

TM Hearthstone ICVC

Annual Report & Accounts
for the year ended 30th June 2021



THEISIS 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 Adviser:

Hearthstone Asset Management Limited
29 Throgmorton Street
London EC2N 2AT

*An appointed representative of
Thesis Asset Management Limited*

Administrator, Registrar and Fund Accountant:

Northern Trust Global Services SE, UK Branch
50 Bank Street
Canary Wharf
London E14 5NT

*Authorised and regulated by
the Financial Conduct Authority*

Dealing Office:

Thesis Unit Trust Management Limited
Sunderland SR43 4AZ
Tel: 0333 300 0375
Fax: 020 7982 3924

*Authorised and regulated by
the Financial Conduct Authority*

Auditor:

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Directors of ACD:

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 Director
C. J. Willson - Independent Non-Executive Director
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 TM Hearthstone ICVC (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.

Depositary:

NatWest Trustee and Depositary Services Limited
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh EH12 1HQ

*Authorised and regulated by
the Financial Conduct Authority*

Standing Independent Valuer:

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

Property Manager:

Connells Limited*
The Bailey
Skipton
North Yorkshire BD23 1DN
* Appointed effective 2nd November 2020

Touchstone Corporate Property Services Limited*
2 Crescent Office Park
Clarks Way
Bath BA2 2AF
* No longer appointed from 1st November 2020

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Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2021

Thesis Unit Trust Management Limited (the “ACD”) is pleased to present the ACD’s Annual Report and Accounts for TM Hearthstone ICVC (the “Company”) for the year ended 30th June 2021.

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 (“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 e.surv House Price Index (previously known as LSL Acadata) 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 e.surv (previously known as LSL Acadata) 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, mixadjusted 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.

The ACD reserves the right to change the benchmark following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half yearly reports.

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Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2021 (continued)

Other information

The Company may not invest more than 10% in value of its scheme property in units in other collective investment schemes.

The Company is a FIIA. For an explanation of the risks associated with the Company investing in inherently illiquid assets and how those may crystallise, please refer to the Prospectus. For a description of the tools and arrangements, the ACD would propose using to mitigate these risks, an explanation of the circumstances in which those tools and arrangements would typically be deployed and the likely consequences for investors, please refer to the Prospectus.

Important Information

In accordance with COLL 8.4.11 [2] [c] [ii] of the Collective Investment Schemes Sourcebook (Release 21, dated November 2017), as published by the Financial Conduct Authority, we can confirm that the ‘immovables’ would, if acquired by the scheme, be capable of being disposed of reasonably expeditiously at the values reported. We have assumed ‘reasonably expeditiously’ to represent a normal marketing period appropriate for the Properties.

We would however draw your attention to the fact that the Material Valuation Uncertainty clause has been attached in respect of the Spectrum Apartments for non-COVID-19 related reasons which are explained in further detail below. The SIV attached a Material Valuation Uncertainty clause to the Spectrum Apartments in Manchester in April 2021 following a failed EWS1 (external wall safety) assessment. These assessments were introduced by the Government to improve fire safety of high-rise buildings including external cladding.

Market Valuation Uncertainty (Spectrum Apartments, Blackfriars Road, Manchester, M3)

In view of the fact that the information presently available concerning the building safety defects for Spectrum Apartments specifically, the remediation budget costs, impact on service charge and saleability is limited, we would draw your attention to the fact that less certainty can be attached to the valuation of the 17 long leasehold units within Spectrum Apartments, than would otherwise be the case.

The valuation of these units 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 the valuation of these units than would normally be the case.

For the avoidance of doubt, the ‘Material Valuation Uncertainty’ declaration does not mean that the valuation cannot be relied upon, rather, it has been included to ensure transparency of the assumptions made in preparing this valuation.

In view of the documentation provided in relation to the Spectrum Apartments, around the estimation of any remedial work and the timings of such work, the impact of the waking watch in terms of management costs and any subsequent impact on the service charge and the uncertainty as to impact upon saleability, the above clause has been attached to valuation. Please refer to ‘Important Information’ on page 4 for more details. There is no material impact or material changes to rental income.

In view of limited market information, such as proceeds achieved from sales of similar properties with fire safety defects in the area, the Standing Independent Valuer have made recourse to a ‘Material Valuation Uncertainty’, as set out in VPS 3 and VPGA 10 of the RICS Valuation Global Standards. Therefore, the valuation of the properties has been prepared in accordance with the RICS Valuation Global Standards and COLL.

At the current time, the saleability of the units within the Spectrum Apartments has likely been significantly impacted, units within the block are likely to be considered unmortgageable, currently only available to cash purchasers. We consider that the time to achieve a sale of the individual units will be extended beyond the usual 3-6 month time frame we would expect. If the units were to be marketed for sale by auction, we would expect a discount to the vacant possession value to reflect the current uncertainty and safety implications within the building. At the present time, it is not possible to accurately reflect what impact the building safety and associated issues have on the achievable values for the Spectrum Apartments.

Investors should refer to the <https://homeinvestor.fund/> website for further updates.

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Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2021 (continued)

Important Information *(continued)*

Connells Limited was appointed as the new Property Manager for TM Hearthstone ICVC effective 2nd November 2020.

Share classes Class A Retail Gross Accumulation and Class B Retail Net Accumulation were converted to Class C Unbundled Gross Accumulation and Class D Unbundled Net Accumulation, respectively. Share Classes Class A Retail Gross Accumulation and Class B Retail Net Accumulation were subsequently closed 5th February 2021.

Class E Institutional Gross Income became active on 1st July 2020, while Class C Unbundled Gross Income on 6th October 2020, and Class D Unbundled Net Income on 18th June 2021.

Impact of COVID-19

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 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.

Thesis Unit Trust Management Limited
Authorised Corporate Director
20th July 2022

Report of the Investment Managers

for the year ended 30th June 2021

Investment Report - Hearthstone Asset Management Limited

1. Residential Market

Although prior to this reporting date, in order to get a full picture of the last 12 months, it is pertinent to note that 2020 started positively, buoyed by the confidence instilled by the election of a majority government, and house prices increased by 1% during January and February 2020. The market was then stopped in its tracks by the COVID-19 pandemic in March 2020. The nationwide lockdown effectively closed the housing market, resulting in the Royal Institution of Chartered Surveyors (RICS) inserting a Material Uncertainty clause into all residential and commercial property valuations, subsequently causing the Company to suspend dealing. As lockdown restrictions began to ease and activity returned to the housing market, this clause was removed on 20th July and the Company was re-opened for dealing. However, during this time, according to e.surv, the housing market had fallen 2.4%.

Once open again, the housing market kicked on with aplomb, initially due to the pent-up demand and lack of supply from the 3-month lockdown, and increased by 3% over July and August 2020 thereby nullifying the previous losses. This pent-up demand was further exacerbated by the announcement on 8th July 2020 that no Stamp Duty Land Tax (SDLT) would be payable in England for purchases of residential properties up to £500,000 until March 2021, which was subsequently extended to the end of June 2021 with it then tapering to properties below £250,000 until the end of September 2021 when the scheme will end in England & Wales. This holiday ended in March 2021 in Scotland with levels reverting to normal at that point.

As is well documented, the house prices indices have seen a surge over the past twelve months, due to people reassessing their living situation because of the COVID-19 pandemic, looking to purchase larger properties with outside space further away from city centres highlighting the lack of commuting and working from home that will inevitably continue in the future. These buyers have tended to be cash rich, job secure and at the upper end of the market.

This has resulted in the e.surv, England and Wales House Price Index over the last twelve months indicating the average price of a home sold in England and Wales has increased by some £32,500, or 10.7%. If we exclude London from this then the figure is a very considerable 14%. Nevertheless, even including the capital, this is the highest annual rate since February 2005.

Any reversal of house prices in the period from March 2021 to May 2021 because of the originally expected end of the stamp duty holiday has been short-lived. This is in part because of the extension of the holiday but, more generally, due to optimism in the economy which has seen many previously postponed transactions come back online. Mid-April, even before the stamp duty holiday ended, the government introduced further fiscal support in the shape of its 95% Loan to Value (LTV) mortgage guarantee scheme. This assisted borrowers by giving mortgage lenders more confidence to lend, many of which have now re-introduced higher LTV products to the market. Such fiscal support has been positive for the housing market as, combined with the UK's monetary policy of historically low interest rates and many potential home-movers being able to save faster during lockdown, more have found house purchase to be more affordable or to be achievable sooner than anticipated.

What must be noted from the e.surv data is that this is based on sold prices over the last 12 months – this as mentioned has been driven chiefly by cash rich buyers looking at larger detached properties and buying in the upper-echelons of the market. This does not mean in reality that each property is worth 10.7% more than it was a year before.

Zoopla's annual report however states that it takes a more analytical approach with property type weightings and seasonal changes and their view is that house prices have increased by an average of 4.7% over the past 12 months – which in our view is a more realistic figure. What is true is the fact that the demand is still significantly outstripping supply which will continue to drive the market going forwards.

House Price Indices (HPIs) can be confusing at the best of times, but especially when the apparent average house price, and annual and monthly percentage changes vary as greatly as they do now. This is because they are not all measuring the same point in the transaction process, typically use different datasets, and apply their own methodology to adjust for the mix of property types and 'seasonality' of peaks and troughs in house buying activity. The discrepancies in the Indices illustrate the difficulty in tracking a £7 trillion market and, with so few transactions comparatively (less than 5% of UK homes changing hands per annum), they can be skewed by short-term changes in buying activity at specific price points and particular locations. It is important to note that the Company is not an 'Index tracker', and its properties are all valued individually by the Standing Independent Valuer,

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Report of the Investment Managers

for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

1. Residential Market (continued)

CBRE, each month. CBRE does this by reference to transaction data on comparable local properties where a sale has progressed to at least exchange of contracts, and not by reference to any of the HPIs.

As such, the Company's valuation growth has not directly mirrored this market uplift and that is mainly because the average value of its properties is c.£250,000 – materially below the segment of the market that is driving headline UK house price growth. Having said that, the Company did benefit from upward property valuations in 10 of the last 12 months (excluding December 2020 and March 2021) totalling 2.47% annually.

Rental demand continued to grow, and with some Buy to Let landlords exiting the market, demand for good quality modern homes, such as those owned by the Company, continued. Rents across the Company's property portfolio have grown by 1.75% year to date, despite our suspension of rent reviews due to COVID-19 for the majority of the reporting period, and the market as a whole has continued averaging 1.2% year to date according to the Office for National Statistics (ONS).

2. Company Performance

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

The Property Investment Manager, Hearthstone Asset Management Limited, uses quantitative asset allocation methods and qualitative regional stock selection to build a portfolio of assets reflecting the distribution of UK 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 Asset Management Limited will continue to deploy capital in the UK regions, identifying locations which are likely to outperform the average for the country as a whole. The Company currently has a large cash position which we will be looking to deploy imminently with a number of sites being actively looked at and due diligence carried out. Within this reporting period, we completed on the purchase of the final two houses at Crocketts Lane on the 1st and 15th July 2020, respectively.

As is well documented, the Company's occupation was impacted by the COVID-19 pandemic over the last 12 months with 20 units being vacant as at 1st July 2020, due to the acquisition of 11 units at Crockett Lane immediately prior to Lockdown 1.0 and the agencies being shut – this has steadily come down over the year with only 6 units being vacant as at 30th June 2021 (2.5%). As part of our tenant management during COVID-19, it was agreed that we would suspend rent reviews for a period, and these were bought back in to place in June 2021 and averaged +1.7% across 9 tenancies reviewed. The rents across all re-lets and reviews over the year have increased on average by 1.75% versus the ONS Index of 1.2%.

We have been paying a lot of attention the costs within the Company as well. We noted that the maintenance costs have remained stubbornly high over the past 9 months as older properties required works, and a change in legislation which resulted in all Electrical Installation Condition Report (EICR) certificate renewals becoming due sooner than budgeted for as they must now be renewed every 5 years instead of 10.

The Company's performance as at 30th June 2021 is detailed in Tables 1a and 1b and charted in Figures 1a and b. 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 Company changed to single pricing from a dual pricing basis on 10th April 2015.

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Report of the Investment Managers

for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

2. Company Performance (continued)

Tables 1a and 1b: Company Performance to 30th June 2021 by Share Class

1a. Accumulation Classes

	Class C	Class D	Class E	Class F	Class H	Class X	Feeder
1 month	0.34%	0.28%	0.33%	0.34%	0.34%	0.29%	0.21%
3 months	1.10%	1.05%	1.08%	1.10%	1.29%	1.01%	0.93%
6 months	1.44%	1.33%	1.49%	1.45%	1.84%	1.30%	1.22%
1 year	2.57%	2.48%	2.60%	2.59%	3.47%	2.33%	2.33%
3 years	6.58%	5.94%	6.84%	6.38%			5.48%
Launch *	49.38%	46.17%	51.66%	48.58%	8.43%	4.85%	39.94%

1b. Income Classes

	Class C	Class D	Class E	Class F	Class G	Class H	Class X
1 month	0.27%	0.28%	0.34%	0.34%	0.30%	0.34%	0.29%
3 months	1.06%	1.05%	1.14%	1.10%	1.04%	1.29%	1.01%
6 months	1.39%	1.33%	1.50%	1.45%	1.46%	1.84%	1.30%
1 year	2.51%	2.48%	2.67%	2.59%	2.58%	3.47%	2.33%
3 years					6.34%		
Launch *	2.16%	2.05%	2.18%	2.30%	47.96%	3.25%	1.96%

Note 3: Share Classes' launch dates:

Class	Accumulation	Income
Class C Unbundled Gross	7th January 2013	20th April 2020
Class D Unbundled Net	7th January 2013	20th April 2020
Class E Institutional Gross	13th August 2012	16th March 2020
Class F Institutional Net	3rd August 2012	20th April 2020
Class G Institutional Net	-	25th July 2012
Class H Gross	13th July 2018	20th April 2020
Class X Net	13th July 2018	20th April 2020
Feeder	29th April 2013	-

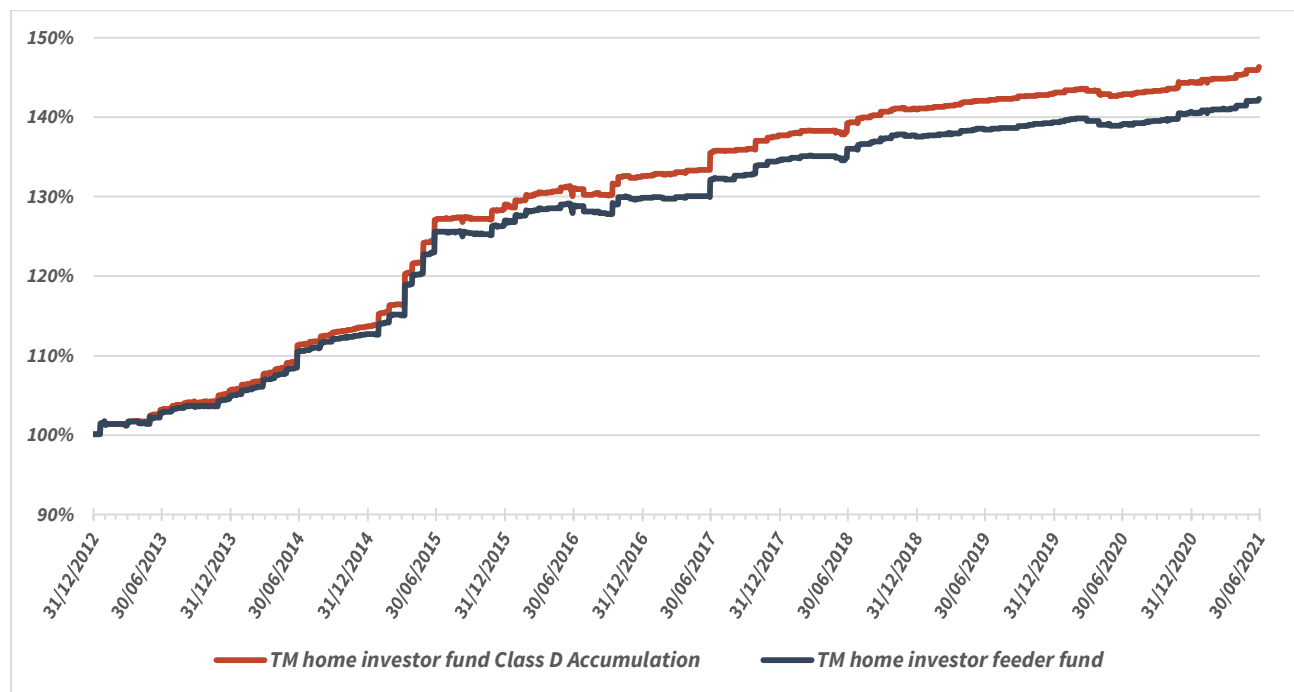
TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2021 (continued)

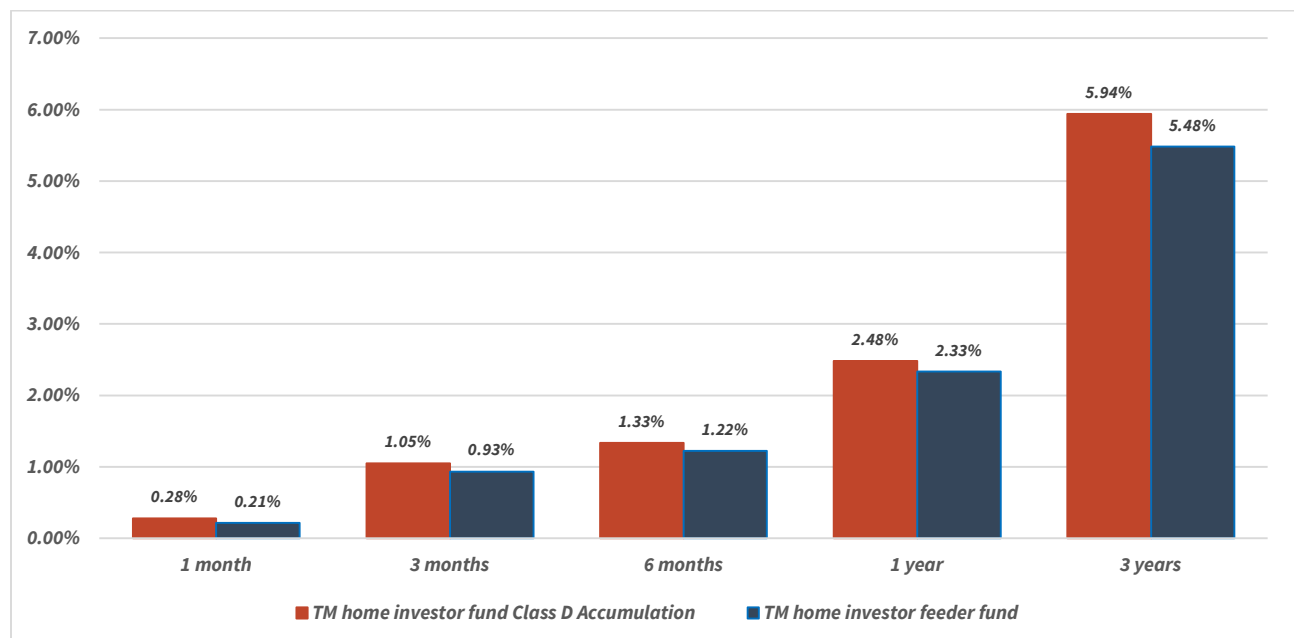
Investment Report - Hearthstone Asset Management Limited (continued)

2. Company Performance (continued)

Figures 1a and 1b: Company Performance by share class – to 30th June 2021



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



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Report of the Investment Managers for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

2. Company Performance (continued)

Figure 2: Company Growth 1st July 2020 – 30th June 2021



As at 30th June 2021, the Company's assets have grown to £61,743,389.89.

3. Contribution to Company Performance

The Company's investment returns comprise capital growth and rental income.

Table 2: Key Portfolio Statistics at 30th June 2021

Portfolio Purchase Price	£41,439,254
Investment Value (IV) (subject to tenancies in existence)	£51,167,000
Vacant Possession Value (VP) (assuming vacant possession)	£51,167,000
Number of Properties	201*
Average Unit Value VP	£254,562
Potential Gross Annual Rental Income	£2,452,382
Average Annual Rent	£12,262
Potential Gross Property Yield – Potential gross income (annualised)	4.90%
Current Gross Property Yield – After voids i.e. Let properties only (annualised)	4.47%
Net Property Yield - After voids & actual property expenditure (annualised)	2.46%

*200 properties, plus 1 set of car parking spaces

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Report of the Investment Managers

for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

i. Rental Yield & Income

Rent Collection

Rent collection throughout the year remained high, averaging 98% of that demanded. This is in stark contrast to rent collection for some commercial property funds and portfolios and helped demonstrate the difference between residential property and commercial property in times of significant stress.

Figure 3: Historical Rent Collection as a Percentage of Rent Demanded

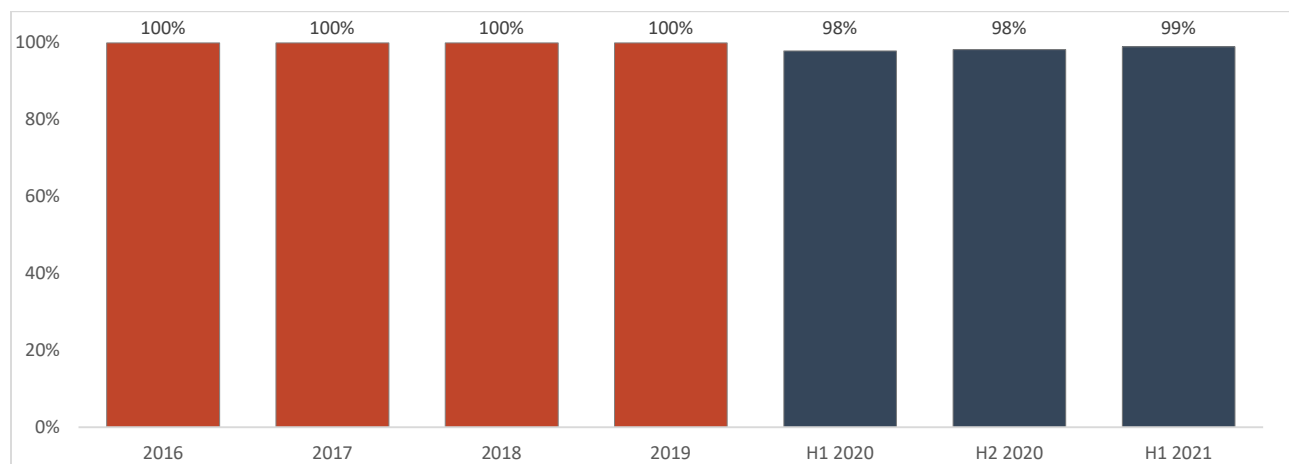


Table 3: Potential Gross Rental Yield June 2021

Region	Portfolio Potential Gross Yield – June 2021
North West	5.30%
North East	-
Yorkshire & Humber	4.85%
South East	4.49%
South West	4.83%
Wales	-
Scotland	4.31%
East of England	4.56%
East Midlands	4.89%
West Midlands	5.39%
London	4.85%
Overall	4.90%

The potential gross rental yield of the Company property portfolio as at June 2021 is 4.90%, The gross yield adjusted for voids is 4.47% and after all property related costs from July 2020, the net yield of the property portfolio is 2.46%. The net yield has been impacted by the increased voids and arrears during COVID-19, and 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 Company at the start of 2021.

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Report of the Investment Managers for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

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

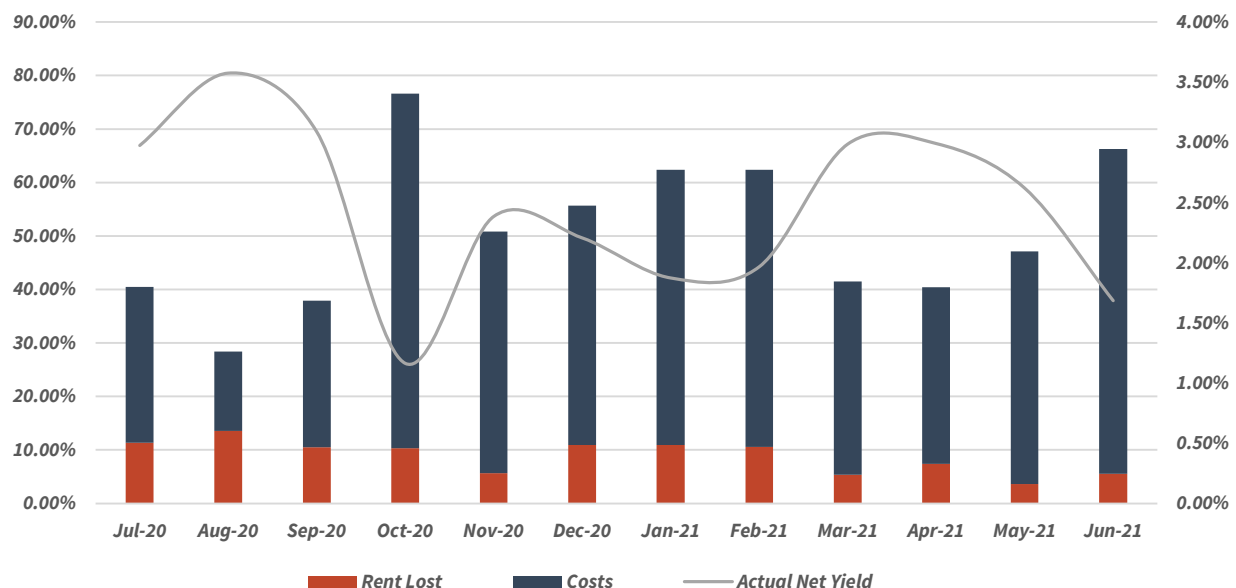
Table 4: Property portfolio Gross – Actual Monthly Net Yield

Month	Potential Gross Yield	Current Gross Yield	Net Yield
Jul-20	4.96%	4.40%	2.98%
Aug-20	4.95%	4.28%	3.58%
Sep-20	4.95%	4.43%	3.09%
Oct-20	4.94%	4.43%	1.16%
Nov-20	4.82%	4.54%	2.38%
Dec-20	4.86%	4.33%	2.21%
Jan-21	4.89%	4.36%	1.87%
Feb-21	4.91%	4.39%	1.97%
Mar-21	4.91%	4.64%	2.98%
Apr-21	4.90%	4.53%	2.99%
May-21	4.88%	4.70%	2.62%
Jun-21	4.86%	4.59%	1.68%

The Net Yield has been low in the reporting period due to the perfect storm of COVID-19 related vacancies (we started the reporting year with a void loss c.10% but this has reduced back to above average levels recently as detailed above) and arrears and increased costs due to Energy Performance Certificates, Electrical Installation Condition Reports, and Gas compliance coming due on a number of properties, along with some more expensive maintenance issue that have arisen.

Figure 4 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 4: Cost and rent loss impact on Net Property Yields as a percentage of potential rent



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Report of the Investment Managers for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

Figure 5 shows the impact of the three largest costs (maintenance, Management Fees and Services Charge/Ground Rents) has on the yield from July 2020 to June 2021.

Figure 5: Cost impact on Net Property Yields

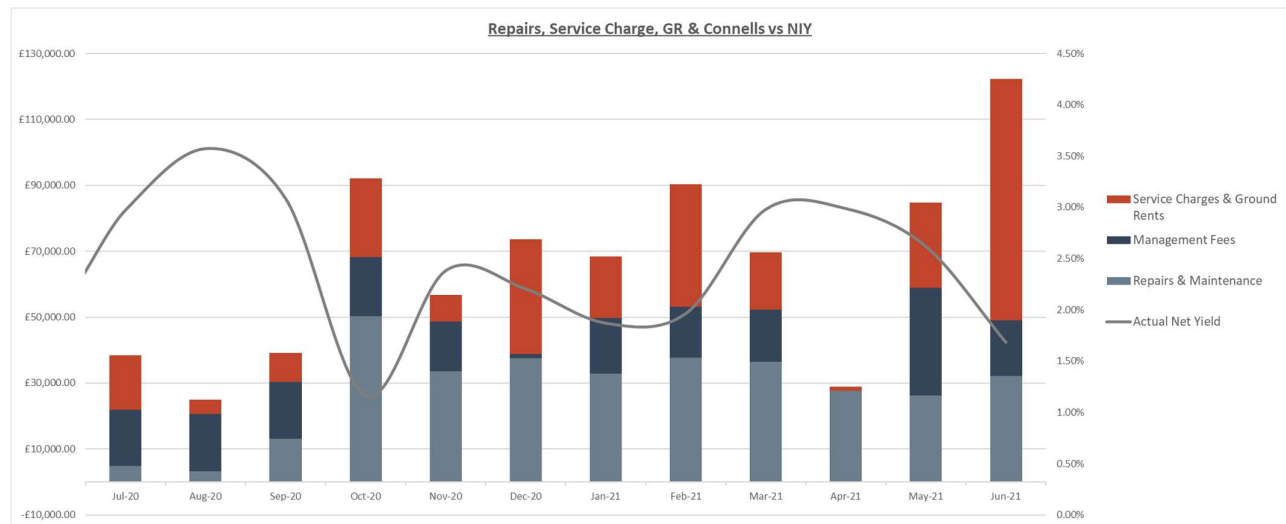
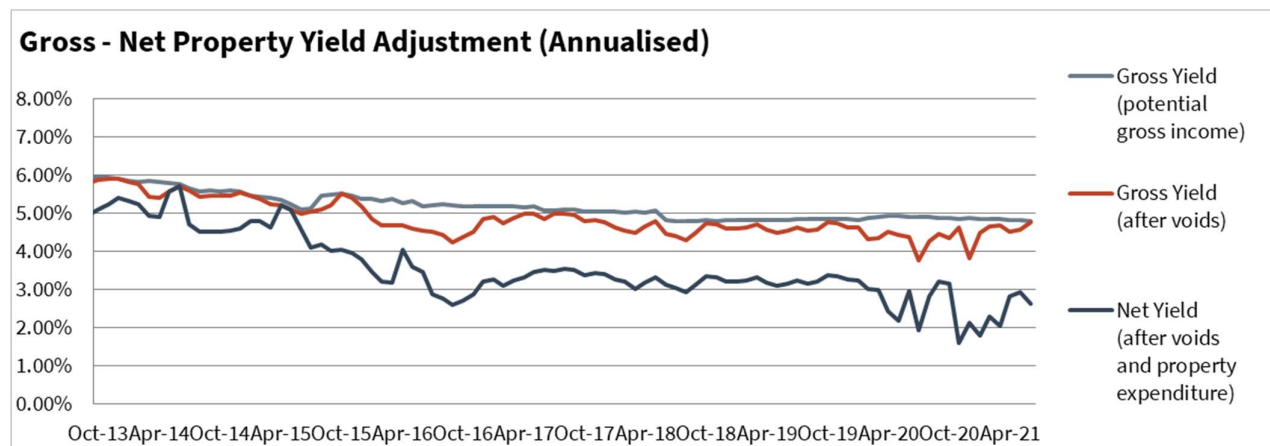


Figure 6 shows the movement of the gross/net property yield from inception to 30th June 2021 on an accrual basis, rather than on an actual basis (above). This will be slightly higher as it doesn't reflect arrears, just estimated voids and costs going forwards.

Figure 6: Gross – Net Property Yield



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Report of the Investment Managers for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

ii. Valuation Movement

The Standing Independent Valuer (CBRE as of June 2021) 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 year – although this have been carried out by Connells during the COVID-19 pandemic as part of their ongoing management to minimize the number of people accessing tenants' properties. The SIV takes into account the tenancies in existence and the VP value assumes vacant possession. The e.surv Acadata House Price Index is a capital index based on VP values.

Figure 7 shows the valuation movement of the Company portfolio (adjusted for acquisitions and disposals) from the launch of the Company to 30th June 2021 against the e.surv Acadata monthly House Price Index.

Figure 7: Valuation vs e.surv Acadata Month on Month Movement from launch to 30th June 2021

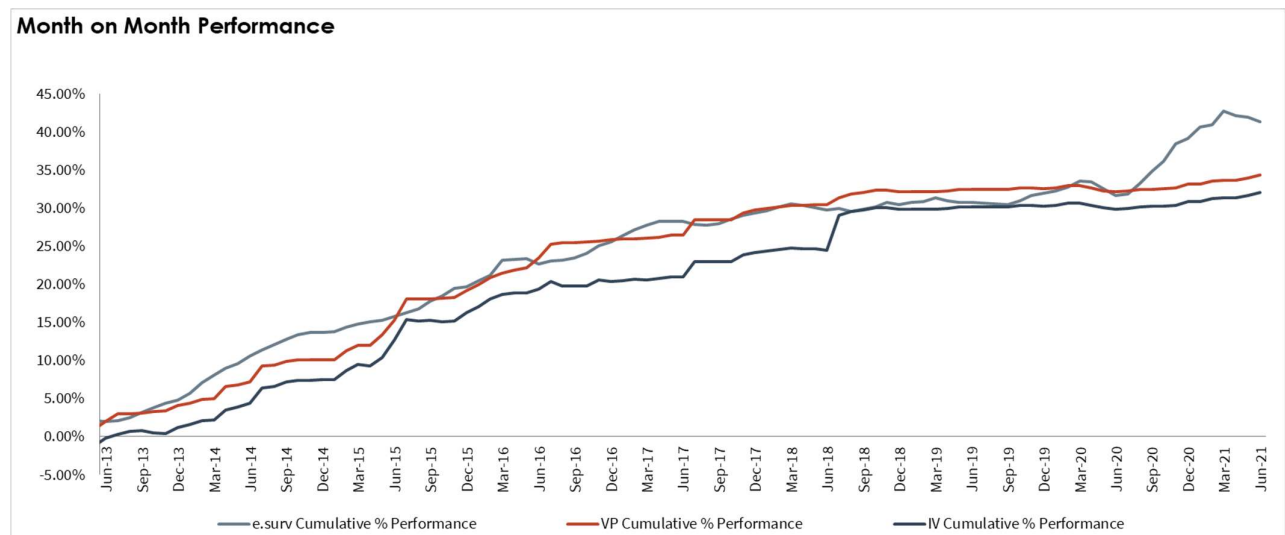
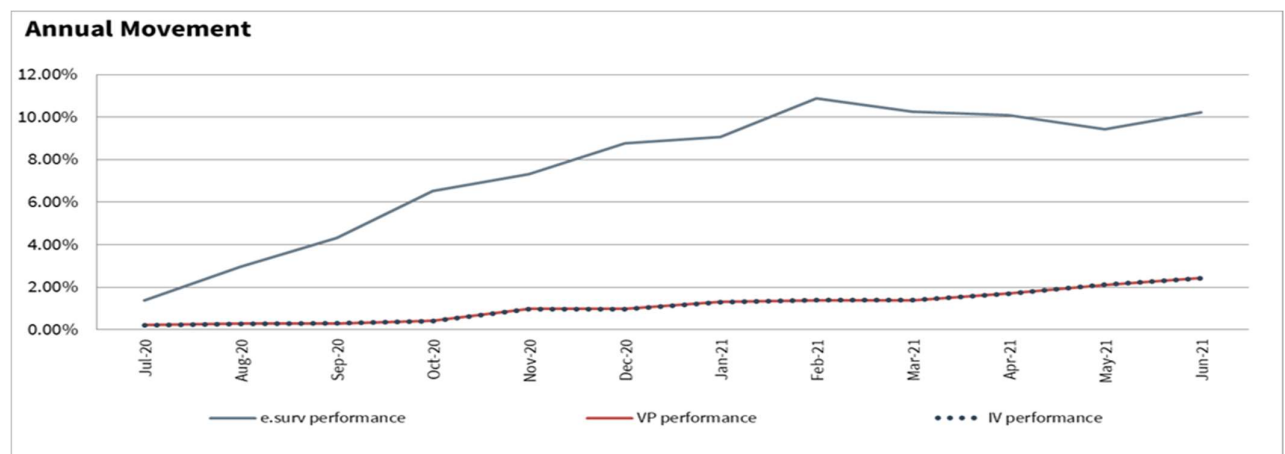


Figure 8 shows the annual growth of the portfolio to June 2021 compared with e.surv Acadata monthly House Price Index.

Figure 8: Valuation Movement vs e.surv Acadata Month on Month Movement from 1st July 2020 to 30th June 2021)



TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

In June 2021, e.surv reported a 10.67% annual increase in average house prices. Over the same twelve-month period, the performance of the Company's property portfolio performance is 2.47% (VP and IV).

As discussed in the Market Commentary at the start of this report - it has been an extraordinary year as far as the market and its indices are concerned, but we are confident that the Indices will continue to fall back as more data comes through and SDLT holiday's end, as the Company continues to perform strongly.

Since launch of the Company, this brings the increase in IV to 32.32%, and to 34.61% on a VP basis. By way of comparison, the e.surv Acadata House Price Index (which includes the effect of prime central London) reported a change in house prices of 42.09% to its latest data.

4. Property Transactions

The key investment objective of the Company 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 Company has acquired just over £49 million 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 Company. 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 in the Company 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.

i. Purchases

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 completing in July 2020.

Table 5: Summary of acquisitions from 1st July 2020 – 30th June 2021

Purchase Date	Purchase Price	Address	Red Book Valuation at Purchase	Status
1st July 2020	£219,000	30 John Brooks Avenue	£235,000	Complete
15th July 2020	£219,000	2 John Brooks Avenue	£235,000	Complete
TOTAL	£438,000	2	£470,000	7% discount

There are a number of schemes currently being analysed for the pipeline, due to the high cash levels in the Company currently. Housebuilders have been apprehensive to negotiate terms advantageous to the Company over the past few months due to the high levels of market activity – however, we are starting to see signs of this reverting to normality again and we expect to be able to close deals on good terms.

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

4. Property Transactions (continued)

ii. Sales

The regular review of assets identified some which were likely to underperform, and five properties have been sold during the past year. These have 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 2021 is £41,439,254.

Table 6: Summary of disposals

Property	Purchase Price	Sold Price	Uplift	Sale Date
5 Mansion House, Colchester	£132,758.30	£150,000.00	£17,241.70	06/07/2020
104 Oak Leaze, Bristol	£410,000.00	£460,000.00	£50,000.00	21/01/2021
16 Mansion House, Colchester	£132,758.30	£156,500.00	£23,741.70	12/02/2021
11 Mansion House, Colchester	£130,345.02	£150,000.00	£19,654.98	03/03/2021
6 Mansion House, Colchester	£130,345.02	£149,000.00	£18,654.98	04/06/2021
TOTAL	£936,206.64	£1,065,500	£129,293.36	13.81% uplift

Holdings

Table 7: Top 10 Holdings 30th June 2021

Property Name	Number of Properties	Value	% of NAV
Quadrant Court, Wembley, London HA9	22	£7,450,000	11.82%
Wickhurst Green, Horsham, RH12	14	£4,665,000	7.40%
The Limes, Nottingham, NG8	18	£3,915,000	6.21%
Spectrum, Blackfriars Road, Manchester M3	17	£3,115,000*	4.94%
Crocketts Lane, Smethwick, B66	13	£3,025,000	4.80%
King Georges Park, Rowhedge, CO5	8	£2,445,000	3.88%
Rea Road, Northfield, Birmingham. B31	14	£1,835,000	2.91%
Portland View, Bristol, BS2	6	£1,750,000	2.78%
Henmead House, Haywards Heath, RH16	6	£1,725,000	2.74%
Pandora Close, Locks Heath, SO31	4	£1,360,000	2.16%
TOTAL	122	£31,285,000	49.65%

* The Standing Independent Valuer has attached a valuation uncertainty clause to the Spectrum flats pending a satisfactory EWS1 (external wall safety) assessment. The building's Management Committee has registered with the Building Safety Fund and is currently working to assess the remediation works required and the total cost due to leaseholders. This could take weeks or months.

TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

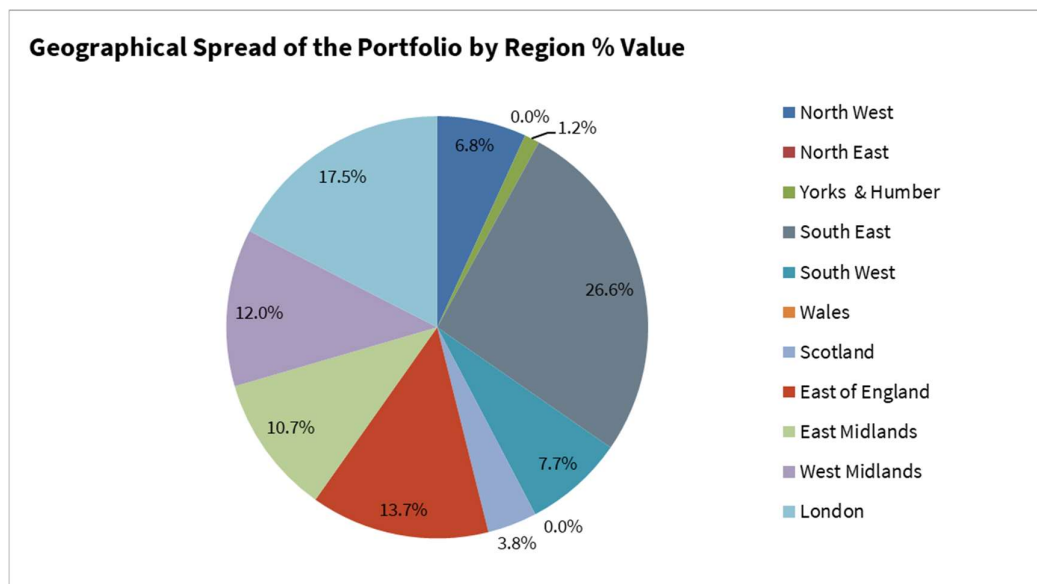
4. Property Transactions (continued)

Table 8 shows the current portfolio against the e.surv Acadata regional weightings of property as at 30th June 2021. The portfolio is reasonably balanced at present but slightly currently overweight in the South East and East & West 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 e.surv Acadata Allocations as at 30th June 2021

Areas	No of Units	% of units	Purchase Price	Current IV	% by Value & Region	% +/-	e.surv Regional Weightings
North West	21	10%	£2,906,000	£3,503,000	6.8%	0.0%	6.8%
North East	0	0%	£0	£0	0.0%	-2.1%	2.1%
Yorks & Humber	3	1%	£493,000	£595,000	1.2%	-4.0%	5.2%
South East	41	20%	£11,810,400	£13,627,500	26.6%	6.3%	20.3%
South West	14	7%	£3,358,000	£3,920,000	7.7%	-2.4%	10.1%
Wales	0	0%	£0	£0	0.0%	-2.7%	2.7%
Scotland	8	4%	£1,185,708	£1,940,000	3.8%	-2.3%	6.1%
East of England	25	12%	£5,818,897	£7,012,500	13.7%	2.1%	11.6%
East Midlands	27	13%	£4,427,750	£5,470,000	10.7%	5.2%	5.5%
West Midlands	35	17%	£5,311,000	£6,164,000	12.0%	6.0%	6.0%
London	27	13%	£6,128,500	£8,935,000	17.5%	-6.0%	23.5%
TOTAL	201	100%	£41,439,254	£51,167,000	100%		100.0%

Figure 9: Geographical Spread of the Portfolio by Region % Value



TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

5. Rental Income

Table 9: Rent Collection & Expenditure to 30th June 2021

Rent Demanded	£2,314,174.63
Rent Collected *	£2,246,917.58
Property Expenditure Paid	£1,050,254.22
Net Rent Received by Company *	£1,255,305.17
% Collected YTD – 1st July 2020 to 30th June 2021	99.63%

* Rental income is collected via Connells, the Company'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.

i. Arrears

As at 30th June 2021, arrears totalled £78,568.66 of which £57,864.55 are current tenant rental arrears and £20,704.11 of historic tenant rental arrears. Section 8 notices were served on 6 properties in March 2021, and one tenant subsequently vacated in June 2021. These units make up £66,729 of the arrears and we are currently looking at payment plans or other means to pay down or recover this debt.

Comparing these figures with the total annual rental potential of the portfolio at £2,474,842 demonstrates the success of the tenant selection and tenancy management including through the COVID-19 crisis.

ii. Write Offs

During the period of 1st July 2020 to 30th June 2021, £1,626.45 of arrears was written off, although we do expect it is likely some of the above arrears will have to be written off in the future if tenants cannot pay, or current tenants cannot keep up with repayment plans in place during the COVID-19 crisis.

6. Performance Figures

Table 10: Company Key Financial Figures 30th June 2021

INCOME		
Gross Income Accrued by the Company from 1st July 2020 – 30th June 2021	£2,246,917.58	
Net Annual Company Income at 31st June 2021 (added back in distribution income)	£837,489	September 2020: £140,849 December 2020 : £125,776 March 2021 : £49,023 June 2021 : £521,841
Gross to Net Adjustment	62.73%	

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

6. Performance Figures (continued)

Company Performance vs e.surv Acadata House Price Index

The Company invests in private rented sector (PRS) housing across mainland UK and aims to capture UK house price growth plus provide an element of income return. It uses the e.surv Acadata England and Wales House Price Index (previously known as LSL Acadata) for performance comparison purposes only – it is not a target benchmark, and the Company is not constrained by it.

Comparing the Company performance for the individual share classes to 30th June 2021 against the e.surv index it can be seen that, on an annualised basis, the Company has underperformed the e.surv House Price Index on all share classes in the past 12 months, with performance varying between share classes from 2.33% to 3.47% against 10.67% for the Index. As has been stated earlier in this report, the index has been driven by market activity in higher value properties at price points of £500,000 or more, with buyers and sellers seeking to take advantage of the current SDLT holiday and move to accommodation which better meets their requirements for working from home and more outdoor space.

Whilst there has been increased activity in the mid-market which is more typical of the assets held by the Company (average value c.£250,000), there have been relatively few transactions which have reached exchange of contracts on comparable properties over recent months which the SIV is able to use in its valuations, although this has started to come through as you will note from the increasing valuations over the last 3 months. RICS valuation guidelines stipulate that when valuing a property, transaction prices of comparable properties are only relevant if contracts have exchanged on those sales, and this can sometimes result in the Company's portfolio lagging movements in the market. The Standing Independent Valuer, CBRE, continues to keep a close watch on activity on comparable properties to those held by the Company, and the expectation is that more comparable valuation data will become available over the coming months.

Tables 11a and 11b, and figure 10 below show performance of the Company versus the e.surv England and Wales House Price Index. Company performance, sourced from Financial Express Analytics, is shown on a price basis of bid to bid, net of charges, with income reinvested. The e.surv Index is based on capital values and has no charges or income.

Table 11: Company Performance vs e.surv House Price Index to 30th June 2021

11a. Accumulation Classes

	Class C	Class D	Class E	Class F	Class H	Class X	Feeder	e.surv
1 month	0.34%	0.28%	0.33%	0.34%	0.34%	0.29%	0.21%	0.82%
3 months	1.10%	1.05%	1.08%	1.10%	1.29%	1.01%	0.93%	-0.02%
6 months	1.44%	1.33%	1.49%	1.45%	1.84%	1.30%	1.22%	1.46%
1 year	2.57%	2.48%	2.60%	2.59%	3.47%	2.33%	2.33%	10.67%

11b. Income Classes

	Class C	Class D	Class E	Class F	Class G	Class H	Class X	e.surv
1 month	0.27%	0.28%	0.34%	0.34%	0.30%	0.34%	0.29%	0.82%
3 months	1.06%	1.05%	1.14%	1.10%	1.04%	1.29%	1.01%	-0.02%
6 months	1.39%	1.33%	1.50%	1.45%	1.46%	1.84%	1.30%	1.46%
1 year	2.51%	2.48%	2.67%	2.59%	2.58%	3.47%	2.33%	10.67%

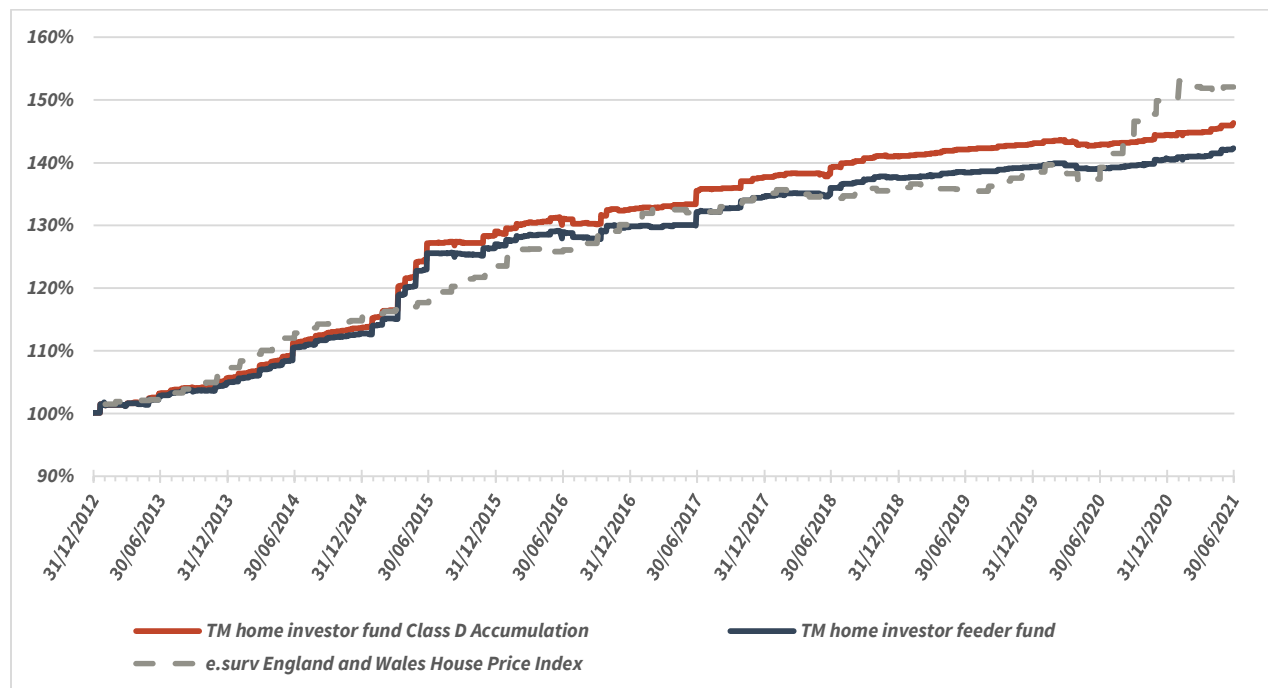
TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

6. Performance Figures (continued)

Figure 10: Performance of Class D Accumulation and Feeder Company v e.surv to 30th June 2021



Note 5: Basis = 100% at share class launch date. For simplicity, only Class D Accumulation and Feeder performance are plotted on the chart as these are the most widely available classes across investment platforms and product wrappers.

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2021 (continued)

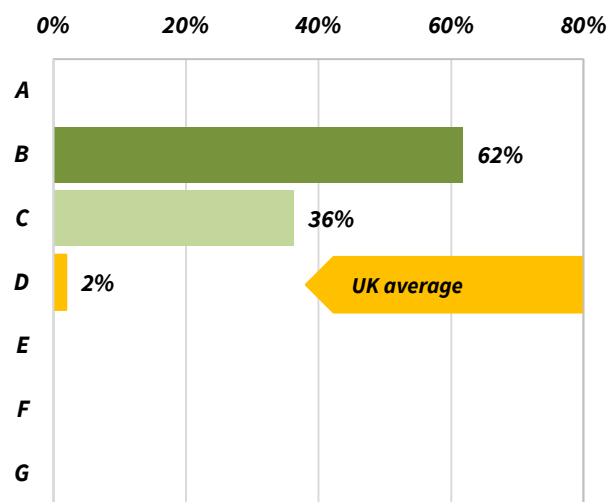
Investment Report - Hearthstone Asset Management Limited (continued)

7. Positive Environmental and Social Impact

Hearthstone Asset Management Limited has continued to proactively manage the positive Environmental and Social Impact of the property portfolio.

Energy Performance Certificate ('EPC') ratings across the portfolio remain significantly above national average D-rating.

Figure 10: Property Portfolio EPC Ratings by percentage of properties v UK Average Property



Sources: *Hearthstone, and Ministry of Housing, Communities & Local Government.*

Much of the focus of our strategy over the past year was upon social impact, more specifically on tenant wellbeing. Immediately after the announcement of the first lockdown in March 2020, Hearthstone Asset Management Limited and our outsourced Property Management company established a programme to connect with all tenants affected by financial challenges due to the pandemic. We sought individual solutions for each affected tenant, often putting in place mutually agreed payment plans. This proactive approach was welcomed by tenants and ultimately benefited Company investors with high rent collection levels throughout, averaging 99% over the last year.

Properties held in the Company house a diverse set of tenants, some 27% of which are key workers.

TM Hearthstone ICVC

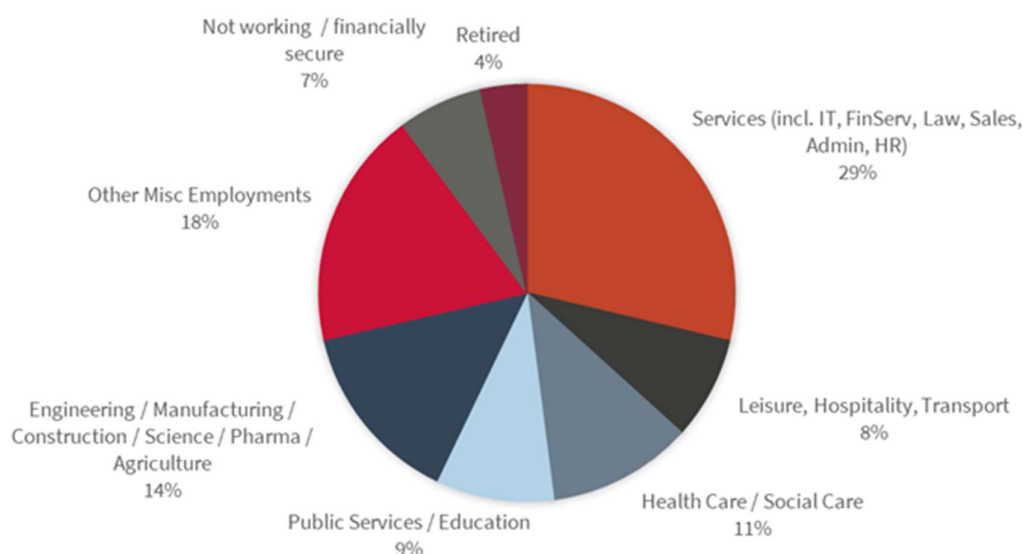
Report of the Investment Managers

for the year ended 30th June 2021 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

7. Positive Environmental and Social Impact (continued)

Figure 11: Tenant Employment Profile



Source: Hearthstone

Hearthstone Asset Management Limited appoints external specialists as Property Manager with responsibility for rent collection, property maintenance, rent reviews and re-lets. The external parties are managed via a Service Level Agreement with specific Performance Indicators which are overseen by Hearthstone.

Connells Group was appointed as Property Manager on 2nd November 2020 under an innovative new contract that emphasises positive social impact and puts tenant service at the heart of the model. This contract introduces a new approach to how the Property Manager for the TM home investor fund is incentivised. The traditional industry model is for the Property Manager to earn a percentage fee of gross rent collected. Whilst that creates a clear focus on rent collection which is in the best interest of investors, Hearthstone's aim was to supplement the traditional approach by giving the Property Manager an economic incentive to also ensure the Company's tenants are well looked after. In an industry first, Hearthstone agreed a new Property Management contract with a lower fixed fee, complemented by a success fee based on Tenant Satisfaction Scores, and a fee penalty should certain minimum standards not be met.

Through this approach, we hope to be able to gain a better understanding of our tenants' experience and needs which in turn gives us guidance on how to improve our service.

Hearthstone Asset Management Limited
Property Investment Manager
6th September 2021

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2021 (continued)

Investment Report - Thesis Asset Management Limited

Thesis Asset Management Limited manages the cash and stock element of the TM Hearthstone ICVC to ensure a level of liquidity to meet investor dealing and property transactions.

Bank of England's base rate has remained at 0.1% throughout the period, while redemption yields on very short dated Gilts have been negative for much of the time. As a consequence, returns from cash or money market related funds have been minimal, with the BlackRock Sterling Liquidity Fund returning 0.1%. The Federated Prime Sterling Liquidity Fund, which invests in a diversified portfolio of high quality Sterling denominated short term debt and debt related instruments, managed to gain 0.4%.

Thesis Asset Management Limited
Investment Manager
6th October 2021

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 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 sub-funds may be established in the future. The Company has an unlimited duration. The registered head office of the Company is at Exchange Building, St John’s Street, Chichester, West Sussex PO19 IUP.

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 22nd July 2014. That legislation requires 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 interest 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, some staff are employed directly by the AIFM and others are employed by a service company Thesis Services Limited. The costs of staff employed by Thesis Services Limited are allocated between entities within the group based on the estimate of time devoted to each.

The table below shows the total remuneration paid by the AIFM and the service company to all the staff working on its business for the financial year ended 30th April 2021.

	Senior Management	Risk Takers	Control	Other	Total
Number of Staff	5	11	3	22	41
Fixed Remuneration	£708,093	£817,571	£139,201	£807,887	£2,472,752
Variable Remuneration	£91,078	£75,000	£5,000	£39,250	£210,328

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”) and the Investment Funds sourcebook (“FUND”), 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

20th July 2022

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, terminate a sub-fund 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.

Application of Material Valuation Uncertainty Clause (MVUC) to the Spectrum Apartments

Grant Thornton UK LLP has concluded their audit of these financial statements and issued an opinion that contains a qualification. The qualification relates specifically to the valuation of 17 leasehold properties owned by the fund known as the Spectrum apartments.

The 17 Spectrum apartments are part of the Spectrum development which is located in an area of Manchester close to the university. The development comprises 580 self-contained apartments in 8 purpose built blocks. The 8 blocks are not uniform and range between 12 to 36 metres above ground. Of the 17 apartments owned by the fund, 12 are located in Block 6 which is a low-rise building.

The circumstances which have arisen are that the buildings in the Spectrum development were inspected for fire safety and in January 2021 failed to achieve a satisfactory External Wall Safety (EWS1) assessment. EWS assessments were introduced by the government following the Grenfell Tower fire in London to improve fire safety of high-rise buildings including external cladding. Lenders are however generally unwilling to provide mortgages for the purchase of apartments in such buildings. This has severely restricted the number of sale and purchase transactions.

A secondary issue is that there is also considerable uncertainty associated with the extent of any remediation costs, the allocation of costs to the subject apartments and the potential recovery of costs from third parties.

The apartments are held by the fund on a long-term basis to generate rental income and continue to be occupied at market rates.

When preparing their independent valuation certificate for 30th June 2021, CBRE, the Standing Independent Valuer, concluded that in view of the issues noted above “less certainty, and a higher degree of caution, should be attached to the valuation of the 17 long leasehold units within Spectrum Apartments than would otherwise be the case. Our valuation of these units 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”. CBRE further emphasised in their report that “the ‘Material Valuation Uncertainty’ declaration does not mean that the valuation cannot be relied upon, rather it has been included to ensure transparency of the assumptions that we have made in preparing this valuation”. Further information on this is included in the financial statements under ‘Important Information’ and in Note 2 Summary of Significant Accounting Policies.

TM Hearthstone ICVC

Responsibilities of the Authorised Corporate Director (“ACD”) *(continued)*

Application of Material Valuation Uncertainty Clause (MVUC) to the Spectrum Apartments *(continued)*

Whilst the valuation of the properties and the decision to apply the MVUC rests with CBRE, the directors of Thesis Unit Trust Management Limited considered this valuation very carefully and performed additional steps to satisfy themselves as to its appropriateness. Those steps were to make additional enquiries of CBRE about the process followed in determining the valuation and then to seek further independent advice. Based on this additional work, the directors reached the following conclusions.

- The decision to apply the MVUC is subjective. CBRE however applied their professional judgement and carefully considered both the specific circumstances and other options available in the RICS Valuation –Global Standards as part of the process. The decision was taken by a team comprising highly experienced and professionally qualified residential property valuers and independently validated by the Quality Risk Manager;
- CBRE paid due consideration to the range of information available (albeit sparse when compared to normal circumstances). Whilst there is greater uncertainty attached to the valuation CBRE have prepared a market valuation;
- The valuation has been prepared in accordance with RICS Valuation- Global Standards and COLL;
- The professional and independent position of CBRE, that when applying the MVUC it would be neither appropriate or practical to try and quantify the uncertainty within the valuation, was accepted. Indeed any attempt to do so would be contradictory and there can be no certainty that an adjustment would add greater accuracy to the valuation; if there were a greater range of information available to enable a reliable quantification to be calculated CBRE would not have deemed it appropriate to apply the MVUC to the Spectrum apartments.

Finally, when there is reliable information available relating to the level of remediation works that may be required and the potential for recovery from third parties, the Board will consider commissioning a report from a specialist independent cost consultant. The requirement to proceed will depend upon the specific level of detail supplied by the Managing Agent in relation to the 17 subject apartments; the Board has however approved the budget for this work to be carried out if appropriate.

In the meantime, we continue to pay close attention to information as it becomes available and the on-going appropriateness of CBRE’s decision to continue to apply the MVUC to the Spectrum apartments. We will also continue to engage with our independent advisers until such time as the MVUC is no longer appropriate.

Thesis Unit Trust Management Limited
Authorised Corporate Director
West Sussex
20th July 2022

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 2021

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
20th July 2022

TM Hearthstone ICVC

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

Qualified Opinion

We have audited the financial statements of TM Hearthstone ICVC (the 'Company') for the year ended 30th June 2021. 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, the statement of change in net assets attributable to shareholders, the balance sheet, the 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, except for the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the Company and the sub-fund as at 30th June 2021 and of the net revenue and net capital gains / (losses) 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

Included in the sub-fund's investment properties shown in the balance sheet is an amount of £3,055,000 in relation to 17 leasehold properties ("the Spectrum Apartments") that have not been recorded at their fair value as at 30th June 2021. The Authorised Corporate Director has instead recorded the Spectrum Apartments at their fair value as at 30th June 2020 due to the inability of the independent valuer to ascribe a reliable value to the properties. These events are discussed in more detail in note 2c to the financial statements, however, the effect on the financial statements has not been determined. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

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 qualified opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Authorised Corporate Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the sub-fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company and the sub-fund to cease or continue as a going concern.

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks associated with the Company's and the sub-fund's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the Authorised Corporate Director and the related disclosures and analysed how those risks might affect the Company's and the sub-fund's financial resources or ability to continue operations over the going concern period.

TM Hearthstone ICVC

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

Conclusions relating to going concern (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and the sub-fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Authorised Corporate Director with respect to going concern are described in the 'Responsibilities of the Authorised Corporate Director' section of this report.

Other information

The Authorised Corporate Director is responsible for the other information. The other information comprises the information included in the annual report & accounts, 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.

As described in the basis for qualified opinion section above, we were unable to obtain sufficient appropriate evidence concerning the valuation of the Spectrum Apartments which have been recorded in the financial statements with a carrying value of £3,055,000. This valuation is based on their fair value as at 30th June 2020 due to the inability of the independent valuer to ascribe a reliable fair value to the properties as at 30th June 2021. These events are discussed in note 2c, however, the effect on the financial statements has not been determined.

Accordingly, we are unable to conclude whether or not the other information linked to the Spectrum Apartments is materially misstated with respect to this matter.

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 6, the Report of the Investment Managers; on page 24, the Constitution; and on page 38, the Portfolio Statement) 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 (“ACD”), 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management. We determined that the most significant laws and regulations were the Collective Investment Schemes Sourcebook, the Investment Association Statement of Recommended Practice (SORP) ‘Financial Statements of UK Authorised Funds’ and Financial Reporting Standard 102;
- We enquired of the Authorised Corporate Director and management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the breaches register;
- In assessing the potential risks of material misstatement, we obtained an understanding of: the Company’s operations, including the nature of its revenue sources, and of its objective in order to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement and the Company’s control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations and the Company’s policies and procedures for valuing the investment properties, together with their use of independent valuers and the assessment of the reasonableness of the valuations reported;
- We assessed the susceptibility of the Company’s financial statements to material misstatement, including how fraud might occur by evaluating management’s incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
 - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;

TM Hearthstone ICVC

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- testing journal entries, including manual journal entries processed at the year-end for financial statements preparation; and
- challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
 - knowledge of the industry in which the Company operates; and
 - understanding of the legal and regulatory frameworks applicable to the Company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance 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
20th July 2022

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2021

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 (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 financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

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

b) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency rounded to the nearest £'000 or as stated otherwise.

c) Valuation of Investments

The Valuation of investment property is on the basis of:

- Aggregate Market Value subject to any tenancies in existence at the valuation date.
- Aggregate Market Value on the special assumption of vacant possession at the valuation date.

The Standing Independent Valuers' (SIV) method of valuation in providing their opinion of Market Value is the comparative method. The SIV compile comparables on the properties on a monthly basis and based upon these, with particular reference to any new sales completed, value each individual property.

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 2021. The valuation was carried out by members of the RICS.

The Valuation has been prepared on the basis of "Market Value" which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation Date. No adjustment has been made to this figure for any expenses of acquisition or realisation nor for taxation, which might arise in the event of a disposal. No account has been taken of any intercompany leases or arrangements, nor of any mortgages, debentures or other charge. No account has been taken of the availability or otherwise of capital based Government or European Community grants.

We would however draw your attention to the fact that the Material Valuation Uncertainty clause has been attached in respect of the Spectrum Apartments, which is explained in further detail below.

The SIV attached a Material Valuation Uncertainty clause to the Spectrum Apartments in Manchester in April 2021 following a failed EWS1 (external wall safety) assessment. These assessments were introduced by the Government to improve fire safety of high-rise buildings including external cladding.

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2021 (continued)

2. Summary of Significant Accounting Policies (continued)

c) Valuation of Investments (continued)

In view of the documentation provided in relation to the Spectrum Apartments, around the estimation of any remedial work and the timings of such work, the impact of the waking watch in terms of management costs and any subsequent impact on the service charge and the uncertainty as to impact upon saleability, the above clause has been attached to the valuation. Please refer to 'Important Information' on page 4 for more details. There is no material impact or material changes to rental income.

Following an announcement from the Government that EWS1 forms should not be requested for buildings below 18 metres, and given that 12 out of 17 flats owned by the fund fall in the category of low-rise blocks, the costs that should be allocated to the fund cannot be reliably estimated.

Moreover, management are unable to make a provision for potential costs due to the uncertainty arising from the following factors:

- Possible changes to Government guidance and legislation.
- Changes to remediation cost estimates once works are underway.
- Whether claims on insurance policies are successful and to what degree.
- The extent of funding that could be received from the Buildings Safety Fund.
- What actions are taken against the developer, whether these are successful and to what extent.

Therefore, management and the SIV have concluded that to provide an arbitrary quantification of the impact of costs to the market value of properties is not appropriate given limited comparable market transactions in the Spectrum Apartments.

We will review the situation closely each month and when we have clearer guidance, we will consider the best course of action pertaining to our valuation.

Investors should refer to the <https://homeinvestor.fund/> website for further updates.

The Fund had no contractual obligations to purchase, construct or develop investment property at the accounting date. Section 11 of the Landlord and Tenant Act 1985 imposes statutory obligations for repairs and maintenance of properties let under Assured Shorthold Tenancies and Periodic Tenancies, the costs of which are borne by the Fund. Other contractual obligations include Service Charges for repairs and maintenance to the common parts of leasehold properties.

Judgements, key assumptions and other key sources of estimation uncertainty

Please refer to 'Important Information' on page 4.

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.

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 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.

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2021 (continued)

2. Summary of Significant Accounting Policies (continued)

Distributions from collective investment schemes are recognised in the property when the security is quoted ex-dividend. Management fee rebates from underlying collective investment schemes are accounted for on an accruals basis. Management fee rebates, where applicable, are included in revenue or net capital gains dependent upon the original treatment of management fees in the underlying collective investment scheme.

Revenue from offshore funds is recognised when it is reported. Any reported revenue from an offshore fund with reporting status from HMRC, in excess of any distribution received in the reporting period, is recognised as revenue no later than the date on which the reporting fund makes this information available.

Bank interest is accrued up to the year-end date.

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.

g) Taxation

The Company qualifies as a PAIF for tax purposes. Accordingly, the income generated by its Property Investment Business will be exempt from tax. 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

When appropriate, the Company will allocate any surplus net revenue. Distributions of revenue of the Company are made on or before the annual revenue allocation date and on or before the interim revenue allocation date, where applicable, in each year. The revenue available for distribution is determined in accordance with COLL. It comprises all revenue received or receivable for the account of the Company in respect of the accounting year concerned, after deducting net charges and expenses paid or payable out of such revenue.

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.

Marginal tax relief is not taken into account in determining the distribution where a transfer is made between the revenue and capital of the same share class.

For distribution purposes, annual management charge, administration fee, depositary fee, portfolio transaction fees and expenses in respect of Income share classes (except for Class G Institutional Net Income) will, to the extent possible, be charged against capital instead of against income. This will increase the amount of revenue for distribution; this will however erode capital and may constrain capital growth.

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 in accordance with COLL;

Statement of Accounting Policies, Distribution Policies and Risk Management Policies for the year ended 30th June 2021 (continued)

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 performance.

At 30th June 2021, 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 £2,829,594 (30th June 2020: £2,829,924).

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.

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 times of poor liquidity, redemptions of all share classes may be deferred until the next Dealing Day. In the case of Classes E, F and G this could be for up to 3 months. The ACD may, at its absolute discretion, defer redemptions to a Valuation Point on the following Dealing Day, where the requested redemptions exceed 10% of the Net Asset Value of any share class. The ACD may provide for limited redemptions of share classes provided the Company provides redemptions at least once every six months.

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies *for the year ended 30th June 2021 (continued)*

4. Risk Management Policies *(continued)*

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 2021

Holding	Market value £	Percentage of total net assets %
INVESTMENTS IN IMMOVABLE PROPERTY 81.21% (82.58%)		
Market value greater than £401,000 4.35% (4.43%)		
1 Southfields Green, Gravesend, Kent	555,000	0.89
1 Chilton Field Way, Chilton, Didcot, Oxfordshire	485,000	0.77
1 Silk Close, Buckingham, Buckinghamshire	435,000	0.69
1 Brunel Court, , Barnet, Middlesex, London	425,000	0.67
1 Station Road, Hertford, Hertfordshire	425,000	0.67
1 Broom Field Way, Felpham, West Sussex	415,000	0.66
	2,740,000	4.35
Market value between £300,001 and £400,000 33.15% (28.82%)		
15 Quadrant Court, Empire Way, Wembley, Greater London	5,780,000	9.17
9 Carter Drive, Broadbridge Heath, Horsham, West Sussex	2,965,000	4.71
7 Copse Drive, Rowhedge, Colchester, Essex	2,175,000	3.45
4 Pandora Close, Locks Heath, Fareham, Hampshire	1,360,000	2.16
4 Kimmerghame Terrace, Edinburgh, Lothian, Scotland	1,230,000	1.95
2 Sargent Way, Broadbridge Heath, Horsham, West Sussex	785,000	1.25
2 Lake View, Houghton Regis, Bedfordshire	730,000	1.16
2 Sword Grove, Wainscott, Rochester, Kent	630,000	1.00
2 Cavalry Road, Colchester, Essex	620,000	0.98
2 Bishop Street, Bristol, South Gloucestershire	620,000	0.98
1 Olympic Boulevard, Colchester, Essex	385,000	0.61
1 Gold Furlong, Milton Keynes, Bedfordshire	375,000	0.60
1 Beale Close, Broadbridge Heath, Horsham, West Sussex	375,000	0.60
1 Samas Way, Dartford, Kent	350,000	0.56
1 Virginia Road, Dartford, Kent	330,000	0.52
1 Apollo Avenue, Peterborough, Cambridgeshire	325,000	0.52
1 Mosquito Road, Cambourne, Cambridgeshire	310,000	0.49
1 Brunel Court, Barnet, Middlesex, London	310,000	0.49
1 Blacksmith Lane, Colchester, Essex	310,000	0.49
1 Dragoon Road, Colchester, Essex	310,000	0.49
1 Roman Way, Cranbrook, Devon	310,000	0.49
1 Weavers Close, Eastbourne, East Sussex	302,500	0.48
	20,887,500	33.15
Market value between £200,001 and £300,000 32.19% (31.34%)		
13 John Brooks Avenue, Smethwick, Birmingham, West Midlands	3,025,000	4.80
6 Henmead House, Haywards Heath, West Sussex	1,725,000	2.74
7 Quadrant Court, Empire Way, Wembley, Greater London	1,670,000	2.65
6 Laxton Close, Nottingham, Nottinghamshire	1,235,000	1.96
6 Meridian Close, Nottingham, Nottinghamshire	1,235,000	1.96
4 Bishop Street, Bristol, South Gloucestershire	1,130,000	1.79
3 Weavers Close, Eastbourne, East Sussex	870,000	1.38
4 Blackfriars Road (Block 6), Salford, Greater Manchester*	840,000	1.33
3 Blackfriars Road (Block 1), Salford, Greater Manchester*	645,000	1.02

TM Hearthstone ICVC

TM home investor fund

Portfolio Statement

as at 30th June 2021 (continued)

Holding	Market value £	Percentage of total net assets %
Market value between £200,001 and £300,000 32.19% (31.34%) (continued)		
2 Gold Furlong, Milton Keynes, Bedfordshire	600,000	0.95
2 Wood Street, Patchway, Bristol, South Gloucestershire	600,000	0.95
2 Carter Drive, Broadbridge Heath, Horsham, West Sussex	540,000	0.86
2 Elizabethan Way, Teignmouth, Devon	525,000	0.83
2 Merchant Avenue, Nottingham, Nottinghamshire	515,000	0.82
2 Spa House, Hayes, Hillingdon, London	510,000	0.81
2 Lapins Close, Nottingham, Nottinghamshire	415,000	0.66
1 Oakfield Road, Shifnal, Shropshire	300,000	0.48
1 Dunnock Road, Corby, Northamptonshire	290,000	0.46
1 Eveas Drive, Sittingbourne, Kent	290,000	0.46
1 Copse Drive, Rowhedge, Colchester, Essex	270,000	0.43
1 Chalfont Drive, Nottingham, Nottinghamshire	257,500	0.41
1 Penny Close, Nottingham, Nottinghamshire	257,500	0.41
1 Cygnet Road, Stowmarket, Suffolk	250,000	0.40
1 Hayburn Road, Swindon, Wiltshire	250,000	0.40
1 Cardinal Drive, Tuffley, Gloucester, Gloucestershire	245,000	0.39
1 Featherstone Court, Featherstone Road, Southall, Ealing, London	240,000	0.38
1 Mallow Road, Minster, Kent	240,000	0.38
1 Paper Lane, Paulton, Bristol, Somerset	240,000	0.38
1 Rowley Mews, Pocklington, Yorks, East Riding	220,000	0.35
1 Beech Drive, Thornton-Cleveleys, Lancashire	215,000	0.34
1 Blackfriars Road (Block 3), Salford, Greater Manchester*	215,000	0.34
1 Blackfriars Road (Block 5), Salford, Greater Manchester*	215,000	0.34
1 Doveholes Drive, Handsworth, Sheffield, South Yorkshire	210,000	0.33
	20,285,000	32.19
Market value lower than £100,000 and £200,000 10.86% (17.36%)		
8 Blackfriars Road (Block 6), Salford, Greater Manchester*	1,140,000	1.81
8 124 Rea Road, Northfield, Birmingham, West Midlands	1,055,000	1.68
6 Mansion House, Salamanca Way, Colchester, Essex	902,500	1.43
4 Arneil Drive, Edinburgh, Lothian, Scotland	710,000	1.12
4 Bennet Drive, Kirkby-in-Ashfield, Nottinghamshire	620,000	0.99
3 120 Rea Road, Northfield, Birmingham, West Midlands	390,000	0.62
2 Betjeman Way, Cleobury Mortimer, Shropshire	379,000	0.60
2 Lythalls Lane, Coventry, West Midlands	305,000	0.49
2 Lindleys Lane, Kirkby-in-Ashfield, Nottinghamshire	295,000	0.47
2 118 Rea Road, Northfield, Birmingham, West Midlands	260,000	0.41
1 Owston Road, Annesley, Nottinghamshire	175,000	0.28
1 Lacey Grove, Annesley, Nottinghamshire	175,000	0.28
1 Doveholes Drive, Handsworth, Sheffield, South Yorkshire	165,000	0.26
1 Lambert Close, Erdington, Birmingham, West Midlands	140,000	0.21
1 122 Rea Road, Northfield, Birmingham, West Midlands	130,000	0.21
	6,841,500	10.86

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Portfolio Statement

as at 30th June 2021 (continued)

Holding	Market value £	Percentage of total net assets %
Market value lower than £100,000 0.66% (0.63%)		
1 Clarendon Gardens, Bolton, Lancashire	98,000	0.16
1 Leopard Lane, West Bromwich, West Midlands	90,000	0.14
1 Hobart Point, Churchfields Way, West Bromwich, West Midlands	90,000	0.14
1 Fernbeck Close, Farnworth, Bolton, Greater Manchester	75,000	0.12
1 Car parking spaces (No 25, 55, 92 & 94), Blackfriars Road, Salford, Greater Manchester	60,000	0.10
	413,000	0.66
TOTAL IMMOVABLE PROPERTY	51,167,000	81.21
COLLECTIVE INVESTMENT SCHEMES 8.61% (9.86%)		
15,957 BlackRock Institutional Sterling Liquidity Fund Accumulation	2,706,048	4.29
2,524,440 Federated Prime Sterling Liquidity Fund Class 08 Accumulation	2,718,822	4.32
	5,424,870	8.61
TOTAL COLLECTIVE INVESTMENT SCHEMES	5,424,870	8.61
Net investments 89.82% (92.44%)	56,591,870	89.82
Net other assets	6,414,932	10.18
Total net assets	63,006,802	100.00

Note: Comparative figures shown in brackets relate to 30th June 2020.

* A Material Valuation Uncertainty clause has been attached to the valuation of the property. For further information refer to the 'Important Information' section.

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Sub-fund Information

The Comparative Tables on pages 42 to 53 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 and property expenses 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 year-end 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 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 sub-fund are recovered from those investors through a 'dilution adjustment or levy' to the price they pay or receive.

Assessment of Value

A statement on the Assessment of Value will be available for all applicable funds managed by Thesis Unit Trust Management Limited. This report will be published at www.tutman.co.uk within four months of the annual accounting reference date.

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Sub-fund Information *(continued)*

Comparative Tables

Class A Retail Gross Accumulation

	30/06/2021 ¹	30/06/2020	30/06/2019
	(pence per share)	(pence per share)	(pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	137.52	137.42	135.20
Return before operating charges and property expenses*	3.72	4.79 ²	6.74
Operating charges	(1.37)	(2.96)	(2.81)
Property expenses	(1.07)	(1.73) ²	(1.71)
Return after operating charges and property expenses*	1.28	0.10	2.22
Distributions	(0.08)	(0.54)	(1.16)
Retained distributions on accumulation shares	0.08	0.54	1.16
Last net asset value per share	138.80	–	–
Closing net asset value per share	–	137.52	137.42
 *after direct transaction costs of ³ :	 0.10	 0.46	 0.33
Performance			
Return after charges	0.93%	0.07%	1.64%
Other Information			
Closing net asset value (£'000)	–	146	359
Closing number of shares	–	106,067	261,430
Operating charges ⁴	2.14%	2.14%	2.06%
Property expense ratio ⁵	1.67%	1.25%	1.25%
Direct transaction costs	0.00%	0.33%	0.24%
Prices			
Highest share price	138.90	138.40	137.50
Lowest share price	137.40	137.40	135.10

¹ As at the year ended 30th June 2021, there were no shares in issue. Share class performance provided is as at 5th February 2021 being the last net asset value per share before shares were reduced to zero. Class A Retail Gross Accumulation shares were converted to Class C Unbundled Gross Accumulation shares on 5th February 2021.

² Restated, to include the property expenses per share.

³ 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.

⁴ Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

⁵ 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)*

Class B Retail Net Accumulation

	30/06/2021 ¹ (pence per share)	30/06/2020 (pence per share)	30/06/2019 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	136.04	136.04	134.06
Return before operating charges and property expenses*	3.76	4.63 ²	6.46
Operating charges	(1.35)	(2.92)	(2.79)
Property expenses	(1.05)	(1.71) ²	(1.69)
Return after operating charges and property expenses*	1.36	–	1.98
Distributions	(0.15)	(0.43)	(0.93)
Retained distributions on accumulation shares	0.15	0.43	0.93
Last net asset value per share	137.40	–	–
Closing net asset value per share	–	136.04	136.04
 *after direct transaction costs of ³ :	 0.10	 0.46	 0.32
Performance			
Return after charges	1.00%	0.00%	1.48%
Other Information			
Closing net asset value (£'000)	–	89	273
Closing number of shares	–	65,411	200,655
Operating charges ⁴	2.14%	2.14%	2.06%
Property expense ratio ⁵	1.67%	1.25%	1.25%
Direct transaction costs	0.00%	0.33%	0.24%
Prices			
Highest share price	137.50	136.90	136.10
Lowest share price	136.00	136.00	133.90

¹ As at the year ended 30th June 2021, there were no shares in issue. Share class performance provided is as at 5th February 2021 being the last net asset value per share before shares were reduced to zero. Class B Retail Net Accumulation shares were converted to Class D Unbundled Net Accumulation shares on 5th February 2021.

² Restated, to include the property expenses per share.

³ 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.

⁴ Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

⁵ 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)*

Class C Unbundled Gross Income

30/06/2021¹
(pence per share)

Change in Net Asset Value per Share

Opening net asset value per share	144.40
Return before operating charges and property expenses*	6.41
Operating charges	(1.65)
Property expenses	(1.78)
Return after operating charges and property expenses*	2.98
Distributions on income shares	(1.32)
Closing net asset value per share	146.06

*after direct transaction costs of²: 0.14

Performance

Return after charges 2.06%

Other Information

Closing net asset value (£'000)	4
Closing number of shares	2,921
Operating charges ³	1.54%
Property expense ratio ⁴	1.67%
Direct transaction costs	0.10%

Prices

Highest share price	147.20
Lowest share price	144.30

¹ There are no comparative figures shown as the Class C Unbundled Gross Income share class became active on 6th October 2020.

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 Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. 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)*

Class C Unbundled Gross Accumulation

	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>	30/06/2019 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	143.79	142.72	139.54
Return before operating charges and property expenses*	8.29	5.09 ¹	7.02
Operating charges	(2.24)	(2.22)	(2.07)
Property expenses	(2.42)	(1.80) ¹	(1.77)
Return after operating charges and property expenses*	3.63	1.07	3.18
Distributions	(0.81)	(1.44)	(2.06)
Retained distributions on accumulation shares	0.81	1.44	2.06
Closing net asset value per share	147.42	143.79	142.72
 *after direct transaction costs of ² :	 0.14	 0.48	 0.34
Performance			
Return after charges	2.52%	0.75%	2.28%
Other Information			
Closing net asset value (£'000)	11,992	10,107	9,504
Closing number of shares	8,134,472	7,029,123	6,659,195
Operating charges ³	1.54%	1.54%	1.46%
Property expense ratio ⁴	1.67%	1.25%	1.25%
Direct transaction costs	0.10%	0.33%	0.24%
Prices			
Highest share price	147.50	144.50	142.80
Lowest share price	143.80	142.80	139.50

¹ Restated, to include the property expenses per share.

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 Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. 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)*

Class D Unbundled Net Income

30/06/2021¹
(pence per share)

Change in Net Asset Value per Share

Opening net asset value per share	144.10
Return before operating charges and property expenses*	0.53
Operating charges	(0.08)
Property expenses	(0.08)
Return after operating charges and property expenses*	0.37
Distributions on income shares	(0.08)
Closing net asset value per share	144.39

*after direct transaction costs of²: 0.14

Performance

Return after charges 0.26%

Other Information

Closing net asset value (£'000)	6
Closing number of shares	4,266
Operating charges ³	1.54%
Property expense ratio ⁴	1.67%
Direct transaction costs	0.10%

Prices

Highest share price	144.50
Lowest share price	144.10

- ¹ There are no comparative figures shown as the Class D Unbundled Net Income share class became active on 18th June 2021.
- 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 Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. 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)*

Class D Unbundled Net Accumulation

	30/06/2021 (pence per share)	30/06/2020 (pence per share)	30/06/2019 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	141.03	140.25	137.52
Return before operating charges and property expenses*	7.97	4.73 ¹	6.50
Operating charges	(2.19)	(2.18)	(2.03)
Property expenses	(2.37)	(1.77) ¹	(1.74)
Return after operating charges and property expenses*	3.41	0.78	2.73
Distributions	(0.65)	(1.13)	(1.59)
Retained distributions on accumulation shares	0.65	1.13	1.59
Closing net asset value per share	144.44	141.03	140.25
 *after direct transaction costs of ² :	 0.14	 0.47	 0.33
Performance			
Return after charges	2.42%	0.56%	1.99%
Other Information			
Closing net asset value (£'000)	1,899	2,528	2,501
Closing number of shares	1,314,643	1,792,730	1,783,197
Operating charges ³	1.54%	1.54%	1.46%
Property expense ratio ⁴	1.67%	1.25%	1.25%
Direct transaction costs	0.10%	0.33%	0.24%
Prices			
Highest share price	144.50	141.80	140.30
Lowest share price	141.00	140.30	137.50

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 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 Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. 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)*

Class E Institutional Gross Income

30/06/2021¹
(pence per share)

Change in Net Asset Value per Share

Opening net asset value per share	146.20
Return before operating charges and property expenses*	8.23
Operating charges	(2.05)
Property expenses	(2.45)
Return after operating charges and property expenses*	3.73
Distributions on income shares	(2.52)
Closing net asset value per share	147.41

*after direct transaction costs of²: 0.14

Performance

Return after charges 2.55%

Other Information

Closing net asset value (£'000)	32,656
Closing number of shares	22,153,015
Operating charges ³	1.39%
Property expense ratio ⁴	1.67%
Direct transaction costs	0.10%

Prices

Highest share price	149.40
Lowest share price	146.20

¹ There are no comparative figures shown as the Class E Institutional Gross Income share class became active on 1st July 2020.

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 Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. 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)*

Class E Institutional Gross Accumulation

	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>	30/06/2019 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	146.17	144.86	141.44
Return before operating charges and property expenses*	8.16	5.17 ¹	7.09
Operating charges	(2.04)	(2.03)	(1.87)
Property expenses	(2.45)	(1.83) ¹	(1.80)
Return after operating charges and property expenses*	3.67	1.31	3.42
Distributions	(0.11)	(1.68)	(2.30)
Retained distributions on accumulation shares	0.11	1.68	2.30
Closing net asset value per share	149.84	146.17	144.86
 *after direct transaction costs of ² :	 0.14	 0.49	 0.34
Performance			
Return after charges	2.51%	0.90%	2.42%
Other Information			
Closing net asset value (£'000)	242	29,682	30,290
Closing number of shares	161,344	20,307,203	20,909,516
Operating charges ³	1.39%	1.39%	1.31%
Property expense ratio ⁴	1.67%	1.25%	1.25%
Direct transaction costs	0.10%	0.33%	0.24%
Prices			
Highest share price	149.90	146.80	144.90
Lowest share price	146.10	144.90	141.40

¹ Restated, to include the property expenses per share.

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 Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. 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)*

Class F Institutional Net Accumulation

	30/06/2021 (pence per share)	30/06/2020 (pence per share)	30/06/2019 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	143.04	142.04	139.10
Return before operating charges and property expenses*	8.08	4.78 ¹	6.55
Operating charges	(2.01)	(1.99)	(1.85)
Property expenses	(2.40)	(1.79) ¹	(1.76)
Return after operating charges and property expenses*	3.67	1.00	2.94
Distributions	(0.87)	(1.31)	(1.81)
Retained distributions on accumulation shares	0.87	1.31	1.81
Closing net asset value per share	146.71	143.04	142.04
 *after direct transaction costs of ² :	 0.14	 0.48	 0.34
Performance			
Return after charges	2.57%	0.70%	2.11%
Other Information			
Closing net asset value (£'000)	2,159	2,216	839
Closing number of shares	1,471,785	1,549,221	590,711
Operating charges ³	1.39%	1.39%	1.31%
Property expense ratio ⁴	1.67%	1.25%	1.25%
Direct transaction costs	0.10%	0.33%	0.24%
Prices			
Highest share price	146.80	143.70	142.10
Lowest share price	143.10	142.10	139.00

¹ Restated, to include the property expenses per share.

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 Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. 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)*

Class G Institutional Net Income

	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>	30/06/2019 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	129.23	129.58	128.55
Return before operating charges and property expenses*	7.32	4.29 ¹	6.01
Operating charges	(1.81)	(1.81)	(1.70)
Property expenses	(2.18)	(1.63) ¹	(1.62)
Return after operating charges and property expenses*	3.33	0.85	2.69
Distributions on income shares	(0.79)	(1.20)	(1.66)
Closing net asset value per share	131.77	129.23	129.58
 *after direct transaction costs of ² :	 0.13	 0.43	 0.31
Performance			
Return after charges	2.58%	0.66%	2.09%
Other Information			
Closing net asset value (£'000)	430	274	372
Closing number of shares	326,105	211,758	286,736
Operating charges ³	1.39%	1.39%	1.31%
Property expense ratio ⁴	1.67%	1.25%	1.25%
Direct transaction costs	0.10%	0.33%	0.24%
Prices			
Highest share price	132.10	130.30	130.10
Lowest share price	129.30	129.30	128.50

¹ Restated, to include the property expenses per share.

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 Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. 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)*

Class H Gross Accumulation

	30/06/2021 (pence per share)	30/06/2020 (pence per share)	30/06/2019 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	144.21	141.84	137.60
Return before operating charges and property expenses*	8.33	5.09 ²	6.69
Operating charges	(0.94)	(0.92)	(0.75)
Property expenses	(2.43)	(1.80) ²	(1.70)
Return after operating charges and property expenses*	4.96	2.37	4.24
Distributions	(2.12)	(2.73)	(3.24)
Retained distributions on accumulation shares	2.12	2.73	3.24
Closing net asset value per share	149.17	144.21	141.84
 *after direct transaction costs of ³ :	 0.14	 0.48	 0.33
Performance			
Return after charges	3.44%	1.67%	3.08%
Other Information			
Closing net asset value (£'000)	13,559	16,140	13,330
Closing number of shares	9,089,698	11,192,305	9,397,840
Operating charges ⁴	0.64%	0.64%	0.56%
Property expense ratio ⁵	1.67%	1.25%	1.25%
Direct transaction costs	0.10%	0.33%	0.24%
Prices			
Highest share price	149.20	144.60	141.90
Lowest share price	144.20	141.90	137.50

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

² Restated, to include the property expenses per share.

³ 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.

⁴ Operating charges, otherwise known as 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 OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

⁵ 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)*

Class X Accumulation

	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>	30/06/2019 ¹ <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	137.36	136.78	134.10
Return before operating charges and property expenses*	7.86	4.70 ²	6.52
Operating charges	(2.41)	(2.40)	(2.19)
Property expenses	(2.31)	(1.72) ²	(1.65)
Return after operating charges and property expenses*	3.14	0.58	2.68
Distributions	(0.46)	(0.94)	(1.48)
Retained distributions on accumulation shares	0.46	0.94	1.48
Closing net asset value per share	140.50	137.36	136.78
 *after direct transaction costs of ³ :	 0.14	 0.46	 0.32
Performance			
Return after charges	2.29%	0.42%	2.00%
Other Information			
Closing net asset value (£'000)	60	46	41
Closing number of shares	42,508	33,159	29,747
Operating charges ⁴	1.74%	1.74%	1.66%
Property expense ratio ⁵	1.67%	1.25%	1.25%
Direct transaction costs	0.10%	0.33%	0.24%
Prices			
Highest share price	140.60	138.10	136.90
Lowest share price	137.40	136.90	134.10

¹ Class X Accumulation share class launched on 13th July 2018.

² Restated, to include the property expenses per share.

³ 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.

⁴ 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.

⁵ 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 2021

	Notes	£'000	2021 £'000	£'000	2020 £'000
Income					
Net capital gains/(losses)	5		1,174		(156)
Revenue	7	2,265		2,319	
Expenses	8	<u>(1,786)</u>		<u>(1,526)</u>	
Net revenue before taxation		479		793	
Taxation	9	<u>—</u>		<u>—</u>	
Net revenue after taxation for the year			<u>479</u>		<u>793</u>
Total return before distributions			1,653		637
Distributions	10		<u>(837)</u>		<u>(793)</u>
Change in net assets attributable to shareholders from investment activities			<u>816</u>		<u>(156)</u>

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30th June 2021

	Note	£'000	2021 £'000	£'000	2020 £'000
Opening net assets attributable to shareholders			61,228		57,509
Amounts receivable on issue of shares		13,787		11,179	
Amounts payable on cancellation of shares		<u>(13,113)</u>		<u>(8,078)</u>	
			674		3,101
Dilution levy			—		(12)
Change in net assets attributable to shareholders from investment activities			816		(156)
Retained distribution on accumulation shares	10		289		786
Closing net assets attributable to shareholders			<u>63,007</u>		<u>61,228</u>

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Balance Sheet

as at 30th June 2021

	Notes	2021 £'000	2020 £'000
Assets			
Fixed assets:			
Investment Properties	11	51,167	50,565
Investment in Collective Investment Schemes		5,425	6,033
Current assets:			
Debtors	12	1,894	113
Cash and bank balances		5,229	4,715
Total assets		63,715	61,426
Liabilities			
Creditors:			
Distributions payable		(429)	(5)
Other creditors	13	(279)	(193)
Total liabilities		(708)	(198)
Net assets attributable to shareholders		63,007	61,228

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Cash Flow Statement

for the year ended 30th June 2021

	2021 £'000	2020 £'000
Cash flows from operating activities:		
Change in net assets attributable to shareholders from investment activities	816	(156)
Distributions	837	793
Net capital gains:		
Non-derivative gains	(25)	(5)
Immovable properties	(1,149)	161
Increase/(decrease) in creditors	28	(6)
Increase in debtors	(23)	(112)
Net cash inflow from operating activities	484	675
Cash flows from investing activities:		
Payments to acquire investments	(504)	(8,155)
Receipts from sales of investments	1,699	3,220
Net cash inflow/(outflow) from investing activities	1,195	(4,935)
Cash flows from financing activities:		
Amounts received on creations of shares	12,000	11,239
Amounts paid on cancellation of shares	(13,039)	(8,162)
Distributions paid	(126)	(14)
Net cash (outflow)/inflow from financing activities	(1,165)	3,063
Net increase/(decrease) in cash and cash equivalents in year	514	(1,197)
Cash and cash equivalents at the start of the year	4,715	5,912
Cash and cash equivalents at the end of the year	5,229	4,715

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Notes to the Financial Statements

for the year ended 30th June 2021

1. Accounting Policies

The accounting, distribution and risk management policies for the sub-fund are provided on pages 33 to 37.

5. Net Capital Gains/(Losses)

Net capital gains/(losses) comprise:

	2021 £'000	2020 £'000
Immovable properties ¹	1,191	(146)
Non-derivative securities ²	(17)	(10)
Net capital gains/(losses)	1,174	(156)

¹ Includes realised gains of £90,490 and unrealised gains of £1,100,207 (30th June 2020: realised gains of £18,875 and unrealised losses of £165,293).

² Includes realised losses of £348 and unrealised losses of £16,095 (30th June 2020: realised gains of £2,386 and unrealised losses of £12,075).

The realised gains/losses on investments in the accounting year include amounts previously recognised as unrealised/gains in the prior accounting year.

6. 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 41. 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	—	—	—	—	—	—
	—	—	—	—	—	—
Sales						
Collective Investment Schemes	610	—	—	610	—	—
	610	—	—	610	—	—
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 2021 (continued)

6. Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30th June 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
Purchases						
Collective Investment Schemes	5,632	–	–	5,632	–	–
	5,632	–	–	5,632	–	–
Sales						
Collective Investment Schemes	1,560	–	–	1,560	–	–
	1,560	–	–	1,560	–	–
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 2020: 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

	2021 £'000	2020 £'000
Rental revenue	2,247	2,271
CIS interest	18	39
Bank interest	–	9
	2,265	2,319

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Notes to the Financial Statements

for the year ended 30th June 2021 (continued)

8. Expenses

	2021 £'000	2020 £'000
Payable to the ACD or associates of the ACD:		
ACD's periodic charge	367	359
	367	359
Payable to the Depositary or associates of the Depositary:		
Depositary's fee	120	120
	120	120
Other expenses:		
Administration fees	108	120
AIFMD fees	2	1
Audit fees ¹	25	24
SIV fees	75	73
Legal fees	16	5
Property expenses	1,032	781
Registration fees	37	40
Printing fees	2	2
Reporting fees	2	1
	1,299	1,047
Total expenses:	1,786	1,526

¹ Total audit fees of £20,837 (30th June 2020: £19,845), exclusive of VAT.

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Notes to the Financial Statements

for the year ended 30th June 2021 (continued)

9. Taxation

	2021 £'000	2020 £'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	479	793
Net revenue multiplied by the standard rate of corporation tax of 20% (2020: 20%)	96	159
Effects of:		
Property Distributions (tax exempt)	(101)	(159)
Tax due to timing differences	5	—
Total tax charge (note 9a)	—	—

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Notes to the Financial Statements

for the year ended 30th June 2021 (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:

	2021 £'000	2020 £'000
First interim distribution	59	1
First interim accumulation	82	219
Second interim distribution	44	1
Second interim accumulation	82	235
Third interim distribution	18	1
Third interim accumulation	31	181
Final distribution	428	–
Final accumulation	94	151
Income tax deducted at source	5	11
	843	800
Add: Revenue deducted on shares cancelled	13	15
Deduct: Revenue received on shares issued	(19)	(22)
Net distribution for the year	837	793

11. Movement schedule – Investment properties

	2021 £'000	2020 £'000
Opening fair value balance	50,565	49,582
Purchases	465	2,524
Disposals at cost	(936)	(1,226)
Net gains/(losses) from fair value adjustment	1,073	(315)
Ending fair value balance	51,167	50,565

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

12. Debtors

	2021 £'000	2020 £'000
Accrued revenue	90	113
Amounts receivable for issue of shares	1,804	–
	1,894	113

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Notes to the Financial Statements

for the year ended 30th June 2021 (continued)

13. Other creditors

	2021 £'000	2020 £'000
Accrued expenses	177	149
Amounts payable for the cancellation of shares	87	–
Purchases awaiting settlement	15	44
	<u>279</u>	<u>193</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. £12,001 (30th June 2020: £28,769) 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:

	2021 £'000	2020 £'000
Crockett's Lane	–	394
	<u>–</u>	<u>394</u>

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Notes to the Financial Statements

for the year ended 30th June 2021 (continued)

17. Share Classes

The distribution per share is given in the distribution tables on pages 67 to 89. All shares have the same rights on winding up.

The ACD's periodic charge for the class of each share are as follows:

Class A Retail Gross Accumulation	1.50%
Class B Retail Net Accumulation	1.50%
Class C Unbundled Gross Income	0.90%
Class C Unbundled Gross Accumulation	0.90%
Class D Unbundled Net Income	0.90%
Class D Unbundled Net Accumulation	0.90%
Class E Institutional Gross Income	0.75%
Class E Institutional Gross Accumulation	0.75%
Class F Institutional Net Accumulation	0.75%
Class G Institutional Net Income	0.75%
Class H Gross Accumulation	0.00%
Class X Accumulation	1.10%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Retail Gross Accumulation ¹	106,067	2,864	(26,205)	(82,726)	–
Class B Retail Net Accumulation ²	65,411	–	(10,549)	(54,862)	–
Class C Unbundled Gross Income ³	–	2,921	–	–	2,921
Class C Unbundled Gross Accumulation	7,029,123	2,856,008	(1,742,854)	(7,805)	8,134,472
Class D Unbundled Net Income ⁴	–	4,266	–	–	4,266
Class D Unbundled Net Accumulation	1,792,730	279,259	(810,097)	52,751	1,314,643
Class E Institutional Gross Income ⁵	–	22,831,909	(678,894)	–	22,153,015
Class E Institutional Gross Accumulation	20,307,203	19,415	(20,153,719)	(11,555)	161,344
Class F Institutional Net Accumulation	1,549,221	1,160	(78,596)	–	1,471,785
Class G Institutional Net Income	211,758	4,834	(161)	109,674	326,105
Class H Gross Accumulation	11,192,305	3,220,960	(5,323,567)	–	9,089,698
Class X Accumulation	33,159	16,188	(6,839)	–	42,508

¹ Class A Retail Gross Accumulation shares were converted to Class C Unbundled Gross Accumulation on 5th February 2021.

² Class B Retail Net Accumulation shares were converted to Class D Unbundled Net Accumulation on 5th February 2021.

³ There are no opening figures shown as the share class became active on 6th October 2020.

⁴ There are no opening figures shown as the share class became active on 18th June 2021.

⁵ There are no opening figures shown as the share class became active on 1st July 2020.

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Notes to the Financial Statements

for the year ended 30th June 2021 (continued)

18. Fair Value Measurement

Valuation technique as at 30th June 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £000
Assets				
Collective Investment Schemes	–	5,425	–	5,425
Properties	–	–	51,167	51,167
	–	5,425	51,167	56,592
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

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 2021 (continued)

19. Property Transaction Costs

As at 30th June 2021	£'000	% of costs	% of Average Net Assets
Analysis of total purchase costs			
Property purchases in period before transaction costs	438		
Stamp duty	15	3.23	0.02
Agent's fee	6	1.36	0.01
Legal fee	2	0.30	0.00
Depositary's fee	1	0.26	0.00
Other capitalised fee/expense	3	0.62	0.01
Total property purchase costs	27	5.77	0.04
Gross purchases total	465		
Analysis of total sale costs			
Gross Property Sales before transaction costs	1,066		
Agent's fee	(22)	2.17	0.04
Legal fee	(7)	0.64	0.01
Depositary's fee	(3)	0.29	0.00
Total sale costs	(32)	3.10	0.05
Total sales net of transaction costs	1,034		

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's fee	34	1.35	0.06
Legal fee	7	0.29	0.01
Depositary's 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	149	5.91	0.25
Gross purchases total	2,524		
Analysis of total sale costs			
Gross Property Sales before transaction costs	1,435		
Agent's fee	(29)	1.96	0.05
Legal fee	(8)	0.55	0.01
Depositary's fee	(4)	0.24	0.01
Total sale costs	(41)	2.75	0.07
Total sales net of transaction costs	1,394		

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Notes to the Financial Statements

for the year ended 30th June 2021 (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 sub-fund. There are no collateral, asset re-use or guarantee arrangements involved in the ACD'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.

The sub-fund has not employed significant leverage in the current year or prior year.

21. Post Balance Sheet Events

The latest NAV per Class E Institutional Gross Income of 150.87p as at the close of business on 18th July 2022 had increased on average across the share classes by 2.35% compared to the NAV at the year end of 147.41p.

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Distribution Tables

for the year ended 30th June 2021

First Interim Accumulation Class A Retail Gross Accumulation (in pence per share)*

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased on or after 1st July 2020 to 30th September 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.1919
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.1919
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 Accumulation Class B Retail Net Accumulation (in pence per share)**

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased on or after 1st July 2020 to 30th September 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.0048	0.0010	0.0038	–	0.0038	0.1480
2	0.0048	0.0010	0.0038	0.0000	0.0038	0.1480
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 2021 (continued)

First Interim Accumulation Class C Unbundled Gross Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased on or after 1st July 2020 to 30th September 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.2330	0.0000	0.2330	–	0.2330	0.4214
2	0.1728	0.0000	0.1728	0.0602	0.2330	0.4214
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 Accumulation Class D Unbundled Net Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased on or after 1st July 2020 to 30th September 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.2109	0.0422	0.1687	–	0.1687	0.3314
2	0.1686	0.0337	0.1349	0.0338	0.1687	0.3314
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 2021 (continued)

First Interim Distribution Class E Institutional Gross Income (in pence per share)**,*

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased on or after 1st July 2020 to 30th September 2020

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2020 Net Distribution Paid	2019 Net Distribution Paid
Property Revenue Stream						
1	0.2920	0.0000	0.2920	–	0.2920	0.0000
2	0.2920	0.0000	0.2920	0.0000	0.2920	0.0000
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 Accumulation Class E Institutional Gross Accumulation (in pence per share)**

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased on or after 1st July 2020 to 30th September 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.1090	0.0000	0.1090	–	0.1090	0.4819
2	0.1090	0.0000	0.1090	0.0000	0.1090	0.4819
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 2021 (continued)

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

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased on or after 1st July 2020 to 30th September 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.2959	0.0592	0.2367	–	0.2367	0.3781
2	0.2959	0.0592	0.2367	0.0000	0.2367	0.3781
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 Distribution Class G Institutional Net Income (in pence per share)**

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased on or after 1st July 2020 to 30th September 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	0.2660	0.0532	0.2128	–	0.2128	0.3448
2	0.2660	0.0532	0.2128	0.0000	0.2128	0.3448
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 2021 (continued)

First Interim Accumulation Class H Gross Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased on or after 1st July 2020 to 30th September 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.5655	0.0000	0.5655	–	0.5655	0.7405
2	0.2811	0.0000	0.2811	0.2844	0.5655	0.7405
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 Accumulation Class X Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased on or after 1st July 2020 to 30th September 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
Property Revenue Stream						
1	0.1588	0.0318	0.1270	–	0.1270	0.2588
2	0.1531	0.0306	0.1225	0.0045	0.1270	0.2588
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 2021 (continued)

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

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0845	0.0000	0.0845	–	0.0845	0.2199
2	0.0431	0.0000	0.0431	0.0414	0.0845	0.2199
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 Accumulation Class B Retail Net Accumulation (in pence per share)**

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.1793	0.0359	0.1434	–	0.1434	0.1877
2	0.1793	0.0359	0.1434	0.0000	0.1434	0.1877
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 2021 (continued)

Second Interim Distribution Class C Unbundled Gross Income (in pence per share)***

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2020

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2021 Net Distribution Paid	2020 Net Distribution Paid
Property Revenue Stream						
1	0.1643	0.0000	0.1643	–	0.1643	0.0000
2	0.0715	0.0000	0.0715	0.0928	0.1643	0.0000
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 Accumulation Class C Unbundled Gross Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.2259	0.0000	0.2259	–	0.2259	0.4479
2	0.0908	0.0000	0.0908	0.1351	0.2259	0.4479
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 2021 (continued)

Second Interim Accumulation Class D Unbundled Net Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.2605	0.0521	0.2084	–	0.2084	0.3581
2	0.0876	0.0175	0.0701	0.1383	0.2084	0.3581
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 Distribution Class E Institutional Gross Income (in pence per share)**,*

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2020

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2021 Net Distribution Paid	2020 Net Distribution Paid
Property Revenue Stream						
1	0.2242	0.0000	0.2242	–	0.2242	0.0000
2	0.2242	0.0000	0.2242	0.0000	0.2242	0.0000
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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Second Interim Accumulation Class E Institutional Gross Accumulation (in pence per share)*

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.5098
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.5098
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 Accumulation Class F Institutional Net Accumulation (in pence per share)**

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.3325	0.0665	0.2660	–	0.2660	0.4056
2	0.3325	0.0665	0.2660	0.0000	0.2660	0.4056
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

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Second Interim Distribution Class G Institutional Net Income (in pence per share)

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2021

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2021 Net Distribution Paid	2020 Net Distribution Paid
Property Revenue Stream						
1	0.3008	0.0602	0.2406	–	0.2406	0.3692
2	0.0808	0.0162	0.0646	0.1760	0.2406	0.3692
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 Accumulation Class H Gross Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2020

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.5561	0.0000	0.5561	–	0.5561	0.7707
2	0.2306	0.0000	0.2306	0.3255	0.5561	0.7707
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 2021 (continued)

Second Interim Accumulation X Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st October 2020

Group 2: Shares purchased on or after 1st October 2020 to 31st December 2020

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.2078	0.0416	0.1662	–	0.1662	0.3573
2	0.0825	0.0165	0.0660	0.1002	0.1662	0.3573
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 2021 (continued)

Third Interim Accumulation Class A Retail Gross Accumulation (in pence per share)*****

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0986
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0986
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 Accumulation Class B Retail Net Accumulation (in pence per share)*****

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0789
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0789
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 2021 (continued)

Third Interim Distribution Class C Unbundled Gross Income (in pence per share)***

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2021 Net Distribution Paid	2020 Net Distribution Paid
Property Revenue Stream						
1	0.0473	0.0000	0.0473	–	0.0473	0.0000
2	0.0390	0.0000	0.0390	0.0083	0.0473	0.0000
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 Accumulation Class C Unbundled Gross Accumulation (in pence per share)**

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0247	0.0000	0.0247	–	0.0247	0.3193
2	0.0247	0.0000	0.0247	0.0000	0.0247	0.3193
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 2021 (continued)

Third Interim Accumulation Class D Unbundled Net Accumulation (in pence per share)**

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0171	0.0034	0.0137	–	0.0137	0.2494
2	0.0171	0.0034	0.0137	0.0000	0.0137	0.2494
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 Distribution Class E Institutional Gross Income (in pence per share)*****

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation	2021 Net Distribution Paid	2020 Net Distribution Paid
Property Revenue Stream						
1	0.0797	0.0000	0.0797	–	0.0797	0.0000
2	0.0781	0.0000	0.0781	0.0016	0.0797	0.0000
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 2021 (continued)

Third Interim Accumulation Class E Institutional Gross Accumulation (in pence per share)*

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.3785
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.3785
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 Accumulation Class F Institutional Net Accumulation (in pence per share)**

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0756	0.0151	0.0605	–	0.0605	0.2969
2	0.0756	0.0151	0.0605	0.0000	0.0605	0.2969
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 2021 (continued)

Third Interim Income Class G Institutional Net Income (in pence per share)**

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2021 Net Distribution Paid	2020 Net Distribution Paid
Property Revenue Stream						
1	0.0730	0.0146	0.0584	–	0.0584	0.2674
2	0.0730	0.0146	0.0584	0.0000	0.0584	0.2674
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 Accumulation Class H Gross Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.3449	0.0000	0.3449	–	0.3449	0.6414
2	0.2024	0.0000	0.2024	0.1425	0.3449	0.6414
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 2021 (continued)

Third Interim Accumulation Class X Accumulation (in pence per share)*

Group 1: Shares purchased prior to 1st January 2021

Group 2: Shares purchased on or after 1st January 2021 to 31st March 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.1952
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.1952
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 2021 (continued)

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

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0344
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0344
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 Accumulation Class B Retail Net Accumulation (in pence per share)*****

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0194
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0194
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 2021 (continued)

Final Distribution Class C Unbundled Gross Income (in pence per share)***

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2021 Net Distribution Payable	2020 Net Distribution Paid
Property Revenue Stream						
1	1.0675	0.0000	1.0675	–	1.0675	0.0000
2	0.5472	0.0000	0.5472	0.5203	1.0675	0.0000
Interest Stream						
1	0.0390	0.0000	0.0390	–	0.0390	0.0000
2	0.0199	0.0000	0.0199	0.0191	0.0390	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 Accumulation Class C Unbundled Gross Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.2937	0.0000	0.2937	–	0.2937	0.2506
2	0.1315	0.0000	0.1315	0.1622	0.2937	0.2506
Interest Stream						
1	0.0287	0.0000	0.0287	–	0.0287	0.0000
2	0.0129	0.0000	0.0129	0.0158	0.0287	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 2021 (continued)

Final Distribution Class D Unbundled Net Income (in pence per share)****

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2021 Net Distribution Payable	2020 Net Distribution Paid
Property Revenue Stream						
1	0.0661	0.0132	0.0529	–	0.0529	0.0000
2	0.0420	0.0084	0.0336	0.0193	0.0529	0.0000
Interest Stream						
1	0.0277	0.0000	0.0277	–	0.0277	0.0000
2	0.0176	0.0000	0.0176	0.0101	0.0277	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 Accumulation Class D Unbundled Net Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.2886	0.0577	0.2309	–	0.2309	0.1888
2	0.1323	0.0265	0.1058	0.1251	0.2309	0.1888
Interest Stream						
1	0.0284	0.0000	0.0284	–	0.0284	0.0000
2	0.0130	0.0000	0.0130	0.0154	0.0284	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 2021 (continued)

Final Distribution Class E Institutional Gross Income (in pence per share)*****

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2021 Net Distribution Payable	2020 Net Distribution Paid
Property Revenue Stream						
1	1.8988	0.0000	1.8988	–	1.8988	0.0000
2	1.5589	0.0000	1.5589	0.3399	1.8988	0.0000
Interest Stream						
1	0.0283	0.0000	0.0283	–	0.0283	0.0000
2	0.0232	0.0000	0.0232	0.0051	0.0283	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 Accumulation Class E Institutional Gross Accumulation (in pence per share)*

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.3092
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.3092
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 2021 (continued)

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

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.3483	0.0697	0.2786	–	0.2786	0.2341
2	0.3483	0.0697	0.2786	0.0000	0.2786	0.2341
Interest Stream						
1	0.0312	0.0000	0.0312	–	0.0312	0.0000
2	0.0312	0.0000	0.0312	0.0000	0.0312	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 Distribution Class G Institutional Net Income (in pence per share)

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2021 Net Distribution Payable	2020 Net Distribution Paid
Property Revenue Stream						
1	0.3133	0.0627	0.2506	–	0.2506	0.2194
2	0.1543	0.0309	0.1234	0.1272	0.2506	0.2194
Interest Stream						
1	0.0279	0.0000	0.0279	–	0.0279	0.0000
2	0.0137	0.0000	0.0137	0.0142	0.0279	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 2021 (continued)

Final Accumulation Class H Gross Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.6299	0.0000	0.6299	–	0.6299	0.5737
2	0.2089	0.0000	0.2089	0.4210	0.6299	0.5737
Interest Stream						
1	0.0271	0.0000	0.0271	–	0.0271	0.0000
2	0.0090	0.0000	0.0090	0.0181	0.0271	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 Accumulation Class X Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st April 2021

Group 2: Shares purchased on or after 1st April 2021 to 30th June 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.2125	0.0425	0.1700	–	0.1700	0.1290
2	0.1008	0.0202	0.0806	0.0894	0.1700	0.1290
Interest Stream						
1	0.0010	0.0000	0.0010	–	0.0010	0.0000
2	0.0005	0.0000	0.0005	0.0005	0.0010	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

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

** There were no group 2 shares for this period.

*** There are no comparative figures as the share class became active on 6th October 2020.

**** There are no comparative figures as the share class became active on 18th June 2021.

***** There are no comparative figures as the share class became active on 1st July 2020.

***** There were no current accumulations as the share class became inactive on 5th February 2021.

There was no split made to Interest Stream and Dividend Stream due to immateriality for the period from 1st July 2020 to 31st March 2021 of the current year and for the period from 1st July 2019 to 30th June 2020 of the prior year.

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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 paid gross. It will be taxable at the appropriate dividend tax rate after the 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.



investment architecture

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