



## Virgin Climate Change Fund

Interim Report and Financial Statements

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

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## Management and professional services

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### Manager

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

Telephone 03456 10 20 30\*

Authorised and regulated by the Financial Conduct Authority.

### Directors:

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)

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### Investment advisers

GLG Partners LP  
One Curzon Street  
London  
W1J 5HB

Authorised and regulated by the Financial Conduct Authority.

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### Registrar

SS&C Financial Services Europe Limited  
SS&C House  
St Nicholas Lane  
Basildon  
Essex  
SS15 5FS

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### 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.

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### Independent auditors

KPMG LLP  
319 St Vincent Street  
Glasgow  
G2 5AS

\*Calls to 03 numbers cost the same as calls to 01 or 02 numbers and they are included in inclusive minutes and discount schemes in the same way.  
Calls may be monitored and recorded.

# Manager's investment report

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for the six month period ended 31 March 2021 (unaudited)

## Investment objective, policy and strategy

The investment objective of the Virgin Climate Change Fund (the Fund) is to provide capital growth by investing in the listed shares of companies based on their commitment to positive environmental business practices. The Fund aims to provide a total return (income and capital growth) which is benchmarked against the MSCI Europe Index. This index represents the performance of hundreds of shares across Europe. By actively selecting which shares to invest in, the Fund aims to beat the returns of this index, measured over periods of three years or more, less charges.

The Fund aims to achieve the objective by investing a minimum of 80% in the shares of companies domiciled in Europe, including the UK, with up to 20% invested outside of Europe. As most of the shares owned by the Fund are denominated in currencies other than Sterling, the Fund uses derivatives to reduce the impact of currency exchange rate movements.

The Fund invests in the shares of listed companies that have a better than average "environmental footprint" for their industry sector, or who are actively developing or adopting products and/or services which benefit the environment. Environmental footprint is measured by the quantity of natural resources used or pollutants emitted, with consideration given to the impact on society of each type of resource or emission. This company-by-company analysis is provided to the Investment Adviser by an independent expert.

Following consideration of the environmental footprint analysis described above, the Investment Adviser is free to choose which company shares to invest in. Shares are selected based on their return potential, whilst some companies may also be chosen because they are leaders in developing products or services which benefit the environment, or who actively use such products or services.

## Fund status

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

## Financial instruments and key risks

In pursuing its investment objective set out above, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations.

Unit Trust Schemes are not permitted by the Regulations\* to enter into a transaction if its purpose could reasonably be regarded as speculative. The Fund's use of financial instruments satisfies these requirements and no speculative trading in financial instruments is undertaken.

## Risk and Reward profile

The Fund's Synthetic Risk and Reward Indicator (SRRI) is 6 on a scale of 1 (lower) to 7 (higher) as it invests in company shares. These 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).

## Accumulation

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

The net accumulation per unit for the six months ended 31 March 2021 will be Nil.

## Fund performance

For the six months to 31 March 2021, the net asset value of each unit increased by 12.52%\*\* from 135.81p to 152.81p.

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

<sup>\*</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 the (the COLL Rules).

<sup>\*\*</sup> Based on Net Asset Value per unit.

# Manager's investment report

(continued)

for the six month period ended 31 March 2021 (unaudited)

## Significant Event

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 monitor this service provision closely during this period in order to retain the high service standards demanded.

## Markets overview for the period ended 31 March 2021

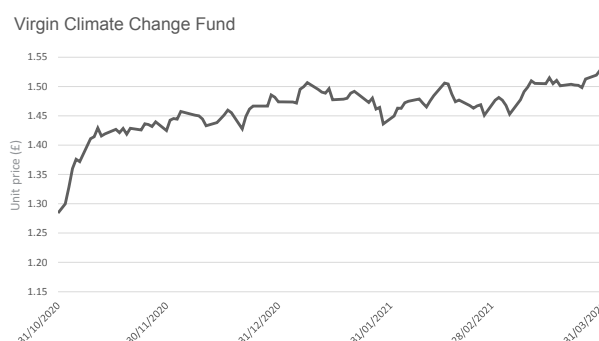
The six month period was dominated by the world trying to cope with a human and economic crisis – the COVID-19 pandemic. Positive progress with vaccine development and deployment boosted confidence for the future.

- The pandemic continued to put strain on economies around the world, and new variants of the virus added further uncertainty. However, many markets were underpinned by government support and confidence improved as the COVID-19 vaccination programmes were rolled out. In addition, many areas of the economy have largely adapted to this constrained environment.
- With the possibility of a 'no-deal' Brexit looming large, the UK and European Union finally reached an agreement at the end of December 2020. Markets responded positively to the news.
- A Joe Biden presidency was warmly received, with markets buoyed by the prospect of a calmer geopolitical outlook and further government support.

### In terms of the Fund:

- As the COVID-19 crisis developed, the substantial positioning of the Fund in Healthcare and Consumer Staples insulated the Fund from some of the most dramatic down moves in sectors and stocks early in the period.
- Despite the challenging market conditions, the Fund continued to perform positively in the second half of 2020, with COVID-19 having more of an impact on many of the industries which the Fund has low exposure to, such as oil and gas stocks.
- The last quarter of 2020 and first quarter of 2021 were dominated by hope on both geopolitical and pandemic fronts, as President Biden's election brought speculation of massive, environmental-focused stimulus spending to come in the US, and vaccine announcements suggested progress being made towards fighting back against COVID-19 and reopening global economies.
- The Fund remains focused on companies with healthy balance sheets, robust cash generation, solid or improving profitability and sustainable growth. The expectation being that higher-quality companies will outperform their peers and the benchmark as they more consistently deliver against market expectations and maintain robust performance through market up and down swings.

- Our confidence in structural Environmental, Social and Corporate governance [ESG] trends (notably the energy transition, 'circular economy', electric mobility and automation) has increased with the arrival of President Biden in the US, the announcement of China's environmental targets and substantial "green-focused" stimulus in Europe.



- Due to a good recovery in global stock markets coupled with positive contributions from both sector and stock selection, the Fund performance bounced back strongly to reach a record high at the end of the period. The net asset value per unit increased by 12.52% for the six month period.
- The top five performing stocks during the period were Credit Agricole (contributing 1.45% to overall Fund performance), Barratt Developments (0.46%), Evonik Industries (0.45%), Total SE (0.41%) and Vestas (0.40%).
- The top five under performing stocks during the period were Grifols (-0.87%), AstraZeneca (-0.76%), Reckitt Benckiser (-0.69%), Fresenius Medical Care (-0.55%) and Deutsche Wohnen (-0.47%).
- Over the six month period, the Fund's environmental footprint averaged 50.4% cleaner than the MSCI Europe Index.

## Net asset value and operating charges

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as at 31 March 2021 (unaudited)

	31 March 2021	30 September 2020
Closing net asset value (£)	91,836,158	75,783,806
Closing number of units	60,100,040	55,803,298
Closing net asset value per unit (p)	152.81	135.81
Operating charges (%)*	1.30	1.30

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

## Portfolio statement

as at 31 March 2021 (unaudited)

Holding	Stock description	Market Value £'000	% of Net Assets
<b>United Kingdom Equities 13.36% (2020 - 10.32%)</b>			
56,812	AstraZeneca	4,117	4.48
118,327	Barratt Developments	884	0.96
9,995,973	Lloyds Banking Group	4,252	4.63
46,482	Reckitt Benckiser	3,020	3.29
		<b>12,273</b>	<b>13.36</b>
<b>Overseas 77.55% (2020 - 81.62%)</b>			
<b>Denmark Equities 3.89% (2020 - 7.85%)</b>			
24,040	Vestas Wind Systems	<b>3,575</b>	<b>3.89</b>
<b>Finland Equities 2.36% (2020 - 2.99%)</b>			
56,124	Neste	<b>2,167</b>	<b>2.36</b>
<b>France Equities 28.16% (2020 - 24.87%)</b>			
415,005	Crédit Agricole	4,364	4.75
8,876	Dassault Systemes	1,379	1.50
7,124	Kering	3,572	3.89
38,700	Sanofi	2,778	3.03
36,293	Schneider Electric	4,027	4.39
94,282	Total	3,195	3.48
48,301	Vinci	3,595	3.91
123,758	Vivendi	2,951	3.21
		<b>25,861</b>	<b>28.16</b>
<b>Germany Equities 19.23% (2020 - 19.51%)</b>			
46,110	Deutsche Wohnen	1,567	1.70
102,805	Evonik Industries	2,647	2.88
50,059	Fresenius Medical Care	2,680	2.92
51,358	Kion	3,692	4.02
39,029	SAP	3,459	3.77
30,332	Siemens	3,617	3.94
		<b>17,662</b>	<b>19.23</b>
<b>Ireland Equities 0.87% (2020 - 2.19%)</b>			
8,773	Kerry class 'A' shares	<b>797</b>	<b>0.87</b>
<b>Netherlands Equities 3.45% (2020 - 3.00%)</b>			
7,188	ASML	<b>3,165</b>	<b>3.45</b>

# Portfolio statement

(continued)

as at 31 March 2021 (unaudited)

Holding	Stock description	Market Value £'000	% of Net Assets
	<b>Norway Equities 0.00% (2020 - 1.52%)</b>		
	<b>Portugal Equities 4.40% (2020 - 3.22%)</b>		
973,931	EDP Energias	4,040	4.40
	<b>Spain Equities 5.16% (2020 - 3.55%)</b>		
62,475	Amadeus IT	3,214	3.50
80,172	Grifols	1,525	1.66
		<b>4,739</b>	<b>5.16</b>
	<b>Switzerland Equities 4.41% (2020 - 6.05%)</b>		
8,142	Roche	1,915	2.08
29,854	Swiss Re	2,137	2.33
		<b>4,052</b>	<b>4.41</b>
	<b>United States of America 5.62% (2020 - 6.87%)</b>		
34,020	Apple	3,012	3.28
22,293	Nike class 'B' shares	2,149	2.34
		<b>5,161</b>	<b>5.62</b>
	<b>Foreign Exchange Forward Contracts 1.07% (2020 - 1.42%)</b>		
682,339	Sell CHF-873,000 for GBP-682,339 - settlement date - 15/04/2021	10	0.01
3,447,851	Sell CHF-4,465,642 for GBP-3,447,851 - settlement date - 08/04/2021	9	0.01
3,451,541	Sell CHF-4,417,482 for GBP-3,451,541 - settlement date - 01/04/2021	49	0.05
3,545,858	Sell DKK-30,540,030 for GBP-3,545,858 - settlement date - 08/04/2021	48	0.05
723,527	Sell EUR-845,000 for GBP-723,527 - settlement date - 15/04/2021	4	0.01
58,553,334	Sell EUR-68,636,681 for GBP-58,553,334 - settlement date - 08/04/2021	82	0.09
57,687,634	Sell EUR-66,816,970 for GBP-57,687,634 - settlement date - 01/04/2021	769	0.84
881,000	Sell GBP-760,765 for EUR-881,000 - settlement date - 15/04/2021	(10)	(0.01)
5,558,761	Sell USD-7,653,619 for GBP-5,558,761 - settlement date - 08/04/2021	11	0.01
5,559,279	Sell USD-7,658,830 for GBP-5,559,279 - settlement date - 01/04/2021	8	0.01
		<b>980</b>	<b>1.07</b>
	<b>Portfolio of investments* (2020 - 93.36%)</b>	<b>84,472</b>	<b>91.98</b>
	<b>Net other assets (2020 - 6.64%)</b>	<b>7,364</b>	<b>8.02</b>
	<b>Total net assets</b>	<b>91,836</b>	<b>100.00</b>

All investments are approved securities being either officially listed in a member state or under the rules of an eligible securities market, unless otherwise stated. All investments are in ordinary shares unless otherwise stated.

Note: comparative figures shown in brackets relate to percentage of net assets as at 30 September 2020.

\* Includes investment liabilities.



## Total purchases and sales of investments

for the six month period ended 31 March 2021 (unaudited)

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

Purchases	Cost £'000	Sales	Proceeds £'000
Amadeus IT	3,234	Novo Nordisk class 'B' shares	3,033
Lloyds Banking Group	2,956	Roche	2,012
Vinci	2,444	Barratt Developments	1,797
Barratt Developments	1,989	Vestas Wind Systems	1,613
SAP	1,985	Grifols	1,455
AstraZeneca	1,728	RELX	1,451
Crédit Agricole	1,555	Dassault Systemes	1,314
Vestas Wind Systems	1,358	Tomra Systems	1,109
EDP Energias	1,339	Deutsche Wohnen	1,091
Reckitt Benckiser	1,333	Sanofi	971
Kion	1,302	Reckitt Benckiser	942
Roche	1,277	Kion	849
Sanofi	1,269	ASML	787
Fresenius Medical Care	997	Kerry class 'A' shares	780
Vivendi	872	Total	468
Grifols	798	Evonik Industries	456
Total	757	Crédit Agricole	424
ASML	594	Neste	396
Deutsche Wohnen	456	SAP	235
Neste	428		
Other Purchases	817	Other Sales	—
Total for the period	<u>29,488</u>	Total for the period	<u>21,183</u>

## Statement of total return

for the six month period ended 31 March 2021 (unaudited)

	£'000	Six month period ended 31/03/21 £'000	£'000	Six month period ended 31/03/20 £'000
Income				
Net capital gains/(losses)		9,863		(10,085)
Revenue	454		520	
Expenses	(534)		(449)	
Interest payable and similar charges	(1)		—	
Net (deficit)/revenue before taxation	(81)		71	
Taxation	(61)		(6)	
Net (deficit)/revenue after taxation		(142)		65
<b>Total return before distributions</b>		<b>9,721</b>		<b>(10,020)</b>
Distributions		—		(65)
<b>Change in unitholders' funds from investment activities</b>		<b>9,721</b>		<b>(10,085)</b>

## Statement of change in unitholders' funds

for the six month period ended 31 March 2021 (unaudited)

	£'000	Six month period ended 31/03/21 £'000	£'000	Six month period ended 31/03/20 £'000
<b>Opening net assets</b>		<b>75,784</b>		<b>67,684</b>
Amounts received on issue of units	6,896		2,362	
Amounts paid on cancellation of units	(565)		(1,531)	
		6,331		831
Change in unitholders' funds from investment activities		9,721		(10,085)
Retained distributions on accumulation units		—		65
<b>Closing net assets</b>		<b>91,836</b>		<b>58,495</b>

Comparative information is provided for the Statement of change in unitholders' funds. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

## Balance sheet

as at 31 March 2021 (unaudited)

	£'000	31/03/21 £'000	£'000	30/09/20 £'000
<b>Assets</b>				
Fixed assets				
Investments		84,482		70,770
Current Assets				
Debtors	1,308		571	
Cash and bank balances	7,432		4,677	
<b>Total other assets</b>		<b>8,740</b>		<b>5,248</b>
<b>Total assets</b>		<b>93,222</b>		<b>76,018</b>
<b>Liabilities</b>				
Investment liabilities		(10)		(20)
Creditors				
Other creditors	(1,376)		(214)	
<b>Total other liabilities</b>		<b>(1,376)</b>		<b>(214)</b>
<b>Total liabilities</b>		<b>(1,386)</b>		<b>(234)</b>
<b>Net assets</b>		<b>91,836</b>		<b>75,784</b>
<b>Unitholders' funds</b>		<b>91,836</b>		<b>75,784</b>

## Notes to the financial statements

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for the six month period ended 31 March 2021 (unaudited)

### Basis of preparation

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 September 2020. They have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments, and in accordance with the United Kingdom Generally Accepted Accounting Practice as defined within Financial Reporting Standard (FRS) 102 and the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (now known as the Investment Association) in May 2014 and updated in June 2017.

The Manager has considered the impact of the emergence and spread of COVID-19 and potential implications on future operations of the Fund of reasonably plausible downside scenarios. The Manager has undertaken a detailed assessment of, and continues to monitor, the Fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the Manager is satisfied the Fund has adequate financial resources to continue in operation and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

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

## Distribution table

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as at 31 March 2021 (unaudited)

### Interim distribution

Group 1: Unit is purchased prior to 1 October 2020

Group 2: Unit is purchased 1 October 2020 to 31 March 2021 inclusive

#### Accumulation units

	Net revenue (p)	Equalisation* (p)	Distribution payable 31/05/2021 (p)	Distribution paid 31/05/2020 (p)
Group 1	0.0000	—	0.0000	0.1221
Group 2	0.0000	0.0000	0.0000	0.1221

\*Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

## Directors' statement

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We approve the Interim Report and Financial Statements of the Virgin Climate Change Fund for the six month period ended 31 March 2021 on behalf of Virgin Money Unit Trust Managers Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook.



Jonathan Byrne  
Director



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

MR3 - 05.21