

PAIF Class D Shares - Retail Unbundled (Net)

Fund Fact Sheet : 30 June 2018

The 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

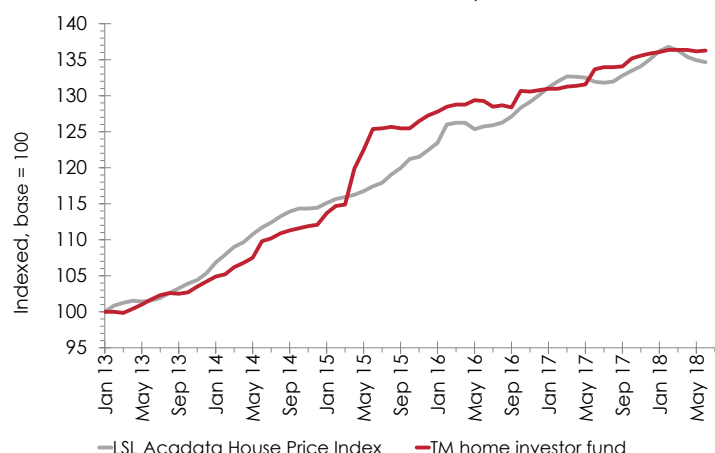
The Fund invests in private rented sector housing across the mainland UK regions and aims to capture UK house price growth plus provide an element of income return. The property investment manager, Hearthstone Asset Management, uses quantitative asset allocation methods and qualitative regional stock 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.

Whilst the fund will naturally be compared to others in the FE UT Property Sector, that peer group is comprised mainly of funds which invest in commercial property and property securities. For this reason, the LSL Acadata House Price Index (shown in grey in the charts and tables below) is considered to be a more relevant benchmark for the fund's performance.

Fund v. Benchmark

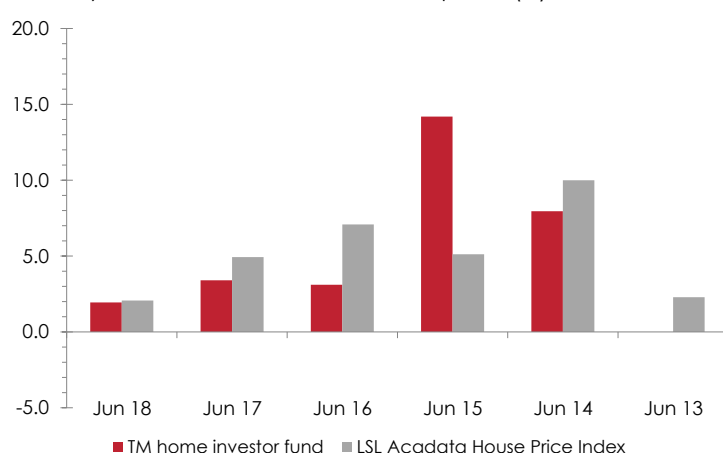
Cumulative

Cumulative total return since share class inception



Discrete

Discrete year until end of latest calendar quarter (%)



Cumulative total return (%) over period:

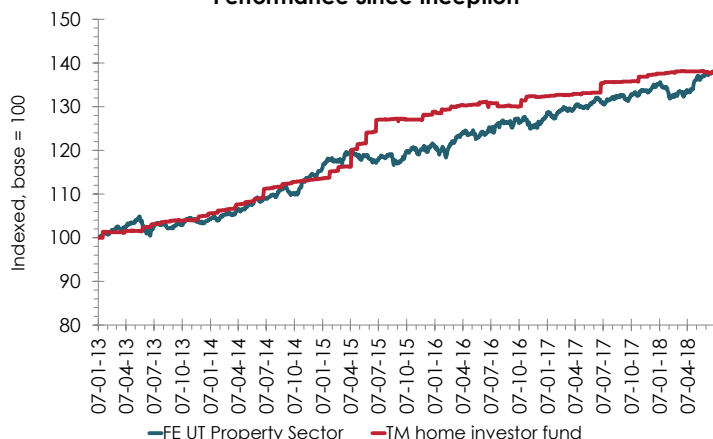
	1m	3m	6m	1y	3y	5y
TM home investor fund	0.07	-0.07	0.29	1.94	8.69	33.99
LSL Acadata House Price Index	-0.21	-1.20	-0.31	2.07	14.69	32.61

Discrete total return (%) 12 months ending:

	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14
TM home investor fund	1.94	3.40	3.11	14.19	7.96
LSL Acadata House Price Index	2.07	4.93	7.08	5.12	10.00

Fund v. Peer Group

Performance Since Inception



* Indicates fund performance is only part-year, but peer group covers the full period.

Cumulative (%)	1m	3m	6m	1y	3y	5y
TM home investor fund	0.07	-0.07	0.29	1.94	8.69	33.99
FE UT Property Sector	0.68	3.51	2.13	5.42	17.89	35.59

Discrete (%)	From launch	Year to end of Jun 18	Jun 17	Jun 16	Jun 15	Jun 14
TM home investor fund	37.97	1.94	3.40	3.11	14.19	7.96
FE UT Property Sector	38.07	5.42	5.21	6.29	7.48	7.00

Calendar year (%)	2017	2016	2015	2014	2013	2012
TM home investor fund	3.90	2.75	13.55	7.57	* 5.50	-
FE UT Property Sector	5.89	5.04	5.39	10.75	4.69	6.74

Performance of PAIF Class D Shares - Retail Unbundled (Net) Accumulation, launched 07/01/2013. Prevailing single price*, net of charges, in GBP with net income reinvested. Performance of other classes may vary. Source of all data: Financial Express and LSL Acadata 30/06/2018

*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.

PAIF Class D Shares - Retail Unbundled (Net)

Asset Allocation

	Target	Current
Physical Property	85%	91.2%
Cash	10%	2.33%
Liquid Instruments	5%	6.46%

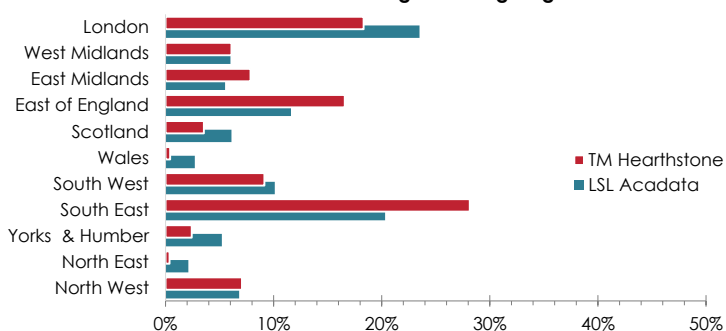
The fund currently has a 91.2% allocation to physical property with a target of 85%.

Acquisitions are ongoing with a further 1.92% currently held in cash allocated to property that has exchanged contracts and is awaiting completion.

Liquid instruments comprise cash liquidity funds (BlackRock and Prime Rate).

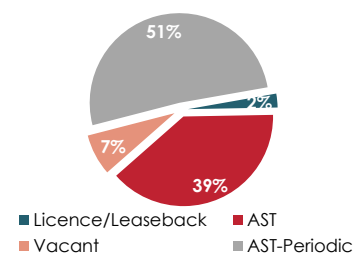
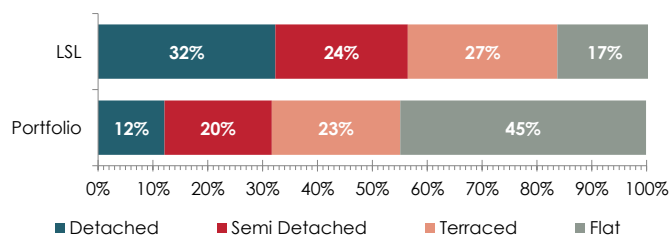
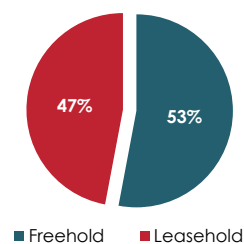
Property Portfolio Characteristics

Fund v LSL Acadata Regional Weightings



The regional weightings of the property portfolio by value are shown in the chart alongside the regional allocations of the LSL Acadata House Price Index. The weightings are largely in line with the index, apart from the South East where the portfolio has a weighting of 28.1% against the index of 20.3%; and East of England with 16.6% against the index of 11.6%.

28.1% of the portfolio is situated in the South East in locations including Haywards Heath, Horsham & Eastbourne. 18.3% of the portfolio is located in London. 16.6% is located in East of England in locations including Colchester. 9.1% is located in the South West in locations including Bristol & Swindon. 7.1% of the portfolio is located in the North West which includes Manchester.



Since launch in 2012, the fund has acquired 219 properties and 1 set of parking spaces. The properties that have been acquired are a mixture of new build properties from housebuilders and developers such as Bovis Homes, Barratt, Bellway & Crest Nicholson, as well as standing stock investments.

The portfolio as at the end of June 2018 has 201 properties and 1 set of parking spaces as 18 properties have been sold since launch with the sale proceeds reinvested into subsequent acquisitions.

181 of the properties are let to the private rented sector on AST agreements, with a further 5 let on licence to developers as they were purchased on a sale and leaseback basis.

Average completed tenancy term (months)	22.0
Average unexpired tenancy term (months)	2.8
Average rent (p.a.)	£11,970
Average property value	£247,062
Number of properties	201
Vacancy rate (income)	4.57%
Potential Gross Yield	4.82%

As at the end of June 2018, 15 properties were vacant including 8 first lets from the acquisition on 15th June in Rowledge, 4 of which are already reserved, and 3 properties being marketed for sale.

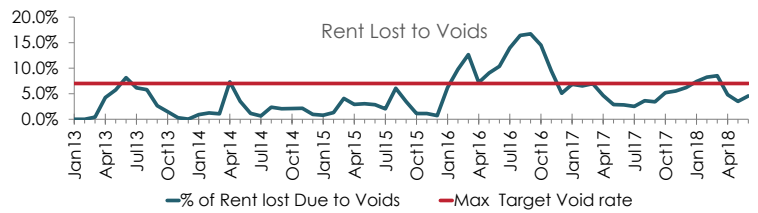
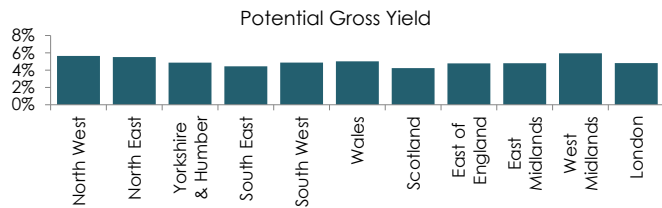
The property types held by the fund are delineated using the Land Registry Property categories of Detached, Semi Detached, Flats & Terraced.

Average property value by region and type

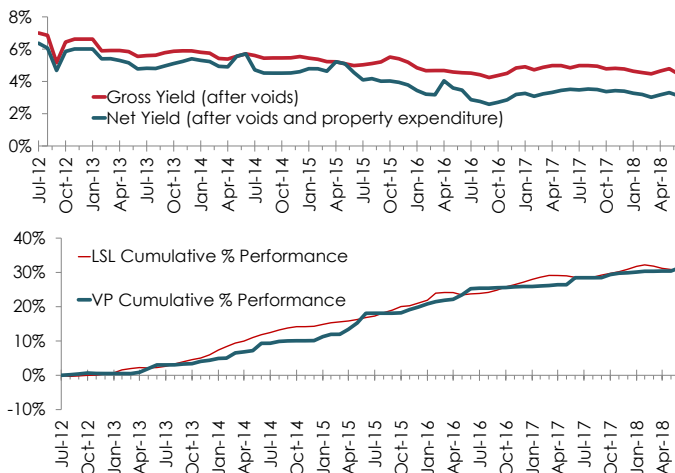


PAIF Class D Shares - Retail Unbundled (Net)

Property Portfolio Performance



The potential gross yield of the property portfolio as at 30th June 2018 is 4.82%. Rental income lost due to vacant properties was 4.57% of the potential gross rent for the month. Over 12 months to the 30th June rent loss as a percentage of potential gross rent stands at 5.31%. The void loss is partly owing to the properties for sale and new acquisitions pending first lets.



On an accrual basis the gross yield adjusted for voids as at 30th June is 4.46%, and after all accrued property related costs the net yield of the property portfolio is 3.12%.

The Standing Independent Valuer provides a desktop valuation each month, and physical inspection in June. This month, the portfolio Vacant Possession Value (VP) increased by 0.95%. Market movements contributed 0.47% of the increase and acquisitions discounts on Rowhedge, Colchester contributed 0.48%.

LSL this month reported a 2.1% annual increase in average house prices (2.0% increase excluding London & the South East). Over the same twelve month period, the performance of the fund's portfolio is 2.9% (VP).

Since launch of the fund, this brings the increase in VP to 31.36%. By way of comparison, the LSL Acadata House Price Index (which includes the effect of prime central London) reported a change in house prices of 30.62% over the same period.

Property Investment Adviser's Update

The fund continues to deliver on its objective to capture UK house price growth and deliver an element of house rental income. Whilst the current political uncertainty creates a somewhat subdued market in terms of transactions and valuations, rental income continues to be stable, reflecting a relatively strong economy in terms of GDP growth and employment.

The Investment Advisers continue to deploy capital in the UK regions, identifying locations which are likely to outperform the average for the country as a whole. The new investments made in the year in Rowhedge just outside Colchester and Nottingham. Both were acquired at significant discounts to the individual values at completion and handover, and all of the units have let quickly at, or just above, the target rents. In Rowhedge the first home was reserved within 48 hours, and another 5 within two weeks, all at our target rents

Hearthstone have continued to review the performance of all of the existing portfolio and have identified a small number of homes which will be sold later this year so that the capital can be redeployed with the objective of further improving performance.

Close attention continues to be paid to asset management opportunities taken to increase rents at review, and on new lettings. Occupancy remained at over 95%, even after allowing for the new properties handed over at completion and made available for letting.

Property Market Update

The housing market in the UK continued the trend of relative price stability and lower than trend volumes of transactions.. June 2018. The LSL Acadata House Price Index, which is based on all transactions including those for cash buyers, reported a year over year rise in prices across every region in the UK. The overall rise was 2.1%, with some regional variations. The North East (+3.7%) and West Midlands (+3.2%) performed most strongly, and the East of England (+0.7%) and South East (+0.55) showing the weakest annual growth. - 0.7% and 0.5% respectively

Interestingly, Greater London has seen growth accelerate over the last month.

The RICS Monthly Residential Market Survey for June 2018, confirmed this picture, reporting a steady and stable market, with significant regional variations but with a relatively low volume of transactions. The expectation of surveyors, which has tended to be a good lead indicator for the market showed confidence both the one year and five-year series.

First time buyers continued to take advantage of the Help to Buy scheme, which supported house builders in delivering roughly the same number of new homes as in the previous year. NHBC registered a slight decrease in the number of private sector completions (111,850) and a larger decrease in new starts (111,700) compared with the previous twelve months.

The rental market has remained strong in the regions, with a shortage of good quality homes. This continues to sustain demand for good quality homes let and managed by professional landlords.


The Government has launched consultation on residential tenancies with a view to extending the default tenancy length to three years. Hearthstone welcomes this move, our average period of occupation is already over two years, and any move which encourages good tenants to stay in their homes for longer will assist both landlords and tenants.

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Detailed Fund Information

Fund Name:	TM home investor fund
Sector:	IA Property
Fund launch date:	25 July 2012
Share class launch date:	07 January 2013
Underlying FUM	GBP 54,279,227
Primary asset class:	UK Residential Property
Structure:	OEIC with PAIF Tax Status

Fund Risk Profile



Awarded a DT3 rating by the independent risk rating company Distribution Technology.

Price and Yield at 30 June 2018

Fund Price	£ 1.364
Estimated Yield	1.11 % (net)

Additional Fund Information

Charges		
	Standard Prospectus terms	Current terms
Initial Charge	0.00%	0.00%
Ongoing Charges Figure (OCF)*	1.61%	1.61%

* OCF is based on estimated annual expenses, and includes the Annual Management Charge of 0.9%. The OCF may vary from year to year.

Investment Minima		
	Standard Prospectus terms	Current terms
Minimum Initial Investment	GBP 1,000	GBP 1,000
Minimum Additional Investment	GBP 500	GBP 500
Monthly Investment	GBP 50	GBP 50

Minimums may not apply when investing via an online platform or wrap.

Availability (Platforms, SIPP, Offshore Bond)

This share class is available on the following platforms:

7iM Nominees, AJ Bell, Allfunds Bank, Alliance Trust, Ascentric, Hubwise, Interactive Investor, Raymond James, Transact, Willis Owen,

Dates	
Distribution pay dates:	Annual: 31/10 Interim: 28/2, 31/5, 30/11
Distribution Type:	Accumulation
Subscription Frequency	Daily
Pricing Frequency	Daily
Redemption Frequency	Daily

Fund Codes

PAIF Class D Shares - Retail Unbundled (Net)			
Sedol:	ISIN:	Citicode:	MEXID:
B960879	GB00B9608795	I3HM	8TCLEA

Management & Administration

Fund Manager:	Hearthstone - Alan Collett
Property Investment	Hearthstone Asset Management Limited
Adviser:	
Authorised Corporate Director:	Thesis Unit Trust Management Limited
Investment Adviser (non-property assets):	Thesis Asset Management Limited
Administrator:	Northern Trust Global Services Limited
Depository:	NatWest Trustee & Depositary Services
UK Legal Adviser:	Eversheds Sutherland
Independent Valuer:	Cushman Wakefield
Auditor:	Grant Thornton UK LLP

Platforms

(Different share/unit classes may be available on other platforms)



Contacts

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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.

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