



# The Virgin Money Growth Fund 3

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

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# Management and professional services

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

## Manager (the 'Manager')

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

Directors:

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

(Appointed 11 March 2024)

Telephone 03456 10 20 30\*

Authorised and regulated by the Financial Conduct Authority.

## Investment Adviser

abrdn Investments 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

FNZ (UK) Limited\*\*\*  
1 Tanfield  
Edinburgh  
Midlothian  
EH3 5DA

## 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.

\* 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 3 (the 'Fund') is to generate 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 highest 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 80% 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 80% to 100% 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 80% in funds with higher 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 UCITS<sup>1</sup> scheme under the Collective Investment Schemes Sourcebook ('the COLL Rules').

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

# Manager's investment report

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

## 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 Regulations<sup>2</sup> 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 5 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 year.

## A Accumulation Unit Class

Share class A Accumulation Unit was closed on 6 January 2024.

## AE Accumulation Unit Class\*

Share class AE Accumulation Unit was closed on 6 January 2024.

## Accumulation Unit Class

The interim distribution for the period ended 31 January 2024 for the Accumulation Unit Class will be 1.2438p net per unit payable on 28 March 2024.

\*Auto-Enrolment units are only available to customers who are automatically enrolled into the Virgin Stakeholder Pension Scheme under Automatic Enrolment Workplace Pension Scheme legislation.

## Fund Performance

Share classes A Accumulation Unit and AE Accumulation Unit were closed on 6 January 2024. For the six months to 31 January 2024, the net asset value for Accumulation Units increased by 3.30%<sup>3</sup> from 102.54p to 105.92p.

## Significant Events

On 6 January 2024, the Manager moved all pension customers and their savings from the Virgin Stakeholder Pension Scheme to the new Virgin Money Personal Pension (VMPP). The VMPP does not require feeder funds, and pension investors will be invested directly rather than indirectly into the underlying funds. This means that, instead of holding units in Virgin Money Pension Growth Fund 3 (which invested 100% into the A Accumulation Units and the AE Accumulation Units of Virgin Money Growth Fund 3), customers simply invest directly into the Accumulation Units of Virgin Money Growth Fund 3. As a result, Share classes A Accumulation Units and AE Accumulation Units were closed on 6 January 2024.

<sup>2</sup> 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.

<sup>3</sup> Based on published net asset value.

# Manager's investment report

For the year ended 31 January 2024

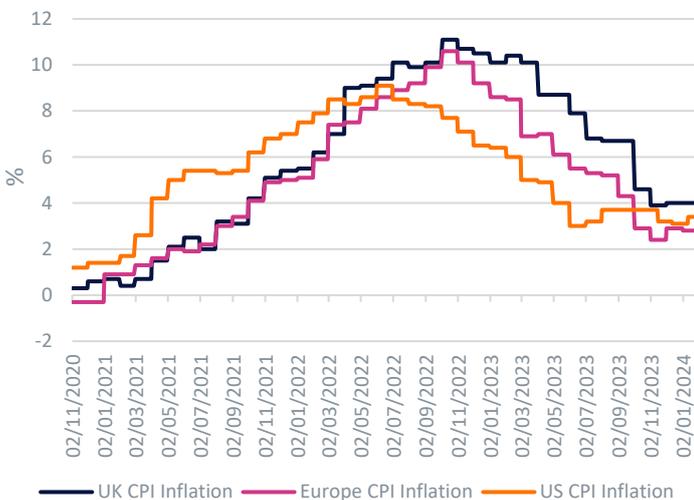
## Markets overview from 1 August 2023 to 31 January 2024

The six-month review period was marked by global financial markets exhibiting resilience despite several challenges, including volatile energy prices and persistent inflation exceeding central bank targets. Despite an initial pullback, equity markets advanced in aggregate terms, on hopes for potential 2024 rate cuts, with US and European stocks leading the charge. Bond markets also improved as central banks paused their tightening, though inflation concerns persisted, particularly in Europe. Despite the positive sentiment, some investors remained cautious due to economic slowdown fears and geopolitical tensions. Adding to the uncertainty was the faltering Chinese economy.

### Inflation subsides but remains above targets:

- Inflation remained a key focal point for major central banks, prompting continued tightening of monetary policy to curb above-target inflation levels. Despite some moderation, inflation remained elevated across major economies, leading to multiple rate hikes. Central banks, including the US Federal Reserve (Fed), European Central Bank (ECB) and Bank of England (BoE), raised interest rates in response to stubbornly high inflation, although signs of easing inflation were observed in certain regions.

### Global Inflation Rates



- The Fed's favoured measure of inflation, the Core Personal Consumption Expenditures Price Index, fell from an annual rate of 3.7% in August to 2.9% in December but remained above the 2% target. The Fed increased the target range for the fed funds rate by 25 basis points (bps) in the third quarter of 2023, bringing it to 5.25–5.50%, but left it unchanged throughout the fourth quarter and January 2024, signalling the possibility of three rate cuts in 2024.
- In the UK, annual inflation eased down from 6.7% in August to 4% in December but was still well above the BoE's 2% target. The BoE raised rates by 25 bps in August, bringing it to 5.25% and maintained this rate until the end of the review period.
- Eurozone annual inflation rate declined from 5.2% in August to 2.9% in December, yet it persisted above the ECB's 2% target. Consequently, the ECB raised interest rates by 25 bps at its

September meeting, setting its main refinancing operations rate at a 22-year high of 4.5%, which it maintained throughout the remainder of the review period, adopting a data-dependent stance in response to persistent concerns about elevated core inflation levels.

### Global markets remain optimistic regarding the prospect of monetary policies being eased across the world:

- Global equity markets, as represented by the MSCI World Index, ended the 6-month period higher across all major currencies, including sterling, reflecting optimism surrounding positive economic data and expectations of rate cuts in 2024.
- Markets initially faltered in August and September, followed by further declines in early October due to concerns over interest rates and geopolitical tensions. Yet, with the second half of October came a rebound due to improved inflation data, and the positive momentum into November and December as well. While January started strongly, the rally weakened later, yet overall, global shares rose through the whole period.
- US stock markets, as measured by the broad S&P 500 Index, advanced strongly in dollar terms albeit to a lesser extent in sterling due to the depreciation of GBP against USD. Share prices recovered, starting from mid-October, driven by positive economic indicators along with a particular emphasis on technology stocks, which saw substantial gains driven by the ongoing expansion of artificial intelligence and other innovative sectors.
- UK equities ended higher but underperformed most other regional indices. Given the enhanced investor risk appetite, the domestically oriented and interest rate sensitive FTSE 250 Index outperformed the internationally focused FTSE 100 Index.
- While European shares lagged behind their US counterparts, they still advanced strongly, spearheaded by robust gains in Germany and France. Despite initially mirroring global pressures until late October, European equities later rallied on easing inflation, receding energy crisis fears, improving economic data, and the potential for ECB support, rising in both euro and sterling terms over the review period.

### FTSE 100 Performance



# Manager's investment report

For the year ended 31 January 2024

## **Bond markets advanced following a shift in central bank policy:**

- Throughout the six-month period under review, global government bonds rose in local-currency terms but by less in sterling terms. US 10-year Treasury yields remained stable around 4%, while 10-year German Bunds yielded slightly above 2.0%. Conversely, 10-year UK Gilts saw a decline from around 4.4% to approximately 3.8%. Corporate bonds initially faced headwinds from economic concerns but rebounded as investors' risk appetite improved.
- Elsewhere, investment-grade bonds benefited from narrowing credit spreads amid easing rate hike expectations and a steeper yield curve, although their longer duration made them more sensitive to interest rate movements. High-yield demonstrated resilience, driven by their attractive income potential and improving issuer credit quality amid receding recession fears.

# Net asset value and operating charges

As at 31 January 2024 (unaudited)

	A Accumulation Units <sup>^</sup>			AE Accumulation Units <sup>^</sup>		
	31 Jan 24	31 Jul 23	31 Jul 22	31 Jan 24	31 Jul 23	31 Jul 22
Closing net asset value (£)	-	979,371,614	953,948,485	-	22,102,387	21,988,933
Closing number of units	-	791,187,632	815,647,960	-	17,813,717	18,765,436
Closing net asset value per unit (p)	-	123.79	116.96	-	124.08	117.18
Operating charges (%) <sup>‡</sup>	-	0.79	0.85	-	0.75	0.75

	Accumulation Units		
	31 Jan 24	31 Jul 23	31 Jul 22
Closing net asset value (£)	1,025,510,072	3,254,716	9,656
Closing number of units	968,164,736	3,174,219	10,000
Closing net asset value per unit (p)	105.92	102.54	96.56
Operating charges (%) <sup>‡</sup>	0.45	0.45	0.50

<sup>^</sup>Share classes A Accumulation Units and AE Accumulation Units were closed on 6 January 2024.

<sup>‡</sup>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 2024 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
<b>COLLECTIVE INVESTMENT SCHEMES</b>			
<b>Bonds and Gilts (10.51%*)</b>		<b>106,221</b>	<b>10.36</b>
abrtn Liquidity (Lux) - Sterling Fund <sup>#</sup>	34,235	34,235	3.34
abrtn SICAV II - Global High Yield Bond Fund <sup>#</sup>	1,864,426	29,813	2.91
iShares ESG Screened Global Corporate Bond Index Fund	3,480,495	31,738	3.09
iShares ESG Sterling Corporate Bond Index Fund	11,976,813	10,435	1.02
<b>Shares (89.91%*)</b>		<b>916,285</b>	<b>89.35</b>
abrtn ACS I - abrtn Sustainable Index American Equity Fund <sup>#</sup>	47,125,781	55,099	5.37
abrtn ACS I - abrtn Sustainable Index UK Equity Fund <sup>#</sup>	10,415,885	12,728	1.24
abrtn ACS I - abrtn Sustainable Index World Equity Fund <sup>#</sup>	170,608,005	187,157	18.25
abrtn OEIC IV - abrtn Asia Pacific ex-Japan Equity Tracker Fund <sup>#</sup>	9,676,978	10,081	0.98
abrtn OEIC IV - abrtn European Equity Tracker Fund <sup>#</sup>	28,515,995	44,100	4.30
abrtn OEIC IV - abrtn Global REIT Tracker Fund <sup>#</sup>	18,742,837	18,315	1.79
Amundi Index FTSE EPRA NAREIT Global Fund	30,635	32,215	3.14
iShares Continental European Equity ESG Index Fund	57,301,718	63,486	6.19
iShares Continental European Equity Index Fund	5,307,097	19,255	1.88
iShares MSCI EM ESG Enhanced Fund	45,313,946	182,343	17.78
iShares MSCI Japan ESG Enhanced Fund	13,032,462	63,338	6.18
iShares MSCI USA ESG Enhanced Fund	20,716,927	141,725	13.82
iShares UK Equity ESG Index Fund	53,709,424	57,196	5.58
Virgin Money Climate Change Fund <sup>^</sup>	19,359,885	29,247	2.85
<b>Portfolio of investments</b>		<b>1,022,506</b>	<b>99.71</b>
<b>Net other assets (-0.42%*)<sup>†</sup></b>		<b>3,004</b>	<b>0.29</b>
<b>Net assets</b>		<b>1,025,510</b>	<b>100.00</b>

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

<sup>^</sup> This fund is managed by Virgin Money Unit Trust Managers Limited.

<sup>#</sup> This fund is managed by abrtn Investments Limited, Investment Adviser to the Fund, and a subsidiary of abrtn plc, a related party.

<sup>†</sup> Prior year figure was Net other liabilities.

# Purchases and sales of investments

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

Purchases	Cost £'000
abrtn Liquidity (Lux) - Sterling Fund <sup>#</sup>	39,616
iShares MSCI EM ESG Enhanced Fund	13,118
iShares UK Equity ESG Index Fund	1,850
<b>Total for the period</b>	<b>54,584</b>

Sales	Proceeds £'000
abrtn Liquidity (Lux) - Sterling Fund <sup>#</sup>	42,873
iShares MSCI USA ESG Enhanced Fund	11,035
abrtn ACS I - abrtn Sustainable Index World Equity Fund <sup>#</sup>	8,000
abrtn ACS I - abrtn Sustainable Index American Equity Fund <sup>#</sup>	5,500
abrtn ACS I - abrtn Sustainable Index UK Equity Fund <sup>#</sup>	1,850
<b>Total for the period</b>	<b>69,258</b>

<sup>#</sup> This fund is managed by abrtn Investments Limited, Investment Adviser 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		20,162		14,467
Revenue	13,734		14,669	
Expenses	(2,860)		(3,313)	
Interest payable and similar charges	(15)		(16)	
Net revenue before taxation	10,859		11,340	
Taxation	(36)		(33)	
Net revenue after taxation		10,823		11,307
<b>Total return before distributions</b>		<b>30,985</b>		<b>25,774</b>
Distributions		(10,811)		(11,308)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>20,174</b>		<b>14,466</b>

## 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
<b>Opening net assets attributable to unitholders</b>		<b>1,004,729</b>		<b>975,947</b>
Amounts receivable on issue of units	557		11,090	
Amounts payable on cancellation of units	(11,992)		(23,123)	
		(11,435)		(12,033)
Change in net assets attributable to unitholders from investment activities		20,174		14,466
Retained distribution on accumulation units		12,042		11,224
<b>Closing net assets attributable to unitholders</b>		<b>1,025,510</b>		<b>989,604</b>

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
<b>Assets</b>				
<b>Fixed assets</b>				
Investments		1,022,506		1,008,990
<b>Current assets</b>				
Debtors	47		7,607	
Cash and bank balances	3,224		2	
<b>Total current assets</b>		<b>3,271</b>		<b>7,609</b>
<b>Total assets</b>		<b>1,025,777</b>		<b>1,016,599</b>
<b>Creditors</b>				
Bank overdrafts	-		(1,617)	
Other creditors	(267)		(10,253)	
<b>Total liabilities</b>		<b>(267)</b>		<b>(11,870)</b>
<b>Net assets attributable to unitholders</b>		<b>1,025,510</b>		<b>1,004,729</b>

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)
<b>A Accumulation units<sup>^</sup></b>				
Group 1	-	-	-	1.3608
Group 2	-	-	-	1.3608
<b>AE Accumulation units<sup>^</sup></b>				
Group 1	-	-	-	1.4144
Group 2	-	-	-	1.4144
<b>Accumulation units</b>				
Group 1	1.2438	-	1.2438	1.2964
Group 2	1.2375	0.0063	1.2438	1.2964

<sup>^</sup>Share classes A Accumulation Units and AE Accumulation Units were closed on 6 January 2024. The final Accumulation relating to these classes was included in the transfer value of the Pension assets that were migrated to the new Virgin Money Personal Pension (VMPP) mentioned in the Significant Events on page 6.

## 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 The Virgin Money Growth Fund 3 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  
Gosforth, Newcastle upon Tyne NE3 4PL

Registered in England no. 3000482