



The Virgin Money Defensive Fund

Interim Report and Financial Statements

For the six month period ended 31 January 2022 (unaudited)

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Management and professional services

For the six month period ended 31 January 2022 (unaudited)

Manager (the 'Manager')

Virgin Money Unit Trust Managers Limited
Jubilee House
Gosforth
Newcastle upon Tyne
NE3 4PL

Directors:

S. Bruce
J. Byrne
H. Chater
F. Murphy
M. Phibbs
D. Taylor
S. Wemyss

Telephone 03456 10 20 30*

Authorised and regulated by the Financial Conduct Authority.

Investment adviser

Aberdeen Asset Managers Limited
10 Queen's Terrace
Aberdeen
Aberdeenshire
AB10 1XL

Authorised and regulated by the Financial Conduct Authority.

Registrar

SS&C Financial Services Europe Limited
SS&C House
St Nicholas Lane
Basildon
Essex
SS15 5FS

Trustee

Citibank UK Limited[#]
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.

Independent auditor

KPMG LLP
St. Vincent Plaza
319 St. Vincent Street
Glasgow
G2 5AS

* 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.

[#] Entity changed from Citibank Europe plc, UK Branch with effect from 25th September 2021.

Manager's investment report

For the six month period ended 31 January 2022 (unaudited)

Investment Objective, Policy and Strategy

The Virgin Money Defensive Fund (the 'Fund' or 'Trust') aims to grow investors' money over the medium term (3 years or more) whilst limiting ups and downs in value by investing mainly in assets considered to be lower risk or 'defensive' in nature.

The Fund aims to achieve the objective by investing in other funds, rather than investing directly in individual bonds or shares. 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 75% in funds that have a lower risk and return potential compared to other investments in the Fund. 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 rest 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).

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 2% to 5% per year, measured over five year periods.

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.

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 75% in funds with lower risk/return potential.

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 9. Management fees for the collective investment schemes in which the Fund invests are met by the Manager out of the operating charges set out on page 8.

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.

Manager's investment report

For the six month period ended 31 January 2022 (unaudited)

Risk and Reward Profile

The Fund's Synthetic Risk and Reward Indicator ('SRRI') is 3 on a scale of 1 (lower) to 7 (higher) as it invests in company shares which typically provide higher rewards but carry a higher level of risk than other investments such as gilt-edged securities.

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.

A Accumulation Unit Class

The interim distribution for the period ended 31 January 2022 will be 0.2770p net per unit payable on 31 March 2022.

AE Accumulation Unit Class*

The interim distribution for the period ended 31 January 2022 will be 0.2767p net per unit payable on 31 March 2022.

Fund Performance

For the six month period, the net asset values for both Unit Classes have decreased by 1.49% from 104.08p to 102.53p.

Significant Events

On 24th February 2022 Russia launched a military offensive against Ukraine resulting in widespread sanctions on Russia and heightened security and cyber threats. Market disruptions associated with the geopolitical event have had a global impact, and uncertainty exists as to the implications. Such disruptions can adversely affect assets of funds and their performance, specifically Russian and Ukrainian assets. The outlook for many capital markets is significantly different now compared to 31 January 2022, the period-end of the Fund. As a result, the NAV of the Fund has fluctuated since the period end. The Manager has also evaluated, and will continue to evaluate, the operational resilience of all service providers. The Manager's key suppliers do not have operations pertaining to the Manager in Ukraine or Russia.

Manager's investment report

For the six month period ended 31 January 2022 (unaudited)

Markets overview from 1 August 2021 to 31 January 2022

COVID-19 continued to feature prominently in news over the period. The Omicron variant outbreak in November caused further economic disruption and market uncertainty. Bonds rallied in response as investors sought out lower-risk assets, although it was a difficult six-month period for bond markets. Overall, bond prices fell due to a mixture of spiking inflation, higher interest rates and an end to bond-buying programmes as economies continued to recover from the shock of the pandemic.

- Inflation hit multi-decade highs in the UK, US and Europe. Prices have surged as the global economy has reopened, compounded by shortages in materials and components caused by pandemic-disrupted supply chains. Energy prices have been a major contributing factor to rising inflation. As economies reopened, oil-producing nations restricted overall production and price rises followed quickly. Labour shortages have also played a part in higher inflation, particularly in the US as unemployment fell sharply.

Brent Oil Prices

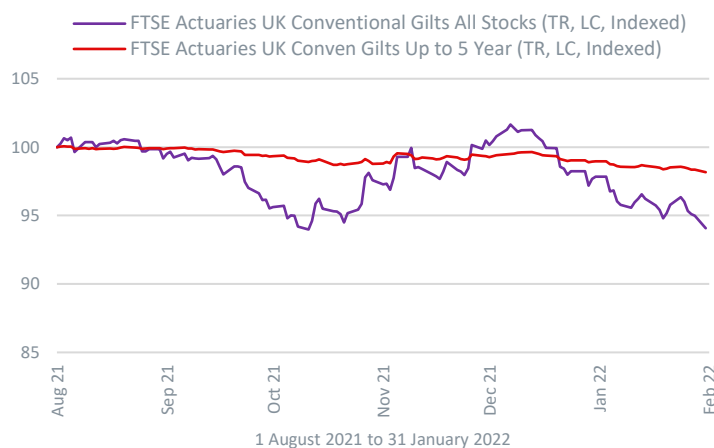


- Central bankers initially assured investors that this bout of inflation would be temporary but began to adopt a tougher tone towards the end of the period as price rises appeared more enduring. The Bank of England moved first among the major central banks and increased interest rates to 0.25% in December, its first rate rise in three years. The US Federal Reserve (Fed) and European Central Bank (ECB) left interest rates unchanged, but investors now expect multiple interest-rate hikes from both central banks in 2022.
- Helped by continued supportive fiscal and monetary policy, stock markets climbed in the first half of the period. They wobbled in November on the emergence of the new variant but recovered in December amid evidence that Omicron was milder than previous strains. January saw a major sell-off in many developed stock markets on worries over higher interest rates, particularly in the US where previously strong-performing technology stocks dipped sharply.
- The period ended amid growing tensions between Russia and Ukraine as Russian troops massed on the Ukrainian border.

Bond markets hurt by the reduction in bond purchases and prospect of higher interest rates:

- Global government bond prices largely fell from August onwards amid concerns about a withdrawal of central bank support. Late in the period, some central banks started to reduce their support. In particular, the Fed announced its intention to scale back its bond-buying programme. Mounting expectations of interest-rate rises put bonds under further pressure in January. Economists and certain Fed officials now envisage more than four rate rises in the US in 2022 to combat rising prices. The ECB also announced a quicker-than-expected reduction in bond purchases in 2022.

UK Government Gilts



- Set against the above backdrop of rising interest-rate expectations and scaling back of bond-purchasing programmes, corporate bonds – both investment grade and riskier high yield – struggled over the six-month period.
- Global shares made modest overall gains. Robust corporate earnings and a strong US economy powered the broader US stock market higher over the period, with the S&P 500 index repeatedly hitting all-time highs. Large technology stocks continued to climb, although suffered a setback in January as worries about the prospect of higher interest rates hit the sector particularly hard. Continental European equities were flat, while UK stocks gained over the six months. Weighed down by poor-performing Chinese stocks, Asia Pacific and emerging market stocks both fell over the period.

Manager's investment report

For the six month period ended 31 January 2022 (unaudited)

US Stock Market



Fund performance:

- The Fund is, by definition, defensively positioned with at least 75% invested in assets with a lower risk profile, particularly government and corporate bonds. These asset classes are generally less volatile but as interest rate expectations rise, they perform less well since the price of bonds falls as interest rates rise.
- This defensive mix of investments is diversified with the addition of some exposure to equities. While some of these mildly outperformed, it was not sufficient to offset the impact of rising interest rates on the returns of the bonds in the portfolio.
- The Fund's relatively significant allocation to index-linked bonds performed well before the review period in early 2021 but as inflation expectations became priced into the market, their price fell in line with other bonds.
- The Net Asset Value of the Fund decreased by 1.49% during the period.

Net asset value and operating charges

As at 31 January 2022 (unaudited)

	A Accumulation Units		AE Accumulation Units	
	31 Jan 22	31 Jul 21	31 Jan 22	31 Jul 21
Closing net asset value (£)	115,033,126	105,855,286	1,936,716	1,816,361
Closing number of units	112,198,197	101,709,342	1,888,973	1,745,187
Closing net asset value per unit (p)	102.53	104.08	102.53	104.08
Operating charges (%) [‡]	0.70	0.70	0.70	0.70

The Fund was launched on 28 October 2020, therefore there are no comparatives shown for 2020.

[‡]The operating charges are the annualised total expenses paid by the Fund in the period, expressed as a percentage of its average net assets.

Portfolio statement

As at 31 January 2022 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
COLLECTIVE INVESTMENT SCHEMES			
Bonds and Gilts (84.03%*)		98,907	84.56
Aberdeen Global Government Bond Tracker Fund [#]	5,485,455	5,278	4.51
Aberdeen Standard Liquidity Fund Lux - Sterling Fund [#]	20,071	20,071	17.16
Aberdeen Standard OEIC IV - ASI Emerging Markets Local Currency Bond Tracker Fund [#]	2,265,990	2,229	1.91
Aberdeen Standard OEIC IV - ASI Global Corporate Bond Tracker Fund [#]	3,123,531	3,467	2.96
Aberdeen Standard OEIC IV - ASI Global Inflation-Linked Bond Tracker Fund [#]	9,773,251	11,529	9.86
Aberdeen Standard OEIC IV - ASI Short Dated Global Corporate Bond Tracker Fund [#]	10,807,094	11,436	9.78
Aberdeen Standard OEIC IV - ASI Short Dated Global Inflation-Linked Bond Tracker Fund [#]	11,295,589	12,814	10.95
Aberdeen Standard OEIC IV - ASI Short Dated Sterling Corporate Bond Tracker Fund [#]	2,454,761	2,539	2.17
Aberdeen Standard SICAV II-Global High Yield Bond [#]	75,198	1,189	1.02
ASI Sterling Corporate Bond Tracker Fund [#]	3,355,711	3,452	2.95
Payden Global Funds - Government Bond Index Fund	543,161	7,474	6.39
Vanguard Global Short-Term Corporate Bond Index Fund	52,752	5,593	4.78
Vanguard Investment Series - UK Government Bond Index Fund	83,998	11,004	9.41
Vanguard UK Short-Term Investment Grade Bond Index Fund	7,325	832	0.71
UK Shares (2.94%*)		3,640	3.11
Virgin UK Index Tracking Trust [^]	1,300,352	3,640	3.11
Overseas Shares (9.68%*)		11,300	9.66
Aberdeen Asia Pacific Ex-Japan Equity Tracker Fund [#]	1,089,568	1,222	1.04
Aberdeen Standard OEIC IV - ASI American Equity Tracker Fund [#]	2,862,861	4,583	3.92
Aberdeen Standard OEIC IV - ASI European Equity Tracker Fund [#]	1,591,006	2,151	1.84
Aberdeen Standard OEIC IV - ASI Global REIT Tracker Fund [#]	2,028,771	2,280	1.95
Aberdeen Standard OEIC IV - ASI Japan Equity Tracker Fund [#]	885,222	1,064	0.91

Portfolio statement

As at 31 January 2022 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
Emerging Markets Shares (0.99%*)		1,053	0.90
Aberdeen Standard OEIC IV - ASI Emerging Markets Equity Tracker Fund [#]	934,625	1,053	0.90
Portfolio of investments		114,900	98.23
Net other assets (2.36%*)		2,070	1.77
Net assets		116,970	100.00

*Comparative figures shown in brackets relate to percentage of total net assets at 31 July 2021.

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

This fund is managed by Aberdeen Asset Managers Limited, Investment Advisor to the Fund, and a subsidiary of abrdn plc, a related party.

Purchases and sales of investments

For the six month period ended 31 January 2022 (unaudited)

Purchases	Cost £'000
Aberdeen Standard Liquidity Fund Lux - Sterling Fund [#]	12,842
Credit Agricole Corporate and Investment Bank	10,180
Societe Generale	4,325
Aberdeen Standard OEIC IV - ASI Short Dated Global Corporate Bond Tracker Fund [#]	1,500
Aberdeen Global Government Bond Tracker Fund [#]	1,400
Vanguard Investment Series - UK Government Bond Index Fund	1,050
Aberdeen Standard OEIC IV - ASI Short Dated Global Inflation-Linked Bond Tracker Fund [#]	1,000
Vanguard Global Short-Term Corporate Bond Index Fund	800
Aberdeen Standard OEIC IV - ASI Global Inflation-Linked Bond Tracker Fund [#]	750
Aberdeen Standard OEIC IV - ASI Global Corporate Bond Tracker Fund [#]	600
ASI Sterling Corporate Bond Tracker Fund [#]	500
Aberdeen Asia Pacific Ex-Japan Equity Tracker Fund [#]	400
Virgin UK Index Tracking Trust [^]	354
Aberdeen Standard OEIC IV - ASI Emerging Markets Local Currency Bond Tracker Fund [#]	300
Vanguard UK Short-Term Investment Grade Bond Index Fund	250
Aberdeen Standard SICAV II-Global High Yield Bond [#]	200
Aberdeen Standard OEIC IV - ASI European Equity Tracker Fund [#]	200
Aberdeen Standard OEIC IV - ASI Global REIT Tracker Fund [#]	150
Payden Global Funds - Government Bond Index Fund	1
Total for the period	36,802

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The above constitutes all purchases of investments in the period.

Purchases and sales of investments

For the six month period ended 31 January 2022 (unaudited)

Sales	Proceeds £'000
Aberdeen Standard Liquidity Fund Lux - Sterling Fund [#]	11,117
Credit Agricole Corporate and Investment Bank	10,180
Societe Generale	4,325
Total for the period	25,622

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The above constitutes all sales of investments in the period.

Statement of total return

For the six month period ended 31 January 2022 (unaudited)

	31 Jan 22	
	£'000	£'000
Income		
Net capital losses		(2,049)
Revenue	672	
Expenses	(359)	
Interest payable and similar charges	(1)	
Net revenue before taxation	312	
Taxation	(3)	
Net revenue after taxation		309
Total return before distributions		(1,740)
Distributions		(309)
Change in net assets attributable to unitholders from investment activities		(2,049)

Statement of change in net assets attributable to unitholders

For the six month period ended 31 January 2022 (unaudited)

	31 Jan 22	
	£'000	£'000
Opening net assets attributable to unitholders		107,672
Amounts receivable on issue of units	14,564	
Amounts payable on cancellation of units	(3,533)	
		11,031
Change in net assets attributable to unitholders from investment activities		(2,049)
Retained distribution on accumulation units		316
Closing net assets attributable to unitholders		116,970

The Fund was launched on 28 October 2020, therefore there are no prior year comparatives.

Balance sheet

As at 31 January 2022 (unaudited)

	31 Jan 22		31 Jul 21	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets				
Investments		114,900		105,134
Current assets				
Debtors	2,113		2,578	
Cash and bank balances	80		67	
Total current assets		2,193		2,645
Total assets		117,093		107,779
Creditors				
Other creditors		(123)		(107)
Total liabilities		(123)		(107)
Net assets attributable to unitholders		116,970		107,672

Notes to the interim financial statements are on page 15.

Notes to the financial statements

For the six month period ended 31 January 2022 (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 2021. 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 2022 (unaudited)

Distribution in pence per unit

Interim distribution payable 31 March 2022

Group 1	Units purchased prior to 1 August 2021
Group 2	Units purchased from 1 August 2021 to 31 January 2022 inclusive

	Revenue (p)	Equalisation (p)	Distribution payable 31 Mar 22 (p)
A Accumulation units			
Group 1	0.2770	-	0.2770
Group 2	0.2052	0.0718	0.2770
AE Accumulation units			
Group 1	0.2767	-	0.2767
Group 2	0.2245	0.0522	0.2767

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 2022 (unaudited)

We approve the Interim Report and Financial Statements of The Virgin Money Defensive Fund for the six month period ended 31 January 2022 on behalf of Virgin Money Unit Trust Managers Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook.



Jonathan Byrne

Director

29 March 2022



David Taylor

Director

29 March 2022

Virgin Money Unit Trust Managers Limited

Authorised and regulated by the Financial Conduct Authority

Registered office: Jubilee House
Gosforth, Newcastle upon Tyne NE3 4PL

Registered in England no. 3000482