

PAIF Class D Shares - Retail Unbundled (Net)

Fund Fact Sheet : 30 November 2017

The TM Hearthstone UK Residential Property Fund is the UK's first Financial Conduct Authority regulated residential Property Authorised Investment Fund (PAIF)

This factsheet is for information only. It is not designed to provide advice on the suitability of an investment for your personal financial situation. If you have any questions regarding the information included in this factsheet, you are recommended to speak to a financial adviser.

Investment Objective

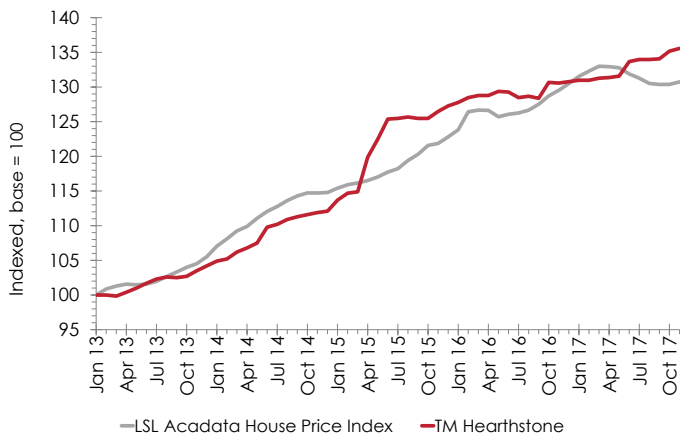
The Fund invests in private rented sector housing across the mainland UK regions and aims to capture UK house price growth plus provide an element of income return. The property investment manager, Hearthstone Asset Management, uses quantitative asset allocation methods and qualitative regional stock selection to build a portfolio of assets reflecting the distribution of UK mainland housing stock. These properties are let under assured shorthold tenancy agreements (AST's) and corporate lets. Investment returns comprise capital growth and rental income.

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

Fund v. Benchmark

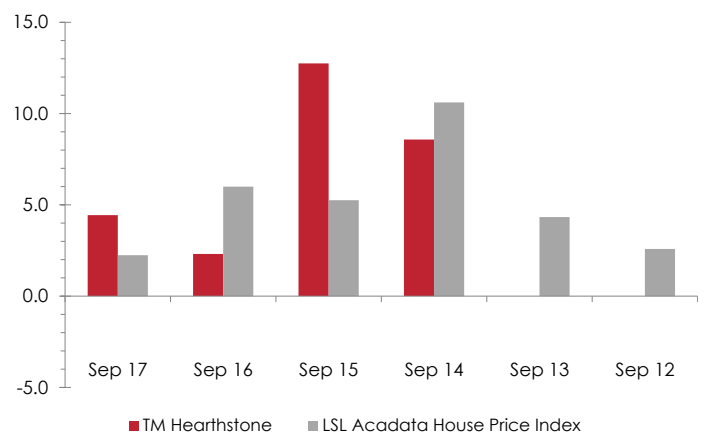
Cumulative

Cumulative total return since share class inception



Discrete

Discrete year until end of latest calendar quarter (%)



Cumulative total return (%) over period:

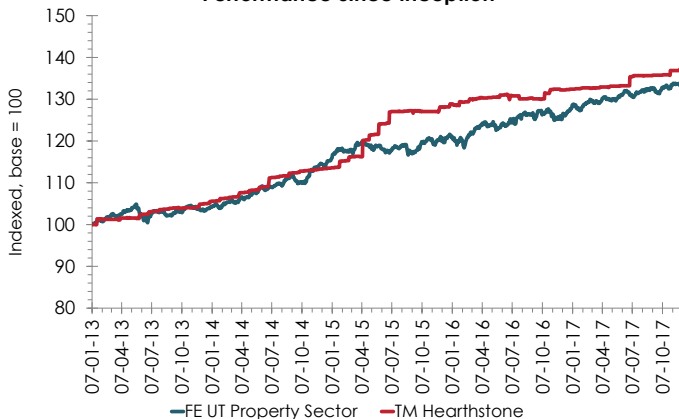
	1m	3m	6m	1y	3y	5y
TM Hearthstone	0.30	1.19	3.04	3.83	21.16	-
LSL Acadata House Price Index	0.27	0.17	-1.54	0.93	13.96	31.68

Discrete total return (%) 12 months ending:

	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13
TM Hearthstone	4.44	2.31	12.75	8.58	-
LSL Acadata House Price Index	2.24	6.00	5.26	10.61	4.33

Fund v. Peer Group

Performance Since Inception



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

Cumulative (%)	1m	3m	6m	1y	3y	5y
TM Hearthstone	0.30	1.19	3.04	3.83	21.16	-
FE UT Property Sector	0.59	0.64	2.08	5.95	16.88	35.07

Discrete (%)	From launch	Year to end of				
		Nov 17	Nov 16	Nov 15	Nov 14	Nov 13
TM Hearthstone	37.26	3.83	3.24	13.04	8.11	* 4.79
FE UT Property Sector	33.50	5.95	4.47	5.59	10.03	5.03

Calendar year (%)	2016	2015	2014	2013	2012	2011
TM Hearthstone	2.75	13.55	7.57	* 5.50	-	-
FE UT Property Sector	5.04	5.39	10.75	4.69	6.74	-2.48

Performance shown for PAIF Class D Shares - Retail Unbundled (Net) Accumulation, launched 07/01/2013. Bid to bid, inclusive of charges and in GBP with net income reinvested. The performance of other share/unit classes may vary.

Source of all data: Financial Express and LSL Acadata 30/11/2017

Important: You may get back less than the amount invested. Past performance is not necessarily a guide to future performance and future returns are not guaranteed.

PAIF Class D Shares - Retail Unbundled (Net)

Asset Allocation

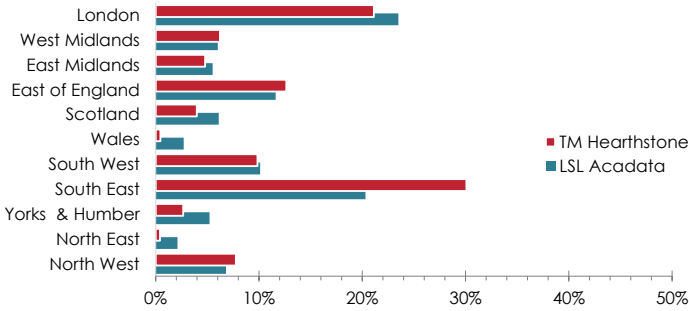
	Target	Current
Physical Property	85%	79.6%
Cash	10%	10.9%
Liquid Instruments	5%	9.5%

The fund currently has a 79.6% allocation to physical property with a target of 85%.

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

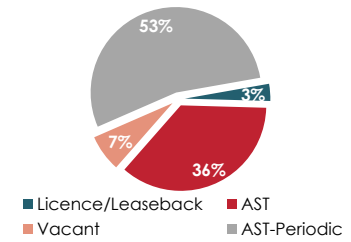
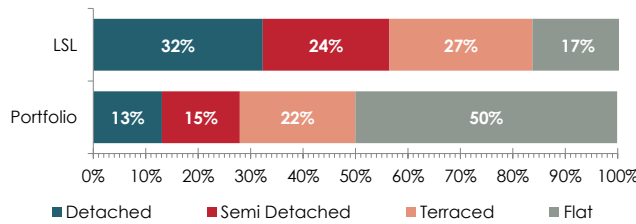
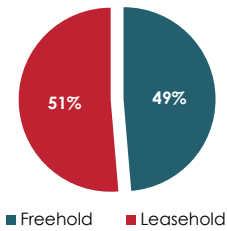
Property Portfolio Characteristics

Fund v LSL Acadata Regional Weightings



The regional weightings of the portfolio in terms of current investment value are shown in the chart alongside the regional allocations of property by the LSL Acadata House Price Index. The portfolio regions are largely in line with the index, with the exception of the South East where the portfolio has an investment value weighting of 30.1% against the index of 20.3%.

30.1% of the portfolio is situated in the South East in locations including Haywards Heath, Horsham & Eastbourne. 21.9% of the portfolio is located in London. 12.6% is located in East of England in locations including Colchester. 9.9% is located in the South West in locations including Bristol & Swindon. 7.8% of the portfolio is located in the North West which includes Manchester.



Since launch in 2012, the fund has acquired 203 properties and 1 set of parking spaces. The properties that have been acquired are a mixture of new build properties from housebuilders and developers such as Bovis Homes, Barratt, Bellway & Crest Nicholson, as well as standing stock investments.

The portfolio as at the end of November 2017 has 186 properties and 1 set of parking spaces as 17 properties have been sold since launch with the sale proceeds reinvested/being reinvested into subsequent acquisitions.

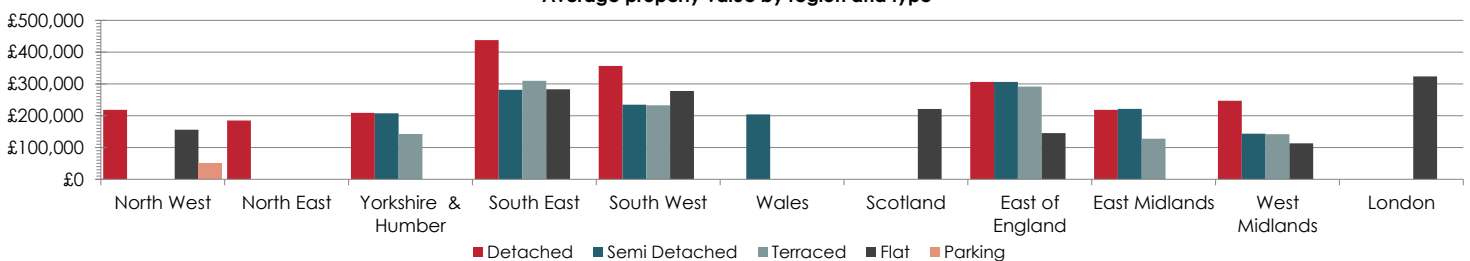
167 of the properties are let to the private rented sector on AST agreements, with a further 6 let on licence to developers as they were purchased on a sale and leaseback basis.

Average completed tenancy term (months)	24.0
Average unexpired tenancy term (months)	2.7
Average rent (p.a.)	£12,040
Average property value	£237,679
Number of properties	186
Vacancy rate (income)	5.53%
Potential Gross Yield	5.04%

As at the end of November 2017, 13 properties were vacant, 3 of which are being sold. Of the 10 properties being marketed for letting, 4 are first lets from a purchase on 30th October 2017 and the others are re-lets.

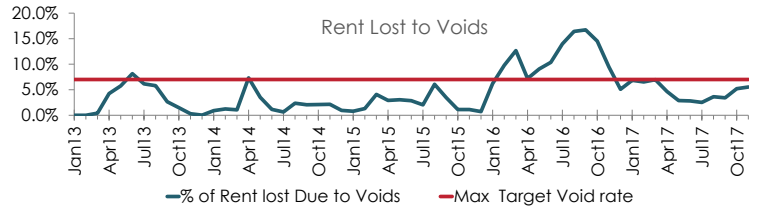
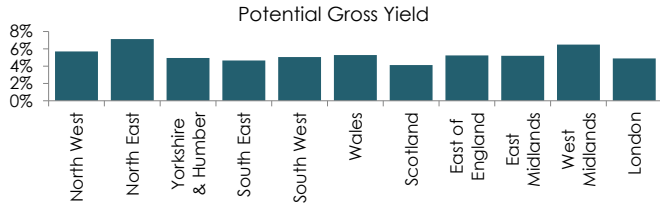
The property types held by the fund are delineated using the Land Registry Property categories of Detached, Semi Detached, Flats & Terraced.

Average property value by region and type

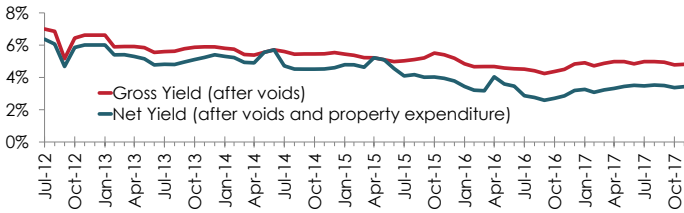


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Property Portfolio Performance

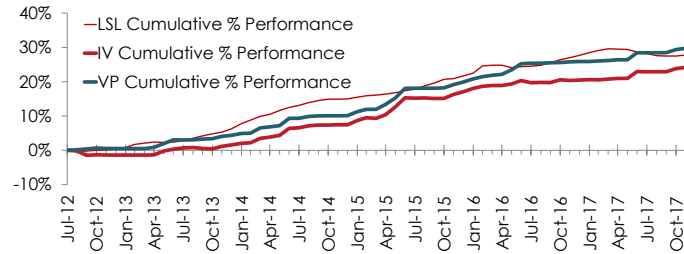


The potential gross yield of the property portfolio as at 30th November is 5.04%. Rental income lost due to vacant properties was 5.53% of the potential gross rent for November. Over 12 months to the 30th November rent loss as a percentage of potential gross rent stands at 4.69%. The void loss is partly owing to the properties for sale and new acquisitions pending first lets.



On an accrual basis the gross yield adjusted for voids as at 30th November is 4.81%, and after all accrued property related costs the net yield of the property portfolio is 3.43%.

The Standing Independent Valuer values the property portfolio on a desktop basis each month, and by physical inspection each June. In November 2017, the portfolio increased by 0.38% in terms of Vacant Possession Value "VP" and 0.33% in terms of Investment Value "IV".



LSL this month reported a 0.9% annual increase in average house prices (3.3% excluding London & the South East). Over the same twelve month period, the performance of the fund's portfolio is 4.0% (VP) and 3.8% (IV).

Since launch of the fund, this brings the increase in IV to 24.17%, and to 29.76% on a VP basis. By way of comparison, the LSL Acadata House Price Index (which includes the effect of prime central London) reported a change in house prices of 27.80% over the same period.

Property Investment Adviser's Update

Following on from last month, legal work continued throughout November on our agreed acquisition deal for 8 new-build units in Colchester and we are pleased to confirm that exchange of contracts completed post month end with completion due in Q1 of 2018.

Additionally, all 4 of the new-build properties acquired in Nottingham during October have now been reserved for let, with tenants moving in during December. This confirms our forecast rental demand in the area and bodes well for the remaining 8 units that have exchanged and are due to complete in the first quarter of 2018. Due to the high rental demand and significant discount to open market value that these units were secured at, we are in negotiations with the housebuilder to secure another 6 units on this development for the fund.

The property team remains focussed upon building a healthy pipeline of potential new acquisitions to quickly deploy monies from additional subscriptions and property disposals, and have had many successful meetings with housebuilder contacts. In addition to focusing on the area around the Midlands, we have now identified several 'off-market' deals further North, centred around Leeds where strong rental demand for family properties exists.

Regarding disposals, the fund sold one unit in November that had performed well within the portfolio and generated a significant uplift in capital value on original purchase price. However, this property no longer offered good prospects for further growth. In addition the property team has identified a small number of other units for disposal as part of its ongoing portfolio monitoring process. These units are being marketed for sale, and proceeds of these sales will be reinvested in new stock with a view to enhancing the overall performance of the portfolio.

Property Market Update

The November 2017 LSL Acadata release reported an increase of 0.3% in average house prices this month, seeing a return to growth after several months of slow-down. In contrast however, annual growth continues to slow and at 0.9% (3.3% when excluding London and the South East) is at its lowest since April 2012.

With monthly changes now on an upward trend and the relative underperformance of London beginning to ease, there are encouraging signs of stability for house prices. The majority of areas in England and Wales have proved resilient, with 81% of unitary authorities recording an increase in the last year, and every region bar Greater London seeing prices rise.

Purchasers in the coming months will also benefit from the key budget announcements of an exemption from stamp duty for first time buyers on homes up to £300,000.

The Your Move November 2017 Buy to Let Index, reports that average rent is up 2.4% year on year with East of England seeing the fastest rise in rents and performing above that level. It is, however, still the northern regions that offer the better returns than other areas geographically. This factor falls in line with Hearthstone's own data research, hence This month the average property in the North East had a gross yield of 5.1%, higher than any other area in the country. The North West was the only other region to post a similar return, with a gross yield rate of 5% this month.

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Detailed Fund Information

Fund Name:	TM Hearthstone UK Residential Property Fund
Sector:	IA Property
Fund launch date:	25 July 2012
Share class launch date:	07 January 2013
Underlying FUM	GBP 55,834,334
Primary asset class:	UK Residential Property
Structure:	OEIC with PAIF Tax Status

Fund Risk Profile



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

Price and Yield at 30 November 2017

Fund Price	£ 1.357
Estimated Yield	1.11 % (net)

Additional Fund Information

Investment and Charges		
	Standard Prospectus terms	Current terms
Initial Charge	0.00%	0.00%
Annual Charge	0.90%	0.90%
Minimum Initial Investment	GBP 1,000	GBP 1,000
Minimum Additional Investment	GBP 500	GBP 500
Monthly Investment	GBP 50	GBP 50

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

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

Additional Expenses	
Annual Management Charge (AMC):	0.90%
Ongoing Charges Figure (OCF)*	1.72%

* OCF is based on estimated annual expenses and includes the AMC. May vary year to year.

Fund Codes			
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Sedol:	ISIN:	Citicode:	MEXID:
B960879	GB00B9608795	I3HM	8TCLEA

Availability (Platforms, SIPP, Offshore Bond)
This share class is available on the following platforms:
7IM Nominees, AJ Bell, Allfunds Bank, Alliance Trust, Ascentric, Hubwise, Interactive Investor, Raymond James, Transact, Willis Owen,

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

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



Contacts

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Important information

This financial promotion has been approved under Section 21 of the Financial Services and Markets Act 2000 by Thesis Asset Management Limited. Residential property values are affected by factors such as interest rates, economic growth, fluctuations in property yields and tenant default. Property investments are relatively illiquid compared to bonds and equities, and can take a significant amount of time to trade.

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Thesis Unit Trust Management Limited is the Authorised Corporate Director. Authorised and regulated by the Financial Conduct Authority (186882).