

TM Hearthstone ICVC

Annual Report & Accounts
for the year ended 30th June 2020



THESIS UNIT TRUST MANAGEMENT LIMITED
Authorised and regulated by the Financial Conduct Authority

TM Hearthstone ICVC

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* These collectively comprise the Authorised Corporate Director's Report.

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Management and Professional Service Providers' Details

Authorised Corporate Director:

Thesis Unit Trust Management Limited
Exchange Building
St John's Street
Chichester
West Sussex PO19 1UP
Tel: 01243 531 234

*Authorised and regulated by
The Financial Conduct Authority*

Investment Manager:

Thesis Asset Management Limited
Exchange Building
St John's Street
Chichester
West Sussex PO19 1UP

*Authorised and regulated by
the Financial Conduct Authority*

Property Investment Manager:

Hearthstone Asset Management Limited
60 Gresham Street
London EC2V 7BB

*An appointed representative of
Thesis Asset Management Limited.*

Dealing & Registration:

Northern Trust Global Services SE, UK Branch
PO Box 3733
Royal Wootton Bassett
Swindon SN4 4BG
Tel: 0333 300 0375
Fax: 020 7982 3924

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

Depository:

NatWest Trustee and Depository Services Limited
Drummond House, Second Floor
1 Redheughs Avenue
Edinburgh EH12 9RH

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

Auditor:

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Directors:

S. R. Mugford - Finance Director
D. W. Tyerman - Chief Executive Officer
S. E. Noone - Client Service Director
D. K. Mytnik - Non-Executive Director
V. R. Smith - Non-Executive Director
W. D. Prew - Independent Non-Executive Director¹
C. J. Willson - Independent Non-Executive Director²
N. C. Palios - Non-Executive Chair

D.W. Tyerman and S.R. Mugford also hold directorships of other companies within the Thesis group and perform senior management roles within these companies, particularly Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the Authorised Corporate Director.

D.K. Mytnik, V.R. Smith and N.C. Palios also hold non-executive directorships of other companies within the Thesis group. They are not engaged in other business activities that are of significance to the Company. W. D. Prew is a Director of Indos Financial Limited, the primary business of which is the provision of Alternative Investment Fund Managers Directive independent depositary services to Alternative Investment Funds. Indos Financial Limited is not appointed as depositary on any alternative investment funds managed by the Authorised Corporate Director.

¹Appointed 12th November 2019

²Appointed 14th November 2019

Standing Independent Valuer:

CBRE Limited
St Martin's Court
10 Paternoster Row
London EC4M 7HP

Property Manager:

Touchstone Corporate Property Services Limited
2 Crescent Office Park
Clarks Way
Bath BA2 2AF

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Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2020

Thesis Unit Trust Management Limited (the “ACD”) is pleased to present the ACD’s annual report for TM Hearthstone ICVC (the “Company”) for the year ended 30th June 2020.

This Company is an umbrella fund with only one sub-fund, namely TM home investor fund.

Investment Objective and Policy

It is intended that the TM home investor fund (the “sub-fund”) be a PAIF at all times, and, as such, its investment objective is to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business as further described below. HM Revenue & Customs has provided confirmation to the ACD that the sub-fund meets the requirements to qualify as a PAIF under Regulation 69O of the Authorised Investment Funds (Tax) Regulations 2006 (as amended).

The objective of the sub-fund is to establish a residential property fund which provides investors with exposure to the United Kingdom housing market. Returns will derive principally from capital performance, with lettings of fund properties intended to cover costs and provide some additional return. As it is intended that the sub-fund follows the performance of the underlying housing market it will be ungeared apart from occasional borrowings used to support liquidity.

The key investment objective is to maintain a let property portfolio which is diversified according to the geographic distribution of housing stock in England, Scotland and Wales. As far as suitable opportunities allow, the sub-fund will allocate investments to each region on the basis of that region’s market size compared to the United Kingdom as a whole (excluding Northern Ireland). Attention will also be given to maintaining a balance between property types which appropriately reflects the wider market.

There is no explicit income target for the sub-fund but the properties will be selected and managed in such a way as to provide income appropriate to their location while minimising the loss in rental yields due to management and maintenance costs.

The sub-fund will invest primarily in United Kingdom residential Property. Consistent with the sub-fund’s objective to invest in a portfolio which is diversified according to the distribution of housing stock in the United Kingdom mainland, it will aim to identify properties which are in established rental locations within each area and that have exhibited long term house price growth characteristics that are average or above average for the region. Where appropriate, discounts will be sought on purchases that mitigate or eliminate the transactional costs of investment or provide an element of additional performance.

Properties will generally be let on an assured shorthold tenancy (“AST”) basis apart from units let to specialist operators for use as serviced apartments or units obtained from residential developers on a sale and leaseback basis. Properties subject to non-AST leases will be managed to ensure that the sub-fund is not unduly exposed to counter-party risk.

The sub-fund will invest a small proportion of its assets in liquid instruments and cash in order to obtain appropriate levels of liquidity. To maintain exposure to the United Kingdom residential market, instruments used for this purpose may include property related equities, regulated or unregulated investment funds, and derivatives.

Performance Comparator

The sub-fund uses the LSL Acadata Index for performance comparison purposes only. The benchmark is not a target benchmark and the sub-fund is not constrained by it.

This Index has been chosen as a comparator benchmark as it is based upon actual sales completed and is mix-adjusted. There is a detailed comparison of the various indices on the LSL Arcadata website but, put simply, it is the result of taking the average of the price at which every residential transaction in England & Wales took place, smoothed over rolling 3 month periods, mix-adjusted to eliminate the effect of monthly changes in the types of properties sold, and seasonally adjusted to account for times in the year when house buying activity traditionally experiences peaks or troughs.

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Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2020 (continued)

Impact of COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the Valuation Date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our Valuation is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our Valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we will keep the Valuation of these properties under frequent review.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the Valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the Valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the Valuation.

Initial reports have suggested a rebound in demand since the market has re-opened, with encouraging feedback from local agents across some parts of the portfolio. This is partly due to pent up demand and we expect to see a surge in sales in the next few months. However, levels of activity have not yet fully returned to what we would consider to be normal levels. We feel caution must be upheld during this period, as whether this surge in activity continues, largely depends on the wider economic outlook.

We do however acknowledge a degree of confidence within the wider build to rent market particularly around single-family housing portfolios of this nature. We will continue to regularly review this information going forward.

Thesis Unit Trust Management Limited
Authorised Corporate Director
27th October 2020

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Report of the Investment Managers

for the year ended 30th June 2020

Investment Report - Hearthstone Asset Management Limited

1. Residential Market

The UK Residential Property Market in the year to 30th June 2020 has certainly been a rollercoaster, but it has clearly demonstrated and validated the resilience of the asset class and the sub-fund's investment philosophy.

The first half of this period was restrained by continued Brexit uncertainty and a power struggle at the upper echelons of Government as Theresa May handed in her resignation in June 2019 and a leadership battle within the Conservative Government ensued. Boris Johnson was elected Prime Minister on 23rd July 2019 and, being unable to persuade a deadlocked parliament to approve a Withdrawal Agreement, called for a snap election on 29th October 2019. This again dampened the housing market as concerns over another minority government and the continued impact on the wider economy came to the fore. The outcome of the general election on 12th December removed much of the uncertainty, resulting in the housing market reacting positively for the first time since the EU Referendum in 2016.

As data started feeding through clarifying the positive start to 2020, an unexpected pause hit all markets because of the COVID-19 pandemic and, with the insertion of a Material Valuation Uncertainty Clause to all property valuations as at March 2020, the Fund was suspended as at 17th March 2020, and remained so at 30th June 2020.

According to LSL Acadata, house prices nationally were almost static from June 2019 to September 2019, but then steadily increased to their report in May 2020 which detailed an increase from June 2019 of 0.93% (with some regional variations). The volume of transactions remained consistent with previous years varying between 60,000 and 80,000 per month up to March 2020. Further to the national Lockdown in March however, transaction volumes halved to c.40,000 for April and May and, due to a shortage of transaction data, both LSL Acadata and the Office for National Statistics (ONS) suspended the publication of their house price indices. The market has, however, started to pick up again as estate agents reopened their doors in mid-May 2020, with Zoopla reporting in June 2020 that demand increased by 46% from March 2020, alongside supply being 15% down on June 2019.

The well documented long-term shortage of good quality homes has continued and has only been exacerbated by the COVID-19 crisis, with the National House-Building Council (NHBC) stating that private housing starts in the 3 months to May 2020 were down 66.2% on the same period to May 2019, and completions within the same period down 60.8%. New housing starts by the top 10 builders were down 45.3% year on year May 2019 to May 2020 and completions down 36.4%. It seems unlikely government house building targets are to be reached any time soon, which further distorts the supply and demand dynamic and, in our opinion, will support pricing going forwards.

Rental demand however continued to grow, and with some Buy to Let landlords having exited the market since taxation changes in 2016, demand for good quality modern homes, such as those owned by the Fund, continued. Rental growth across the portfolio and the market as a whole has continued. Further to the estate agencies opening in May, by the end of June 2020 letting demand was up 60%, with supply up 'only' 36%. This was driving competition in the market and was driving increases in rents, with the ONS rental index showing 1.5% increase year on year.

2. Sub-fund Performance

The sub-fund invests in private rented sector housing across the UK and aims to capture UK house price growth plus provide an element of income return. The sub-fund's capital benchmark is the LSL Acadata House Price Index.

The Property Investment Manager, Hearthstone, uses quantitative asset allocation methods and qualitative regional stock selection to build a portfolio of assets reflecting the distribution of UK housing stock.

These properties are let under assured shorthold tenancies "AST", agreements, corporate lets and a small number on Leaseback agreements to housebuilders. Returns comprise both capital growth and rental income.

Hearthstone will continue to deploy capital in the UK regions, identifying locations which are likely to outperform the average for the country as a whole. New investments were made in the year in Smethwick, near Birmingham, where eleven newly built houses were purchased, with two further houses due to complete imminently. The houses were acquired at significant discounts to the individual values at completion and handover and, although they completed immediately before lockdown, units have let quickly at the target rents once the estate agencies reopened. The sub-fund currently has a large cash position which we will be looking to deploy once its temporary suspension is lifted.

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Report of the Investment Managers

for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

2. Sub-fund Performance (continued)

Hearthstone also reviewed the performance of the existing portfolio and identified a small number of homes which were considered likely to underperform. These were sold so that the capital could be redeployed as mentioned above. This programme will continue through into 2020/21 with a small number of further sales, the objective of further improving performance.

Close attention was also paid to asset management with overall occupancy in line with previous years, and opportunities taken to increase rents at review, and maximise them on new lettings. The costs of running the sub-fund were also reviewed. The new Standing Independent Valuer, CBRE, has assumed its role, and a review of the inspection process is being undertaken currently with the aim of reducing this cost to the sub-fund.

The sub-fund performance as at 30th June 2020 is detailed below in Table 1 and charted in Figure 1. Performance is on a bid to bid price basis, net of charges, and with income reinvested for each share class. Source: Financial Express Analytics.

Note 1: The Fund changed to single pricing from a dual pricing basis on 10th April 2015.

Note 2: Income share class E was launched on 16th March 2020 and income share classes A to F launched on 20th April 2020. As the fund was temporarily suspended, those classes had no investors at 30th June 2020 and their performance has not been reported below.

Table 1: Fund Performance by Share Class

Period to 30/06/2020	A Acc	B Acc	C Acc	D Acc	E Acc	F Acc	G Inc	H Acc	X Acc	Feeder Acc
1 month	0.00%	0.00%	0.07%	0.07%	0.07%	0.14%	0.08%	0.14%	0.07%	0.07%
3 month	-0.43%	-0.51%	-0.28%	-0.35%	-0.27%	-0.28%	-0.26%	-0.07%	-0.36%	-0.36%
6 month	-0.36%	-0.44%	-0.07%	-0.14%	0.00%	-0.07%	-0.05%	0.42%	-0.15%	-0.22%
1 year	0.00%	-0.07%	0.70%	0.50%	0.83%	0.70%	0.64%	1.62%	0.37%	0.37%
3 years	4.09%	3.74%	6.13%	5.38%	6.49%	5.84%	5.73%	N/A	N/A	5.29%
Launch	39.11%	37.65%	45.64%	42.63%	47.81%	44.84%	44.24%	4.80%	2.46%	36.75%

Note 3: Share/Unit Class launch dates:

- Class A Gross Accumulation 29th Aug 2012
- Class B Net Accumulation 26th July 2012
- Class E Gross Accumulation 13th August 2012
- Class F Net Accumulation 3rd August 2012
- Class G Net Income 25th July 2012,
- Class C Gross Accumulation 7th Jan 2013
- Class D Net Accumulation 7th Jan 2013 !
- Feeder Gross Accumulation 24th April 2013
- Class H Gross Accumulation 13th July 2018
- Class X Net Accumulation 13th July 2018

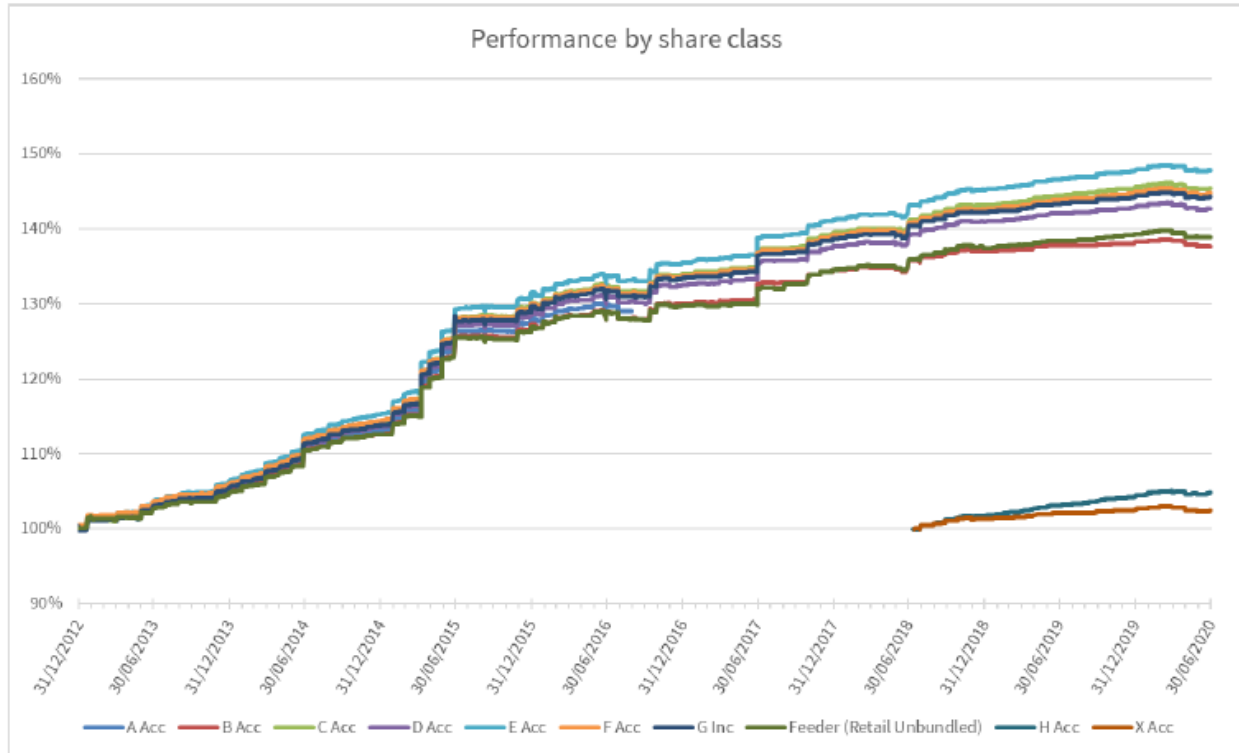
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Report of the Investment Managers for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

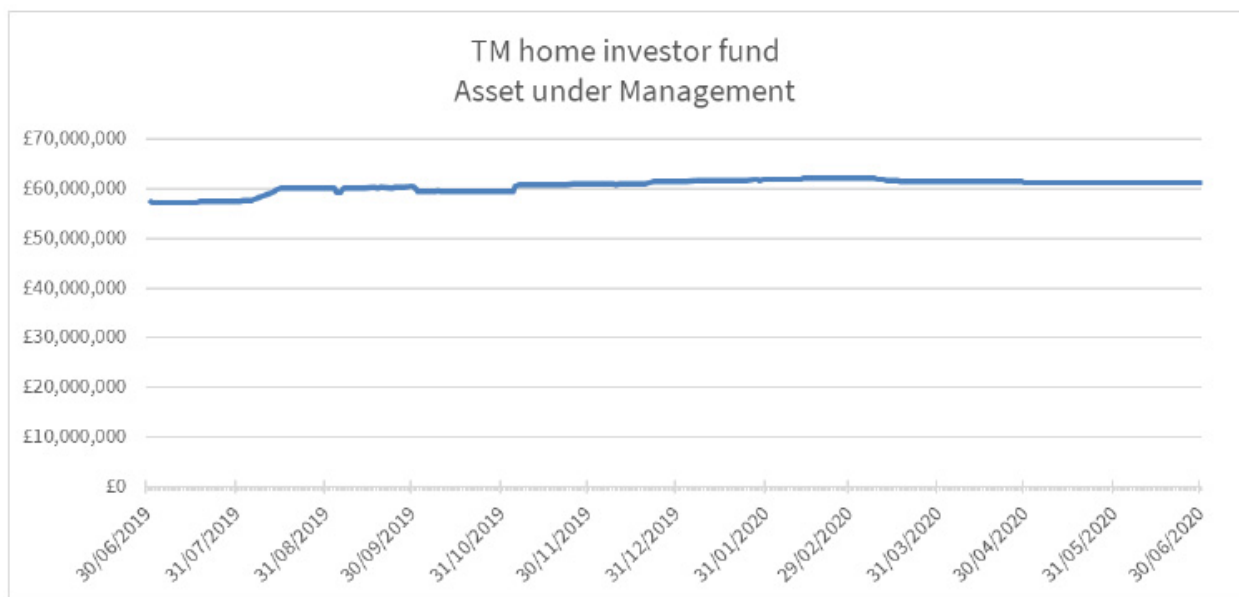
2. Sub-fund Performance (continued)

Figure 1: Fund Performance by share class – Launch to 30th June 2020



Note 4: Basis = 100% at share class launch date.

Figure 2: Sub-fund Growth 1st July 2019 – 30th June 2020



As at 30th June 2020 the sub-fund assets have grown to £61,201,400.

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Report of the Investment Managers

for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to sub-fund's performance

The sub-fund's investment returns comprise capital growth and rental income.

Table 2: Key Portfolio Statistics at 30th June 2020

Portfolio Purchase Price	£41,937,461
Investment Value (IV) (subject to tenancies in existence)	£50,565,000
Vacant Possession Value (VP) (assuming vacant possession)	£50,565,000
Number of Properties	204*
Average Unit Value VP	£247,868
Potential Gross Annual Rental Income	£2,479,362
Average Annual Rent	£12,214
Potential Gross Property Yield – Potential gross income (annualised)	4.90%
Current Gross Property Yield – After voids i.e. Let properties only (annualised)	4.49%
Net Property Yield - After voids & actual property expenditure (annualised)	2.94%

*203 Properties, plus 1 set of car parking spaces.

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Report of the Investment Managers

for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to sub-fund's performance (continued)

Rental Yield & Income

Table 3: Potential Gross Rental Yield June 2020

Region	Portfolio Potential Gross Yield – June 2020
North West	5.64%
North East	N/A
Yorkshire & Humber	5.11%
South East	4.59%
South West	4.95%
Wales	N/A
Scotland	4.25%
East of England	4.74%
East Midlands	5.06%
West Midlands	5.45%
London	4.90%
Overall	4.90%

The potential gross rental yield of the Fund property portfolio from July 2019 is 4.90%. The gross yield adjusted for voids is 4.49% and after all property related costs from July 2019, the net yield of the property portfolio is 2.94%. The net yield has been impacted by the increasing voids and arrears during COVID-19, and also a number of annual costs during this period, such as insurance premiums, annual maintenance and service charges that have increased the costs due by the fund at the start of 2020.

Table 4 shows the gross/net property yield on a monthly basis.

Table 4: Property portfolio Gross – Actual Monthly Net Yield

Month	Potential Gross Yield	Gross Yield after voids	Net Yield
July 2019	4.88%	4.81%	3.67%
August 2019	4.89%	4.53%	3.04%
September 2019	4.89%	4.61%	3.63%
October 2019	4.90%	4.68%	4.00%
November 2019	4.91%	4.64%	2.32%
December 2019	4.90%	4.62%	3.25%
January 2020	4.90%	4.52%	3.80%
February 2020	4.66%	4.33%	2.12%
March 2020	4.94%	4.38%	2.76%
April 2020	5.00%	4.23%	1.83%
May 2020	4.98%	4.29%	2.91%
June 2020	4.98%	4.24%	1.96%

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Report of the Investment Managers for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to sub-fund's performance (continued)

Figure 3 below details the impact of rental loss through arrears/voids and property level costs (as % of potential rent on the left-hand axis) on the net yield (right-hand axis).

Figure 3: Cost impact on Net Property Yields as a percentage of potential rent

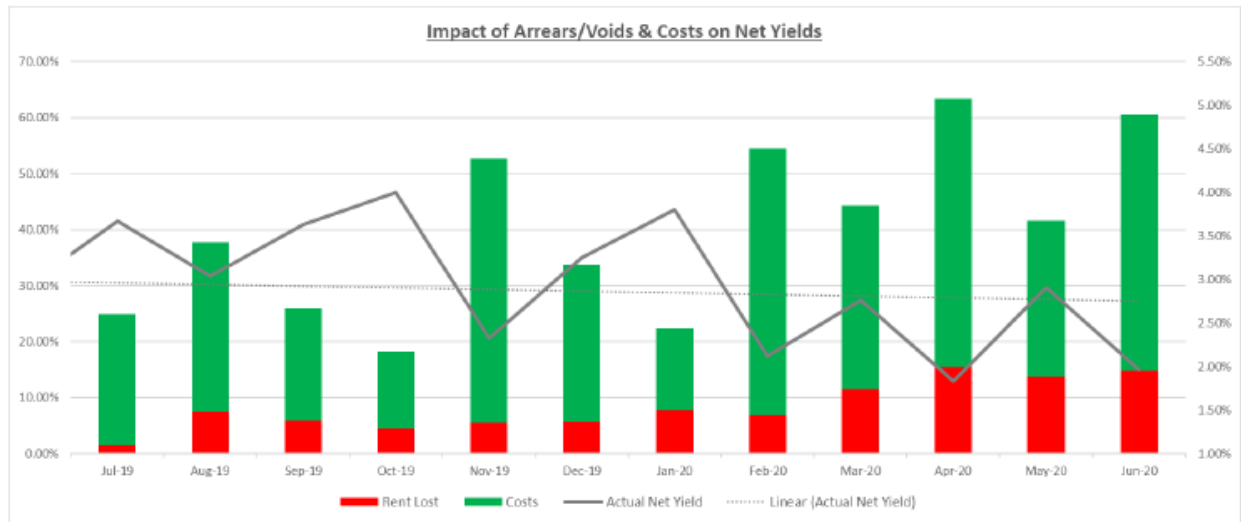
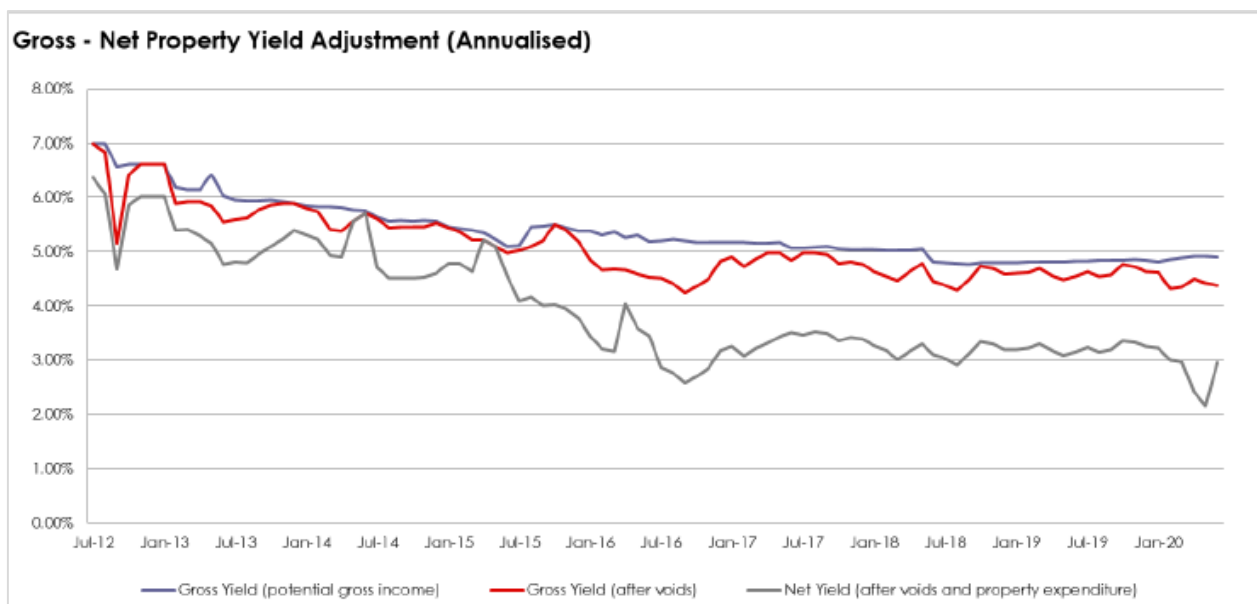


Figure 4 shows the movement of the gross/net property yield from inception to 30th June 2020 on an accrual basis, rather than on an actual basis (above). This will be slightly higher as doesn't reflect arrears, just estimated voids and costs going forwards.

Figure 4: Gross – Net Property Yield



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Report of the Investment Managers for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to sub-fund's performance (continued)

Valuation Movement

The Standing Independent Valuer (CBRE as of June 2020) values the property portfolio on a desktop basis each month on both an Investment Value (IV) basis and Vacant Possession (VP) basis, and by physical inspection each June. The SIV takes into account the tenancies in existence and the VP value assumes vacant possession. The LSL Acadata House price Index is a capital index based on vacant possession (VP) values.

Figure 5 shows the valuation movement of the sub-fund portfolio (adjusted for acquisitions and disposals) from the launch of the sub-fund to 30th June 2020 against the LSL monthly House Price Index. As mentioned previously in this report, LSL Acadata suspended publication of their house price index whilst transaction volumes and availability of data from Land Registry were affected by the COVID-19 pandemic.

Figure 5: Valuation vs LSL Acadata Month on Month Movement from launch to 30th June 2020

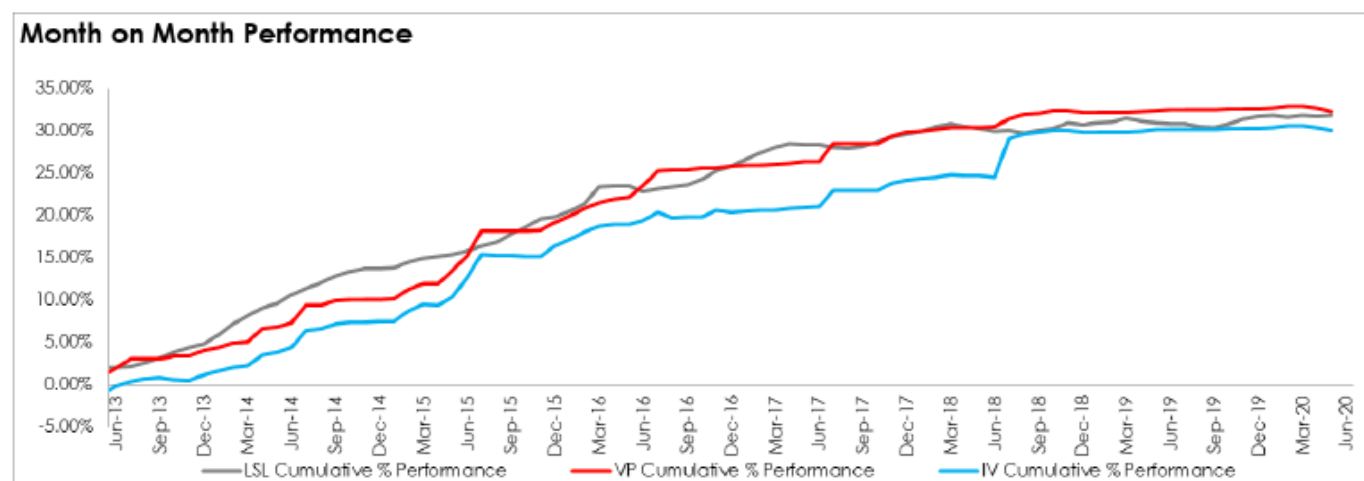
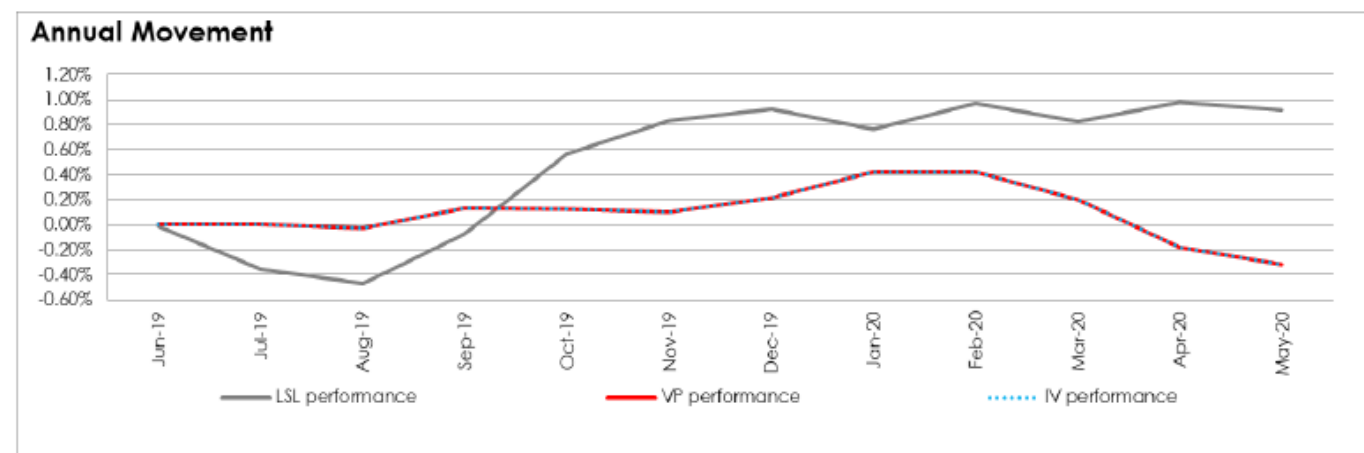


Figure 6: Valuation Movement vs LSL Acadata Month on Month Movement from 1st July 2019 to 30th June 2020



In June 2020, LSL reported a 0.92% annual increase in average house prices. Over the same twelve-month period, the performance of the sub-fund's portfolio performance is -0.32% (VP and IV).

Since launch of the Fund, this brings the increase in IV to 29.84%, and to 32.14% on a VP basis. By way of comparison, the LSL Acadata House Price Index (which includes the effect of prime central London) reported change in house prices of 31.74% to its latest data in May 2020. To June 2020 the Fund's values have increased by 29.90% (IV) and 32.20% (VP).

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Report of the Investment Managers

for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

4. Property Transactions

The key investment objective of the sub-fund is to establish and maintain a let property portfolio which is diversified according to the geographic distribution of housing stock in England, Scotland and Wales.

Since launch, the sub-fund has acquired just over £46million of property from housebuilders, developers and property investors.

The initial seed properties added from July 2012 to February 2013 were on an in-specie basis in exchange for units in the sub-fund. The housebuilders simultaneously entered into agreements to lease back the properties and pay a rent/fee on a full repairing and insuring basis. These seed investors have now fully redeemed their shares/units in the sub-fund in accordance with the pre-agreed redemption schedule.

Other new build properties and standing stock investments have since been bought for cash from housebuilders and property investment companies. These have been acquired either with vacant possession and let on standard AST agreements, or with existing tenancies in place.

There was one purchase during the year:

- In January 2020, we agreed to buy 13 new build houses in Smethwick, Birmingham. The first 11 were completed and handed over in February 2020 with the final two due to complete in July 2020. We bought these just before the COVID-19 'lockdown', but have proven popular with tenants with 50% let between the housing market reopening mid-May and the end of June 2020.

A full list of the properties purchased in the past twelve months is listed in Table 5 below.

Table 5: Summary of acquisitions from 1st July 2019 – 30th June 2020

Purchase Date	Purchase Price	No. Properties	Red Book Valuation at Purchase	Status
28th February 2020	£2,375,000	11	£2,555,000	Complete
	£2,375,000	11	£2,555,000	7% discount

Two final two units are due to complete at the start of July. These were agreed at £428,000 with a Red Book valuation figure of £470,000.

There are a number of schemes currently being analysed for the pipeline, and housebuilders remain interested in negotiating terms advantageous to the Fund in return for forward commitments. However, any future purchases will be dependent on receipts from property disposals and net new subscriptions into the Fund.

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Report of the Investment Managers

for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

4. Property Transactions (continued)

Sales

The regular review of assets identified some which were likely to underperform, and nine properties have been sold during the past year. These have primarily been individual former show homes, and the first phase of sales of individual leasehold flats in Colchester.

Taking into account the sold properties and new acquisitions, the purchase price of the assets held as at 30th June 2020 is £41,937,461.

Table 6: Summary of disposals

Property	Purchase Price	Sold Price	Uplift	Sale Date
4 Mansion House, Colchester	£130,345.02	£146,000.00	£15,654.98	23/08/2019
9 Mansion House, Colchester	£132,758.30	£155,000.00	£22,241.70	01/10/2019
143 Atkins Hill, Wincanton	£280,000.00	£330,000.00	£50,000.00	15/10/2019
10 Mansion House, Colchester	£130,345.02	£150,000.00	£19,654.98	13/03/2020
12 Mansion House, Colchester	£132,758.30	£153,500.00	£20,741.70	27/03/2020
35 Grazeley Road, Reading	£420,000.00	£500,000.00	£80,000.00	19/03/2020
	£1,226,206.64	£1,434,500.00	£208,293.36	16.99% uplift

Holdings

Table 7: Top 10 Holdings 30th June 2020

Property Name	Number of Properties	Value	% of NAV
Quadrant Court, Wembley, London HA9	22	£7,442,500	12.16%
Wickhurst Green, Horsham, RH12	14	£4,505,000	7.36%
The Limes, Nottingham, NG8	18	£3,780,000	6.18%
Spectrum, Blackfriars Road, Manchester M3	17	£3,015,000	4.93%
Crocketts Lane, Smethwick, B66	11	£2,555,000	4.17%
King Georges Park, Rowhedge, CO5	8	£2,425,000	3.96%
Rea Road, Northfield, Birmingham. B31	14	£1,835,000	3.00%
Portland View, Bristol, BS2	6	£1,715,000	2.80%
Henmead House, Haywards Heath, RH16	6	£1,695,000	2.77%
Mansion House, Colchester, CO2	10	£1,492,000	2.44%

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

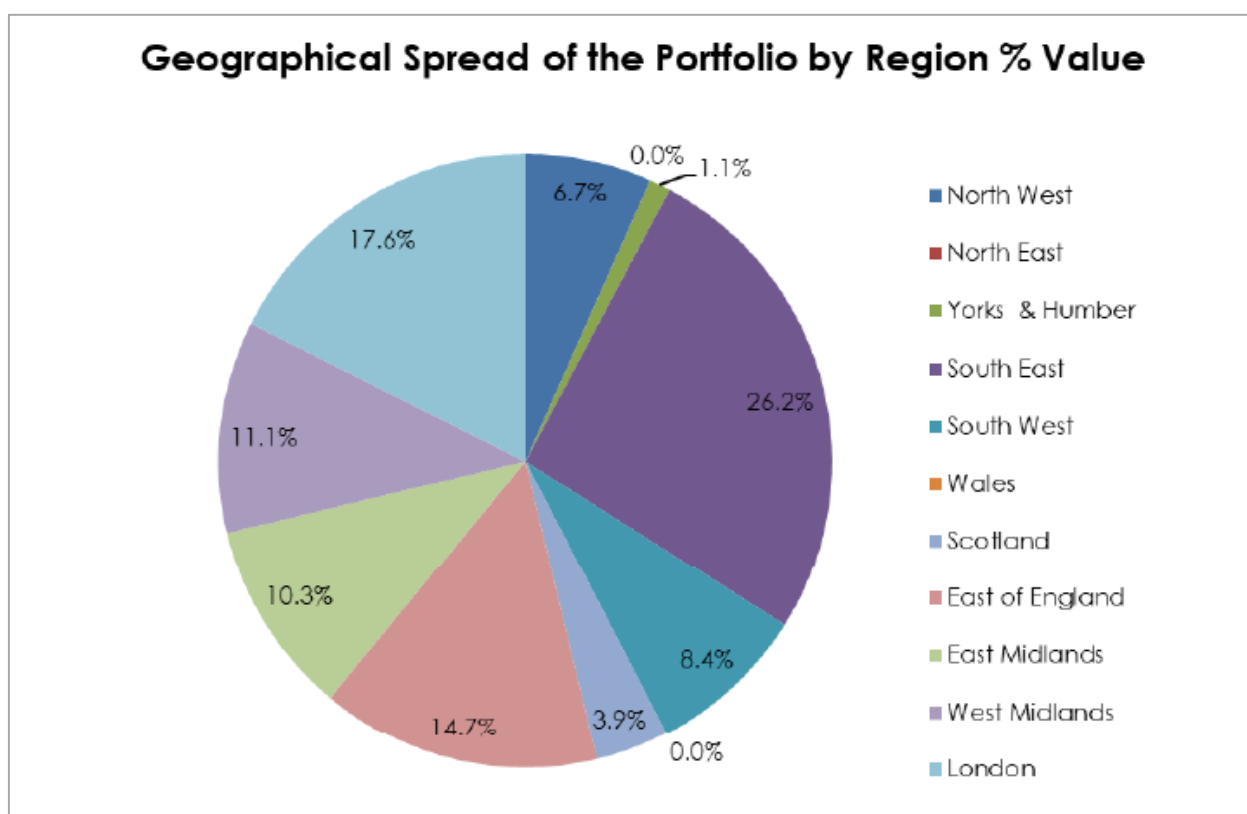
4. Property Transactions (continued)

Table 8 shows the current portfolio against the LSL regional weightings of property as at 30th June 2020. The portfolio is reasonably balanced at present but slightly currently overweight in the South East, East of England and East Midlands regions. These small imbalances will be addressed in the coming year by selective new purchases and sales. The portfolio remains slightly underweight in London, by design.

Table 8: Portfolio Breakdown by Regional LSL Allocations as at 30th June 2020

Areas	No of Units	% of units	Purchase Price	Current IV	% by Value & Region	% +/-	LSL Regional Weightings
North West	21	10%	£2,906,000	£3,373,000	6.7%	-0.1%	6.8%
North East	-	-	-	-	-	-2.1%	2.1%
Yorks & Humber	3	1%	£493,000	£565,000	1.1%	-4.1%	5.2%
South East	41	20%	£11,810,400	£13,242,500	26.2%	5.9%	20.3%
South West	15	7%	£3,768,000	£4,255,000	8.4%	-1.7%	10.1%
Wales	-	-	-	-	-	-2.7%	2.7%
Scotland	8	4%	£1,185,708	£1,950,000	3.9%	-2.2%	6.1%
East of England	29	14%	£6,345,103	£7,447,000	14.7%	3.1%	11.6%
East Midlands	27	13%	£4,427,750	£5,192,000	10.3%	4.8%	5.5%
West Midlands	33	16%	£4,873,000	£5,633,000	11.1%	5.1%	6.0%
London	27	13%	£6,128,500	£8,907,500	17.6%	-5.9%	23.5%
Total	204	100%	£41,937,461	£50,565,000	100%		100%

Figure 7: Geographical Spread of the Portfolio by Region % Value



TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

5. Rental Income

Table 9: Rent Collection & Expenditure to 30th June 2020

Rent Demanded	£2,262,118.34
Rent Collected *	£2,271,238.00
Property Expenditure Paid	£775,579.28
Net Rent Received by Fund *	£1,463,415.04
% collected YTD – 1st July 2019-30th June 2020	99.10%

* Rental income is collected via Touchstone, the sub-fund's property manager. In addition to rental income, small amounts of non-rent charges such as retained monies from tenancy deposits for dilapidations and other income such as water re-charges are included as income.

Arrears

As at 30th June 2020, arrears totalled £55,996.83 of which £31,925.52 are current tenant rental arrears. £16,479.84 of historic tenant rental arrears and £7,590.47 of non-rent arrears i.e. dilapidations or recharges.

Comparing these figures with the total annual rental potential of the portfolio at £2,446,781.50 demonstrates the success of the tenant selection and tenancy management including through the COVID-19 crisis.

Write-offs

During the period of 1st July 2019 to 30th June 2020, no arrears were written off, although some small write offs are likely if previous tenants cannot pay, or current tenants cannot keep up with repayment plans in put in place during the COVID-19 crisis.

6. Performance Figures

Table 10: Fund Key Financial Figures 30th June 2020

INCOME		
Gross Income Accrued by the Fund from 1st July 2019 – 30th June 2020	£2,270,575.58	
Net Annual Fund Income at 30th June 2020 (added back in distribution income)	£763,795	September 2019: £220,013 December 2019 : £235,692 March 2020 : £180,952 June 2020 : £127,138
Gross Net Adjustment	66.36%	

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

6. Performance Figures (continued)

Fund Performance vs LSL Acadata House Price Index

The sub-fund invests in private rented sector housing across the UK and aims to outperform the current benchmark, the LSL Acadata House Price Index, plus providing an additional income return. The COVID-19 'lockdown' in the UK toward the end of March 2020 had an unprecedented impact on the number of transactions in the housing market and, as a result of shortage of data from HM Land Registry, LSL Acadata suspended issue of their monthly house price index. At the time of writing, they have now published figures until May 2020, and those are used in the table below.

Comparing the sub-fund performance for the individual share classes to 30th June 2020, against the latest data from the LSL House Price Index (May 2020) it can be seen that on an annualised basis the Fund has outperformed the LSL Acadata House Price Index on all share classes in the past twelve months, with 1 year performance varying between share classes from 2.33% to 3.28% against 0.14% for the Index.

Table 11: Fund Performance to 30th June 2020

Period to 30th June 2020	A Acc	B Acc	C Acc	D Acc	E Acc	F Acc	G Inc	H Acc	X Acc	Feeder Acc
1 month	0.00%	0.00%	0.07%	0.07%	0.07%	0.14%	0.08%	0.14%	0.07%	0.07%
3 month	-0.43%	-0.51%	-0.28%	-0.35%	-0.27%	-0.28%	-0.26%	-0.07%	-0.36%	-0.36%
6 month	-0.36%	-0.44%	-0.07%	-0.14%	0.00%	-0.07%	-0.05%	0.42%	-0.15%	-0.22%
1 year	0.00%	-0.07%	0.70%	0.50%	0.83%	0.70%	0.64%	1.62%	0.37%	0.37%

Table 12: LSL Acadata England and Wales House Price Index to May 2020 (latest available data)

	LSL Average House Price	Month on month change
June 2019	£298,328	-0.01
July 2019	£297,294	-0.35
August 2019	£296,955	-0.11
September 2019	£298,124	0.39
October 2019	£300,045	0.64
November 2019	£300,831	0.26
December 2019	£301,114	0.09
January 2020	£300,627	-0.16
February 2020	£301,243	0.21
March 2020	£300,819	-0.14
April 2020	£301,270	0.15
May 2020	£301,097	-0.06

Source: LSL Acadata England and Wales House Price Index, May 2020

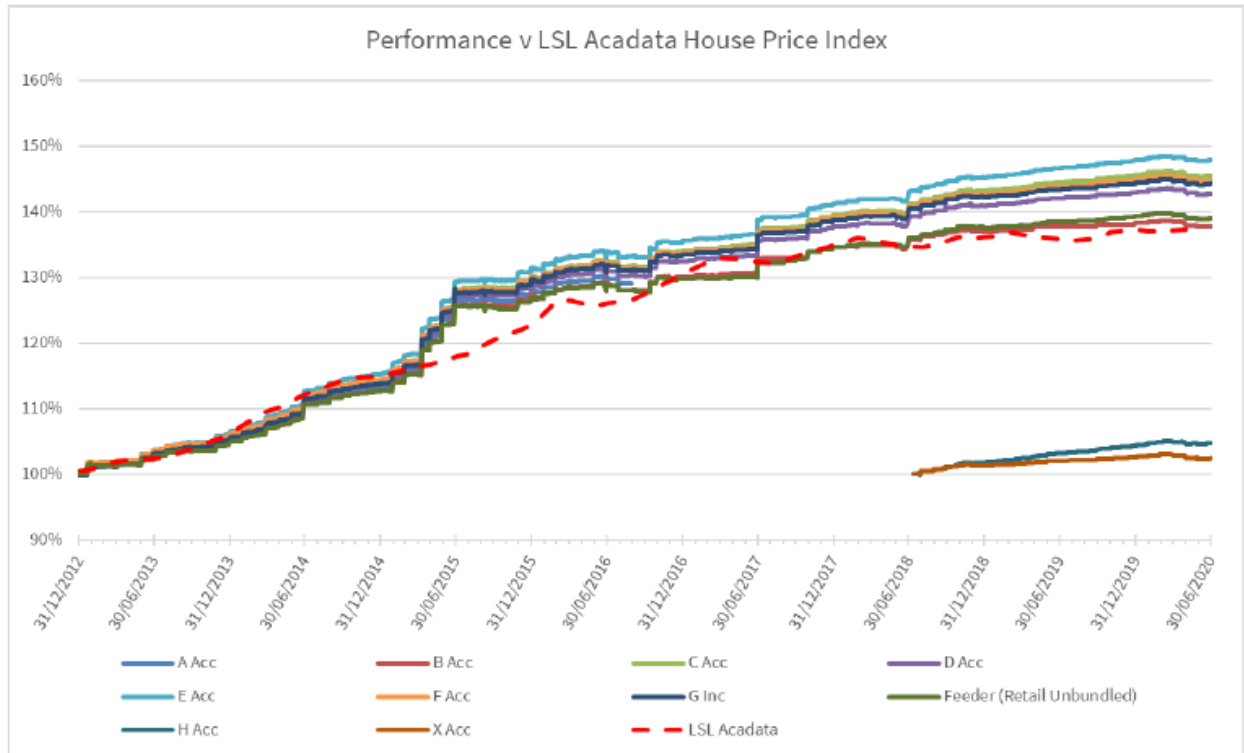
TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2020 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

6. Performance Figures (continued)

Figure 8: Fund Performance by Share class v LSL Acadata to 30th June 2020



Hearthstone Asset Management Limited
Property Investment Manager
14th September 2020

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2020 (continued)

Investment Report - Thesis Asset Management Limited

Thesis Asset Management manages the cash and stock element of the Hearthstone UK Residential Property Fund to ensure a level of liquidity.

Trades were placed in the BlackRock Institutional Sterling Liquidity Fund and Federated Prime Sterling Liquidity Fund to meet investor dealing and property transactions.

Over the period the Blackrock fund has risen 0.50% and the Federated Fund has risen by 0.62%.

The Bank of England Monetary Policy Committee cut rates twice in the period to help control the economic shock of COVID-19. First from 0.75% to 0.25% on 11th March, then further to 0.1% a week later.

Thesis Asset Management Limited
Investment Manager
20th October 2020

TM Hearthstone ICVC

Constitution

TM Hearthstone ICVC (the “Company”) is an investment company with variable capital incorporated in England and Wales under registered number IC946 and authorised by the FCA with effect from 30th April 2012. The Company has an unlimited duration.

The Company is a non-UCITS retail scheme (NURS). It is structured as an umbrella company, though currently has only one sub-fund, the TM home investor fund (the “sub-fund”). Further funds may be established in the future. Shareholders are not liable for the debts of the Company.

It is intended that the sub-fund qualifies as a PAIF (Property Authorised Investment Fund) at all times. HM Revenue & Customs has provided confirmation to the ACD that the sub-fund meets the requirements to qualify as a PAIF under Regulation 69O of the Authorised Investment Funds (Tax) Regulations 2006 (as amended).

The base currency of the Company is Pounds Sterling.

Regulatory Disclosure

This document has been issued by Thesis Unit Trust Management Limited (authorised and regulated by the Financial Conduct Authority).

Past performance is not necessarily a guide to future performance. The value of shares can go down as well as up and is not guaranteed. Changes in rates of exchange may also cause the value of shares to fluctuate. Any references in this report to other investments held within this Company should not be read as a recommendation to the investor to buy and sell the same, but are included as illustration only.

TM Hearthstone ICVC

AIFMD Disclosures (unaudited)

The provisions of the Alternative Investment Fund Managers Directive (“AIFMD”) took effect in full on 22 July 2014. That legislation requires the fund manager, Thesis Unit Trust Management Limited (the “AIFM”), to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management and do not encourage risk taking that is inconsistent with the risk profile and the instrument of incorporation of the Company nor impair compliance with the AIFM’s duty to act in the best interests of the Company.

The AIFM is part of a larger group within which remuneration policies are the responsibility of a Remuneration Committee comprised entirely of non-executive directors. That committee has established a remuneration policy which sets out a framework for determining the level of fixed and variable remuneration of staff, including maintaining an appropriate balance between the two.

Arrangements for variable remuneration within the group are calculated primarily by reference to the performance of each individual and the profitability of the relevant business unit. The performance of individuals working on the business of the AIFM is assessed primarily by reference to non-financial criteria, especially the effectiveness of their oversight monitoring of delegates appointed to perform investment advisory or fund administration services for the Company.

Within the group, all staff are employed by the parent company with none employed directly by the Alternative Investment Fund Manager. A number of staff are considered, however, to devote the whole of their time to the business of the AIFM and its subsidiary, TUTMAN LLP, which also acts as an AIFM. The costs of a number of other individuals are allocated between the entities within the group based on the expected amount of time devoted to each.

The total remuneration of those individuals considered to comprise the entire staff of the AIFM and its subsidiary, including those whose time is allocated between group entities, for the financial year ended 30th April 2020, is analysed below:

	£
Fixed Remuneration	856,753
Variable Remuneration	86,788
Total	943,541
Headcount (FTE)	16

The staff members included in the above analysis support the entirety of the funds managed by the AIFM. A breakdown of these figures in relation to each fund managed by the AIFM does not exist.

Management have carried out a review of the general principles within the remuneration policy and the implementation of the remuneration policy during the year and following this review, no changes have been considered necessary.

Certification of Annual Report & Accounts by Directors

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001 (the “OEIC Regulations”) and the Collective Investment Schemes sourcebook (“COLL Rules”), we hereby certify this Annual Report & Accounts on behalf of the ACD, Thesis Unit Trust Management Limited.

D.W. TYERMAN Director

S. E. NOONE Director

27th October 2020

TM Hearthstone ICVC

Responsibilities of the Authorised Corporate Director (“ACD”)

The Open-Ended Investment Companies Regulations 2001 (the “OEIC Regulations”) and the Collective Investment Schemes sourcebook (“COLL Rules”) and the Investment Funds sourcebook (“FUND”) published by the FCA requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains/losses on the property of the Company for the year.

In preparing the financial statements, the ACD 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 and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association (now known as the Investment Association) in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company’s 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 Company or to cease operations, or have no realistic alternative but to do so;
- 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; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instruments of Incorporation, the Prospectus, FUND and the COLL Rules.

Thesis Unit Trust Management Limited
Authorised Corporate Director
West Sussex
27th October 2020

TM Hearthstone ICVC

Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of TM Hearthstone ICVC (the "Company") for the Year Ended 30th June 2020

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the "OEIC Regulations"), as amended, the Financial Services and Markets Act 2000, as amended, (together the "Regulations"), the Company's Instrument of Incorporation and Prospectus (together the "Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager (the "AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited
Edinburgh
27th October 2020

TM Hearthstone ICVC

Independent Auditor's Report to the Shareholders of TM Hearthstone ICVC

Opinion

We have audited the financial statements of TM Hearthstone ICVC (the “Company”) for the year ended 30th June 2020. These financial statements comprise the statement of accounting policies, distributions policies, and risk management policies and the financial statements of the following sub-fund of the Company:

- TM home investor fund (the “sub-fund”)

The financial statements of the sub-fund comprise the statement of total return, statement of change in net assets attributable to shareholders, balance sheet, cash flow statement, notes to the financial statements and the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice ‘Financial Statements of UK Authorised Funds’ issued by the Investment Association in May 2014.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and the sub-fund as at 30th June 2020 and of the net revenue and net capital (losses)/gains on the scheme property of the Company and the sub-fund for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice ‘Financial Statements of UK Authorised Funds’ issued by the Investment Association in May 2014, the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – property valuation

We draw attention to Note 2 (c) to the financial statements, which describe the basis for valuing investment property. Management engaged an expert to value their investment property portfolio. The expert’s valuation included a ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution should be attached to the investment property valuation. Our opinion is not modified in respect of this matter.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Authorised Corporate Director and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company and the sub-fund's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company and the sub-fund’s future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and the sub-fund associated with these particular events.

TM Hearthstone ICVC

Independent Auditor's Report to the Shareholders of TM Hearthstone ICVC (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company or the sub-fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Authorised Corporate Director's conclusions, we considered the risks associated with the Company and the sub-fund's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company and the sub-fund's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

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 Company and the sub-fund will continue in operation.

Other information

The Authorised Corporate Director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Authorised Corporate Director's Report (which comprises: on page 2, the Management and Professional Service Providers' Details; on page 3, the Report of the Authorised Corporate Director; on page 5, the Report of the Investment Managers; on page 30, the Portfolio Statement; and on page 19, the Constitution) 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 the Collective Investment Schemes sourcebook requires us to report to you if in our opinion:

- proper accounting records for the Company or the sub-fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

TM Hearthstone ICVC

Independent Auditor's Report to the Shareholders of TM Hearthstone ICVC (continued)

Responsibilities of the Authorised Corporate Director

As explained more fully in the Responsibilities of the Authorised Corporate Director on page 21, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and the sub-fund'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 the Authorised Corporate Director either intends to terminate the sub-fund, wind up the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes Sourcebook. Our audit work has been undertaken so that we might state to the Company's shareholders 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 Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London, United Kingdom
27th October 2020

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2020

1. Statement of Compliance

The financial Statements have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice (UK GAAP), as defined within UK Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice 'UK Authorised Funds' (the "SORP") issued by the Investment Management Association (now known as the Investment Association) in May 2014 and amended June 2017.

2. Summary of Significant Accounting Policies

a) Basis of Preparation

The outbreak of the novel coronavirus (COVID-19), declared by the World Health Organisation as a pandemic on 11th March 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The ACD is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

There are no material events that have been identified that may cast significant doubt about the Company's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The financial statements have been prepared on a going concern basis. This assessment is made as at the date of issue of these financial statements and is based additionally on the following:

a. The ability, post the announcement of the World Health Organisation of the COVID-19 pandemic, of the ACD and its third party suppliers to continue business as usual as each entity moved their operational functionality from an office based to a working from home environment; and

b. Whilst it is recognised that COVID-19 presents many challenges from an investment perspective, it is considered that these do not impact the ability of the Company to continue as a going concern due to its liquid balance sheet resources that are considerably in excess of annual operating expenditure.

The principal accounting policies which have been applied consistently are set out below.

b) Functional and Presentation Currency

The functional and presentation currency of the Company is Pounds Sterling.

c) Valuation of Investments

The direct property investments of the Company are valued monthly on an open market value basis by independent valuers in accordance with the Prospectus and in accordance with Valuation Standard 2.3 of the RICS Valuation Standards (The Red Book) (6th Edition published January 2008), as updated from time to time. The property investments were last valued by CBRE Limited on 30th June 2020. The valuation was carried out by members of the RICS.

Impact of COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the Valuation Date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our Valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our Valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we will keep the Valuation of these properties under frequent review.

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2020 (continued)

c) Valuation of Investments (continued)

Impact of COVID-19 (continued)

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the Valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the Valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the Valuation.

Initial reports have suggested a rebound in demand since the market has re-opened, with encouraging feedback from local agents across some parts of the portfolio. This is partly due to pent up demand and we expect to see a surge in sales in the next few months. However, levels of activity have not yet fully returned to what we would consider to be normal levels. We feel caution must be upheld during this period, as whether this surge in activity continues, largely depends on the wider economic outlook.

We do however acknowledge a degree of confidence within the wider build to rent market particularly around single-family housing portfolios of this nature. We will continue to regularly review this information going forward.

The physical property has been valued at Investment Value (IV), which is defined as the market value subject to any tenancies in existence at the valuation date.

Properties are accounted for as investments from the date of purchase.

All realised and unrealised gains and losses on investments are recognised as net capital gains in the Statement of Total Return. Unrealised gains and losses comprise changes in the fair value of investments for the period and from reversal of prior period’s unrealised gains and losses for investments which were realised in the accounting year. Realised gains and losses represent the difference between an instruments’ initial carrying amount and disposal amount.

d) Valuation of Securities

Collective investment schemes are valued at the single price as provided by the relevant managers, in accordance with industry practice and the statement of recommended practice (SORP).

Where values cannot be readily determined, the investments are valued at the ACD’s best assessment of their fair value.

e) Revenue

Rental revenue, deposit interest, interest from financing provided to site developers and other revenue is accounted for on an accruals basis. Rental revenue received in advance is deferred and recognised as revenue over the year to which it relates. Rental revenue from properties which have been let subject to an initial rent free year, or rent inducement, is accounted for on a straight line basis over the terms of the lease, or at an annual basis in accordance with the 2014 SORP. Where rent is subject to negotiation, the previous rent may continue to be charged by the landlord pending the conclusion of such negotiations. In this situation, the authorised fund manager will include the best estimate of the market rent that will become due over the entire new period.

f) Expenses

For accounting purposes, all expenses (other than those relating to the purchases and sales of investments) are charged against revenue for the year on an accruals basis.

Cost incurred in relation to aborted transactions are charged against revenue.

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2020 (continued)

2. Summary of Significant Accounting Policies (continued)

g) Taxation

The charge for taxation is based on the net revenue for the year. Provision is made for any taxation liability arising in respect of the revenue recognised in the accounting year. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of revenue and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

3. Distribution Policy

a) Basis of Distribution

The TM home investor fund's distributions will be split into three streams for United Kingdom tax purposes:

- property income distributions, representing income from its Property Investment Business;
- PAIF dividend distributions representing any dividends received by it; and
- PAIF interest distributions representing the net amount of all other income received.

b) Unclaimed distributions

All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the capital of the Company.

4. Risk Management Policies

In pursuing its investment objective, the Company holds direct investment in UK Residential Property and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue. The main risks arising from the Company's property investments and financial instruments and the Investment Managers' policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in real estate securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of a Company will actually be achieved and no warranty or representation is given to this effect. Past performance is no guide to the future.

At 30th June 2020, if the price of the investments held by the Company increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £2,829,924 (30th June 2019: £2,671,694).

Property risk

The performance of a Company invested substantially in real estate (as TM home investor fund is) could be adversely affected by a downturn in the property market in terms of capital value or weakening of rental yields. Residential property values are affected by factors such as the level of interest rates, economic growth, fluctuations in property yields and tenant default. Certain significant expenses on a property, such as operating expenses, must be met by the owner (i.e. the Company on behalf of a sub-fund) even if a property is vacant.

In the event of a default by an occupational tenant, there will be a rental shortfall and additional costs, including legal expenses are likely to be incurred in maintaining, insuring and re-letting the property.

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2020 (continued)

4. Risk Management Policies (continued)

Interest rate risk

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates. At the balance sheet date the Company had no significant exposure to interest rate risk.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Foreign currency risk

Foreign currency risk is the risk of movements in the value of the overseas financial instruments as a result of fluctuations in the exchange rates. At the balance sheet date, the Company had no significant exposure to currencies other than Sterling.

Liquidity risk

The Company will encounter liquidity risk when attempting to realise assets or otherwise raise funds to meet financial commitments.

The Company's liquidity can be affected by unexpected or high levels of share redemptions. In order to mitigate this risk, the ACD may borrow for the account of the sub-fund but only for the purpose of meeting redemption requests and to meet timing differences in connection with the purchase and sale of property investments. The fund will generally hold a small amount of cash to address liquidity risk. The spread of shareholders and the deferred redemption provision also help to mitigate this risk. However, under certain market conditions where liquidity risk may be deemed to be elevated, the level of cash held by the sub-fund may be higher.

The ACD may, at its absolute discretion, defer redemptions of classes E, F and G to a valuation point within the next 90 days, where the requested redemptions exceed 10% of the net asset value of the class of shares in the Company in which the relevant sub-fund of the feeders is invested.

Counterparty risk

If a sub-fund enters into a derivative contract, it will be exposed to the credit of the other party (usually referred to as 'counterparty') and their ability to wholly or partly satisfy the terms of the contract. It is not anticipated that the value of investments in any sub-fund subject to counterparty risk will be a significant part of the sub-fund's investments.

In the event of a bankruptcy or insolvency of a counterparty, the Company could experience delays in liquidating the position and may incur significant losses. The ACD may use one or more counterparties to undertake derivative transactions on behalf of the Company or a sub-fund and may be required to pledge the Company's assets as collateral against these transactions. There may be a risk that a counterparty will be unable to meet its obligations with regards to the return of the collateral and may not meet other payments due to the Company.

TM Hearthstone ICVC

TM home investor fund

Portfolio Statement

as at 30th June 2020

Holding	Market value £	Percentage of total net assets %
INVESTMENTS IN IMMOVABLE PROPERTY 82.58% (86.22%)		
Market value greater than £401,000 4.43% (5.66%)		
1 Southfields Green, Gravesend, Kent	520,000	0.85
1 Chilton Field Way, Chilton, Didcot, Oxfordshire	465,000	0.76
1 Oak Leaze, Patchway, Bristol, South Gloucestershire	460,000	0.75
1 Brunel Court, Barnet, Middlesex, London	425,000	0.69
1 Silk Close, Buckingham, Buckinghamshire	425,000	0.69
1 Station Road, Hertford, Hertfordshire	420,000	0.69
	2,715,000	4.43
Market value between £300,001 and £400,000 28.82% (30.44%)		
15 Quadrant Court, Empire Way, Wembley, Greater London (15 Plots)	5,780,000	9.44
7 Copse Drive, Rowhedge, Colchester, Essex (7 Plots)	2,170,000	3.54
4 Pandora Close, Locks Heath, Fareham, Hampshire (4 Plots)	1,300,000	2.12
4 Kimmerghame Terrace, Edinburgh, Lothian, Scotland (4 Plots)	1,230,000	2.01
2 Sargent Way, Broadbridge Heath, Horsham, West Sussex (2 Plots)	785,000	1.28
2 Lake View, Houghton Regis, Bedfordshire (2 Plots)	720,000	1.18
9 Carter Drive, Broadbridge Heath, Horsham, West Sussex (9 Plots)	720,000	1.18
3 Gold Furlong, Milton Keynes, Bedfordshire (3 Plots)	675,000	1.10
2 Sword Grove, Wainscott, Rochester, Kent (2 Plots)	630,000	1.03
2 Bishop Street, Bristol, South Gloucestershire (2 Plots)	615,000	1.00
1 Broom Field Way, Felpham, West Sussex	390,000	0.64
1 Olympic Boulevard, Colchester, Essex	360,000	0.59
1 Beale Close, Broadbridge Heath, Horsham, West Sussex	360,000	0.59
1 Samas Way, Dartford, Kent	350,000	0.57
1 Virginia Road, Dartford, Kent	320,000	0.52
1 Apollo Avenue, Peterborough, Cambridgeshire	320,000	0.52
1 Roman Way, Cranbrook, Devon	315,000	0.51
1 Brunel Court, Barnet, Middlesex, London	310,000	0.51
3 Weavers Close, Eastbourne, East Sussex (3 Plots)	302,500	0.49
	17,652,500	28.82
Market value between £200,001 and £300,000 31.34% (27.42%)		
9 Carter Drive, Broadbridge Heath, Horsham, West Sussex (9 Plots)	2,640,000	4.31
11 John Brooks Avenue, Smethwick, Birmingham, West Midlands (11 Plots)	2,555,000	4.17
6 Henmead House, Haywards Heath, West Sussex (6 Plots)	1,695,000	2.77
7 Quadrant Court, Empire Way, Wembley, Greater London (7 Plots)	1,662,500	2.72
4 Bishop Street, Bristol, South Gloucestershire (4 Plots)	1,100,000	1.80
3 Weavers Close, Eastbourne, East Sussex (3 Plots)	865,000	1.41
3 Blackfriars Road (Block 1), Salford, Greater Manchester (3 Plots)	615,000	1.00
2 Cavalry Road, Colchester, Essex (2 Plots)	600,000	0.98
2 Wood Street, Patchway, Bristol, South Gloucestershire (2 Plots)	550,000	0.90
2 Elizabethan Way, Teignmouth, Devon (2 Plots)	510,000	0.83
1 Spa House, , Hayes, Hillingdon, London	510,000	0.83
2 Merchant Avenue, Nottingham, Nottinghamshire (2 Plots)	500,000	0.82

TM Hearthstone ICVC

TM home investor fund

Portfolio Statement

as at 30th June 2020 (continued)

Holding	Market value £	Percentage of total net assets %
Market value between £200,001 and £300,000 31.34% (27.42%) (continued)		
2 Arneil Drive, Edinburgh, Lothian, Scotland (2 Plots)	410,000	0.67
1 Blacksmith Lane, Colchester, Essex	300,000	0.49
1 Dragoon Road, Colchester, Essex	300,000	0.49
3 Gold Furlong, Milton Keynes, Bedfordshire (3 Plots)	300,000	0.49
1 Oakfield Road, Shifnal, Shropshire	300,000	0.49
1 Mosquito Road, Cambourne, Cambridgeshire	285,000	0.47
1 Eveas Drive, Sittingbourne, Kent	275,000	0.45
1 Dunnock Road, Corby, Northamptonshire	270,000	0.44
1 Copse Drive, Rowhedge, Colchester, Essex	255,000	0.42
1 Chalfont Drive, Nottingham, Nottinghamshire	250,000	0.41
1 Penny Close, Nottingham, Nottinghamshire	250,000	0.41
1 Hayburn Road, Swindon, Wiltshire	240,000	0.39
1 Paper Lane, Paulton, Bristol, Somerset	240,000	0.39
1 Cardinal Drive, Tuffley, Gloucester, Gloucestershire	225,000	0.37
1 Cygnet Road, Stowmarket, Suffolk	225,000	0.37
1 Mallow Road, Minster, Kent	225,000	0.37
1 Featherstone Court, Featherstone Road, Southall, Ealing, London	220,000	0.36
1 Beech Drive, Thornton-Cleveleys, Lancashire	205,000	0.33
1 Blackfriars Road (Block 3), Salford, Greater Manchester	205,000	0.33
1 Blackfriars Road (Block 5), Salford, Greater Manchester	205,000	0.33
1 Rowley Mews, Pocklington, Yorks, East Riding	205,000	0.33
	19,192,500	31.34
Market value lower than £100,000 and £200,000 17.36% (22.03%)		
14 Rea Road, Northfield, Birmingham, West Midlands (14 Plots)	1,835,000	3.00
10 Mansion House, Salamanca Way, Colchester, Essex (10 Plots)	1,492,000	2.44
8 Blackfriars Road (Block 6), Salford, Greater Manchester (8 Plots)	1,140,000	1.85
4 Blackfriars Road (Block 6), Salford, Greater Manchester (4 Plots)	800,000	1.31
4 Laxton Close, Nottingham, Nottinghamshire (4 Plots)	800,000	1.31
4 Meridian Close, Nottingham, Nottinghamshire (4 Plots)	800,000	1.31
4 Bennet Drive, Kirkby-in-Ashfield, Nottinghamshire (4 Plots)	540,000	0.88
2 Lapins Close, Nottingham, Nottinghamshire (2 Plots)	400,000	0.65
2 Laxton Close, Nottingham, Nottinghamshire (2 Plots)	390,000	0.64
2 Meridian Close, Nottingham, Nottinghamshire (2 Plots)	390,000	0.64
2 Betjeman Way, Cleobury Mortimer, Shropshire (2 Plots)	360,000	0.59
1 Doveholes Drive, Handsworth, Sheffield, South Yorkshire	360,000	0.59
2 Arneil Drive, Edinburgh, Lothian, Scotland (2 Plots)	310,000	0.50
2 Lythalls Lane, Coventry, West Midlands (2 Plots)	268,000	0.44
2 Lindleys Lane, Kirkby-in-Ashfield, Nottinghamshire (2 Plots)	262,000	0.43
1 Lacey Grove, Annesley, Nottinghamshire	170,000	0.28
1 Owston Road, Annesley, Nottinghamshire	170,000	0.28
1 Lambert Close, Erdington, Birmingham, West Midlands	135,000	0.22
	10,622,000	17.36

TM Hearthstone ICVC

TM home investor fund

Portfolio Statement

as at 30th June 2020 (continued)

Holding	Market value £	Percentage of total net assets %
Market value lower than £100,000 0.63% (0.67%)		
5 Leopard Lane, West Bromwich, West Midlands (5 Plots)	90,000	0.15
1 Hobart Point, Churchfields Way, West Bromwich, West Midlands	90,000	0.15
5 Clarendon Gardens, Bolton, Lancashire (5 Plots)	88,000	0.14
5 Fernbeck Close, Farnworth, Bolton, Greater Manchester (5 Plots)	65,000	0.11
2 Car parking spaces (No 25, 55, 92 & 94), Blackfriars Road, Salford, Greater Manchester (2 Plots)	50,000	0.08
	383,000	0.63
 TOTAL IMMOVABLE PROPERTY	50,565,000	82.58
 COLLECTIVE INVESTMENT SCHEMES 9.86% (3.36%)		
17,785 BlackRock Institutional Sterling Liquidity Fund Accumulation	3,015,745	4.93
2,803,017 Federated Prime Sterling Liquidity Fund Class 08 Accumulation	3,017,728	4.93
	6,033,473	9.86
 TOTAL COLLECTIVE INVESTMENT SCHEMES	6,033,473	9.86
 Net investments 92.44% (89.58%)	56,598,473	92.44
Net other assets	4,629,644	7.56
 Total net assets	61,228,117	100.00

Note: Comparative figures shown in brackets relate to 30th June 2019.

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information

The Comparative Tables on pages 38 to 46 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when buying and selling underlying investments. These vary depending on the class of investments, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs include property fee, broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

Indirect transaction costs are costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment or levy' to the price they pay or receive.

Assessment of Value (unaudited)

In September 2019, the Financial Conduct Authority (FCA) introduced new rules that require the Board of the Authorised Fund Manager (AFM) to perform an annual Assessment of Value for each share class within the fund and to report its findings to investors.

These new rules followed the Asset Management Market Study conducted by the FCA to assess ways of giving better protection to those investors who are less able to find better value products, improving competition and strengthening the duty of the AFM to act in the best interest of investors.

The Assessment of Value places a responsibility on the AFM to determine whether the fees and charges of the fund are justified in the context of the overall service and value provided to investors.

Independent AFM model – terminology

The AFM has the regulatory responsibility for all aspects of the fund operations including the actions of its delegates. Its role requires a focus on good investor outcomes, investor protection, oversight, compliance and general regulatory matters.

The Investment Manager is appointed by the AFM and has the full discretion to manage the assets of the portfolio in accordance with the fund's objective and investment policy. The Investment Manager is the entity which delivers out- or under-performance on behalf of investors. It is the entity which in turn receives the greatest share of the Annual Management Charge.

When both functions are performed by the same organisation the firm can be described as 'vertically integrated'. When the functions are performed by separate organisations the fund can be described as having an Independent AFM. This fund sits in the latter category.

The fund sponsor invites the independent AFM to design and operate the fund. The sponsor contributes to the design and marketing of the fund, having identified the potential for its success.

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information

Assessment of Value (unaudited) *(continued)*

Background to our firm – Independent AFM

Thesis Unit Trust Management Limited is a specialist provider of independent AFM services. We bring a level of independence which is important and valued by our investors and sponsors. Our approach to delivering good outcomes for investors in our funds, from the initial design phase and throughout the fund life cycle, is based upon having the right blend of experience, culture and governance.

We choose to work with a variety of service providers (fund accountants, depositaries, transfer agents and auditors) and provide independent, bespoke and flexible solutions. By outsourcing day-to-day activity to specialist providers our teams can focus on investor outcomes, risk management, oversight, product governance and regulatory change.

We delegate fund servicing to a panel of global, reputable institutions. Consequently, we have an informed view of this part of the supply chain. We benchmark those fund servicers against a range of criteria including service and cost. We build close relationships with our delegates at all levels within our respective organisations allowing for effective escalation when appropriate and always with the best interests of investors in mind. We are also able to change a service provider with relative ease as and when required to improve quality of service, reduce cost or for other strategic or operational reasons.

We delegate investment management to a wide range of firms who utilise different strategies and investment techniques. As such we have a broad and informed view of the investment management marketplace and independently benchmark across a range of criteria including service, performance and costs. Coming from a fund management background we have qualified investment managers and research analysts within our AFM business who have the experience to monitor fund performance and challenge third party investment managers on behalf of investors in the funds.

Following the introduction of the new rules, we appointed two independent non-executive directors with a particular remit to oversee and challenge the Assessment of Value process we conduct.

When performing our Assessment of Value, we have reviewed and assessed the different entities involved.

Independent AFM - service and costs

In assessing the quality and cost of our independent AFM service we have concluded that we have delivered a service that meets the requirements of investors in the funds, and the fund sponsor, and which has delivered value.

Examples of the criteria that we considered included the quality of the relationship with our fund sponsor, the operation and compliance of the fund (including the number of errors and investor complaints), the results from the depositary's inspection and audit of our AFM arrangements, and other factors such as the implementation of regulatory change at no cost to investors.

We judge whether our AFM fee is competitive and can be justified based on feedback from independent consultants, our clients who select us and when existing funds move to us from our competitors. Our fees are tiered thereby providing a mechanism for reducing costs for investors as the fund value increases.

Service provider service and costs

Having separately assessed the quality and cost of the outsourced fund service providers we have concluded that services have met the requirements expected and delivered value to investors.

Examples of the criteria that we considered included Key Performance Indicators in the key areas including pricing, delivery of statements, delivery of report and accounts, and investor complaints.

We have assessed that the service providers' fees are competitive and provide value to investors by benchmarking against the other service providers on our panel. The majority of fees are tiered thereby providing a mechanism for reducing costs to investors as the fund value increases.

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information

Assessment of Value (unaudited) *(continued)*

Service provider service and costs *(continued)*

It is our judgement that the experience of investors in the fund and an assessment of whether the fund has delivered value is most directly impacted by the services, performance and costs that are attributable to the Investment Manager. Further details of our value assessment, with a particular focus on the Investment Manager, are shown below:

Value consideration	What we considered	Analysis and actions taken	Offers Value
Quality of service	The range and quality of service delivered by the Investment Manager including the experience of the team, track record, quality of relationship with our AFM team, and the results from our governance and oversight arrangements	<p>We monitor the investment manager on a daily basis, and maintain frequent contact with them on a range of aspects of their work including adherence with the investment mandate and policy, liquidity management, and fair value pricing as well as regulatory compliance. We have more formal contact quarterly and further periodic reviews on a thematic basis.</p> <p>We are satisfied that the Investment Manager continues to meet our requirements and provides a good quality of service.</p>	Yes
Performance	Whether the sub-fund has provided good performance, net of fees, in relation to its investment objective. We have considered performance against the sub-fund's benchmark and/or appropriate peer group, compliance with investment policy, volatility and liquidity, and any evidence of closet tracking	The sub-fund has outperformed its benchmark over 1 and 3 years and underperformed over 5 years. The fund is being actively managed in accordance with the investment objective and policy.	Yes
Costs	Whether the charges are reasonable compared with the costs of providing the service (considering factors such as the size of the Investment Manager, its balance sheet strength and profit margins).	At a sub-fund size of £61 million we are satisfied that the costs charged to the sub-fund are reasonable given its size and a holistic assessment of the benefits that accrue to its investors.	Yes
Economies of Scale	Is the sub-fund or the Investment Manager of a size or scale where economies of scale should be passed on to investors	In view of the sub-fund's size, we do not believe that there are economies of scale available yet to be passed back to the sub-fund.	N/A

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information

Assessment of Value (unaudited) (continued)

Service provider service and costs (continued)

Value consideration	What we considered	Analysis and actions taken	Offers Value
Comparable market rates	Whether the charges are comparable with similar funds in this sector of the market. There is no other similar UK open-ended fund, as it is the only UK fund that invests directly in residential property. For the purposes of cost comparison, we have compared the costs of the fund to other UK open-ended property funds which typically invest in commercial property. We are satisfied that the higher third-party costs incurred by the fund are reasonable and justified in this context.	<p>Classes: E Institutional Gross F Institutional Net G Institutional Net Inc H Gross Acc</p> <p>As an independent AFM we operate multiple funds. We appoint different service providers and a wide range of Investment Managers and can readily benchmark fees. It is our assessment that the OCF of these share classes is in line or lower than the OCF of other similar funds in the market.</p>	Yes
		<p>Classes: C Unbundled Gross D Unbundled Net X Net Acc</p> <p>As an independent AFM we operate multiple funds. We appoint different service providers and a wide range of Investment Managers and can readily benchmark fees. It is our assessment that the OCF of these share classes is slightly higher than the OCF of other similar funds in the market.</p>	Yes
		<p>Classes: A Retail Gross B Retail Net</p> <p>As an independent AFM we operate multiple funds. We appoint different service providers and a wide range of Investment Managers and can readily benchmark fees. It is our assessment that the OCF of these share classes is substantially higher than the OCF of other similar funds in the market. Investors have been advised that there are cheaper classes to which they can move to, and we are taking action to ensure that they do.</p>	No

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information

Assessment of Value (unaudited) (continued)

Service provider service and costs (continued)

Value consideration	What we considered	Analysis and actions taken	Offers Value
Comparable services	How the charges compare to other comparable funds that the Investment Manager manages. There is no other similar UK open-ended fund, as it is the only UK fund that invests directly in residential property. For the purposes of cost comparison, we have compared the costs of the fund to other UK open-ended property funds which typically invest in commercial property. We are satisfied that the higher third-party costs incurred by the sub-fund are reasonable and justified in this context.	<p>Classes: E Institutional Gross F Institutional Net G Institutional Net Inc H Gross Ac</p> <p>Whilst we do not have visibility of the rates that the Investment Manager charges for providing comparable services outside of our fund range, the OCF of these share classes is in line with the OCF of other funds that we operate.</p>	Yes
		<p>Classes: C Unbundled Gross D Unbundled Net X Net Acc</p> <p>Whilst we do not have visibility of the rates that the Investment Manager charges for providing comparable services outside of our fund range, the OCF of these share classes is slightly higher than the OCF of other funds that we operate.</p>	Yes
		<p>Classes: A Retail Gross B Retail Net</p> <p>Whilst we do not have visibility of the rates that the Investment Manager charges for providing comparable services outside of our fund range, the OCF of these share classes is substantially higher than the OCF of other funds that we operate. Investors have been advised that there are cheaper classes to which they can move to, and we are taking action to ensure that they do.</p>	No
Classes of shares	Whether investors are invested in a share class with higher charges than another class which is available. We have also considered different fees which apply to retail and institutional investors where institutional investors are subject to a significantly higher minimum investment	<p>The OCF of the retail classes- except for classes A Retail Gross and B Retail Net - is 11 per cent higher than the institutional class. This differential is considered reasonable and justifiable given the operational workload, risks and associated costs of supporting retail investors.</p> <p>The OCF of the retail classes A Retail Gross and B Retail Net is 54 per cent higher than the institutional class. Investors have been advised that there are cheaper classes to which they can move to, and we are taking action to ensure that they do.</p>	Yes

Following our assessment, the board of Thesis Unit Trust Management Limited has concluded that all share classes in the fund offered value to investors.

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information

Comparative Tables

A Acc (Ret. Gross)

	2020 <i>(pence per share)</i>	2019 <i>(pence per share)</i>	2018 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	137.42	135.20	128.72
Return before operating charges*	3.06	6.74	11.13
Operating charges and Property expenses	(2.96)	(4.52)	(4.65)
Return after operating charges and Property expenses*	0.10	2.22	6.48
Distribution	(0.54)	(1.16)	(0.54)
Retained distributions on accumulation shares	0.54	1.16	0.54
Closing net asset value per share	137.52	137.42	135.20
*after direct transaction costs ¹ :	0.46	0.33	0.87
Performance			
Return after charges	0.07%	1.64%	5.03%
Other Information			
Closing net asset value (£'000)	146	359	476
Closing number of shares	106,067	261,430	352,033
Operating charges ²	2.14%	2.06%	2.39%
Property expenses ³	1.25%	1.25%	1.19%
Direct transaction costs	0.33%	0.24%	0.67%
Prices			
Highest share price	138.40	137.50	134.40
Lowest share price	137.40	135.10	132.10

¹ Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

² The OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The figure shown for the current period is based on the average NAV over the preceding 12 months. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

³ The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

B Acc (Ret. Net)

	2020 <i>(pence per share)</i>	2019 <i>(pence per share)</i>	2020 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	136.04	134.06	127.71
Return before operating charges*	2.92	6.46	10.96
Operating charges and Property expenses	(2.92)	(4.48)	(4.61)
Return after operating charges and Property expenses*	-	1.98	6.35
Distribution	(0.43)	(0.93)	(0.43)
Retained distributions on accumulation shares	0.43	0.93	0.43
Closing net asset value per share	136.04	136.04	134.06
*after direct transaction costs of ¹ :	0.46	0.32	0.86
Performance			
Return after charges	0.00%	1.48%	4.97%
Other Information			
Closing net asset value (£'000)	89	273	325
Closing number of shares	65,411	200,655	242,371
Operating charges ²	2.14%	2.06%	2.39%
Property expenses ³	1.25%	1.25%	1.19%
Direct transaction costs	0.33%	0.24%	0.67%
Prices			
Highest share price	136.90	136.10	133.30
Lowest share price	136.00	133.90	131.10

¹ Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

² The OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The figure shown for the current period is based on the average NAV over the preceding 12 months. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

³ The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

C Acc (Ret. Unb. Gross)

	2020 <i>(pence per share)</i>	2019 <i>(pence per share)</i>	2018 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	142.72	139.54	132.12
Return before operating charges*	3.29	7.02	11.41
Operating charges and Property expenses	(2.22)	(3.84)	(3.99)
Return after operating charges and Property expenses*	1.07	3.18	7.42
Distribution	(1.44)	(2.06)	(1.36)
Retained distributions on accumulation shares	1.44	2.06	1.36
Closing net asset value per share	143.79	142.72	139.54
*after direct transaction costs of ¹ :	0.48	0.34	0.89
Performance			
Return after charges	0.75%	2.28%	5.62%
Other Information			
Closing net asset value (£'000)	10,107	9,504	6,704
Closing number of shares	7,029,123	6,659,195	4,804,065
Operating charges ²	1.54%	1.46%	1.79%
Property expenses ³	1.25%	1.25%	1.19%
Direct transaction costs	0.33%	0.24%	0.67%
Prices			
Highest share price	144.50	142.80	138.50
Lowest share price	142.80	139.50	135.50

¹ Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

² The OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The figure shown for the current period is based on the average NAV over the preceding 12 months. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

³ The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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Sub-fund Information *(continued)*

Comparative Tables *(continued)*

D Acc (Ret. Unb. Net)

	2020 <i>(pence per share)</i>	2019 <i>(pence per share)</i>	2018 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	140.25	137.52	130.38
Return before operating charges*	2.96	6.50	11.07
Operating charges and Property expenses	(2.18)	(3.77)	(3.93)
Return after operating charges and Property expenses*	0.78	2.73	7.14
Distribution	(1.13)	(1.59)	(1.07)
Retained distributions on accumulation shares	1.13	1.59	1.07
Closing net asset value per share	141.03	140.25	137.52
*after direct transaction costs of ¹ :	0.47	0.33	0.88
Performance			
Return after charges	0.56%	1.99%	5.48%
Other Information			
Closing net asset value (£'000)	2,528	2,501	15,774
Closing number of shares	1,792,730	1,783,197	11,470,228
Operating charges ²	1.54%	1.46%	1.79%
Property expenses ³	1.25%	1.25%	1.19%
Direct transaction costs	0.33%	0.24%	0.67%
Prices			
Highest share price	141.80	140.30	136.60
Lowest share price	140.30	137.50	133.80

¹ Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

² The OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The figure shown for the current period is based on the average NAV over the preceding 12 months. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

³ The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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Sub-fund Information (continued)

Comparative Tables (continued)

E Acc (Inst. Gross)

	2020 <i>(pence per share)</i>	2019 <i>(pence per share)</i>	2018 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	144.86	141.44	133.64
Return before operating charges*	3.34	7.09	11.64
Operating charges and Property expenses	(2.03)	(3.67)	(3.84)
Return after operating charges and Property expenses*	1.31	3.42	7.80
Distribution	(1.68)	(2.30)	(1.58)
Retained distributions on accumulation shares	1.68	2.30	1.58
Closing net asset value per share	146.17	144.86	141.44
*after direct transaction costs of ¹ :	0.49	0.34	0.90
Performance			
Return after charges	0.90%	2.42%	5.84%
Other Information			
Closing net asset value (£'000)	29,682	30,290	30,211
Closing number of shares	20,307,203	20,909,516	21,359,392
Operating charges ²	1.39%	1.31%	1.64%
Property expenses ³	1.25%	1.25%	1.19%
Direct transaction costs	0.33%	0.24%	0.67%
Prices			
Highest share price	146.80	144.90	140.40
Lowest share price	144.90	141.40	137.20

¹ Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

² The OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The figure shown for the current period is based on the average NAV over the preceding 12 months. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

³ The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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Sub-fund Information *(continued)*

Comparative Tables *(continued)*

F Acc (Inst. Net)

	2020 <i>(pence per share)</i>	2019 <i>(pence per share)</i>	2018 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	142.04	139.10	131.71
Return before operating charges*	2.99	6.55	11.17
Operating charges and Property expenses	(1.99)	(3.61)	(3.78)
Return after operating charges and Property expenses*	1.00	2.94	7.39
Distribution	(1.31)	(1.81)	(1.24)
Retained distributions on accumulation shares	1.31	1.81	1.24
Closing net asset value per share	143.04	142.04	139.10
*after direct transaction costs of ¹ :	0.48	0.34	0.89
Performance			
Return after charges	0.70%	2.11%	5.61%
Other Information			
Closing net asset value (£'000)	2,216	839	665
Closing number of shares	1,549,221	590,711	478,291
Operating charges ²	1.39%	1.31%	1.64%
Property expenses ³	1.25%	1.25%	1.19%
Direct transaction costs	0.33%	0.24%	0.67%
Prices			
Highest share price	143.70	142.10	138.10
Lowest share price	142.10	139.00	135.20

¹ Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

² The OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The figure shown for the current period is based on the average NAV over the preceding 12 months. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

³ The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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Sub-fund Information *(continued)*

Comparative Tables *(continued)*

G Inc (Seed Net)

	2020 <i>(pence per share)</i>	2019 <i>(pence per share)</i>	2018 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	129.58	128.55	123.00
Return before operating charges*	2.66	6.01	10.22
Operating charges and Property expenses	(1.81)	(3.32)	(3.51)
Return after operating charges and Property expenses*	0.85	2.69	6.71
Distributions on income shares	(1.20)	(1.66)	(1.16)
Closing net asset value per share	129.23	129.58	128.55
*after direct transaction costs of ¹ :	0.43	0.31	0.83
Performance			
Return after charges	0.66%	2.09%	5.46%
Other Information			
Closing net asset value (£'000)	274	372	579
Closing number of shares	211,758	286,736	450,700
Operating charges ²	1.39%	1.31%	1.64%
Property expenses ³	1.25%	1.25%	1.19%
Direct transaction costs	0.33%	0.24%	0.67%
Prices			
Highest share price	130.30	130.10	128.20
Lowest share price	129.30	128.50	126.10

¹ Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

² The OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The figure shown for the current period is based on the average NAV over the preceding 12 months. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

³ The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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Sub-fund Information *(continued)*

Comparative Tables *(continued)*

H Gross Acc

	2020 <i>(pence per share)</i>	2019 ¹ <i>(pence per share)</i>
Change in Net Asset Value per Share		
Opening net asset value per share	141.84	137.60
Return before operating charges*	3.29	6.69
Operating charges and Property expenses	(0.92)	(2.45)
Return after operating charges and Property expenses*	2.37	4.24
Distribution	(2.73)	(3.24)
Retained distributions on accumulation shares	2.73	3.24
Closing net asset value per share	144.21	141.84
*after direct transaction costs of ² :	0.48	0.33
Performance		
Return after charges	1.67%	3.08%
Other Information		
Closing net asset value (£'000)	16,140	13,330
Closing number of shares	11,192,305	9,397,840
Operating charges ³	0.64%	0.56%
Property expenses ⁴	1.25%	1.25%
Direct transaction costs	0.33%	0.24%
Prices		
Highest share price	144.60	141.90
Lowest share price	141.90	137.50

¹ H Gross Acc share class launched on 13th July 2018.

² Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³ The OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The figure shown for the current period is based on the average NAV over the preceding 12 months. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

⁴ The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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Sub-fund Information *(continued)*

Comparative Tables *(continued)*

X Net Acc

	2020 <i>(pence per share)</i>	2019 ¹ <i>(pence per share)</i>
Change in Net Asset Value per Share		
Opening net asset value per share	136.78	134.10
Return before operating charges*	2.98	6.52
Operating charges and Property expenses	(2.40)	(3.84)
Return after operating charges and Property expenses*	0.58	2.68
Distribution	(0.94)	(1.48)
Retained distributions on accumulation shares	0.94	1.48
Closing net asset value per share	137.36	136.78
*after direct transaction costs of ² :	0.46	0.32
Performance		
Return after charges	0.42%	2.00%
Other Information		
Closing net asset value (£'000)	46	41
Closing number of shares	33,159	29,747
Operating charges ³	1.74%	1.66%
Property expenses ⁴	1.25%	1.25%
Direct transaction costs	0.33%	0.24%
Prices		
Highest share price	138.10	136.90
Lowest share price	136.90	134.10

¹ X Net Acc share class launched on 13th July 2018.

² Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³ The OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The figure shown for the current period is based on the average NAV over the preceding 12 months. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

⁴ The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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Statement of Total Return

for the year ended 30th June 2020

	Notes	£'000	2020 £'000	£'000	2019 £'000
Income					
Net capital (losses)/gains	5		(156)		430
Revenue	7	2,319		2,313	
Expenses	8	(1,526)		(1,345)	
Interest payable and similar charges		—		—	
Net revenue before taxation		793		968	
Taxation	9	—		—	
Net revenue after taxation for the year			793		968
Total return before distributions			637		1,398
Distributions	10		(793)		(968)
Change in net assets attributable to shareholders from investment activities			(156)		430

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30th June 2020

	Note	£'000	2020 £'000	£'000	2019 £'000
Opening net assets attributable to shareholders			57,509		54,734
Amounts receivable on issue of shares		11,179		10,342	
Amounts payable on cancellation of shares		(8,078)		(8,943)	
			3,101		1,399
Dilution levy			(12)		(3)
Change in net assets attributable to shareholders from investment activities			(156)		430
Retained distribution on accumulation shares	10		786		949
Closing net assets attributable to shareholders			61,228		57,509

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Balance Sheet

as at 30th June 2020

	Notes	2020 £'000	2019 £'000
Assets			
Fixed assets:			
Investment Properties	11	50,565	49,582
Investment in Collective Investment Schemes		6,033	1,932
Current assets:			
Debtors	12	113	340
Cash and bank balances		4,715	5,912
Total assets		61,426	57,766
Liabilities			
Creditors:			
Distributions payable		(5)	(4)
Other creditors	13	(193)	(253)
Total liabilities		(198)	(257)
Net assets attributable to shareholders		61,228	57,509

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Cash Flow Statement

for the year ended 30th June 2020

	2020 £'000	2019 £'000
Cash flows from operating activities:		
Change in net assets attributable to shareholders from investment activities	(156)	430
Distributions	793	968
Net capital gains:		
Non-derivative gains	(5)	(10)
Immovable properties	161	(420)
Decrease in creditors	(6)	(93)
(Increase)/Decrease in debtors	(112)	113
Net cash flow from operating activities	675	988
Cash flows from investing activities:		
Payments to acquire investments	(8,155)	(1,233)
Receipts from sales of investments	3,220	3,271
Net cash flow from investing activities	(4,935)	2,038
Cash flows from financing activities:		
Amounts received on creations of shares	11,239	10,326
Amounts paid on cancellation of shares	(8,162)	(8,893)
Distributions paid	(14)	(20)
Net cash flow from financing activities	3,063	1,413
Net (decrease)/increase in cash and cash equivalents in year	(1,197)	4,439
Cash and cash equivalents at the start of the year	5,912	1,473
Cash and cash equivalents at the end of the year	4,715	5,912

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Notes to the Financial Statements

for the year ended 30th June 2020

1. Accounting Policies

The statement of compliance together with the accounting, distribution and risk management policies for the sub-fund are provided on pages 26 to 29.

5. Net Capital (Losses)/Gains

Net capital (losses)/gains comprise:

	2020 £'000	2019 £'000
Immovable properties ¹	(146)	420
Non-derivative securities ¹	(10)	10
Net capital (losses)/gains	<u>(156)</u>	<u>430</u>

¹ Includes realised gains of £21,260 and unrealised losses of £177,368 (30th June 2019: realised gains of £96,865 and unrealised gains of £333,271). The realised gains/losses on investments in the accounting year include amounts previously recognised as unrealised/gains in the prior accounting year.

6. Securities Purchases, Sales and Transaction Costs

The following tables show portfolio transactions in securities and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 33. Property transaction costs are shown in note 19.

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
Purchases						
Collective Investment Schemes	5,632	–	–	5,632	–	–
	<u>5,632</u>	<u>–</u>	<u>–</u>	<u>5,632</u>	<u>–</u>	<u>–</u>
Sales						
Collective Investment Schemes	1,560	–	–	1,560	–	–
	<u>1,560</u>	<u>–</u>	<u>–</u>	<u>1,560</u>	<u>–</u>	<u>–</u>
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		–%	–%			

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Notes to the Financial Statements

for the year ended 30th June 2020 (continued)

6. Securities Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30th June 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
Purchases						
Collective Investment Schemes	–	–	–	–	–	–
	–	–	–	–	–	–
Sales						
Collective Investment Schemes	1,615	–	–	1,615	–	–
	1,615	–	–	1,615	–	–
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		–%	–%			

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was Nil% (30th June 2019: Nil%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

7. Revenue

	2020 £'000	2019 £'000
Rental revenue	2,271	2,302
CIS interest	39	5
Bank interest	9	6
	2,319	2,313

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Notes to the Financial Statements

for the year ended 30th June 2020 (continued)

8. Expenses

	2020 £'000	2019 £'000
Payable to the ACD or associates of the ACD:		
ACD's service charge	359	350
	359	350
Payable to the Depositary or associates of the Depositary:		
Depositary's fee	120	120
	120	120
Other expenses:		
Administration fees	120	120
AIFMD fees	1	1
Audit fee	24	20
SIV fees ¹	73	(17)
Legal fees	5	5
Property expenses	781	700
Registration fees	40	40
Printing fees	2	5
Reporting fees	1	1
	1,047	875
Total expenses:	1,526	1,345

¹ Movement in SIV fees is due to the change of standing independent valuer from Cushman & Wakefield Debenham Tie Leung Limited to CBRE Limited on 1st June 2018.

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Notes to the Financial Statements

for the year ended 30th June 2020 (continued)

9. Taxation

	2020 £'000	2019 £'000
a) Analysis of charge for the year:		
Corporation tax	–	–
Irrecoverable income tax	–	–
Total current tax	–	–
Deferred tax charge	–	–
Total taxation	–	–
b) Factors affecting taxation charge for the year:		
Net revenue before tax	793	968
	793	968
Net revenue multiplied by the standard rate of corporation tax of 20% (2019: 20%)	159	194
Effects of:		
Property Distributions (tax exempt)	(159)	(194)
Total tax charge (note 9a)	–	–

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Notes to the Financial Statements

for the year ended 30th June 2020 (continued)

10. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	2020 £'000	2019 £'000
First interim distribution	1	1
First interim accumulation	219	171
Second interim distribution	1	3
Second interim accumulation	235	352
Third interim distribution	1	1
Third interim accumulation	181	218
Final distribution	–	1
Final accumulation	151	208
Income tax deducted at source	11	13
	800	968
Add: Revenue deducted on shares cancelled	15	20
Deduct: Revenue received on shares issued	(22)	(20)
Net distribution for the year	793	968

11. Movement schedule – Investment properties

	2020 £'000	2019 £'000
Opening fair value balance	49,582	49,906
Purchases	2,524	1,124
Disposals at Cost	(1,226)	(1,696)
Net (losses)/gains from fair value adjustment	(315)	248
Ending fair value balance	50,565	49,582

The properties are valued using the "fair value" method as stated in Note 2c.

12. Debtors

	2020 £'000	2019 £'000
Accrued revenue	113	1
Amounts receivable for issue of shares	–	78
Sales awaiting settlement	–	261
	113	340

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Notes to the Financial Statements

for the year ended 30th June 2020 (continued)

13. Other creditors

	2020 £'000	2019 £'000
Accrued expenses	149	152
Amounts payable for the cancellation of shares	–	97
Purchases awaiting settlement	44	1
Property rental expense	–	3
	<u>193</u>	<u>253</u>

14. Related Parties

Thesis Unit Trust Management Limited is regarded as a related party by virtue of having the ability to act in respect of the operations of the sub-fund.

Thesis Unit Trust Management Limited acts as principal on all the transactions of shares in the sub-fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Thesis Unit Trust Management Limited in respect of share transactions at the year-end are disclosed within notes 12 and 13 as applicable.

Amounts paid to Thesis Unit Trust Management Limited in respect of the ACD's periodic charges are disclosed in note 8. £28,769 (30th June 2019: £28,906) was due at the year end.

Thesis Unit Trust Management Limited did not enter into any other transactions with the sub-fund during the year.

15. Equalisation

Equalisation is accrued income included in the price of shares purchased during the accounting year, which, after using monthly groupings to average, is refunded as part of a shareholder's first distribution, resulting in the same rate of distribution on all shares. As a capital repayment, it is not liable to income tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

16. Contingent Assets, Liabilities and Outstanding Commitments

As at the balance sheet date, the sub-fund had the following outstanding commitments in relation to properties under development:

	2020 £'000	2019 £'000
Crockett's Lane	394	–
	<u>394</u>	<u>–</u>

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Notes to the Financial Statements

for the year ended 30th June 2020 (continued)

17. Share Classes

The sub-fund currently has nine classes of shares: A Acc (Retail Gross), B Acc (Retail Net), C Acc (Retail Unbundled Gross), D Acc (Retail Unbundled Net), E Acc (Institutional Gross), F Acc (Institutional Net), G Inc (Seed Net), H Gross Acc and X Net Acc. The distribution per share is given in the distribution tables on pages 59 to 79. All shares have the same rights on winding up.

The ACD's service charge for the class of each share is as follows:

Class A	1.50%
Class B	1.50%
Class C	0.90%
Class D	0.90%
Class E	0.75%
Class F	0.75%
Class G	0.75%
Class H	0.00%
Class X	1.10%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
A Acc (Ret. Gross)	261,430	2,841	(34,922)	(123,282)	106,067
B Acc (Ret. Net)	200,655	660	(87,717)	(48,187)	65,411
C Acc (Ret. Unb. Gross)	6,659,195	1,934,283	(1,683,065)	118,710	7,029,123
D Acc (Ret. Unb. Net)	1,783,197	490,811	(527,990)	46,712	1,792,730
E Acc (Inst. Gross)	20,909,516	85,398	(687,711)	–	20,307,203
F Acc (Inst. Net)	590,711	958,510	–	–	1,549,221
G Inc (Seed Net)	286,736	46	(75,024)	–	211,758
H Gross Acc	9,397,840	4,313,205	(2,518,740)	–	11,192,305
X Net Acc	29,747	29,645	(26,233)	–	33,159

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Notes to the Financial Statements

for the year ended 30th June 2020 (continued)

18. Fair Value Measurement

Valuation technique as at 30th June 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £000
Assets				
Collective Investment Schemes	–	6,033	–	6,033
Properties	–	–	50,565	50,565
	–	6,033	50,565	56,598
<hr/>				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £000
Valuation technique as at 30th June 2019				
Assets				
Collective Investment Schemes	–	1,932	–	1,932
Properties	–	–	49,582	49,582
	–	1,932	49,582	51,514

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

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3: Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

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Notes to the Financial Statements

for the year ended 30th June 2019 (continued)

19. Property Transaction Costs

As at 30th June 2020	£'000	% of costs	% of Average Net Assets
Analysis of total purchase costs			
Property purchases in period before transaction costs	2,375		
Stamp duty	91	3.61	0.15
Agent fee	34	1.35	0.06
Legal fee	7	0.29	0.01
Depositary fee	7	0.26	0.01
Valuation fee	3	0.12	0.01
Other capitalised fee/expense	7	0.28	0.01
Total property purchase costs	<u>149</u>	<u>5.91</u>	<u>0.25</u>
Gross purchases total	<u>2,524</u>		
Analysis of total sale costs			
Gross Property Sales before transaction costs	1,435		
Agent fee	(29)	1.96	0.05
Legal fee	(8)	0.55	0.01
Depositary fee	(4)	0.24	0.01
Total sale costs	<u>(41)</u>	<u>2.75</u>	<u>0.07</u>
Total sales net of transaction costs	<u>1,394</u>		

As at 30th June 2019	£'000	% of costs	% of Average Net Assets
Analysis of total purchase costs			
Property purchases in period before transaction costs	1,049		
Stamp duty	38	3.33	0.06
Agent fee	15	1.34	0.03
Legal fee	4	0.35	0.01
Depositary fee	4	0.32	0.01
Valuation fee	2	0.19	0.00
Other capitalised fee/expense	12	1.12	0.02
Total property purchase costs	<u>75</u>	<u>6.65</u>	<u>0.13</u>
Gross purchases total	<u>1,124</u>		
Analysis of total sale costs			
Gross Property Sales before transaction costs	1,935		
Agent fee	(41)	2.16	0.07
Legal fee	(10)	0.52	0.02
Depositary fee	(5)	0.29	0.01
Total sale costs	<u>(56)</u>	<u>2.97</u>	<u>0.10</u>
Total sales net of transaction costs	<u>1,879</u>		

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Notes to the Financial Statements

for the year ended 30th June 2020 (continued)

20. Leverage

In accordance with the AIFMD we are required to disclose the 'leverage' of the sub-fund. Leverage is defined as any method by which the sub-fund increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways 'gross method' and 'commitment method' and the sub-fund must not exceed maximum exposures under both methods.

The 'commitment' method shall be the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The 'gross' method shall be the sum of the absolute value of all positions and each derivative position will be converted into the equivalent position in the underlying assets. The 'gross' method shall exclude the value of any cash and cash equivalents from the sum of the absolute value of all positions. The ACD must set maximum leverage levels and operate the sub-fund within these levels at all times.

There are two ways in which the ACD can introduce leverage to the sub-fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Neither of these are important features in terms of how the ACD manages the Fund. There are no collateral, asset re-use or guarantee arrangements involved in the Manager's current approach to leverage.

The maximum gross leverage permitted in the sub-fund is 300%. The maximum commitment leverage permitted is 200%. It is expected that the ACD will operate the sub-fund well within these limits.

As at year end 30th June 2020, the total leverage in the sub-fund, using the commitment approach, did not exceed 100% (gross 92.17%, commitment 92.17%). Given that the exposure of the sub-fund is 92.17% of NAV this means that no leverage was employed by the sub-fund.

21. Post Balance Sheet Events

The latest NAV per Class E Acc (Institutional Gross) of 146.61p as at the close of business on 19th October 2020 had increased on average across the share classes by 0.30% compared to the NAV at the year end of 146.17p.

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Distribution Tables

for the year ended 30th June 2020

First Interim 'A' Accumulation (Retail Gross) Shares (in pence per share)

Group 1: Shares purchased prior to 1st July 2019

Group 2: Shares purchased on or after 1st July 2019 to 30th September 2019

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.1919	0.0000	0.1919	–	0.1919	0.1484
2	0.0647	0.0000	0.0647	0.1272	0.1919	0.1484
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

First Interim 'B' Accumulation (Retail Net) Shares (in pence per share)

Group 1: Shares purchased prior to 1st July 2019

Group 2: Shares purchased on or after 1st July 2019 to 30th September 2019

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.1850	0.0370	0.1480	–	0.1480	0.1181
2	0.0886	0.0177	0.0709	0.0771	0.1480	0.1181
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

First Interim 'C' Accumulation (Retail Unbundled Gross) Shares (in pence per share)

Group 1: Shares purchased prior to 1st July 2019

Group 2: Shares purchased on or after 1st July 2019 to 30th September 2019

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.4214	0.0000	0.4214	–	0.4214	0.3649
2	0.1343	0.0000	0.1343	0.2871	0.4214	0.3649
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

First Interim 'D' Accumulation (Retail Unbundled Net) Shares (in pence per share)

Group 1: Shares purchased prior to 1st July 2019

Group 2: Shares purchased on or after 1st July 2019 to 30th September 2019

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.4143	0.0829	0.3314	–	0.3314	0.2591
2	0.2720	0.0544	0.2176	0.1138	0.3314	0.2591
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

First Interim 'E' Accumulation (Institutional Gross) Shares (in pence per share)

Group 1: Shares purchased prior to 1st July 2019

Group 2: Shares purchased on or after 1st July 2019 to 30th September 2019

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.4819	0.0000	0.4819	–	0.4819	0.4237
2	0.2279	0.0000	0.2279	0.2540	0.4819	0.4237
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

First Interim 'F' Accumulation (Institutional Net) Shares (in pence per share)*

Group 1: Shares purchased prior to 1st July 2019

Group 2: Shares purchased on or after 1st July 2019 to 30th September 2019

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.4726	0.0945	0.3781	–	0.3781	0.3345
2	0.4726	0.0945	0.3781	0.0000	0.3781	0.3345
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

First Interim 'G' Income (Seed Net) Shares (in pence per share)

Group 1: Shares purchased prior to 1st July 2019

Group 2: Shares purchased on or after 1st July 2019 to 30th September 2019

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2019 Net Distribution Paid	2018 Net Distribution Paid
Property Revenue Stream						
1	0.4310	0.0862	0.3448	–	0.3448	0.3087
2	0.1845	0.0369	0.1476	0.1972	0.3448	0.3087
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

First Interim 'H' Gross Accumulation Shares (in pence per share)

Group 1: Shares purchased prior to 1st July 2019

Group 2: Shares purchased on or after 1st July 2019 to 30th September 2019

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.7405	0.0000	0.7405	–	0.7405	0.6188
2	0.3521	0.0000	0.3521	0.3884	0.7405	0.6188
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

First Interim 'X' Net Accumulation Shares (in pence per share)

Group 1: Shares purchased prior to 1st July 2019

Group 2: Shares purchased on or after 1st July 2019 to 30th September 2019

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.3235	0.0647	0.2588	–	0.2588	0.3030
2	0.1370	0.0274	0.1096	0.1492	0.2588	0.3030
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Second Interim 'A' Accumulation (Retail Gross) Shares (in pence per share)

Group 1: Shares purchased prior to 1st October 2019

Group 2: Shares purchased on or after 1st October 2019 to 31st December 2019

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.2199	0.0000	0.2199	–	0.2199	0.5730
2	0.0697	0.0000	0.0697	0.1502	0.2199	0.5730
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Second Interim 'B' Accumulation (Retail Net) Shares (in pence per share)

Group 1: Shares purchased prior to 1st October 2019

Group 2: Shares purchased on or after 1st October 2019 to 31st December 2019

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.2346	0.0469	0.1877	–	0.1877	0.4564
2	0.1154	0.0231	0.0923	0.0954	0.1877	0.4564
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Second Interim 'C' Accumulation (Retail Unbundled Gross) Shares (in pence per share)

Group 1: Shares purchased prior to 1st October 2019

Group 2: Shares purchased on or after 1st October 2019 to 31st December 2019

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.4479	0.0000	0.4479	–	0.4479	0.8079
2	0.2562	0.0000	0.2562	0.1917	0.4479	0.8079
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Second Interim 'D' Accumulation (Retail Unbundled Net) Shares (in pence per share)

Group 1: Shares purchased prior to 1st October 2019

Group 2: Shares purchased on or after 1st October 2019 to 31st December 2019

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.4476	0.0895	0.3581	–	0.3581	0.6349
2	0.1016	0.0203	0.0813	0.2768	0.3581	0.6349
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Second Interim 'E' Accumulation (Institutional Gross) Shares (in pence per share)

Group 1: Shares purchased prior to 1st October 2019

Group 2: Shares purchased on or after 1st October 2019 to 31st December 2019

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.5098	0.0000	0.5098	–	0.5098	0.8723
2	0.2583	0.0000	0.2583	0.2515	0.5098	0.8723
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Second Interim 'F' Accumulation (Institutional Net) Shares (in pence per share)

Group 1: Shares purchased prior to 1st October 2019

Group 2: Shares purchased on or after 1st October 2019 to 31st December 2019

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.5070	0.1014	0.4056	–	0.4056	0.6878
2	0.2659	0.0532	0.2127	0.1929	0.4056	0.6878
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Second Interim 'G' Income (Seed Net) Shares (in pence per share)

Group 1: Shares purchased prior to 1st October 2019

Group 2: Shares purchased on or after 1st October 2019 to 31st December 2019

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2020 Net Distribution Paid	2019 Net Distribution Paid
Property Revenue Stream						
1	0.4615	0.0923	0.3692	–	0.3692	0.6341
2	0.2149	0.0430	0.1719	0.1973	0.3692	0.6341
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Second Interim 'H' Gross Accumulation Shares (in pence per share)

Group 1: Shares purchased prior to 1st October 2019

Group 2: Shares purchased on or after 1st October 2019 to 31st December 2019

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.7707	0.0000	0.7707	–	0.7707	1.1140
2	0.3785	0.0000	0.3785	0.3922	0.7707	1.1140
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Second Interim 'X' Net Accumulation Shares (in pence per share)

Group 1: Shares purchased prior to 1st October 2019

Group 2: Shares purchased on or after 1st October 2019 to 31st December 2019

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.4466	0.0893	0.3573	–	0.3573	0.5948
2	0.2001	0.0400	0.1601	0.1972	0.3573	0.5948
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Third Interim 'A' Accumulation (Retail Gross) Shares (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased on or after 1st January 2020 to 31st March 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.0986	0.0000	0.0986	–	0.0986	0.2418
2	0.0665	0.0000	0.0665	0.0321	0.0986	0.2418
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Third Interim 'B' Accumulation (Retail Net) Shares (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased on or after 1st January 2020 to 31st March 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.0986	0.0197	0.0789	–	0.0789	0.1924
2	0.0418	0.0084	0.0334	0.0455	0.0789	0.1924
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Third Interim 'C' Accumulation (Retail Unbundled Gross) Shares (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased on or after 1st January 2020 to 31st March 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.3193	0.0000	0.3193	–	0.3193	0.4621
2	0.1597	0.0000	0.1597	0.1596	0.3193	0.4621
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Third Interim 'D' Accumulation (Retail Unbundled Net) Shares (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased on or after 1st January 2020 to 31st March 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.3118	0.0624	0.2494	–	0.2494	0.3664
2	0.1445	0.0289	0.1156	0.1338	0.2494	0.3664
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Third Interim 'E' Accumulation (Institutional Gross) Shares (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased on or after 1st January 2020 to 31st March 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.3785	0.0000	0.3785	–	0.3785	0.5214
2	0.2679	0.0000	0.2679	0.1106	0.3785	0.5214
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Third Interim 'F' Accumulation (Institutional Net) Shares (in pence per share)*

Group 1: Shares purchased prior to 1st January 2019

Group 2: Shares purchased on or after 1st January 2019 to 31st March 2019

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2019 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.3711	0.0742	0.2969	–	0.2969	0.4122
2	0.3711	0.0742	0.2969	0.0000	0.2969	0.4122
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Third Interim 'G' Income (Seed Net) Shares (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased on or after 1st January 2020 to 31st March 2020

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2020 Net Distribution Paid	2019 Net Distribution Paid
Property Revenue Stream						
1	0.3343	0.0669	0.2674	–	0.2674	0.3773
2	0.1695	0.0339	0.1356	0.1318	0.2674	0.3773
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Third Interim 'H' Gross Accumulation Shares (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased on or after 1st January 2020 to 31st March 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.6414	0.0000	0.6414	–	0.6414	0.7689
2	0.3833	0.0000	0.3833	0.2581	0.6414	0.7689
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Third Interim 'X' Net Accumulation Shares (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased on or after 1st January 2020 to 31st March 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.2440	0.0488	0.1952	–	0.1952	0.3247
2	0.0940	0.0188	0.0752	0.1200	0.1952	0.3247
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Final 'A' Accumulation (Retail Gross) Shares (in pence per share)**

Group 1: Shares purchased prior to 1st April 2020

Group 2: Shares purchased on or after 1st April 2020 to 30th June 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.0344	0.0000	0.0344	–	0.0344	0.2004
2	0.0344	0.0000	0.0344	0.0000	0.0344	0.2004
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Final 'B' Accumulation (Retail Net) Shares (in pence per share)**

Group 1: Shares purchased prior to 1st April 2020

Group 2: Shares purchased on or after 1st April 2020 to 30th June 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.0243	0.0049	0.0194	–	0.0194	0.1587
2	0.0243	0.0049	0.0194	0.0000	0.0194	0.1587
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Final 'C' Accumulation (Retail Unbundled Gross) Shares (in pence per share)*

Group 1: Shares purchased prior to 1st April 2020

Group 2: Shares purchased on or after 1st April 2020 to 30th June 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.2506	0.0000	0.2506	–	0.2506	0.4243
2	0.2506	0.0000	0.2506	0.0000	0.2506	0.4243
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Final 'D' Accumulation (Retail Unbundled Net) Shares (in pence per share)*

Group 1: Shares purchased prior to 1st April 2020

Group 2: Shares purchased on or after 1st April 2020 to 30th June 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.2360	0.0472	0.1888	–	0.1888	0.3319
2	0.2360	0.0472	0.1888	0.0000	0.1888	0.3319
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Final 'E' Accumulation (Institutional Gross) Shares (in pence per share)*

Group 1: Shares purchased prior to 1st April 2020

Group 2: Shares purchased on or after 1st April 2020 to 30th June 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.3092	0.0000	0.3092	–	0.3092	0.4839
2	0.3092	0.0000	0.3092	0.0000	0.3092	0.4839
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Final 'F' Accumulation (Institutional Net) Shares (in pence per share)*

Group 1: Shares purchased prior to 1st April 2020

Group 2: Shares purchased on or after 1st April 2020 to 30th June 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.2926	0.0585	0.2341	–	0.2341	0.3782
2	0.2926	0.0585	0.2341	0.0000	0.2341	0.3782
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Final 'G' Income (Seed Net) Shares (in pence per share)*

Group 1: Shares purchased prior to 1st April 2020

Group 2: Shares purchased on or after 1st April 2020 to 30th June 2020

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2020 Net Distribution Payable	2019 Net Distribution Paid
Property Revenue Stream						
1	0.2743	0.0549	0.2194	–	0.2194	0.3427
2	0.2743	0.0549	0.2194	0.0000	0.2194	0.3427
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Final Interim 'H' Gross Accumulation Shares (in pence per share)*

Group 1: Shares purchased prior to 1st April 2020

Group 2: Shares purchased on or after 1st April 2020 to 30th June 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.5737	0.0000	0.5737	–	0.5737	0.7380
2	0.5737	0.0000	0.5737	0.0000	0.5737	0.7380
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2020 (continued)

Final Interim 'X' Net Accumulation Shares (in pence per share)*

Group 1: Shares purchased prior to 1st April 2020

Group 2: Shares purchased on or after 1st April 2020 to 30th June 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.1613	0.0323	0.1290	–	0.1290	0.2583
2	0.1613	0.0323	0.1290	0.0000	0.1290	0.2583
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

* There were no group 2 shares for this period.

** Expenses exceeded revenue during the period, as a result, no distributions were allocated.

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Taxation Information

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, both of which are subject to change. It summarises the tax position of investors who are United Kingdom resident and hold Shares as investments. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

Individual Shareholders: Property income distributions will be made to Shareholders subject to deduction of tax at 20%. Individuals will be subject to income tax on income from property and interest distributions at their marginal rate and may set off the tax suffered against their tax liability. PAIF dividend distributions will be taxable at the appropriate dividend tax rate after the annual dividend allowance of £2,000.

Corporate Shareholders: Property income distributions are generally paid to corporation tax payers without the deduction of tax at source and taxed as profits of a property business. PAIF interest distributions are also generally paid gross to corporation tax payers, and are taxed as yearly interest in their hands. PAIF dividend distributions are treated in the same way as dividends paid by United Kingdom companies, and are therefore exempt from corporation tax.

Tax-exempt Shareholders: Shareholders who are exempt from tax on income will be able to reclaim from HM Revenue & Customs the basic rate income tax withheld on the payment of property income distributions.

For all income allocations: A tax voucher showing the amount of the income distributed or deemed to be distributed to the Shareholder and tax deducted will be sent to Shareholders at the time of a distribution.



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