## A straightforward way to invest in over 200 properties across the UK

For many, home ownership is the ultimate savings and investment goal; whether a home to live in, or a portfolio of buy-to-let properties. However, there can be many hurdles. The obvious one is the significant initial deposit required and the need to find a willing mortgage lender. For the lucky few who are able to put the financing together, there are a myriad of further headaches, from taxes and fees for solicitors and agents, to the hassle of maintaining a property 24/7.

Over the recent years, a range of alternatives to investing directly in bricks and mortar have sprung up, such as property crowdfunding, peer to peer lending or property bonds. Another route – and a far more traditional one – is investing via a collective fund that in turn buys and holds bricks and mortar homes.

## How does it work ?

From as little as £100, an investor buys units in a collective fund. The investor's money is then pooled in the collective fund with other investors' monies, and the aggregate amount is used to buy and hold residential flats and houses across the UK which are then rented out. When the investor decides (s)he wants the money back, (s)he simply redeems the units of the fund, without having to worry about finding a buyer for the fund, or indeed the properties. Many collective investments are authorised and regulated by the FCA, and can be invested in directly or with the help of a financial adviser. Properties in an authorised fund are valued by independent valuers, and the fund's accounts are independently audited. Authorised funds are also covered by the UK Financial Services Compensation Scheme.

Hearthstone Investments launched the UK's first bricks and mortar residential property fund available for retail investors over 6 years ago. They have seen demand for the fund from customers with a range of different needs:

**Saving for a deposit:** A residential property fund can be of interest for investors saving for a deposit – whether first time buyers or parents, grandparents, friends and family helping others get on the property ladder. Whilst keeping savings for a future deposit in cash is the least risky option (ignoring inflation for a moment), a fund aiming to track UK house price growth gives savings a chance of keeping pace with house prices, which can make a big difference over 5, 10 or more years.

**An alternative to buy to let:** Recent tax and regulatory changes made buy-to-let investing less attractive for some investors. A residential property fund can be an alternative way of investing in UK residential property. As a fund is permissible within an ISA (Individual Savings Account), the investment can be tax efficient. And, critically, hassle free as the management of the properties is taken care of by the Fund Manager.

**Diversifying an investment portfolio:** Adding residential property to a diversified, multi-asset portfolio can enhance diversification, particularly for defensive portfolios. Residential property investment returns, which are a combination of capital growth and rental income, have historically shown low or negative relationships to returns from Equities, Bonds and Commercial property. Interestingly - and for some maybe somewhat counterintuitively - during the Financial Crisis in 2006-08, residential property in the UK fell by far less (- 13%) compared to Equities (-46%), Corporate Bonds (-24%) or Commercial Property (-36%) {Source: Investment Association, ABI, LSL ACA Data} www.homeinvestor.fund

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Property may not deliver the returns over the next decade that fortunate owners have enjoyed over the past 30 to 40 years. For those who don't feel inclined to take the risk on a giant mortgage but want to keep their options open, an authorised collective fund holding residential property can provide buy in at lower cost.

## TM home investor fund – Key Facts

- Holds over 200 properties across the UK, with no exposure in prime London
- No leverage or gearing – No loans/mortgages are taken out
- Daily liquidity, i.e. investors can invest and redeem on a daily basis
- Permitted via tax efficient ISA as well as other tax efficient vehicles such as SIPP, Trusts and offshore bonds
- FCS authorised
- Covered by FSCS (The Financial Services Compensation Scheme)
- Elite rated by FundCalibre

*Investing involves risk. Investors should be aware that the value of an investment and the income from it can fall as well as rise, and they may not receive back the full amount they invest. Past performance is not a reliable indicator of future results.*

*Hearthstone Investments PLC is the parent company of the Hearthstone Investments Group. Regulated business is carried out by Hearthstone Asset Management Limited. Hearthstone Asset Management Limited is an appointed representative of Thesis Asset Management Limited which is authorised and regulated by the Financial Conduct Authority (114354).*

## Like to know more?

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