



The Virgin Money Defensive Fund

Final Report and Financial Statements
For the year ended 31 July 2024

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Management and professional services

For the year ended 31 July 2024

Manager (the 'Manager')

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

Directors:

J. Byrne
H. Chater (Resigned 10 April 2024)
S. Hynes (Appointed 11 March 2024)
P. Moore (Appointed 16 April 2024)
D. Mouille (Resigned 2 April 2024)
F. Murphy (Resigned 2 April 2024)
A. Patrizi (Resigned 28 October 2024)
M. Phibbs (Resigned 2 July 2024)
C. Rhodes (Appointed 29 October 2024)
D. Taylor (Resigned 30 April 2024)
S. Wemyss (Resigned 2 April 2024)

Telephone 03456 10 20 30*

Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

abrdn Investments Limited
280 Bishopsgate
London
EC2M 4AG

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

FNZ (UK) Limited***
10th Floor
135 Bishopsgate
London
United Kingdom
EC2M 3TP

Trustee

Citibank UK Limited
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

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

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

** Main Register of Unitholders.

*** FNZ Plan Register (being a record of persons who subscribe for Units through Individual Savings Accounts (ISAs) opened from 1 January 2023).

Management and professional services

For the year ended 31 July 2024

Independent Auditor

KPMG LLP
20 Castle Terrace
Edinburgh
EH1 2EG

Manager's investment report

For the year ended 31 July 2024

Investment Objective, Policy and Strategy

The aim of The Virgin Money Defensive Fund (the 'Fund') is to grow investors' money over the medium term (3 years or more), whilst limiting ups and downs in value by investing mainly in assets considered to be lower risk or 'defensive' in nature.

The Fund aims to achieve the objective by investing in other funds, rather than investing directly in individual bonds or shares. This means that the Fund is what's often known as a 'fund-of-funds'. The funds in which it invests may be managed by us, our Investment Adviser, or any other authorised fund manager.

The Fund invests:

- at least 75% in funds that have a lower risk and return potential compared to other investments in the Fund. This includes government bonds (loans to a government) from developed countries, investment grade corporate bonds (loans to a company) with relatively strong credit ratings (BBB or higher), and cash;
- the rest in funds that have a higher return potential compared to other investments in the Fund – but which carry a higher level of risk, such as shares (from both developed and emerging countries) and higher yielding bonds. This includes company shares, property shares, and higher yielding bonds such as corporate bonds rated by the leading credit agencies as below investment grade (BB or lower).

The split between higher and lower risk investments, and the types of investment (for example, geography and types of bonds) are chosen so that risk (measured by how much the Fund's value fluctuates, known as 'volatility') is expected to remain within the range 2% to 5% per year, measured over five year periods.

The underlying funds are chosen to implement the desired mix of assets as per the bullet points above. Normally at least 80% of the funds that the Fund invests in will be passively managed. This means that they aim to track the performance of a particular share index or bond index. The rest will be actively managed funds – this is where the fund manager chooses individual shares / bonds and as a result returns may be higher (or lower) than the market.

One way in which the Fund seeks to manage risks and opportunities is via Environmental, Social and Governance (ESG) considerations. Where the Investment Adviser feels it is beneficial from a risk or return perspective, and suitable investment options are available, underlying investment funds will be chosen because of their:

- integration of ESG considerations into stock selection (increasing / decreasing allocation to individual companies based on the ESG scoring process of the index provider / fund manager)
- adoption of sustainable investing objectives or policies
- positive shareholder engagement policies, and / or
- investment in companies providing products and services that support the transition to a low carbon economy.

The Fund will limit (to no more than 0.5% of the value of the Fund's assets) indirect exposure to companies which:

- make more than 5% of their earnings from tobacco products, thermal coal or unconventional oil and gas (such as oil sands or shale)
- are involved in the manufacture of controversial weapons such as cluster munitions or anti-personnel landmines,
- or who violate the UN Global Compact principles on human rights, labour, the environment and anti-corruption.

If the Investment Adviser determines that the allocation to the above type of companies is above 0.5% of the value of the Fund's assets, they will reduce exposure to below 0.5%. They will do this by selling the underlying funds identified as contributing to the over-exposure, usually within two months.

As well as investing in bond and share funds, the Fund may also hold cash or funds investing in cash and money-market investments.

The Fund's mix of investments will be reviewed at least annually, and may change in consideration of the outlook for each investment type, but it will always include at least 75% in funds with lower risk/return potential.

Manager's investment report

For the year ended 31 July 2024

Trust Status

The Fund is an authorised unit trust scheme under S243 of the Financial Services and Markets Act 2000 and is categorised as a UK UCITS¹ scheme under the Collective Investment Schemes Sourcebook ('the COLL Rules').

Financial Instruments

In pursuing its investment objective set out above, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations. Further details of the risks that arise in connection with financial instruments and how these risks are managed are set out in note 13 of the financial statements.

Unit Trust schemes are not permitted by the Regulations² to enter into a transaction if its purpose could reasonably be regarded as speculative. The Fund's use of financial instruments satisfies these requirements and no speculative trading in financial instruments is undertaken.

The Fund invests predominantly in collective investment schemes, as shown in the Portfolio statement on page 12. Management fees for the funds in which it invests are met by the Manager out of the operating charges set out in the Comparative tables on pages 10 and 11.

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 company shares which 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').

Distribution

The Fund receives dividend income from stocks held in its portfolio. Every six months, income received is netted off against expenses incurred. Any net balance is distributed two months after the end of the period.

A Accumulation Unit Class

Share class A Accumulation Unit was closed on 6 January 2024.

AE Accumulation Unit Class*

Share class A Accumulation Unit was closed on 6 January 2024.

Accumulation Unit Class

The final distribution for the year ended 31 July 2024 will be 1.2824p net per unit paid on 30 September 2024.

The total distribution for the year is 2.5971p net per unit.

*Auto-Enrolment units were only available to customers who are automatically enrolled into the Virgin Stakeholder Pension Scheme under Automatic Enrolment Workplace Pension Scheme legislation.

Fund Performance

For the year ended 31 July 2024, the net asset value for Accumulation Units increased by 6.01%³ from 94.08p to 99.73p. Share classes A Accumulation Unit and AE Accumulation Unit were closed on 6 January 2024.

Significant Events

On 6 January 2024, the Manager moved all pension customers and their savings from the Virgin Stakeholder Pension Scheme to the new Virgin Money Personal Pension (VMPP). The VMPP does not require feeder funds, and pension investors will be invested directly rather than indirectly into the underlying funds. This means that, instead of holding units in Virgin Money Pension Defensive Fund (which invested 100% into the A Accumulation Units and the AE Accumulation Units of Virgin Money Defensive Fund), customers simply invest directly into the Accumulation Units of Virgin Money Defensive Fund. As a result, Share classes A Accumulation Units and AE Accumulation Units were closed on 31 July 2024.

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

² The Regulations derive from UK and EU financial services legislation including the Financial Services and Markets Act 2000, the UCITS Directive and Financial Conduct Authority (FCA) rules, principally COLL.

³ Based on published net asset value as shown on page 11.

Manager's investment report

For the year ended 31 July 2024

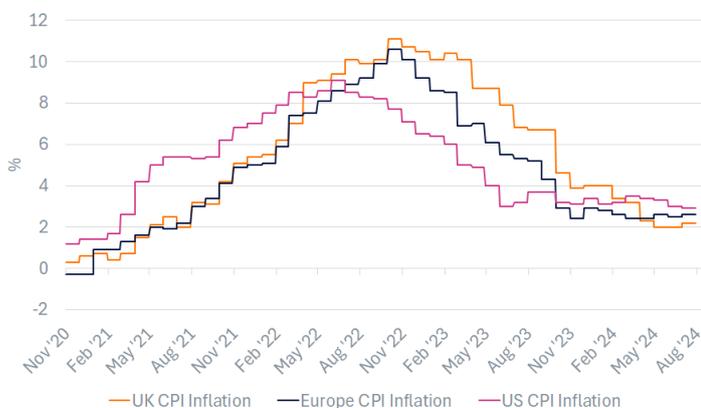
Markets overview from 1 August 2023 to 31 July 2024

Fixed income markets had a positive year as major central banks paused interest rate hikes with inflation reducing consistently, although remaining still above-target in most economies. Meanwhile, global equities advanced in aggregate terms, driven by some extent to a rally in large-cap technology stocks and optimism, albeit with some uncertainty due to major central banks' data-dependent stances, towards interest rate cuts. The European Central Bank (ECB) and Bank of England (BoE) subsequently cut rates in June and August 2024, respectively. Having said that, concerns over the Chinese economy and ongoing wars in Ukraine and the Middle East remained key risks.

Inflation eases and some central banks cut interest rates, albeit with caution:

- Headline inflation mostly eased in major economies, including the US, UK and Europe, but remained above target for most part of the review period. While economic data was generally good and alleviated concerns over a global recession, central banks remained cautious. This postponed the expected timing and reduced the number of anticipated interest rate cuts.

Major Global Inflation Rates



- In the US, annual inflation to July 2024 fell to 2.9%, its lowest level in almost three-and-a-half years, but still remained above the 2% target. Hence, the US Federal Reserve (Fed) kept rates unchanged in July but signalled a potential rate cut in September. Dovish statements and weaker US jobs data raised hopes that an interest rate cut was imminent. The target range for the Fed funds rate was maintained at 5.25–5.50%.
- Europe saw consistently reducing inflation which fell to an estimated 2.5% in June as expected, though the core rate remained at a higher-than-forecast 2.9%. In response, the ECB cut its main refinancing operations rate by 0.25% to 4.25% at its June 2024 meeting, but maintained that rate in July. Meanwhile, French President Emmanuel Macron announced a snap general election which saw a surprise win from the left-wing New Popular Front. Investor reaction to this political development was muted.

- Annual inflation returned to the UK's 2% target in May and remained so in June, prompting the BoE to cut interest rates by 25 basis points in early August. Gross domestic product was stronger than anticipated at 0.9% for the three-month figure in May as well. Elsewhere, Prime Minister Rishi Sunak too called for snap elections, but lost to the Labour Party as widely expected.

Bond markets advanced after central bank policy shift:

- Global government bonds rose modestly in local-currency terms but were weaker in sterling terms. The US 10-year Treasury yields were relatively stable and ended the period just below 4%. The yield on 10-year German Bunds was also steady and ended at slightly above 2.0%. In the UK, investors bought Gilts in anticipation of the UK's first rate cut in over four years, which was announced at the beginning of August.
- Corporate bonds put up a solid performance over the period as investor risk appetite improved. The asset class rebounded from initial headwinds due to high interest rates and concerns over a global economic slowdown. In the US, riskier high-yield bonds outperformed higher-quality investment-grade bonds.
- High-yield bonds were supported by their income attractions and relatively stable credit-quality trends. Investment-grade bonds lagged because of their longer duration, or sensitivity to changes in interest rates, as underlying government bond yields increased.
- Sterling corporate bonds also rose, as did European high-yield bonds that also had a good run throughout the period.

Global equities surge ahead on an interest rate peak and resilient macros:

- Global stock markets, as represented by the MSCI World Index, rose over the year in all major currencies, including sterling.
- Global equity markets ended the year notably higher, amid easing inflation, some major central banks starting to cut rates, an artificial intelligence-led rally in large-cap technology stocks. Concerns over a potential global recession decreased as well due to robust economic data, but weakness and China and geopolitical tensions in Russia and the Middle East remained a risk.
- In the US, following a notable surge starting late October, the S&P 500 Index and the technology-orientated NASDAQ Composite Index both hit all-time highs before falling back later in July due to disappointing earnings news from Tesla and Alphabet, which is the parent company of Google. The share prices rose in both dollar and sterling terms.
- Over the year, European stock markets, as seen by the German stock market index, the DAX, advanced in both local currency and sterling terms, after being pressured until late October alongside global peers. They remained resilient despite political changes and amid reducing inflation, an interest rate cut and good economic data.

Manager's investment report

For the year ended 31 July 2024

- UK equities gained on decreasing inflation and in anticipation of an interest rate cut. Despite entering a recession in the fourth quarter of 2023, the gross domestic product growth returned to strength by the end of the year. Investors welcomed the change in political leadership as well. The internationally focused FTSE 100 Index outperformed the domestically focused FTSE 250 Index over the review period.

Global Markets All-Time Highs



- Conversely, Chinese equities fell despite fresh stimulus measures to support the economy. The Chinese yuan further depreciated on continued worries about the country's uncertain economic outlook and indebted property sector.

Macroeconomic factors continue to improve but downside risks remain prevalent:

- Macroeconomic factors remain at large, with investors scrutinising the latest data and trying to predict when a pause or pivot in the direction of interest rates might occur. Market participants are optimistic that rate cuts will happen soon, which is bolstering their risk appetite.
- The Chinese economy continues to be vulnerable and geopolitical pressures persist globally.
- Recessionary concerns have reduced but also stay all too present as global growth stagnates against a backdrop of elevated inflationary pressures.

Manager's investment report

For the year ended 31 July 2024

Assessment of Value

In 2017 the Financial Conduct Authority (FCA) published the final Asset Management Market Study. This introduced (among other reforms) new governance rules with the aim of enhancing duty of care and ensuring the industry acts in investors' best interests.

The rules were outlined in the FCA policy statement PS18/8 and came into effect from 30 September 2019. As a result, Virgin Money Unit Trust Managers Limited is required to perform a detailed annual assessment, determining whether our funds are "providing value to investors", which has previously been included in the Fund's annual report and accounts. From 2023 the resulting findings for all of the funds managed by Virgin Money Unit Trust Managers Limited are published on a consolidated basis, and can be found on the Virgin Money UK website.

Comparative tables

As at 31 July 2024

Change in net assets per unit for the period ending	A Accumulation Units [^]			AE Accumulation Units [^]		
	31 Jul 24	31 Jul 23	31 Jul 22	31 Jul 24	31 Jul 23	31 Jul 22
Opening net asset value per unit	96.17	98.24	104.08	96.17	98.25	104.08
Return before operating charges	2.51	(1.40)	(5.13)	2.53	(1.41)	(5.12)
Operating charges	(0.06)	(0.67)	(0.71)	(0.07)	(0.67)	(0.71)
Return after operating charges	2.45	(2.07)	(5.84)	2.46	(2.08)	(5.83)
Distributions	-	(2.14)	(0.84)	-	(2.14)	(0.83)
Retained distribution on accumulation units	-	2.14	0.84	-	2.14	0.83
Closing net asset value per unit	-	96.17	98.24	-	96.17	98.25
Return to shareholder as a result of class closure	98.62			98.63		
After direct transaction costs of :	-	-	-	-	-	-
Performance						
Return after operating charges (%)*	2.55	(2.11)	(5.61)	2.56	(2.12)	4.08
Other information						
Closing net asset value (£)	-	131,410,829	119,894,933	-	2,067,042	1,944,546
Closing number of units	-	136,647,655	122,037,054	-	2,149,399	1,979,279
Operating charges (%) [‡]	0.70	0.70	0.70	0.70	0.70	0.70
Direct transaction costs (%)	-	-	-	-	-	-
Prices						
Highest price (p)	99.84	98.83	105.30	99.84	98.83	105.30
Lowest price (p)	93.92	91.64	95.36	93.92	91.64	95.36

[^]Share classes A Accumulation Units and AE Accumulation Units were closed on 6 January 2024.

*The Return after operating charges is calculated as the 'Return after operating charges' per unit divided by the 'Opening net asset value' per unit.

[‡]The operating charges are the annualised total expenses paid by the Fund in the period, expressed as a percentage of its average net assets.

Comparative tables

As at 31 July 2024

Change in net assets per unit for the period ending	Accumulation Units		
	31 Jul 24	31 Jul 23	31 Jul 22
Opening net asset value per unit	94.08	95.83	100.00
Return before operating charges	5.75	(1.38)	(3.99)
Operating charges	(0.10)	(0.37)	(0.18)
Return after operating charges	5.65	(1.75)	(4.17)
Distributions	(2.60)	(2.36)	(0.69)
Retained distribution on accumulation units	2.60	2.36	0.69
Closing net asset value per unit	99.73	94.08	95.83
After direct transaction costs of :	-	-	-
Performance			
Return after operating charges (%) [*]	6.01	(1.83)	(4.17)
Other information			
Closing net asset value (£)	156,571,260	56,258	958
Closing number of units	156,988,974	59,795	1,000
Operating charges (%) [‡]	0.40	0.40	0.38
Direct transaction costs (%)	-	-	-
Prices			
Highest price (p)	99.75	96.41	100.00
Lowest price (p)	91.95	89.44	92.99

^{*}The Return after operating charges is calculated as the 'Return after operating charges' per unit divided by the 'Opening net asset value' per unit.

[‡]The operating charges are the annualised total expenses paid by the Fund in the period, expressed as a percentage of its average net assets. The Annual Management Charge for Accumulation Units changed from 0.35% to 0.40% on 16 January 2023.

Portfolio statement

As at 31 July 2024

Security	Holdings	Market Value £'000	% of Net Assets
COLLECTIVE INVESTMENT SCHEMES			
Bonds and Gilts (84.87%*)		133,168	85.05
abrnd Liquidity Fund Lux - Sterling Fund [#]	27,281	27,281	17.42
abrnd OEIC IV - abrnd Global Government Bond Tracker Fund [#]	19,021,285	17,047	10.89
abrnd OEIC IV - abrnd Global Inflation-Linked Bond Tracker Fund [#]	15,181,696	15,522	9.91
abrnd OEIC IV - abrnd Short Dated Global Corporate Bond Tracker Fund [#]	10,003,703	10,893	6.96
abrnd OEIC IV - abrnd Short Dated Global Inflation-Linked Bond Tracker Fund [#]	9,605,752	11,010	7.03
iShares ESG Screened Global Corporate Bond Index Fund	505,757	4,716	3.01
iShares ESG Sterling Corporate Bond Index Fund	3,528,810	3,149	2.01
Legal & General ESG GBP Corporate Bond 0-5 Year UCITS ETF	629,419	5,959	3.81
Responsible Global High Yield Bond	153,489	1,567	1.00
Vanguard Investment Series - UK Government Bond Index Fund	235,242	23,614	15.08
Vontobel Fund - TwentyFour Sustainable Short Term Bond Income	115,430	12,410	7.93
Shares (14.11%*)		23,604	15.08
abrnd ACS I - abrnd Sustainable Index American Equity Fund [#]	6,262,019	8,017	5.12
abrnd ACS I - abrnd Sustainable Index UK Equity Fund [#]	1,196,924	1,609	1.03
abrnd OEIC IV - abrnd Global REIT Tracker Fund [#]	1,673,127	1,753	1.12
iShares Continental European Equity ESG Index Fund	1,372,283	1,640	1.05
iShares MSCI EM ESG Enhanced Fund	1,746,556	7,823	5.00
iShares MSCI Japan ESG Enhanced Fund	285,454	1,445	0.92
Legal & General ESG Emerging Markets Government Bond Index Fund	1,393,527	1,317	0.84
Portfolio of investments		156,772	100.13
Net other liabilities (1.02%*)[†]		(201)	(0.13)
Net assets		156,571	100.00

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

[#] This fund is managed by abrnd Investments Limited, Investment Adviser to the Fund.[†]Prior year figure was Net other assets.

Purchases and sales of investments

For the year ended 31 July 2024

Purchases	Cost £'000
abrtn Liquidity Fund Lux - Sterling Fund [#]	39,800
Vontobel Fund - TwentyFour Sustainable Short Term Bond Income	11,685
abrtn OEIC IV - abrtn Global Government Bond Tracker Fund [#]	8,960
iShares MSCI EM ESG Enhanced Fund	7,134
abrtn ACS I - abrtn Sustainable Index American Equity Fund [#]	7,051
Legal & General ESG GBP Corporate Bond 0-5 Year UCITS ETF	5,831
iShares ESG Screened Global Corporate Bond Index Fund	4,401
iShares ESG Sterling Corporate Bond Index Fund	2,901
Vanguard Investment Series - UK Government Bond Index Fund	2,590
abrtn OEIC IV - abrtn Global Inflation-Linked Bond Tracker Fund [#]	1,850
Responsible Global High Yield Bond Fund	1,540
abrtn ACS I - abrtn Sustainable Index UK Equity Fund [#]	1,401
iShares Continental European Equity ESG Index Fund	1,401
iShares MSCI Japan ESG Enhanced Fund	1,319
Legal & General ESG Emerging Markets Government Bond Index Fund	1,301
abrtn OEIC IV - abrtn Short Dated Global Inflation-Linked Bond Tracker Fund [#]	1,200
abrtn OEIC IV - abrtn Short Dated Global Corporate Bond Tracker Fund [#]	1,090
abrtn OEIC IV - abrtn Global REIT Tracker Fund [#]	250
Payden Global Funds - Government Bond Index Fund	1
Total for the year	101,706

[#] This fund is managed by abrtn Investments Limited, Investment Adviser to the Fund.

The above constitutes all purchases of investments in the year.

Purchases and sales of investments

For the year ended 31 July 2024

Sales	Proceeds £'000
abrtn Liquidity Fund Lux - Sterling Fund [#]	34,685
abrtn OEIC IV - abrtn Short Dated Global Corporate Bond Tracker Fund [#]	7,800
Payden Global Funds - Government Bond Index Fund	6,990
abrtn OEIC IV - abrtn American Equity Tracker Fund [#]	6,705
abrtn OEIC IV - abrtn Short Dated Sterling Corporate Bond Tracker Fund [#]	5,425
abrtn OEIC IV - abrtn Asia Pacific ex-Japan Equity Tracker Fund [#]	5,303
abrtn OEIC IV - abrtn Global Corporate Bond Tracker Fund [#]	3,760
Vanguard Global Short-Term Corporate Bond Index Fund	2,870
abrtn OEIC IV - abrtn Sterling Corporate Bond Tracker Fund [#]	2,718
abrtn SICAV II - Global High Yield Bond Fund [#]	1,388
abrtn OEIC IV - abrtn Japan Equity Tracker Fund [#]	1,353
abrtn OEIC IV - abrtn Emerging Markets Equity Tracker Fund [#]	1,329
abrtn OEIC IV - abrtn Emerging Markets Local Currency Bond Tracker Fund [#]	1,323
abrtn OEIC IV - abrtn European Equity Tracker Fund [#]	1,301
Virgin UK Index Tracking Trust - Income Units [^]	1,242
abrtn ACS I - abrtn Sustainable Index American Equity Fund [#]	350
Total for the year	84,542

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

[#] This fund is managed by abrtn Investments Limited, Investment Adviser to the Fund.

The above constitutes all sales of investments in the year.

Statement of total return

For the year ended 31 July 2024

		31 Jul 24		31 Jul 23	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		4,587		(5,269)
Revenue	4	4,412		3,664	
Expenses	5	(632)		(788)	
Interest payable and similar charges		(31)		(9)	
Net revenue before taxation		3,749		2,867	
Taxation	6	(6)		(9)	
Net revenue after taxation			3,743		2,858
Total return before distributions			8,330		(2,411)
Distributions	7		(3,742)		(2,858)
Change in net assets attributable to unitholders from investment activities			4,588		(5,269)

Statement of change in net assets attributable to unitholders

For the year ended 31 July 2024

	31 Jul 24		31 Jul 23	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		133,534		121,840
Amounts receivable on issue of units	165,131		27,137	
Amounts payable on cancellation of units	(150,671)		(13,087)	
		14,460		14,050
Change in net assets attributable to unitholders from investment activities		4,588		(5,269)
Retained distribution on accumulation units		3,989		2,913
Closing net assets attributable to unitholders		156,571		133,534

Notes to the financial statements are on pages 17 to 27

Balance sheet

As at 31 July 2024

		31 Jul 24		31 Jul 23	
	Notes	£'000	£'000	£'000	£'000
Assets					
Fixed assets					
Investments			156,772		132,176
Current assets					
Debtors	8	66		2,113	
Total current assets			66		2,113
Total assets			156,838		134,289
Creditors					
Bank overdrafts		(225)		(686)	
Other creditors	10	(42)		(69)	
Total liabilities			(267)		(755)
Net assets attributable to unitholders			156,571		133,534

Notes to the financial statements are on pages 17 to 27.

Notes to the financial statements

For the year ended 31 July 2024

1. Accounting policies

(a) Basis of accounting

The Financial Statements 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 amended in June 2017.

The Manager has undertaken a detailed assessment, and continues to monitor, the Trust'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 Trust continues to be open for trading and the Manager is satisfied the Trust has adequate financial resources to continue in operation for at least 12 months from the date of the financial statements and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

(b) Revenue recognition

Dividends on distributions on holdings in collective investment schemes are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared.

Any reported revenue from an offshore fund, in excess of any distribution received in the reporting year, is recognised as revenue no later than the date on which the reporting fund makes this information available.

If any revenue receivable at the balance sheet date is not expected to be received for a significant period after the accounting period end, a provision reflecting the timing of the receipt for the relevant amount will be made.

(c) Treatment of expenses

All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis. In order to maintain the operating charges of the Fund at 0.40% (2023: 0.40%) for Accumulation Units, the Manager will rebate to the Fund an amount equivalent to the value of the operating charges incurred by investing in the underlying securities.

(d) Distribution policy

The distribution policy of the Fund is to distribute all available revenue, after deduction of expenses as a dividend distribution. Gains and losses on investments and currencies, whether realised or unrealised, are taken as capital and are not available for distribution.

(e) Equalisation

Equalisation applies only to Group 2 units, being units that were purchased during the distribution periods (as detailed on pages 28 and 29). It is the average amount of revenue included in the purchase price of all Group 2 units and is refundable 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.

(f) Basis of valuation of investments

The valuation point was at 5pm on 31 July 2024, which was the last working day of the accounting year.

Collective Investment Schemes are valued by reference to their net asset value. Dual priced funds have been valued at the bid price. Single priced funds have been valued using the single price.

All purchases and sales are accounted for on the trade date.

Listed investments are valued at bid market value.

Where applicable, investment valuations exclude any element of accrued income.

(g) Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at close of business on the last business day of the accounting year.

Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions.

Exchange differences on such transactions follow the same treatment as the principal amounts.

Notes to the financial statements

For the year ended 31 July 2024

1. Accounting policies

(h) Taxation

The charge for taxation is based on the results for the year.

Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses.

Deferred tax is provided on all timing differences (other than those recorded as permanent differences) that have originated but not reversed at the balance sheet date at the average rate of tax expected to apply. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised.

(i) Efficient portfolio management

Where appropriate, certain permitted transactions, such as derivatives or forward foreign exchange transactions can be used for efficient portfolio management. Where such transactions are used to protect or enhance income, the income and expenses derived there from are included in 'Revenue' or 'Expenses' in the Statement of total return. Where such transactions are used to protect or enhance capital, the gains and losses derived there from are included in 'Net capital gains/(losses)' in the Statement of total return. Any positions on such transactions open at the year end are reflected in the Balance sheet at their market to market value.

Notes to the financial statements

For the year ended 31 July 2024

2. Net Capital Gains/(Losses)

The net capital gains/(losses) during the year comprise:

	31 Jul 24	31 Jul 23
	£'000	£'000
Non-derivative securities	4,587	(5,269)
Net capital gains/(losses)	4,587	(5,269)

3. Portfolio Transaction Costs

Analysis of total trade costs:

	Purchases		Sales	
	31 Jul 24	31 Jul 23	31 Jul 24	31 Jul 23
	£'000	£'000	£'000	£'000
Collective investment schemes	101,706	82,772	84,542	68,238
Trades in the year before transaction costs	101,706	82,772	84,542	68,238
Taxes				
Collective investment schemes	-	-	-	-
Total Taxes	-	-	-	-
Total Costs	-	-	-	-
Total net trades in the year after transaction costs	101,706	82,772	84,542	68,238

The dealing spread represents the difference between the values determined for investments by reference to the bid and offer prices, expressed as a percentage of the value determined by reference to the offer price. The average dealing spread of the investments at the balance sheet date was 0.04% (2023: 0.00%).

Notes to the financial statements

For the year ended 31 July 2024

Total transaction cost expressed as a percentage of asset class:

	Purchases		Sales	
	31 Jul 24	31 Jul 23	31 Jul 24	31 Jul 23
	%	%	%	%

Commissions

Collective investment schemes	-	-	-	-
-------------------------------	---	---	---	---

Taxes

Collective investment schemes	-	-	-	-
-------------------------------	---	---	---	---

Total transaction cost expressed as a percentage of average NAV:

	31 Jul 24	31 Jul 23
	%	%
Commissions	-	-
Taxes	-	-
Total	-	-

Notes to the financial statements

For the year ended 31 July 2024

4. Revenue

	31 Jul 24	31 Jul 23
	£'000	£'000
Distributions from regulated collective investment schemes:		
Non-taxable investment income	30	445
Taxable investment income	12	14
Interest distributions	2,010	2,045
Offshore distributions non-taxable	23	-
Offshore distributions taxable	1,023	483
Bank interest	1,314	677
Total revenue	4,412	3,664

5. Expenses

	31 Jul 24	31 Jul 23
	£'000	£'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's service charge*	632	788
Total expenses	632	788

During the year, the Manager has borne the auditor's fee of £14,466 (2023: £13,308) and all the fees charged by the Trustee, Financial Conduct Authority and the Registrar, including irrecoverable VAT where applicable.

* The service charge is net of rebates to operating charges on the Fund paid by the Manager, as outlined in note 1(c) on page 17.

Notes to the financial statements

For the year ended 31 July 2024

6. Taxation

(a) Analysis of the tax charge in the year:

	31 Jul 24	31 Jul 23
	£'000	£'000
Irrecoverable income tax	6	9
Total current tax	6	9
Total taxation	6	9

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust which is 20%. The differences are explained below:

	31 Jul 24	31 Jul 23
	£'000	£'000
Net revenue before taxation	3,749	2,867
Corporation tax of 20%	750	573
Effects of:		
Revenue not subject to taxation	(6)	(89)
Non taxable overseas dividends	(5)	-
Tax deductible interest distributions	(738)	(482)
Irrecoverable income tax	6	9
Double taxation relief - Total	(1)	(2)
Total tax (note 6(a))	6	9

Authorised Unit Trusts are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors affecting future tax charge:

At the year end, there were no factors affecting future tax charges (2023: £nil).

Notes to the financial statements

For the year ended 31 July 2024

7. Distributions

The distributions take account of revenue received on the issue of units and amounts deducted on the cancellation of units, and comprise:

	31 Jul 24	31 Jul 23
	£'000	£'000
Interim	1,976	1,077
Final	2,013	1,836
	3,989	2,913
Add: Equalisation deducted on cancellation of units	1,632	54
Less: Equalisation received on issue of units	(1,879)	(109)
Net distribution for the year	3,742	2,858

Details of the distributions per unit are set out in the Distribution tables on pages 28 and 29.

8. Debtors

	31 Jul 24	31 Jul 23
	£'000	£'000
Amounts receivable for issue of units	61	2,106
Income tax recoverable	5	7
Total debtors	66	2,113

Notes to the financial statements

For the year ended 31 July 2024

9. Other creditors

	31 Jul 24	31 Jul 23
	£'000	£'000
Accrued expenses	42	69
Total creditors	42	69

10. Related party transactions

Investments managed by Virgin Money Unit Trust Managers Limited (VMUTM) are denoted in the Portfolio statement and purchases and sales of investments.

Revenue received from VMUTM related investments during the year was £nil (2023: £143,585).

Management fees paid to VMUTM are detailed in note 5 and details of units issued and cancelled by VMUTM are shown in the Statement of change in net assets attributable to unitholders. The balance due to VMUTM at the year end in respect of these transactions was £41,449 (2023: £69,071).

In order to maintain the operating charges of the Fund at 0.40% (2023: 0.40%) for class Accumulation the Manager has rebated to the Fund an amount equivalent to the value of the operating charges incurred by investing in the underlying securities. For the year ended 31 July 2024 the rebate amounted to £113,579 (2023: £84,946).

Investments managed by subsidiaries of abrdn plc are denoted in the Portfolio statement and purchases and sales of investments.

Revenue received from investments managed by subsidiaries of abrdn plc during the year was £2,253,127 (2023: £2,202,552).

11. Capital commitments and contingent liabilities

On 31 July 2024, the Fund had no capital commitments (2023: £nil) and no contingent liabilities (2023: £nil).

Notes to the financial statements

For the year ended 31 July 2024

12. Financial risk management, derivatives and other financial instruments

The risks inherent in the Fund's investment portfolio are as follows:

(a) Financial Risk Management

Financial risk can be separated into the following components: market risk, credit risk and liquidity risk. The table below and overleaf is provided to enable users of these financial statements to assess and understand the risks that arise in connection with the financial instruments held by the Fund and how those risks are managed.

Risks are set out in order of significance.

Risk	Risk definition	Risk background and significance	Mitigation technique	Quantitative analysis
1) Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: other price risk, interest rate risk, and currency risk.	See below.	See below.	See below.
1a) Other price risk	This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to individual financial instruments or its issuer, or other factors affecting similar financial instruments traded in the market.	Other price risk arises from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. As the Fund invests in collective investment schemes, the Fund is exposed to a significant level of other price risk.	The Manager carries out regular monitoring of the performance of the fund. The Investment Adviser only selects portfolio holdings which are in line with the investment objective of the fund and the Manager carries out a separate periodic review of the portfolio holdings to ensure they are in line with the investment objective and that all relevant regulations are being met.	See 13(b).
1b) Interest rate risk	The risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.	The majority of the Fund's financial assets are investments which neither pay interest nor have a maturity date. Therefore, the Fund's direct exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the year.	No formal mitigation techniques are adopted by the Investment Adviser or the Manager. Investments in fixed interest rate securities is wholly consistent with the Fund's investment objective.	Not applicable.

Notes to the financial statements

For the year ended 31 July 2024

Risk	Risk definition	Risk background and significance	Mitigation technique	Quantitative analysis
1c) Currency risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.	The vast majority of the net assets of the Fund are denominated in sterling, with the effect that the balance sheet and total return cannot be materially affected by currency movements. Given this, the Manager does not consider the Fund has a significant exposure to currency risk.	As the Manager does not consider the Fund has significant exposure to currency risk, no formal mitigation techniques are adopted by the Investment Adviser or the Manager.	Not applicable.
2) Credit risk	This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.	Certain transactions in securities the Fund enters into expose it to the risk that the counterparty will not deliver the investments for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. Given the mitigation techniques followed, the Manager does not consider the Fund has a significant exposure to counterparty risk. Issuer risk is considered to be significant as the majority of the Fund's assets are collective investment schemes where the issuer has monetary obligations to the Fund.	The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time, and changes in brokers' financial ratings are reviewed. The Fund's assets including cash are held on trust for the benefit of unitholders by the Trustee. The financial position of the Trustee is itself monitored on a regular basis by the Manager.	Not applicable.
3) Liquidity risk	The risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities, including redemption liability.	All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. Given this, the Manager does not consider that the Fund has a significant exposure to liquidity risk.	In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.	Not applicable.

Notes to the financial statements

For the year ended 31 July 2024

(b) Other price risk and fair value of financial assets and liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance sheet.

A 1% increase in the market price of investments at 31 July 2024 compared to the fair value reported would have caused net capital gains to increase by £1,567,720 (2023: £1,321,760) and the net asset value to increase by £1,567,720 (2023: £1,321,760). A decrease would have had an equal and opposite effect.

(c) Currency exposures

The income and capital value of the Fund's investments are mainly denominated in sterling, the Fund's functional currency. The market prices of a number of the Fund's sterling-denominated investments are influenced by underlying currency movements. This is consistent with the exposure during the current year. However the influence of currency movements on sterling-denominated investments is not separately quantified.

13. Reconciliation of the unit movements in the year

	31 Jul 24		
	A Accumulation Units	AE Accumulation Units	Accumulation Units
Opening units in issue on 1 Aug 23	136,647,655	2,149,399	59,795
Creations during the year	11,660,439	172,633	160,940,037
Cancellations during the year	(148,308,094)	(2,322,032)	(4,010,858)
Closing units in issue on 31 Jul 24	-	-	156,988,974

14. Fair value hierarchy

Valuation technique - Investments	31 Jul 24		31 Jul 23	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Level 1	15,227	-	-	-
Level 2	141,545	-	132,176	-
Level 3	-	-	-	-
	156,772	-	132,176	-

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Distribution tables

For the year ended 31 July 2024

Distribution in pence per unit

Interim distribution paid 28 March 2024

Group 1	Units purchased prior to 1 August 2023
Group 2	Units purchased from 1 August 2023 to 31 January 2024 inclusive

	Revenue (p)	Equalisation (p)	Distribution paid 28 Mar 24 (p)	Distribution paid 31 Mar 23 (p)
A Accumulation units[^]				
Group 1	-	-	-	0.8145
Group 2	-	-	-	0.8145
AE Accumulation units[^]				
Group 1	-	-	-	0.8139
Group 2	-	-	-	0.8139
Accumulation units				
Group 1	1.3147	-	1.3147	0.9320
Group 2	1.2891	0.0256	1.3147	0.9320

[^]Share classes A Accumulation Units and AE Accumulation Units were closed on 6 January 2024. The final Accumulation relating to these classes was included in the transfer value of the Pension assets that were migrated to the new Virgin Money Personal Pension (VMPP) mentioned in the Significant Events on page 6.

Distribution tables

For the year ended 31 July 2024

Final distribution paid 30 September 2024

Group 1	Units purchased prior to 1 February 2024
Group 2	Units purchased from 1 February 2024 to 31 July 2024 inclusive

	Revenue (p)	Equalisation (p)	Distribution paid 30 Sep 24 (p)	Distribution paid 29 Sep 23 (p)
A Accumulation units[^]				
Group 1	-	-	-	1.3226
Group 2	-	-	-	1.3226
AE Accumulation units[^]				
Group 1	-	-	-	1.3227
Group 2	-	-	-	1.3227
Accumulation units				
Group 1	1.2824	-	1.2824	1.4292
Group 2	0.8045	0.4779	1.2824	1.4292

[^]Share classes A Accumulation Units and AE Accumulation Units were closed on 6 January 2024. The final Accumulation relating to these classes was included in the transfer value of the Pension assets that were migrated to the new Virgin Money Personal Pension (VMPP) mentioned in the Significant Events on page 6.

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.

Statement of the Manager's responsibilities

For the year ended 31 July 2024

The Collective Investment Schemes Sourcebook published by the FCA, ('the COLL Rules') require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net income and net gains or losses on the property of the Fund for the period.

In preparing the financial statements the Manager is responsible for:

- > selecting suitable accounting policies and then apply them consistently;
- > making judgements and estimates that are reasonable and prudent;
- > following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- > complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- > keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- > assessing the Fund ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- > using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- > managing such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- > taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Fund in accordance with the Trust Deed, Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Fund's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Final Report and Financial Statements were approved by the Manager and signed on its behalf by:



Jonathan Byrne
Director
27 Nov 2024



Paula Moore
Director
27 Nov 2024

Independent auditor's report to the unitholders of The Virgin Money Defensive Fund (the 'Trust')

For the year ended 31 July 2024

Opinion

We have audited the financial statements of the Trust for the year ended 31 July 2024 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables and the accounting policies set out on pages 17 and 18.

In our opinion the financial statements:

- > give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 31 July 2024 and of the net revenue and the net capital gains/(losses) on the property of the Trust for the year then ended; and
- > have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or to cease their operations, and as they have concluded that the Trust's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Trust's business model and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- > we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- > we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

Independent auditor's report to the unitholders of The Virgin Money Defensive Fund (the 'Trust')

For the year ended 31 July 2024

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- > Enquiring of directors as to the Trust’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- > Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Adviser;
- > Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Trust is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Trust’s activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the unitholders of The Virgin Money Defensive Fund (the 'Trust')

For the year ended 31 July 2024

Other Information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- > we have not identified material misstatements in the other information; and
- > in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- > proper accounting records for the Trust have not been kept; or
- > the financial statements are not in agreement with the accounting records.

Manager's Responsibilities

As explained more fully in their statement set out on page 30, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.



Wiqas Kaiser

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

20 Castle Terrace

Edinburgh

EH1 2EG

27 Nov 2024

Manager's remuneration (unaudited)

For the year ended 31 July 2024

In accordance with the FCA's UCITS Remuneration Code, Virgin Money Unit Trust Managers Limited ("VMUTM"), as the Manager, is required to establish and apply a remuneration policy for certain categories of staff whose activities have a material impact on the risk profile of the Manager or the UK UCITS funds ("UCITS") that it manages ("UCITS Remuneration Code Staff" or "Code Staff"). VMUTM does not directly employ any staff, other than its two independent non-executive directors. All other staff involved in the management of the Fund were provided from Virgin Money UK PLC and also from abrtn plc (previously one of the ultimate parent entities) on a secondment basis. The Manager has established a remuneration policy to ensure that remuneration for its Code Staff:

- (i) is consistent with and promotes sound and effective risk management;
- (ii) does not encourage risk taking that exceeds the level of tolerated risk of VMUTM or that is inconsistent with the risk profile of the UCITS funds it manages; and
- (iii) encourages behaviours that are aligned with the business strategy, objectives, values and interests of VMUTM, the UCITS funds it manages, and the investors in those UCITS funds, and seeks to avoid conflicts of interest.

The remuneration policy is subject to annual review by the Compliance function and is approved annually by the Board of VMUTM.

Employee Remuneration Disclosure

The table below provides an overview of the following:

Aggregate total remuneration paid by VMUTM to its Code Staff – in other words those individuals who could have a material impact on the risk profile of VMUTM or the UCITS funds it manages, including the Virgin Money Defensive Fund.

This broadly includes senior management, decision makers and control functions. VMUTM has no employees. For the purpose of this disclosure, Code Staff includes individuals employed by Virgin Money UK PLC or abrtn plc who were seconded full-time to VMUTM.

In 2023 the VMUTM secondees from both Virgin Money UK PLC and abrtn plc had a performance period running from 1 January to 31 December. Amounts shown below reflect payments made from 1 January 2023 to 31 December 2023 inclusive.

Virgin Money Defensive Fund Reporting period: 01/08/23 – 31/07/24	Headcount	Total Remuneration £'000 ¹	Proportion relevant to Virgin Money Defensive Fund £'000 ²
VMUTM Code Staff ³	16		
Total remuneration		2,038	73
of which			
Fixed remuneration		1,560	56
Variable remuneration		478	17

¹ These figures represent the total remuneration paid by VMUTM to Code Staff as defined in note 3.

² These figures represent the proportion of the amounts in the previous column, based on the average assets under management of the Virgin Money Defensive Fund in 2023 compared to the average total assets under management in 2023 of all funds of which VMUTM is the manager.

³ Code Staff comprises:

- i) Directors of VMUTM, including the independent non-executive directors (fees invoiced directly to VMUTM), non-executive directors appointed by the parent companies of VMUTM which are Virgin Money UK PLC and abrtn plc (these directors are not remunerated for carrying out this role, which is an immaterial part of the work they do for Virgin Money UK PLC or abrtn plc), and the Chief Executive Officer of VMUTM (seconded from Virgin Money UK PLC).
- ii) Other members of the VMUTM Executive Committee, which includes individuals with significant management functions, plus staff engaged in control functions.

Statement of the Trustee's responsibilities

in respect of the Scheme and Report of the Trustee to the Unitholders of The Virgin Money Defensive Fund (“the Trust”)

For the year ended 31 July 2024

The Trustee is responsible for the safekeeping of all property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority’s Collective Investment Schemes Sourcebook (‘the Sourcebook’), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme’s units and the application of the scheme’s income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.

Citibank UK Limited,
27 Nov 2024

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