



The Virgin Stakeholder Pension Scheme

Interim Report and Financial Statements

16 December 2012 to 15 June 2013 (unaudited)

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Manager's investment report

for the period 16 December 2012 to 15 June 2013 (unaudited)

Pension scheme

The Virgin Stakeholder Pension Scheme is an Authorised Unit Trust Scheme under the Financial Services and Markets Act 2000. It is categorised as a Non-UCITS retail scheme and as an umbrella fund comprising two feeder funds, being the Virgin Pension Growth Fund (Growth Fund) and the Virgin Pension Income Protector Fund (Income Protector Fund). These funds invest in Virgin authorised unit trusts, being the Virgin UK Index Tracking Trust and the Virgin Income Trust respectively. Both of these funds are categorised as UCITS Schemes under the Collective Investment Schemes Sourcebook.

Investment objectives, policy and strategy

The objective of the Virgin UK Index Tracking Trust is to closely match the performance of the FTSE All-Share Index*, after taking charges into account. The approach for achieving this is to mirror the composition of the FTSE All-Share Index, which comprises approximately 600 company shares. Stock index futures contracts may also be used to manage the pool of investors' cash before it is invested in stocks which form the All-Share Index. This is for the purpose of efficient portfolio management. No trading or speculation in these investments is undertaken.

The objective of the Virgin Income Trust is to provide a level of income slightly above that which would be achieved by a fund invested solely in gilt edged securities. The Manager pursues a low risk strategy while ensuring that the Trust qualifies for general PEP and ISA status under the HM Revenue and Customs rules. The Manager's policy is to invest in UK gilts and a range of sterling denominated fixed interest and other permitted investments.

The strategy of the Virgin Income Trust is that it invests 50% in low risk gilts - UK Government backed loans which pay a fixed rate of interest. The other 50% is invested in highly rated corporate bonds issued by some of the top UK and European companies.

The bonds and gilts we invest in are generally in the 5 to 15 year range. We aim to hold only 'A' rated bonds or gilts – however they can be held in the range from 'AAA' to 'A-'. If the investment is rated by both Moody's and Standard & Poor's, we take the average of both ratings when considering investment. Futures contracts may at times be used to manage the pool of investors' money before it is invested in gilts and bonds. This would only happen for the purposes of efficient portfolio management, and no trading or speculation in these investments is undertaken.

Total performance

Growth Fund (Virgin UK Index Tracking Trust)

The unit price of the Growth Fund rose by 9.02%† over the period, compared to a rise of 7.52% in the FTSE All-Share Index.*

The income accumulation for the period ended 15 June 2013 will be 2.1447p net per unit.

† Based on net asset value.

* FTSE All-share Index movement is calculated on a capital only basis and does not reflect the benefit of dividend income which is included in the unit price of the Growth Fund.

Income Protector Fund (Virgin Income Trust)

The unit price of the Income Protector Fund rose by 0.04%† over the period.

The income accumulation for the period ended 15 June 2013 will be 2.7890p net per unit.

† Based on net asset value.

Economic background and stock market trends

Growth Fund (Virgin UK Index Tracking Trust)

The appetite for riskier investments such as shares recovered at the beginning of 2013 as legislation in the US was approved to lessen the impact of the fiscal cliff (the potentially significant increasing of taxes and cutting of government expenditure which had looked likely to slow the US economic recovery). The improvement in stock markets was highlighted by the US S&P 500 index increasing 5% in January, which was its strongest start since 1997. Most central banks, with the exception of Japan, kept their monetary policy on hold.

The UK suffered a setback in February when UK Government debt was stripped of the highest Aaa credit rating by Moody's. The move was not entirely unexpected and followed its decision to put UK government debt on negative watch a year earlier. February also saw an inconclusive election result in Italy, which concerned stock markets, and the outcome was followed a week later by Fitch lowering Italy's sovereign rating to BBB+ from A-. This all led to the demand for riskier assets falling at the end of February.

In March, Cyprus came close to being ejected from the monetary union following the collapse of a domestic real estate bubble in conjunction with the Bank of Cyprus and Cyprus Popular Bank being rendered insolvent. This position was however calmed by a €10 billion injection by the Troika (the European Union, the European Central Bank and the International Monetary Fund) and a tax on uninsured deposits of those two banks.

Stock markets then improved significantly from late April to towards the end of May before seeing a significant sell-off following US Federal Reserve Chairman Bernanke's suggestion that the Federal Reserve's monetary stimulus programme would be reviewed with a view to reducing or stopping completely the stimulus that was being provided. Markets were also hit by suggestions that China's factory activity may have begun contracting.

Manager's investment report

(continued)

for the period 16 December 2012 to 15 June 2013 (unaudited)

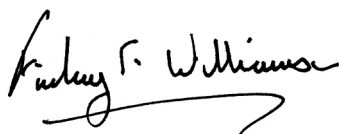
Income Protector Fund (Virgin Income Trust)

After a slow start to the period when the major demand was for riskier assets, bond and gilt markets improved across March and April. Demand increased following the events in Cyprus and the resulting intervention, along with S&P's announcement that Britain retained its top AAA credit rating with them, taking the view that the government has the capacity to meet its fiscal challenges. However, two other rating agencies, Moody's and Fitch, had earlier each downgraded Britain to their second highest ratings.

The improvements in bonds and gilts in March and April were then hit by the widespread sell-off in May following Chairman Bernanke's statement about reducing or stopping the monetary stimulus programme, which seemed to hit all asset classes. The European Central Bank then cut rates to 0.50% from 0.75%, and appears to be open to further cuts.

Over the last six months to 15 June 2013 Government Gilts finished in negative territory, returning -0.55%, while Corporate Bonds outperformed Gilts, returning 1.95% over the same period. The widespread concern we saw at the end of 2012, of a huge fiscal shock in the US (due to the fiscal cliff proposal) or a full-fledged financial crisis in the Eurozone, now appear to have subsided.

In terms of economic data, the UK economy is showing signs of increasing strength. Latest unemployment figures show that the UK unemployment rate continues to decline. The UK unemployment rate stands at 7.8% compared to 8.1% in the same period a year earlier and a high of 8.4% in November 2011. GDP in the UK grew 0.3% in the first quarter and expanded 0.6% from a year earlier. The Bank of England held the interest rate at 0.50% (unchanged since March 2009) across the period and the quantitative easing programme remained at £375 billion (unchanged since July 2012).



Finlay Williamson
Chief Financial Officer

7 August 2013

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Performance records

as at 15 June 2013 (unaudited)

The Virgin Stakeholder Pension Scheme was first offered on 1 November 1996. The initial offer price of both the Growth Fund and the Income Protector Fund was 100.00p per unit.

Unit price history

Calendar year	Growth Fund		Income Protector Fund	
	Highest Offer price	Lowest Bid price	Highest Offer price	Lowest Bid price
2008	207.80p	125.10p	190.30p	172.90p
2009	188.10p	118.00p	198.80p	174.70p
2010	214.00p	171.20p	216.80p	192.90p
2011	220.60p	180.40p	231.40p	203.50p
2012	227.90p	196.20p	249.10p	228.20p
2013*	264.80p	230.20p	255.00p	241.20p

Income record

Calendar year	Growth Fund per unit	Income Protector Fund per unit
2008	5.2566p	7.6920p
2009	4.6626p	8.1135p
2010	4.1178p	6.7029p
2011	4.6373p	6.9401p
2012	5.8501p	6.2775p
2013*	2.1447p	2.7890p

* To 15 June 2013

Net asset value

	Growth Fund			Income Protector Fund		
	Net asset value £	Units in issue	Net asset value per unit	Net asset value £	Units in issue	Net asset value per unit
15 December 2010	682,003,948	324,972,009	209.87p	129,564,758	62,785,281	206.36p
15 December 2011	655,572,881	334,455,438	196.01p	153,187,799	67,297,785	227.63p
15 December 2012	764,595,048	339,811,630	225.01p	172,254,057	70,056,293	245.88p
15 June 2013	835,735,349	340,692,931	245.30p	182,145,965	74,048,426	245.98p

Ongoing charges*

	Growth Fund Ongoing charges† (%)	Income Protector Fund Ongoing charges† (%)
12 month period to 15 December 2012	1.00	1.00
6 month period to 15 June 2013	1.00	1.00

* The Ongoing charges are calculated based on the underlying funds.

† The Ongoing charges are the total expenses paid by the trust in the period against its average net asset value.

Portfolio statements

as at 15 June 2013 (unaudited)

	Holdings	Market Value £'000	% of Net Assets
Growth Fund			
Holding in Virgin UK Index Tracking Trust (100.00%*)†	371,078,669	835,735	100.00
Portfolio of investments		835,735	100.00
Net other assets		–	–
Net assets		835,735	100.00

	Holdings	Market Value £'000	% of Net Assets
Income Protector Fund			
Holding in Virgin Income Trust (100.00%*)†	152,675,867	182,142	100.00
Portfolio of investments		182,142	100.00
Net other assets		4	–
Net assets		182,146	100.00

* Comparative figures shown in brackets relate to 15 December 2012

† Investments are collective investment schemes and are a related party to the funds (see note 2 on page 6).

Summary of portfolio changes

for the period 16 December 2012 to 15 June 2013 (unaudited)

Growth Fund			
Purchases	Cost £'000	Sales	Proceeds £'000
Virgin UK Index Tracking Trust	<u>27,625</u>	Virgin UK Index Tracking Trust	<u>17,956</u>
Income Protector Fund			
Purchases	Cost £'000	Sales	Proceeds £'000
Virgin Income Trust	<u>21,029</u>	Virgin Income Trust	<u>8,980</u>

Statements of total return

for the period 16 December 2012 to 15 June 2013 (unaudited)

	Growth Fund		Income Protector Fund	
	15/06/2013 £'000	15/06/2012 £'000	15/06/2013 £'000	15/06/2012 £'000
Net gains/(losses) on investments	61,570	18,759	(2,157)	5,321
Revenue	7,288	8,436	2,048	2,301
Finance costs: Interest	—	—	—	—
Net revenue	7,288	8,436	2,048	2,301
Total return before accumulation	68,858	27,195	(109)	7,622
Finance costs: Accumulation	(7,288)	(8,436)	(2,048)	(2,301)
Change in net assets attributable to unitholders	61,570	18,759	(2,157)	5,321

Statements of change in net assets attributable to unitholders

for the period 16 December 2012 to 15 June 2013 (unaudited)

	Growth Fund		Income Protector Fund	
	15/06/2013 £'000	15/06/2012 £'000	15/06/2013 £'000	15/06/2012 £'000
Opening net assets attributable to unitholders	764,595	655,573	172,254	153,188
Amounts receivable on issue of units	20,238	22,557	18,981	12,468
Amounts payable on cancellation of units	(17,956)	(10,739)	(8,980)	(8,226)
	2,282	11,818	10,001	4,242
Change in net assets attributable to unitholders (see above)	61,570	18,759	(2,157)	5,321
Income retained on accumulation units	7,288	8,548	2,048	2,298
Closing net assets attributable to unitholders	835,735	694,698	182,146	165,049

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 sheets

as at 15 June 2013 (unaudited)

	Growth Fund		Income Protector Fund	
	15/06/13 £'000	15/12/12 £'000	15/06/13 £'000	15/12/12 £'000
Assets				
Portfolio of investments	835,735	764,595	182,142	172,250
Debtors	444	166	531	162
Cash and bank balances	—	—	4	4
Total other assets	444	166	535	166
Total assets	836,179	764,761	182,677	172,416
Liabilities				
Creditors	(444)	(166)	(531)	(162)
Total liabilities	(444)	(166)	(531)	(162)
Net assets attributable to unitholders	835,735	764,595	182,146	172,254

Notes to the financial statements

for the period 16 December 2012 to 15 June 2013 (unaudited)

1. 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 15 December 2012. They have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Managers Association (IMA) in October 2010 (the IMA SORP 2010), additional guidance issued July 2011, and United Kingdom Generally Accepted Accounting Practice.

Under the SORP guidelines adopted by the Fund, Notes to the financial statements are not disclosed for the interim accounts. Complete Notes to the financial statements are available in the year end accounts.

2. Related parties

Virgin Money Unit Trust Managers Limited manages both the Virgin UK Index Tracking Trust and the Virgin Income Trust, the funds in which the Growth and Income Protector Funds respectively invest. The details of units created and cancelled by Virgin Money Unit Trust Managers Limited are shown in the Statements of change in net assets attributable to unitholders. The details of investment held in Virgin UK Index Tracking Trust and Virgin Income Trust are shown in the portfolio statement.

Accumulation tables

for the period 16 December 2012 to 15 June 2013 (unaudited)

Interim accumulation in pence per unit

Group 1

Interim accumulation units purchased prior to 16 December 2012

Group 2

Interim accumulation units purchased between 16 December 2012 and 15 June 2013 inclusive

Growth Fund

	Net Income (p)	Equalisation* (p)	Accumulation payable 15/08/13 (p)	Accumulation paid to 15/08/12 (p)
Group 1				
Interim accumulation	2.1447	–	2.1447	2.5127
Group 2	(p)	(p)	(p)	(p)
Interim accumulation	0.9089	1.2358	2.1447	2.5127

Income Protector Fund

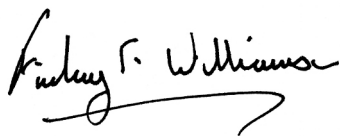
	Net Income (p)	Equalisation* (p)	Accumulation payable 15/08/13 (p)	Accumulation paid to 15/08/12 (p)
Group 1				
Interim accumulation	2.7890	–	2.7890	3.3258
Group 2	(p)	(p)	(p)	(p)
Interim accumulation	2.0058	0.7832	2.7890	3.3258

* Equalisation applies to units purchased during the distribution period (Group 2 units).

Equalisation is the average amount of income included in the purchase price of all Group 2 units and is refundable to holders of these units as a return of capital.

Directors' statement

We approve the Report and Financial Statements of the Virgin Stakeholder Pension Scheme for the period ended 15 June 2013 on behalf of Virgin Money Unit Trust Managers Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook.



Finlay Williamson
Chief Financial Officer



Marian Watson
Chief Risk Officer

7 August 2013

Management and professional services

Manager and registrar

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Secretary: W.S Pearson

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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Independent auditor

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Virgin Money Unit Trust Managers Limited

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