

Fund performance update

To show you how your investment with Virgin Money could have performed, the table below shows year-on-year fund performance for the past 5 years. For funds launched within the past 5 years, returns prior to the funds launch are simulated* (highlighted below).

The simulated performance of our newest funds for the years before their launch in February 2015 looks at the data for the individual indices that make up each fund, for example the FTSE All-Share Index. On this basis, we have been able to calculate how each fund would have performed if it had existed prior to February 2015. The simulated return takes into account an annual ongoing charge of 1% and that the mix of assets are re-balanced quarterly.

Remember, past performance is not a reliable guide to the future. The value of your investment can go down as well as up, and you may get back less than you invest. This is a medium to long term investment so you should be prepared to invest your money for at least 5 years

Annual Returns					Returns from £10k investment
March 2012 to March 2013	March 2013 to March 2014	March 2014 to March 2015	March 2015 to March 2016	March 2016 to March 2017	March 2007 to March 2017
Bond and Gilt Fund					
6.7%	-3.3%	10.9%	1.4%	4.9%	£15,281
Bond, Gilt and UK Share Fund*					
10.8%	2.1%	8.6%	-2.2%	12.2%	£16,558
Bond, Gilt, UK and Overseas Share Fund*					
13.9%	4.2%	10.3%	-3.5%	19.5%	£17,564
UK FTSE All-Share Fund					
15.5%	7.7%	5.6%	-4.6%	20.8%	£15,908
Global Share Fund*					
12.3%	-2.8%	12.0%	-6.3%	29.4%	£19,004
Climate Change Fund					
16.2%	13.9%	9.5%	-10.5%	11.6%	£10,961

Source: Lipper, year on year, 31.03.12 to 31.03.17, bid to bid with net income reinvested.

*We launched a range of new funds in February 2015. For the period before February 2015, to help you compare it with other funds we have replicated the performance of the markets the funds invest in using simulated data, to give an indication of what the performance may have been prior to its launch. The data before 17.02.15 is simulated data. The performance data from 18.02.15 to 31.03.17 is actual fund data.

Fund performance update 31/03/16 – 31/03/17

In a period which experienced some stock market volatility, both equity and bond markets have performed strongly overall.

The volatility was caused by a number of economic factors such as significant movements in the price of oil which rose by over 40% across the period, but even more so by the two main political events, the EU Referendum and the US Presidential Election.

All Virgin Funds showed healthy returns over the past 12 months.

The **Bond and Gilt Fund** is the lowest risk fund and is directly influenced by changes in interest rate expectations. Bond values increased due to stock market volatility (which often leads to greater demand for perceived less risky assets) and the markets changing from 'pricing-in' a potential rise in UK interest rates to 'pricing-in' a cut (which happened in early August) and the expectation of a lower for longer interest rate environment. Over the 12 months to 31/03/17 the fund has returned 4.94%**.

The **Bond, Gilt and UK Share Fund** is a 50/50 blend of UK shares and high quality bonds, offering greater potential for returns than the Bond and Gilt Fund but with added risk. Over the 12 months to 31/03/17, the fund has generated a positive return of 12.16%**. Both UK shares and bonds performed well over the period, with UK shares being the main contributor largely due to the pound falling in value after the EU Referendum result. The fall in the pound meant many companies on the UK stock market with overseas revenue streams performed well when that revenue was converted into pounds.

The **Bond, Gilt, UK and Overseas Share Fund** is a 75/25 blend of shares (UK and overseas) and high quality bonds. Returns have been positive over the last 12 months to 31/03/17 at 19.48%**, with overseas shares from developed markets such as the US and Europe benefiting from the fall in the pound. As the dollar and euro became stronger against the pound from late June onwards, fund performance benefited when the value of the US and European stocks was converted into pounds.

The **UK FTSE All-Share Fund** invests in shares in the FTSE All-Share Index, which represents 600+ of the largest companies listed in the UK. The fund has generated positive returns of 20.80%** over the last 12 months to 31/03/17, not least because of the pound falling in value after the EU Referendum result. The fall in the pound meant that many companies listed on the UK stock market with overseas revenue streams performed well when that revenue was converted into pounds.

The **Global Share Fund** invests 25% in UK shares, 25% in shares of companies in emerging markets (such as China and India) and 50% in overseas shares. The fund has generated a positive return of 29.45%** over the last 12 months to 31/03/17. As many foreign currencies became stronger against the pound from late June onwards, fund performance benefited when the value of the developed and emerging market stocks were converted into pounds. Both UK and overseas shares performed well, as did shares in emerging markets, except for the Chinese stock market which fell nearly 6% in 2016. Emerging Markets benefited significantly from the rising oil price with stock markets in countries such as Russia and Brazil heavily reliant on oil company performance.

The **Climate Change Fund** is a specialist actively-managed fund which invests in companies with lower-than-average environmental footprints and companies leading the way in developing and adopting green technologies. The fund has generated a positive return of 11.63%** after fees over the last 12 months to 31/03/17 benefiting from the overall strong performance of UK and overseas stock markets.

Remember, the value of your investments can go down as well as up and you may get back less than you invest. This is a medium to long-term investment so you should be prepared to invest your money for at least five years. Past performance is not a reliable guide to the future.

** The 12 month performance figures shown are calculated from 31/03/16 to 31/03/17, after the impact of fees and on an income reinvested basis.

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