



The Virgin Climate Change Fund

Interim Report and Financial Statements
For the six month period ended 31 March 2023 (unaudited)

Contents

	Page
Manager's report	
Management and professional services	1
Manager's investment report	2
Net asset value and operating charges	5
Portfolio statement	6
Total purchases and sales of investments	8
Statement of total return	9
Statement of change in unitholders' funds	9
Balance sheet	10
Notes to the financial statements	11
Distribution table	12
Directors' statement	13

Management and professional services

Manager

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

Telephone 03456 10 20 30*

Authorised and regulated by the Financial Conduct Authority.

Directors:

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

Investment adviser

abrdn Investments Limited¹
10 Queen's Terrace
Aberdeen
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
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.

¹ On 25 November 2022 the name of the Investment Adviser changed from Aberdeen Asset Managers Limited to abrdn Investments Limited.

Manager's investment report

for the six month period ended 31 March 2023 (unaudited)

Investment objective, policy and strategy

The investment objective of the Virgin Climate Change Fund (the Fund) is to grow your money over the longer term (5 years or more) by investing in the listed shares of companies from around the world that develop or use products and services designed to maximise resource efficiency, support the transition to a low carbon economy and address wider environmental challenges. The Fund aims to provide a total return (income and capital growth) which is benchmarked against the MSCI All Countries World Index GBP. This index represents the performance of hundreds of shares from around the world. By actively selecting which shares to invest in, the Fund aims to beat the returns of this index, after charges, measured over periods of three years or more.

The Fund will typically invest in a concentrated portfolio of the shares of 35-45 companies from around the world selected by the Investment Adviser in keeping with the Investment Objective of the Fund described above. The Fund seeks to be fully invested at all times, but may hold cash (up to 5%) for cash flow and transactional purposes as deemed appropriate to manage costs.

The Fund invests in companies providing products and services which enable businesses and society to transition to a low carbon economy or reduce their environmental impact in other ways (we refer to these companies as 'solution providers'), and also companies who are leaders within their respective industries in terms of reducing emissions, waste or resource usage (we refer to these companies as 'leaders'). The Fund will actively engage with the companies in which it invests to ensure that their products and services deliver on stated environmental and positive change or impact aims.

The Fund seeks to hold the shares of companies based on a medium to long term view (typically no less than 3-5 years); however, aside from changes in conviction around the financial case for investment, the Investment Adviser will sell shares in the event that a company falls outside of the criteria of companies in which the Fund can invest in as detailed in this policy.

The Fund will not invest in companies with material revenues (>10%) from tobacco manufacturing, or who are involved in the extraction or processing of fossil fuels (coal, oil and gas), controversial weapons, or companies that are not participants in the UN Global Compact sustainability initiative, which focusses on principles relating to human rights, labour, environment and anti-corruption.

As the Fund is actively managed, the Investment Adviser retains freedom of which companies to invest in, and also the geographical allocation across the Fund, as long as this is in keeping with the Investment Objective and Policy of the Fund. The Investment Adviser will use third party data on emissions and wider environmental impact, combining this data with proprietary research to form a view on which companies to invest in. The Fund will at all times seek to maintain a diversified portfolio of companies across different countries and markets in order to manage risk.

The Fund may use derivatives to reduce trading costs and generally for the efficient management of the Fund, for example managing money coming in and out of the Fund. The Fund will not use derivatives for speculative purposes or to increase the risk profile of the Fund.

Fund status

The Fund is an authorised unit trust scheme under s243 of the Financial Services and Markets Act 2000 and is categorised as a UCITS[#] scheme under the Collective Investment Schemes Sourcebook (the COLL Rules).

Financial instruments and key risks

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* 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.

Risk and Reward profile

The Fund's Synthetic Risk and Reward Indicator (SRRI) is 6 on a scale of 1 (lower) to 7 (higher) because it invests in company shares, which typically provide higher rewards but carry a higher level of risk than other investments, such as bonds. For further information, please refer to the Fund's Key Investor Information Document (KIID).

Accumulation

The Fund may receive dividend income from stocks held in its portfolio. Every six months, income received is netted off against expenses incurred, with any net balance accumulated back into the Fund in line with its objective.

The net accumulation per unit for the six months ended 31 March 2023 is 0.1672p.

[#] Authorised in accordance with the Undertakings in Collective Investments in Transferable Securities (UK UCITS) Directive.

* The Regulations derive from UK and EU financial services legislation including the Financial Services and Markets Act 2000, the UK UCITS Directive and Financial Conduct Authority (FCA) rules, principally COLL (the COLL Rules).

Manager's investment report (continued)

for the six month period ended 31 March 2023 (unaudited)

Fund performance

For the six month period to 31 March 2023, the net asset value of each unit increased by 5.33%** from 143.06p to 150.69p.

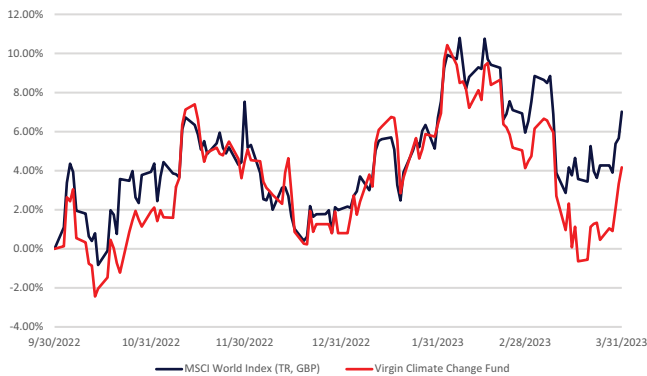
** Based on Net Asset Value per unit.

Manager's investment report (continued)

for the six month period ended 31 March 2023 (unaudited)

Markets overview for the six month period ended 31 March 2023

• Global stock markets were in recovery mode over the review period, following the sharp sell-off in the first half of 2022. Central banks continued to raise interest rates to tackle high inflation. However, helped by falling energy prices, inflation began to ease across the major developed economies. This bolstered investors' hopes that the current round of interest-rate rises was drawing to a close. Along with an unexpectedly resilient global economy, this led to double-digit gains for developed and emerging stock markets.



• The US Federal Reserve continued to raise interest rates to fight inflation although the magnitude of rate rises eased. The European Central Bank and the Bank of England also hiked rates further in the face of stubbornly high inflation.

• In Asia, the Chinese government dropped its stringent 'zero-Covid' approach in early December. The controversial policy had proved highly disruptive to the Chinese economy. Having struggled for most of 2022, Chinese share prices rebounded sharply as the economy reopened.

Climate Policy Developments

• The UN Environment Programme (UNEP) published its annual Emissions Gap report in late October. The report highlighted a lack of progress on decarbonisation and emphasised that policy needed to become more effective. The plans that nations submitted in 2021 at the 26th UN Climate Change Summit (COP26) are likely to trim global emissions by less than 1% by 2030, while global temperature is likely to rise by 2.8 degrees by the end of the century. To hit a least-cost pathway to limit global warming to 1.5 degrees requires emissions to fall by 45% relative to what current policies are set to deliver.

• COP27, held in November, ought to have delivered more impact. A key objective was to secure a deal for climate justice, ensuring developed countries take responsibility and compensate developing countries for the loss and damage that disproportionately affects them. Unfortunately, no funds were allocated to this facility. This highlighted that developed nations are already falling short of their goal to provide \$100 billion funding per annum to developing countries to adapt to climate change.

• Russia's invasion of Ukraine has added energy security as a new dimension in the growth of renewable energy. The EU's 2030 renewable energy target has provisionally been raised from 40% to 42.5% under the REPowerEU plan.

• The European Commission has adopted the new EU Biodiversity Strategy for 2030. This aims to protect nature — from the impacts of climate change, food insecurity, forest fires and disease outbreaks — and reverse damage to ecosystems. We believe there are attractive opportunities in areas such as sustainable agriculture, bio-based solutions, pollution mitigation and more nature-positive solutions.

Fund Framework – Five Pillars

• We use a unique five-pillar framework that ensures we invest across each of the following themes:

“How we source and power”: environmental solutions in power generation and sourcing of key resources.

“How we build”: sustainable urbanisation and infrastructure.

“How we transport”: sustainable and efficient transportation.

“How we make and use”: environmental solutions in the life cycle of a product or service.

“How companies operate”: companies leading the drive for environmental efficiency among their peer groups.

• This approach allows for the construction of a diversified portfolio that we can allocate to the areas where the solution providers and leaders will positively impact developments around climate change.

Portfolio changes

• We exited our position in Alphabet, Google's parent company, in favour of Accenture, where we believe both the financial case and climate case is stronger. Accenture is a leading consultancy group and has an attractive and resilient business model. The climate thesis is strong, too: Accenture performs well across ESG (environmental, social and governance) metrics and has Science-Based Target initiative-approved emission reductions targets. In addition, ESG consulting is a growth area. In 2022, Accenture bought five companies that focus on climate and environmental consulting.

• We exited our position in packaging company DS Smith following a meeting with management that failed to convince us on the investment case. We also sold Ballard Power Systems, because we no longer had conviction that its hydrogen product development had sufficient clarity.

• We increased our position size in Graphic Packaging. Sustainable packaging is a key element of the circular economy. After investing in capacity, the company is well positioned to benefit from the growth opportunity in this area. Furthermore, by exploiting its scale and price power, it should be able to grow its returns faster still. This should enhance Graphic's cash generation and increase its capital returns.

• We added to our position in American Water. Its growth is being driven by the need to upgrade old infrastructure to prevent waste, secure supply and sustain quality standards.

Outlook

• In general, economic indicators continue to deteriorate. Monetary policy is tight and financial conditions remain challenging due to high inflation. It has been taken as a positive that recent troubles in the banking sector will act as a disinflationary force and lessen the need for higher interest rates. However, the path to resolution is far from clear.

• Climate policy development has become somewhat more supportive. Even so, the fundamentals of climate-related investment are driven by economic necessity. It is essential to decarbonise across all areas of the global economy. Resource conservation ultimately leads to a lower cost of doing business.

Net asset value and operating charges

as at 31 March 2023 (unaudited)

	31 March 2023	30 September 2022
Closing net asset value (£)	141,529,624	99,680,012
Closing number of units	93,923,789	69,676,402
Closing net asset value per unit (p)	150.69	143.06
Operating charges (%)*	1.00	1.25

* The Operating charges represents the annualised operating expenses of the Fund expressed as a percentage of average net assets for the period. It includes the annual management charge and all charges deducted directly from the Fund and is expressed as an annual percentage rate.

Portfolio statement

as at 31 March 2023 (unaudited)

Holding	Stock description	Market Value £'000	% of Net Assets
	United Kingdom Equities 9.03% (2022 - 9.73%)		
38,183	AstraZeneca	4,289	3.03
54,332	Croda International	3,529	2.50
274,817	SSE	4,955	3.50
		12,773	9.03
	Overseas Equities 88.18% (2022 - 88.53%)		
	Australia Equities 2.43% (2022 - 2.63%)		
338,605	Goodman	3,446	2.43
	Belgium Equities 2.05% (2022 - 2.02%)		
105,868	Umicore	2,902	2.05
	Denmark Equities 8.45% (2022 - 7.10%)		
42,146	Novo Nordisk	5,405	3.82
59,835	Orsted	4,113	2.90
104,275	Vestas Wind Systems	2,444	1.73
		11,962	8.45
	France Equities 7.48% (2022 - 6.42%)		
9,672	L'Oreal	3,495	2.47
52,714	Schneider Electric	7,098	5.01
		10,593	7.48
	Germany Equities 1.41% (2022 - 2.82%)		
70,545	Jungheinrich	1,997	1.41
	India Equities 1.46% (2022 - 1.09%)		
456,384	ReNew Energy Global	2,067	1.46
	Ireland Equities 6.41% (2022 - 3.66%)		
12,856	Accenture	2,971	2.10
44,234	Kingspan	2,448	1.73
24,515	Trane Technologies	3,647	2.58
		9,066	6.41
	Israel Equities 0.00% (2022 - 1.48%)		
	Japan Equities 2.46% (2022 - 2.36%)		
24,200	Daikin Industries	3,477	2.46

Portfolio statement (continued)

as at 31 March 2023 (unaudited)

Holding	Stock description	Market Value £'000	% of Net Assets
Netherlands Equities 4.22% (2022 - 4.28%)			
21,812	Alfen Beheer	1,401	0.99
47,905	Koninklijke DSM	4,573	3.23
		5,974	4.22
South Korea Equities 2.48% (2022 - 2.57%)			
7,703	Samsung SDI	3,513	2.48
United States Equities 49.33% (2022 - 52.10%)			
33,745	Advanced Drainage Systems	2,297	1.62
94,622	Ameresco	3,764	2.66
33,808	American Water Works	4,004	2.83
32,518	Analog Devices	5,187	3.67
20,852	Autodesk	3,510	2.48
64,892	Crown	4,339	3.07
67,680	Darling Ingredients	3,195	2.26
13,271	Deere & Co	4,429	3.13
23,828	Ecolab	3,190	2.25
6,868	Equinix	4,002	2.83
245,019	Graphic Packaging	5,051	3.57
83,248	Hannon Armstrong Sustainable Infrastructure Capital	1,923	1.36
22,368	Microsoft	5,214	3.68
58,478	NextEra Energy Partners LP	2,876	2.03
34,077	Prologis	3,437	2.43
118,200	Shoals Technologies	2,176	1.54
52,787	Tetra Tech	6,271	4.43
37,473	Waste Management	4,945	3.49
		69,810	49.33
Portfolio of investments (2022 - 98.26%)		137,580	97.21
Net other assets (2022 - 1.74%)		3,950	2.79
Total net assets		141,530	100.00

All investments are approved securities under the rules of an eligible securities market, unless otherwise stated. All investments are in ordinary shares unless otherwise stated.

Note: comparative figures shown in brackets relate to percentage of net assets as at 30 September 2022.

Total purchases and sales of investments

for the six month period ended 31 March 2023 (unaudited)

The table below shows the total amount of purchases and sales during the period, including the top 20 traded securities.

Purchases	Cost £'000	Sales	Proceeds £'000
Accenture	3,016	Alphabet	2,021
Crown	2,141	HelloFresh	1,814
Ameresco	1,958	DS Smith	1,508
Graphic Packaging	1,944	Kornit Digital	1,267
Koninklijke DSM	1,875	Vestas Wind Systems	915
Orsted	1,863	Deere & Co	798
American Water Works	1,667	Goodman	637
Tetra Tech	1,623	Jungheinrich	522
Schneider Electric	1,461	Samsung SDI	500
Waste Management	1,389	Shoals Technologies	295
Microsoft	1,380		
AstraZeneca	1,320		
Deere & Co	1,261	Total for the period	10,277
Goodman	1,238		
ReNew Energy Global	1,212		
Darling Ingredients	1,210		
Novo Nordisk	1,178		
SSE	1,178		
Equinix	1,116		
Daikin Industries	1,043		
Other Purchases	14,275		
Total for the period	45,348		

Statement of total return

for the six month period ended 31 March 2023 (unaudited)

	Six month period ended 31/03/23		Six month period ended 31/03/22	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		4,486		(122)
Revenue	725		565	
Expenses	(542)		(713)	
Interest payable and similar charges	-		(1)	
Net revenue/(deficit) before taxation	183		(149)	
Taxation	(26)		29	
Net revenue/(deficit) after taxation		157		(120)
Total return before distributions		4,643		(242)
Distributions		(157)		-
Change in unitholders' funds from investment activities		4,486		(242)

Statement of change in unitholders' funds

for the six month period ended 31 March 2023 (unaudited)

	Six month period ended 31/03/23		Six month period ended 31/03/22	
	£'000	£'000	£'000	£'000
Opening net assets		99,680		105,970
Amounts received on issue of units	41,197		6,699	
Amounts paid on cancellation of units	(3,990)		(1,347)	
		37,207		5,352
Change in unitholders' funds from investment activities		4,486		(242)
Retained distribution on accumulation units		157		-
Closing net assets		141,530		111,080

Comparative information is provided for the Statement of change in unitholders' funds. 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 March 2023 (unaudited)

	£'000	31/03/23 £'000	£'000	30/09/22 £'000
Assets				
Fixed assets				
Investments		137,580		97,942
Current assets				
Debtors	279		220	
Cash and bank balances	<u>3,814</u>		<u>1,786</u>	
Total other assets		<u>4,093</u>		<u>2,006</u>
Total assets		141,673		99,948
Liabilities				
Investment liabilities		-		-
Creditors				
Other creditors	<u>(143)</u>		<u>(268)</u>	
Total other liabilities		<u>(143)</u>		<u>(268)</u>
Total liabilities		<u>(143)</u>		<u>(268)</u>
Net assets		<u>141,530</u>		<u>99,680</u>
Unitholders' funds		<u>141,530</u>		<u>99,680</u>

Notes to the financial statements

for the six month period ended 31 March 2023 (unaudited)

Basis of preparation

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 September 2022. They have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments, and in accordance with the United Kingdom Generally Accepted Accounting Practice as defined within Financial Reporting Standard (FRS 102 and the Statement of Recommended Practice for Authorised Funds (SORP)) issued by the Investment Association in May 2014 and updated in June 2017.

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 Table

for the six month period ended 31 March 2023 (unaudited)

Interim distribution

Group 1: Unit is purchased prior to 1 October 2022

Group 2: Unit is purchased from 1 October 2022 to 31 March 2023 inclusive

	Net revenue (p)	Equalisation* (p)	Distribution paid 31.05.2023 (p)	Distribution paid 31.05.2022 (p)
Accumulation units				
Group 1	0.1672	-	0.1672	0.0000
Group 2	0.1655	0.0017	0.1672	0.0000

* Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue 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

We approve the Interim Report and Financial Statements of the Virgin Climate Change Fund for the six month period ended 31 March 2023 on behalf of Virgin Money Unit Trust Managers Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook.



David Taylor
Director



Jonathan Byrne
Director

25 May 2023

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

MR3 - 12-20