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Hello

GOOD NEWS – WE'RE IMPROVING OUR GLOBAL SHARE FUND

We're always looking to improve the ways we invest your money, and to do this we're making some changes to our Global Share Fund on or around **29 September 2023.** That's one you're currently investing in via your Virgin Money Pension.

We believe these improvements to how the fund invests should increase potential returns – and be better for people and the planet.

What's changing?

Here's how we're updating our approach to investing:

- **More flexible** – where we invest your money will no longer be fixed for each market and region but will flex in line with our latest views on different countries and regions.
- **ESG considerations** – we're going to pick funds that are choosier about which companies they invest in. So rather than investing in all companies in a particular market, Environmental, Social and Governance (ESG) factors will be considered to adjust how much the funds invest in each company, if at all. Most of the funds we'll pick will be index-tracking, like they are today, but the index they track will use ESG considerations.
- **New benchmark** – rather than using six different indices to create our benchmark, we're moving to a new, simpler benchmark – the MSCI All Countries World Index. This is a single market index measuring global equity performance.
- **New objective** – we're changing the investment objective from tracking the benchmark, to beating it.

We're taking care of everything, so you don't need to do a thing. If you want to know more, check out the enclosed info – including the new ESG factors and exclusions section in your fund's Investment Policy.

BUILDING A BRIGHTER FUTURE

The way we invest is important – not just for the performance of a fund, but for the planet and people too.

We believe making our fund more flexible and moving away from companies that aren't looking to the future will give you a better way of investing.

Are there any risks with these changes?

With any change in an investment strategy, there's no guarantee it'll lead to better returns. It may even lead to lower returns than if the fund had been left unchanged.

For example, we're going to be investing more in North America, the world's largest share market. Currently our investment there for this fund is fixed at 12.5%, and we expect to increase this to between 50% and 60%.

As well as all the successful companies already there, we think the region has plenty of growth potential. But if North America doesn't do as well as other regions, our fund may underperform, compared to leaving it as is.

What about costs?

There'll be some transaction costs to make these changes. We'll be selling most of the underlying funds to buy new ones, although we don't expect the costs to be more than 0.4% of the fund's value. So, if you had £10,000 in our fund, the impact would be £40 or less. This will happen behind the scenes and will reduce the unit price slightly (and therefore the value of your investment) when it happens.

Over the medium to long term, we believe the additional potential returns should more than make up for the cost of making these changes.

What if you don't like the changes?

We're making these changes because we believe this is a better way of investing for people, the planet and performance potential of the fund – but we're giving you plenty of notice in case you decide they're not for you.

If you aren't happy with the changes, you can switch to our other funds at no cost – but just so you know, we're making similar 'ESG' changes to our other funds. You can also transfer your money to another provider. We won't charge you anything to leave but will be sorry to see you go.

Any questions?

We can't give you advice but can answer lots of other questions. Just give us a call on **03456 10 20 30** or **00 44 1268 443956** from abroad. We're here 8am to 9pm Monday to Friday and 9am to 6pm on Saturdays. We'll do everything we can to help.

If you want an up-to-date valuation at any time, simply sign into Online Service or call our automated valuation line on **0800 917 9791**.

The team at Virgin Money

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How we invest matters

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This leaflet has all the need-to-know info about the changes to the Fund. Please take some time to read it.

Updates to our Global Share Fund

The Virgin Money Pension Global Share Fund is a pension 'feeder' fund that invests fully in an underlying fund – the Virgin Global Share Fund.

Here's a closer look at the changes to the Investment Objective and Policy of the underlying fund. The parts in *blue* are here to help you understand what's changing and why.

	Current	New (from September 2023)
Name	**Virgin Global Share Fund**	**Virgin Money Global Share Fund** *Note* *We're updating all our fund names from 'Virgin' to 'Virgin Money'*
Annual charge	**0.75% per year**	**0.75% per year** (not changing)
Investment Objective	The investment objective of the Fund is to provide a total return (income and capital growth) from UK and overseas shares. The Fund aims to achieve this by tracking the performance of a composite index, comprising 25% FTSE All-Share Index, 12.5% FTSE World North America Index, 12.5% MSCI Europe ex UK Index, 12.5% MSCI Japan Index, 12.5% FTSE All-World Developed Asia Pacific ex Japan Index, and 25% MSCI Emerging Markets Index, measured annually, less charges.	The aim of the Fund is to provide a total return (income and capital growth) over the longer term (5 years or more) from a portfolio of shares from around the world. The Fund aims to beat the performance of its benchmark (MSCI All Countries World GBP – a measure of global share market returns), after charges, measured over any three-year period. *Note* *We're moving away from tracking a benchmark, made up of fixed allocations to six different indices, and will now aim to beat the performance of a single measure of global share markets.*

	Current	New (from September 2023)
Investment Policy	The Fund aims to achieve the objective by investing in other funds rather than in individual shares. This type of fund is often referred to as a 'fund-of-funds'. The Fund's investments are funds which invest in shares.	The Fund aims to achieve the objective by investing in other funds, rather than investing directly in individual 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.
	In order to achieve the objective, the underlying funds aim to track the performance of the stock market indices specified within the investment objective. No decisions are taken by the managers of these funds on which individual shares may perform better or worse. In this way, the underlying funds are designed to perform as closely as possible with the respective index, rather than trying to outperform it.	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 share index. The rest will be actively managed funds – this is where the fund manager chooses individual shares and as a result, returns may be higher (or lower) than the market. *Note* *This gives us the flexibility to invest in actively managed funds as well as passively managed funds.*

Current	New (from September 2023)
The Fund rebalances its investments at the end of each calendar quarter to the percentage allocations shown in the investment objective. If at any calendar quarter end, any particular allocation is within +/-0.5% from the specified allocation, that element of the fund may not be traded in order to minimise transaction costs.	The Fund's mix of investments (across different regions) will typically be reviewed at least every six months and may change based on the research and insights of the Investment Adviser, usually based on their medium term (3 year) view of share markets. Whilst the Investment Adviser has flexibility over where to invest, the Fund will seek to adhere to the following geographical limits: • For regions excluding North America, maintain allocation of +/- 5% of the benchmark weight. So if the benchmark weight to Europe is 20% for example, the Fund will invest between 15–25% • For North America, maintain allocation of +/- 10% of the benchmark weight Note *These changes give the Fund more flexibility to invest in different regions and funds.*
Tracking error is the volatility of the differences in returns between the Fund and the index it tracks. This is measured by the standard deviation (variability) of these returns. The Fund seeks to keep the tracking error within 0.80% in any 12-month period, measured on a total return basis, gross of fees.	Note *This section is being replaced with different wording further down in this table.*

	New (from September 2023)
Investment Policy	

Investment Policy

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, underlying investment funds 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.

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 is above 0.5% of the value of the Fund's assets, they will reduce exposure to below 0.5%. They will do this by selling the underlying funds identified as contributing to the over-exposure, usually 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.

Note

This is the new ESG section we're adding to the Investment Policy. For a bit more info about what it means for the fund, take a look at page 9 in this leaflet.

New (from September 2023)

The Fund seeks to be fully invested at all times but may also hold cash or funds investing in cash and money-market investments (up to 5%) for cash flow and transactional purposes as deemed appropriate to manage costs.

Note

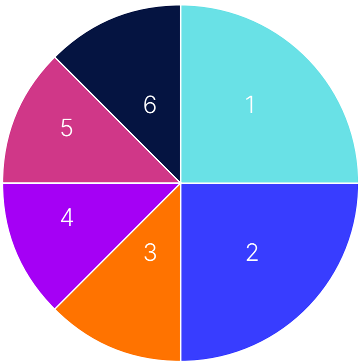
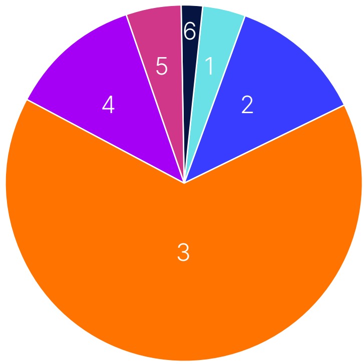
Additional detail we're adding now that the Fund doesn't track a benchmark.

The amount a fund's returns differ from its benchmark is known as tracking error. It's calculated as the standard deviation of the difference in annual returns. This is low (0% to 0.5%) for index-tracking funds and higher (typically >4%) for active stock-picking funds. The Fund is expected to have modest tracking error of 1–4%, meaning returns will differ from the benchmark, but not by a large amount.

Note

In other words, the tracking error will be higher. Which might sound worrying, but returns-wise, this means it has the potential to beat the benchmark, because it invests differently from the benchmark.

What might the new regional split of the Fund look like?

Current geographic allocation	**New benchmark allocations (from September 2023*)** (The fund allocations will differ subject to the Investment Policy tolerance detailed above)
	

Key:

UK (1) Emerging Markets (2) North America (3)

Europe (ex-UK) (4) Japan (5) Asia Pacific (ex-Japan) (6)

*note actual implementation at time of the changes may differ if our views on each market have changed prior to then

The key difference is the increase in allocation to North America, the largest share market in the world, at the expense of the UK and Emerging Markets, which currently make up 50% of the Fund.

Better for people and the planet

We're always looking for better ways to invest your money and increase potential returns. That's why we're going to invest in funds which include ESG factors.

What does ESG mean?

"Environmental, Social and Governance" (ESG) is the term used for a set of factors to consider when deciding whether to invest in a company. They're important as they represent risks and opportunities in how that company provides its products and services. There is a growing expectation that companies need to consider their impact on society and the planet.

- **Environmental:** issues such as carbon emissions, natural resource usage, pollution and waste management and biodiversity.
- **Social:** examples include human and labour rights, diversity and inclusion, inequality and customer relations.
- **Governance:** this covers things like corporate governance, risk management, tax transparency and anti-corruption.

What does this mean for your Fund?

The Global Share Fund is a 'fund-of-funds', meaning it invests in other funds, rather than directly in individual company shares. We'll pick funds that are a bit more choosy about how they invest. We're confident this is a good way to give you a better balance of risk and return in the future.

We will invest more in companies that are managing risks well and are putting themselves in a good position for the future in the part of the economy they operate in. At the same time, we won't invest (or we'll greatly reduce our investment) in companies if we believe they're not managing their risks appropriately.

We won't invest (or we'll greatly reduce our investment) in companies involved in certain activities – such as tobacco and coal. We'll also exclude, where possible, companies that fail UN principles on good behaviour. This will be done by choosing funds with these exclusions. We've set a limit of 0.5% of the value of the Fund for these activities.

How will adding ESG considerations work?

The following example should give you an idea of how our investment in a range of companies would be impacted by the changes.

- We currently invest in funds that track different markets, for example the FTSE All Share Index. If say there were just three healthcare companies in this index – making up 1%, 2% and 5% of the index – a standard tracker fund, like the funds the Global Share Fund invests in now, will invest 1%, 2% and 5%.

- We swap this standard FTSE All Share tracker fund for a fund that tracks a UK equity index with ESG factors integrated into it. Based on the research and insight of the index provider, they might decide that:

  – Healthcare company A has relatively poor environmental practices and are at increased risk of fines in the future.

  – Company B has sensible plans to reduce carbon emissions.

  – Company C is under increasing pressure with labour conditions for some offshore manufacturing.

  So, they adjust the index weight from 1%, 2% and 5% to 0%, 5% and 3%. Exposure to the healthcare sector remains at 8%, but company level exposure has been tilted towards the companies with better ESG credentials.

- The index will make similar assessments across the other sectors in the UK equity market. This'll mean a UK equity fund (tracking this new index) which is still well diversified, has exposure to all major sectors – apart from a few specific exclusions – and invests across lots of companies (but not as many as the standard index). The expected outcome is a fund that's better positioned for the future (in terms of reduced exposure to potential risks which may negatively impact share prices) and will hopefully perform better in the long run compared to the standard tracker fund.

We won't be able to do this across all markets – sometimes, there aren't the right funds to invest in – but we will where we can and where we believe it'll add value.

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