



# The Virgin Money Bond and Gilt Fund

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Interim Report and Financial Statements

For the six month period ended 1 April 2021 (unaudited)

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# Management and professional services

For the six month period ended 1 April 2021 (unaudited)

## Manager (the 'Manager')

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

### Directors:

S. Bruce	
J. Byrne	(appointed 24 May 2021)
H. Chater	
F. Murphy	(appointed 19 October 2020)
M. Phibbs	
J. Scott	(resigned 4 December 2020)
I. Smith	(resigned 19 October 2020)
D. Taylor	
N. L. Tu	(resigned 24 May 2021)
S. Wemyss	(appointed 8 December 2020)

Telephone 03456 10 20 30\*

Authorised and regulated by the Financial Conduct Authority.

## Investment adviser

Aberdeen Asset Managers Limited  
10 Queen's Terrace  
Aberdeen  
Aberdeenshire  
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 Europe plc, UK Branch  
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  
St. Vincent Plaza  
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.

# Manager's investment report

For the six month period ended 1 April 2021 (unaudited)

## Investment Objective, Policy and Strategy

The investment objective of the Virgin Money Bond and Gilt Fund ("the Fund") is to provide a total return (predominantly income but also any capital growth) from bonds and gilts. The Fund aims to achieve this by tracking the performance of a composite index, comprising 50% the FTSE 5-15 Year Gilt Index and 50% the Bank of America Merrill Lynch 5-15 Year AAA-A Non-Gilt Index, measured annually, less charges.

The Fund invests 50% of its assets in bonds issued by the UK Government (known as "gilts") and 50% in other bonds. These other bonds comprise:

- > corporate bonds
- > bonds issued by government agencies; and
- > bonds issued by supranational organisations, such as the European Investment Bank.

All bonds are denominated in sterling.

The Fund pursues a low risk strategy by investing in medium term (5 to 15 years) gilts, whilst its other bonds are highly rated (AAA-A) by leading credit agencies. This means a lower risk of non-payment compared to lower rated bonds.

An Investment Advisor manages the Fund and seeks to match closely the composition of the composite index by only investing in the bonds and gilts that make up the two indices referenced in the investment objective. This means that the Fund is "passively" managed, as it only invests in line with these indices.

## 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 UCITS<sup>1</sup> 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, cash balances and other investments (including derivatives); and debtors and creditors

Unit Trust schemes are not permitted by the Regulations<sup>2</sup> 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 3 on a scale of 1 (lower) to 7 (higher) as it invests in gilt-edged securities and other bonds. These typically provide moderate rewards but carry a lower level of risk than other investments such as company shares.

For further information, please refer to the Fund's Key Investor Information Document ('KIID').

## Distribution

The Fund receives interest income from the corporate bonds and government gilts 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 1 April 2021 for the Income Unit Class will be 0.4744p net per unit payable on 1 June 2021.

### AE Income Unit Class<sup>3</sup>

The interim distribution for the period ended 1 April 2021 for the AE Income Unit Class<sup>3</sup> will be 0.3769p net per unit payable on 1 June 2021.

<sup>1</sup> Authorised in accordance with the Undertakings in Collective Investments in Transferable Securities (UK UCITS) Directive.

<sup>2</sup> 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.

<sup>3</sup> The Auto-Enrolment (AE) Income Unit Class is only available for investment to Virgin Money Nominees Limited on behalf of Virgin Stakeholder Pension Scheme auto-enrolment members. This unit class is not available to retail customers.

# Manager's investment report

For the six month period ended 1 April 2021 (unaudited)

## Fund Performance

For the six months to 1 April 2021, the net asset value of each unit decreased by 3.77%<sup>4</sup> from 137.60p to 132.41p.

The Fund is managed to match closely the performance of its Index and minimise deviations in return performance (the 'tracking error') compared to the Index. The tracking error at the end of the period was 0.07%<sup>5</sup>. Over any twelve month period the tracking error of the Fund is expected to be within 20 basis points (0.20%) of the composite index.

## Significant Events

Investors will be aware of the COVID-19 outbreak and the impact this has had on the global economy and capital markets. The outbreak has also had an impact on operational matters with key suppliers and stakeholders operating on a working from home model. Our focus on individual investors and their access to security protected telephone help and support has remained robust during a period in which the office working model has been replaced almost entirely by home working. We continue to closely monitor this service provision during this period in order to retain the high service standards demanded.

<sup>4</sup> Based on net asset value of the Income Unit Class.

<sup>5</sup> Tracking error is calculated as the deviation of returns excluding annual management charges for the year. The difference in return can be attributed, among other things, to a number of managed and non-managed factors, including small differences in weightings resulting from trading activity; and differences between the Fund's and the composite index vendors' valuation methodologies.

# Manager's investment report

For the six month period ended 31 January 2021 (unaudited)

## Markets overview for the six months to 1 April 2021

The coronavirus pandemic, economic factors and politics continued to dominate global markets throughout the review period. Worldwide COVID-19 vaccine rollouts raised hopes of a return to normality, while monetary and other stimulus further supported markets. These offset fears of vaccine-resistant COVID-19 variants, but fuelled new concerns around rising inflation, which weighed heavily on global bond markets.

### An eventful six months

- The COVID-19 pandemic remained centre stage, against a backdrop of various global events throughout the six months. The threat of a no-deal Brexit persisted throughout the first half of the period, before the UK and European Union (EU) finally reached a Brexit deal on Christmas Eve.
- In March, the Office for Budget Responsibility revised its UK growth forecasts for 2022 upwards.
- In the annual budget, Chancellor Rishi Sunak announced more generous financial support than expected. This included an extension of the Coronavirus Job Retention Scheme and plans that would require issuing nearly £300 billion worth of government bonds in the upcoming financial year.
- The Bank of England (BoE) kept interest rates unchanged, and the central bank's Monetary Policy Committee (MPC) pushed back on the possibility of implementing negative rates in its February meeting. However, the 'lower for longer' interest rate stance from central banks did start to change as global stock markets and economies started to recover.

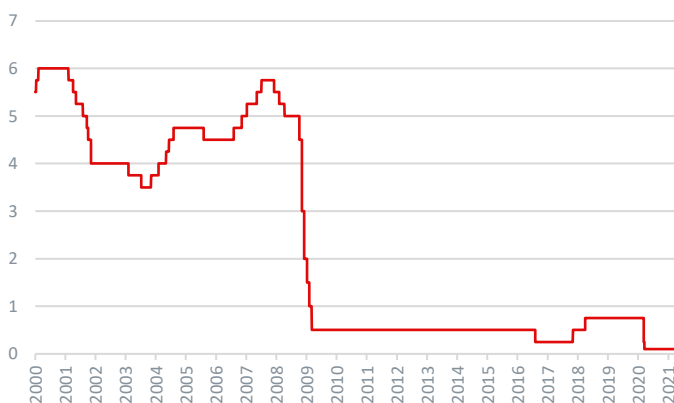
## Global recovery hits bond markets

- While improving sentiment concerning the economic recovery and ongoing government and central bank support propelled equity markets, the resulting expectations of rising inflation pushed down support for global government and corporate bonds.
- UK and European corporate bonds started off well. Along with UK government bonds (gilts), they saw positive performance in the first half of the review period and outperformed global bonds.
- The second half of the review period saw gilts enduring their worst quarter in over 20 years. A major catalyst was the BoE meeting in February, in which the MPC indicated the possibility of less-supportive monetary policy in addition to the issuance of £300 billion of government gilts announced by Rishi Sunak in the budget.
- Corporate bond returns were generally negative over the period, largely due to the inflationary fears hitting global bond markets.

## Fund performance

- With this backdrop the Virgin Money Bond and Gilt Fund generated a loss of 3.77% over the six-month reporting period.

## Bank of England Base Rate



- In the US, Biden's victory in the November presidential election was coupled with the Democratic Party's victory in the run-off Senate elections in January. This led investors to correctly anticipate a substantial amount of fiscal stimulus in the US in 2021.
- The UK and the US, unlike Europe, are progressing well on the vaccination front. But Europe's stimulus measures have offset its poor start to vaccine rollouts and raised hopes of a rebound in economic activity.

# Net asset value and operating charges

As at 1 April 2021 (unaudited)

	Income Units			AE Income Units		
	01 Apr 21 (p)	01 Oct 20 (p)	01 Oct 19 (p)	01 Apr 21 (p)	01 Oct 20 (p)	01 Oct 19 (p)
Closing net asset value (£)	350,851,519	564,039,831	544,938,756	1,170,294	5,074,524	6,457,183
Closing number of units	264,966,121	409,917,345	400,363,371	1,112,174	4,642,400	5,971,841
Closing net asset value per unit (p)	132.41	137.60	136.11	105.23	109.31	108.13
Operating charges (%) <sup>‡</sup>	0.60%	0.60%	0.72%	0.60%	0.60%	0.65%

‡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 1 April 2021 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
<b>GILTS (50.02%*)</b>		<b>175,294</b>	<b>49.79</b>
UK Treasury 1.5% 22/07/2026†	13,648,600	14,441	4.10
UK Treasury 0.375% 22/10/2026	1,025,500	1,020	0.29
UK Treasury 1.25% 22/07/2027†	12,815,500	13,405	3.81
UK Treasury 4.25% 07/12/2027	10,319,400	12,840	3.65
UK Treasury 0.125% 31/01/2028	8,708,500	8,438	2.40
UK Treasury 1.625% 22/10/2028†	11,836,300	12,706	3.61
UK Treasury 6% 07/12/2028	6,333,200	8,860	2.52
UK Treasury 0.875% 22/10/2029†	13,638,400	13,784	3.91
UK Treasury 0.375% 22/10/2030	12,164,600	11,653	3.31
UK Treasury 4.75% 07/12/2030†	13,388,400	18,302	5.20
UK Treasury 0.25% 31/07/2031	5,482,700	5,126	1.45
UK Treasury 4.25% 07/06/2032†	12,611,100	17,042	4.84
UK Treasury 4.5% 07/09/2034	11,338,000	16,230	4.61
UK Treasury 0.625% 31/07/2035	7,844,700	7,291	2.07
UK Treasury 4.25% 07/03/2036	9,906,700	14,156	4.02
<b>EUROSTERLING-CORPORATE (48.70%*)</b>		<b>174,517</b>	<b>49.58</b>
A2D Funding II 4.5% 30/09/2026	190,000	217	0.06
A2Dominion Housing 3.5% 15/11/2028	300,000	328	0.09
Aegon 6.125% 15/12/2031	300,000	426	0.12
America Movil 5% 27/10/2026	600,000	715	0.20
America Movil 5.75% 28/06/2030	770,000	1,008	0.29
America Movil 4.948% 22/07/2033	360,000	466	0.13
American Honda Finance 0.75% 25/11/2026	650,000	637	0.18
Anglian Water Services Financing 4.5% 05/10/2027	300,000	356	0.10
Anglian Water Services Financing 6.625% 15/01/2029	350,000	476	0.13
Anglian Water Services Financing 2.75% 26/10/2029	670,000	732	0.21
Apple 3.05% 31/07/2029	910,000	1,041	0.30
Artesian Finance II 6% 30/09/2033	530,000	772	0.22
Asian Development Bank 0.625% 15/09/2026	700,000	700	0.20
Asian Development Bank 0.25% 28/10/2027	530,000	513	0.15



# Portfolio statement

As at 1 April 2021 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
Assura Financing 3% 19/07/2028	570,000	629	0.18
Assura Financing 1.5% 15/09/2030	150,000	148	0.04
Athene Global Funding 1.75% 24/11/2027	590,000	590	0.17
Banco Santander 1.75% 17/02/2027	600,000	601	0.17
Bank of America 4.25% 10/12/2026	300,000	349	0.10
Bank of America 7% 31/07/2028	1,500,000	2,067	0.59
Banque Federative du Credit Mutuel 1.5% 07/10/2026	300,000	305	0.09
Banque Federative du Credit Mutuel 0.875% 07/12/2027	500,000	485	0.14
BNG Bank 5.2% 07/12/2028	600,000	786	0.22
BNP Paribas 1.875% 14/12/2027	1,000,000	1,020	0.29
BNP Paribas 1.25% 13/07/2031	1,200,000	1,117	0.32
Bouygues 5.5% 06/10/2026	500,000	616	0.16
BP Capital Markets 2.274% 03/07/2026	500,000	528	0.15
BPCE 1.375% 23/12/2026	500,000	503	0.14
British Land 2.375% 14/09/2029	360,000	359	0.10
Broadgate Financing 4.851% 05/04/2031	240,000	293	0.08
Broadgate Financing 4.999% 05/10/2031	410,000	463	0.13
Broadgate Financing 5.098% 05/04/2033	236,600	269	0.08
Brown-Forman 2.6% 07/07/2028	360,000	388	0.11
Caisse Francaise de Financement Local 5.5% 16/07/2026	150,000	186	0.05
Canary Wharf Finance II 6.455% 22/07/2030	387,835	472	0.13
Canary Wharf Finance II 6.8% 22/10/2033	198,583	247	0.07
Canary Wharf Finance II 5.952% 22/01/2035	400,000	550	0.16
Cie de Financement Foncier 5.5% 26/01/2027	360,000	452	0.13
Citigroup 5.15% 21/05/2026	700,000	833	0.24
Citigroup 1.75% 23/10/2026	790,000	805	0.23
Clarion Funding 2.625% 18/01/2029	560,000	606	0.17
Clarion Funding 1.875% 22/01/2035	550,000	543	0.15
Close Brothers Finance 2.75% 19/10/2026	300,000	322	0.09
Close Brothers Finance 1.625% 03/12/2030	410,000	397	0.11
Clydesdale Bank 4.625% 08/06/2026^	840,000	1,003	0.28
Comcast 1.5% 20/02/2029	720,000	716	0.20

# Portfolio statement

As at 1 April 2021 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
Comcast 5.5% 23/11/2029	840,000	1,101	0.31
Comcast 1.875% 20/02/2036	800,000	782	0.22
Commonwealth Bank of Australia 3% 04/09/2026	900,000	1,002	0.28
Community Finance Co 1 5.017% 31/07/2034	720,000	946	0.27
Compass 3.85% 26/06/2026	297,000	340	0.10
Compass 2% 03/07/2029	370,000	386	0.11
Cooperatieve Rabobank 4.55% 30/08/2029	240,000	301	0.08
Council Of Europe Development Bank 0.75% 22/07/2027	360,000	360	0.10
CPPIB Capital 1.125% 14/12/2029	1,030,000	1,029	0.29
CTRL Section 1 Finance 5.234% 02/05/2035	522,962	705	0.20
Deutsche Bahn Finance 3.125% 24/07/2026	520,000	581	0.16
Diageo Finance 1.75% 12/10/2026	610,000	630	0.18
Diageo Finance 2.875% 27/03/2029	340,000	376	0.11
Diageo Finance 1.25% 28/03/2033	480,000	457	0.13
DWR Cymru Financing 6.015% 31/03/2028	430,000	562	0.16
DWR Cymru Financing 1.375% 31/03/2033	450,000	438	0.12
East Japan Railway 4.75% 08/12/2031	450,000	588	0.17
East Japan Railway 5.25% 22/04/2033	350,000	485	0.14
East Japan Railway 4.875% 14/06/2034	300,000	407	0.12
East Japan Railway 4.5% 25/01/2036	250,000	332	0.09
Eastern Power Networks 2.125% 25/11/2033	500,000	514	0.15
Electricite de France 6.25% 30/05/2028	700,000	915	0.26
Electricite de France 5.875% 18/07/2031	560,000	756	0.21
Electricite de France 6.125% 02/06/2034	2,050,000	2,948	0.84
Engie 7% 30/10/2028	100,000	139	0.04
Equinor 6.125% 27/11/2028	270,000	361	0.10
Equinor 6.875% 11/03/2031	1,020,000	1,506	0.43
ESB Finance 1.875% 21/07/2035	400,000	398	0.11
EUROFIMA 5.5% 07/06/2032	180,000	254	0.07
European Bank for Reconstruction & Development 5.625% 07/12/2028	840,000	1,129	0.32
European Investment Bank 1% 21/09/2026	2,870,000	2,930	0.83
European Investment Bank 0.75% 22/07/2027	1,470,000	1,472	0.42

# Portfolio statement

As at 1 April 2021 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
European Investment Bank 3.75% 07/12/2027	760,000	907	0.26
European Investment Bank 6% 07/12/2028	3,090,000	4,257	1.21
European Investment Bank 4.5% 07/06/2029	1,510,000	1,929	0.55
European Investment Bank 5.625% 07/06/2032	2,900,000	4,258	1.21
Federal National Mortgage Association 5.375% 07/12/2028	480,000	626	0.18
Folio Residential Finance NO 1 1.246% 31/10/2027	310,000	309	0.09
GlaxoSmithKline Capital 3.375% 20/12/2027	720,000	820	0.23
GlaxoSmithKline Capital 1.25% 12/10/2028	910,000	899	0.26
GlaxoSmithKline Capital 5.25% 19/12/2033	1,200,000	1,675	0.48
GlaxoSmithKline Capital 1.625% 12/05/2035	920,000	880	0.25
Goldman Sachs 1.5% 07/12/2027	880,000	879	0.25
Goldman Sachs 7.25% 10/04/2028	600,000	821	0.23
Goldman Sachs 3.125% 25/07/2029	1,200,000	1,327	0.38
Greater Gabbard 4.137% 29/11/2032	299,897	348	0.10
Gwynt y Mor OFTO 2.778% 17/02/2034	321,276	336	0.10
Henkel 1.25% 30/09/2026	400,000	404	0.11
HSBC 1% 24/07/2027	1,180,000	1,192	0.34
HSBC 3% 22/07/2028	1,210,000	1,301	0.37
HSBC 2.625% 16/08/2028	1,010,000	1,070	0.30
HSBC 3% 29/05/2030	1,070,000	1,152	0.33
Hutchison Whampoa Finance UK 5.625% 24/11/2026	400,000	494	0.14
ING Groep 1% 07/12/2028	1,000,000	969	0.27
Integrated Accommodation Services 6.48% 31/03/2029	466,729	570	0.16
Inter-American Development Bank 0.5% 15/09/2026	560,000	556	0.16
International Bank for Reconstruction & Development 0.25% 22/07/2026	190,000	186	0.05
International Bank for Reconstruction & Development 0.75% 15/12/2026	2,730,000	2,746	0.78
International Bank for Reconstruction & Development 0.25% 23/09/2027	1,930,000	1,868	0.53
International Bank for Reconstruction & Development 4.875% 07/12/2028	200,000	259	0.07
International Bank for Reconstruction & Development 1% 21/12/2029	2,270,000	2,275	0.65
International Bank for Reconstruction & Development 5.75% 07/06/2032	400,000	591	0.17
International Development Association 0.375% 22/09/2027	880,000	859	0.24
International Finance 0.75% 22/07/2027	770,000	770	0.22

# Portfolio statement

As at 1 April 2021 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
Isle of Man Government International Bond 5.375% 14/08/2034	210,000	303	0.09
JPMorgan Chase 3.5% 18/12/2026	600,000	681	0.19
JT International Financial Services 2.75% 28/09/2033	490,000	516	0.15
Juturna European Loan Conduit No 16 5.0636% 10/08/2033	802,868	979	0.28
Belgium Government Bond 5.7% 28/05/2032	150,000	214	0.06
Kreditanstalt fuer Wiederaufbau 0.875% 15/09/2026	930,000	944	0.27
Kreditanstalt fuer Wiederaufbau 6% 07/12/2028	3,820,000	5,274	1.50
Kreditanstalt fuer Wiederaufbau 5.75% 07/06/2032	1,940,000	2,873	0.82
Land Securities Capital Markets 2.375% 29/03/2027	600,000	628	0.18
Land Securities Capital Markets 2.399% 08/02/2029	330,000	344	0.10
Landwirtschaftliche Rentenbank 0.875% 15/12/2026	870,000	881	0.25
LCR Finance 4.5% 07/12/2028	1,540,000	1,943	0.55
Legal & General Finance 5.875% 11/12/2031	410,000	574	0.16
Legal & General Finance 5.875% 05/04/2033	240,000	342	0.10
Lloyds Bank 4.875% 30/03/2027	1,490,000	1,836	0.52
Lloyds Bank 6% 08/02/2029	1,510,000	2,063	0.59
Lloyds Bank 7.5% 22/03/2032	300,000	259	0.07
Logicor 2019-1 1.875% 17/11/2026	1,072,000	1,111	0.32
London & Quadrant Housing Trust 2.625% 05/05/2026	460,000	491	0.14
London & Quadrant Housing Trust 2.625% 28/02/2028	200,000	215	0.06
London & Quadrant Housing Trust 2.25% 20/07/2029	400,000	418	0.12
London & Quadrant Housing Trust 4.625% 05/12/2033	300,000	391	0.11
London Merchant Securities 6.5% 16/03/2026	208,000	253	0.07
London Power Networks 6.125% 07/06/2027	600,000	767	0.22
Longstone Finance 4.791% 19/04/2030	365,166	421	0.12
Lunar Funding I 5.75% 18/10/2033	320,000	442	0.12
LVMH Moet Hennessy Louis Vuitton 1.125% 11/02/2027	1,100,000	1,091	0.31
MassMutual Global Funding II 1.375% 15/12/2026	420,000	427	0.12
MDGH - GMTN 6.875% 14/03/2026	740,000	939	0.27
Meadowhall Finance 4.988% 12/01/2032	269,888	306	0.09
Meadowhall Finance 4.986% 12/01/2032	474,512	538	0.15
Metropolitan Life Global Funding I 3.5% 30/09/2026	620,000	698	0.20

# Portfolio statement

As at 1 April 2021 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
Metropolitan Life Global Funding I 0.625% 08/12/2027	570,000	546	0.16
Metropolitan Life Global Funding I 1.625% 21/09/2029	560,000	564	0.16
Mitchells & Butlers Finance 5.574% 15/12/2030	228,505	258	0.07
Morgan Stanley 2.625% 09/03/2027	1,210,000	1,292	0.37
Motability Operations 3.75% 16/07/2026	360,000	412	0.12
Motability Operations 4.375% 08/02/2027	350,000	414	0.12
Motability Operations 1.75% 03/07/2029	490,000	502	0.14
Motability Operations 5.625% 29/11/2030	360,000	490	0.14
Motability Operations 2.375% 14/03/2032	420,000	448	0.13
Motability Operations 3.625% 10/03/2036	700,000	856	0.24
National Australia Bank 3% 04/09/2026	280,000	312	0.09
National Grid Electricity Transmission 1.125% 07/07/2028	100,000	97	0.03
Nationwide Building Society 3% 06/05/2026	230,000	253	0.07
Nationwide Building Society 3.25% 20/01/2028	680,000	766	0.22
Nats En Route 5.25% 31/03/2026	382,200	431	0.12
Nederlandse Waterschapsbank 5.375% 07/06/2032	750,000	1,073	0.30
Network Rail Infrastructure Finance 4.375% 09/12/2030	1,180,000	1,536	0.43
Network Rail Infrastructure Finance 4.75% 29/11/2035	1,500,000	2,170	0.62
New York Life Global Funding 1.25% 17/12/2026	654,000	659	0.19
New York Life Global Funding 0.75% 14/12/2028	830,000	794	0.23
Northern Electric Finance 5.125% 04/05/2035	420,000	565	0.16
Northern Powergrid Yorkshire 4.375% 05/07/2032	450,000	558	0.16
Notting Hill Genesis 2.875% 31/01/2029	400,000	432	0.12
Notting Hill Genesis 3.75% 20/12/2032	420,000	498	0.14
NRW Bank 0.5% 18/12/2026	400,000	396	0.11
Oesterreichische Kontrollbank 5.75% 07/12/2028	230,000	308	0.09
Optivo Finance 2.857% 07/10/2035	310,000	341	0.10
Pacific Quay Finance 5.565% 25/07/2034	134,959	164	0.05
Places for People Homes 3.625% 22/11/2028	320,000	363	0.10
Places for People Homes 5.875% 23/05/2031	190,000	257	0.07
Places For People Treasury 2.875% 17/08/2026	490,000	531	0.15
Procter & Gamble 1.8% 03/05/2029	590,000	619	0.18

# Portfolio statement

As at 1 April 2021 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
Prologis 2.25% 30/06/2029	700,000	739	0.21
Prs Finance 1.75% 24/11/2026	1,036,162	1,090	0.31
Prs Finance 2% 23/01/2029	550,000	581	0.17
Prs Finance 1.5% 24/08/2034	440,000	440	0.12
Prudential 5.875% 11/05/2029	300,000	402	0.11
Quadrant Housing Finance 7.93% 10/02/2033	140,983	195	0.05
Realty Income 1.625% 15/12/2030	490,000	480	0.14
Reckitt Benckiser Treasury Services 1.75% 19/05/2032	619,000	617	0.18
Rio Tinto Finance 4% 11/12/2029	590,000	707	0.20
Santander UK 5.75% 02/03/2026	620,000	770	0.22
Santander UK 5.25% 16/02/2029	1,080,000	1,415	0.40
Santander UK 3.875% 15/10/2029	420,000	499	0.14
Scentre Group Trust 1 3.875% 16/07/2026	480,000	531	0.15
Segro 2.375% 11/10/2029	430,000	459	0.13
Segro 5.75% 20/06/2035	310,000	450	0.13
Shell International Finance 1% 10/12/2030	600,000	563	0.16
Sky 6% 21/05/2027	400,000	510	0.14
Sky 4% 26/11/2029	360,000	429	0.12
SNCF Reseau 5.25% 07/12/2028	780,000	1,015	0.29
SNCF Reseau 5.25% 31/01/2035	660,000	954	0.27
Societe Nationale SNCF 5.375% 18/03/2027	600,000	745	0.21
Sodexo 1.75% 26/06/2028	300,000	303	0.09
South Eastern Power Networks 5.5% 05/06/2026	280,000	339	0.10
South Eastern Power Networks 6.375% 12/11/2031	840,000	1,206	0.34
Southern Gas Networks 4.875% 21/03/2029	450,000	560	0.16
Southern Water Services Finance 6.192% 31/03/2029	420,000	558	0.16
Spain Government International Bond 5.25% 06/04/2029	240,000	303	0.09
Telereal Securitisation 4.9741% 10/09/2027	26,625	30	0.01
Telereal Securitisation 5.9478% 10/12/2031	679,677	838	0.24
Telereal Securitisation 5.5534% 10/12/2031	266,540	322	0.09
Tennessee Valley Authority 5.625% 07/06/2032	300,000	426	0.12
THFC Funding No. 1 5.125% 21/12/2035	310,000	421	0.12

# Portfolio statement

As at 1 April 2021 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
Total Capital International 1.66% 22/07/2026	600,000	617	0.18
Total Capital International 1.405% 03/09/2031	500,000	485	0.14
Toyota Motor Credit 0.75% 19/11/2026	600,000	589	0.17
Trafford Centre Finance 6.5% 28/07/2033	340,986	415	0.12
Transport for London 4% 12/09/2033	710,000	887	0.25
Transport for London 5% 31/03/2035	240,000	308	0.09
Unilever 1.5% 22/07/2026	610,000	630	0.18
Unilever 1.875% 15/09/2029	270,000	284	0.08
United Utilities Water Finance 2.625% 12/02/2031	830,000	899	0.26
United Utilities Water Finance 2% 03/07/2033	238,000	244	0.07
United Utilities Water 5.625% 20/12/2027	500,000	639	0.18
United Utilities Water 5% 28/02/2035	80,000	109	0.03
Vicinity Centres Trust 3.375% 07/04/2026	420,000	455	0.13
Vinci 2.25% 15/03/2027	500,000	529	0.15
Vinci 2.75% 15/09/2034	500,000	555	0.16
Wales & West Utilities Finance 5% 07/03/2028	200,000	246	0.07
Wales & West Utilities Finance 5.75% 29/03/2030	340,000	454	0.13
Walmart 5.75% 19/12/2030	600,000	842	0.24
Walmart 5.625% 27/03/2034	1,140,000	1,683	0.48
Walmart 5.25% 28/09/2035	1,050,000	1,541	0.44
Wells Fargo 2.5% 02/05/2029	790,000	829	0.23
Wells Fargo 3.5% 12/09/2029	600,000	677	0.19
Wells Fargo 2.125% 24/09/2031	1,010,000	1,020	0.29
Wells Fargo 4.625% 02/11/2035	600,000	778	0.22
Westfield Stratford City Finance NO 2 1.642% 04/08/2026	880,000	869	0.25
White City Property Finance 5.1202% 17/04/2035	370,046	463	0.13
Wods Transmission 3.446% 24/08/2034	244,807	274	0.08
Yorkshire Building Society 3.5% 21/04/2026	480,000	534	0.15

# Portfolio statement

As at 1 April 2021 (unaudited)

Security	Holdings	Market Value £'000	% of Net Assets
<b>DERIVATIVES (0.00%*)</b>		<b>3</b>	<b>-</b>
<b>Futures</b>			
10-Year Long Gilt Futures June 2021	6	3	-
<b>Portfolio of investments</b>		<b>349,814</b>	<b>99.37</b>
<b>Net other assets (1.28%*)</b>			
		2,208	0.63
<b>Net assets</b>		<b>352,022</b>	<b>100.00</b>

\*Comparative figures shown in brackets relate to percentage of total net assets at 1 October 2020.

† These securities are currently being used in stock lending arrangements.

^ A related party of Virgin Money Unit Trust Managers Limited.

## Credit Ratings of Investments

	Market Value £'000	% of Net Assets
AAA	36,308	10.32
AA+ to AA-	204,842	58.20
A+ to A-	104,638	29.70
BBB+	4,023	1.15
Futures	3	-
	<b>349,814</b>	<b>99.37</b>

## Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and the identity of counterparties as at 1 April 2021 was as follows:

Counterparty	Value of Exposure £'000
Merrill Lynch	3



# Top Purchases and sales of investments

For the six month period ended 1 April 2021 (unaudited)

Purchases	Cost £'000
10-Year Long Gilt Futures March 2021	16,299
UK Treasury 4.25% 07/03/2036	14,652
10-Year Long Gilt Futures December 2020	12,635
UK Treasury 0.25% 31/07/2031	6,613
UK Treasury 0.625% 31/07/2035	6,184
10-Year Long Gilt Futures June 2021	5,639
UK Treasury 0.125% 30/01/2026	4,722
UK Treasury 0.375% 22/10/2030	3,996
UK Treasury 0.125% 31/01/2028	3,539
UK Treasury 0.875% 22/10/2029†	2,966
Network Rail Infrastructure Finance 4.75% 29/11/2035	2,330
UK Treasury 4.75% 07/12/2030†	1,773
UK Treasury 4.25% 07/06/2032†	1,562
UK Treasury 4.5% 07/09/2034	1,498
UK Treasury 1.5% 22/07/2026†	1,284
European Investment Bank 0.75% 22/07/2027	1,207
HSBC 1% 24/07/2027	1,194
UK Treasury 1.25% 22/07/2027†	1,190
BNP Paribas 1.25% 13/07/2031	1,187
UK Treasury 4.25% 07/12/2027	1,152
<b>Other purchases</b>	<b>20,270</b>
<b>Total for the period</b>	<b>111,892</b>

† These securities are currently being used in stock lending arrangements.

Top purchases and are those that constitute the largest twenty of the total purchases for the period.

# Top Purchases and sales of investments

For the six month period ended 1 April 2021 (unaudited)

Sales	Proceeds £'000
UK Treasury 0.125% 30/01/2026	17,129
UK Treasury 4.75% 07/12/2030†	16,984
10-Year Long Gilt Futures March 2021	16,285
UK Treasury 4.25% 07/06/2032†	15,634
UK Treasury 4.5% 07/09/2034	14,973
10-Year Long Gilt Futures December 2020	13,542
UK Treasury 1.5% 22/07/2026†	12,882
UK Treasury 0.875% 22/10/2029†	12,272
UK Treasury 4.25% 07/12/2027	11,762
UK Treasury 1.625% 22/10/2028†	11,468
UK Treasury 0.375% 22/10/2030	10,421
UK Treasury 1.25% 22/07/2027†	10,116
UK Treasury 6% 07/12/2028	8,044
UK Treasury 0.125% 31/01/2028	6,616
10-Year Long Gilt Futures June 2021	4,880
European Investment Bank 5.625% 07/06/2032	3,887
Kreditanstalt fuer Wiederaufbau 6% 07/12/2028	3,310
UK Treasury 0.625% 31/07/2035	3,023
European Investment Bank 4.5% 07/06/2029	2,645
BNP Paribas SA 3.375% 23/01/2026	2,231
<b>Other sales</b>	<b>108,476</b>
<b>Total for the period</b>	<b>306,580</b>

† These securities are currently being used in stock lending arrangements.

Top sales are those that constitute the largest twenty of the total sales for the period.

# Securities Financing Transactions (SFTs)

For the six month period ended 1 April 2021 (unaudited)

The Securities Financing Transactions Regulation was introduced to provide greater transparency to unitholders regarding a fund's dealings in stock lending and total return swap transactions. The Regulation sets out additional information that Managers who engage in SFTs must disclose. The Fund undertakes stock lending transactions but does not employ total return swaps.

The Manager is permitted to generate additional income for the benefit of the Fund, and for unitholders, by entering into stock lending transactions, only where there is an acceptable degree of risk. Income is earned from a stock lending programme administered on the Fund's behalf by State Street Bank and Trust (SSBT), which lends a proportion of assets from the Fund to third parties who pay a fee to take those assets on loan for a period. In return for the loan, the third party also provides collateral of at least 100% of the value of the assets on loan, which is assessed and adjusted on a daily basis by SSBT. At the end of the loan period, the third party borrower returns the assets on loan. The Manager does not make a profit from these transactions.

The information provided below is as at 1 April 2021, unless stated otherwise.

## Global data

Proportion of securities on loan	£'000	%
Total lendable assets excluding cash and cash equivalents	347,121	
Securities on loan	63,133	18.19

Assets engaged in SFTs	£'000	%
Fund assets under management	352,022	
Absolute value of assets engaged in securities lending	63,133	17.93

## Concentration data

(a) Top 10 issuers of collateral provided to the Fund by value received	£'000
Government of United Kingdom	65,065

(b) Top 10 counterparties by name and value of outstanding transactions	£'000
JP Morgan Securities	37,848
Citigroup Global Markets (UK)	25,113
NatWest Markets	172

# Securities Financing Transactions (SFTs)

For the six month period ended 1 April 2021 (unaudited)

## Aggregate transaction data

### Type, quality and currency of collateral received

Type	Quality	Currency	£'000
Fixed Income	Investment Grade	Sterling	65,065

### Maturity tenor of collateral received (remaining period to maturity)

Type	Less than one day £'000	One day to one week £'000	One week to one month £'000	One to three months £'000	Three months to one year £'000	Above one year £'000	Open maturity £'000	Total £'000
Securities lending	-	-	-	2,433	2,265	60,367	-	65,065

### Counterparty details

Type	Countries of counterparty establishment	Settlement and clearing	£'000
Securities lending	United Kingdom	Bi-lateral	65,065

### Maturity tenor of SFTs (remaining period to maturity)

Type	Less than one day £'000	One day to one week £'000	One week to one month £'000	One to three months £'000	Three months to one year £'000	Above one year £'000	Open maturity £'000	Total £'000
Securities lending	-	-	-	-	-	-	63,133	63,133

## Re-use of collateral

The Fund does not engage in re-use of collateral.

# Securities Financing Transactions (SFTs)

For the six month period ended 1 April 2021 (unaudited)

## Safekeeping of collateral received

Names of custodians safekeeping collateral and value held	£'000
State Street	65,065
Number of custodians safekeeping collateral	1

## Safekeeping of collateral granted

The Fund does not borrow stock from counterparties: therefore, no collateral has been granted.

## Return and cost for the six month period ended 1 April 2021

	Collective investment undertaking	Manager of collective investment undertaking	Third parties (e.g. lending agent)	Total
Gross return (£'000)	34	-	23	57
Proportion of gross return (%)	60	-	40	100

# Statement of total return

For the six month period ended 1 April 2021 (unaudited)

	1 Apr 21		1 Apr 20	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(14,705)		(9,471)
Revenue	2,718		4,754	
Expenses	(1,257)		(1,644)	
Net revenue before taxation	1,461		3,110	
Taxation	-		-	
Net revenue after taxation		1,461		3,110
<b>Total return before distributions</b>		<b>(13,244)</b>		<b>(6,361)</b>
Distributions		(1,461)		(3,110)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(14,705)</b>		<b>(9,471)</b>

# Statement of change in net assets attributable to unitholders

For the six month period ended 1 April 2021 (unaudited)

	1 Apr 21		1 Apr 20	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		<b>569,114</b>		<b>551,396</b>
In specie transfer*		(16,888)		-
Amounts receivable on issue of units	10,846		28,298	
Amounts payable on cancellation of units	(196,748)		(25,911)	
		(185,902)		2,387
Dilution adjustment charged		403		-
Change in net assets attributable to unitholders from investment activities		(14,705)		(9,471)
<b>Closing net assets attributable to unitholders</b>		<b>352,022</b>		<b>544,312</b>

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.

\*Amounts transferred to Virgin Money Pension Defensive Fund during the period. The dilution adjustment charged was funded by Virgin Money Unit Trust Managers Limited.

# Balance sheet

As at 1 April 2021 (unaudited)

	1 Apr 21		1 Oct 20	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
<b>Fixed assets</b>				
Investments		349,814		561,803
<b>Current assets</b>				
Debtors	12,164		11,933	
Cash and bank balances	17		5,371	
<b>Total current assets</b>		12,181		17,304
<b>Total assets</b>		361,995		579,107
<b>Liabilities</b>				
<b>Creditors</b>				
Bank overdrafts	(3,198)		-	
Distribution payable	(1,261)		(2,394)	
Other creditors	(5,514)		(7,599)	
<b>Total liabilities</b>		(9,973)		(9,993)
<b>Net assets attributable to unitholders</b>		352,022		569,114

Notes to the interim financial statements are on page 25.



# Notes to the financial statements

For the six month period ended 1 April 2021 (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 1 October 2020. 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 1 April 2021 (unaudited)

## Distribution in pence per unit

### Interim distribution payable 1 June 2021

Group 1	Units purchased prior to 2 October 2020
Group 2	Units purchased from 2 October 2020 to 1 April 2021 inclusive

	Revenue (p)	Equalisation (p)	Distribution payable 1 Jun 21 (p)	Distribution paid 1 Jun 20 (p)
<b>Income units</b>				
Group 1	0.4744	-	0.4744	0.7622
Group 2	0.2291	0.2453	0.4744	0.7622

### AE Income units

Group 1	0.3769	-	0.3769	0.6073
Group 2	0.2441	0.1328	0.3769	0.6073

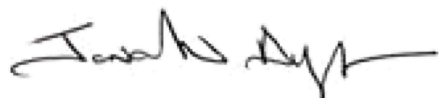
### Equalisation

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 1 April 2021 (unaudited)

We approve the Interim Report and Financial Statements of The Virgin Money Bond and Gilt Fund for the six month period ended 1 April 2021 on behalf of Virgin Money Unit Trust Managers Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook.



**Jonathan Byrne**  
Director  
27 May 2021



**David Taylor**  
Director  
27 May 2021

**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