The Virgin Money Climate Change Fund

Interim Report and Financial Statements
For the six month period ended 31 March 2025 (unaudited)

Contents

Management and professional services

Manager

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Authorised and regulated by the Financial Conduct Authority.

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A. Patrizi (resigned 28 October 2024)
C. Rhodes (appointed 29 October 2024)

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* 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.
***Plan register, a sub-register to the Main Register, which records persons who subscribe to a group plan for Units.

Manager's investment report

for the six month period ended 31 March 2025 (unaudited)

Investment objective, policy and strategy

The investment objective of the Virgin Money Climate Change Fund (the Fund) is to grow your money over the longer term (5 years or more) by investing in the listed shares of companies from around the world that develop or use products and services designed to maximise resource efficiency, support the transition to a low carbon economy and address wider environmental challenges. The Fund aims to provide a total return (income and capital growth) which is benchmarked against the MSCI All Countries World Index GBP. This index represents the performance of hundreds of shares from around the world. By actively selecting which shares to invest in, the Fund aims to beat the returns of this index, after charges, measured over periods of three years or more.

The Fund will typically invest in a concentrated portfolio of the shares of 35-45 companies from around the world selected by the Investment Adviser in keeping with the Investment Objective of the Fund described above. The Fund seeks to be fully invested at all times, but may hold cash (up to 5%) for cash flow and transactional purposes as deemed appropriate to manage costs.

The Fund invests in companies providing products and services which enable businesses and society to transition to a low carbon economy or reduce their environmental impact in other ways (we refer to these companies as 'solution providers'), and also companies who are leaders within their respective industries in terms of reducing emissions, waste or resource usage (we refer to these companies as 'leaders'). The Fund will actively engage with the companies invested in to ensure that their products and services deliver on stated environmental and positive change or impact aims.

The Fund seeks to hold the shares of companies based on a medium to long term view (typically no less than 3-5 years); however, aside from changes in conviction around the financial case for investment, the Investment Adviser will sell shares in the event that a company falls outside of the criteria of companies the Fund can invest in as detailed in this policy.

The Fund will not invest in companies with material revenues (>10%) from tobacco manufacturing, or who are involved in the extraction or processing of fossil fuels (coal, oil and gas), controversial weapons, or companies who violate the UN Global Compact principles on human rights, labour, the environment and anti-corruption.

As the Fund is actively managed, the Investment Adviser retains freedom of what companies to invest in, and also the geographical allocation across the Fund, as long as this is in keeping with the Investment Objective and Policy of the Fund. The Investment Adviser will use third party data on emissions and wider environmental impact, combining this data with proprietary research to form a view on which companies to invest in. The Fund will at all times seek to maintain a diversified portfolio of companies across different countries and markets in order to manage risk.

The Fund may use derivatives to reduce trading costs and generally for the efficient management of the Fund, for example managing money coming in and out of the Fund. The Fund will not use derivatives for speculative purposes or to increase the risk profile of the Fund.

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 UCITS[#] 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) because it invests in company shares, which typically provide higher rewards but carry a higher level of risk than other investments, such as bonds. 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 2025 is 0.2560p.

[#] Authorised in accordance with the Undertakings in Collective Investments in Transferable Securities (UK UCITS) Directive.
* 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 (the COLL Rules).

for the six month period ended 31 March 2025 (unaudited)

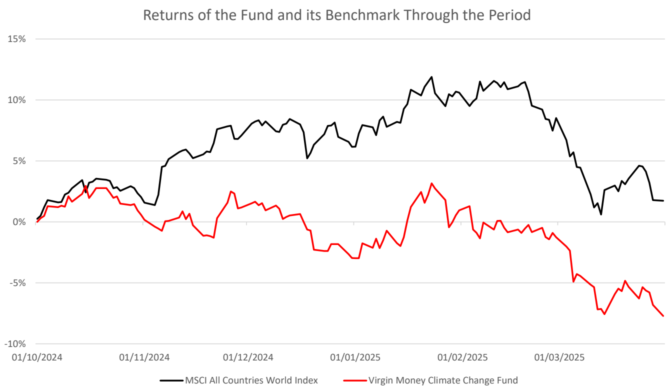
Fund performance

For the six month period to 31 March 2025, the net asset value of each unit decreased by 8.19% from 163.04p to 149.68p.

Markets overview for the six month period ended 31 March 2025

Global equity markets gained slightly over the six months to the end of March 2025. Initial optimism after US President Donald Trump's inauguration gave way to concerns that some of his policies could be inflationary. In addition, after an artificial intelligence (AI)-led rally, large tech stocks were affected in February by news of a low-cost Chinese AI model, DeepSeek, that led to a significant adjustment in expectations around AI as well as datacentre capex and tech hardware demand.

Although continued disinflation had prompted the US Federal Reserve (Fed), European Central Bank (ECB) and Bank of England (BoE) to cut interest rates from mid-2024, persistent inflation raised fears that the Fed could slow easing despite weakening data. Tariff-driven price pressures weighed on consumer confidence and threatened US growth. While sentiment in the eurozone improved after Germany's sizeable fiscal stimulus, China's uncertain economic outlook and the lack of a permanent ceasefire in Ukraine remained key risks.



• Inflation remained largely under control over the review period, barring an unexpected uptick in January. For their part, major central banks remained cautious, aiming to keep prices in check even while trying to spur economic growth. The Fed funds rate stood at 4.25–4.50%, the ECB's deposit facility rate at 2.50% and the BoE's Bank Rate at an 18-month low of 4.5%.

• In terms of economic growth, annualised US gross domestic product (GDP) growth came in at a strong 2.3% in the final three months of 2024, albeit lower than the 3.1% recorded in the third quarter, reflecting robust consumer spending. In the UK, economic growth remained sluggish but beat estimates for a contraction with a 0.1% expansion. Eurozone GDP data showed no growth in the region, falling short of analysts' estimates. On the political front, France and Germany faced instability with leadership changes.

• Asia Pacific ex-Japan equities fell in aggregate over the review period, weighed down by concerns over US tariff policies. However, Chinese equities staged a comeback in February, as hopes for further monetary and fiscal stimulus measures supported sentiment, while technology stocks performed well on optimism surrounding start-up DeepSeek's latest artificial intelligence models.

Climate Change Targets Still Unmet While Temperatures Continue Soaring

• The trend continues. 2024 was the hottest year on record, where global temperatures soared 1.5 degree Celsius (°C) above pre-industrial levels. 2025 has so far been warmer than average and the prediction is for global temperatures to reach 1.41°C above the pre-industrial average despite the pacific moving into the cooler "La Nina" phase. The implications of climate change are evident in the weather events we have seen thus far in the Southern US states, Southern European countries and Southeast Asia.

• This highlights the accelerating impact of climate change, but the growth of renewable energy capacity is still likely to fall short of COP28 targets to triple renewable power capacity by 2030. The 29th United Nations climate summit, COP29, took place in November and concluded with an agreement to provide at least US$300 billion annual finance to developing countries by 2035 for coping with climate change.

• Many companies are still facing difficulties in meeting their prior net zero commitments and there is some evidence of them backing out altogether. This has been exacerbated by the current US administration, which has withdrawn from the Paris Agreement (again), hindering offshore wind development and slowing down progress on reducing transport emissions. The reality of the climate changing requires solutions to adapt and mitigate risks regardless of who is in the White House.

Fund Framework – Five Pillars

• We use a unique five-pillar framework that ensures we invest across each of the following themes:

- "How we source and power": environmental solutions in power generation and sourcing of key resources.
- "How we build": sustainable urbanisation and infrastructure.
- "How we transport": sustainable and efficient transportation.
- "How we make and use": environmental solutions in the life cycle of a product or service.
- "How companies operate": companies leading the drive for environmental efficiency among their peer groups.

• This approach allows for the construction of a diversified portfolio that we can allocate to the areas where the solution providers and leaders will positively impact developments around climate change.

Portfolio changes

• We initiated a position in NXP Semiconductors under the 'How we Transport' pillar, given the company's exposure to electric vehicles and autonomous vehicles. We reduced our exposure to Analog Devices in favour of NXP Semiconductors, since NXP Semiconductors has potential for improving growth led by Chinese auto companies that have been more innovative and faster at introducing new models.

• We introduced Eaton under the 'How we Power and Source' pillar as the company is in the power grid efficiency space, making electrical products that enable more efficient use of energy. We anticipate management to focus on sustained operating efficiency within the business and reallocation of capital to prioritise an electrical focus.

• We added Novonesis in the ingredients space, where we believe it has a superior business model, better capital allocation and growth prospects.

for the six month period ended 31 March 2025 (unaudited)

Markets overview for the six month period ended 31 March 2025 (continued)

- We bought Linde, a US-listed leading industrial gas company. The company is part of a consolidated industry where it represents a small cost to its customers. But the security of the production and supply of Linde’s industrial gases is critical to its customers which have afforded the company pricing power over the years. The largest opportunity for Linde is in clean energy production, specifically the adoption of hydrogen as a clean energy fuel.

- We exited Vestas due to its mismanagement of service contracts and generally weak order flow, as well as Croda to initiate Novonesis.

- We trimmed electric car manufacturer BYD after a very strong run, as well as operational leader Accenture, which also owns several environmental consulting business, to contain our position size after a strong performance.

- We also trimmed US rail manufacturer Westinghouse Air Brake Technologies, US HVAC manufacturer Trane Technologies, US waste company Waste Management and water treatment and hygiene company Ecolab to fund our purchase of Linde.

Outlook

- While the market volatility at the start of April has been extreme, we continue to believe that focusing on high-quality business models that are well aligned to the long-term demand created from the undeniable increase in climate-related disasters and a need for us to adapt and mitigate our impact on the environment offers an attractive and diversified exposure to global equities.

- We continue to believe in the long-term investment case for our portfolio of companies, while being aware of shorter-term macro implications. The portfolio carries both interest rate sensitive companies and those more growth-focused, so the Fund should benefit from lower discount rates as well as relative earnings resilience.

Net asset value and operating charges

as at 31 March 2025 (unaudited)

	31 March 2025	30 September 2024
Closing net asset value (£)	117,470,443	138,176,740
Closing number of units	78,482,963	84,749,269
Closing net asset value per unit (p)	149.68	163.04
Operating charges (%)[1, 2]	0.70	0.78

[1] Effective 6 January 2024, the AMC fee changed from 1.00% to 0.70%.

[2] 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 2025 (unaudited)

Holding	Stock description	Market Value £'000	% of Net Assets
	United Kingdom Equities 9.43% (2024 - 10.72%)		
37,927	AstraZeneca	4,267	3.63
3,626,483	Coats	2,865	2.44
247,931	SSE	3,951	3.36
		11,083	**9.43**
	Overseas Equities 89.98% (2024 - 88.50%)		
	Canada Equities 3.24% (2024 - 2.84%)		
29,073	WSP Global	**3,809**	**3.24**
	China Equities 3.01% (2024 - 2.44%)		
90,500	BYD	**3,540**	**3.01**
	Denmark Equities 4.66% (2024 - 5.33%)		
41,344	Novo Nordisk	2,176	1.85
73,235	Novonesis (Novozymes) B	3,293	2.81
		5,469	**4.66**
	France Equities 5.68% (2024 - 6.68%)		
10,941	L'Oreal	3,139	2.67
20,031	Schneider Electric	3,533	3.01
		6,672	**5.68**
	Germany Equities 1.61% (2024 - 1.16%)		
70,070	Jungheinrich	**1,889**	**1.61**
	Ireland Equities 8.65% (2024 - 10.08%)		
13,161	Accenture	3,183	2.71
60,959	Kingspan	3,783	3.22
12,249	Trane Technologies	3,197	2.72
		10,163	**8.65**
	Netherlands Equities 4.63% (2024 - 2.43%)		
5,298	ASML	2,687	2.29
18,718	NXP Semiconductors	2,757	2.34
		5,444	**4.63**
	South Korea Equities 0.39% (2024 - 0.73%)		
4,554	Samsung SDI	**452**	**0.39**
	Taiwan Equities 3.05% (2024 - 1.51%)		
27,875	Taiwan Semiconductor Manufacturing ADR	**3,584**	**3.05**

Portfolio statement (continued)

as at 31 March 2025 (unaudited)

Holding	Stock description	Market Value £'000	% of Net Assets
	United States Equities 55.06% (2024 - 55.30%)		
38,068	Advanced Drainage Systems	3,203	2.73
38,239	American Water Works	4,372	3.72
15,731	Analog Devices	2,457	2.09
21,289	Autodesk	4,317	3.67
13,246	Carlisle	3,496	2.98
13,105	Deere	4,768	4.06
9,150	Eaton	1,927	1.64
20,844	Ecolab	4,092	3.48
5,668	Equinix	3,577	3.05
142,404	Graphic Packaging	2,863	2.44
7,472	Hubbell	1,914	1.63
7,550	Linde	2,723	2.32
22,219	Microsoft	6,453	5.49
50,075	NEXTracker	1,635	1.39
40,223	Prologis	3,484	2.97
124,026	Tetra Tech	2,810	2.39
42,612	Veralto	3,217	2.74
21,827	Waste Management	3,914	3.33
24,536	Westinghouse Air Brake Technologies	3,451	2.94
		64,673	**55.06**
	Portfolio of investments (2024 - 99.22%)	**116,778**	**99.41**
	Net other assets (2024 - 0.78%)	**692**	**0.59**
	Total net assets	**117,470**	**100.00**

All investments are approved securities 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 2024.

Total purchases and sales of investments

for the six month period ended 31 March 2025 (unaudited)

The table below shows the total amount of purchases and sales during the period.

Purchases	Cost £'000
NXP Semiconductors	3,404
Eaton	2,724
Linde	2,699
Taiwan Semiconductor Manufacturing ADR	1,846
Novonesis (Novozymes) B	1,527
Kingspan	1,166
Novo Nordisk	1,122
Advanced Drainage Systems	671
Total for the period	**15,159**

Sales	Proceeds £'000
Analog Devices	3,761
Trane Technologies	2,334
Vestas Wind Systems	2,081
Tetra Tech	1,933
Schneider Electric	1,583
Graphic Packaging	1,527
Wabtec	1,520
Accenture	1,395
BYD	1,236
Hubbell	1,053
Croda International	1,011
Advanced Drainage Systems	891
Waste Management	840
Ecolab	774
Coats	600
Kingspan	543
Microsoft	158
SSE	104
AstraZeneca	101
Carlisle	99
Other Sales	**994**
Total for the period	**24,538**

Statement of total return

for the six month period ended 31 March 2025 (unaudited)

		Six month period ended 31/03/25		Six month period ended 31/03/24
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(10,925)		18,041
Revenue	737		749	
Expenses	(459)		(561)	
Interest payable and similar charges	-		-	
Net revenue before taxation	278		188	
Taxation	(73)		(62)	
Net revenue after taxation		205		126
Total return before distributions		**(10,720)**		**18,167**
Distributions		(206)		(134)
Change in unitholders' funds from investment activities		**(10,926)**		**18,033**

Statement of change in unitholders' funds

for the six month period ended 31 March 2025 (unaudited)

		Six month period ended 31/03/25		Six month period ended 31/03/24
	£'000	£'000	£'000	£'000
Opening net assets		**138,177**		**127,973**
Amounts received on issue of units	1,070		404	
Amounts paid on cancellation of units	(11,052)		(5,437)	
		(9,982)		(5,033)
Change in unitholders' funds from investment activities		(10,926)		18,033
Retained distribution on accumulation units		201		133
Closing net assets		**117,470**		**141,106**

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 2025 (unaudited)

		31/03/25		30/09/24
	£'000	**£'000**	**£'000**	**£'000**
Assets				
Fixed assets				
Investments		116,778		137,102
Current assets				
Debtors	1,444		248	
Cash and bank balances	944		1,008	
Total other assets		**2,388**		**1,256**
Total assets		**119,166**		**138,358**
Liabilities				
Investment liabilities		-		-
Creditors				
Other creditors	(1,696)		(181)	
Total other liabilities		(1,696)		(181)
Total liabilities		(1,696)		(181)
Net assets		**117,470**		**138,177**
Unitholders' funds		**117,470**		**138,177**

Notes to the financial statements

for the six month period ended 31 March 2025 (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 2024. 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 for Authorised Funds (SORP)) issued by the Investment Association in May 2014 and updated in June 2017.

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

for the six month period ended 31 March 2025 (unaudited)

Interim distribution

Group 1: Units purchased prior to 1 October 2024

Group 2: Units purchased from 1 October 2024 to 31 March 2025 inclusive

	Net revenue (p)	Equalisation* (p)	Distribution paid 31.05.2025 (p)	Distribution paid 31.05.2024 (p)
Accumulation units				
Group 1	0.2560	-	0.2560	0.1524
Group 2	0.1890	0.0670	0.2560	0.1524

* 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

We approve the Interim Report and Financial Statements of the Virgin Money Climate Change Fund for the six month period ended 31 March 2025 on behalf of Virgin Money Unit Trust Managers Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook.

Paula Moore
Director

Simon Hynes
Director

30 May 2025

Virgin Money Unit Trust Managers Limited
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