

TM Hearthstone ICVC

Interim Report & Accounts
(unaudited) for the period ended 31st December 2018



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

TM Hearthstone ICVC

Contents

	Page
Management and Professional Service Providers' Details	2
Report of the Authorised Corporate Director	3
Investment Objective and Policy	3
Report of the Investment Manager	4
Constitution	16
Regulatory Disclosure	16
AIFMD Disclosures	17
Certification of Interim Report by Directors	17
TM home investor fund	
Portfolio Statement	18
Sub-fund Information	21
Statement of Total Return	31
Statement of Change in Net Assets Attributable to Shareholders	31
Balance Sheet	32
Cash Flow Statement.....	33
Note to the Financial Statements	33
Distribution Tables	34
Taxation Information	44

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*

Dealing & Registration:

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

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

Depository:

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

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

Auditor:

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Directors:

S. R. Mugford - Finance Director
D. W. Tyerman - Chief Executive Officer
S. E. Noone - Client Service Director
D. K. Mytnik - Non-Executive Director¹
V. R. Smith - Non-Executive Director²
N. C. Palios - Non-Executive Director³

S. R. Mugford, D. W. Tyerman, D. K. Mytnik and V. R. Smith also hold directorships of other companies within the Thesis Group, and are engaged in significant business activity within these companies. Such business activities may be of significance to the business of the Authorised Fund.

¹ Appointed 12th April 2018.

² Appointed 18th April 2018.

³ Appointed 1st October 2018.

Property Investment Adviser:

Hearthstone Asset Management Ltd
23 Austin Friars
London
EC2N 2QP

*An appointed representative of
Thesis Asset Management Limited.*

Standing Independent Valuer:

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

Property Manager:

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

TM Hearthstone ICVC

Report of the Authorised Corporate Director (“ACD”)

(unaudited) for the period ended 31st December 2018

Thesis Unit Trust Management Limited (the “ACD”) is pleased to present the ACD’s interim report for the TM Hearthstone ICVC (the “Company”) for the period ended 31st December 2018.

This Company is an umbrella fund with only one sub-fund, namely TM home investor fund. The sub-fund was rebranded from TM Hearthstone UK Residential Property Fund to TM home investor fund on July 2018.

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 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.

Thesis Unit Trust Management Limited
Authorised Corporate Director
28th February 2019

TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018

Investment Report - Hearthstone Asset Management Limited

1. Residential Market

Residential Market Performance

The market was dominated by a climate of unusual and prolonged uncertainty and it therefore helps to consider the UK's underlying economic health separately from the potentially disruptive influences of geopolitics.

GDP growth in 2018 was modest and looks set to come in at around 1.3%, with a lacklustre start affected by adverse weather and weak consumer spending, offset by an acceleration through the summer. Towards the end of the year, growth appeared to be faltering again, with survey evidence pointing to a decline in business confidence and investment, and reduced consumer confidence. Conversely, the labour market remained strong with record levels of employment boosting tax receipts and prompting the Chancellor to declare that the end of austerity is in sight. This has raised household spending power as earnings growth has accelerated ahead of inflation, which has eased in recent months.

The uncertainty around Brexit has weighed on consumer and business sentiment. The entrenched and starkly polarised views on Brexit and the narrowness of the 2016 "leave" mandate left politicians seemingly unable to broker an acceptable compromise. The result was that householders who would otherwise thought of moving have stayed put and sales volumes ran at between 75% and 80% of what would be considered normal. Within this, there were significant regional variations, with, in general, London, the South East and the Eastern region bearing the brunt of the slowdown, both in turnover and values.

Some local housing markets are, of course, more volatile than others. Prime properties and the most expensive locations in and around London are a good example, where prices have been falling, having initially strongly rebounded after the global financial crisis. By contrast, ONS data point to moderate price increases of over 4% during 2018 for much of the Midlands and parts of Northern England and suggest national average growth of a little over 2%. Forecasts from the Treasury's December consensus survey point to continuing subdued house price growth of 2.1% nationally for 2019. None of the 15 forecasters in the survey is predicting an overall decline, consistent with the fact that none is anticipating a recession. This assumes a Brexit deal that avoids the more doom-laden predictions of some commentators under a "no deal" scenario.

The UK population continues to grow, and figures released in June 2018 by the Office of National Statistics showed that the population of the UK at 30 June 2017 exceeded 66 million people (66,040,229), an increase of 392,000 people since mid-2016. This growth rate (0.6%) is the lowest since mid-2004 but remains significant. Anecdotal evidence suggests that the rate of growth from EU migration is slowing and the decrease in net international migration in mid-2017 has affected the rate of population growth in some places more than others, with England's growth rate decreasing more than the other countries of the UK (to 0.64%), and London's rate nearly halving to 0.63%. Even so 59% of the population growth is through net international.

The RICS UK Residential Market Survey in for December 2018 showed results consistent with a weaker trend in sales market activity with headline indicators on both demand and supply edging further into negative territory, and forward looking metrics suggested that momentum was likely to continue slipping in the Q1 2019, although a somewhat stable trend is expected to emerge further out. Looking further forward into 2019, Chartered Surveyors envisaged sales volumes picking up.

Within the national average figures, the RICS noted significant variations, with London and the South East tending to showing the worse performance than the rest of the UK. They also noted that at higher price levels, above £500,000 the majority of members reported sale prices coming in below asking prices, but below that figure a small majority noted them coming in at, or slightly above asking prices.

One factor remained consistent, and that is the continuing shortage of good quality housing in many locations. Figures from the NHBC show that housing starts and completions remain stuck at around 10,000 a month throughout the year. The social housing sector is delivering around 3,000 per month, but the combined annual total of 150,000 falls well short of the Government's assessment of need of between 250,000 and 300,000. Government figures including conversions puts the total around 200,000, but the shortfall, which has built up over two decades is still increasing.

TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

Investment Report - Hearthstone Asset Management Limited *(continued)*

The new homes market continued to be buoyant. With the House Builders Federation reporting continued growth in demands from first time buyers, often with the assistance of Help to Buy, slightly increasing demand from home movers and a continuing reduction in demand from Buy to Let investors. With an extension of Help to Buy until 2023, albeit with some slight changes at the upper end, housebuilders remain confident both as to volumes and prices.

The mortgage market continued to grow steadily. The Bank of England and FCA released figures showing that new mortgage commitments (new lending that lenders have agreed to advance in coming months. Affordability remains under constant review and the proportion of high loan-to-income (LTI) lending (loans above four times the value of annual income for a single buyer or above three times the annual income for joint buyers) increased by 1.7 percentage points to 47%. The share of loans with a loan-to-value (LTV) ratio exceeding 90% also increased, to 4.3%. The value of outstanding mortgage balances with some arrears increased for the first time since 2016 Q2 to £14.5 billion, but these balances still account for only 1% of the total.

House Prices & Transactions

The LSL Acadata House Price Index continued to rise slightly in December, reporting growth of just 0.3% pushing the average price of a house in England & Wales up slightly to £306,647. As in previous years this average masks considerable regional variations. The rate of house price growth reported was the lowest in seven years, but more than two thirds of local authority areas reported annual growth. While the market as a whole is seeing house price growth, the overall figure at 0.6% is lower than the CPI figure, to November, at 2.2% means that average prices fell slightly in real terms. There are however significant regional variations.

There was a broad band of above inflation increases across the Midlands, into Wales and up to the North West, and the East of England, South East and London lagging behind. However, the differences are small.

Hometrack, who publish a UK Cities House Price Index, noted house price inflation of 2.7% ranging from +7% in Edinburgh to -6% in Aberdeen. All of the fund's investments in Scotland are in Edinburgh. The fund has investments in half of the top performing cities.

The pattern in London is variable, with some Boroughs at the top of the market recording falls in value, and others rises. The funds properties at Wembley Park, which represents almost all the London holding, held their value through the year, and continued to let well.

The Housebuilders Federation, in figures to October, as reported by the NHBC, noted slightly lower numbers of site visits and reservations with with small rises in first time buyers and home movers outweighed by significant reductions in buy to let investors. Housebuilders of all sizes remain optimistic that new homes sales will continue to rise, with the larger companies the most optimistic.

Rental Property

In the lettings market, the RICS Survey are indicative of demand from prospective tenants holding broadly steady through the year. Alongside this, the new landlord instructions series remained in negative territory signalling a decline in the supply of fresh rental stock coming on to the market. As a result of these dynamics, RICS expects rents to rise modestly over both the three and twelve month horizons. Further out, rental growth is expected to outpace that of prices; on average, rents are expected to rise by 3.1% per annum over the next five years, whilst price growth projections stand at 2.3% on the same basis.

Connells, one of the largest High Street agencies, recorded signs in the first half of 2018 that private landlords were looking to leave the sector, but noted the majority are holding firm despite increased legislation and regulatory pressures. Applicant activity continued to show strong demand outstripping supply for new tenancies and noted seeing demand for better quality accommodation.

TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

The English Housing Survey notes that there is still a significant pool of poor quality, expensive to heat housing in the Private Rented Sector. As landlords, the TM Fund, which comprises only modern homes in good condition, expect to continue to outperform the market average. The ONS produces a test index The Index of Private Housing Rental Prices, while it is still in development its results are not considered to be exact, but it is nevertheless regarded as a good source of market information. Private rental prices paid by tenants in the UK increased by 0.9% in the 12 months to November 2018, unchanged since July 2018.

Rental prices for the UK excluding London increased by 1.4% in the 12 months to November 2018, unchanged from October 2018. London private rental prices were unchanged (0.0%) in the 12 months to November 2018; up from a decrease of 0.2% in October 2018.

Fund Performance

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

The property investment manager uses quantitative asset allocation methods and qualitative regional stock selection to build a portfolio of assets reflecting the distribution of UK housing stock.

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

The fund performance as at 31st December on a bid- bid price basis inclusive of charges for each share class is detailed below.

Note 1: The fund changed to single pricing from a dual pricing basis on 10/04/2015

Table 1: Fund Performance by Share Class

From	To	Period	A	B	C	D	E	F	G	Feeder D
30/11/18	31/12/18	1 mth	0.07%	0.00%	0.07%	0.00%	0.07%	0.07%	0.00%	-0.07%
30/09/18	31/12/18	3 mth	0.22%	0.15%	0.43%	0.22%	0.42%	0.28%	0.24%	0.15%
30/06/18	31/12/18	6 mth	1.94%	1.80%	2.24%	2.05%	2.28%	2.10%	2.12%	1.95%
31/12/17	31/12/18	1 yr	2.01%	1.88%	2.69%	2.35%	2.79%	2.47%	2.49%	2.18%
31/12/15	31/12/18	3 yrs	7.98%	7.72%	9.95%	9.26%	10.38%	9.65%	9.63%	8.29%
Launch	31/12/18	Launch	38.30%	37.04%	43.31%	40.81%	45.18%	42.61%	42.10%	35.26%

Note 2: Share Class A launch date 29th Aug 2012, B launch date 26th July 2012, E launch date 13th August 2012, F launch date 3rd August 2012, G launch date 25th July 2012, C & D launch date 8th Jan 2013

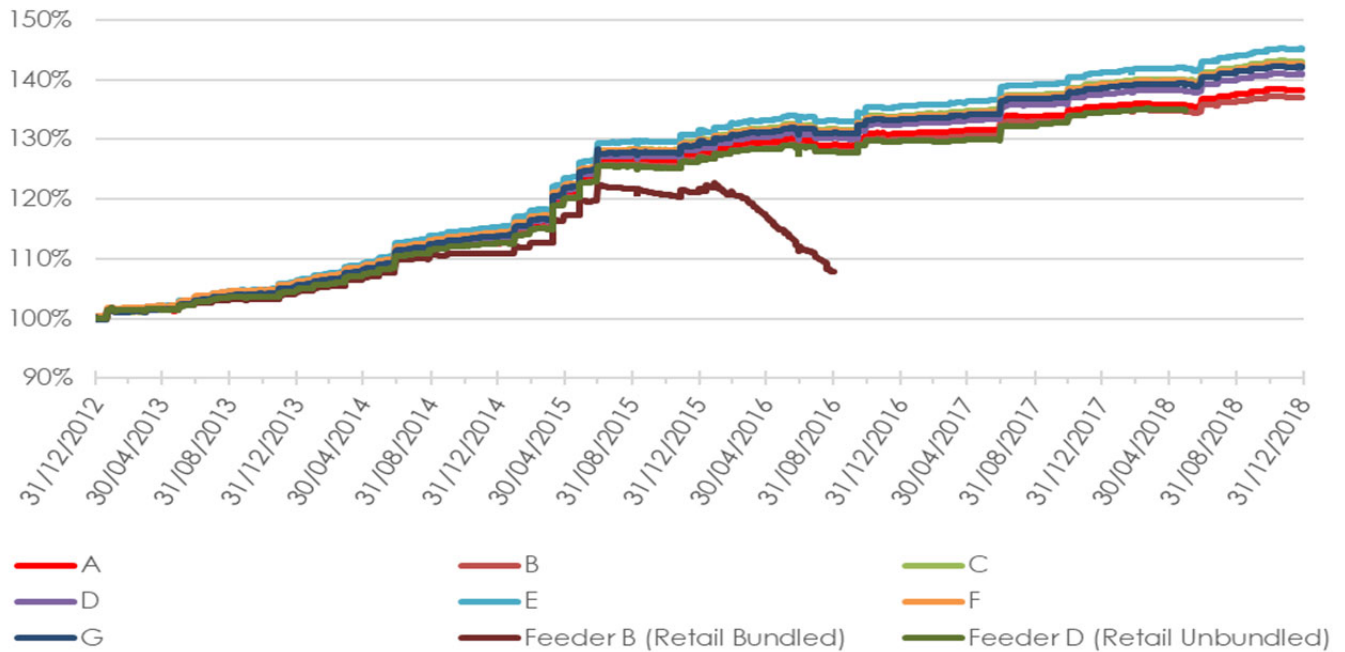
TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

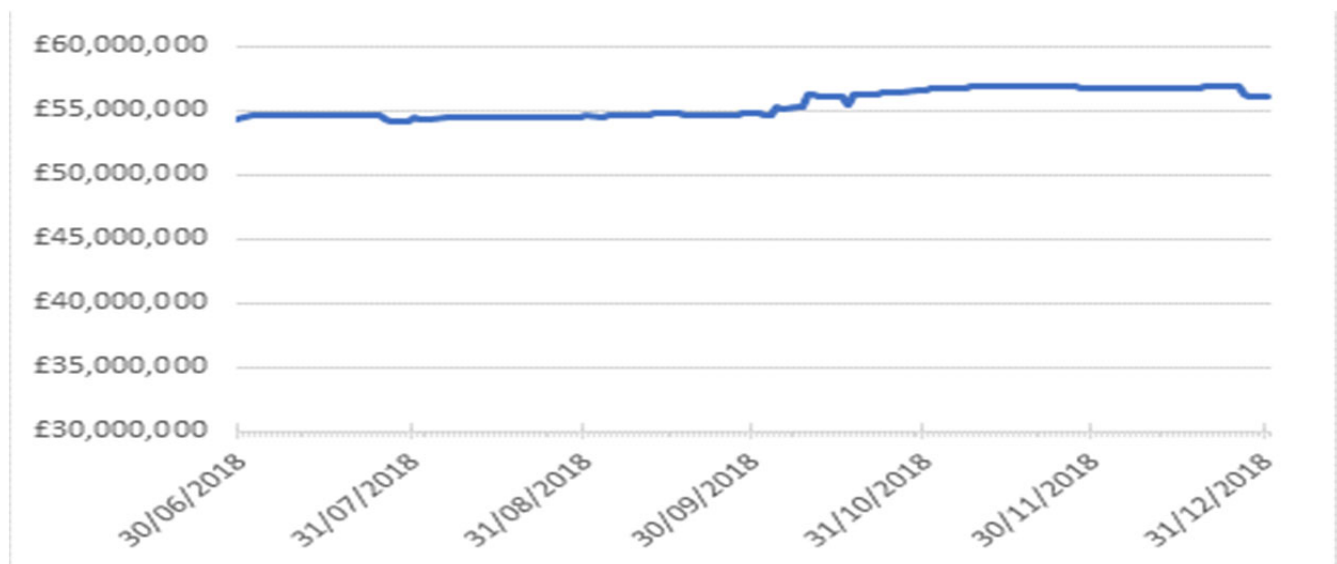
Investment Report - Hearthstone Asset Management Limited (continued)

Figure 1: Fund Performance by share class to 31st December 2018



Note 3: The Feeder B (Retail Bundled) share class was wound up in August 2016.

Figure 2: Fund Growth since 1st July 2018 – 31st December 2018



As at 31st December 2018 the fund assets were £56,074,944.

TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

2. What has contributed to the fund's performance

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

Table 2: Key Portfolio Statistics at 31st December 2018

Portfolio Purchase Price	£41,862,611
Investment Value (IV) (subject to tenancies in existence)	£50,601,500
Vacant Possession Value (VP) (assuming vacant possession)	£50,601,500
Number of Properties	204 plus 1 set of parking spaces
Average Unit Value VP	£246,837
Potential Gross Annual Rental Income	£2,432,850
Average Annual Rent	£11,926
Potential Gross Property Yield – Potential gross income (annualised)	4.81%
Current Gross Property Yield – After accrued voids (annualised)	4.59%
Net Property Yield - After voids & accrued property expenditure (annualised)	3.20%

Rental Yield & Income

Table 3: Gross Rental Yield vs LSL December 2018

Region	Portfolio Gross Yield – Dec 2018	LSL Buy to Let Index Gross Yield – Dec 2018 *
North West	5.59%	4.83%
North East	5.54%	5.05%
Yorkshire & Humber	4.91%	4.43%
South East	4.47%	3.32%
South West	4.85%	3.31%
Wales	–	4.59%
Scotland	4.46%	–
East of England	4.66%	3.64%
East Midlands	4.83%	4.24%
West Midlands	5.88%	3.93%
London	4.79%	3.15%
Overall	4.81%	4.33%

*Source Your Move Buy To Let Index November 2018 data, December 2018 report

TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

The gross rental yield of the fund property portfolio as at 31st December 2018 is 4.81%, 0.48% higher than the most recent LSL England and Wales average market gross yield. The gross yield adjusted for voids is 4.59% and after all accrued property related costs the new yield of the property portfolio is 3.20%.

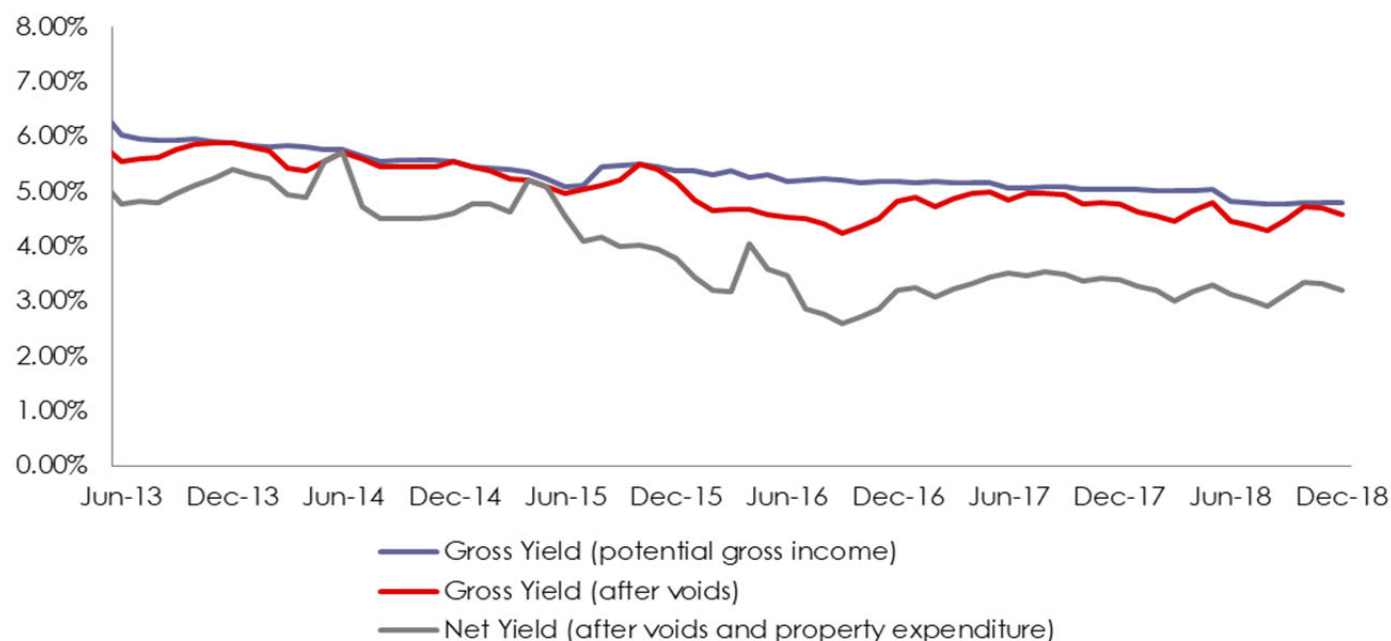
Table 4 shows the gross/net property yield on a monthly basis.

Table 4: Gross - Net Yield monthly

Month	Potential Gross Yield	Current Gross Yield	Net Yield
Jul-18	4.80%	4.39%	3.03%
Aug-18	4.79%	4.30%	2.91%
Sep-18	4.78%	4.49%	3.12%
Oct-18	4.81%	4.73%	3.34%
Nov-18	4.80%	4.69%	3.31%
Dec-18	4.81%	4.59%	3.20%

Figure 3 shows the movement of the gross/net property yield to 31st December 2018 on an accrual basis.

Figure 3: Gross - Net Yield



TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

Valuation Movement

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

Figure 4 shows the valuation movement of the fund portfolio (adjusted for acquisitions and disposals) from the launch of the fund to 31st December 2018 against the LSL monthly House Price Index. Figure 5 shows the annual growth of the portfolio to December 2018 compared with LSL monthly House Price Index.

Figure 4: Valuation vs LSL Acadata Cumulative Performance from launch to 31st December

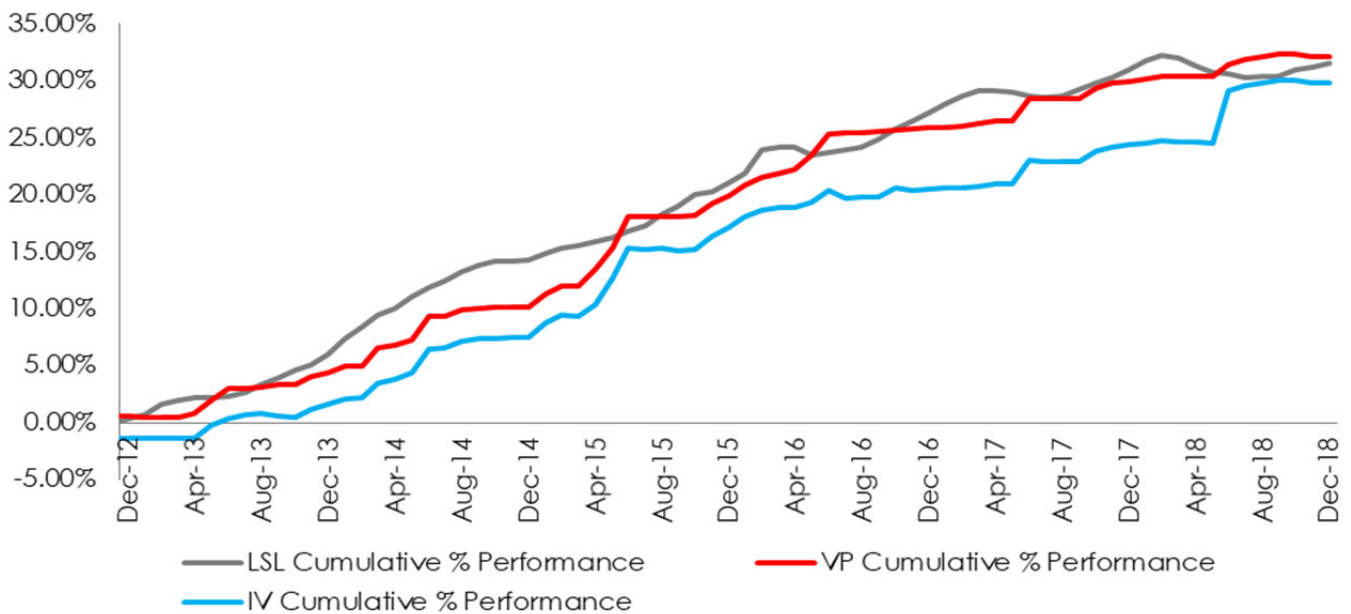
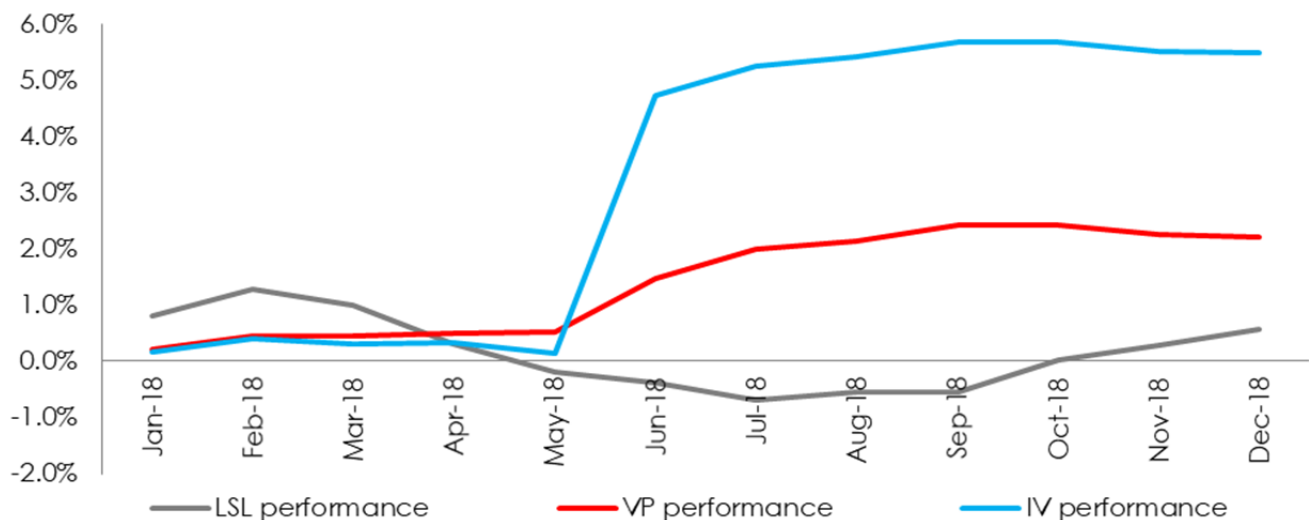


Figure 5: Valuation vs LSL Acadata Month on Month Performance from 1st January to 31st December



TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

In December 2018, the portfolio decreased in value by £18,000 (-0.04%) in terms of both Vacant Possession Value "VP" and Investment Value "IV". LSL this month reported a 0.6% annual increase in average house prices (1.4% increase excluding London & the South East). Over the same twelve month period, the performance of the fund's portfolio is 2.2% (VP) and 5.5% (IV).

Since launch of the fund, this brings the increase in IV to 29.81%, and to 32.10% 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 31.51% over the same period.

3. Purchases and Sales in the period

Purchases

The key investment objective of the 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 in 2012, the fund has acquired 225 properties and 1 set of parking spaces.

The initial seed properties added from July 2012 to February 2013 were on an *in specie* basis in exchange for units in the 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 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.

Properties purchased during the 6 months to 31st December 2018 are detailed in Table 5 below.

Table 5: Summary of acquisitions from 1st July – 31st December

<i>Purchase Date</i>	<i>Purchase Price</i>	<i>No. Properties</i>	<i>Description</i>	<i>Status</i>
27/07/17	£1,048,800	6	6 x Freehold Houses in Nottingham, representing final tranche of 18 houses purchased on New Build Site.	Complete

TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

Sales

21 properties have been sold during the lifetime of the fund, bringing the purchase price of the current held assets to just over £41.86million.

During the 6 months to 31st December 2018, 3 properties were sold as per Table 6 below.

The net sale proceeds from these disposals together with new subscriptions have or will be reinvested in the fund.

Table 6: Summary of disposals from 1st July – 31st December

Sold Date	Sale Price	No. Properties	Description	Status
01/08/2018	£235,000.00	1	Freehold House in Wales	Complete
29/10/2018	£305,000.00	1	Leasehold Flat in Wembley	Complete
05/12/2018	£196,000.00	1	Freehold House in North Yorkshire	Complete
	£736,000	3		

Table 7 shows the current portfolio against the LSL regional weightings of property as at 31st December 2018. The portfolio regions are largely in line with the index.

Table 7: Portfolio Breakdown by Regional LSL Allocations as at 31st December 2018

Areas	No of Units	% of units	Hearthstone Purchase Price	Current IV	% by Value & Region	% +/-	LSL Acadata Regional Weightings
North West	22	11%	£3,121,000	£3,538,000	7.0%	0.2%	6.8%
North East	1	0%	£173,250	£184,000	0.4%	-1.7%	2.1%
Yorks & Humber	5	2%	£918,000	£1,032,000	2.0%	-3.2%	5.2%
South East	42	20%	£12,230,400	£13,852,500	27.4%	7.1%	20.3%
South West	16	8%	£4,048,000	£4,625,000	9.1%	-1.0%	10.1%
Wales	0	0%	£0	£0	0.0%	-2.7%	2.7%
Scotland	8	4%	£1,185,708	£1,770,000	3.5%	-2.6%	6.1%
East of England	35	17%	£7,132,000	£8,505,000	16.8%	5.2%	11.6%
East Midlands	27	13%	£4,427,750	£5,132,000	10.1%	4.6%	5.5%
West Midlands	22	11%	£2,498,000	£3,113,000	6.2%	0.1%	6.0%
London	27	13%	£6,128,500	£8,850,000	17.5%	-6.0%	23.5%
	205	100%	£41,862,608	£50,601,500	100%		100%

TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

4. The 12 months performance figures of the fund and any relevant benchmark.

Table 8: Fund Key Financial Figures 31st December 2018

INCOME		
Gross Income Accrued by the fund from 1st July 2018 – 31st December 2018	£1,164,189	
Net Annual Fund Income @ 31st December 2018 (added back in distribution income)	£527,224	September 2018 £172,511 December 2018 £354,713
Gross Net Adjustment	54.71%	

Rental Income Demanded & Received 1st July 2018 to 31st December 2018

Table 9: Rent Collection & Expenditure to 31st December 2018

Rent Demanded	£1,143,344.87
Rent Collected *	£1,143,519.59
Property Expenditure Paid	£347,067.44
Net Rent Received by Fund *	£796,452.15
% collected YTD – 01/07/2018-31/12/2018	100.02%

* Rental income is collected via Touchstone, the Fund property manager. In addition to rental income, £5,974.01 of non-rent charges were received by Touchstone. Non-rent charges are retained monies from tenancy deposits for dilapidations and other income such as water re-charges. Rent and non-rent equated to £1,149,493.60 of total monies received.

Arrears & Write Offs

Arrears at the end of December 2018 total £27,635.44 with £16,727.52 relating to current rent, £7,641.95 relating to historic tenancies and £3,265.97 relating to non-rent arrears. The current tenant arrears are mainly due to timing of payments, the majority of which have since been cleared, with the rest consisting of small balances which the agents are continuing to seek collection from the tenants.

There have been no arrears written off during the period of 1st July 2018 to 31st December 2018.

Fund Performance vs LSL Acadata House Price Index

The fund invests in private rented sector housing across the UK and aims to outperform the current benchmark, the LSL Acadata House Price Index, plus providing an additional income return. Comparing the fund performance for the individual share classes to 31st December against the LSL House Price Index it can be seen that on an annualised basis the fund has outperformed the LSL Acadata House Price Index with 1 year performance varying between share classes from 1.88% to 2.79% against 0.6% for the Index.

TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

Table 10: Fund Performance vs LSL Acadata House Price Index

From	To	Period	A	B	C	D	E	F	G	LSL*
30/11/18	31/12/18	1 mth	0.07%	0.00%	0.07%	0.00%	0.07%	0.07%	0.00%	0.3%
30/09/18	31/12/18	3 mth	0.22%	0.15%	0.43%	0.22%	0.42%	0.28%	0.24%	1.1%
30/06/18	31/12/18	6 mth	1.94%	1.80%	2.24%	2.05%	2.28%	2.10%	2.12%	0.9%
31/12/17	31/12/18	1 yr	2.01%	1.88%	2.69%	2.35%	2.79%	2.47%	2.49%	0.6%

* Source: LSL Acadata House Price Index December 2018

Figure 6: Fund Performance by Share class against LSL Acadata House Price Index to 31st December

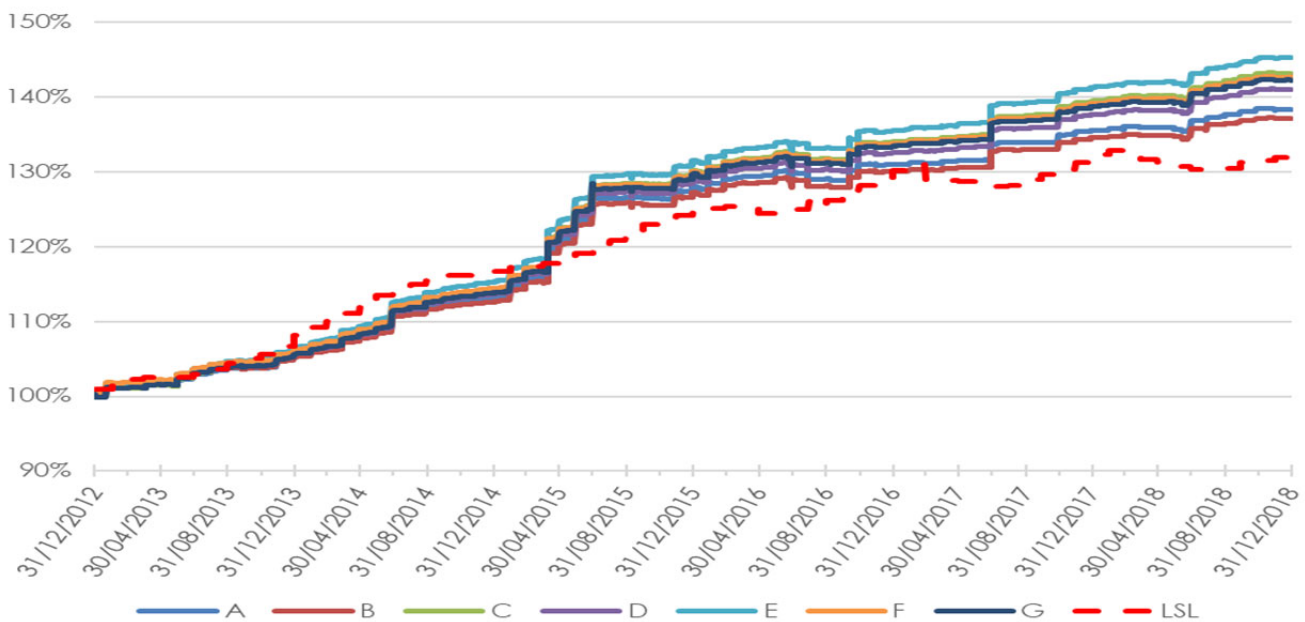
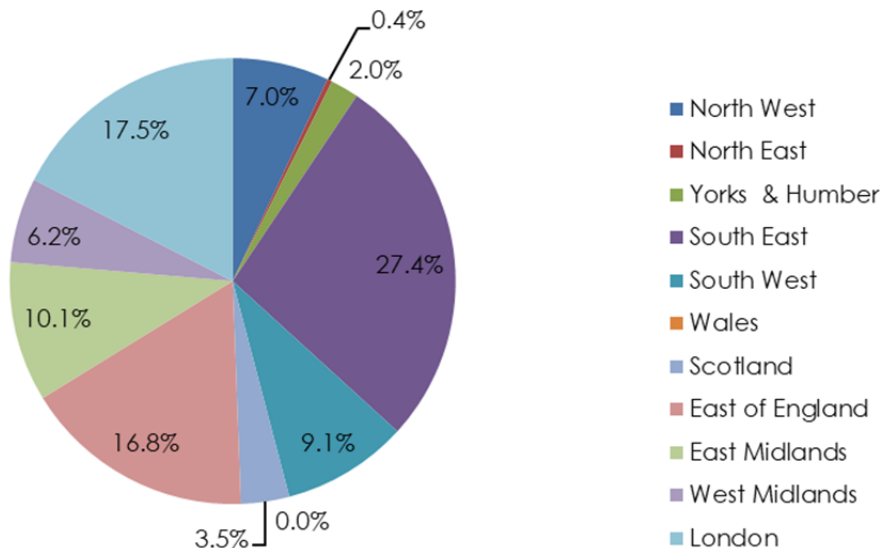


Figure 7: Geographical Spread of the Portfolio by Region % Value



TM Hearthstone ICVC

Report of the Investment Manager

(unaudited) for the period ended 31st December 2018 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

Holdings

Table 11: Top 10 Holdings 31st December 2018

Property Name	Number of Properties	Value	%
Quadrant Court, Wembley, London HA9	22	£7,350,000	13.11%
Wickhurst Green, Horsham, RH12	14	£4,515,000	8.05%
The Limes, Nottingham, NG8	18	£3,760,000	6.71%
Spectrum, Blackfriars Road, Manchester M3	17	£2,910,000	5.19%
King Georges Park, Rowhedge, CO5	8	£2,530,000	4.51%
Mansion House, Colchester, CO2	16	£2,410,000	4.30%
Rea Road, Northfield, Birmingham. B31	14	£1,900,000	3.39%
Portland View, Bristol, BS2	6	£1,755,000	3.13%
Henmead House, Haywards Heath, RH16	6	£1,695,000	3.02%
Pandora Close, Locks Heath, SO31	4	£1,300,000	2.32%

Hearthstone Asset Management Ltd.
Property Investment Adviser
7th February 2019

Investment Report - Thesis Asset Management Limited

Thesis Asset Management manages the cash and stock element of the Hearthstone UK Residential Property Fund to ensure a level of liquidity. The cash held within the portfolio fund is split broadly into thirds between capital cash and two cash funds.

Cash funds have been utilised to provide diversification and the resources of full-time professional managers, who are experts at buying and selling short-term cash deposits and money market securities. The use of cash funds provides the Hearthstone fund access to high-yielding money market instruments. The cash held as a bank deposit in the Hearthstone fund ensures instant access to liquid funds.

During the period, the BlackRock Sterling Liquidity Fund and Federated Short-Term Sterling Prime Fund holdings were trimmed to cover cash flows within the fund.

Over the period, the Blackrock fund has risen 0.29% and the Federated Fund has risen by 0.34%.

Thesis Asset Management Limited
Investment Manager
28th February 2018

TM Hearthstone ICVC

Constitution

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

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

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

The base currency of the Company is Pounds Sterling.

Regulatory Disclosure

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

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

TM Hearthstone ICVC

AIFMD Disclosures (unaudited)

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

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

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

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

The total remuneration of those individuals considered to comprise the entire staff of the AIFM and its subsidiary, including those whose time is allocated between group entities, for the financial year ending 30th April 2018, is analysed below:

Fixed Remuneration	£ 970,471
Variable Remuneration	131,386
Total	1,101,857
Headcount (FTE)	20.6

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

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

Certification of Interim Report 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 Sourcebook”) and the Investment Funds Sourcebook (“FUND”), we hereby certify this Interim Report on behalf of the ACD, Thesis Unit Trust Management Limited.

D.W. TYERMAN Director

S. E. NOONE Director

28th February 2019

TM Hearthstone ICVC

TM home investor fund

Portfolio Statement

(unaudited) as at 31st December 2018

Holding	Market value £	Percentage of total net assets %
INVESTMENTS IN IMMOVABLE PROPERTY 90.24% (91.18%)		
Market value greater than £400,001 5.78% (5.90%)		
1 Southfields Green, Gravesend, Kent	510,000	0.91
1 Grazeley Road, Reading, Berkshire	500,000	0.89
1 Chilton Field Way, Chilton, Didcot, Oxfordshire	475,000	0.85
1 Oak Leaze, Patchway, Bristol, South Gloucestershire	470,000	0.84
1 Silk Close, Buckingham, Buckinghamshire	440,000	0.78
1 Brunel Court, Barnet, Middlesex, London	425,000	0.76
1 Station Road, Hertford, Hertfordshire	420,000	0.75
	3,240,000	5.78
Market value between £300,001 and £400,000 30.15% (37.94%)		
15 Quadrant Court, Empire Way, Wembley, Greater London (15 Plots)	5,705,000	10.17
7 Copse Drive, Rowhedge, Colchester, Essex (7 Plots)	2,275,000	4.06
4 Pandora Close, Locks Heath, Fareham, Hampshire (4 Plots)	1,300,000	2.32
3 Gold Furlong, Milton Keynes, Bedfordshire (3 Plots)	1,060,000	1.89
3 Weavers Close, Eastbourne, East Sussex (3 Plots)	947,500	1.69
2 Sargent Way, Broadbridge Heath, Horsham, West Sussex (2 Plots)	795,000	1.42
2 Lake View, Houghton Regis, Bedfordshire (2 Plots)	760,000	1.36
2 Carter Drive, Broadbridge Heath, Horsham, West Sussex (2 Plots)	720,000	1.28
2 Bishop Street, Bristol, South Gloucestershire (2 Plots)	635,000	1.13
1 Broom Field Way, Felpham, West Sussex	390,000	0.70
1 Beale Close, Broadbridge Heath, Horsham, West Sussex	360,000	0.64
1 Olympic Boulevard, Colchester, Essex	360,000	0.64
1 Samas Way, Dartford, Kent	340,000	0.61
1 Atkins Hill, Wincanton, Somerset	320,000	0.57
1 Roman Way, Cranbrook, Devon	320,000	0.57
1 Brunel Court, Barnet, Middlesex, London	315,000	0.56
1 Sword Grove, Wainscott, Rochester, Kent	305,000	0.54
	16,907,500	30.15
Market value between £200,001 and £300,000 30.14% (24.41%)		
9 Carter Drive, Broadbridge Heath, Horsham, West Sussex (9 Plots)	2,640,000	4.71
7 Quadrant Court, Empire Way, Wembley, Greater London (7 Plots)	1,645,000	2.93
5 Henmead House, Tall Trees, Bolnore Village, Renfields, Haywards Heath, West Sussex (5 Plots)	1,415,000	2.52
4 Kimmerghame Terrace, Edinburgh, Lothian, Scotland (4 Plots)	1,150,000	2.05
4 Bishop Street, Bristol, South Gloucestershire (4 Plots)	1,120,000	2.00
2 Cavalry Road, Colchester, Essex (2 Plots)	600,000	1.07
1 Wood Street, Patchway, Bristol, South Gloucestershire	550,000	0.98
2 Spa House, Hayes, Hillingdon, London (2 Plots)	540,000	0.96
2 Elizabethan Way, Teignmouth, Devon (2 Plots)	510,000	0.91
2 Merchant Avenue, Nottingham, Nottinghamshire (2 Plots)	500,000	0.89
1 Apollo Avenue, Peterborough, Cambridgeshire	300,000	0.54

TM Hearthstone ICVC

TM home investor fund

Portfolio Statement

(unaudited) as at 31st December 2018 (continued)

Holding	Market value £	Percentage of total net assets %
Market value between £200,001 and £300,000 (continued)		
1 Blacksmith Lane, Colchester, Essex	300,000	0.53
1 Dragoon Road, Colchester, Essex	300,000	0.53
1 Virginia Road, Dartford, Kent	300,000	0.54
1 Sword Grove, Wainscott, Rochester, Kent	295,000	0.53
1 Mosquito Road, Cambourne, Cambridgeshire	285,000	0.51
1 Flat 5 Henmead House, Tall Trees, Bolnore Village, Renfields, Haywards Heath, West Sussex	280,000	0.50
1 Oakfield Road, Shifnal, Shropshire	280,000	0.50
1 Weavers Close, Eastbourne, East Sussex	280,000	0.50
1 Eveas Drive, Sittingbourne, Kent	275,000	0.49
1 Henry Grove, Leeds, West Yorkshire	260,000	0.46
1 Copse Drive, Rowhedge, Colchester, Essex	255,000	0.45
1 Chalfont Drive, Nottingham, Nottinghamshire	250,000	0.45
1 Jamestown Avenue, Warrington, Cheshire	250,000	0.45
1 Penny Close, Nottingham, Nottinghamshire	250,000	0.45
1 Cygnet Road, Stowmarket, Suffolk	240,000	0.43
1 Dunnock Road, Corby, Northamptonshire	240,000	0.43
1 Hayburn Road, Swindon, Wiltshire	240,000	0.43
1 Beech Drive, Thornton-Cleveleys, Lancashire	230,000	0.41
1 Cardinal Drive, Tuffley, Gloucester, Gloucestershire	230,000	0.41
1 Paper Lane, Paulton, Bristol, Somerset	230,000	0.41
1 Mallow Road, Minster, Kent	225,000	0.40
1 Featherstone Court, Featherstone Road, Southall, Ealing, London	220,000	0.39
1 Rowley Mews, Pocklington, Yorks, East Riding	215,000	0.38
	16,900,000	30.14
Market value between £100,001 and £200,000 23.49% (22.23%)		
16 Mansion House, Salamanca Way, Colchester, Essex (16 Plots)	2,410,000	4.30
14 Rea Road, Northfield, Birmingham, West Midlands (14 Plots)	1,900,000	3.39
12 Blackfriars Road (Block 6), Salford, Greater Manchester (12 Plots)	1,860,000	3.32
6 Laxton Close, Nottingham, Nottinghamshire (6 Plots)	1,180,000	2.10
6 Meridian Close, Nottingham, Nottinghamshire (6 Plots)	1,180,000	2.10
4 Arneil Drive, Edinburgh, Lothian, Scotland (4 Plots)	620,000	1.11
3 Blackfriars Road (Block 1), Salford, Greater Manchester (3 Plots)	600,000	1.07
4 Bennet Drive, Kirkby-in-Ashfield, Nottinghamshire (4 Plots)	540,000	0.96
2 Lapins Close, Nottingham, Nottinghamshire (2 Plots)	400,000	0.71
2 Betjeman Way, Cleobury Mortimer, Shropshire (2 Plots)	360,000	0.64
2 Doveholes Drive, Handsworth, Sheffield, South Yorkshire (2 Plots)	360,000	0.64
2 Lythalls Lane, Coventry, West Midlands (2 Plots)	268,000	0.48
2 Lindleys Lane, Kirkby-in-Ashfield, Nottinghamshire (2 Plots)	262,000	0.47
1 Blackfriars Road (Block 3), Salford, Greater Manchester	200,000	0.36
1 Blackfriars Road (Block 5), Salford, Greater Manchester	200,000	0.36
1 Grove Lane, Hemsworth, Wakefield, West Yorkshire	197,000	0.35

TM Hearthstone ICVC

TM home investor fund

Portfolio Statement

(unaudited) as at 31st December 2018 (continued)

Holding	Market value £	Percentage of total net assets %
Market value between £100,001 and £200,000 (continued)		
1 Agar Close, Consett, County Durham	184,000	0.33
1 Lacey Grove, Annesley, Nottinghamshire	165,000	0.29
1 Owston Road, Annesley, Nottinghamshire	165,000	0.29
1 Lambert Close, Erdington, Birmingham, West Midlands	125,000	0.22
	13,176,000	23.49
Market value lower than £100,000 0.68% (0.70%)		
1 Hobart Point, Churchfields Way, West Bromwich, West Midlands	90,000	0.16
1 Leopard Lane , West Bromwich, West Midlands	90,000	0.16
1 Clarendon Gardens, Bolton, Lancashire	88,000	0.16
1 Fernbeck Close, Farnworth, Bolton, Greater Manchester	60,000	0.11
1 Car parking spaces (No 25, 55, 92 & 94), Blackfriars Road, Salford, Greater Manchester	50,000	0.09
	378,000	0.68
COLLECTIVE INVESTMENT SCHEMES 3.44% (6.46%)		
903,393 Federated Prime Sterling Liquidity Fund Class 08 Accumulation	962,950	1.72
5,724 BlackRock Institutional Sterling Liquidity Fund Accumulation	962,601	1.72
	1,925,551	3.44
Net investments 93.68% (97.64%)	52,527,051	93.68
Net other assets	3,542,721	6.32
Total net assets	56,069,772	100.00

Note: Comparative figures shown in brackets relate to 30th June 2018.

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information

The Comparative Tables on pages 22 to 30 give the performance of each active share class in the sub-fund.

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

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

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

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

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

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information

Comparative Tables

A Acc (Ret. Gross)

	31/12/2018 <i>(pence per share)</i>	30/06/2018 <i>(pence per share)</i>	30/06/2017 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	135.20	128.72	126.21
Return before operating charges*	3.79	11.13	7.27
Operating charges and Property expenses	(2.37)	(4.65)	(4.76)
Return after operating charges and Property expenses*	1.42	6.48	2.51
Distribution	(0.57)	(0.54)	(0.10)
Retained distributions on accumulation shares	0.57	0.54	0.10
Closing net asset value per share	136.62	135.20	128.72
*after direct transaction costs of ¹ :	0.20	0.87	0.38
Performance			
Return after charges	1.05%	5.03%	1.99%
Other Information			
Closing net asset value (£'000)	463	476	759
Closing number of shares	339,195	352,033	589,759
Operating charges ²	2.18%	2.39%	2.42%
Property expenses ³	1.28%	1.19%	1.36%
Direct transaction costs	0.14%	0.67%	0.30%
Prices			
Highest share price	136.90	134.40	132.10
Lowest share price	135.10	132.10	127.30

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

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

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

B Acc (Ret. Net)

	<i>31/12/2018</i> <i>(pence per share)</i>	<i>30/06/2018</i> <i>(pence per share)</i>	<i>30/06/2017</i> <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	134.06	127.71	125.12
Return before operating charges*	3.63	10.96	7.32
Operating charges and Property expenses	(2.35)	(4.61)	(4.73)
Return after operating charges and Property expenses*	1.28	6.35	2.59
Distribution	(0.46)	(0.43)	(0.10)
Retained distributions on accumulation shares	0.46	0.43	0.10
Closing net asset value per share	135.34	134.06	127.71
*after direct transaction costs of ¹ :	0.19	0.86	0.37
Performance			
Return after charges	0.95%	4.97%	2.07%
Other Information			
Closing net asset value (£'000)	326	325	488
Closing number of shares	240,839	242,371	382,083
Operating charges ²	2.18%	2.39%	2.42%
Property expenses ³	1.28%	1.19%	1.36%
Direct transaction costs	0.14%	0.67%	0.30%
Prices			
Highest share price	135.60	133.30	131.10
Lowest share price	133.90	131.10	126.40

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

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

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

C Acc (Ret. Unb. Gross)

	31/12/2018 <i>(pence per share)</i>	30/06/2018 <i>(pence per share)</i>	30/06/2017 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	139.54	132.12	128.69
Return before operating charges*	3.94	11.41	7.53
Operating charges and Property expenses	(2.03)	(3.99)	(4.10)
Return after operating charges and Property expenses*	1.91	7.42	3.43
Distribution	(0.81)	(1.36)	(0.86)
Retained distributions on accumulation shares	0.81	1.36	0.86
Closing net asset value per share	141.45	139.54	132.12
*after direct transaction costs of ¹ :	0.20	0.89	0.38
Performance			
Return after charges	1.37%	5.62%	2.67%
Other Information			
Closing net asset value (£'000)	8,062	6,704	5,338
Closing number of shares	5,699,215	4,804,065	4,040,034
Operating charges ²	1.58%	1.79%	1.82%
Property expenses ³	1.28%	1.19%	1.36%
Direct transaction costs	0.14%	0.67%	0.30%
Prices			
Highest share price	141.60	138.50	135.50
Lowest share price	139.50	135.50	130.10

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

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

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

D Acc (Ret. Unb. Net)

	31/12/2018 <i>(pence per share)</i>	30/06/2018 <i>(pence per share)</i>	30/06/2017 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	137.52	130.38	127.24
Return before operating charges*	3.65	11.07	7.19
Operating charges and Property expenses	(1.99)	(3.93)	(4.05)
Return after operating charges and Property expenses*	1.66	7.14	3.14
Distribution	(0.63)	(1.07)	(0.70)
Retained distributions on accumulation shares	0.63	1.07	0.70
Closing net asset value per share	139.18	137.52	130.38
*after direct transaction costs of ¹ :	0.20	0.88	0.38
Performance			
Return after charges	1.21%	5.48%	2.47%
Other Information			
Closing net asset value (£'000)	2,462	15,774	16,293
Closing number of shares	1,768,743	11,470,228	12,496,825
Operating charges ²	1.58%	1.79%	1.82%
Property expenses ³	1.28%	1.19%	1.36%
Direct transaction costs	0.14%	0.67%	0.30%
Prices			
Highest share price	139.40	136.60	133.80
Lowest share price	137.50	133.80	128.50

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

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

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

E Acc (Inst. Gross)

	31/12/2018 <i>(pence per share)</i>	30/06/2018 <i>(pence per share)</i>	30/06/2017 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	141.44	133.64	130.06
Return before operating charges*	3.99	11.64	7.53
Operating charges and Property expenses	(1.95)	(3.84)	(3.95)
Return after operating charges and Property expenses*	2.04	7.80	3.58
Distribution	(0.87)	(1.58)	(1.07)
Retained distributions on accumulation shares	0.87	1.58	1.07
Closing net asset value per share	143.48	141.44	133.64
*after direct transaction costs of ¹ :	0.21	0.90	0.39
Performance			
Return after charges	1.44%	5.84%	2.75%
Other Information			
Closing net asset value (£'000)	30,616	30,211	28,432
Closing number of shares	21,339,096	21,359,392	21,275,473
Operating charges ²	1.43%	1.64%	1.67%
Property expenses ³	1.28%	1.19%	1.36%
Direct transaction costs	0.14%	0.67%	0.30%
Prices			
Highest share price	143.60	140.40	137.20
Lowest share price	141.40	137.20	131.50

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

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

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

F Acc (Inst. Net)

	31/12/2018 <i>(pence per share)</i>	30/06/2018 <i>(pence per share)</i>	30/06/2017 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	139.10	131.71	128.37
Return before operating charges*	3.69	11.17	7.23
Operating charges and Property expenses	(1.92)	(3.78)	(3.89)
Return after operating charges and Property expenses*	1.77	7.39	3.34
Distribution	(0.69)	(1.24)	(0.86)
Retained distributions on accumulation shares	0.69	1.24	0.86
Closing net asset value per share	140.87	139.10	131.71
*after direct transaction costs of ¹ :	0.20	0.89	0.38
Performance			
Return after charges	1.27%	5.61%	2.60%
Other Information			
Closing net asset value (£'000)	832	665	796
Closing number of shares	590,711	478,291	604,465
Operating charges ²	1.43%	1.64%	1.67%
Property expenses ³	1.28%	1.19%	1.36%
Direct transaction costs	0.14%	0.67%	0.30%
Prices			
Highest share price	141.00	138.10	135.20
Lowest share price	139.00	135.20	129.70

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

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

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

G Inc (Seed Net)

	31/12/2018 <i>(pence per share)</i>	30/06/2018 <i>(pence per share)</i>	30/06/2017 <i>(pence per share)</i>
Change in Net Asset Value per Share			
Opening net asset value per share	128.55	123.00	120.48
Return before operating charges*	3.11	10.22	6.95
Operating charges and Property expenses	(1.77)	(3.51)	(3.65)
Return after operating charges and Property expenses*	1.34	6.71	3.30
Distributions on income shares	(0.63)	(1.16)	(0.78)
Closing net asset value per share	129.26	128.55	123.00
*after direct transaction costs of ¹ :	0.19	0.83	0.36
Performance			
Return after charges	1.04%	5.46%	2.74%
Other Information			
Closing net asset value (£'000)	550	579	765
Closing number of shares	425,526	450,700	622,291
Operating charges ²	1.43%	1.64%	1.67%
Property expenses ³	1.28%	1.19%	1.36%
Direct transaction costs	0.14%	0.67%	0.30%
Prices			
Highest share price	130.10	128.20	126.40
Lowest share price	128.50	126.10	121.60

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

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

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

H Gross Acc

	<i>31/12/2018¹</i> <i>(pence per share)</i>
Change in Net Asset Value per Share	
Opening net asset value per share	100.00
Return before operating charges*	41.33
Operating charges and Property expenses	(1.37)
Return after operating charges and Property expenses*	39.96
Distribution	(1.11)
Retained distributions on accumulation shares	1.11
Closing net asset value per share	139.96
*after direct transaction costs of ² :	0.20
Performance	
Return after charges	39.96%
Other Information	
Closing net asset value (£'000)	12,744
Closing number of shares	9,105,033
Operating charges ³	0.68%
Property expenses ⁴	1.28%
Direct transaction costs	0.14%
Prices	
Highest share price	140.00
Lowest share price	137.50

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

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

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

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

X Net Acc

*31/12/2018¹
(pence per share)*

Change in Net Asset Value per Share

Opening net asset value per share	100.00
Return before operating charges*	37.92
Operating charges and Property expenses	(2.09)
Return after operating charges and Property expenses*	35.83
Distribution	(0.59)
Retained distributions on accumulation shares	0.59
Closing net asset value per share	135.83
*after direct transaction costs of ² :	0.20

Performance

Return after charges	35.83%
----------------------	--------

Other Information

Closing net asset value (£'000)	15
Closing number of shares	10,772
Operating charges ³	1.78%
Property expenses ⁴	1.28%
Direct transaction costs	0.14%

Prices

Highest share price	136.00
Lowest share price	134.10

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

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

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

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

TM Hearthstone ICVC

TM home investor fund

Statement of Total Return

(unaudited) for the period ended 31st December 2018

	£'000	2018 £'000	£'000	2017 £'000
Income				
Net capital gains		281		541
Revenue	1,050		771	
Expenses	(511)		(467)	
Interest payable and similar charges	—		—	
Net revenue before taxation	539		304	
Taxation	—		—	
Net revenue after taxation for the period		<u>539</u>		<u>304</u>
Total return before distributions		820		845
Distributions		<u>(539)</u>		<u>(304)</u>
Change in net assets attributable to shareholders from investment activities		<u><u>281</u></u>		<u><u>541</u></u>

Statement of Change in Net Assets Attributable to Shareholders

(unaudited) for the period ended 31st December 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		54,734		52,871
Amounts receivable on issue of shares	5,528		4,695	
Amounts payable on cancellation of shares	<u>(4,996)</u>		<u>(3,597)</u>	
		532		1,098
Dilution adjustment		—		299
Change in net assets attributable to shareholders from investment activities		281		541
Retained distribution on accumulation shares		523		283
Closing net assets attributable to shareholders		<u><u>56,070</u></u>		<u><u>55,092</u></u>

* The opening net assets attributable to shareholders for 2018 differs to the closing position in 2017 by the change in shareholders' net assets for the second half of the comparative financial year.

TM Hearthstone ICVC

TM home investor fund

Balance Sheet

(unaudited) as at 31st December 2018

	2019 £'000	2018 £'000
Assets		
Fixed assets:		
Investment Property	50,601	49,906
Investment in Collective Investment Schemes	1,926	3,533
Current assets:		
Debtors	555	195
Cash and cash equivalents	4,035	1,473
Total assets	<u>57,117</u>	<u>55,107</u>
Liabilities		
Creditors:		
Distributions payable	(19)	(17)
Other creditors	(1,028)	(356)
Total liabilities	<u>(1,047)</u>	<u>(373)</u>
Net assets attributable to shareholders	<u><u>56,070</u></u>	<u><u>54,734</u></u>

TM Hearthstone ICVC

TM home investor fund

Cash Flow Statement

(unaudited) for the period ended 31st December 2018

	31/12/2018	30/06/2018
	£'000	£'000
Cash flows from operating activities:		
Change in net assets attributable to shareholders from investment activities	281	2,452
Distributions	539	585
Net capital gains:		
Non-derivative gains/(losses)	6	(6)
Immovable properties	(292)	(2,445)
Decrease in creditors	(94)	(18)
Decrease/(Increase) in debtors	113	(114)
Net cash inflow from operating activities	553	454
Cash flows from investing activities:		
Payments to acquire investments	(156)	(7,818)
Receipts from sales of investments	811	3,130
Net cash inflow/(outflow) from investing activities	655	(4,688)
Cash flows from financing activities:		
Amounts received on creations of shares	17,918	8,428
Amounts paid on cancellation of shares	(16,552)	(9,273)
Distributions paid	(12)	(43)
Net cash inflow/(outflow) from financing activities	1,354	(888)
Net increase/(decrease) in cash and cash equivalents in period	2,562	(5,122)
Cash and cash equivalents at the start of the period	(1,473)	(6,595)
Cash and cash equivalents at the end of the period	4,035	1,473
Net increase/(decrease) in cash and cash equivalents in period	2,562	(5,122)

Note to the Financial Statements

Accounting Policies

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30th June 2018. They are 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.

TM Hearthstone ICVC

TM home investor fund

Distribution Tables

(unaudited) for the period ended 31st December 2018

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

Group 1: Shares purchased prior to 1st July 2018

Group 2: Shares purchased on or after 1st July 2018 to 30th September 2018

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation	2018 Net Accumulation	2017 Net Accumulation
Property Revenue Stream						
1	0.1484	0.0000	0.1484	–	0.1484	0.1461
2	0.0306	0.0000	0.0306	0.1178	0.1484	0.1461
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st July 2018

Group 2: Shares purchased on or after 1st July 2018 to 30th September 2018

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation	2018 Net Accumulation	2017 Net Accumulation
Property Revenue Stream						
1	0.1476	0.0295	0.1181	–	0.1181	0.1151
2	0.0916	0.0183	0.0733	0.0448	0.1181	0.1151
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

TM Hearthstone ICVC

TM home investor fund

Distribution Tables

(unaudited) for the period ended 31st December 2018 (continued)

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

Group 1: Shares purchased prior to 1st July 2018

Group 2: Shares purchased on or after 1st July 2018 to 30th September 2018

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation	2018 Net Accumulation	2017 Net Accumulation
Property Revenue Stream						
1	0.3649	0.0000	0.3649	–	0.3649	0.3495
2	0.1821	0.0000	0.1821	0.1828	0.3649	0.3495
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st July 2018

Group 2: Shares purchased on or after 1st July 2018 to 30th September 2018

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation	2018 Net Accumulation	2017 Net Accumulation
Property Revenue Stream						
1	0.3239	0.0648	0.2591	–	0.2591	0.2763
2	0.2314	0.0463	0.1851	0.0740	0.2591	0.2763
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

TM Hearthstone ICVC

TM home investor fund

Distribution Tables

(unaudited) for the period ended 31st December 2018 (continued)

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

Group 1: Shares purchased prior to 1st July 2018

Group 2: Shares purchased on or after 1st July 2018 to 30th September 2018

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation	2018 Net Accumulation	2017 Net Accumulation
Property Revenue Stream						
1	0.4237	0.0000	0.4237	–	0.4237	0.4043
2	0.2092	0.0000	0.2092	0.2145	0.4237	0.4043
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st July 2018

Group 2: Shares purchased on or after 1st July 2018 to 30th September 2018

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation	2018 Net Accumulation	2017 Net Accumulation
Property Revenue Stream						
1	0.4181	0.0836	0.3345	–	0.3345	0.3192
2	0.0708	0.0142	0.0566	0.2779	0.3345	0.3192
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

TM Hearthstone ICVC

TM home investor fund

Distribution Tables

(unaudited) for the period ended 31st December 2018 (continued)

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

Group 1: Shares purchased prior to 1st July 2018

Group 2: Shares purchased on or after 1st July 2018 to 30th September 2018

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation	2018 Net Distribution Paid	2017 Net Distribution Paid
Property Revenue Stream						
1	0.3859	0.0772	0.3087	–	0.3087	0.2974
2	0.2225	0.0445	0.1780	0.1307	0.3087	0.2974
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st July 2018

Group 2: Shares purchased on or after 1st July 2018 to 30th September 2018

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation	2018 Net Accumulation	2017 Net Accumulation
Property Revenue Stream						
1	0.6188	0.0000	0.6188	–	0.6188	–
2	0.4904	0.0000	0.4904	0.1284	0.6188	–
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	–
2	0.0000	0.0000	0.0000	0.0000	0.0000	–
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	–
2	0.0000	0.0000	0.0000	0.0000	0.0000	–

TM Hearthstone ICVC

TM home investor fund

Distribution Tables

(unaudited) for the period ended 31st December 2018 (continued)

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

Group 1: Shares purchased prior to 1st July 2018

Group 2: Shares purchased on or after 1st July 2018 to 30th September 2018

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation	2018 Net Accumulation	2017 Net Accumulation
Property Revenue Stream						
1	0.3788	0.0758	0.3030	–	0.3030	–
2	0.1489	0.0298	0.1191	0.1839	0.3030	–
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	–
2	0.0000	0.0000	0.0000	0.0000	0.0000	–
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	–
2	0.0000	0.0000	0.0000	0.0000	0.0000	–

TM Hearthstone ICVC

TM home investor fund

Distribution Tables

(unaudited) for the period ended 31st December 2018 (continued)

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

Group 1: Shares purchased prior to 1st October 2018

Group 2: Shares purchased on or after 1st October 2018 to 31st December 2018

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.5730	0.0000	0.5730	–	0.5730	0.1544
2	0.3752	0.0000	0.3752	0.1978	0.5730	0.1544
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st October 2018

Group 2: Shares purchased on or after 1st October 2018 to 31st December 2018

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.5705	0.1141	0.4564	–	0.4564	0.1227
2	0.3394	0.0679	0.2715	0.1849	0.4564	0.1227
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

TM Hearthstone ICVC

TM home investor fund

Distribution Tables

(unaudited) for the period ended 31st December 2018 (continued)

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

Group 1: Shares purchased prior to 1st October 2018

Group 2: Shares purchased on or after 1st October 2018 to 31st December 2018

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.8079	0.0000	0.8079	–	0.8079	0.3611
2	0.5574	0.0000	0.5574	0.2505	0.8079	0.3611
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st October 2018

Group 2: Shares purchased on or after 1st October 2018 to 31st December 2018

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.7936	0.1587	0.6349	–	0.6349	0.2850
2	0.4410	0.0882	0.3528	0.2821	0.6349	0.2850
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

TM Hearthstone ICVC

TM home investor fund

Distribution Tables

(unaudited) for the period ended 31st December 2018 (continued)

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

Group 1: Shares purchased prior to 1st October 2018

Group 2: Shares purchased on or after 1st October 2018 to 31st December 2018

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.8723	0.0000	0.8723	–	0.8723	0.4164
2	0.5003	0.0000	0.5003	0.3720	0.8723	0.4164
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st October 2018

Group 2: Shares purchased on or after 1st October 2018 to 31st December 2018

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.8598	0.1720	0.6878	–	0.6878	0.3282
2	0.8598	0.1720	0.6878	0.0000	0.6878	0.3282
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

TM Hearthstone ICVC

TM home investor fund

Distribution Tables

(unaudited) for the period ended 31st December 2018 (continued)

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

Group 1: Shares purchased prior to 1st October 2018

Group 2: Shares purchased on or after 1st October 2018 to 31st December 2018

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation	2019 Net Distribution Payable	2018 Net Distribution Paid
Property Revenue Stream						
1	0.7926	0.1585	0.6341	–	0.6341	0.3053
2	0.2995	0.0599	0.2396	0.3945	0.6341	0.3053
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st October 2018

Group 2: Shares purchased on or after 1st October 2018 to 31st December 2018

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	1.1140	0.0000	1.1140	–	0.1140	–
2	0.7882	0.0000	0.7882	0.3258	0.1140	–
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	–
2	0.0000	0.0000	0.0000	0.0000	0.0000	–
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	–
2	0.0000	0.0000	0.0000	0.0000	0.0000	–

TM Hearthstone ICVC

TM home investor fund

Distribution Tables

(unaudited) for the period ended 31st December 2018 (continued)

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

Group 1: Shares purchased prior to 1st October 2018

Group 2: Shares purchased on or after 1st October 2018 to 31st December 2018

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation	2019 Net Accumulation	2018 Net Accumulation
Property Revenue Stream						
1	0.7435	0.1487	0.5948	–	0.5948	–
2	0.5103	0.1021	0.4082	0.1866	0.5948	–
Interest Stream						
1	0.0000	0.0000	0.0000	–	0.0000	–
2	0.0000	0.0000	0.0000	0.0000	0.0000	–
Dividend Stream						
1	0.0000	0.0000	0.0000	–	0.0000	–
2	0.0000	0.0000	0.0000	0.0000	0.0000	–

* There are no comparative figures shown as the share class launched 13th July 2018.

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

TM Hearthstone ICVC

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 £5,000.

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.



Hearthstone
Investments



investment architecture

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