



The Virgin Money Defensive Fund

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
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NE3 4PL

Directors:

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H. Chater
S. Hynes
D. Mouille
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(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

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SS&C House
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Basildon
Essex
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FNZ (UK) Limited***
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EH3 5DA

Trustee

Citibank UK Limited
Citigroup Centre
Canada Square
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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 Defensive Fund (the 'Fund') is to grow investors' money over the medium term (3 years or more), whilst limiting ups and downs in value by investing mainly in assets considered to be lower risk or 'defensive' in nature.

The Fund aims to achieve the objective by investing in other funds, rather than investing directly in individual bonds or 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.

The Fund invests:

- at least 75% in funds that have a lower risk and return potential compared to other investments in the Fund. 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 rest 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).

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 2% to 5% per year, measured over five-year periods.

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, 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.

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 75% in funds with lower risk/return potential.

Manager's investment report

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

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 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 3 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 period.

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 will be 1.3147p 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 2.82%³ from 94.08p to 96.73p.

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 Defensive Fund (which invested 100% into the A Accumulation Units and the AE Accumulation Units of Virgin Money Defensive Fund), customers simply invest directly into the Accumulation Units of Virgin Money Defensive Fund. As a result, Share classes A Accumulation Units and AE Accumulation Units were closed on 6 January 2024.

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.

³ Based on published net asset value.

Manager's investment report

For the year ended 31 January 2024

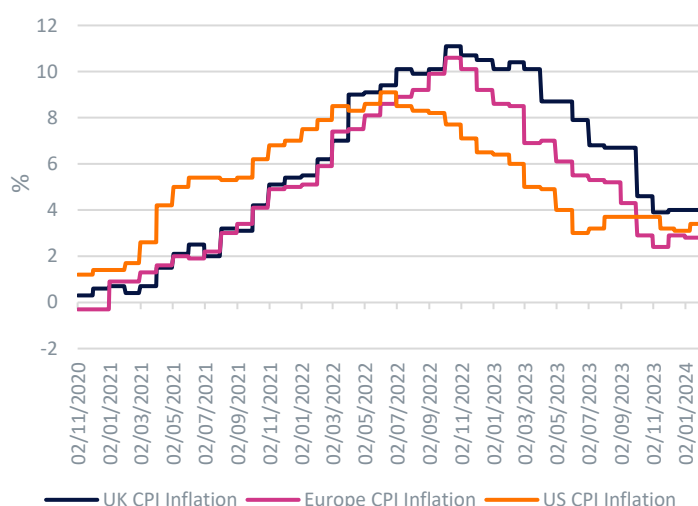
Markets overview from 1 August 2023 to 31 January 2024

The six-month review period saw a positive shift in fixed income markets. Despite moderate declines in the third quarter, bond investors enjoyed an upbeat end to 2023 and start to 2024, while global government bond prices rose as main central banks paused rate increases. However, inflation concerns remained, particularly in Europe where yields saw less pronounced declines. Meanwhile, equity investors in many countries saw significant returns from soaring stock markets, driven by improved market sentiment over robust economic data and potential rate cuts in 2024. US and European stocks led the charge. Yet, despite the upbeat sentiment, some investors remained cautious due to a potential economic slowdown and persistent geopolitical tensions and maintained a data-dependent stance on interest rates. In addition, the faltering Chinese economy weighed on Chinese stocks and left global investors with a mix of optimism and lingering uncertainty.

Inflation subsides but remains above targets:

- In major economies, inflation stayed stubbornly above target levels, leading to hawkish statements from central bankers. However, as price pressures continued to ease in most major economies, key central banks refrained from further interest rate hikes during the last quarter of 2023, flagging potential monetary easing ahead in 2024.
- The US Federal Reserve (Fed) retained its target range for the fed funds rate at a 42-year high of 5.25–5.50% but signalled three rate cuts in 2024. Meanwhile, the Fed's preferred inflation gauge, the core Personal Consumptions Expenditures Price Index, declined from 4.3% in July to 2.9% in December.

Global Inflation Rates



- Eurozone annual inflation continued to decline month-over-month during the review period. Yet, it still remained above the European Central Bank's (ECB) 2% target. In September 2023, the ECB raised the interest rate on its main refinancing operations to a multi-decade high of 4.5%, but did not make any additional hikes afterwards. The central bank continues to maintain a data-dependent stance.

- In the UK, Consumer Prices Index inflation cooled down over the review period as well. Although it fell to 2.9% in December, its lowest level in a year, inflation still remained above the Bank of England's 2% target. As a result, the central bank has kept the rates at a 16-year high of 5.25% since the final rate increase in August 2023.

Bond markets advanced after central bank policy shift:

- Global government bonds rose in local-currency terms but by less in sterling terms. The US 10-year Treasury yields, which stayed relatively stable, ended the period just below 4%. Meanwhile, the yield on 10-year German Bunds finished the review period slightly above 2.0%. In the UK, the yield on 10-year Gilts fell from around 4.4% to around 3.8%, reflecting growing expectations for interest rate cuts.
- Corporate bonds initially faced headwinds from rising interest rates and economic slowdown concerns. However, later in the review period, they advanced as investor risk appetite improved.
- Higher-quality investment-grade bonds and lower-quality US high-yield bonds both performed well through the interim period, as the spreads on both instruments tightened through the review period.
- Sterling corporate bonds also rose over the review period, with spreads continuing to tighten, as did European high-yield bonds that also had a good run throughout the period.

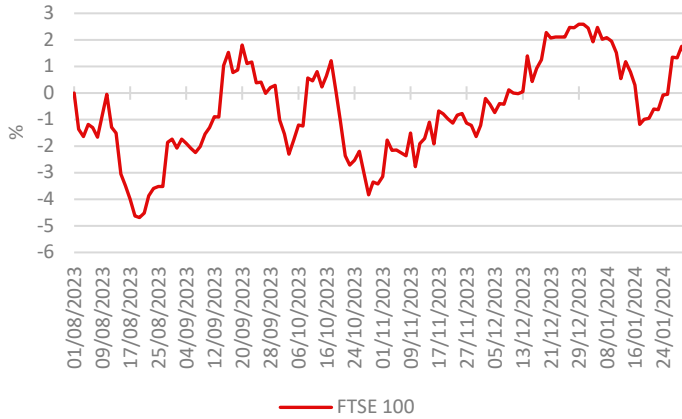
Markets turn optimistic about easing monetary policies and positive economic data:

- Global stock markets, as represented by the MSCI World Index, advanced over the six-month period in all major currencies, including sterling.
- In August and September, global shares initially faltered, while technology giants also came under pressure. October brought further declines due to interest rate concerns and the Middle East conflict. However, with November came a robust increase due to encouraging inflation data, while this positive momentum was carried into December as well. Although 2024 started on a bullish note, the rally faltered later in the month. Yet, global share rose in aggregate over the period.
- US stock markets, as measured by the broad S&P 500 Index, increased during the six months under review. Shares in the US advanced strongly as inflation eased in dollar terms but by less in sterling terms due to the depreciation of GBP. Technology stocks saw impressive gains, buoyed by the continued growth of artificial intelligence and other innovative sectors.
- While European equities lagged behind their US counterparts, they still advanced strongly, spearheaded by strong gains in Germany and France. In addition to easing inflation, fading concerns about an energy crisis in the region, combined with signs of improving economic data and the potential policy support from the ECB. European equities increased in both euro and sterling terms over the review period.
- UK equities ended higher but underperformed most other regional indices. Given improved investor risk appetite, the domestically focused and more interest rate sensitive FTSE 250 Index outperformed the internationally focused FTSE 100 Index.

Manager's investment report

For the year ended 31 January 2024

FTSE 100 Performance



- However, over the review period, there was sustained weakness in the Chinese economy. In January 2024, disappointing fourth-quarter economic growth data and the central bank's decision to maintain key lending rates weighed on Chinese stocks. Thus, Chinese shares fell over the review period, while the yuan depreciated against the US dollar.

We remain cautious as the macroeconomic environment enters a slowdown phase:

- The global macroeconomic environment is entering a slowdown phase, particularly evident in Europe, where rising financing costs and uncertainties persist.
- Geopolitical tensions and weaknesses in the Chinese economy further contribute to the overall uncertainty.
- While concerns about a global recession have reduced, risks remain as the global economy navigates the end of the rate-hiking cycle. Thus, the outlook for the global economy and corporate earnings remains uncertain as we reach the end of the rate-hiking cycle.

Net asset value and operating charges

As at 31 January 2024 (unaudited)

	A Accumulation Units [^]			AE Accumulation Units [^]		
	31 Jan 24	31 Jul 23	31 Jul 22	31 Jan 24	31 Jul 23	31 Jul 22
Closing net asset value (£)	-	131,410,829	119,894,933	-	2,067,042	1,944,546
Closing number of units	-	136,647,655	122,037,054	-	2,149,399	1,979,279
Closing net asset value per unit (p)	-	96.17	98.24	-	96.17	98.25
Operating charges (%) [‡]	-	0.70	0.70	-	0.70	0.70

	Accumulation Units		
	31 Jan 24	31 Jul 23	31 Jul 22
Closing net asset value (£)	145,357,440	56,258	958
Closing number of units	150,265,431	59,795	1,000
Closing net asset value per unit (p)	96.73	94.08	95.83
Operating charges (%) [‡]	0.40	0.40	0.38

[^]Share classes A Accumulation Units and AE Accumulation Units were closed on 6 January 2024.

[‡]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
COLLECTIVE INVESTMENT SCHEMES			
Bonds and Gilts (85.90%*)		124,268	85.50
abrtn Liquidity (Lux) - Sterling Fund [#]	25,365	25,365	17.45
abrtn OEIC IV - abrtn Global Government Bond Tracker Fund [#]	17,907,124	15,824	10.89
abrtn OEIC IV - abrtn Global Inflation-Linked Bond Tracker Fund [#]	14,420,598	14,409	9.91
abrtn OEIC IV - abrtn Short Dated Global Corporate Bond Tracker Fund [#]	9,258,690	9,813	6.75
abrtn OEIC IV - abrtn Short Dated Global Inflation-Linked Bond Tracker Fund [#]	8,983,544	10,071	6.93
abrtn SICAV II - Global High Yield Bond Fund [#]	85,314	1,364	0.94
iShares ESG Screened Global Corporate Bond Index Fund	483,680	4,411	3.03
iShares ESG Sterling Corporate Bond Index Fund	3,301,147	2,876	1.98
Legal & General ESG Emerging Markets Government Bond Index Fund	1,393,527	1,345	0.93
Legal & General ESG GBP Corporate Bond 0-5 Year UCITS ETF	610,524	5,753	3.96
Vanguard Investment Series - UK Government Bond Index Fund	216,573	21,384	14.71
Vontobel Fund - TwentyFour Sustainable Short Term Bond Income	111,772	11,653	8.02
Shares (13.08%*)		20,697	14.23
abrtn ACS I - abrtn Sustainable Index American Equity Fund [#]	6,554,368	7,663	5.27
abrtn ACS I - abrtn Sustainable Index UK Equity Fund [#]	1,196,924	1,463	1.01
abrtn OEIC IV - abrtn Global REIT Tracker Fund [#]	1,673,127	1,635	1.12
iShares Continental European Equity ESG Index Fund	1,372,283	1,521	1.05
iShares MSCI EM ESG Enhanced Fund	1,746,556	7,028	4.83
iShares MSCI Japan ESG Enhanced Fund	285,454	1,387	0.95
Portfolio of investments		144,965	99.73
Net other assets (1.02%*)		392	0.27
Net assets		145,357	100.00

Stocks shown as ETFs represent Exchange Traded Funds.

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

[#] This fund is managed by abrtn Investments Limited, Investment Adviser to the Fund, and a subsidiary of abrtn plc, a related party.

Purchases and sales of investments

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

Purchases	Cost £'000
abrtn Liquidity (Lux) - Sterling Fund [#]	28,655
Vontobel Fund - TwentyFour Sustainable Short Term Bond Income	11,300
abrtn OEIC IV - abrtn Global Government Bond Tracker Fund [#]	7,980
iShares MSCI EM ESG Enhanced Fund	7,134
abrtn ACS I - abrtn Sustainable Index American Equity Fund [#]	7,051
Legal & General ESG GBP Corporate Bond 0-5 Year UCITS ETF	5,651
iShares ESG Screened Global Corporate Bond Index Fund	4,201
iShares ESG Sterling Corporate Bond Index Fund	2,701
abrtn ACS I - abrtn Sustainable Index UK Equity Fund [#]	1,401
iShares Continental European Equity ESG Index Fund	1,401
iShares MSCI Japan ESG Enhanced Fund	1,319
Legal & General ESG Emerging Markets Government Bond Index Fund	1,301
abrtn OEIC IV - abrtn Global Inflation-Linked Bond Tracker Fund [#]	1,090
Vanguard Investment Series - UK Government Bond Index Fund	750
abrtn OEIC IV - abrtn Short Dated Global Inflation-Linked Bond Tracker Fund [#]	500
abrtn OEIC IV - abrtn Short Dated Global Corporate Bond Tracker Fund [#]	300
abrtn OEIC IV - abrtn Global REIT Tracker Fund [#]	250
Payden Global Funds - Government Bond Index Fund	1
Total for the period	82,986

[#] 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 of investments in the period.

Purchases and sales of investments

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

Sales	Proceeds £'000
abrnd Liquidity (Lux) - Sterling Fund [#]	25,457
abrnd OEIC IV - abrnd Short Dated Global Corporate Bond Tracker Fund [#]	7,800
Payden Global Funds - Government Bond Index Fund	6,990
abrnd OEIC IV - abrnd American Equity Tracker Fund [#]	6,704
abrnd OEIC IV - abrnd Short Dated Sterling Corporate Bond Tracker Fund [#]	5,425
abrnd OEIC IV - abrnd Asia Pacific ex-Japan Equity Tracker Fund [#]	5,303
abrnd OEIC IV - abrnd Global Corporate Bond Tracker Fund [#]	3,760
Vanguard Global Short-Term Corporate Bond Index Fund	2,871
abrnd OEIC IV - abrnd Sterling Corporate Bond Tracker Fund [#]	2,718
abrnd OEIC IV - abrnd Japan Equity Tracker Fund [#]	1,353
abrnd OEIC IV - abrnd Emerging Markets Equity Tracker Fund [#]	1,329
abrnd OEIC IV - abrnd Emerging Markets Local Currency Bond Tracker Fund [#]	1,323
abrnd OEIC IV - abrnd European Equity Tracker Fund [#]	1,301
Virgin UK Index Tracking Trust - Income Units [^]	1,242
Total for the period	73,576

[^] This fund is managed by Virgin Money Unit Trust Managers Limited.

[#] This fund is managed by abrnd Investments Limited, Investment Adviser to the Fund, and a subsidiary of abrnd plc, a related party.

The above constitutes all 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/(losses)		1,934		(3,398)
Revenue	2,171		1,441	
Expenses	(393)		(383)	
Interest payable and similar charges	(27)		(2)	
Net revenue before taxation	1,751		1,056	
Taxation	(3)		(4)	
Net revenue after taxation		1,748		1,052
Total return before distributions		3,682		(2,346)
Distributions		(1,748)		(1,052)
Change in net assets attributable to unitholders from investment activities		1,934		(3,398)

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
Opening net assets attributable to unitholders		133,534		121,840
Amounts receivable on issue of units	12,232		12,835	
Amounts payable on cancellation of units	(4,319)		(5,098)	
		7,913		7,737
Change in net assets attributable to unitholders from investment activities		1,934		(3,398)
Retained distribution on accumulation units		1,976		1,077
Closing net assets attributable to unitholders		145,357		127,256

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
Assets				
Fixed assets				
Investments		144,965		132,176
Current assets				
Debtors	59		2,113	
Cash and bank balances	372		-	
Total current assets		431		2,113
Total assets		145,396		134,289
Creditors				
Bank overdrafts		-	(686)	
Other creditors	(39)		(69)	
Total liabilities		(39)		(755)
Net assets attributable to unitholders		145,357		133,534

Notes to the interim financial statements are on page 15.

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)
A Accumulation units[^]				
Group 1	-	-	-	0.8145
Group 2	-	-	-	0.8145
AE Accumulation units[^]				
Group 1	-	-	-	0.8139
Group 2	-	-	-	0.8139
Accumulation units				
Group 1	1.3147	-	1.3147	0.9320
Group 2	1.2891	0.0256	1.3147	0.9320

[^]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 Defensive Fund 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
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Registered in England no. 3000482