



The Virgin Money Climate Change Fund

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

Contents

	Page
Manager's report	
Management and professional services	1
Manager's investment report	2
Net asset value and operating charges	5
Portfolio statement	6
Total purchases and sales of investments	8
Statement of total return	9
Statement of change in unitholders' funds	9
Balance sheet	10
Notes to the financial statements	11
Distribution table	12
Directors' statement	13

Management and professional services

Manager

Virgin Money Unit Trust Managers Limited
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Authorised and regulated by the Financial Conduct Authority.

Directors:

J. Byrne
H. Chater (resigned 10 April 2024)
S. Hynes (appointed 11 March 2024)
P. Moore (appointed 16 April 2024)
D. Mouille (resigned 2 April 2024)
F. Murphy (resigned 2 April 2024)
A. Patrizi (appointed 10 April 2024)
M. Phibbs
D. Taylor (resigned 30 April 2024)
S. Wemyss (resigned 2 April 2024)

Investment adviser

abrdrn Investments Limited
280 Bishopsgate
London
EC2M 4AG

Authorised and regulated by the Financial Conduct Authority.

Registrar

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Trustee

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

Independent auditor

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* 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.

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

Manager's investment report

for the six month period ended 31 March 2024 (unaudited)

Investment objective, policy and strategy

The investment objective of the Virgin Money Climate Change Fund (the Fund) is to grow your money over the longer term (5 years or more) by investing in the listed shares of companies from around the world that develop or use products and services designed to maximise resource efficiency, support the transition to a low carbon economy and address wider environmental challenges. The Fund aims to provide a total return (income and capital growth) which is benchmarked against the MSCI All Countries World Index GBP. This index represents the performance of hundreds of shares from around the world. By actively selecting which shares to invest in, the Fund aims to beat the returns of this index, after charges, measured over periods of three years or more.

The Fund will typically invest in a concentrated portfolio of the shares of 35-45 companies from around the world selected by the Investment Adviser in keeping with the Investment Objective of the Fund described above. The Fund seeks to be fully invested at all times, but may hold cash (up to 5%) for cash flow and transactional purposes as deemed appropriate to manage costs.

The Fund invests in companies providing products and services which enable businesses and society to transition to a low carbon economy or reduce their environmental impact in other ways (we refer to these companies as 'solution providers'), and also companies who are leaders within their respective industries in terms of reducing emissions, waste or resource usage (we refer to these companies as 'leaders'). The Fund will actively engage with the companies invested in to ensure that their products and services deliver on stated environmental and positive change or impact aims.

The Fund seeks to hold the shares of companies based on a medium to long term view (typically no less than 3-5 years); however, aside from changes in conviction around the financial case for investment, the Investment Adviser will sell shares in the event that a company falls outside of the criteria of companies the Fund can invest in as detailed in this policy.

The Fund will not invest in companies with material revenues (>10%) from tobacco manufacturing, or who are involved in the extraction or processing of fossil fuels (coal, oil and gas), controversial weapons, or companies who violate the UN Global Compact principles on human rights, labour, the environment and anti-corruption.

As the Fund is actively managed, the Investment Adviser retains freedom of what companies to invest in, and also the geographical allocation across the Fund, as long as this is in keeping with the Investment Objective and Policy of the Fund. The Investment Adviser will use third party data on emissions and wider environmental impact, combining this data with proprietary research to form a view on which companies to invest in. The Fund will at all times seek to maintain a diversified portfolio of companies across different countries and markets in order to manage risk.

The Fund may use derivatives to reduce trading costs and generally for the efficient management of the Fund, for example managing money coming in and out of the Fund. The Fund will not use derivatives for speculative purposes or to increase the risk profile of the Fund.

Fund status

The Fund is an authorised unit trust scheme under s243 of the Financial Services and Markets Act 2000 and is categorised as a UCITS[#] scheme under the Collective Investment Schemes Sourcebook (the COLL Rules).

Financial instruments and key risks

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 Regulations* 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.

Risk and Reward profile

The Fund's Synthetic Risk and Reward Indicator (SRRI) is 6 on a scale of 1 (lower) to 7 (higher) because it invests in company shares, which typically provide higher rewards but carry a higher level of risk than other investments, such as bonds. For further information, please refer to the Fund's Key Investor Information Document (KIID).

Accumulation

The Fund may receive dividend income from stocks held in its portfolio. Every six months, income received is netted off against expenses incurred, with any net balance accumulated back into the Fund in line with its objective.

The net accumulation per unit for the six months ended 31 March 2024 is 0.1524p.

[#] Authorised in accordance with the Undertakings in Collective Investments in Transferable Securities (UK UCITS) Directive.

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

Manager's investment report (continued)

for the six month period ended 31 March 2024 (unaudited)

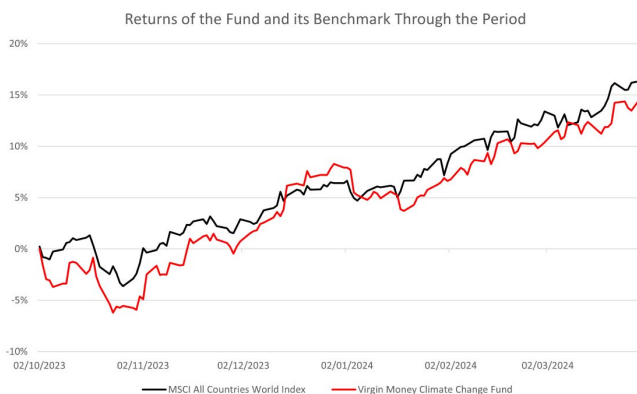
Fund performance

For the six month period to 31 March 2024, the net asset value of each unit increased by 14.62% from 140.98p to 161.59p.

Markets overview for the six month period ended 31 March 2024

Global stock markets rose notably over the six months to the end of March 2024. This was supported by reduced inflationary pressures in most developed economies after a prolonged period of monetary tightening. Major central banks were expected to start cutting interest rates from the middle of 2024. Nevertheless, they remained determined to keep inflation under control.

Meanwhile, economic data was generally more robust than was feared, meaning that an economic slowdown rather than a recession would be likely. However, investors remained concerned about the Chinese economy – especially the country's property sector – and the implications for global economic growth. The ongoing wars in Ukraine and the Middle East were other key risks.



- Inflation continued to ease in the US, the UK and Europe but still remained above targets. Hence, key central banks maintained interest rates. The US, however, signalled three rate cuts in 2024, with more to come in 2025 and 2026.

- In terms of GDP for the fourth quarter of 2023, the US grew by 3.4%, Europe stagnated and grew by just 0.4% and the UK entered a technical recession having fallen 0.3% over the 3 months.

- Almost all Asian markets ended higher, given increased optimism about the global growth outlook as falling annual inflation rates led to central banks considering future interest-rate cuts. Indian equities outperformed on strong GDP growth, and stocks in Taiwan and South Korea were supported by these countries' relatively high exposure to the buoyant technology sector. However, China and Hong Kong equities fell despite fresh stimulus measures to support the economy.

People Experience the First-Hand Impact of Climate Change

- Climate records were broken month after month. This resulted in more frequent and more severe extreme weather events, which started to have a real impact on people's pockets. For instance, UK home insurance rose 36% in 2023 and between 40-60% in the US, depending on the state. This was due to a rise in house prices and building material and labour costs, as well as a rise in claims from weather-related incidents, including falling roof tiles and sometimes even needing to rebuild entire sections of homes.

- As the climate change impact is felt more by everyday people, from travel disruption to insurance costs, the likelihood of climate policies becoming more important to the voter increases. Another noticeable

trend is that people are starting to change their personal habits to reduce their own carbon footprint.

- Our belief is that companies that are providing solutions to mitigate climate impacts, or helping us adapt to a world of more extreme weather events, have an under-appreciated structural growth opportunity to capitalise on financially, while having a positive impact on society and the planet.

Fund Framework – Five Pillars

- We use a unique five-pillar framework that ensures we invest across each of the following themes:

- "How we source and power": environmental solutions in power generation and sourcing of key resources.
- "How we build": sustainable urbanisation and infrastructure.
- "How we transport": sustainable and efficient transportation.
- "How we make and use": environmental solutions in the life cycle of a product or service.
- "How companies operate": companies leading the drive for environmental efficiency among their peer groups.

- This approach allows for the construction of a diversified portfolio that we can allocate to the areas where the solution providers and leaders will positively impact developments around climate change.

Portfolio changes

- We entered into a new position in Veralto, which addresses water quality and water efficiency issues. The company is a beneficiary of increasing investment and improvements to policy and regulation to resolve tap water contamination and a crumbling pipework infrastructure in the US.

- We added Netherlands-based semiconductor player ASML, which provides smaller, faster and more powerful semiconductor chips for foundry companies. ASML's technology enables greater processing and output for the same level of energy consumed.

- We introduced Hubbell, a solution provider related to power grid efficiency. It has a multi-year growth opportunity as electricity demand doubles and there is greater need for decarbonisation and critical electricity grid modernisation.

- We invested in Carlisle Companies, the US market leader in solutions for energy efficient buildings. Over 60% of its revenue comes from replacement and remodelling of existing buildings, making it less economically sensitive to new construction activity. Carlisle's leading position in a relatively consolidated market enables it to earn superior returns. Increasing regulation and desire for energy efficient buildings also support organic growth.

- We bought Nexttracker, the market leader in utility scale solar tracking devices. Utility scale solar has good demand for the next several years, which Nexttracker is uniquely placed to capture in an essentially duopoly market in the US. We believe it can maintain a strong return profile. Nexttracker also has a large backlog of over \$3 billion in orders.

Manager's investment report (continued)

for the six month period ended 31 March 2024 (unaudited)

Markets overview for the six month period ended 31 March 2024 (continued)

- We exited our position in Darling Ingredients as the outlook for profitability from renewable fuels in the medium term was weaker than expected. This was due to a combination of less supportive regulatory developments and excess competition in a relatively immature industry.
- We also divested from Hannon Armstrong due to a downgraded recommendation on concerns that the company may be unable to deliver returns as good as it had done before.
- We sold North American aluminium can maker Crown Holdings as it reported weak results and poor guidance for the year. Considering the high fixed cost base, we did not have sufficient confidence in a strong rebound in volumes for the year ahead.

- Lastly, we exited Ameresco due to disappointment in its ability to deliver contracts on time and to budget.

Outlook

- Volatility is likely to continue this year, given elections in major economies and conflict in the Middle East. However, corporates have learned from recent volatility and should be more capable of delivering profitable growth despite global uncertainty.
- We continue to believe in the long-term investment case for our portfolio of companies, while being aware of shorter-term macro implications. The portfolio carries both interest rate sensitive companies and those more growth-focused, so the Fund should benefit from lower discount rates as well as relative earnings resilience.

Net asset value and operating charges

as at 31 March 2024 (unaudited)

	31 March 2024	30 September 2023
Closing net asset value (£)	141,106,162	127,973,118
Closing number of units	87,326,128	90,772,634
Closing net asset value per unit (p)	161.59	140.98
Operating charges (%) ^{1, 2}	0.86	1.00

¹ Effective 6 January 2024, the AMC fee changed from 1.00% to 0.70%.

² The Operating charges represents the annualised operating expenses of the Fund expressed as a percentage of average net assets for the period. It includes the annual management charge and all charges deducted directly from the Fund and is expressed as an annual percentage rate.

Portfolio statement

as at 31 March 2024 (unaudited)

Holding	Stock description	Market Value £'000	% of Net Assets
United Kingdom Equities 7.90% (2023 - 8.76%)			
38,183	AstraZeneca	4,077	2.89
61,868	Croda International	3,033	2.15
244,405	SSE	4,033	2.86
		11,143	7.90
Overseas Equities 90.53% (2023 - 89.58%)			
Belgium Equities 1.28% (2023 - 1.61%)			
105,868	Umicore	1,809	1.28
Denmark Equities 9.22% (2023 - 8.04%)			
63,155	Novo Nordisk	6,398	4.54
76,841	Orsted	3,390	2.40
145,987	Vestas Wind Systems	3,215	2.28
		13,003	9.22
France Equities 6.42% (2023 - 7.62%)			
11,013	L'Oreal	4,130	2.93
27,518	Schneider Electric	4,932	3.49
		9,062	6.42
Germany Equities 1.46% (2023 - 1.36%)			
70,545	Jungheinrich	2,064	1.46
India Equities 1.35% (2023 - 1.80%)			
399,355	ReNew Energy Global	1,897	1.35
Ireland Equities 9.48% (2023 - 8.49%)			
14,640	Accenture	4,010	2.84
49,165	Kingspan	3,549	2.51
24,515	Trane Technologies	5,821	4.13
		13,380	9.48
Netherlands Equities 3.29% (2023 - 0.59%)			
21,812	Alfen N.V.	932	0.66
4,862	ASML	3,709	2.63
		4,641	3.29
South Korea Equities 1.72% (2023 - 2.13%)			
8,771	Samsung SDI	2,429	1.72

Portfolio statement (continued)

as at 31 March 2024 (unaudited)

Holding	Stock description	Market Value £'000	% of Net Assets
	Switzerland Equities 3.48% (2023 - 2.96%)		
54,550	DSM-Firmenich	4,916	3.48
	United States Equities 52.83% (2023 - 54.98%)		
38,426	Advanced Drainage Systems	5,245	3.72
38,498	American Water Works	3,721	2.64
37,029	Analog Devices	5,797	4.11
21,432	Autodesk	4,417	3.13
10,019	Carlisle Companies	3,103	2.20
10,779	Deere & Co	3,502	2.48
24,497	Ecolab	4,473	3.17
7,820	Equinix	5,108	3.62
210,319	Graphic Packaging	4,856	3.44
10,239	Hubbell	3,359	2.38
22,368	Microsoft	7,437	5.27
66,590	NextEra Energy Partners LP	1,586	1.12
28,081	Nextracker	1,250	0.89
27,948	Prologis	2,880	2.04
40,967	Tetra Tech	5,990	4.25
42,900	Veralto	3,011	2.13
37,972	Wabtec	4,377	3.10
26,260	Waste Management	4,430	3.14
		74,542	52.83
	Portfolio of investments (2023 - 98.34%)	138,886	98.43
	Net other assets (2023 - 1.66%)	2,220	1.57
	Total net assets	141,106	100.00

All investments are approved securities under the rules of an eligible securities market, unless otherwise stated. All investments are in ordinary shares unless otherwise stated.

Note: comparative figures shown in brackets relate to percentage of net assets as at 30 September 2023.

Total purchases and sales of investments

for the six month period ended 31 March 2024 (unaudited)

The table below shows the total amount of purchases and sales during the period.

Purchases	Cost £'000	Sales	Proceeds £'000
ASML	2,852	Crown holdings	4,577
Carlisle Companies	2,760	Darling Ingredients	2,756
Hubbell	2,719	Schneider Electric	2,714
Veralto	2,674	Ameresco	2,250
Vestas Wind Systems	1,510	Tetra Tech	1,538
Nextracker	1,360	Deere & Co	1,273
Kingspan	850	Hannon Armstrong	1,217
Wabtec	824	Kingspan	1,131
		Novo Nordisk	866
		Graphic Packaging	673
		ReNew Energy Global	619
		Autodesk	478
		Ecolab	455
Total for the period	15,549		
		Total for the period	20,547

Statement of total return

for the six month period ended 31 March 2024 (unaudited)

	£'000	Six month period ended 31/03/24 £'000	£'000	Six month period ended 31/03/23 £'000
Income				
Net capital gains		18,041		4,486
Revenue	749		725	
Expenses	(561)		(542)	
Interest payable and similar charges	-		-	
Net revenue before taxation	188		183	
Taxation	(62)		(26)	
Net revenue after taxation		<u>126</u>		<u>157</u>
Total return before distributions		<u>18,167</u>		<u>4,643</u>
Distributions		(134)		(157)
Change in unitholders' funds from investment activities		<u>18,033</u>		<u>4,486</u>

Statement of change in unitholders' funds

for the six month period ended 31 March 2024 (unaudited)

	£'000	Six month period ended 31/03/24 £'000	£'000	Six month period ended 31/03/23 £'000
Opening net assets		127,973		99,680
Amounts received on issue of units	404		41,197	
Amounts paid on cancellation of units	(5,437)		(3,990)	
		(5,033)		37,207
Change in unitholders' funds from investment activities		18,033		4,486
Retained distribution on accumulation units		133		157
Closing net assets		<u>141,106</u>		<u>141,530</u>

Comparative information is provided for the Statement of change in unitholders' funds. 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 March 2024 (unaudited)

	£'000	31/03/24 £'000	£'000	30/09/23 £'000
Assets				
Fixed assets				
Investments		138,886		125,849
Current assets				
Debtors	2,594		4,430	
Cash and bank balances	<u>901</u>		<u>243</u>	
Total other assets		<u>3,495</u>		<u>4,673</u>
Total assets		142,381		130,522
Liabilities				
Investment liabilities		-		-
Creditors				
Other creditors	<u>(1,275)</u>		<u>(2,549)</u>	
Total other liabilities		<u>(1,275)</u>		<u>(2,549)</u>
Total liabilities		<u>(1,275)</u>		<u>(2,549)</u>
Net assets		<u>141,106</u>		<u>127,973</u>
Unitholders' funds		<u>141,106</u>		<u>127,973</u>

Notes to the financial statements

for the six month period ended 31 March 2024 (unaudited)

Basis of preparation

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 September 2023. They have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments, and in accordance with the United Kingdom Generally Accepted Accounting Practice as defined within Financial Reporting Standard (FRS 102 and the Statement of Recommended Practice for Authorised Funds (SORP)) issued by the Investment Association in May 2014 and updated in June 2017.

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 Table

for the six month period ended 31 March 2024 (unaudited)

Interim distribution

Group 1: Units purchased prior to 1 October 2023

Group 2: Units purchased from 1 October 2023 to 31 March 2024 inclusive

	Net revenue (p)	Equalisation* (p)	Distribution paid 31.05.2024 (p)	Distribution paid 31.05.2023 (p)
Accumulation units				
Group 1	0.1524	-	0.1524	0.1672
Group 2	0.1314	0.0210	0.1524	0.1672

* Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue 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

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



Paula Moore
Director



Jonathan Byrne
Director

29 May 2024

Virgin Money Unit Trust Managers Limited

Authorised and regulated by the Financial Conduct Authority

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