



Class A Shares - Retail Gross (Bundled)

Fund fact sheet date: 31 December 2018

TM home investor fund is the UK's first Financial Conduct Authority regulated residential Property Authorised Investment Fund (PAIF)

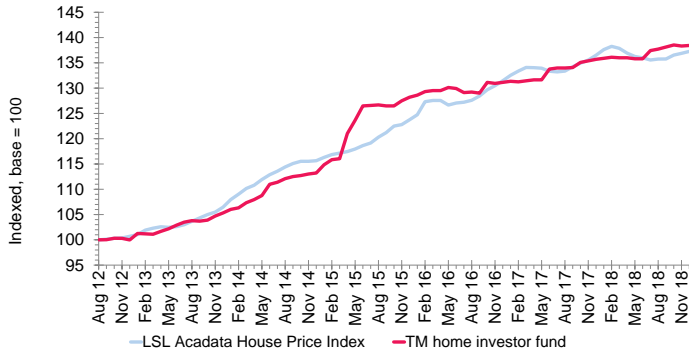
This factsheet is for information only. It is not designed to provide advice on the suitability of an investment for your personal financial situation. If you have any questions regarding the information included in this factsheet, you are recommended to speak to a financial adviser.

Investment Objective

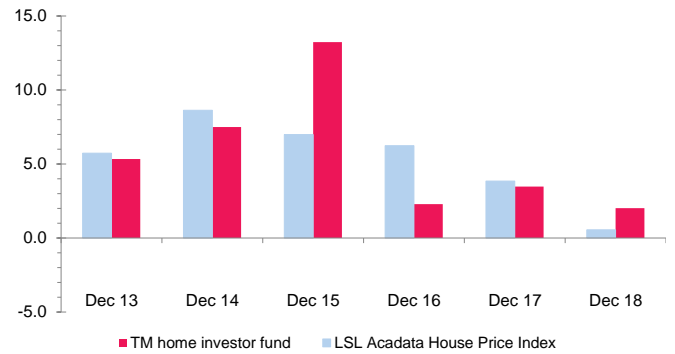
The Fund invests in private rented sector housing across the mainland UK regions and aims to capture UK house price growth plus provide an element of income return. The property investment manager, Hearthstone Asset Management Limited, uses quantitative asset allocation methods and qualitative regional stock selection to build a portfolio of assets reflecting the distribution of UK mainland housing stock. These properties are let under assured shorthold tenancy agreements (AST's) and corporate lets. Investment returns comprise capital growth and rental income.

Fund v. Benchmark

Cumulative total return since share class inception



Discrete year until end of latest calendar quarter (%)



Cumulative total return (%) over period:

| | 1m | 3m | 6m | 1y | 3y | 5y |
|-------------------------------|------|------|------|------|-------|-------|
| TM home investor fund | 0.07 | 0.22 | 1.94 | 2.01 | 7.98 | 31.44 |
| LSL Acadata House Price Index | 0.29 | 1.11 | 0.95 | 0.55 | 10.94 | 28.94 |

Discrete total return (%) 12 months ending:

| | Dec 14 | Dec 15 | Dec 16 | Dec 17 | Dec 18 |
|-------------------------------|--------|--------|--------|--------|--------|
| TM home investor fund | 7.50 | 13.24 | 2.29 | 3.47 | 2.01 |
| LSL Acadata House Price Index | 8.63 | 6.99 | 6.24 | 3.85 | 0.55 |

Performance of Class A Shares - Retail Gross (Bundled) Accumulation, launched 29/08/2012. Prevailing single price*, net of charges, in GBP with gross income reinvested. Performance of other classes may vary. Source of all data: Financial Express and LSL Acadata 31/12/2018

*On 09-04-2015, the fund switched to a swinging single pricing basis with the prevailing single price used for performance calculation. Prior to that date, the fund was dual priced, with performance calculated on a bid-to-bid basis.

Important: You may get back less than the amount invested. Past performance is not necessarily a guide to future performance and future returns are not guaranteed.

Property Investment Advisor's commentary

In an environment of significant market and political turbulence, the fund continued to deliver positive absolute returns over the last quarter of 2018.

Property transaction volumes across the UK remained subdued compared to historic averages, as many buyers and sellers are taking a "wait and see" approach. Despite that, our benchmark provider LSL Acadata reported the fifth month in a row of rising prices. Furthermore, regional variations continue to prevail - two thirds of local authorities reported annual growth, the strongest regions being the Midlands, Wales and the North West, reporting average annual price changes between 2.7 to 3.6%. Greater London continues to show the weakest results. The fund does not hold any properties in Prime London, and has added properties earlier this year in the Midlands with an acquisition of a cluster of homes in Nottingham.

In addition, rental income continues to prove a valuable source of return and we currently have an Occupancy ratio of just under 95% (in % of income). Rental income is strongly linked to wage growth, and employment in the UK remains strong.

Looking ahead, forecasts from the Treasury's December consensus survey point to continuing house price growth of 2.1% nationally for 2019. None of the 15 forecasters in the survey is predicting an overall decline, consistent with the fact that none is anticipating a recession. One factor remains consistent, and that is the continuing shortage of good quality housing in many locations. Figures from the NHBC show that housing starts and completions remain stuck at around 10,000 a month. The social housing sector is delivering around 3,000 per month, but the combined annual total of 150,000 falls well short of the Government's assessment of a need of between 250,000 and 300,000.

Also, typically, uncertainty fuels rental demand. This seems to be happening, but at the same time the supply of rented accommodation has been hit by a series of tax changes causing many small private landlords to retreat from the sector. This has created local supply shortages, which we expect to translate into rental growth. The RICS forecasts annualised rental growth of 3.1% over the next five years, whilst price growth projections stand at 2.3% on the same basis.

Portfolio Facts

| Fund asset allocation | |
|----------------------------|--------|
| Cash or equivalent | 9.76% |
| Property - North West | 6.31% |
| Property - North East | 0.33% |
| Property - Yorks & Humber | 1.84% |
| Property - South East | 24.70% |
| Property - South West | 8.25% |
| Property - Wales | 0.00% |
| Property - Scotland | 3.16% |
| Property - East of England | 15.17% |
| Property - East Midlands | 9.15% |
| Property - West Midlands | 5.55% |
| Property - London | 15.78% |

| Top 10 property holdings | | |
|---|-------|------------|
| Holding | Units | Value |
| Quadrant Court, Wembley, London HA9 | 22 | £7,350,000 |
| Wickhurst Green, Horsham, RH12 | 14 | £4,515,000 |
| The Limes, Nottingham, NG8 | 18 | £3,760,000 |
| Spectrum, Blackfriars Road, Manchester M2 | 17 | £2,910,000 |
| King Georges Park, Rowhedge, CO5 | 8 | £2,530,000 |
| Mansion House, Colchester, CO2 | 16 | £2,410,000 |
| Rea Road, Northfield, Birmingham. B31 | 14 | £2,190,000 |
| Portland View, Bristol, BS2 | 6 | £1,755,000 |
| Henmead House, Haywards Heath, RH16 | 6 | £1,695,000 |
| Pandora Close, Locks Heath, SO31 | 4 | £1,300,000 |

| Property portfolio metrics | |
|---|-----------|
| Flats | 100 |
| Terraced | 46 |
| Semi | 41 |
| Detached | 17 |
| Total number of properties | 204 |
| Average property value | £246,837 |
| Average tenant stay | 22 months |
| 12 month average occupancy rate (% of income) | 93.80% |



Class A Shares - Retail Gross (Bundled)

Costs and charges

| | | |
|--------------------------|--------------|---|
| Entry charge: | 3.00% | <i>Initial charge is reduced to 0% on most platforms and for direct applications.</i> |
| Exit charge: | 0.00% | |
| Annual charges ('OCF')*: | 2.21% | |

* OCF is based on estimated annual expenses, and includes the Annual Management Charge of 1.5%. The OCF may vary from year to year.

Please note that past performance on the first page is shown after charges

Minimum investment

(May not apply for investment via online platforms or wraps)

| | |
|-------------|---------------|
| Initial: | £1,000 |
| Additional: | £500 |
| Monthly: | £50 |

Price and Yield at 31 December 2018

| | |
|---------------------|---|
| Fund price: | £ 1.367 |
| Estimated yield: | 0.36 % (gross) |
| Distribution dates: | Annual: 31 Oct Interim: 28 Feb, 31 May, 30 Nov |

Investment ratios

Annualised over last 36 monthly prices.
Source: Financial Express Analytics.

| | |
|-------------------|----------------|
| Volatility: | 1.59 % |
| Maximum drawdown: | -0.86 % |

How to invest

This share/unit class is available on the platforms listed below. Other classes may be available on different platforms.

Adviser/Wealth Manager platforms: *Direct to consumer (non-advised) platforms:*

| | |
|-----------------------|---------|
| AJ Bell | AJ Bell |
| Allfunds | |
| Cofunds Institutional | |
| Pershing | |
| Transact | |

Key fund information

| | |
|--------------------------|---|
| Fund name: | TM home investor fund (a subfund of the TM Hearthstone ICVC) |
| Benchmark: | LSL Acadata House Price Index |
| Fund launch date: | 25/07/2012 |
| Share class launch date: | 29/08/2012 |
| Fund size: | £56,074,944 |
| Share/unit class size: | £463,415 |
| Primary asset class: | UK Residential Property |
| Structure: | OEIC with PAIF Tax Status |
| Distribution type: | Accumulation |
| Pricing frequency: | Daily |
| Subscription frequency: | Daily |
| Redemption frequency: | Daily |
| Dealing time: | 22:30 London, UK |
| Settlement: | T+4 |

Fund Codes

| | |
|-----------------|--|
| Class: | Class A Shares - Retail Gross (Bundled) |
| MiFID category: | Non-complex |
| Sedol: | B7L7F47 |
| ISIN: | GB00B7L7F472 |
| Citicode: | 112G |
| MEXID: | 8TRESI |

Management & Administration

| | |
|--|--|
| Fund Manager: | Alan Collett, FRICS |
| Chief Investment Officer: | Andrew Smith, FRICS |
| Property Investment Adviser and Distributor: | Hearthstone Asset Management Limited 23 Austin Friars London EC2N 2QP 020 3301 1330 info@hearthstone.co.uk |
| Authorised Corporate Director: | Thesis Unit Trust Management Limited Exchange Building, St Johns Street, Chichester, West Sussex, PO19 1UP 01243 531234 |
| Dealing and administration: | TM Hearthstone ICVC PO Box 3733 Royal Wootton Bassett, Swindon, SN4 4BG 0333 300 0375 |
| Depository: | NatWest Trustee & Depository Services |
| Independent valuer: | CBRE |
| Auditor: | Grant Thornton UK LLP |

Fund ratings



FE Risk Score
11

Important information

This financial promotion has been approved under Section 21 of the Financial Services and Markets Act 2000 by Thesis Asset Management Limited. Residential property values are affected by factors such as interest rates, economic growth, fluctuations in property yields and tenant default. Property investments are relatively illiquid compared to bonds and equities, and can take a significant amount of time to trade.

Hearthstone Investments PLC is the parent company of the Hearthstone Investments Group. Regulated business is carried out by Hearthstone Asset Management Limited. Hearthstone Asset Management Limited is an appointed representative of Thesis Asset Management Limited which is authorised and regulated by the Financial Conduct Authority (114354). Hearthstone Investments PLC (06379066) and Hearthstone Asset Management Limited (07458920) are both registered in England and Wales. The registered office for both companies is c/o Bridgehouse Company Secretaries, 1-2 Faulkners Alley, Cowcross Street, London EC1N 6DD.

Thesis Unit Trust Management Limited is the Authorised Corporate Director. Authorised and regulated by the Financial Conduct Authority (186882).