cluster munitions or anti-personnel landmines,
- or who violate the UN Global Compact principles on human rights, labour, the environment and anti-corruption.

If the Investment Adviser determines that the allocation to the above type of companies does exceed 0.5% of the value of the Fund's assets, the Investment Adviser will take action to reduce exposure to below 0.5% (by selling underlying funds identified as contributing to the over-exposure) within a reasonable timeframe, ordinarily within two months.

We expect the Fund to have a better ESG rating (based on the analysis and scoring system of one or more market leading data providers) and lower carbon emissions compared to investing in the same mix of assets using a standard indexing approach without ESG consideration. This will be reported in the annual value statement when reviewing the non-financial performance of the Fund.

As well as investing in bond and share funds, the Fund may also hold cash or funds investing in cash and money-market investments.

The Fund's mix of investments will be reviewed at least annually, and may change in consideration of the outlook for each investment type, but it will always include at least 30% in funds with higher risk/return potential.

Manager's investment report

For the six month period ended 31 January 2024 (unaudited)

Trust Status

The Fund is an authorised unit trust scheme under S243 of the Financial Services and Markets Act 2000 and is categorised as a UK UCITS¹ scheme under the Collective Investment Schemes Sourcebook ('the COLL Rules').

Financial Instruments

In pursuing its investment objective set out above, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations.

Unit Trust schemes are not permitted by the Regulations² to enter into a transaction if its purpose could reasonably be regarded as speculative. The Fund's use of financial instruments satisfies these requirements and no speculative trading in financial instruments is undertaken.

The Fund invests predominantly in collective investment schemes, as shown in the Portfolio statement on page 10. Management fees for the funds in which it invests are met by the Manager out of the operating charges set out on page 9.

Risk and Reward Profile

The Fund's Synthetic Risk and Reward Indicator ('SRRI') is 4 on a scale of 1 (lower) to 7 (higher) as it invests in a mixture of gilt-edged securities and corporate bonds - which typically provide moderate rewards but carry a lower level of risk, and company shares which typically provide higher rewards but carry a higher level of risk.

For further information, please refer to the Fund's Key Investor Information Document ('KIID').

Distribution

The Fund receives dividend income from stocks held in its portfolio. Every six months, income received is netted off against expenses incurred. Any net balance is distributed two months after the end of the period.

Income Unit Class

The interim distribution for the period ended 31 January 2024 for the Income Unit Class will be 1.0730p net per unit payable on 28 March 2024.

Accumulation Unit Class

The interim distribution for the period ended 31 January 2024 for the Accumulation Unit Class will be 0.9230p net per unit payable on 28 March 2024.

Fund Performance

For the six months to 31 January 2024, the net asset value for Income Units increased by 1.99%³ from 102.16p to 104.19p. The net asset value for Accumulation Units increased by 3.15%³ from 95.66p to 98.67p.

¹ Authorised in accordance with the Undertakings in Collective Investments in Transferable Securities (UCITS) Directive.

² The Regulations derive from UK and EU financial services legislation including the Financial Services and Markets Act 2000, the UCITS Directive and Financial Conduct Authority (FCA) rules, principally COLL.

³ Based on published net asset value.

Manager's investment report

For the period ended 31 January 2024

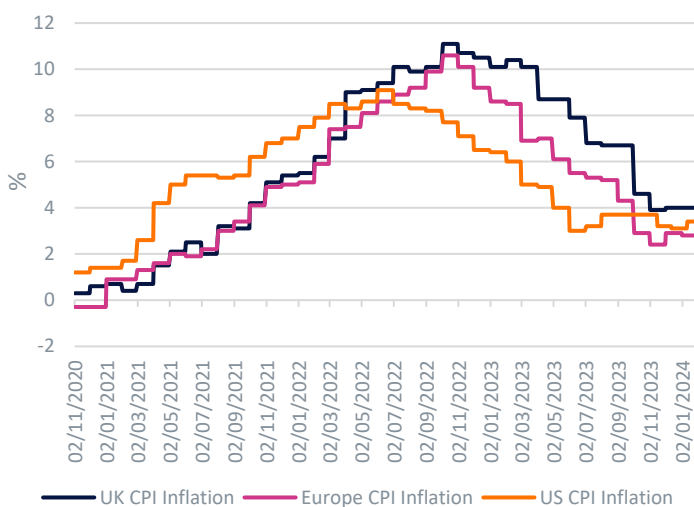
Markets overview from 1 August 2023 to 31 January 2024

The six-month review period marked a positive shift in fixed income markets. Bond investors enjoyed an upbeat end to 2023 and start to 2024, with global government bond prices rising as central banks paused rate hikes. However, inflation concerns remained, particularly in Europe. Equity investors benefitted from surging markets fuelled by optimism over potential rate cuts in 2024, with US and European stocks leading the charge. Despite the upbeat sentiment, some investors remained cautious due to a potential economic slowdown and persistent geopolitical tensions. In addition, the faltering Chinese economy weighed on Chinese stocks and left global investors with a mix of optimism and lingering uncertainty.

Inflation subsides easing inflationary concerns:

- The US Federal Reserve (Fed) raised the fed funds rate by 0.25% at its July meeting, but retained its target range at a 42-year high of 5.25–5.50% for the remainder of the year. The Fed's preferred inflation gauge, the core Personal Consumption Expenditures Price Index, declined from 4.3% in July to 2.9% in December. The central bank signalled three rate cuts in 2024.

Global Inflation Rates



- Eurozone annual inflation continued to decline month-over-month during the review period. Nonetheless, it was still above the European Central Bank's (ECB) 2% target. In September 2023, the ECB raised the interest rate on its main refinancing operations to 4.5%, but did not make any additional hikes afterwards. The central bank maintained a data-dependent stance due to persistent concerns about elevated core inflation levels.
- The Consumer Price Index in the UK also continued to cool down to 4.0% in the 12 months to December 2023. However, it remained above the Bank of England (BoE)'s 2% target. The central bank kept the rates at a 16-year high of 5.25% since the final rate increase in August 2023.

Bond markets advanced after central bank policy shift:

- Global government bonds rose in local-currency terms but by less in sterling terms. The US 10-year Treasury yields remained relatively stable and ended the period just below 4%. Meanwhile, the yield on 10-year German Bunds ended slightly above 2.0%. Finally, the yield on 10-year Gilts declined from around 4.4% to around 3.8%.
- Corporate bonds experienced a period of volatility in the six months under review, initially facing headwinds from rising interest rates and economic slowdown concerns. However, they later advanced as investor risk appetite improved.
- Investment-grade bonds benefitted from narrowing credit spreads due to easing rate hike expectations and a steeper yield curve. Their longer duration made them more sensitive to interest rate movements.
- High-yield bonds displayed surprising resilience, driven by their attractive income potential and improving issuer credit quality, particularly as concerns about a deep recession receded.

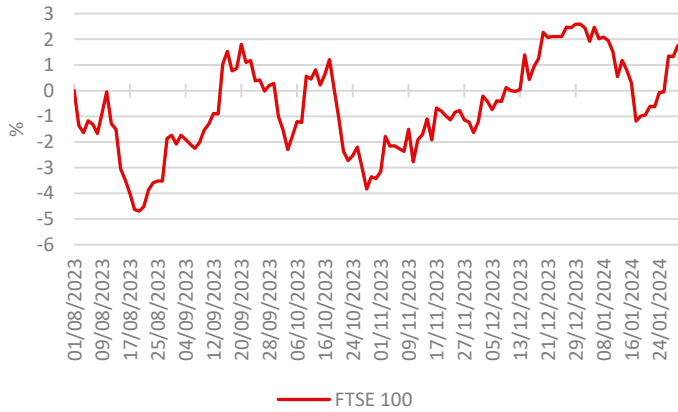
Markets turn optimistic about easing monetary policies and positive economic data:

- Global stock markets, as represented by the MSCI World Index, rose over the six-month period in all major currencies, including sterling.
- In August and September, global shares mostly faltered, while technology giants also lost their lustre. October brought further declines due to interest rate concerns and the Middle East conflict. However, November saw a comeback thanks to encouraging inflation data, and this positive momentum was carried into December. While January started on a bullish note, the rally faltered later in the month. Yet global shares rose in aggregate over the period.
- US stock markets, as measured by the broad S&P 500 Index, rose over the six months under review. US equities advanced strongly in dollar terms as inflation eased but by less in sterling due to the depreciation of GBP against USD. Technology stocks, fuelled by the continued growth of artificial intelligence and other innovative sectors, enjoyed impressive gains.
- While European equities lagged behind their US counterparts, they still advanced strongly, spearheaded by strong gains in Germany and France. In addition to easing inflation, fading concerns about an energy crisis in the region, combined with signs of improving economic data and the potential policy support from the ECB, European equities increased in both euro and sterling terms over the review period.
- UK equities ended higher but underperformed most other regional indices. Given improved investor risk appetite, the domestically focused and more interest rate sensitive FTSE 250 Index outperformed the internationally focused FTSE 100 Index.

Manager's investment report

For the period ended 31 January 2024

FTSE 100 Performance



- On the other hand, there was sustained weakness in the Chinese economy. In January 2024, disappointing fourth-quarter economic growth data and the central bank's decision to maintain key lending rates weighed on Chinese shares. As a result, Chinese stocks declined over the review period, while the yuan depreciated against the US dollar.

We remain cautious as the macroeconomic environment enters a slowdown phase:

- The global macroeconomic environment is entering a slowdown phase, particularly evident in Europe, where rising financing costs and uncertainties persist.
- Geopolitical tensions and weaknesses in the Chinese economy further contribute to the overall uncertainty.
- While concerns about a global recession have reduced, risks remain as the global economy navigates the end of the rate-hiking cycle. The persistence of inflationary pressures and uncertainties surrounding geopolitical developments warrant a cautious approach for investors.

Net asset value and operating charges

As at 31 January 2024 (unaudited)

	Income Units			Accumulation Units [^]		
	31 Jan 24	31 Jul 23	31 Jul 22	31 Jan 24	31 Jul 23	31 Jul 22
Closing net asset value (£)	36,008,807	41,157,178	45,850,383	4,192,587	767,062	951
Closing number of units	34,561,208	40,286,407	44,264,580	4,249,197	801,885	1,000
Closing net asset value per unit (p)	104.19	102.16	103.58	98.67	95.66	95.14
Operating charges (%) [‡]	0.71	0.79	0.85	0.45	0.45	0.50

[‡]The operating charges are the annualised total expenses paid by the Fund in the year, expressed as a percentage of its average net assets. The Annual Management Charge for Income Units changed from 0.75% to 0.45% on 6 January 2024.

[^]Accumulation Units share class was launched on 3 February 2022, therefore 2022 comparatives are annualised accordingly.

Portfolio statement

As at 31 January 2024 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
COLLECTIVE INVESTMENT SCHEMES			
Bonds and Gilts (65.19%*)		26,418	65.72
abrtn Liquidity (Lux) - Sterling Fund [#]	1,160	1,160	2.89
abrtn OEIC IV - abrtn Global Government Bond Tracker Fund [#]	6,114,887	5,237	13.03
abrtn OEIC IV - abrtn Global Inflation-Linked Bond Tracker Fund [#]	1,461,158	1,272	3.16
abrtn OEIC IV - abrtn Short Dated Global Inflation-Linked Bond Tracker Fund [#]	1,228,650	1,192	2.96
abrtn OEIC IV - abrtn Short Dated Sterling Corporate Bond Tracker Fund [#]	2,310,035	2,381	5.92
abrtn SICAV II - Global High Yield Bond Fund [#]	98,800	824	2.05
iShares ESG Screened Global Corporate Bond Index Fund	860,220	7,352	18.29
iShares ESG Sterling Corporate Bond Index Fund	5,094,019	4,156	10.34
iShares Green Bond Index Fund	151,340	1,269	3.16
Legal & General ESG Emerging Markets Government Bond Index Fund	1,531,336	1,575	3.92
Shares (35.19%*)		13,974	34.76
abrtn ACS I - abrtn Sustainable Index UK Equity Fund [#]	355,223	434	1.08
abrtn ACS I - abrtn Sustainable Index World Equity Fund [#]	4,558,333	5,001	12.44
abrtn OEIC IV - abrtn Global REIT Tracker Fund [#]	1,038,238	843	2.10
iShares Continental European Equity ESG Index Fund	2,046,866	2,153	5.35
iShares MSCI EM ESG Enhanced Fund	717,371	2,646	6.58
iShares MSCI Japan ESG Enhanced Fund	170,276	828	2.06
Virgin Money Climate Change Fund [^]	1,369,775	2,069	5.15
Portfolio of investments		40,392	100.48
Net other liabilities (-0.38%*)		(191)	(0.48)
Net assets		40,201	100.00

*Comparative figures shown in brackets relate to percentage of total net assets at 31 July 2023.

[^] This fund is managed by Virgin Money Unit Trust Managers Limited.

[#] This fund is managed by abrtn Investments Limited, Investment Advisor to the Fund, and a subsidiary of abrtn plc, a related party.

Purchases and sales of investments

For the six month period ended 31 January 2024 (unaudited)

Purchases	Cost £'000
abrtn Liquidity (Lux) - Sterling Fund [#]	3,682
Legal & General ESG Emerging Markets Government Bond Index Fund	40
Total for the period	3,722

Sales	Proceeds £'000
abrtn Liquidity (Lux) - Sterling Fund [#]	3,700
abrtn ACS I - abrtn Sustainable Index World Equity Fund [#]	440
iShares ESG Screened Global Corporate Bond Index Fund	430
abrtn OEIC IV - abrtn Short Dated Sterling Corporate Bond Tracker Fund [#]	350
abrtn OEIC IV - abrtn Global Government Bond Tracker Fund [#]	270
iShares ESG Sterling Corporate Bond Index Fund	240
iShares MSCI EM ESG Enhanced Fund	160
Legal & General ESG Emerging Markets Government Bond Index Fund	140
iShares MSCI Japan ESG Enhanced Fund	134
abrtn OEIC IV - abrtn Short Dated Global Inflation-Linked Bond Tracker Fund [#]	130
iShares Continental European Equity ESG Index Fund	100
abrtn SICAV II - Global High Yield Bond Fund [#]	60
Virgin Money Climate Change Fund [^]	60
Total for the period	6,214

[^] This fund is managed by Virgin Money Unit Trust Managers Limited.

[#] This fund is managed by abrtn Investments Limited, Investment Advisor to the Fund, and a subsidiary of abrtn plc, a related party.

The above constitutes all purchases and sales of investments in the period.

Statement of total return

For the six month period ended 31 January 2024 (unaudited)

	31 Jan 24		31 Jan 23	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		753		(572)
Revenue	588		613	
Expenses	(109)		(161)	
Interest payable and similar charges	-		(1)	
Net revenue before taxation	479		451	
Taxation	(55)		(3)	
Net revenue after taxation		424		448
Total return before distributions		1,177		(124)
Distributions		(424)		(448)
Change in net assets attributable to unitholders from investment activities		753		(572)

Statement of change in net assets attributable to unitholders

For the six month period ended 31 January 2024 (unaudited)

	31 Jan 24		31 Jan 23	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		41,924		45,851
Amounts receivable on issue of units	5,302		2,451	
Amounts payable on cancellation of units	(7,817)		(3,921)	
		(2,515)		(1,470)
Change in net assets attributable to unitholders from investment activities		753		(572)
Retained distribution on accumulation units		39		-
Closing net assets attributable to unitholders		40,201		43,809

Comparative information is provided for the Statement of change in net assets attributable to unitholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

Balance sheet

As at 31 January 2024 (unaudited)

	31 Jan 24		31 Jul 23	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets				
Investments		40,392		42,084
Current assets				
Debtors	158		2,382	
Cash and bank balances	105		103	
Total current assets		263		2,485
Total assets		40,655		44,569
Creditors				
Distribution payable	(371)		(308)	
Other creditors	(83)		(2,337)	
Total liabilities		(454)		(2,645)
Net assets attributable to unitholders		40,201		41,924

Notes to the interim financial statements are on page 14.

Notes to the financial statements

For the six month period ended 31 January 2024 (unaudited)

Accounting policies

Basis of accounting

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 July 2023. They have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard (FRS) 104 and the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association (now known as the Investment Association) in May 2014.

Under the SORP guidelines adopted by the Fund, complete notes to the financial statements are not disclosed for the interim accounts. Complete notes to the financial statements will be available in the year end accounts.

Distribution tables

For the six month period ended 31 January 2024 (unaudited)

Distribution in pence per unit

Interim distribution payable 28 March 2024

Group 1 Units purchased prior to 1 August 2023
 Group 2 Units purchased from 1 August 2023 to 31 January 2024 inclusive

	Revenue (p)	Equalisation (p)	Distribution payable 28 Mar 24 (p)	Distribution paid 31 Mar 23 (p)
Income units				
Group 1	1.0730	-	1.0730	1.0349
Group 2	0.7392	0.3338	1.0730	1.0349
Accumulation units				
Group 1	0.9230	-	0.9230	1.0127
Group 2	0.8797	0.0433	0.9230	1.0127

Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of income included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Directors' statement

For the six month period ended 31 January 2024 (unaudited)

We approve the Interim Report and Financial Statements of Virgin Money Growth Fund 1 for the six month period ended 31 January 2024 on behalf of Virgin Money Unit Trust Managers Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook.

Jonathan Byrne
Director
27 March 2024

David Taylor
Director
27 March 2024

Virgin Money Unit Trust Managers Limited

Authorised and regulated by the Financial Conduct Authority

Registered office: Jubilee House
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Registered in England no. 3000482