



The Virgin Money Growth Fund 2

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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(Appointed 11 March 2024)

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Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

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Aberdeenshire
AB10 1XL

Authorised and regulated by the Financial Conduct Authority.

Registrar

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Basildon
Essex
SS15 5FS

FNZ (UK) Limited***
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Edinburgh
Midlothian
EH3 5DA

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.

* 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 Growth Fund 2 (the 'Fund') is to generate a total return (income and 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 middle 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 60% 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 60% to 80% 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.

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, investments 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. In addition, 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 does exceed 0.5% of the value of the Fund's assets, the Investment Adviser will take action to reduce exposure to below 0.5% (by selling underlying funds identified as contributing to the over-exposure) within a reasonable timeframe, ordinarily 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 60% 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').

¹ Authorised in accordance with the Undertakings in Collective Investments in Transferable Securities (UCITS) Directive.

Manager's investment report

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

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 5 on a scale of 1 (lower) to 7 (higher) as it invests in a mixture of gilt-edged securities and corporate bonds - which typically provide moderate rewards but carry a lower level of risk, and company shares which typically provide higher rewards but carry a higher level of risk.

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.

Income Unit Class

The interim distribution for the period ended 31 January 2024 for the Income Unit Class will be 1.7922p net per unit payable on 28 March 2024.

Accumulation Unit Class

The interim distribution for the period ended 31 January 2024 for the Accumulation Unit Class will be 1.4183p net per unit payable on 28 March 2024.

Fund Performance

For the six months to 31 January 2024, the net asset value for Income Units increased by 1.67%³ from 122.09p to 124.13p. The net asset value for Accumulation Units increased by 3.03%³ from 100.10p to 103.13p.

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 period ended 31 January 2024

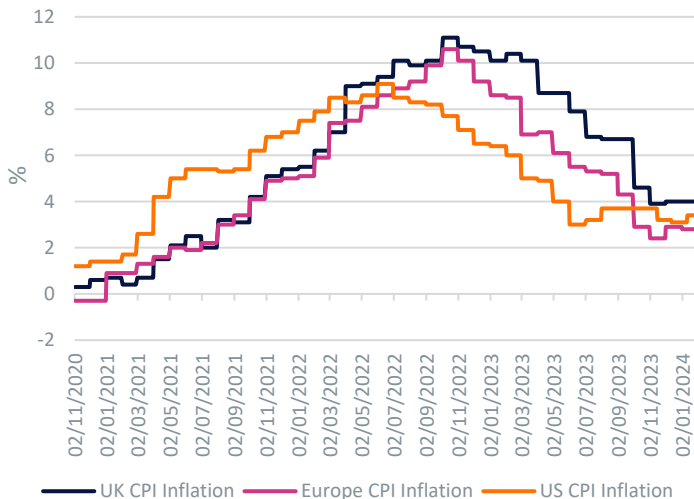
Markets overview from 1 August 2023 to 31 January 2024

After a tumultuous third quarter marked by rate hikes, global equities continued to recover, ending 2023 notably higher. This was amid increasing geopolitical tensions, fluctuating energy prices and easing inflationary pressures. Stock markets were buoyed by better-than-expected US economic data and expectations that major central banks could start cutting rates in 2024. Elsewhere, global government bonds ended the review period with yields notably declining in the US, Germany and the UK.

Inflation subsides but remains sticky:

- Despite easing price pressures, core inflation remained stubbornly high. Major central banks maintained their data-dependent stance, offering little clarity on the timing of rate cuts. Nonetheless, the stock markets rebounded globally during the review period, buoyed by optimism that interest rates have reached peak levels.

Global Inflation Rates

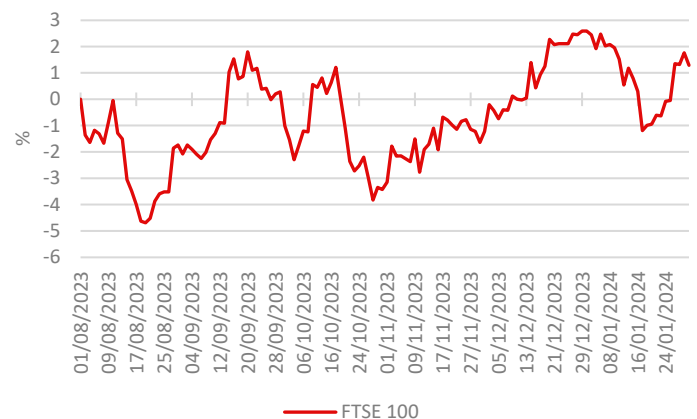


- US inflation eased over the review period although it remained above the 2% target set by the US Federal Reserve (Fed). As a result, the central bank kept its target range for policy rate at 5.25-5.50% throughout the period but signalled that the rates have peaked, with rate cuts likely to commence in 2024. The yield on the 10-year Treasury fluctuated between 3.8% and 4.2% in the final months of 2023 and January.
- Eurozone witnessed a continuous easing of annual inflation throughout the review period, dropping from 5.2% in August to 2.8% by January 2024, although still remaining above the European Central Bank (ECB)'s 2% target. Consequently, the ECB retained its refinancing rate at a 22-year high of 4.5% throughout the review period, following the last rate hike in September 2023.
- In the UK, inflation continued to cool down, but 2023 closed with a slight upswing to 4.0% in December from 3.9% in November, remaining well above the Bank of England (BoE)'s 2% target. The BoE maintained its base rate at 5.25% after the last rate hike in September.

Markets turn optimistic about positive economic data and potential rate cuts in 2024:

- Global stock markets, as represented by the MSCI World Index, rose in all major currencies, including sterling, throughout the review period.
- Global equity markets advanced in aggregate terms during the review period, buoyed by optimism about an end to rate hikes. While concerns for a potential global recession waned given robust economic data, sentiment was subdued by sustained weakness in the Chinese economy and prevailing geopolitical tensions. As the macroeconomic environment is entering a slowdown phase, the risk of a recession persists as global growth stagnates against a backdrop of sticky inflation.
- US stock markets, as measured by the broad S&P 500 Index, rose over the review period, advancing strongly in dollar terms albeit to a lesser extent in sterling terms due to the depreciation of GBP against USD. Share prices recovered, starting from mid-October, driven by positive economic indicators along with a particular emphasis on technology stocks, which saw substantial gains driven by the ongoing expansion of artificial intelligence and other innovative sectors.
- European stock markets remained volatile and were under pressure, mirroring global trends until late October. However, they subsequently embarked on a steady ascent, closing the year in positive territory and rising in both euro and sterling terms over the review period. Meanwhile, the HCOB Eurozone Composite Purchasing Managers Index remained below 50, translating into a contraction in business activity.
- UK equities advanced during the review period but underperformed most other regional indices over the period under review. With improved investor risk appetite in the latter half of the review period, the domestically focused and more interest rate sensitive FTSE 250 Index outperformed the internationally focused FTSE 100 Index, contrary to the first half under review.

FTSE 100 Performance



Manager's investment report

For the period ended 31 January 2024

- Asian stocks mostly advanced despite challenges. Japanese stocks soared to a 34-year peak, propelled by strong corporate earnings, a weaker yen, and a dovish monetary policy. Indian equities outperformed, buoyed by robust economic data and growth initiatives in the interim budget. Taiwanese and South Korean stocks fell due to rising rates and concerns about China, although they found some support from their technology sectors. However, Chinese equities declined, prompting the government to introduce stimulus measures and devalue the yuan.
- Emerging market shares advanced during the period under review, particularly buoyed by a perceived 'soft landing' scenario in the latter half and early policy actions taken by central banks. However, they still lagged their developed market counterparts.

Bond markets have improved while yield have decreased:

- There is uncertainty about the timing of potential interest rate cuts by major central banks, due to the continued high levels of inflation in the US, UK and Europe.
- Throughout the six-month period under review, global government bonds rose in local-currency terms but by less in sterling terms. US 10-year Treasury yields remained stable, ending just below 4%, while 10-year German Bunds yielded slightly above 2.0%. Conversely, 10-year UK Gilts saw a decline from around 4.4% to approximately 3.8%. Corporate bonds initially faced headwinds from economic concerns but rebounded as the investor risk appetite improved.
- Investment-grade bonds benefited from narrowing credit spreads amid easing rate hike expectations and a steeper yield curve, although their longer duration made them more sensitive to interest rate movements. High-yield demonstrated resilience, driven by their attractive income potential and improving issuer credit quality amid receding recession fears.

Net asset value and operating charges

As at 31 January 2024 (unaudited)

	Income Units			Accumulation Units [^]		
	31 Jan 24	31 Jul 23	31 Jul 22	31 Jan 24	31 Jul 23	31 Jul 22
Closing net asset value (£)	95,557,108	106,153,372	109,792,514	14,115,955	3,602,130	959
Closing number of units	76,984,339	86,945,981	92,118,315	13,687,884	3,598,405	1,000
Closing net asset value per unit (p)	124.13	122.09	119.19	103.13	100.10	95.93
Operating charges (%) [‡]	0.71	0.79	0.85	0.45	0.45	0.50

[‡]The operating charges are the annualised total expenses paid by the Fund in the period, expressed as a percentage of its average net assets. The Annual Management Charge for Income Units changed from 0.75% to 0.45% on 6 January 2024.

[^]Accumulation Units share class was launched on 3 February 2022, therefore 2022 comparatives are annualised accordingly.

Portfolio statement

As at 31 January 2024 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
COLLECTIVE INVESTMENT SCHEMES			
Bonds and Gilts (32.98%*)		37,395	34.10
abrtn Liquidity (Lux) - Sterling Fund [#]	4,726	4,726	4.31
abrtn OEIC IV - abrtn Global Government Bond Tracker Fund [#]	3,747,148	3,209	2.93
abrtn OEIC IV - abrtn Short Dated Global Inflation-Linked Bond Tracker Fund [#]	1,022,059	992	0.91
abrtn OEIC IV - abrtn Short Dated Sterling Corporate Bond Tracker Fund [#]	1,130,839	1,165	1.06
abrtn SICAV II - Global High Yield Bond Fund [#]	654,127	5,454	4.97
iShares ESG Screened Global Corporate Bond Index Fund	897,473	7,671	6.99
iShares ESG Sterling Corporate Bond Index Fund	6,712,755	5,478	5.00
Legal & General ESG Emerging Markets Government Bond Index Fund	8,459,478	8,700	7.93

Portfolio statement

As at 31 January 2024 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
Shares (67.40%*)		74,008	67.48
abrdrn ACS I - abrdrn Sustainable Index American Equity Fund [#]	7,778,077	9,094	8.29
abrdrn ACS I - abrdrn Sustainable Index UK Equity Fund [#]	4,361,789	5,330	4.86
abrdrn ACS I - abrdrn Sustainable Index World Equity Fund [#]	18,858,388	20,688	18.86
abrdrn OEIC IV - abrdrn Asia Pacific ex-Japan Equity Tracker Fund [#]	1,015,228	975	0.89
abrdrn OEIC IV - abrdrn Global REIT Tracker Fund [#]	5,565,153	4,520	4.12
iShares Continental European Equity ESG Index Fund	8,527,512	8,971	8.18
iShares MSCI EM ESG Enhanced Fund	3,576,422	13,193	12.03
iShares MSCI Japan ESG Enhanced Fund	748,803	3,639	3.32
Legal & General US Index Trust	152	1	-
State Street AUT Asia Pacific Ex-Japan Screened (ex Controversies and CW) Index Equity Fund [‡]	124	-	-
State Street AUT North America Screened (ex Controversies and CW) Index Equity Fund [‡]	37	-	-
Virgin Money Climate Change Fund [^]	5,028,765	7,597	6.93
Portfolio of investments		111,403	101.58
Net other liabilities (-0.38%*)		(1,730)	(1.58)
Net assets		109,673	100.00

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

[‡]The market value of the holding is below £500 and is therefore rounded down to £0.

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

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

Purchases and sales of investments

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

Purchases	Cost £'000
abrdn Liquidity (Lux) - Sterling Fund [#]	5,510
iShares MSCI EM ESG Enhanced Fund	896
Legal & General ESG Emerging Markets Government Bond Index Fund	201
Total for the period	6,607

Sales	Proceeds £'000
abrdn Liquidity (Lux) - Sterling Fund [#]	5,216
abrdn ACS I - abrdn Sustainable Index American Equity Fund [#]	950
abrdn ACS I - abrdn Sustainable Index World Equity Fund [#]	700
iShares MSCI EM ESG Enhanced Fund	402
Total for the period	7,268

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

The above constitutes all purchases and 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		1,714		847
Revenue	1,854		1,560	
Expenses	(270)		(391)	
Interest payable and similar charges	-		(4)	
Net revenue before taxation	1,584		1,165	
Taxation	(20)		(13)	
Net revenue after taxation		1,564		1,152
Total return before distributions		3,278		1,999
Distributions		(1,563)		(1,153)
Change in net assets attributable to unitholders from investment activities		1,715		846

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		109,756		109,793
Amounts receivable on issue of units	11,867		1,989	
Amounts payable on cancellation of units	(13,859)		(4,449)	
		(1,992)		(2,460)
Change in net assets attributable to unitholders from investment activities		1,715		846
Retained distribution on accumulation units		194		-
Closing net assets attributable to unitholders		109,673		108,179

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		111,403		110,171
Current assets				
Debtors	243		458	
Cash and bank balances	100		109	
Total current assets		343		567
Total assets		111,746		110,738
Creditors				
Distribution payable	(1,380)		(654)	
Other creditors	(693)		(328)	
Total liabilities		(2,073)		(982)
Net assets attributable to unitholders		109,673		109,756

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)
Income units				
Group 1	1.7922	-	1.7922	1.2579
Group 2	1.4667	0.3255	1.7922	1.2579
Accumulation units				
Group 1	1.4183	-	1.4183	1.1300
Group 2	1.1284	0.2899	1.4183	1.1300

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 Virgin Money Growth Fund 2 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

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