

TM Hearthstone ICVC

Annual Report & Accounts
for the year ended 30th June 2022



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

TM Hearthstone ICVC

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

TM Hearthstone ICVC

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 (resigned
on 29th April 2022)
G. Stewart – Independent Non-Executive Director (appointed
on 29th April 2022)
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"). They and C. J. Willson and G. Stewart are not engaged in other business activities that are of significance to the Company.

Depository:

NatWest Trustee and Depository 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

TM Hearthstone ICVC

Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2022

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 2022.

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 690 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 sub-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.

TM Hearthstone ICVC

Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2022 (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

From time to time, major macroeconomic events occur and cause significant short-term volatility to capital markets. Russia’s military action is an example of such an event. We are monitoring the situation very closely and will continue to manage our funds in line with their respective objectives.

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 reasons which are explained in further detail below. The Standing Independent Valuer (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, and the uncertainty 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’ above 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 SIV 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.

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Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2022 (continued)

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

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.

Thesis Unit Trust Management Limited
Authorised Corporate Director
28th October 2022

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022

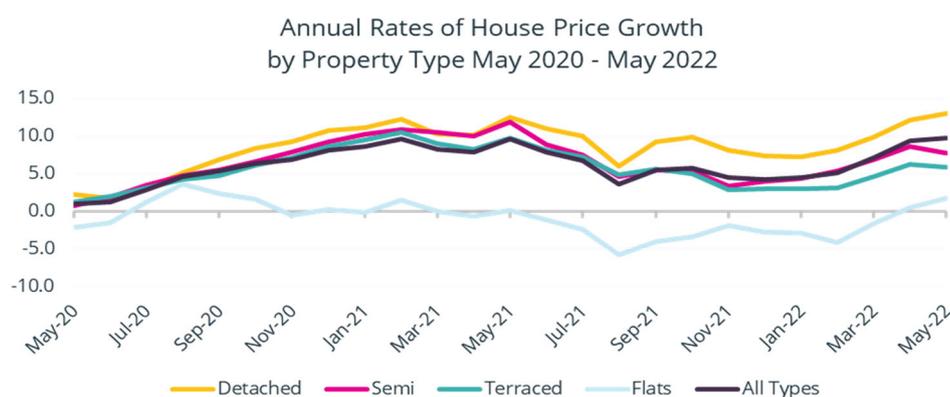
Investment Report - Hearthstone Asset Management Limited

1. Residential Market

Despite the wider economic pressures prevailing as at the reporting date of 30th June 2022, the housing market remained resilient, with the pressure on cost of living not appearing to be felt by certain aspects of society with homeowners being relatively unscathed.

This resulted in the e.surv Acadata England and Wales House Price Index report for June 2022 indicating the average price of a home sold in England and Wales had increased by some £36,500, or 10.9% over one year. If we exclude London from this, then the figure is a very considerable 12%.

As we noted last year, it is important to reiterate that the e.surv data is that this is based on sold prices over the previous 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 every property is worth 10.9% more than it was the year before. As the chart from e.surv Acadata's May 2022 report shows, different property types have seen very different changes in average sold prices.



It is also important to mention that this index is constantly updated as transactions are eventually recorded on HM Land Registry – in its June 2021 report e.surv stated that the index was up 10.7% over 12 months. However, one year later after much more data had been recorded the June 2021 index had been revised to an annual increase of 7.5%.

Zoopla's annual report however stated 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 8.4% over the past 12 months – which in our view is a slightly more realistic figure.

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 Fund is not an 'index tracker', and its properties are all valued individually by the SIV, 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.

The Company's portfolio comprises properties which are to be let in the Private Rented Sector (PRS), so it will not hold a large number of high value detached properties which would be difficult to let. As such, the company's valuation growth has not directly mirrored the index and that is mainly because the average value of its properties is c.£260,000 – materially below the segment of the market that is driving headline UK house price growth. Having said that, the sub-fund did benefit from upward property valuations in 23 of the last 25 months (excluding December 2020 and March 2021) totalling 7.5% from June 2020 and 5.2% in the last 12 months.

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

1. Residential Market (continued)

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 3.4% year to date, and the market as a whole has continued averaging 2.8% year to date according to the Office for National Statistics (ONS).

With the record levels of inflation coming to the fore at the reporting date of 30th June 2022, there were signs that the housing market would start to cool, with house prices having just about kept pace with inflation, though well in excess of wage growth. Mortgage rates had been rising, increasing pressures on some households, and levels of buyer demand in the market, whilst still high compared to the long-term average, was beginning to recede to normal levels.

At the time of writing in October 2022, there have been seismic shocks to the UK economy in the form of the Truss/Kwarteng "mini"-budget on 23rd September, the UK market's reaction to it, and its subsequent undoing through the new Chancellor Jeremy Hunt and a new Prime Minister in Rishi Sunak – which so far seems to have stabilised the markets with the Pound and FTSE 100 rebounding accordingly. Crucially, this has also brought Gilt yields and interest rate expectations back down to the levels prevailing before 23rd September, and we expect this to be reflected in mortgage rates in due course. However, the underlying root causes of inflation are still present, and these are impacting borrowing and the housing market. The number of people looking to buy a home has fallen for 5 months consecutively but, significantly, so has the number of properties put on the market – the resulting supply shortage is currently supporting prices and may continue to do so into the new year.

2. Company Performance

The sub-fund invests in private rented sector housing across mainland UK and aims to capture UK house price growth plus provide an income return.

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

These properties are let under Assured Shorthold Tenancies "AST" agreements, although corporate lets and Leaseback agreements to housebuilders have also been in place historically. Returns comprise both capital growth and rental income.

Hearthstone will continue to deploy capital in the UK regions, identifying locations which are likely to outperform the average for the country as a whole. The sub-fund currently has a cash position above its target range, 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 year we completed on the purchase of 28 houses across three sites in Doncaster, Whittingham (Preston) and Calne.

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 just prior to this reporting period. Across the past 12 months we have carried out 167 rent reviews at an average increase of 2.53%, with the 61 re-lets increasing by 5.82%. The rents across all re-lets and reviews over the year have increased on average by 3.39% versus the ONS index of 2.8% (May 2022 latest data). The rental increase has been particularly strong in the last 6 months with rent reviews increasing by 3.65% and re-lets by 10.29% equating to a total average of 5.4% increase during this period.

We have been paying a lot of attention the property level costs within the sub-fund as well. We noted that the maintenance costs remained stubbornly high over the previous year, 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. We have insisted on greater oversight on repairs and maintenance of properties within the sub-fund, and this has reduced the cost leakage materially over the past year.

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

2. Company Performance (continued)

The Company performance as at 30th June 2022 is detailed below in Tables 1a. & 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.

Tables 1a and 1b: Company Performance to 30th June 2022 by Share Class

1a. Accumulation Classes

	Class C	Class D	Class E	Class F	Class H	Class X	Feeder
1 month	0.72%	0.67%	0.71%	0.73%	0.84%	1.72%	0.62%
3 months	1.52%	1.49%	1.56%	1.53%	1.75%	2.64%	1.46%
6 months	2.33%	2.25%	2.36%	2.28%	2.75%	3.36%	2.10%
1 year	4.14%	3.94%	4.27%	4.09%	5.09%	4.98%	3.91%
3 years	7.56%	7.06%	7.87%	7.53%	10.50%	7.82%	6.73%
Launch *	55.56%	51.93%	58.13%	54.66%	13.95%	10.07%	45.42%

1b. Income Classes

	Class C	Class D	Class E	Class F	Class G	Class H	Class X
1 month	0.74%	0.75%	0.73%	0.73%	0.74%	0.84%	1.72%
3 months	1.52%	1.31%	1.58%	1.53%	1.54%	1.75%	2.64%
6 months	2.38%	2.04%	2.42%	2.28%	2.33%	2.75%	3.36%
1 year	4.25%	3.78%	4.31%	4.09%	4.10%	5.09%	4.98%
3 years					7.47%		
Launch *	6.50%	5.90%	6.59%	6.48%	54.03%	8.51%	7.03%

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	-

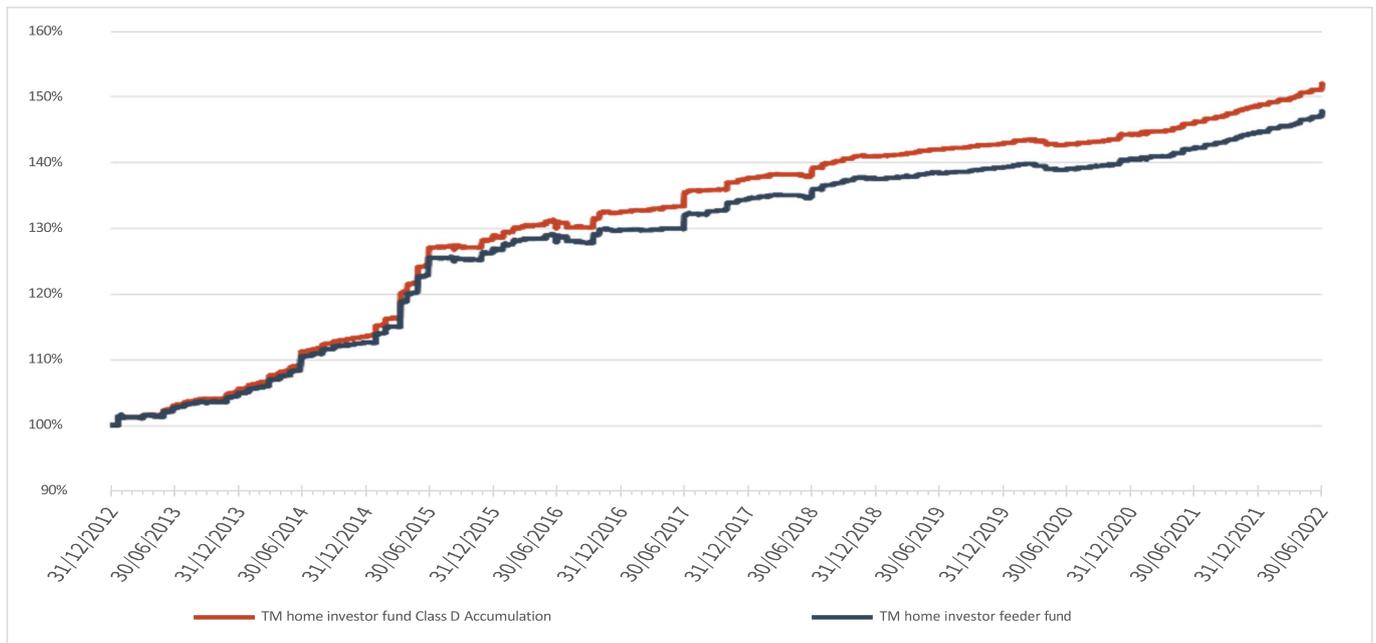
TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2022 (continued)

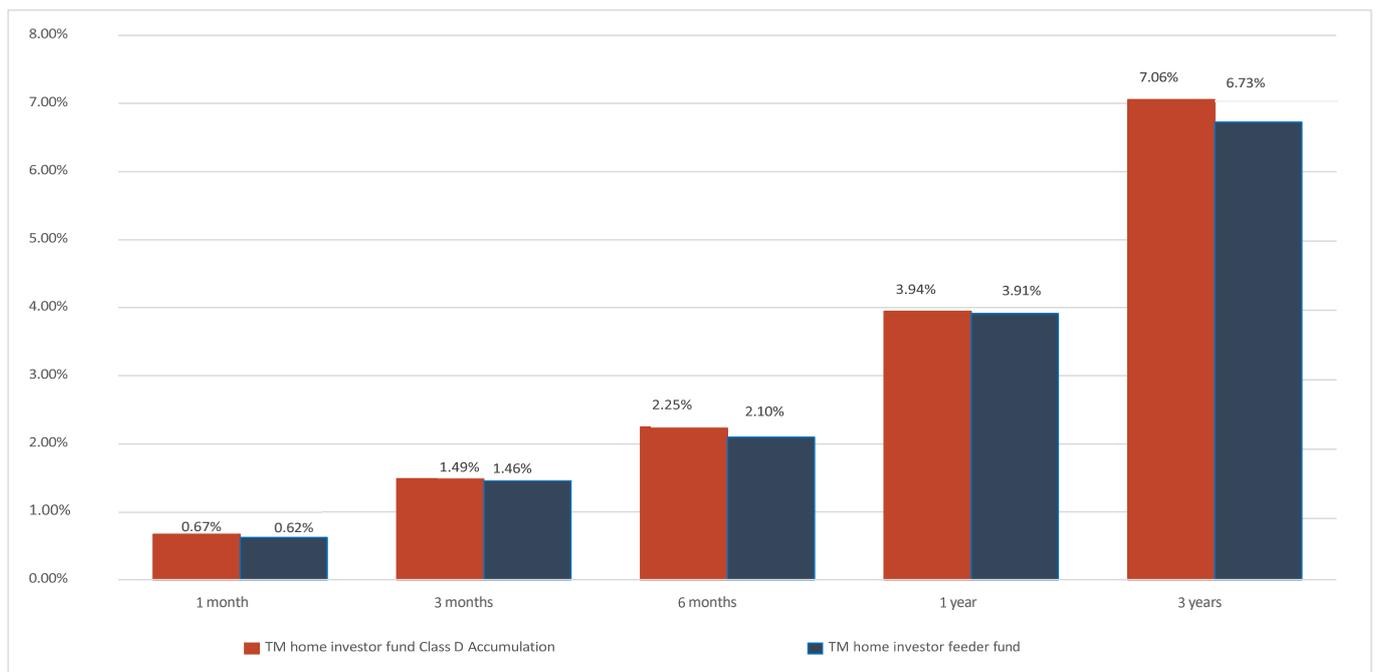
Investment Report - Hearthstone Asset Management Limited (continued)

2. Company Performance (continued)

Figures 1a and 1b: Company Performance by share class – to 30th June 2022



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



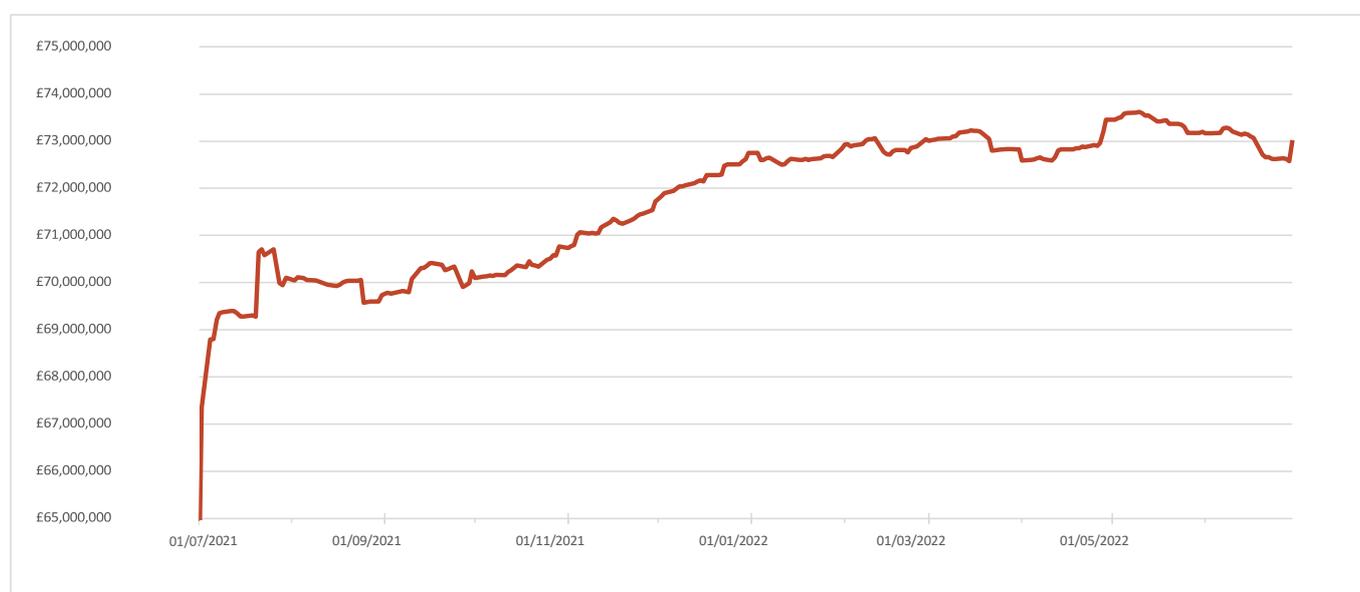
TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

2. Company Performance (continued)

Figure 2: Company Growth 1st July 2021 – 30th June 2022



As at 30th June 2022, the Company's assets have grown to £73,017,500.

3. Contribution to Company Performance

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

Table 2: Key Portfolio Statistics at 30th June 2022

Portfolio Purchase Price	£47,673,254
Investment Value (IV) (subject to tenancies in existence)	£60,098,000
Vacant Possession Value (VP) (assuming vacant possession)	£60,098,000
Number of Properties	229*
Average Unit Value VP	£262,437
Potential Gross Annual Rental Income	£2,909,472
Average Annual Rent	£12,761
Potential Gross Property Yield – Potential gross income	4.84%
Current Gross Property Yield – After voids i.e. Let properties only	4.62%
Net Property Yield - After voids & actual property expenditure	3.15%

*228 properties, plus 1 set of car parking spaces

TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2022 (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 99.5% 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

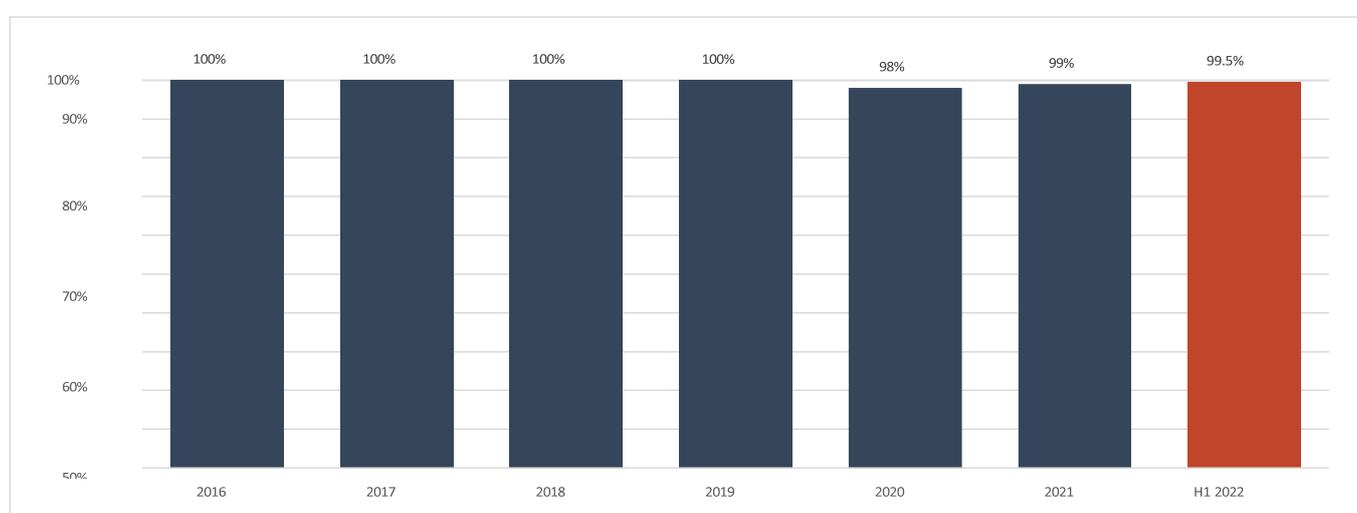


Table 3: Potential Gross Rental Yield at June 2022

Region	June 2022
North West	5.39%
North East	-
Yorkshire & Humber	5.41%
South East	4.48%
South West	4.87%
Wales	-
Scotland	4.77%
East of England	4.46%
East Midlands	4.70%
West Midlands	5.28%
London	4.95%
Overall	4.84%

The potential gross rental yield of the sub-fund property portfolio at June 2022 is 4.84%. The gross yield adjusted for voids is 4.62% and after all property related costs from July 2021, the net yield of the property portfolio is 3.15%. The net yield has improved materially from the last reporting year due to lower voids and reduced costs – which is demonstrated by the next table.

TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

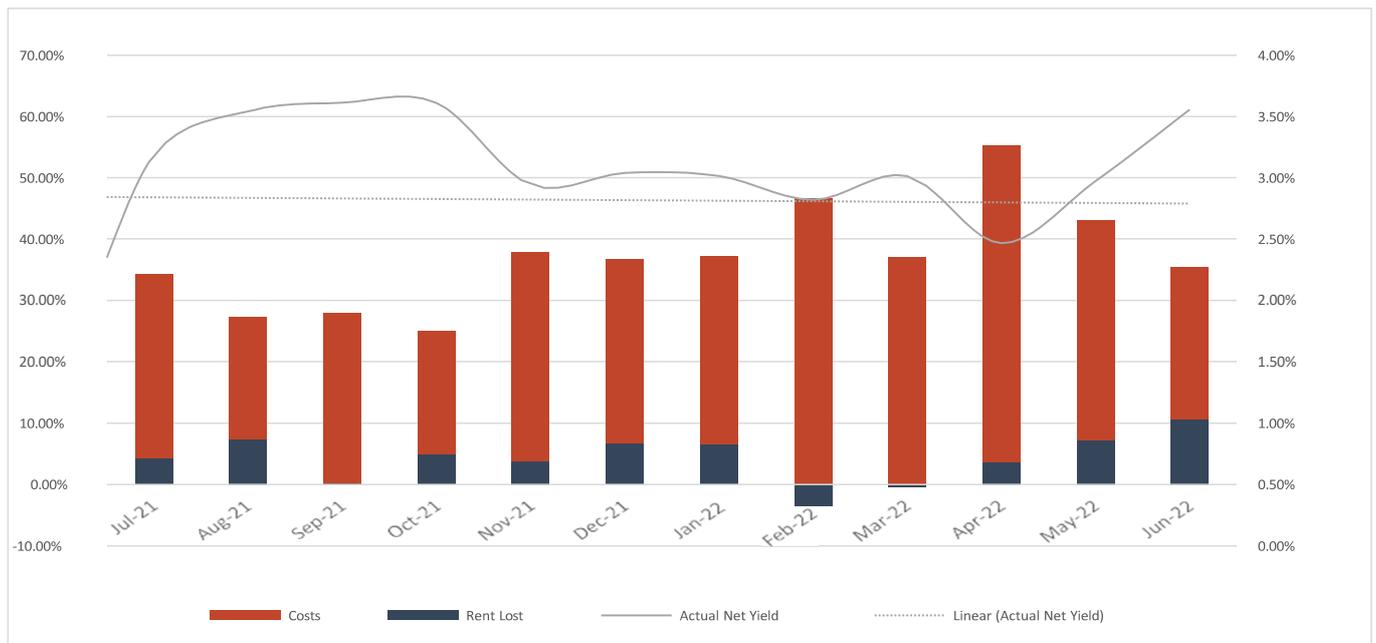
Table 4 shows the gross/net property yield on a monthly basis.

Table 4: Property portfolio Gross – Actual Monthly Net Yield

Month	Potential Gross Yield	Current Gross Yield	Net Yield
Jul-21	4.83%	4.62%	3.19%
Aug-21	4.81%	4.45%	3.54%
Sep-21	4.80%	4.79%	3.61%
Oct-21	4.80%	4.56%	3.61%
Nov-21	4.64%	4.46%	2.94%
Dec-21	4.79%	4.47%	3.04%
Jan-22	4.77%	4.45%	3.02%
Feb-22	4.77%	4.95%	2.82%
Mar-22	4.74%	4.76%	3.01%
Apr-22	4.62%	4.45%	2.47%
May-22	5.10%	4.73%	2.97%
Jun-22	5.24%	4.68%	3.56%

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



TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

Figure 5 shows the impact of the three largest costs (Repairs & Maintenance, Management Fees and Services Charge/Ground Rents) have on the yield from July 2021 to June 2022.

Figure 5: Cost impact on Net Property Yields

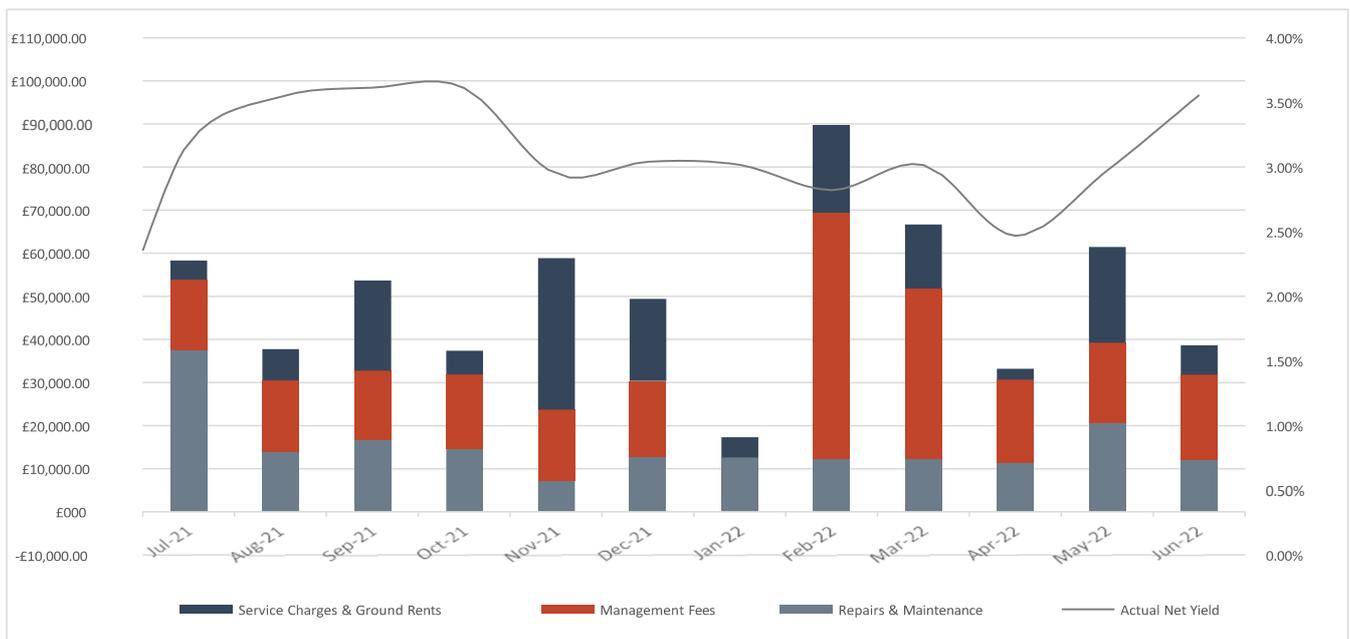
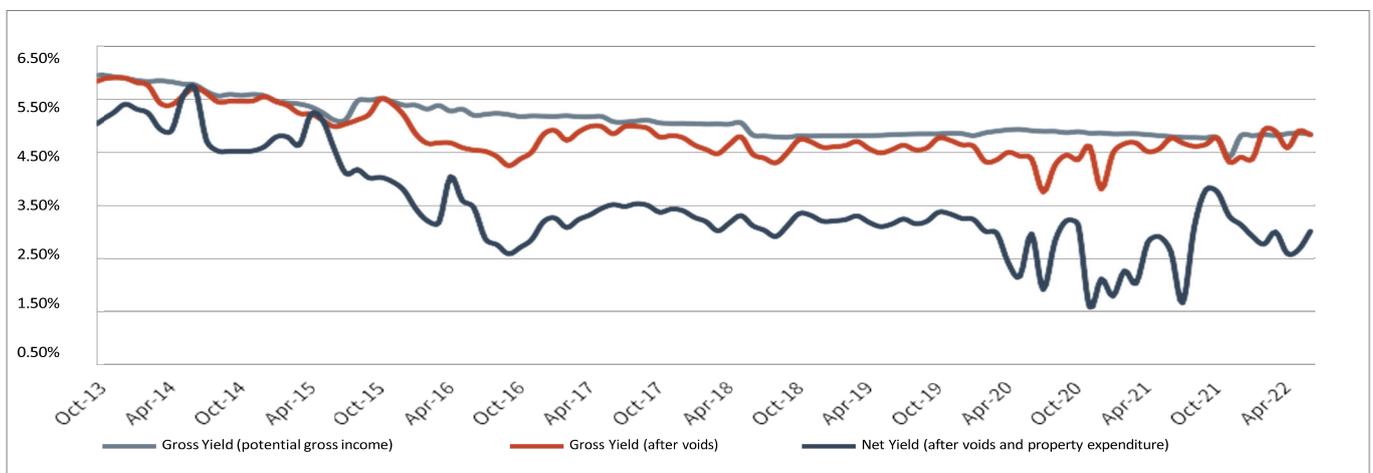


Figure 6 shows the movement of the gross/net property yield from inception to 30th June 2022 on an accrual basis, rather than on an actual basis (above). This will be slightly higher as it doesn't reflect arrears, just estimated voids and costs going forwards.

Figure 6: Gross – Net Property Yield



TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

ii. Valuation Movement

The SIV (CBRE as of June 2022) 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. 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 vacant possession (VP) values.

Figure 7 shows the valuation movement of the sub-fund portfolio (adjusted for acquisitions and disposals) from the launch of the Fund to 30th June 2022 against the e.surv Acadata monthly House Price Index. Figure 8 shows the annual growth of the portfolio to June 2022 compared with e.surv Acadata monthly House Price Index.

Figure 7: Valuation vs e.surv Acadata Month on Month Movement from launch to 30th June 2022

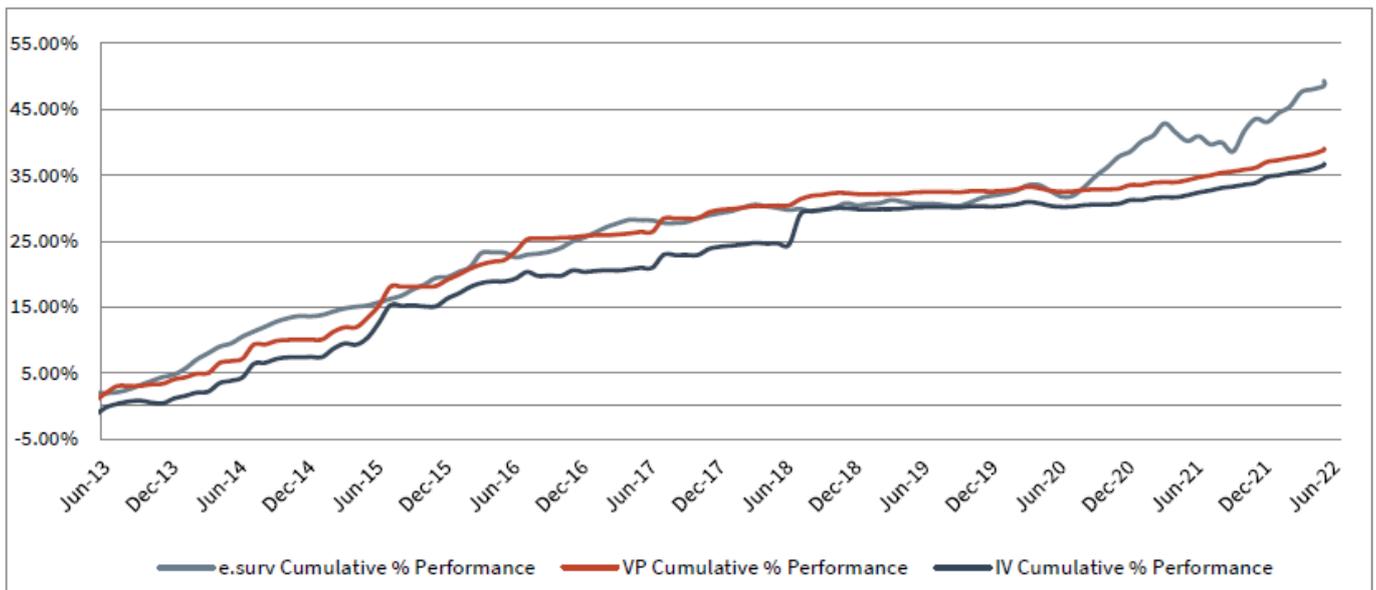
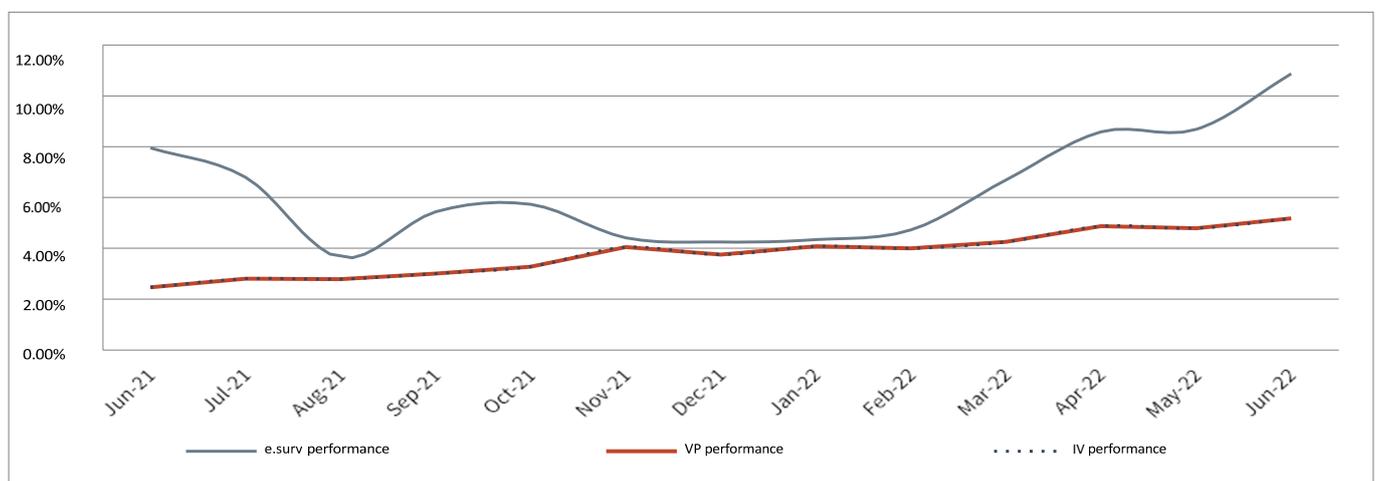


Figure 8: Valuation Movement vs e.surv Acadata Month on Month Movement from 1st July 2021 to 30th June 2022



TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

In June 2022, e.surv reported a 10.87% annual increase in average house prices. Over the same twelve-month period, the performance of the sub-fund's property portfolio performance is 5.18% (VP and IV).

As discussed in the Market Commentary at the start of this report – it has been another unusual 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 mortgage rates rise to more “normal” levels. The sub-fund’s portfolio has performed in line with changes in transaction prices for the mix of property types it holds.

Since launch of the sub-fund, this brings the increase in IV to 37.56%, and to 39.86% 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 50.13% to its latest data.

4. Property Transactions

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

Since launch, the Fund has acquired just over £55 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 sub-fund. The housebuilders simultaneously entered into agreements to lease back the properties and pay a rent/fee on a full repairing and insuring basis. These seed investors have now fully redeemed their shares/units in the sub-fund in accordance with the pre-agreed redemption schedule.

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

i. Purchases

There were three purchases during the year:

- In August 2021 we agreed to buy 8 new build houses in Doncaster. The first 6 were completed and handed over in November 2021 with the final two completing in December 2021.
- In August 2021 we also agreed to buy 13 new build houses in Whittingham, Preston, which were completed and handed over in November 2021.
- In January 2022 we agreed to buy 7 new build houses in Calne, which were completed and handed over in March and April 2022.

TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

4. Property Transactions (continued)

Table 5: Summary of acquisitions from 1st July 2021 – 30th June 2022

Purchase Date	Purchase Price	Address	Red Book Valuation at Purchase	Discount
12th November 2021	£200,000	10 Pond Close, Doncaster	£211,500	5.8%
12th November 2021	£200,000	12 Pond Close, Doncaster	£211,500	5.8%
12th November 2021	£168,000	24 Pond Close, Doncaster	£178,500	6.3%
12th November 2021	£200,000	26 Pond Close, Doncaster	£211,500	5.8%
12th November 2021	£200,000	28 Pond Close, Doncaster	£211,500	5.8%
17th December 2021	£201,000	23 Blackberry Road, Doncaster	£212,500	5.7%
17th December 2021	£209,000	17 Blackberry Road, Doncaster	£222,500	6.5%
12th November 2021	£199,000	42 Chester Drive, Doncaster	£210,500	5.8%
12th November 2021	£204,000	28 Whitehall Drive, Whittingham	£224,500	10.0%
12th November 2021	£200,000	29 Whitehall Drive, Whittingham	£220,000	10.0%
12th November 2021	£223,000	32 Whitehall Drive, Whittingham	£250,000	12.1%
12th November 2021	£223,000	33 Whitehall Drive, Whittingham	£250,000	12.1%
12th November 2021	£223,000	34 Whitehall Drive, Whittingham	£250,000	12.1%
12th November 2021	£223,000	35 Whitehall Drive, Whittingham	£250,000	12.1%
12th November 2021	£200,000	36 Whitehall Drive, Whittingham	£224,500	12.3%
12th November 2021	£204,000	37 Whitehall Drive, Whittingham	£220,000	7.8%
12th November 2021	£200,000	38 Whitehall Drive, Whittingham	£220,000	10.0%
12th November 2021	£204,000	39 Whitehall Drive, Whittingham	£224,500	10.0%
12th November 2021	£198,000	41 Whitehall Drive, Whittingham	£220,000	11.1%
12th November 2021	£198,000	42 Whitehall Drive, Whittingham	£220,000	11.1%
12th November 2021	£200,000	43 Whitehall Drive, Whittingham	£224,500	12.3%
18th March 2022	£264,000	17 Sycamore Drive, Calne	£290,000	9.8%
18th March 2022	£264,000	19 Sycamore Drive, Calne	£290,000	9.8%
13th April 2022	£264,000	3 De Froschia Close, Calne	£285,000	8.0%
13th April 2022	£264,000	4 De Froschia Close, Calne	£282,500	7.0%
13th April 2022	£264,000	5 De Froschia Close, Calne	£285,000	8.0%
13th April 2022	£373,000	6 De Froschia Close, Calne	£410,000	9.9%
13th April 2022	£264,000	27 De Froschia Close, Calne	£285,000	8.0%
TOTAL	£6,234,000	28	£6,795,500	9.0%

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

4. Property Transactions (continued)

There are a number of schemes currently being analysed for the pipeline, due to the above target cash levels in the sub-fund currently. Housebuilders have been apprehensive to negotiate terms advantageous to the sub-fund 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.

ii. Sales

We regularly review assets that are likely to underperform – however due to strong valuations and high occupancy levels no units were sold during the past year.

Holdings

Table 6: Top 10 Holdings 30th June 2022

Property Name	Number of Properties	Value	% of NAV
Quadrant Court, Wembley, London HA9	22	£7,385,000	10.11%
Wickhurst Green, Horsham, RH12	14	£4,820,000	6.60%
The Limes, Nottingham, NG8	18	£4,110,000	5.63%
Crocketts Lane, Smethwick, B66	13	£3,220,000	4.41%
Spectrum, Blackfriars Road, Manchester M3*	17	£3,115,000	4.27%
Whittingham Place, Preston, PR3	13	£2,998,000	4.11%
King Georges Park, Rowhedge, CO5	8	£2,710,000	3.71%
Rea Road, Northfield, Birmingham. B31	14	£1,905,000	2.61%
Henmead House, Haywards Heath, RH16	6	£1,815,000	2.49%
Portland View, Bristol, BS2	6	£1,780,000	2.44%
TOTAL	131	£33,858,000	46.38%

* The SIV attached a material valuation uncertainty clause to the Spectrum flats 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. As the potential cost of any remedial works, its funding and timing remain unclear, the clause remains in place. Government guidance is also under review, and it is not known how remedial works may impact the value of the flats or require funding from leaseholders. Consequently, the SIV has not changed its valuation from March 2021 but states less certainty and a higher degree of caution should be attached to its valuation of these units, and that it may take longer than the usual 3-6 month marketing period should a decision be made to sell them individually. All residents are aware of the situation and additional fire safety measures have been implemented. The 17 flats held by the fund, of which 12 are in a building below 18m, are part of a larger development of 600 apartments.

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

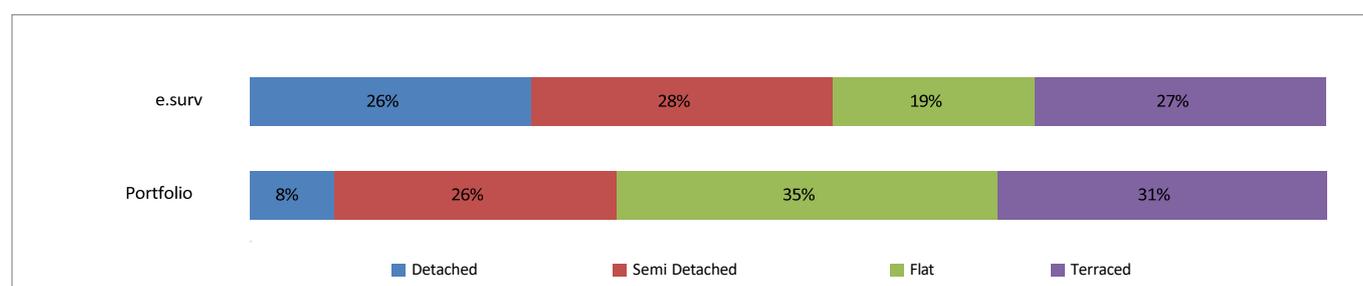
4. Property Transactions (continued)

Table 7 shows the current portfolio against the e.surv Acadata regional weightings of property as at 30th June 2022. The portfolio is reasonably balanced at present but slightly currently overweight in the Midlands and North West regions. The portfolio remains slightly underweight in London, by design.

Table 7: Portfolio Breakdown by Regional e.surv Acadata Allocations as at 30th June 2022

Areas	No of Units	% of units	Purchase Price	Current IV	% by Value & Region	% +/-	e.surv Regional Weightings
North West	34	15%	£5,606,000	£6,558,000	10.9%	3.0%	7.9%
North East	-	-	-	-	-	-2.2%	2.2%
Yorks & Humber	11	5%	£2,070,000	£2,345,000	3.9%	-1.9%	5.8%
South East	41	18%	£11,810,400	£14,165,000	23.7%	3.3%	20.4%
South West	21	9%	£5,315,000	£6,262,500	10.4%	0.0%	10.4%
Wales	-	-	-	-	-	-3.1%	3.1%
Scotland	8	3%	£1,185,708	£1,950,000	3.2%	-2.4%	5.7%
East of England	25	11%	£5,818,897	£7,552,500	12.6%	0.7%	11.9%
East Midlands	27	12%	£4,427,750	£5,845,000	9.7%	3.6%	6.1%
West Midlands	35	15%	£5,311,000	£6,575,000	10.9%	4.2%	6.7%
London	27	12%	£6,128,500	£8,845,000	14.7%	-5.1%	19.8%
TOTAL	229	100%	£47,673,254	£60,098,000	100%		100.0%

Figure 9: Valuation spread by unit type vs e.surv



TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

5. Rental Income

Table 8: Rent Collection & Expenditure to 30th June 2022

Rent Demanded	£2,592,582.41
Rent Collected *	£2,597,900.00
Property Expenditure Paid	£876,084.33
Net Rent Received by Company *	£1,750,621.89
% Collected YTD – 1st July 2021 to 30th June 2022	99.36%

* Rental income is collected via Connells, the sub-fund's property manager. In addition to rental income, small amounts of non-rent charges such as retained monies from tenancy deposits for dilapidations and other income such as water re-charges are included as income – this equated to £50,757.40 over the past year.

i. Arrears

As at 30th June 2022 arrears totalled £79,271.73 of which £49,606.98 are current tenant rental arrears and £29,664.75 of historic tenant rental arrears. Section 8 notices were served on 2 properties currently still in occupation, with 3 moving out in the past year totalling £8,960.64 of debt which we are still trying to recover 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 £2,909,472.00 demonstrates the success of the tenant selection and tenancy management over the past year.

ii. Write Offs

During the period of 1st July 2021 to 30th June 2022, £9,943.50 of arrears was written off from 3 properties, 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 put in place during the COVID-19 and cost of living crises. There is one debt of £20,704.11 that will be written off imminently as we still cannot trace the tenant in the 11 months since they vacated their property.

6. Performance Figures

Table 9: Company Key Financial Figures 30th June 2022

INCOME		
Gross Income Accrued by the Company from 1st July 2021 – 30th June 2022	£2,597,900	
Net Annual Company Income at 30th June 2022 (added back in distribution income)	£1,186,255	September 2021 : £256,124 December 2021 : £340,506 March 2022 : £293,046 June 2022 : £296,579
Gross to Net Adjustment	54.34%	

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

6. Performance Figures (continued)

Company Performance vs e.surv Acadata House Price Index

The sub-fund 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 sub-fund is not constrained by it.

Comparing the sub-fund performance for the individual share classes to 30th June 2022 against the e.surv index it can be seen that, on an annualised basis, the sub-fund has underperformed the e.surv House Price Index on all share classes in the past 12 months, with performance varying between share classes from 3.91% to 5.09% against 10.87% for the index. As has been stated earlier in this report, the index has been driven by cash rich buyers in higher value properties at price points of £500,000 or more, with buyers and sellers seeking to take advantage of the tail end of the SDLT holiday and current interest rates before they inevitably increase.

Tables 10a and 10b, and figure 10 below show performance of the Fund versus the e.surv England and Wales House Price Index. Sub-fund 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 10: Company Performance vs e.surv House Price Index to 30th June 2022

10a. Accumulation Classes

	Class C	Class D	Class E	Class F	Class H	Class X	Feeder	e.surv
1 month	0.72%	0.67%	0.71%	0.73%	0.84%	1.72%	0.62%	0.78%
3 months	1.52%	1.49%	1.56%	1.53%	1.75%	2.64%	1.46%	2.12%
6 months	2.33%	2.25%	2.36%	2.28%	2.75%	3.36%	2.10%	5.83%
1 year	4.14%	3.94%	4.27%	4.09%	5.09%	4.98%	3.91%	10.87%

10b. Income Classes

	Class C	Class D	Class E	Class F	Class G	Class H	Class X	e.surv
1 month	0.74%	0.75%	0.73%	0.73%	0.74%	0.84%	1.72%	0.78%
3 months	1.52%	1.31%	1.58%	1.53%	1.54%	1.75%	2.64%	2.12%
6 months	2.38%	2.04%	2.42%	2.28%	2.33%	2.75%	3.36%	5.83%
1 year	4.25%	3.78%	4.31%	4.09%	4.10%	5.09%	4.98%	10.87%

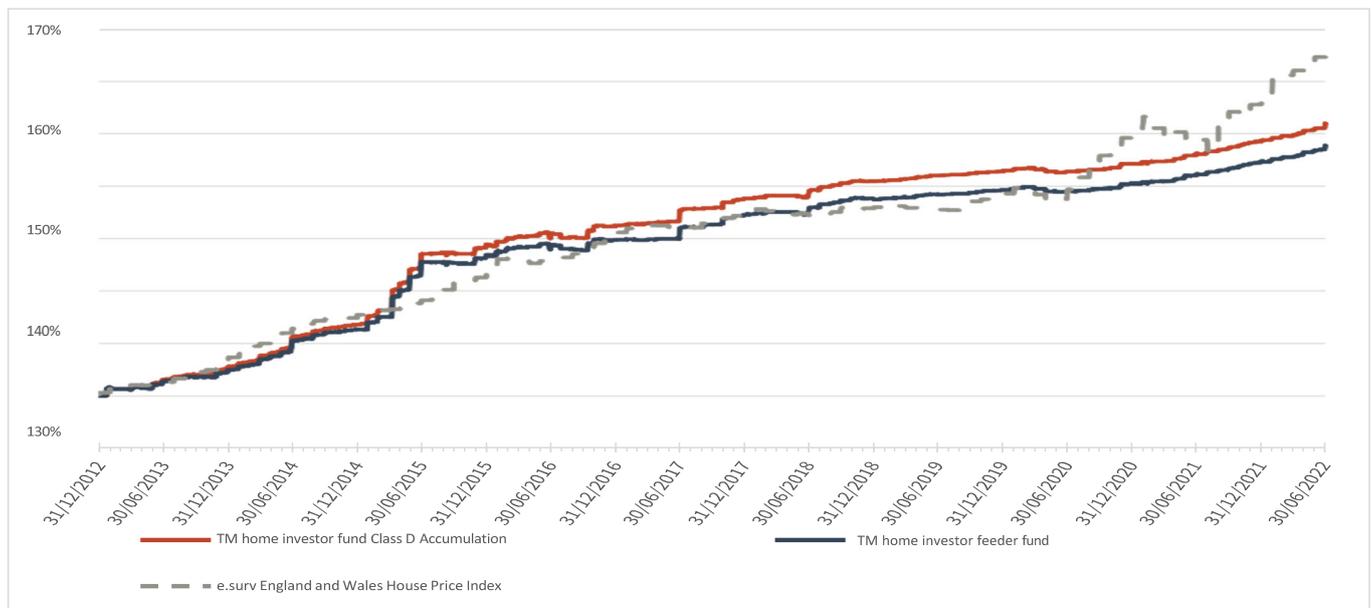
TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2022 (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 2022



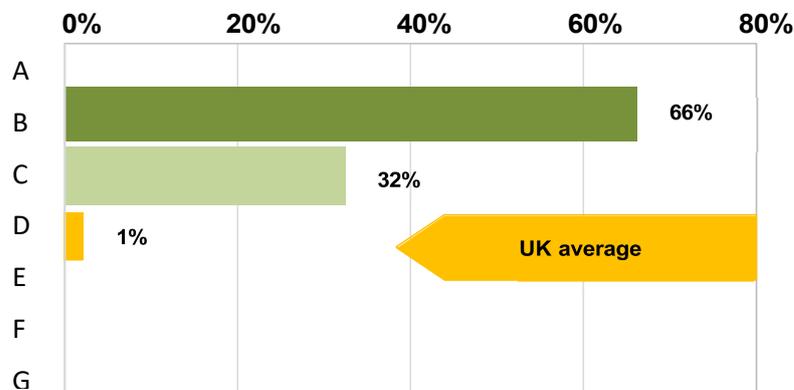
Note 5: Basis = 100% at share class launch date. For simplicity, only Class D Accumulation and Feeder performance are plotted on the chart as these are the most widely available classes across investment platforms and product wrappers.

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



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

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022 (continued)

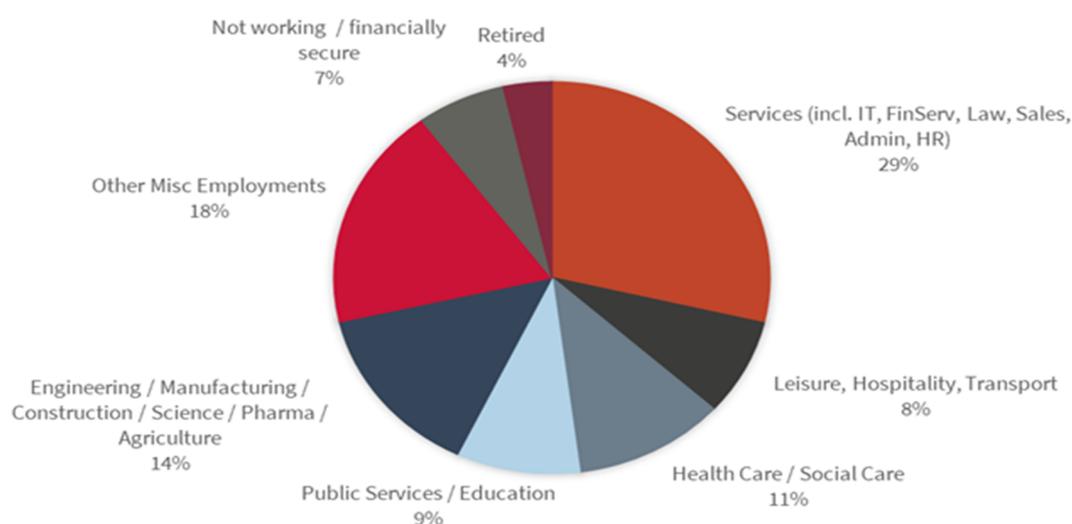
Investment Report - Hearthstone Asset Management Limited (continued)

7. Positive Environmental and Social Impact (continued)

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 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 has continued over the past year as the cost of living crisis has hit the UK and this has ultimately benefited Fund investors with high rent collection levels throughout, averaging 99% over the last year.

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

Figure 11: Tenant Employment Profile



Source: *Hearthstone*

Hearthstone 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 in 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 sub-fund'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. Last year Connells scored 77.4% which resulted in an additional 0.77% fee being paid to them.

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
27th October 2022

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2022 (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 Base Rate has continued at very low levels, remaining at 0.1% for the first 5 months of the period, before rising in stages to end at 1.25%, while redemption yields on very short dated gilts have likewise been barely positive for much of the time. As a consequence, returns from cash or money market related funds have again been minimal, albeit beginning to increase slowly, with the BlackRock Sterling Liquidity Fund returning 0.23%. The Federated Short-Term Sterling Prime Fund, which invests in a diversified portfolio of high quality Sterling denominated short-term debt and debt related instruments, managed to gain 0.24%.

Thesis Asset Management Limited
Investment Manager
1st August 2022

TM Hearthstone ICVC

Constitution

TM Hearthstone ICVC (the "Company") is an investment company with variable capital for the purposes of the Act. The Company is a Non-UCITS Retail Scheme. 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 Company was authorised by the FCA pursuant to an authorisation order dated 30th April 2012. The Company registration number is IC946. The head office of the Company is at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP. This is the address in the UK for service on the Company of notices or other documents required or authorised to be served on it.

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 2022.

	Senior Management	Risk Takers	Control	Other	Total
Number of Staff	6	12	5.43	24.67	48.1
Fixed Remuneration	£831,205	£904,106	£263,745	£923,170	£2,922,226
Variable Remuneration	£207,073	£78,873	£11,999	£49,204	£347,149

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

28th October 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 for the second year in succession. Consistent with the prior year’s audit opinion, the qualification relates specifically to the valuation of 17 leasehold properties owned by the fund known as the Spectrum apartments.

In our Authorised Corporate Director’s report for last year we provided detailed commentary relating to the Spectrum apartments and the additional steps that we had taken as a result. Due to the on-going nature of the matter and the continued uncertainty we have provided you with the same level of information in this year’s report, along with any noteworthy updates.

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. Whilst uncertainty still remains, two positive developments have however occurred over the past 12 months. Firstly, the Government announced that remediation costs should not fall to leaseholders and should in fact be borne by freeholders and developers. Secondly, a cladding material used in the Spectrum apartments, Panablock, has been reassessed from a fire safety perspective and it is likely that it may be retained as a result. The extent of any remediation works will therefore reduce significantly and residents will not need to be decanted if any works are undertaken in the future.

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

TM Hearthstone ICVC

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

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

When preparing their independent valuation certificate for 30th June 2022, CBRE, the SIV, concluded for the second year in succession 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”. Consistent with last year, 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.

Whilst the valuation of the properties and the decision to apply the MVUC rests with CBRE, the directors of Thesis Unit Trust Management Limited continue to carefully monitor the situation. We sought independent advice earlier this year and have satisfied ourselves, for the second year in succession, of the following:

- 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 it continues to be 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.

We will continue to pay close attention information as it becomes available and the on-going appropriateness of CBRE’s decision to continue to apply the MVUC to the Spectrum apartments.

Thesis Unit Trust Management Limited
Authorised Corporate Director
West Sussex
28th October 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 2022

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
28th October 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 2022. 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 2022 and of the net revenue and net capital gains on the scheme property of the Company and the sub-fund for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014, the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

Basis for qualified 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 2022. 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. Our audit opinion on the financial statements for the year ended 30 June 2021 was qualified for the same reason. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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, 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 30 June 2020 due to the inability of the independent valuer to ascribe a reliable fair value to the properties as at 30th June 2022. 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

Except for the matter described in the basis for qualified opinion section of our report, 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, and
- 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
28th October 2022

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2022

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 the UK Financial Reporting Standard (FRS 102) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' (the "SORP"), issued by the Investment Management Association (now known as the Investment Association) in May 2014 and amended in June 2017.

2. Summary of Significant Accounting Policies

a) Basis of Preparation

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, 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 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 2022. 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 2022 (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.

All realised and unrealised gains and losses on investments are recognised as net capital gains/(losses) in the Statement of Total Return. Unrealised gains and losses comprise changes in the fair value of investments for the period. Realised gains and losses represent the difference between an instruments' initial carrying amount and disposal amount.

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

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2022 (continued)

2. Summary of Significant Accounting Policies (continued)

e) Revenue (continued)

this situation, the authorised fund manager will include the best estimate of the market rent that will become due over the entire new period.

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.

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 Policies

a) Basis of Distribution

When appropriate, the Company will allocate any surplus net revenue. Distributions of income of the Company are made on or before the annual income allocation date and on or before the interim income allocation date, where applicable, in each year. The income 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) Equalisation

Equalisation received from the underlying investments has been treated as a reduction in the book cost of the investments and not distributed.

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2022 (continued)

c) 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;

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 2022, 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 £3,354,440 (30th June 2021: £2,829,594).

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.

Due to the nature of the investments held, the risk to the Company is insignificant and is therefore not actively managed.

Foreign currency risk

Foreign currency risk is the risk of movements in the value of the investment holdings 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 2022 (continued)

4. Risk Management Policies *(continued)*

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. To the extent that a counterparty defaults on its obligation and the Company is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. The Company's maximum exposure to credit risk (not taking account of the value of any collateral or other securities held) in the event that counterparties fail to perform their obligations as of 30th June 2022 in relation to each class of recognised financial assets including derivatives, is the carrying amount of those assets in the balance sheet.

TM Hearthstone ICVC

TM home investor fund

Portfolio Statement

as at 30th June 2022

Holding	Market value £	Percentage of total net assets %
INVESTMENTS IN IMMOVABLE PROPERTY 82.53% (81.21%)		
Market value greater than £400,001 4.95% (4.35%)		
1 Southfields Green, Gravesend, Kent	560,000	0.77
1 Chilton Field Way, Chilton, Didcot, Oxfordshire	495,000	0.68
1 Station Road, Hertford, Hertfordshire	445,000	0.61
1 Silk Close, Buckingham, Buckinghamshire	445,000	0.61
1 Brunel Court, Barnet, Middlesex, London	425,000	0.58
1 Broom Field Way, Felpham, West Sussex	425,000	0.58
1 De Froschia Close, Calne, Wiltshire	410,000	0.56
1 Sargent Way, Broadbridge Heath, Horsham, West Sussex	405,000	0.56
	3,610,000	4.95
Market value between £300,001 and £400,000 33.50% (33.15%)		
14 Quadrant Court, Empire Way, Wembley, Greater London	5,450,000	7.48
9 Carter Drive, Broadbridge Heath, Horsham, West Sussex	3,090,000	4.24
7 Copse Drive, Rowhedge, Colchester, Essex	2,425,000	3.33
4 Pandora Close, Locks Heath, Fareham, Hampshire	1,442,500	1.98
4 Kimmerghame Terrace, Edinburgh, Lothian, Scotland	1,230,000	1.69
3 Gold Furlong, Milton Keynes, Bedfordshire	1,010,000	1.39
3 Weavers Close, Eastbourne, East Sussex	917,500	1.26
3 Henmead House, Haywards Heath, West Sussex	915,000	1.26
2 Lake View, Houghton Regis, Bedfordshire	750,000	1.03
2 Cavalry Road, Colchester, Essex	680,000	0.93
2 Wood Street, Patchway, Bristol, South Gloucestershire	660,000	0.91
2 Sword Grove, Wainscott, Rochester, Kent	660,000	0.91
2 Bishop Street, Bristol, South Gloucestershire	630,000	0.87
1 Sargent Way, Broadbridge Heath, Horsham, West Sussex	400,000	0.55
1 Beale Close, Broadbridge Heath, Horsham, West Sussex	385,000	0.53
1 Olympic Boulevard, Colchester, Essex	385,000	0.53
1 Samas Way, Dartford, Kent	370,000	0.51
1 Apollo Avenue, Peterborough, Cambridgeshire	350,000	0.48
1 Virginia Road, Dartford, Kent	345,000	0.47
1 Dragoon Road, Colchester, Essex	340,000	0.47
1 Blacksmith Lane, Colchester, Essex	340,000	0.47
1 Oakfield Road, Shifnal, Shropshire	330,000	0.45
1 Dunnock Road, Corby, Northamptonshire	330,000	0.45
1 Roman Way, Cranbrook, Devon	325,000	0.45
1 Eveas Drive, Sittingbourne, Kent	315,000	0.43
1 Mosquito Road, Cambourne, Cambridgeshire	310,000	0.43
	24,385,000	33.50
Market value between £200,001 and £300,000 34.40% (32.19%)		
13 John Brooks Avenue, Smethwick, Birmingham, West Midlands	3,220,000	4.42
13 Whitehall Drive, Broughton, Lancashire	2,998,000	4.12
8 Quadrant Court, Empire Way, Wembley, Greater London	1,935,000	2.66
6 Laxton Close, Nottingham, Nottinghamshire	1,310,000	1.80

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Portfolio Statement

as at 30th June 2022 (continued)

Holding	Market value £	Percentage of total net assets %
Market value between £200,001 and £300,000 34.40% (32.19%) (continued)		
6 Meridian Close, Nottingham, Nottinghamshire	1,310,000	1.80
4 Bishop Street, Bristol, South Gloucestershire	1,150,000	1.58
4 De Froschia Close, Calne, Wiltshire	1,137,500	1.56
3 Henmead House, Haywards Heath, West Sussex	900,000	1.23
4 Pond Close, Doncaster, Yorkshire	846,000	1.16
4 Blackfriars Road (Block 6), Salford, Greater Manchester*	840,000	1.15
3 Blackfriars Road (Block 1), Salford, Greater Manchester*	645,000	0.89
2 Sycamore Drive, Calne, Wiltshire	580,000	0.80
2 Elizabethan Way, Teignmouth, Devon	560,000	0.77
2 Carter Drive, Broadbridge Heath, Horsham, West Sussex	540,000	0.74
2 Merchant Avenue, Nottingham, Nottinghamshire	525,000	0.72
2 Spa House, Hayes, Hillingdon, London	505,000	0.69
2 Lapins Close, Nottingham, Nottinghamshire	440,000	0.60
2 Betjeman Way, Cleobury Mortimer, Shropshire	435,000	0.60
2 Blackberry Road, Doncaster, Yorkshire	435,000	0.60
2 Arneil Drive, Edinburgh, Lothian, Scotland	410,000	0.56
1 Hayburn Road, Swindon, Wiltshire	300,000	0.41
1 Brunel Court, Barnet, Middlesex, London	290,000	0.40
1 Copse Drive, Rowhedge, Colchester, Essex	285,000	0.39
1 Weavers Close, Eastbourne, East Sussex	275,000	0.38
1 Cygnet Road, Stowmarket, Suffolk	270,000	0.37
1 Mallow Road, Minster, Kent	270,000	0.37
1 Cardinal Drive, Tuffley, Gloucester, Gloucestershire	270,000	0.37
1 Chalfont Drive, Nottingham, Nottinghamshire	262,500	0.36
1 Penny Close, Nottingham, Nottinghamshire	262,500	0.36
1 Doveholes Drive, Handsworth, Sheffield, South Yorkshire	250,000	0.34
1 Beech Drive, Thornton-Cleveleys, Lancashire	240,000	0.33
1 Featherstone Court, Featherstone Road, Southall, Ealing, London	240,000	0.33
1 Paper Lane, Paulton, Bristol, Somerset	240,000	0.33
1 Rowley Mews, Pocklington, Yorks, East Riding	235,000	0.32
1 Blackfriars Road (Block 3), Salford, Greater Manchester*	215,000	0.30
1 Blackfriars Road (Block 5), Salford, Greater Manchester*	215,000	0.30
1 Chester Drive, Doncaster, Yorkshire	210,500	0.29
	25,052,000	34.40
Market value lower than £100,000 and £200,000 9.22% (10.86%)		
8 Blackfriars Road (Block 6), Salford, Greater Manchester*	1,140,000	1.57
8 124 Rea Road, Northfield, Birmingham, West Midlands	1,095,000	1.50
6 Mansion House, Salamanca Way, Colchester, Essex	972,500	1.33
4 Bennet Drive, Kirkby-in-Ashfield, Nottinghamshire	700,000	0.96
3 120 Rea Road, Northfield, Birmingham, West Midlands	405,000	0.56
2 Lythalls Lane, Coventry, West Midlands	345,000	0.47
2 Lindleys Lane, Kirkby-in-Ashfield, Nottinghamshire	335,000	0.46
2 Arneil Drive, Edinburgh, Lothian, Scotland	310,000	0.43
2 118 Rea Road, Northfield, Birmingham, West Midlands	270,000	0.37
1 Doveholes Drive, Handsworth, Sheffield, South Yorkshire	190,000	0.26
1 Owston Road, Annesley, Nottinghamshire	185,000	0.25

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Portfolio Statement

as at 30th June 2022 (continued)

Holding	Market value £	Percentage of total net assets %
Market value lower than £100,000 and £200,000 9.22% (10.86%) (continued)		
1 Lacey Grove, Annesley, Nottinghamshire	185,000	0.25
1 Pond Close, Doncaster, Yorkshire	178,500	0.25
1 Lambert Close, Erdington, Birmingham, West Midlands	150,000	0.21
1 122 Rea Road, Northfield, Birmingham, West Midlands	135,000	0.19
1 Clarendon Gardens, Bolton, Lancashire	115,000	0.16
	6,711,000	9.22
 Market value lower than £100,000 0.46% (0.66%)		
1 Leopard Lane, West Bromwich, West Midlands	95,000	0.13
1 Hobart Point, Churchfields Way, West Bromwich, West Midlands	95,000	0.13
1 Fernbeck Close, Farnworth, Bolton, Greater Manchester	90,000	0.12
1 Car parking spaces (No 25, 55, 92 & 94), Blackfriars Road, Salford, Greater Manchester	60,000	0.08
	340,000	0.46
 TOTAL IMMOVABLE PROPERTY	60,098,000	82.53
 COLLECTIVE INVESTMENT SCHEMES 9.60% (8.61%)		
20,526	BlackRock Institutional Sterling Liquidity Fund Accumulation	3,488,820 4.79
3,243,771	Federated Prime Sterling Liquidity Fund Class 08 Accumulation	3,501,975 4.81
	6,990,795	9.60
 TOTAL COLLECTIVE INVESTMENT SCHEMES	6,990,795	9.60
 Net investments 92.13% (89.82%)	67,088,795	92.13
Net other assets	5,732,374	7.87
 Total net assets	72,821,169	100.00

Note: Comparative figures shown in brackets relate to 30th June 2021.

* 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 investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

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

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Assessment of Value

A statement on the Assessment of Value is 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.

TM Hearthstone ICVC

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Sub-fund Information *(continued)*

Comparative Tables

Class A Retail Gross Accumulation

For the year to	30/06/2021 ¹ <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>
Change in Net Asset Value per Share		
Opening net asset value per share	137.52	137.42
Return before operating charges and property expenses*	3.72	4.79 ²
Operating charges	(1.37)	(2.96)
Property expenses	(1.07)	(1.73) ²
Return after operating charges and property expenses*	1.28	0.10
Distributions	(0.08)	(0.54)
Retained distributions on accumulation shares	0.08	0.54
Last net asset value per share	138.80	–
Closing net asset value per share	–	137.52
*after direct transaction costs of ³ :	0.10	0.46

Performance

Return after charges	0.93%	0.07%
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Other Information

Closing net asset value (£'000)	–	146
Closing number of shares	–	106,067
Operating charges ⁴	2.14%	2.14%
Property expense ratio ⁵	1.67%	1.25%
Direct transaction costs	0.00%	0.33%

Prices

Highest share price	138.90	138.40
Lowest share price	137.40	137.40

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 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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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class B Retail Net Accumulation

For the year to	30/06/2021 ¹ <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>
Change in Net Asset Value per Share		
Opening net asset value per share	136.04	136.04
Return before operating charges and property expenses*	3.76	4.63 ²
Operating charges	(1.35)	(2.92)
Property expenses	(1.05)	(1.71) ²
Return after operating charges and property expenses*	1.36	–
Distributions	(0.15)	(0.43)
Retained distributions on accumulation shares	0.15	0.43
Last net asset value per share	137.40	–
Closing net asset value per share	–	136.04
*after direct transaction costs of ³ :	0.10	0.46
Performance		
Return after charges	1.00%	0.00%
Other Information		
Closing net asset value (£'000)	–	89
Closing number of shares	–	65,411
Operating charges ⁴	2.14%	2.14%
Property expense ratio ⁵	1.67%	1.25%
Direct transaction costs	0.00%	0.33%
Prices		
Highest share price	137.50	136.90
Lowest share price	136.00	136.00

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 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

For the year to	30/06/2022 <i>(pence per share)</i>	30/06/2021 ¹ <i>(pence per share)</i>
Change in Net Asset Value per Share		
Opening net asset value per share	146.06	144.40
Return before operating charges and property expenses*	10.26	6.41
Operating charges	(2.18)	(1.65)
Property expenses	(1.94)	(1.78)
Return after operating charges and property expenses*	6.14	2.98
Distributions on income shares	(3.12)	(1.32)
Closing net asset value per share	149.08	146.06
*after direct transaction costs of:	0.82	0.14
Performance		
Return after charges	4.20%	2.06%
Other Information		
Closing net asset value (£'000)	255	4
Closing number of shares	170,728	2,921
Operating charges ²	1.47%	1.54%
Property expense ratio ³	1.31%	1.67%
Direct transaction costs	0.56%	0.10%
Prices		
Highest share price	149.90	147.20
Lowest share price	146.10	144.30

¹ Class C Unbundled Gross Income share class became active on 6th October 2020.

² 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 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.

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

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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class C Unbundled Gross Accumulation

For the year to	30/06/2022 <i>(pence per share)</i>	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	147.42	143.79	142.72
Return before operating charges and property expenses*	10.30	8.29	5.09 ¹
Operating charges	(2.20)	(2.24)	(2.22)
Property expenses	(1.97)	(2.42)	(1.80) ¹
Return after operating charges and property expenses*	6.13	3.63	1.07
Distributions	(1.28)	(0.81)	(1.44)
Retained distributions on accumulation shares	1.28	0.81	1.44
Closing net asset value per share	153.55	147.42	143.79
*after direct transaction costs of ² :	0.83	0.14	0.48
Performance			
Return after charges	4.16%	2.52%	0.75%
Other Information			
Closing net asset value (£'000)	15,022	11,992	10,107
Closing number of shares	9,783,057	8,134,472	7,029,123
Operating charges ³	1.47%	1.54%	1.54%
Property expense ratio ⁴	1.31%	1.67%	1.25%
Direct transaction costs	0.56%	0.10%	0.33%
Prices			
Highest share price	153.60	147.50	144.50
Lowest share price	147.40	143.80	142.80

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 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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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class D Unbundled Net Income

For the year to	30/06/2022 <i>(pence per share)</i>	30/06/2021 ¹ <i>(pence per share)</i>
Change in Net Asset Value per Share		
Opening net asset value per share	144.39	144.10
Return before operating charges and property expenses*	9.26	0.53
Operating charges	(2.14)	(0.08)
Property expenses	(1.92)	(0.08)
Return after operating charges and property expenses*	5.20	0.37
Distributions on income shares	(2.18)	(0.08)
Closing net asset value per share	147.41	144.39
 *after direct transaction costs of:	 0.81	 0.14
Performance		
Return after charges	3.60%	0.26%
Other Information		
Closing net asset value (£'000)	632	6
Closing number of shares	428,847	4,266
Operating charges ²	1.47%	1.54%
Property expense ratio ³	1.31%	1.67%
Direct transaction costs	0.56%	0.10%
Prices		
Highest share price	148.10	144.50
Lowest share price	144.40	144.10

¹ Class D Unbundled Net Income share class became active on 18th June 2021.

² 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 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.

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

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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class D Unbundled Net Accumulation

For the year to	30/06/2022 <i>(pence per share)</i>	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	144.44	141.03	140.25
Return before operating charges and property expenses*	9.84	7.97	4.73 ¹
Operating charges	(2.16)	(2.19)	(2.18)
Property expenses	(1.93)	(2.37)	(1.77) ¹
Return after operating charges and property expenses*	5.75	3.41	0.78
Distributions	(0.99)	(0.65)	(1.13)
Retained distributions on accumulation shares	0.99	0.65	1.13
Closing net asset value per share	150.19	144.44	141.03
*after direct transaction costs of ² :	0.82	0.14	0.47
Performance			
Return after charges	3.98%	2.42%	0.56%
Other Information			
Closing net asset value (£'000)	2,363	1,899	2,528
Closing number of shares	1,573,669	1,314,643	1,792,730
Operating charges ³	1.47%	1.54%	1.54%
Property expense ratio ⁴	1.31%	1.67%	1.25%
Direct transaction costs	0.56%	0.10%	0.33%
Prices			
Highest share price	150.20	144.50	141.80
Lowest share price	144.40	141.00	140.30

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 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.

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class E Institutional Gross Income

For the year to	30/06/2022 <i>(pence per share)</i>	30/06/2021 ¹ <i>(pence per share)</i>
Change in Net Asset Value per Share		
Opening net asset value per share	147.41	146.20
Return before operating charges and property expenses*	10.26	8.23
Operating charges	(1.97)	(2.05)
Property expenses	(1.96)	(2.45)
Return after operating charges and property expenses*	6.33	3.73
Distributions on income shares	(3.06)	(2.52)
Closing net asset value per share	150.68	147.41
*after direct transaction costs of:	0.83	0.14
Performance		
Return after charges	4.29%	2.55%
Other Information		
Closing net asset value (£'000)	35,373	32,656
Closing number of shares	23,476,181	22,153,015
Operating charges ²	1.32%	1.39%
Property expense ratio ³	1.31%	1.67%
Direct transaction costs	0.56%	0.10%
Prices		
Highest share price	151.50	149.40
Lowest share price	147.50	146.20

¹ Class E Institutional Gross Income share class became active on 1st July 2020.

² 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 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.

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class E Institutional Gross Accumulation

For the year to	30/06/2022 <i>(pence per share)</i>	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	149.84	146.17	144.86
Return before operating charges and property expenses*	10.45	8.16	5.17 ¹
Operating charges	(2.01)	(2.04)	(2.03)
Property expenses	(2.00)	(2.45)	(1.83) ¹
Return after operating charges and property expenses*	6.44	3.67	1.31
Distributions	(1.52)	(0.11)	(1.68)
Retained distributions on accumulation shares	1.52	0.11	1.68
Closing net asset value per share	156.28	149.84	146.17
*after direct transaction costs of ² :	0.85	0.14	0.49
Performance			
Return after charges	4.30%	2.51%	0.90%
Other Information			
Closing net asset value (£'000)	195	242	29,682
Closing number of shares	124,526	161,344	20,307,203
Operating charges ³	1.32%	1.39%	1.39%
Property expense ratio ⁴	1.31%	1.67%	1.25%
Direct transaction costs	0.56%	0.10%	0.33%
Prices			
Highest share price	156.30	149.90	146.80
Lowest share price	149.80	146.10	144.90

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 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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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class F Institutional Net Accumulation

For the year to	30/06/2022 <i>(pence per share)</i>	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	146.71	143.04	142.04
Return before operating charges and property expenses*	9.96	8.08	4.78 ¹
Operating charges	(1.97)	(2.01)	(1.99)
Property expenses	(1.96)	(2.40)	(1.79) ¹
Return after operating charges and property expenses*	6.03	3.67	1.00
Distributions	(1.19)	(0.87)	(1.31)
Retained distributions on accumulation shares	1.19	0.87	1.31
Closing net asset value per share	152.74	146.71	143.04
*after direct transaction costs of ² :	0.83	0.14	0.48
Performance			
Return after charges	4.11%	2.57%	0.70%
Other Information			
Closing net asset value (£'000)	2,323	2,159	2,216
Closing number of shares	1,520,969	1,471,785	1,549,221
Operating charges ³	1.32%	1.39%	1.39%
Property expense ratio ⁴	1.31%	1.67%	1.25%
Direct transaction costs	0.56%	0.10%	0.33%
Prices			
Highest share price	152.80	146.80	143.70
Lowest share price	146.70	143.10	142.10

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 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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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class G Institutional Net Income

For the year to	30/06/2022 <i>(pence per share)</i>	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	131.77	129.23	129.58
Return before operating charges and property expenses*	8.90	7.32	4.29 ¹
Operating charges	(1.76)	(1.81)	(1.81)
Property expenses	(1.75)	(2.18)	(1.63) ¹
Return after operating charges and property expenses*	5.39	3.33	0.85
Distributions on income shares	(1.06)	(0.79)	(1.20)
Closing net asset value per share	136.10	131.77	129.23
*after direct transaction costs of ² :	0.74	0.13	0.43
Performance			
Return after charges	4.09%	2.58%	0.66%
Other Information			
Closing net asset value (£'000)	118	430	274
Closing number of shares	86,379	326,105	211,758
Operating charges ³	1.32%	1.39%	1.39%
Property expense ratio ⁴	1.31%	1.67%	1.25%
Direct transaction costs	0.56%	0.10%	0.33%
Prices			
Highest share price	136.40	132.10	130.30
Lowest share price	131.80	129.30	129.30

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 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

For the year to	30/06/2022 <i>(pence per share)</i>	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	149.17	144.21	141.84
Return before operating charges and property expenses*	10.46	8.33	5.09 ¹
Operating charges	(0.87)	(0.94)	(0.92)
Property expenses	(2.00)	(2.43)	(1.80) ¹
Return after operating charges and property expenses*	7.59	4.96	2.37
Distributions	(2.66)	(2.12)	(2.73)
Retained distributions on accumulation shares	2.66	2.12	2.73
Closing net asset value per share	156.76	149.17	144.21
*after direct transaction costs of ² :	0.85	0.14	0.48
Performance			
Return after charges	5.09%	3.44%	1.67%
Other Information			
Closing net asset value (£'000)	16,540	13,559	16,140
Closing number of shares	10,551,189	9,089,698	11,192,305
Operating charges ³	0.57%	0.64%	0.64%
Property expense ratio ⁴	1.31%	1.67%	1.25%
Direct transaction costs	0.56%	0.10%	0.33%
Prices			
Highest share price	156.80	149.20	144.60
Lowest share price	149.20	144.20	141.90

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 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 X Accumulation

For the year to	30/06/2022 <i>(pence per share)</i>	30/06/2021 <i>(pence per share)</i>	30/06/2020 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	140.50	137.36	136.78
Return before operating charges and property expenses*	(2.49)	7.86	4.70 ¹
Operating charges	(2.37)	(2.41)	(2.40)
Property expenses	(1.86)	(2.31)	(1.72) ¹
Return after operating charges and property expenses*	(6.72)	3.14	0.58
Distributions	(0.54)	(0.46)	(0.94)
Retained distributions on accumulation shares	0.54	0.46	0.94
Closing net asset value per share	133.78	140.50	137.36
*after direct transaction costs of ² :	0.79	0.14	0.46
Performance			
Return after charges	(4.78%)	2.29%	0.42%
Other Information			
Closing net asset value (£'000)	–	60	46
Closing number of shares	16	42,508	33,159
Operating charges ³	1.67%	1.74%	1.74%
Property expense ratio ⁴	1.31%	1.67%	1.25%
Direct transaction costs	0.56%	0.10%	0.33%
Prices			
Highest share price	147.60	140.60	138.10
Lowest share price	140.50	137.40	136.90

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 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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Statement of Total Return

for the year ended 30th June 2022

	Notes	£'000	2022 £'000	£'000	2021 £'000
Income					
Net capital gains	5		2,321		1,174
Revenue	7	2,603		2,265	
Expenses	8	(1,779)		(1,786)	
Net revenue before taxation		824		479	
Taxation	9	—		—	
Net revenue after taxation for the year			824		479
Total return before distributions			3,145		1,653
Distributions	10		(1,198)		(837)
Change in net assets attributable to shareholders from investment activities			1,947		816

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30th June 2022

	Note	£'000	2022 £'000	£'000	2021 £'000
Opening net assets attributable to shareholders			63,007		61,228
Amounts receivable on issue of shares		19,271		13,787	
Amounts payable on cancellation of shares		(11,861)		(13,113)	
			7,410		674
Change in net assets attributable to shareholders from investment activities			1,947		816
Retained distribution on accumulation shares	10		457		289
Closing net assets attributable to shareholders			72,821		63,007

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Balance Sheet

as at 30th June 2022

	Notes	2022 £'000	2021 £'000
Assets			
Fixed assets:			
Investment Properties ¹	11	60,098	51,167
Investment in Collective Investment Schemes		6,991	5,425
Current assets:			
Debtors	12	191	1,894
Cash and bank balances		6,113	5,229
Total assets		73,393	63,715
Liabilities			
Creditors:			
Distributions payable		(191)	(429)
Other creditors	13	(381)	(279)
Total liabilities		(572)	(708)
Net assets attributable to shareholders		72,821	63,007

¹ A Material Valuation Uncertainty clause has been attached to the valuation of the Spectrum properties which have been certified by the SIV. For further information refer to the 'Important Information' section on page 5.

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Cash Flow Statement

for the year ended 30th June 2022

	2022 £'000	2021 £'000
Cash flows from operating activities:		
Change in net assets attributable to shareholders from investment activities	1,947	816
Distributions	1,198	837
Net capital gains/(losses):		
Non-derivative gains/(losses)	14	(25)
Immovable properties	(2,335)	(1,149)
Increase in creditors	3	28
Increase in debtors	(17)	(23)
Net cash inflow from operating activities	810	484
Cash flows from investing activities:		
Payments to acquire investments	(8,191)	(504)
Receipts from sales of investments	–	1,699
Net cash (outflow)/inflow from investing activities	(8,191)	1,195
Cash flows from financing activities:		
Amounts received on creations of shares	21,007	12,000
Amounts paid on cancellation of shares	(11,774)	(13,039)
Distributions paid	(970)	(126)
Bank Interest received	2	–
Net cash inflow/(outflow) from financing activities	8,265	(1,165)
Net increase in cash and cash equivalents in year	884	514
Cash and cash equivalents at the start of the year	5,229	4,715
Cash and cash equivalents at the end of the year	6,113	5,229

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Notes to the Financial Statements

for the year ended 30th June 2022

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

Net capital gains comprise:

	2022 £'000	2021 £'000
Immovable properties ¹	2,310	1,191
Non-derivative securities ²	14	(17)
Currency losses	(3)	–
Net capital gains	<u>2,321</u>	<u>1,174</u>

¹ Includes realised losses of £386,897 and unrealised gains of £2,679,000 (30th June 2021: realised gains of £90,490 and unrealised gains of £1,100,207).

² Includes realised gains/losses of £Nil and unrealised gains of £13,814 (30th June 2021: realised losses of £348 and unrealised losses of £16,095).

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.

Analysis of direct transaction costs for the year ended 30th June 2022:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
Purchases						
Collective Investment Schemes	1,550	–	–	1,550	–	–
	<u>1,550</u>	<u>–</u>	<u>–</u>	<u>1,550</u>	<u>–</u>	<u>–</u>
Sales						
Collective Investment Schemes	–	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		–%	–%			

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Notes to the Financial Statements

for the year ended 30th June 2022 (continued)

6. Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30th June 2021:

	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		–%	–%			

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was Nil% (30th June 2021: 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

	2022 £'000	2021 £'000
Rental revenue	2,598	2,247
CIS interest	2	18
Bank interest	3	–
	2,603	2,265

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Notes to the Financial Statements

for the year ended 30th June 2022 (continued)

8. Expenses

	2022 £'000	2021 £'000
Payable to the ACD or associates of the ACD:		
ACD's periodic charge	430	367
	430	367
Payable to the Depositary or associates of the Depositary:		
Depositary's fee	120	120
	120	120
Other expenses:		
Administration fees	120	108
AIFMD fees	2	2
Audit fees ¹	26	25
SIV fees	78	75
Legal fees	10	16
Property expenses	942	1,032
Registration fees	45	37
Printing fees	2	2
Reporting fees	4	2
	1,229	1,299
Total expenses:	1,779	1,786

¹ Total audit fees of £21,900 (30th June 2021: £20,837), exclusive of VAT.

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Notes to the Financial Statements

for the year ended 30th June 2022 (continued)

9. Taxation

	2022 £'000	2021 £'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	824	479
Net revenue multiplied by the standard rate of corporation tax of 20% (2021: 20%)	165	96
Effects of:		
Property income (tax exempt)	(162)	(101)
Tax due to timing differences	(3)	5
Total tax charge (note 9a)	–	–

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Notes to the Financial Statements

for the year ended 30th June 2022 (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:

	2022 £'000	2021 £'000
First interim distribution	164	59
First interim accumulation	92	82
Second interim distribution	200	44
Second interim accumulation	141	82
Third interim distribution	179	18
Third interim accumulation	114	31
Final distribution	187	428
Final accumulation	110	94
Income tax deducted at source	10	5
	1,197	843
Add: Revenue deducted on shares cancelled	18	13
Deduct: Revenue received on shares issued	(17)	(19)
Net distribution for the year	1,198	837

11. Movement schedule – Investment properties

	2022 £'000	2021 £'000
Opening fair value balance	51,167	50,565
Purchases	6,234	465
Disposals at cost	–	(936)
Net gains from fair value adjustment	2,697	1,073
Ending fair value balance	60,098	51,167

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

12. Debtors

	2022 £'000	2021 £'000
Accrued revenue	106	90
Amounts receivable for issue of shares	85	1,804
	191	1,894

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Notes to the Financial Statements

for the year ended 30th June 2022 (continued)

13. Other creditors

	2022 £'000	2021 £'000
Accrued expenses	180	177
Amounts payable for the cancellation of shares	192	87
Purchases awaiting settlement	9	15
	<u>381</u>	<u>279</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. £37,091 (30th June 2021: £32,498) 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

There are no contingent assets, liabilities and outstanding commitments as at 30th June 2022 (30th June 2021: £Nil).

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Notes to the Financial Statements

for the year ended 30th June 2022 (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 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 C Unbundled Gross Income	2,921	175,983	(8,176)	–	170,728
Class C Unbundled Gross Accumulation	8,134,472	3,539,051	(1,969,705)	79,239	9,783,057
Class D Unbundled Net Income	4,266	221,168	(15,168)	218,581	428,847
Class D Unbundled Net Accumulation	1,314,643	678,945	(327,267)	(92,652)	1,573,669
Class E Institutional Gross Income	22,153,015	1,323,166	–	–	23,476,181
Class E Institutional Gross Accumulation	161,344	–	–	(36,818)	124,526
Class F Institutional Net Accumulation	1,471,785	–	–	49,184	1,520,969
Class G Institutional Net Income	326,105	–	(87)	(239,639)	86,379
Class H Gross Accumulation	9,089,698	6,958,535	(5,497,044)	–	10,551,189
Class X Accumulation	42,508	1,141	(43,633)	–	16

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Notes to the Financial Statements

for the year ended 30th June 2022 (continued)

18. Fair Value Measurement

Valuation technique as at 30th June 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £000
Assets				
Collective Investment Schemes	–	6,991	–	6,991
Properties	–	–	60,098	60,098
	–	6,991	60,098	67,089
<hr/>				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £000
Valuation technique as at 30th June 2021				
Assets				
Collective Investment Schemes	–	5,425	–	5,425
Properties	–	–	51,167	51,167
	–	5,425	51,167	56,592

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 2022 (continued)

19. Property Transaction Costs

As at 30th June 2022	£'000	% of costs	% of Average Net Assets
Analysis of total purchase costs			
Property purchases in period before transaction costs	5,835		
Stamp duty	248	4.25	0.35
Agent's fee	90	1.54	0.12
Legal fee	19	0.32	0.03
Depositary's fee	17	0.29	0.02
Valuation fee	6	0.12	0.01
Other capitalised fee/expense	19	0.33	0.03
Total property purchase costs	<u>399</u>	<u>6.85</u>	<u>0.56</u>
Gross purchases total	<u>6,234</u>		
Analysis of total sale costs			
Gross Property Sales before transaction costs	–		
Agent's fee	–	–	–
Legal fee	–	–	–
Depositary's fee	–	–	–
Total sale costs	<u>–</u>	<u>–</u>	<u>–</u>
Total sales net of transaction costs	<u>–</u>		

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	<u>27</u>	<u>5.77</u>	<u>0.04</u>
Gross purchases total	<u>465</u>		
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	<u>(32)</u>	<u>3.10</u>	<u>0.05</u>
Total sales net of transaction costs	<u>1,034</u>		

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Notes to the Financial Statements

for the year ended 30th June 2022 (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.

As at year end 30th June 2022, the total leverage in the Company, using the commitment approach, did not exceed 100% (gross 100%, commitment 100%). Given that the exposure of the Company is 100% of NAV, this means that no leverage was employed by the Company.

21. Post Balance Sheet Events

The latest NAV per Class E Institutional Gross Income of 151.54p as at the close of business on 25th October 2022 had increased on average across the share classes by 0.57% compared to the NAV at the year end of 150.68p.

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Distribution Tables

for the year ended 30th June 2022

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

Group 1: Shares purchased prior to 1st July 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 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	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	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 B Retail Net Accumulation (in pence per share)*

Group 1: Shares purchased prior to 1st July 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 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	0.0038
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0038
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st July 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 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	0.7606	0.0000	0.7606	–	0.7606	0.0000
2	0.1800	0.0000	0.1800	0.5806	0.7606	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 C Unbundled Gross Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st July 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.2312	0.0000	0.2312	–	0.2312	0.2330
2	0.1957	0.0000	0.1957	0.0355	0.2312	0.2330
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st July 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 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	0.7100	0.1420	0.5680	–	0.5680	0.0000
2	0.6951	0.1390	0.5561	0.0119	0.5680	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 D Unbundled Net Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st July 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.2240	0.0448	0.1792	–	0.1792	0.1687
2	0.1059	0.0212	0.0847	0.0945	0.1792	0.1687
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st July 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 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	0.6945	0.0000	0.6945	–	0.6945	0.2920
2	0.6232	0.0000	0.6232	0.0713	0.6945	0.2920
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 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.2868	0.0000	0.2868	–	0.2868	0.1090
2	0.2868	0.0000	0.2868	0.0000	0.2868	0.1090
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st July 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.2829	0.0566	0.2263	–	0.2263	0.2367
2	0.2829	0.0566	0.2263	0.0000	0.2263	0.2367
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 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 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	0.2503	0.0501	0.2002	–	0.2002	0.2128
2	0.2503	0.0501	0.2002	0.0000	0.2002	0.2128
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st July 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 2021

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.5714	0.0000	0.5714	–	0.5714	0.5655
2	0.5462	0.0000	0.5462	0.0252	0.5714	0.5655
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 2021

Group 2: Shares purchased on or after 1st July 2021 to 30th September 2021

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
Property Revenue Stream						
1	0.1319	0.0264	0.1055	–	0.1055	0.1270
2	0.1319	0.0264	0.1055	0.0000	0.1055	0.1270
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st October 2021

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

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0845
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0845
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 2021

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

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.1434
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.1434
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st October 2021

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

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	0.8482	0.0000	0.8482	–	0.8482	0.1643
2	0.2942	0.0000	0.2942	0.5540	0.8482	0.1643
Interest Stream						
1	0.0005	0.0000	0.0005	–	0.0005	0.0000
2	0.0002	0.0000	0.0002	0.0003	0.0005	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 2021

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

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.4192	0.0000	0.4192	–	0.4192	0.2259
2	0.2063	0.0000	0.2063	0.2129	0.4192	0.2259
Interest Stream						
1	0.0002	0.0000	0.0002	–	0.0002	0.0000
2	0.0001	0.0000	0.0001	0.0001	0.0002	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 2022 (continued)

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

Group 1: Shares purchased prior to 1st October 2021

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

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	0.6896	0.1379	0.5517	–	0.5517	0.0000
2	0.4553	0.0911	0.3642	0.1875	0.5517	0.0000
Interest Stream						
1	0.0002	0.0000	0.0002	–	0.0002	0.0000
2	0.0001	0.0000	0.0001	0.0001	0.0002	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 D Unbundled Net Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st October 2021

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

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.4099	0.0820	0.3279	–	0.3279	0.2084
2	0.2069	0.0414	0.1655	0.1624	0.3279	0.2084
Interest Stream						
1	0.0002	0.0000	0.0002	–	0.0002	0.0000
2	0.0001	0.0000	0.0001	0.0001	0.0002	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 2022 (continued)

Second Interim Distribution Class E Institutional Gross Income (in pence per share)

Group 1: Shares purchased prior to 1st October 2021

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

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	0.8370	0.0000	0.8370	–	0.8370	0.2242
2	0.1064	0.0000	0.1064	0.7306	0.8370	0.2242
Interest Stream						
1	0.0002	0.0000	0.0002	–	0.0002	0.0000
2	0.0000	0.0000	0.0000	0.0002	0.0002	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 E Institutional Gross Accumulation (in pence per share)****

Group 1: Shares purchased prior to 1st October 2021

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

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.4845	0.0000	0.4845	–	0.4845	0.0000
2	0.4845	0.0000	0.4845	0.0000	0.4845	0.0000
Interest Stream						
1	0.0002	0.0000	0.0002	–	0.0002	0.0000
2	0.0000	0.0000	0.0000	0.0002	0.0002	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 2022 (continued)

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

Group 1: Shares purchased prior to 1st October 2021

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

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.4735	0.0947	0.3788	–	0.3788	0.2660
2	0.4735	0.0947	0.3788	0.0000	0.3788	0.2660
Interest Stream						
1	0.0002	0.0000	0.0002	–	0.0002	0.0000
2	0.0002	0.0000	0.0002	0.0000	0.0002	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 G Institutional Net Income (in pence per share) ****

Group 1: Shares purchased prior to 1st October 2021

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

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	0.4363	0.0873	0.3490	–	0.3490	0.2406
2	0.4363	0.0873	0.3490	0.0000	0.3490	0.2406
Interest Stream						
1	0.0002	0.0000	0.0002	–	0.0002	0.0000
2	0.0002	0.0000	0.0002	0.0000	0.0002	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 2022 (continued)

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

Group 1: Shares purchased prior to 1st October 2021

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

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.7680	0.0000	0.7680	–	0.7680	0.5561
2	0.3786	0.0000	0.3786	0.3894	0.7680	0.5561
Interest Stream						
1	0.0002	0.0000	0.0002	–	0.0002	0.0000
2	0.0001	0.0000	0.0001	0.0001	0.0002	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 X Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st October 2021

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

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.3286	0.0657	0.2629	–	0.2629	0.1662
2	0.2070	0.0414	0.1656	0.0973	0.2629	0.1662
Interest Stream						
1	0.0002	0.0000	0.0002	–	0.0002	0.0000
2	0.0001	0.0000	0.0001	0.0001	0.0002	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 2022 (continued)

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

Group 1: Shares purchased prior to 1st January 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue 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
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 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue 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
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st January 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	0.7395	0.0000	0.7395	–	0.7395	0.0473
2	0.3813	0.0000	0.3813	0.3582	0.7395	0.0473
Interest Stream						
1	0.0036	0.0000	0.0036	–	0.0036	0.0000
2	0.0019	0.0000	0.0019	0.0017	0.0036	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 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.3084	0.0000	0.3084	–	0.3084	0.0247
2	0.1715	0.0000	0.1715	0.1369	0.3084	0.0247
Interest Stream						
1	0.0028	0.0000	0.0028	–	0.0028	0.0000
2	0.0016	0.0000	0.0016	0.0012	0.0028	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 2022 (continued)

Third Interim Distribution Class D Unbundled Net Income (in pence per share)

Group 1: Shares purchased prior to 1st January 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.7633	0.1527	0.6106	–	0.6106	0.0137
2	0.0000	0.0000	0.0000	0.6106	0.6106	0.0137
Interest Stream						
1	0.0031	0.0000	0.0031	–	0.0031	0.0000
2	0.0000	0.0000	0.0000	0.0031	0.0031	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 D Unbundled Net Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st January 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.3028	0.0606	0.2422	–	0.2422	0.0137
2	0.1684	0.0337	0.1347	0.1075	0.2422	0.0137
Interest Stream						
1	0.0029	0.0000	0.0029	–	0.0029	0.0000
2	0.0016	0.0000	0.0016	0.0013	0.0029	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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Third Interim Distribution Class E Institutional Gross Income (in pence per share)

Group 1: Shares purchased prior to 1st January 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	0.7479	0.0000	0.7479	–	0.7479	0.0797
2	0.4023	0.0000	0.4023	0.3456	0.7479	0.0797
Interest Stream						
1	0.0029	0.0000	0.0029	–	0.0029	0.0000
2	0.0016	0.0000	0.0016	0.0013	0.0029	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 E Institutional Gross Accumulation (in pence per share)****

Group 1: Shares purchased prior to 1st January 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.3705	0.0000	0.3705	–	0.3705	0.0000
2	0.3705	0.0000	0.3705	0.0000	0.3705	0.0000
Interest Stream						
1	0.0029	0.0000	0.0029	–	0.0029	0.0000
2	0.0029	0.0000	0.0029	0.0000	0.0029	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 2022 (continued)

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

Group 1: Shares purchased prior to 1st January 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.3633	0.0727	0.2906	–	0.2906	0.0605
2	0.3633	0.0727	0.2906	0.0000	0.2906	0.0605
Interest Stream						
1	0.0029	0.0000	0.0029	–	0.0029	0.0000
2	0.0029	0.0000	0.0029	0.0000	0.0029	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 Income Class G Institutional Net Income (in pence per share)****

Group 1: Shares purchased prior to 1st January 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	0.3250	0.0650	0.2600	–	0.2600	0.0584
2	0.3250	0.0650	0.2600	0.0000	0.2600	0.0584
Interest Stream						
1	0.0026	0.0000	0.0026	–	0.0026	0.0000
2	0.0026	0.0000	0.0026	0.0000	0.0026	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 2022 (continued)

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

Group 1: Shares purchased prior to 1st January 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.6540	0.0000	0.6540	–	0.6540	0.3449
2	0.3820	0.0000	0.3820	0.2720	0.6540	0.3449
Interest Stream						
1	0.0029	0.0000	0.0029	–	0.0029	0.0000
2	0.0017	0.0000	0.0017	0.0012	0.0029	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 X Accumulation (in pence per share)****

Group 1: Shares purchased prior to 1st January 2022

Group 2: Shares purchased on or after 1st January 2022 to 31st March 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.2104	0.0421	0.1683	–	0.1683	0.0000
2	0.2104	0.0421	0.1683	0.0000	0.1683	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 2022 (continued)

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

Group 1: Shares purchased prior to 1st April 2022

Group 2: Shares purchased on or after 1st April 2022 to 30th June 2022

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2022 Net Distribution Payable	2021 Net Distribution Paid
Property Revenue Stream						
1	0.7575	0.0000	0.7575	–	0.7575	1.0675
2	0.5146	0.0000	0.5146	0.2429	0.7575	1.0675
Interest Stream						
1	0.0083	0.0000	0.0083	–	0.0083	0.0390
2	0.0056	0.0000	0.0056	0.0027	0.0083	0.0390
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 2022

Group 2: Shares purchased on or after 1st April 2022 to 30th June 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.3053	0.0000	0.3053	–	0.3053	0.2937
2	0.1925	0.0000	0.1925	0.1128	0.3053	0.2937
Interest Stream						
1	0.0081	0.0000	0.0081	–	0.0081	0.0287
2	0.0051	0.0000	0.0051	0.0030	0.0081	0.0287
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st April 2022

Group 2: Shares purchased on or after 1st April 2022 to 30th June 2022

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2022 Net Distribution Payable	2021 Net Distribution Paid
Property Revenue Stream						
1	0.5510	0.1102	0.4408	–	0.4408	0.0529
2	0.1823	0.0365	0.1458	0.2950	0.4408	0.0529
Interest Stream						
1	0.0069	0.0000	0.0069	–	0.0069	0.0277
2	0.0023	0.0000	0.0023	0.0046	0.0069	0.0277
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 2022

Group 2: Shares purchased on or after 1st April 2022 to 30th June 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.1623	0.0325	0.1298	–	0.1298	0.2309
2	0.0799	0.0160	0.0639	0.0659	0.1298	0.2309
Interest Stream						
1	0.1125	0.0000	0.1125	–	0.1125	0.0284
2	0.0553	0.0000	0.0553	0.0572	0.1125	0.0284
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st April 2022

Group 2: Shares purchased on or after 1st April 2022 to 30th June 2022

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 15)	2022 Net Distribution Payable	2021 Net Distribution Paid
Property Revenue Stream						
1	0.7733	0.0000	0.7733	–	0.7733	1.8988
2	0.4297	0.0000	0.4297	0.3436	0.7733	1.8988
Interest Stream						
1	0.0079	0.0000	0.0079	–	0.0079	0.0283
2	0.0044	0.0000	0.0044	0.0035	0.0079	0.0283
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 2022

Group 2: Shares purchased on or after 1st April 2022 to 30th June 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.3684	0.0000	0.3684	–	0.3684	0.0000
2	0.3684	0.0000	0.3684	0.0000	0.3684	0.0000
Interest Stream						
1	0.0082	0.0000	0.0082	–	0.0082	0.0000
2	0.0082	0.0000	0.0082	0.0000	0.0082	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 2022 (continued)

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

Group 1: Shares purchased prior to 1st April 2022

Group 2: Shares purchased on or after 1st April 2022 to 30th June 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.2353	0.0471	0.1882	–	0.1882	0.2786
2	0.2353	0.0471	0.1882	0.0000	0.1882	0.2786
Interest Stream						
1	0.1028	0.0000	0.1028	–	0.1028	0.0312
2	0.1028	0.0000	0.1028	0.0000	0.1028	0.0312
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 2022

Group 2: Shares purchased on or after 1st April 2022 to 30th June 2022

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 15)	2022 Net Distribution Payable	2021 Net Distribution Paid
Property Revenue Stream						
1	0.0375	0.0075	0.0300	–	0.0300	0.2506
2	0.0375	0.0075	0.0300	0.0000	0.0300	0.2506
Interest Stream						
1	0.2134	0.0000	0.2134	–	0.2134	0.0279
2	0.2134	0.0000	0.2134	0.0000	0.2134	0.0279
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 2022 (continued)

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

Group 1: Shares purchased prior to 1st April 2022

Group 2: Shares purchased on or after 1st April 2022 to 30th June 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.6593	0.0000	0.6593	–	0.6593	0.6299
2	0.4183	0.0000	0.4183	0.2410	0.6593	0.6299
Interest Stream						
1	0.0077	0.0000	0.0077	–	0.0077	0.0271
2	0.0049	0.0000	0.0049	0.0028	0.0077	0.0271
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 2022

Group 2: Shares purchased on or after 1st April 2022 to 30th June 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 15)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.1700
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.1700
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0010
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

** 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 were no group 2 shares for this period.

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

There was no split made to Interest Stream and Dividend Stream due to immateriality for the period from 1st July 2021 to 30th September 2021 of the current period.

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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.



Thesis Unit Trust Management Limited
Exchange Building
St. John's Street
Chichester
West Sussex PO19 1UP
www.tutman.co.uk