



The Virgin Money Growth Fund 3

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
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Directors:

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Authorised and regulated by the Financial Conduct Authority.

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Authorised and regulated by the Financial Conduct Authority.

Registrar

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Citigroup Centre
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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.

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 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.

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 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 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 Trust'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 0.8364p net per unit payable on 31 March 2022.

AE Accumulation Unit Class*

The interim distribution for the period ended 31 January 2022 will be 0.8995p net per unit payable on 31 March 2022.

Fund Performance

For the six month period, the net asset value of A Accumulation Units decreased by 0.36% from 119.97p to 119.54p and AE Accumulation Units decreased by 0.31% from 120.08p to 119.71p.

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.

*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.

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 the news, with the Omicron variant outbreak in November causing further economic disruption and market uncertainty. 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, particularly in the US where previously strong-performing technology stocks dipped sharply. Expectations of higher future interest rates in the face of surging inflation in many developed economies drove the sell-off.

The post-pandemic recovery continues but inflation returns with a bang:

- Led by strong US economic growth, global economies continued to recover from the shock of the COVID-19 pandemic, helped by supportive policies from governments and central banks and easing COVID-19 restrictions.
- 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.
- By contrast, the People’s Bank of China has been cutting interest rates as it contends with a slowing economy and weakness in the property market.
- The period ended amid growing tensions between Russia and Ukraine as Russian troops massed on the Ukrainian border.

Stock markets progress upset by January sell-off:

- The UK stock market was one of the best-performing markets over the period, with the larger companies on the FTSE 100 Index performing well. The index is weighted towards those stocks and sectors that held up better in January’s market sell-off, such as energy and banking companies. The success of the COVID-19 vaccination programme helped the UK economy avoid further lockdown restrictions during the Omicron outbreak. The economy continued to recover, and GDP has now largely rebounded from the pandemic. However, the UK has underperformed other major developed economies, partly due to its poor export performance after Brexit.

UK Stock Market



- Robust earnings growth and a buoyant 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 largely flat at the headline level. By country, the French and Italian stock markets performed best, while German and Dutch stocks trailed.
- Weighed down by poor-performing Chinese stocks, Asia Pacific and emerging market equities both fell over the period. In China, a government-led regulatory crackdown on companies in the technology and education sectors as well as in other industries rattled investors. A slowing economy, COVID-19 disruption and concerns about the property market also hit Chinese share prices. Elsewhere in emerging markets, Brazilian equities fared badly while Indian stocks advanced strongly before falling back in January.

Manager's investment report

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

China Stock Market



Global recovery and fear of higher rates hits bonds:

- Government bonds fell over the review period, while both investment-grade and high-yield corporate bonds also lost ground. Spiking inflation, the threat of higher interest rates and an imminent end to bond-buying programmes by central banks weighed heavily on bond markets.

Fund performance:

- Although most stock markets around the world had been positive over the period to the end of 2021, these gains were largely given up in January as many share prices fell significantly in anticipation of higher interest rates and ongoing concerns over the Omicron variant.
- The Fund has a strategic asset allocation heavily focused towards equities, including emerging markets. While shorter-term returns have been in line with our expectations, the absolute return was naturally weaker as a result.
- The Net Asset Value of A Accumulation Units decreased by 0.36% 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 (£)	984,882,069	998,600,903	23,222,238	23,937,276
Closing number of units	823,869,376	832,377,890	19,398,566	19,934,870
Closing net asset value per unit (p)	119.54	119.97	119.71	120.08
Operating charges (%) [‡]	0.85	0.85	0.75	0.75

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 (5.62%*)		54,634	5.42
Aberdeen Standard Liquidity Fund Lux - Sterling Fund [#]	6,210	6,210	0.61
Aberdeen Standard OEIC IV - ASI Short Dated Global Corporate Bond Tracker Fund [#]	8,447,704	8,940	0.89
Vanguard Global Short-Term Corporate Bond Index Fund	372,430	39,484	3.92
Emerging Market Shares (8.42%*)		88,609	8.79
Aberdeen Standard OEIC IV - ASI Emerging Markets Equity Tracker Fund [#]	14,149,816	15,936	1.58
Aberdeen Standard OEIC IV - ASI Emerging Markets Local Currency Bond Tracker Fund [#]	20,097,071	19,766	1.96
Vanguard Emerging Markets Stock Index Fund	335,331	52,907	5.25
Overseas Shares (76.93%*)		768,485	76.23
Aberdeen Asia Pacific Ex-Japan Equity Tracker Fund [#]	70,592,474	79,150	7.85
Aberdeen Standard OEIC IV - ASI American Equity Tracker Fund [#]	24,754,861	39,629	3.93
Aberdeen Standard OEIC IV - ASI European Equity Tracker Fund [#]	25,225,496	34,110	3.38
Aberdeen Standard OEIC IV - ASI Global REIT Tracker Fund [#]	18,742,837	21,068	2.09
Aberdeen Standard OEIC IV - ASI Japan Equity Tracker Fund [#]	17,448,144	20,977	2.08
Amundi Index FTSE EPRA NAREIT Global Fund	38,187	46,246	4.59
iShares Continental European Equity Index Fund	55,857,176	178,184	17.68
iShares Japan Equity Index Fund	26,715,084	68,351	6.78
Legal & General US Index Trust	12,206,102	102,775	10.19
Vanguard US Equity Index Fund	605,773	177,995	17.66

Portfolio statement

As at 31 January 2022 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
UK Shares (9.20%*)		98,882	9.81
Virgin UK Index Tracking Trust - AE Income Units [^]	2,105,181	2,391	0.24
Virgin UK Index Tracking Trust - Income Units [^]	34,473,312	96,491	9.57
Portfolio of investments		1,010,610	100.25
Net other liabilities (-0.17%*)		(2,506)	(0.25)
Net assets		1,008,104	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 Adviser 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 [#]	36,758
Aberdeen Asia Pacific Ex-Japan Equity Tracker Fund [#]	8,000
Vanguard Emerging Markets Stock Index Fund	5,000
Virgin UK Index Tracking Trust - Income Units [^]	1,577
Virgin UK Index Tracking Trust - AE Income Units [^]	39
Total for the period	51,374

Sales	Proceeds £'000
Aberdeen Standard Liquidity Fund Lux - Sterling Fund [#]	38,431
Vanguard US Equity Index Fund	16,000
Legal & General US Index Trust	5,000
iShares Continental European Equity Index Fund	4,000
Total for the period	63,431

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The above constitutes all purchases and 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		(10,390)
Revenue	10,756	
Expenses	(3,608)	
Interest payable and similar charges		(3)
Net revenue before taxation	7,145	
Taxation	(42)	
Net revenue after taxation		7,103
Total return before distributions		(3,287)
Distributions		(7,104)
Change in net assets attributable to unitholders from investment activities		(10,391)

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		1,022,538
Amounts receivable on issue of units	12,030	
Amounts payable on cancellation of units	(23,138)	
		(11,108)
Change in net assets attributable to unitholders from investment activities		(10,391)
Retained distribution on accumulation units		7,065
Closing net assets attributable to unitholders		1,008,104

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		1,010,610		1,024,271
Current assets				
Debtors	68		67	
Cash and bank balances	740		1	
Total current assets		808		68
Total assets		1,011,418		1,024,339
Creditors				
Other creditors	(3,314)		(1,801)	
Total liabilities		(3,314)		(1,801)
Net assets attributable to unitholders		1,008,104		1,022,538

Notes to the interim financial statements are on page 14.

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	0.8364	-	0.8364
Group 2	0.8364	0.0000	0.8364
AE Accumulation units			
Group 1	0.8995	-	0.8995
Group 2	0.8995	0.0000	0.8995

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 Growth Fund 3 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