

TM Hearthstone ICVC

Annual Report & Accounts
for the year ended 30th June 2023



THESIS UNIT TRUST MANAGEMENT LIMITED

Authorised and regulated by the Financial Conduct Authority

TM Hearthstone ICVC

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

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Management and Professional Service Providers' Details

Authorised Corporate Director:

Thesis Unit Trust Management Limited
Exchange Building
St John's Street
Chichester
West Sussex PO19 1UP
Tel: 01243 531 234

*Authorised and regulated by
The Financial Conduct Authority*

Investment Manager:

Thesis Asset Management Limited
Exchange Building
St John's Street
Chichester
West Sussex PO19 1UP

*Authorised and regulated by
the Financial Conduct Authority*

Property Investment Adviser:

Hearthstone Asset Management Limited
29 Throgmorton Street
London EC2N 2AT

*An appointed representative of
Thesis Asset Management Limited*

Administrator, Registrar and Fund Accountant:

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

*Authorised and regulated by
the Financial Conduct Authority*

Dealing Office:

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

*Authorised and regulated by
the Financial Conduct Authority*

Auditor:

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Directors of ACD:

S. R. Mugford - Finance Director
D. W. Tyerman - Chief Executive Officer
S. E. Noone - Client Service Director
D. K. Mytnik - Non-Executive Director
V. R. Smith - Non-Executive Director
G. Stewart – Independent Non-Executive Director
C. J. Willson - Independent Non-Executive Director
N. C. Palios - Non-Executive Chair

D. W. Tyerman and S. R. Mugford also hold directorships of other companies within the Thesis group and perform senior management roles within these companies, particularly Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the Authorised Corporate Director.

D. K. Mytnik, V. R. Smith and N. C. Palios also hold non-executive directorships of other companies within the Thesis group. They and C. J. Willson and G. Stewart are not engaged in other business activities that are of significance to the TM Hearthstone ICVC (the "Company").

Depository:

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

*Authorised and regulated by
the Financial Conduct Authority*

Standing Independent Valuer:

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

Property Manager:

Connells Limited
The Bailey
Skipton
North Yorkshire BD23 1DN

TM Hearthstone ICVC

Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2023

Thesis Unit Trust Management Limited (the “ACD”) is pleased to present the ACD’s Annual Report and Accounts for TM Hearthstone ICVC (the “Company”) for the year ended 30th June 2023.

This Company is an umbrella fund with only one sub-fund, namely TM home investor fund (the “sub-fund”).

Investment Objective and Policy

It is intended that the TM home investor fund (the “sub-fund”) be a PAIF at all times, and, as such, its investment objective is to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business as further described below. HM Revenue & Customs has provided confirmation to the ACD that the sub-fund meets the requirements to qualify as a PAIF under Regulation 69O of the Authorised Investment Funds (Tax) Regulations 2006 (as amended).

The objective of the sub-fund is to establish a residential property fund which provides investors with exposure to the United Kingdom housing market. Returns will derive principally from capital performance, with lettings of sub-fund properties intended to cover costs and provide some additional return. As it is intended that the sub-fund follows the performance of the underlying housing market it will be ungeared apart from occasional borrowings used to support liquidity.

The key investment objective is to maintain a let property portfolio which is diversified according to the geographic distribution of housing stock in England, Scotland and Wales. As far as suitable opportunities allow, the sub-fund will allocate investments to each region on the basis of that region’s market size compared to the United Kingdom as a whole (excluding Northern Ireland). Attention will also be given to maintaining a balance between property types which appropriately reflects the wider market.

There is no explicit income target for the sub-fund but the properties will be selected and managed in such a way as to provide income appropriate to their location while minimising the loss in rental yields due to management and maintenance costs.

The sub-fund will invest primarily in United Kingdom residential Property. Consistent with the sub-fund’s objective to invest in a portfolio which is diversified according to the distribution of housing stock in the United Kingdom mainland, it will aim to identify properties which are in established rental locations within each area and that have exhibited long term house price growth characteristics that are average or above average for the region. Where appropriate, discounts will be sought on purchases that mitigate or eliminate the transactional costs of investment or provide an element of additional performance.

Properties will generally be let on an Assured Shorthold (“AST”) basis apart from units let to specialist operators for use as serviced apartments or units obtained from residential developers on a sale and leaseback basis. Properties subject to non-AST leases will be managed to ensure that the sub-fund is not unduly exposed to counter-party risk.

The sub-fund will invest a small proportion of its assets in liquid instruments and cash in order to obtain appropriate levels of liquidity. To maintain exposure to the United Kingdom residential market, instruments used for this purpose may include property related equities, regulated or unregulated investment funds, and derivatives.

Performance Comparator

The sub-fund uses the e.surv House Price Index (previously known as LSL Acadata) for performance comparison purposes only. The benchmark is not a target benchmark and the sub-fund is not constrained by it.

This Index has been chosen as a comparator benchmark as it is based upon actual sales completed and is mix-adjusted. There is a detailed comparison of the various indices on the e.surv (previously known as LSL Acadata) website but, put simply, it is the result of taking the average of the price at which every residential transaction in England & Wales took place, smoothed over rolling 3 month periods, mixadjusted to eliminate the effect of monthly changes in the types of properties sold, and seasonally adjusted to account for times in the year when house buying activity traditionally experiences peaks or troughs.

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

TM Hearthstone ICVC

Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2023 (continued)

Other information

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

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

Important Information

From time to time, major macroeconomic events occur and cause significant short-term volatility to capital markets. Russia’s military action is an example of such an event. The recent sharp increases in inflation were initially due to rising energy and food costs, largely caused by global events such as the war in Ukraine. Other factors, like wage increases in the UK, have also helped keep prices high. High inflation may lead to slower house price growth particularly, when interest rates rise rapidly with the aim of controlling inflation, which makes buying a home more expensive. In addition, when inflation is rising, more is spent on daily necessities such as food, petrol and heating. These factors reduce affordability when purchasing a home which may slow house price growth. We are monitoring the situation closely and will continue to manage the Company in line with its objectives and the PAIF regulations.

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

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

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

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

The valuation of these units is therefore reported as being subject to ‘Material Valuation Uncertainty’, as set out in VPS 3 and VPGA 10 of the RICS Valuation Global Standards. Consequently, less certainty- and a higher degree of caution- should be attached to the valuation of these units than would normally be the case.

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

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

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

TM Hearthstone ICVC

Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2023 (continued)

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

At the current time, the saleability of the units within the Spectrum Apartments has likely been significantly impacted. Units within the block are likely to be considered unmortgageable, currently only available to cash purchasers. We consider that the time to achieve a sale of the individual units will be extended beyond the usual 3-6 month time frame expected. If the units were to be marketed for sale by auction, a discount to the vacant possession value would be expected to reflect the current uncertainty and safety implications within the building.

There has been some useful evidence reflecting activity in the market, albeit the building is limited to cash buyers. Based on recent sales activity in the block, the SIV’s opinion of value represents a discount of broadly 5%. However, it is important to note that sales evidence is still limited as at the valuation date and consequently the SIV continues to monitor the local market and any listings within the subject schemes. To confirm, the SIV still consider there to be a material uncertainty particularly in relation to what impact the building safety and associated issues will have on the achievable values for the apartments within Spectrum.

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

Suspension of dealing in TM home investor fund and TM home investor feeder fund, together “the Funds”

Thesis Unit Trust Management Limited (“Tutman”) as the Authorised Corporate Director (“ACD”) of the Funds has, as of Monday 31st July 2023, obtained the agreement of the Funds’ Depositary to suspend dealing in the Funds, effective from 10:30pm on 31st July 2023 until further notice.

The Funds have been reducing in size because investors have been selling their shares and the rate of investor redemption requests has increased recently. The ACD repays investors who are selling their shares using the cash it maintains on the portfolio, and this needs to be replenished periodically by selling underlying property assets. The sale of property assets can take many months to complete, and although the ACD still holds 7% of the TM home investor fund assets as cash, it is likely that this will be used up quickly if the rate of investor redemptions continues.

The ACD has, however, carefully considered all relevant circumstances relating to the Funds, including the likelihood of further redemptions. It has concluded that it is in the best interests of all existing and potential investors in the Funds to suspend the issue, cancellation, sale and redemption of shares in the Funds with immediate effect. The period of suspension is intended to protect the remaining investors in the Funds. The ACD has concluded that, by accepting any further redemption requests, the Property Investment Manager (Hearthstone Asset Management Limited) may, depending on the volume and size of the deals, be required to start selling properties at a substantial discount to market value.

The ACD notes that the current property disposal programme planned to increase liquidity levels includes the sale of five properties, which are currently under offer at close to market value. If the programme were to be accelerated to accommodate further redemptions, it is likely that this position could not be maintained. In accordance with the prospectus, the ACD has therefore assessed that the circumstances are exceptional and that the suspension is required to ensure that the liquidity of the Funds is not significantly depleted and that property is not required to be sold at a substantial discount to its open market value.

During the period that share dealing is suspended, the ACD will not be able to accept requests from investors to redeem or purchase shares in the Funds. The Funds will, however, continue to be managed in accordance with their investment objective and be priced daily.

Any income distributions that are due to be paid will be paid as usual and in accordance with the prospectus relating to the Funds.

Closure of the TM home investor fund and TM home investor feeder fund, together “the Funds”

As a result of the suspension, the ACD considered a range of options available to it, including the termination of the Funds. The ACD has now decided to close the Funds.

Several factors including, we believe, ongoing uncertainty over the future of open-ended funds invested in direct (physical) property, and the potential introduction of between 90 and 180 day notice periods for redemptions, together with reduced investor sentiment caused by rising interest rates have combined to cause existing investors to redeem their shares and acted as a disincentive to new investors to subscribe for shares.

TM Hearthstone ICVC

Report of the Authorised Corporate Director (“ACD”)

for the year ended 30th June 2023 (continued)

Closure of the TM home investor fund and TM home investor feeder fund, together “the Funds” (continued)

If the existing suspension was lifted in the near future, the ACD anticipates increased redemptions in an environment where it would still be difficult to attract new investors and, as a consequence, would not be able to meet these requests and retain liquidity in the Funds which would result in another suspension.

After careful consideration, it has been agreed that the Funds are no longer commercially viable for it to operate efficiently, as such, it is not in the interests of investors to remain invested in the Funds in the long-term. Additionally, the ACD does not believe that the Funds will attract new investment or grow in the future.

Thesis Unit Trust Management Limited
Authorised Corporate Director
31st October 2023

Report of the Investment Managers

for the year ended 30th June 2023

Investment Report - Hearthstone Asset Management Limited

1. Residential Market

Financial markets have remained unsettled by worries about high inflation. Otherwise, positive news on labour market resilience has stoked fears of higher interest rates, adding to the risk of a hard landing. For example, a recent release of US data showing strong private sector job creation sent equity markets lower, while the yield on two-year US government bonds briefly reached its highest level since 2007.

The same has happened in the UK, which has seen one of the sharpest rises in interest rate expectations of any major economy. Since April, rates on two-year UK bonds have risen by 210bps, compared with 90bps in the US and just 70bps in Germany. Markets are now pricing in a peak in the UK Bank Rate of over 6% early next year, compared with 0.15% in late 2021 and a current level of 5% - higher than the expected peaks for the US and the euro area (5.5% and 4.0%, respectively).

Financial markets see the UK facing a higher peak in rates than elsewhere because inflation risks appear to be greater. UK headline inflation has fallen less than in the US and the euro area since the start of the year. Meanwhile, core inflation, which has moderated across most large economies, has hit a 30-year high in the UK. Nevertheless, there are some signs that despite the resilience of the UK labour market so far, conditions are becoming more difficult.

A weakening in the labour market, and especially moderating wage settlements, would bring interest rate expectations down, offering relief to households hit by five-year mortgage rates that are now over 6%. The sharp rise in new mortgage rates will weigh heavily on housing market transactions and house prices. The stock of unsold properties has risen steadily since last autumn, and is likely to increase further as demand is depressed by the cost of borrowing.

While the downward adjustment in house prices is cushioned to some extent by the proportion of fixed rate loans, savings accumulated during the pandemic and a sharp reduction in new housing supply as developers cut production, we believe the process has further to run.

There are, however, signs that the squeeze on households' disposable incomes is starting to ease. Higher wage settlements are starting to feed through, and the 10% increase in the value of the state pension, the National Living Wage and some benefits from April is also a factor. Energy prices are falling sharply, and producer price data suggest a sharp slowdown in food and core goods price inflation over the next six months.

The Treasury's survey of independent forecasters shows that fears of a recession in the UK have receded in recent months. Much will depend on how the delayed impact of successive interest rate rises feeds through over the next few months, and the pace at which inflation moderates.

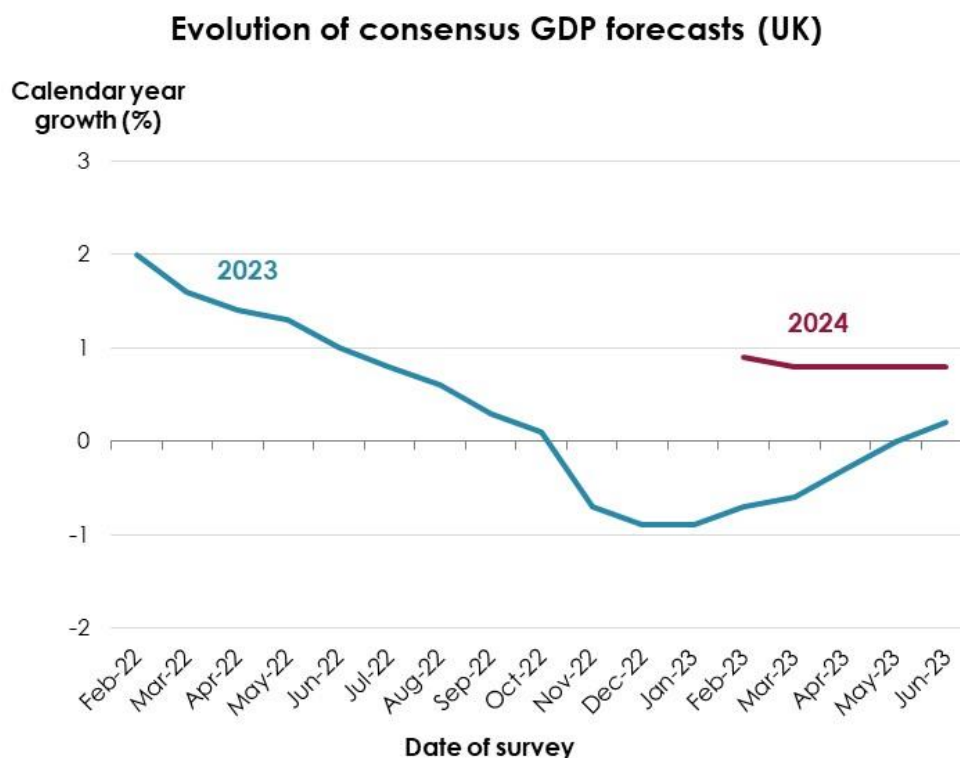
The consensus continues to point to insipid growth in 2024, which runs the risk of stagflation if inflation proves stickier than the Bank of England expects.

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Report of the Investment Managers for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

1. Residential Market (continued)



Source: HM Treasury Comparison of Independent Forecasts, June 2023

The above economic pressures have led to a cooling of the housing market with Nationwide data to June showing prices down 3.5% over the year across all regions, except Northern Ireland. Of the GB regions, the East Midlands, Scotland and Wales were the most resilient regions, while East Anglia was the weakest.

The e.surv Acadata England and Wales House Price Index over the last twelve months indicating the average price of a home sold in England and Wales has increased by some £4,000, or 1.2%, however we expect that to fall as more data comes through the conveyancing system – it is worth noting that according to this index 2023 has shown the following monthly changes (for comparison we also show the sub-fund's property portfolio valuation changes during these months).

Month	Index Change %	Fund IV Change %
January 2023	0.0%	-0.06%
February 2023	-0.1%	-0.03%
March 2023	-0.7%	0.03%
April 2023	-0.6%	0.28%
May 2023	-0.2%	-0.15%
June 2023	-0.3%	-0.03%

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

1. Residential Market (continued)

Annually the sub-fund's Investment Value (IV) has increased by 1.29% against the e.surv index's 1.22%, and Zoopla's 1.2% increase.

With the continued record levels of inflation and rising base and mortgage rates there is continued pressure on the housing market that has driven buyer enquiries to weaken although mortgage approvals have remained unexpectedly resilient.

Rental demand continued to grow, and with some Buy to Let landlords exiting the market, demand for good quality modern homes, such as those owned by the sub-fund, continued. Rents across the sub-fund's property portfolio have grown by 5.79% year to date, and the market as a whole has continued averaging 5.1% year to date according to the Office for National Statistics (ONS).

2. Company Performance

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

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

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

The sub-fund currently has a cash position within its target range but is not looking to deploy, given the Company's suspension. Within this reporting period, no acquisitions were made.

Across the past 12 months, we have carried out 130 rent reviews at an average increase of 4.90%, and 56 re-lets which increased by 7.95% on average. The rents across all re-lets and reviews over the year have increased on average by 5.79% versus the ONS index of 5.1% (June 2023 latest data).

We have been paying a lot of attention to the property level costs within the sub-fund as well. We noted that the maintenance costs remained stubbornly high over the previous year, as older properties required works. We also note that with the well documented inflationary pressures service charges have increased putting pressure on net income at Property level.

The Company's performance as at 30th June 2023 is detailed below in Tables 1a. & 1b. and charted in Figures 1a and 1b. Performance is on a bid-to-bid price basis, net of charges, and with income reinvested for each share class. Source: Financial Express Analytics.

Note 1: The sub-fund changed to single pricing from a dual pricing basis on 10th April 2015.

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

2. Company Performance (continued)

Tables 1a and 1b: Company Performance to 30th June 2023 by Share Class

1a. Accumulation Classes

	Class C	Class D	Class E	Class F	Class H	Feeder
1 month	0.13%	0.13%	0.13%	0.06%	0.19%	0.07%
3 months	0.45%	0.39%	0.44%	0.39%	0.62%	0.34%
6 months	0.71%	0.66%	0.82%	0.65%	1.19%	0.41%
1 year	1.95%	1.73%	2.11%	1.77%	2.87%	1.58%
3 years	8.90%	8.37%	9.24%	8.67%	11.86%	8.01%
Launch *	58.60%	54.56%	61.47%	57.39%	17.22%	47.71%

1b. Income Classes

	Class C	Class D	Class E	Class F	Class G	Class H
1 month	0.13%	0.07%	0.13%	0.06%	0.15%	0.19%
3 months	0.47%	0.29%	0.47%	0.39%	0.43%	0.62%
6 months	0.07%	-0.18%	0.14%	0.65%	0.36%	1.19%
1 year	1.27%	0.74%	1.42%	1.77%	1.46%	2.87%
3 years	8.23%	7.14%	8.62%	8.67%	8.36%	11.86%
Launch *	7.86%	6.69%	8.10%	8.36%	56.29%	11.63%

Note 2: Share Classes' launch dates:

Class	Accumulation	Income
Class C Unbundled Gross	7th January 2013	20th April 2020
Class D Unbundled Net	7th January 2013	20th April 2020
Class E Institutional Gross	13th August 2012	16th March 2020
Class F Institutional Net	3rd August 2012	20th April 2020
Class G Institutional Net	-	25th July 2012
Class H Gross	13th July 2018	20th April 2020
Class X Net (closed 2nd August 2022)	13th July 2018	20th April 2020
Feeder	29th April 2013	-

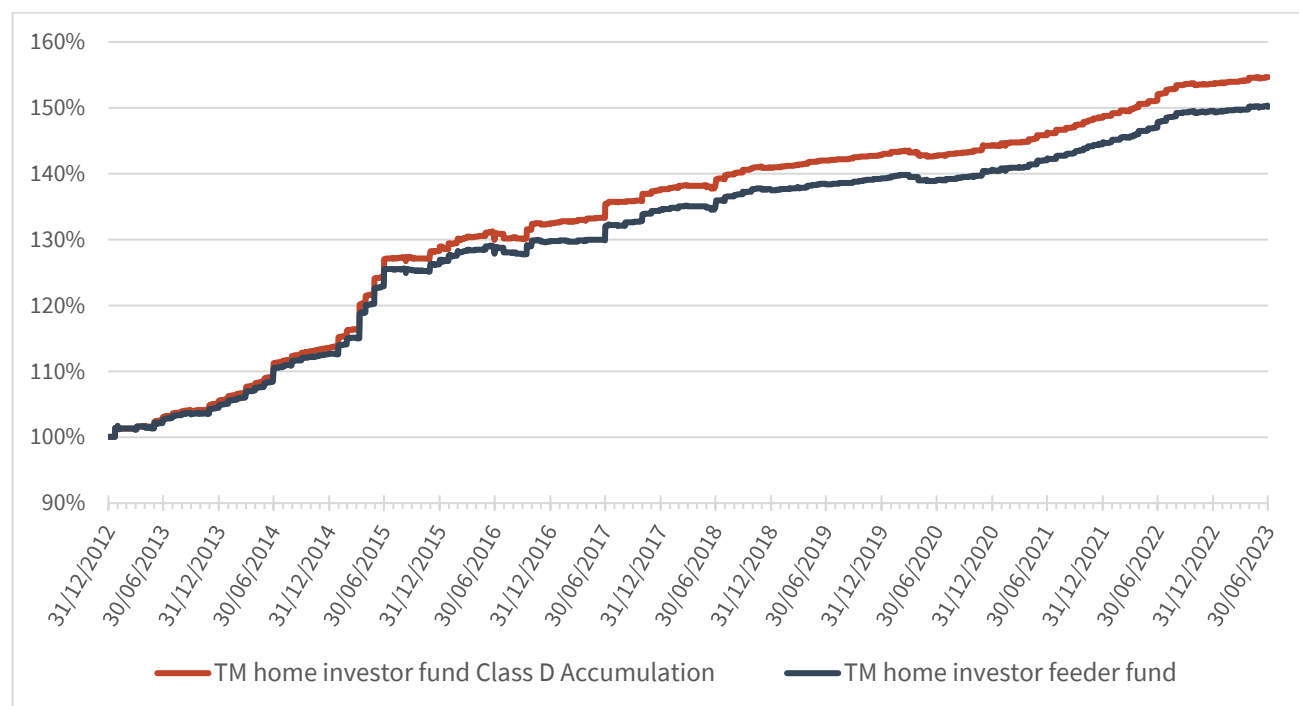
TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2023 (continued)

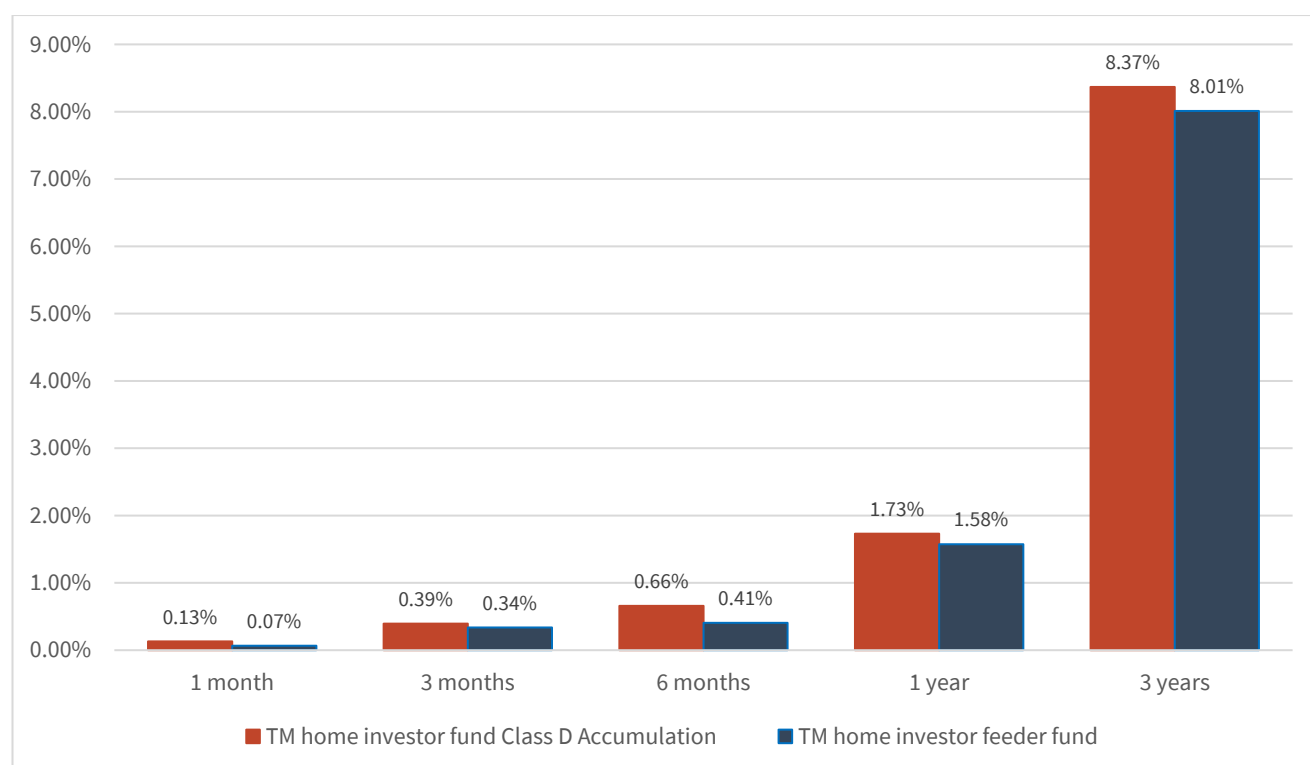
Investment Report - Hearthstone Asset Management Limited (continued)

2. Company Performance (continued)

Figures 1a and 1b: Company Performance by share class – to 30th June 2023



Note 3: Basis = 100% at share class launch date.



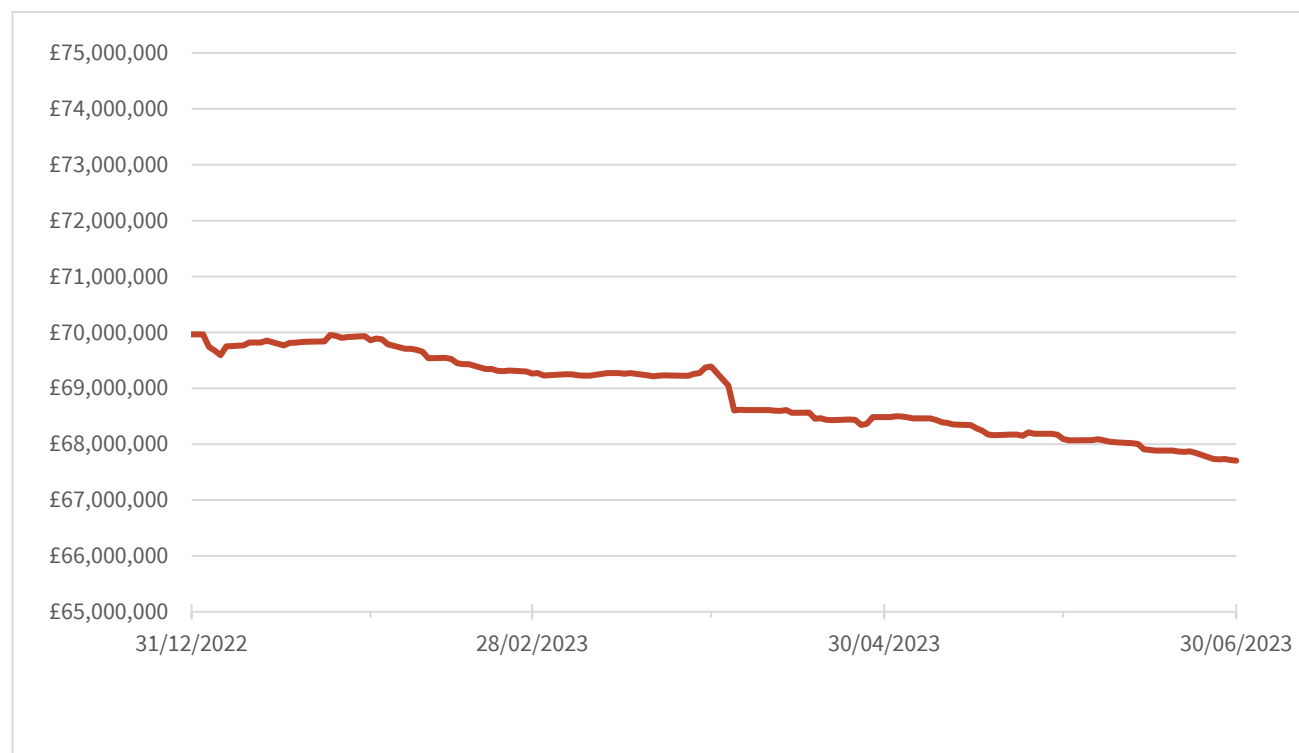
TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

2. Company Performance (continued)

Figure 2: Company Growth 1st July 2022 – 30th June 2023



As at 30th June 2023, the Company's assets have grown to £67,703,908.15.

3. Contribution to Company Performance

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

Table 2: Key Portfolio Statistics at 30th June 2023

Portfolio Purchase Price	£47,005,896
Investment Value (IV) (subject to tenancies in existence)	£59,609,700
Vacant Possession Value (VP) (assuming vacant possession)	£59,609,700
Number of Properties	225*
Average Unit Value VP	£264,932
Potential Gross Annual Rental Income	£3,004,995
Average Annual Rent	£13,415
Potential Gross Property Yield – Potential gross income	5.04%
Current Gross Property Yield – After voids i.e. Let properties only	4.76%
Net Property Yield - After voids & actual property expenditure	3.04%

*224 properties, plus 1 set of car parking spaces

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

i. Rental Yield & Income

Rent Collection

Rent collection throughout the year remained high, averaging 99.5% of that demanded. This is despite the cost-of-living crisis as we ensure good communication with tenants and put in place payment plans where necessary as during the COVID-19 pandemic.

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

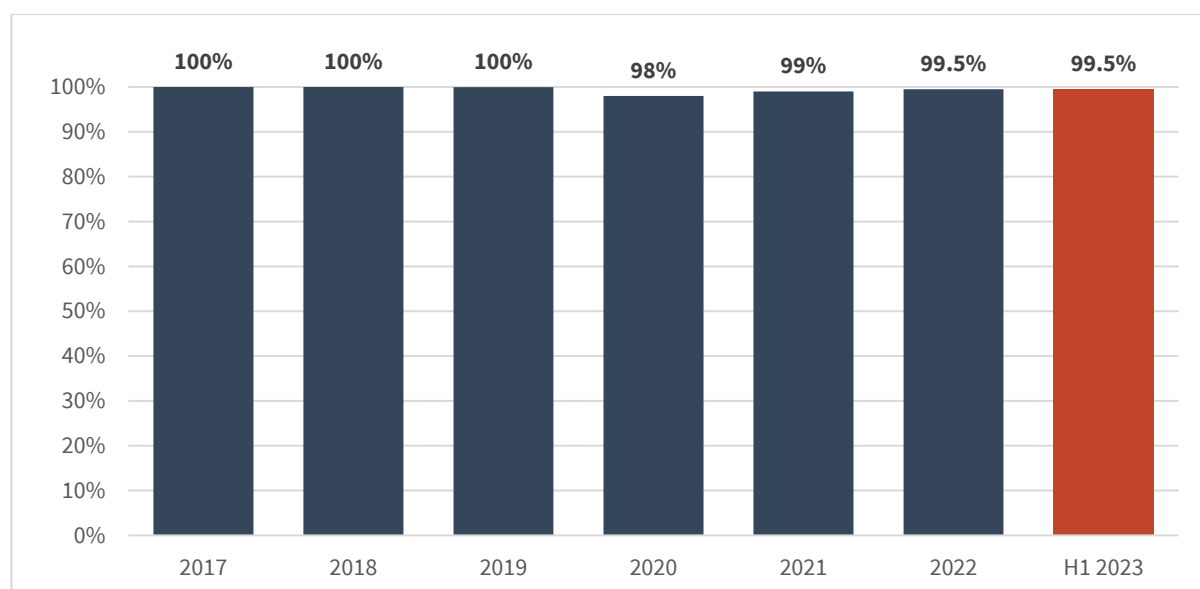


Table 3: Potential Gross Rental Yield at June 2023

Region	Portfolio Gross Yield - June 2023
North West	6.03%
North East	-
Yorkshire & Humber	5.48%
South East	4.57%
South West	5.13%
Wales	-
Scotland	4.87%
East of England	4.61%
East Midlands	4.84%
West Midlands	5.47%
London	5.12%
Overall	5.04%

The potential gross rental yield of the sub-fund property portfolio at June 2023 is 5.04%. Over the 12 months to June 2023, the gross yield adjusted for voids is 4.76% and, after all property related costs, the net yield of the property portfolio is 3.04%. The net yield has fallen slightly as shown below.

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

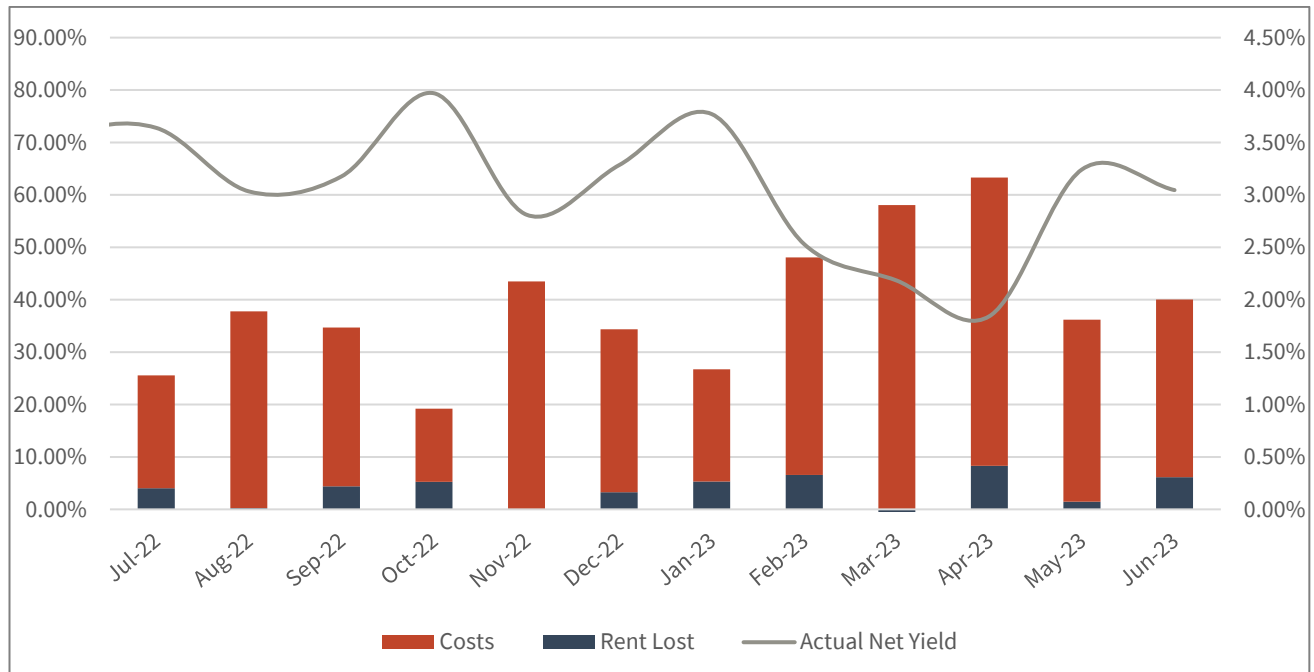
Table 4 shows the gross/net property yield on a monthly basis.

Table 4: Property portfolio Gross – Actual Monthly Net Yield

Month	Potential Gross Yield	Current Gross Yield	Net Yield
Jul-22	4.84%	4.64%	3.64%
Aug-22	4.84%	4.83%	3.03%
Sep-22	4.85%	4.63%	3.18%
Oct-22	4.89%	4.63%	3.97%
Nov-22	4.90%	4.90%	2.81%
Dec-22	4.95%	4.79%	3.28%
Jan-23	4.97%	4.71%	3.77%
Feb-23	4.99%	4.66%	2.53%
Mar-23	4.99%	5.04%	2.18%
Apr-23	5.01%	4.59%	1.84%
May-23	5.03%	4.96%	3.24%
Jun-23	5.04%	4.73%	3.05%

Figure 4 below details the impact of rental loss through arrears/voids and property level costs (as % of potential rent on the left-hand axis) on the net yield (right-hand axis).

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



TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

Figure 5 shows the impact of the three largest costs (Repairs & Maintenance, Management Fees and Services Charge/Ground Rents) have on the yield from July 2022 to June 2023.

Figure 5: Cost impact on Net Property Yields

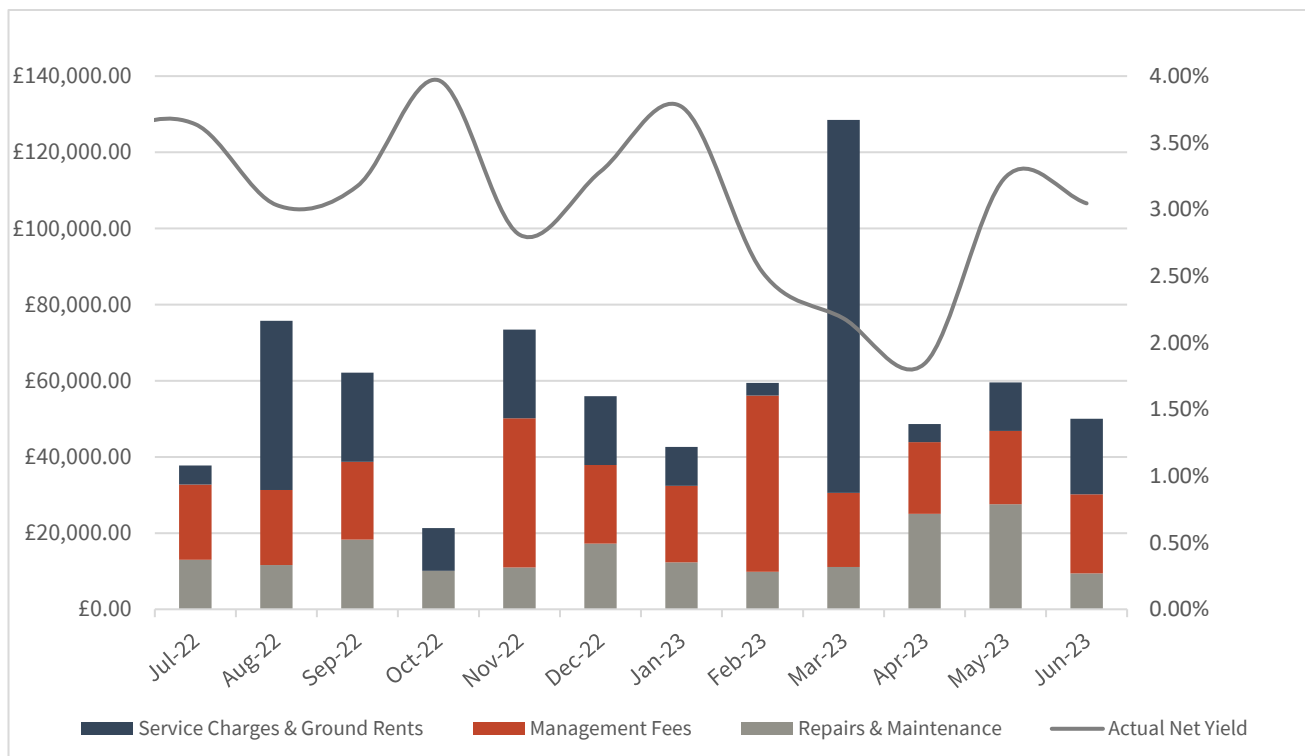
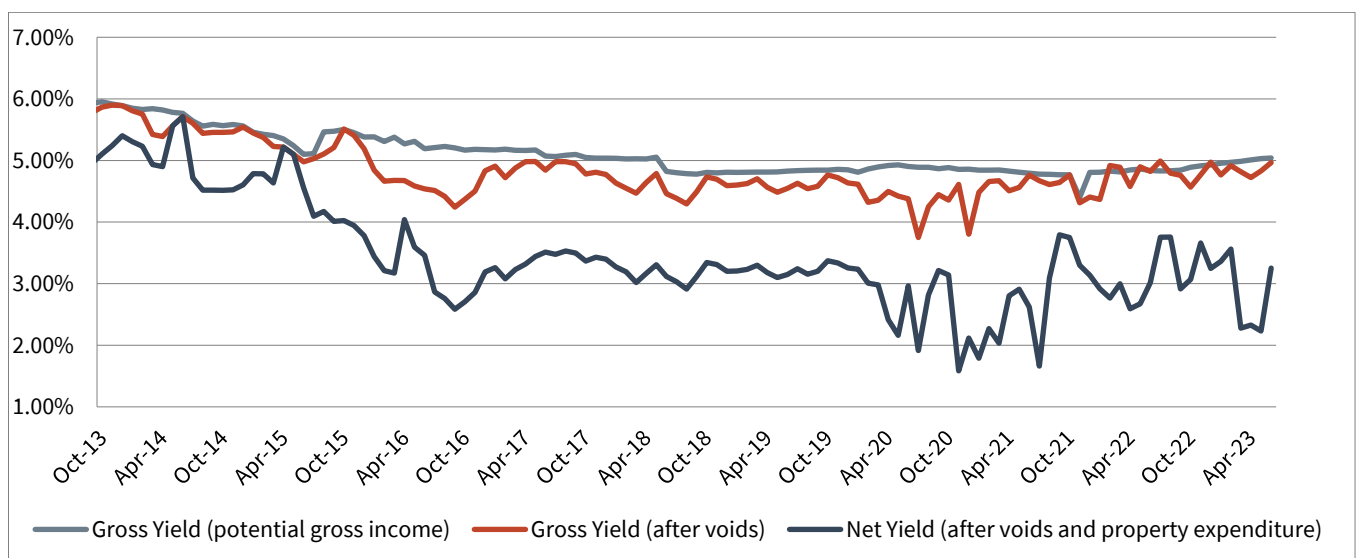


Figure 6 shows the movement of the gross/net property yield from inception to 30th June 2023 on an accrual basis, rather than on an actual basis (above). This will be slightly higher as it doesn't reflect arrears, just estimated voids and costs going forwards.

Figure 6: Gross – Net Property Yield



TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

ii. Valuation Movement

The Standing Independent Valuer 'SIV' (CBRE Limited as of June 2023) values the property portfolio on a desktop basis each month on both an Investment Value (IV) basis and Vacant Possession (VP) basis, and by physical inspection each year. The SIV takes into account the tenancies in existence and the VP value assumes vacant possession. The e.surv Acadata House Price Index is a capital index based on vacant possession (VP) values.

Figure 7 shows the valuation movement of the sub-fund portfolio (adjusted for acquisitions and disposals) from the launch of the Fund to 30th June 2023 against the e.surv Acadata monthly House Price Index. Figure 8 shows the annual growth of the portfolio to June 2023 compared with e.surv Acadata monthly House Price Index.

Figure 7: Property portfolio valuation change vs e.surv Acadata, from Fund launch to 30th June 2023

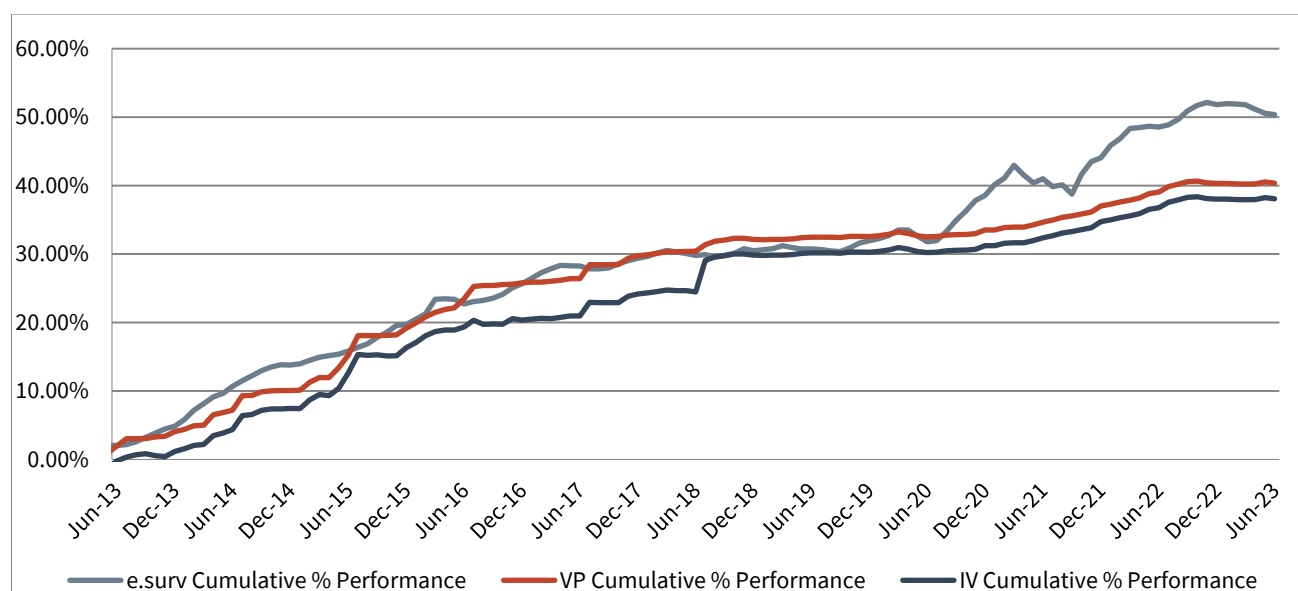
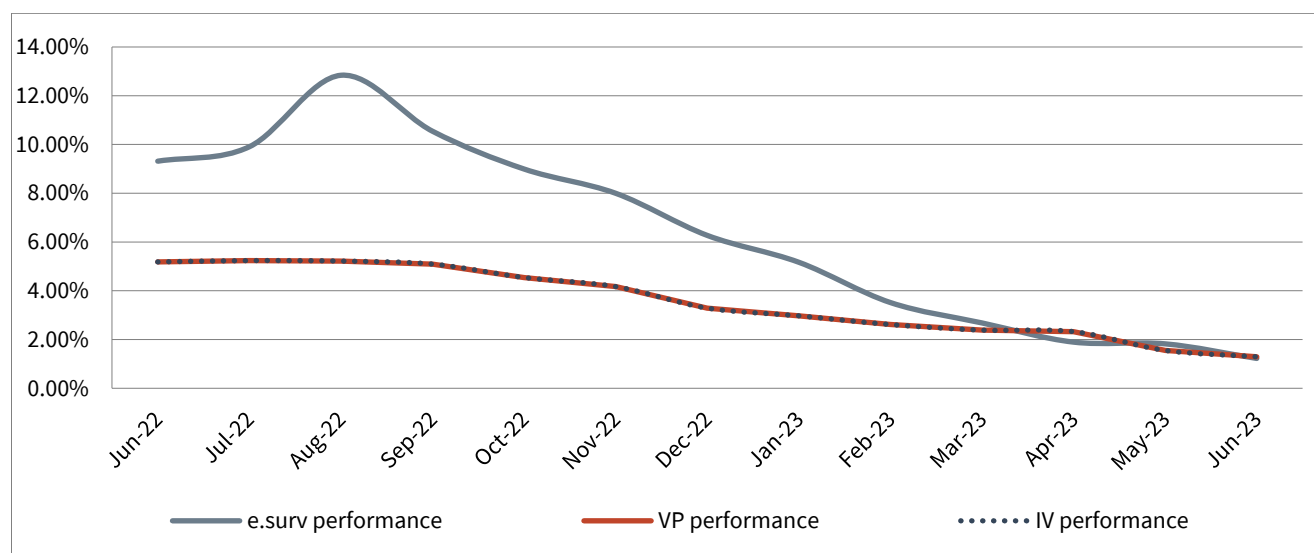


Figure 8: Rolling annual property portfolio valuation change vs e.surv Acadata, year to 30th June 2023



TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

3. Contribution to Company Performance (continued)

In June 2023, e.surv reported a 1.22% annual increase in average house prices. Over the same twelve-month period, the performance of the sub-fund's property portfolio performance is 1.29% (VP and IV).

Since launch of the sub-fund, this brings the increase in IV to 38.06%, and to 40.35% on a VP basis. By way of comparison, the e.surv Acadata House Price Index (which includes the effect of prime central London) reported a change in house prices of 50.11% to its latest data.

4. Property Transactions

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

Since launch, the sub-fund has acquired just over £55 million of property from housebuilders, developers, and property investors.

The initial seed properties added from July 2012 to February 2013 were on an in-specie basis in exchange for units in the sub-fund. The housebuilders simultaneously entered into agreements to lease back the properties and pay a rent/fee on a full repairing and insuring basis. These seed investors have now fully redeemed their shares/units in the sub-fund in accordance with the pre-agreed redemption schedule.

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

i. Purchases

We made no acquisitions during the year and, as mentioned above, we are not looking to acquire any new units currently.

ii. Sales

We regularly review assets that are likely to underperform and four properties have been sold during the past year.

Taking into account the sold properties and new acquisitions, the purchase price of the assets held as at 30th June 2023 is £47,005,896.

Table 5: Summary of disposals from 1st July 2022 – 30th June 2023

Property	Purchase Price	Sold Price	Uplift	Sale Date
1 Mansion House, Colchester	£130,345.02	£160,000.00	£29,654.98	28th October 2022
12 Henmead House, Haywards Heath	£291,668.00	£305,000.00	£13,332.00	2nd December 2022
2 Mansion House, Colchester	£130,345.02	£159,500.00	£29,154.98	19th January 2023
2 Lambert Close, Birmingham	£115,000.00	£161,000.00	£46,000.00	2nd June 2023
Total	£667,358.04	£785,500.00	£118,141.96	17.70% uplift

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

4. Property Transactions (continued)

Holdings

Table 6: Top 10 Holdings 30th June 2023

Property Name	Number of Properties	Value	% of NAV
Quadrant Court, Wembley, London HA9	22	£7,385,000	10.85%
Wickhurst Green, Horsham, RH12	14	£4,840,000	7.11%
The Limes, Nottingham, NG8	18	£4,280,000	6.29%
Crocketts Lane, Smethwick, B66	13	£3,285,000	4.82%
Whittingham Place, Preston, PR3	13	£2,998,000	4.40%
Spectrum, Blackfriars Road, Manchester M3*	17	£2,865,000 ¹	4.21%
King Georges Park, Rowhedge, CO5	8	£2,710,000	3.98%
Rea Road, Northfield, Birmingham. B31	14	£1,905,000	2.80%
Portland View, Bristol, BS2	6	£1,780,000	2.61%
Willow Grange, Doncaster, DN4	68	£1,670,000	2.45%
TOTAL	133	£33,718,000	49.52%

* The Standing Independent Valuer (SIV) attached a material valuation uncertainty clause to the Spectrum flats in Manchester in April 2021 following a failed EWS1 (external wall safety) assessment. These assessments were introduced by the government to improve fire safety of high-rise buildings including external cladding. As of the end of February there was no clarity as to potential cost and timing of any remedial works, or whether this may require funding from leaseholders, the clause remains in place. Consequently, the SIV states less certainty and a higher degree of caution should be attached to its valuation of these units, and that it may take longer than the usual 3-6 month marketing period should a decision be made to sell them individually. However, the original developer of the flats has recently signed the Government's Developer Remediation Contract and stated its intent to work with the site's Residents Management Company to agree a schedule of remediation works. All residents are aware of the situation and additional fire safety measures have been implemented. The 17 flats held by the fund, of which 12 are in a building below 18 metres, are part of a larger development of c. 600 apartments. Since a Material Valuation Uncertainty clause has been attached to these properties, the 30th June 2022 financial statements were qualified.

¹ £60,000 relates to car ports and £2,805,000 relates to the apartments.

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

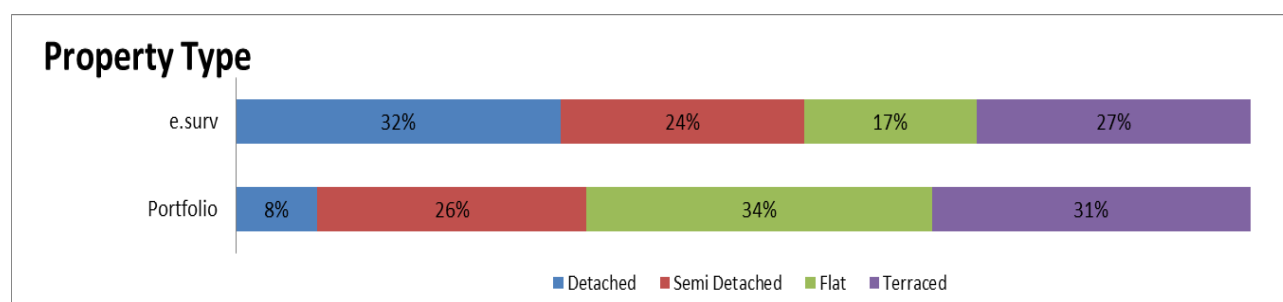
4. Property Transactions (continued)

Table 7 shows the current portfolio against the e.surv Acadata regional weightings of property as at 30th June 2023. The portfolio is reasonably balanced at present but slightly currently overweight in the Midlands and North West regions. The portfolio remains slightly underweight in London, by design.

Table 7: Portfolio Breakdown by Regional e.surv Acadata Allocations as at 30th June 2023

Areas	No of Units	% of units	Purchase Price	Current IV	% by Value & Region	% +/-	e.surv Regional Weightings
North West	34	15%	£5,606,000	£6,299,700	10.6%	2.7%	7.9%
North East	0	0%	£0	£0	0.0%	-2.2%	2.2%
Yorks & Humber	11	5%	£2,070,000	£2,350,000	3.9%	-1.8%	5.7%
South East	40	18%	£11,518,732	£14,120,000	23.7%	3.6%	20.1%
South West	21	9%	£5,315,000	£6,277,500	10.5%	0.2%	10.3%
Wales	0	0%	£0	£0	0.0%	-3.0%	3.0%
Scotland	8	4%	£1,185,708	£1,920,000	3.2%	-3.5%	6.8%
East of England	23	10%	£5,558,207	£7,257,500	12.2%	0.4%	11.8%
East Midlands	27	12%	£4,427,750	£6,060,000	10.2%	4.2%	6.0%
West Midlands	34	15%	£5,196,000	£6,500,000	10.9%	4.2%	6.7%
London	27	12%	£6,128,500	£8,825,000	14.8%	-4.7%	19.5%
TOTAL	225	100%	£47,005,897	£59,609,700	100%		100.0%

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



TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

5. Rental Income

Table 8: Rent Collection & Expenditure to 30th June 2023

Rent Demanded	£2,871,155.88
Rent Collected *	£2,856,221.66
Property Expenditure Paid	£1,045,338.34
Net Rent Received by Company *	£1,827,309.65
% Collected YTD – 1st July 2022 to 30th June 2023	99.48%

* Rental income is collected via Connells, the sub-fund's property manager. In addition to rental income, small amounts of non-rent charges such as retained monies from tenancy deposits for dilapidations and other income such as water re-charges are included as income – this equated to £16,426.33 over the past year.

i. Arrears

As at 30th June 2023 arrears totalled £75,640.46 of which £20,258.07 are current tenant rental arrears and £55,382.39 of historic tenant rental arrears.

Comparing these figures with the total annual rental potential of the portfolio at £3,004,995 demonstrates the success of the tenant selection and tenancy management over the past year.

ii. Write Offs

During the period of 1st July 2022 to 30th June 2023, £20,704.11 of arrears was written off from 1 unit as described in the previous annual report dated 30th June 2022.

It is likely that another large arrear may be written off within the next reporting period.

6. Performance Figures

Table 9: Company Key Financial Figures 30th June 2023

INCOME		
Gross Income Accrued by the Company from 1st July 2022 – 30th June 2023	£2,893,850	
Net Annual Company Income at 30th June 2023 (added back in distribution income)	£1,490,438	September 2022 : £418,163 December 2022 : £400,060 March 2023 : £341,484 June 2023 : £330,731
Gross to Net Adjustment	51.50%	

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

6. Performance Figures (continued)

Company Performance vs e.surv Acadata House Price Index

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

Comparing the sub-fund performance for the individual share classes to 30th June 2023 against the e.surv index it can be seen that, on an annualised basis, the sub-fund has outperformed the e.surv House Price Index in nearly all share classes in the past 12 months, with performance varying between share classes from 0.74% to 2.87% against 1.22% for the index.

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

Table 10: Company Performance vs e.surv House Price Index to 30th June 2023

10a. Accumulation Classes

	Class C	Class D	Class E	Class F	Class H	Feeder	e.surv
1 month	0.13%	0.13%	0.13%	0.06%	0.19%	0.07%	-0.26%
3 months	0.45%	0.39%	0.44%	0.39%	0.62%	0.34%	-1.03%
6 months	0.71%	0.66%	0.82%	0.65%	1.19%	0.41%	-1.85%
1 year	1.95%	1.73%	2.11%	1.77%	2.87%	1.58%	1.22%

10b. Income Classes

	Class C	Class D	Class E	Class F	Class G	Class H	e.surv
1 month	0.13%	0.07%	0.13%	0.06%	0.15%	0.19%	-0.26%
3 months	0.47%	0.29%	0.47%	0.39%	0.43%	0.62%	-1.03%
6 months	0.07%	-0.18%	0.14%	0.65%	0.36%	1.19%	-1.85%
1 year	1.27%	0.74%	1.42%	1.77%	1.46%	2.87%	1.22%

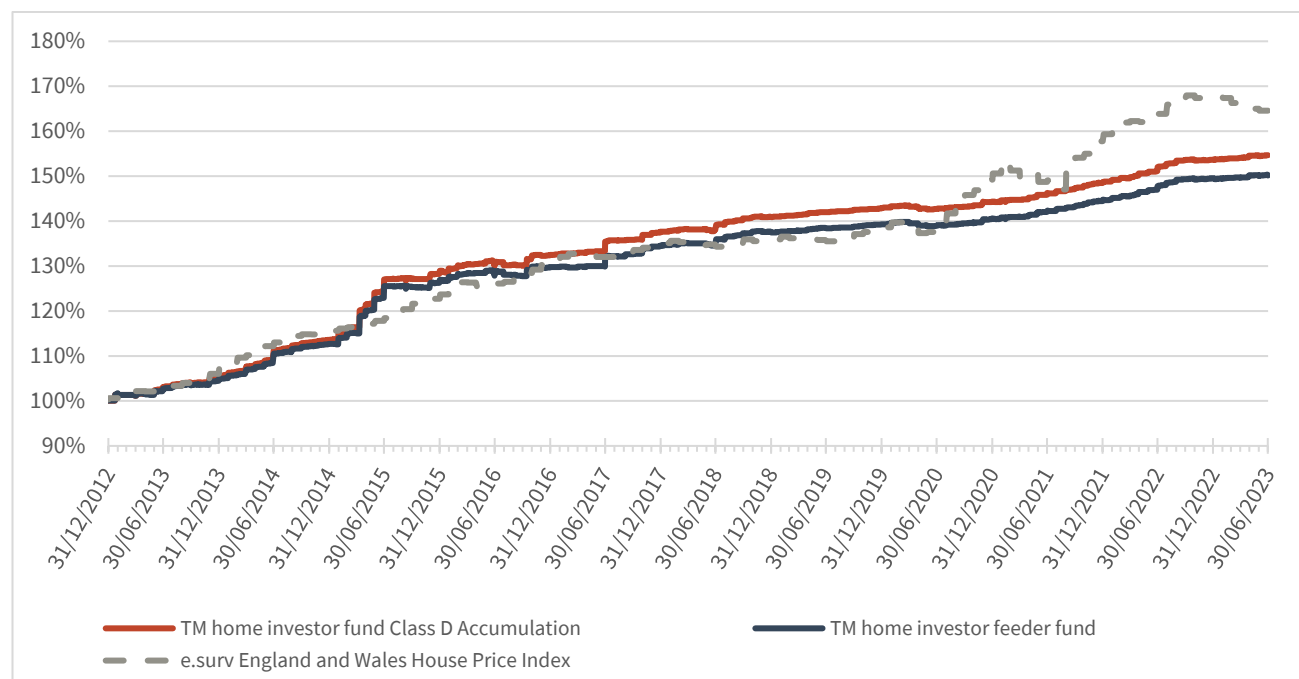
TM Hearthstone ICVC

Report of the Investment Managers for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

6. Performance Figures (continued)

Figure 10: Performance of Class D Accumulation and Feeder Company v e.surv to 30th June 2023



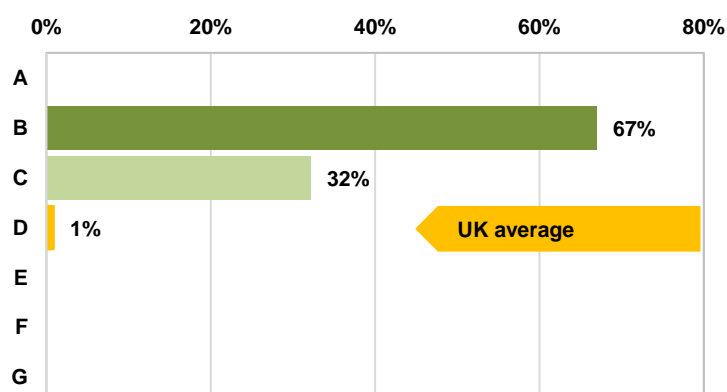
Note 4: Basis = 100% at share class launch date. For simplicity, only Class D Accumulation and Feeder performance are plotted on the chart as these are the most widely available classes across investment platforms and product wrappers.

7. Positive Environmental and Social Impact

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

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

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



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

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

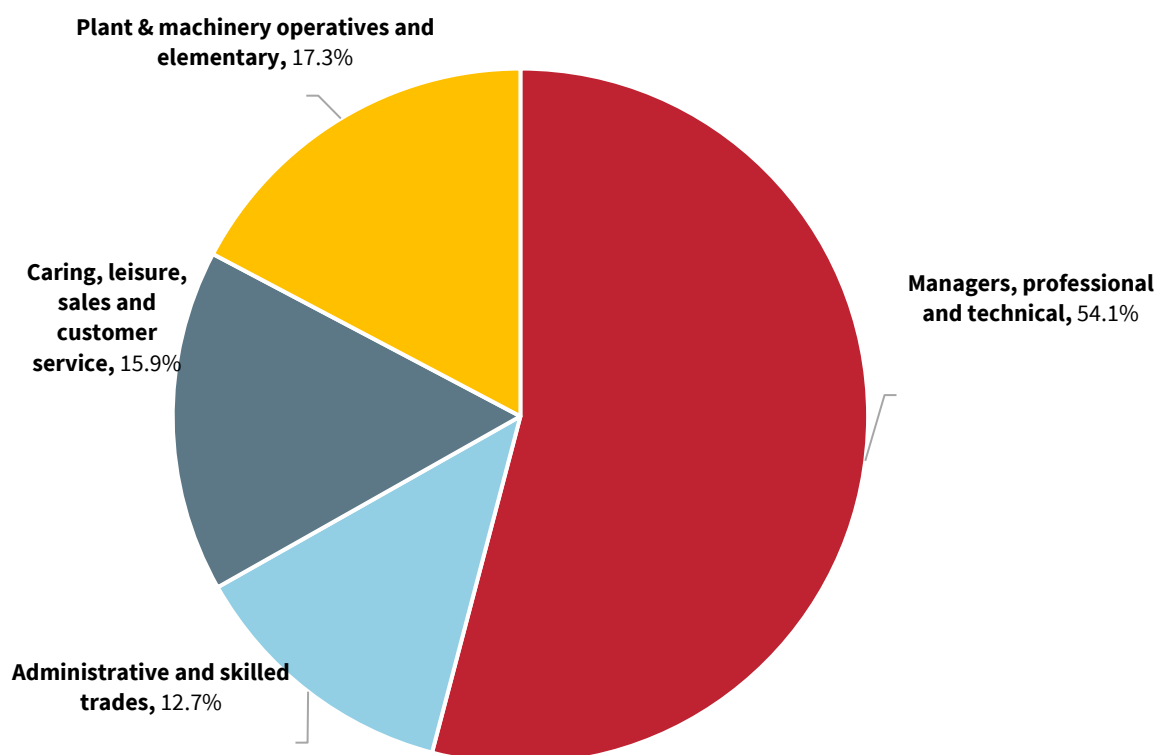
Investment Report - Hearthstone Asset Management Limited (continued)

7. Positive Environmental and Social Impact (continued)

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

Properties held in the sub-fund house a diverse set of tenants, some 28.5% of which are key workers.

Figure 12: Tenant Employment Profile



Source: *Hearthstone*

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

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Hearthstone Asset Management Limited (continued)

7. Positive Environmental and Social Impact (continued)

Connells Group was appointed as Property Manager in 2020 under an innovative new contract that emphasises positive social impact and puts tenant service at the heart of the model. This contract introduces a new approach to how the Property Manager for the TM home investor fund is incentivised. The traditional industry model is for the Property Manager to earn a percentage fee of gross rent collected. Whilst that creates a clear focus on rent collection which is in the best interest of investors, Hearthstone's aim was to supplement the traditional approach by giving the Property Manager an economic incentive to also ensure the sub-fund's tenants are well looked after. In an industry first, Hearthstone agreed a new Property Management contract with a lower fixed fee, complemented by a success fee based on Tenant Satisfaction Scores, and a fee penalty should certain minimum standards not be met. Last year Connells scored 81.2% which resulted in an additional 0.81% fee being paid to them.

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

Hearthstone Asset Management Limited
Property Investment Manager
1st August 2023

TM Hearthstone ICVC

Report of the Investment Managers

for the year ended 30th June 2023 (continued)

Investment Report - Thesis Asset Management Limited

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

Bank of England Base Rate has continued to rise during the period to end at 5.00%. As a consequence, returns from cash or money market related funds have increased during the period. The BlackRock Institutional Sterling Liquidity Fund Accumulation returned 3.02% and the Federated Prime Sterling Liquidity Fund Class 08 Accumulation gained 2.89%. Both funds invest in a diversified portfolio of high quality Sterling denominated short-term debt and debt-related instruments.

Thesis Asset Management Limited
Investment Manager
8th August 2023

TM Hearthstone ICVC

Constitution

TM Hearthstone ICVC (the "Company") is an investment company with variable capital for the purposes of the Act. The Company is a Non-UCITS Retail Scheme. It is structured as an umbrella company, though currently has only one sub-fund, the TM home investor fund (the "sub-fund"). Further sub-funds may be established in the future. The company has an unlimited duration. The Company was authorised by the FCA pursuant to an authorisation order dated 30th April 2012. The Company registration number is IC946. The head office of the Company is at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP. This is the address in the UK for service on the Company of notices or other documents required or authorised to be served on it.

Shareholders are not liable for the debts of the Company.

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

The base currency of the Company is Pounds Sterling.

Regulatory Disclosure

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

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

TM Hearthstone ICVC

AIFMD Disclosures (unaudited)

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

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

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

Within the group, some staff are employed directly by the AIFM and others are employed by a service company, Thesis Services Limited. The costs of staff employed by Thesis Services Limited are allocated between entities within the group based on the estimate of time devoted to each.

The table below shows the total remuneration paid by the AIFM together with the allocated remuneration from the service company for the year ended 30th April 2023.

	Headcount (FTE)	Fixed Remuneration £'000	Variable Remuneration £'000	Total Remuneration £'000
All Staff	62	2,642	227	2,869
Of which:				
Senior Management	5	613	67	680
Material Risk Takers	14	760	83	843
Control	10	443	23	466
Other	33	826	54	880

Following the implementation of the Investment Firms Directive (IFD), the group has amended its remuneration policy during the year ended 30th April 2023, to introduce malus and clawback provisions. The AIFM’s remuneration policy is published at: www.tutman.co.uk.

Certification of Annual Report & Accounts by Directors

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001 (the “OEIC Regulations”) and the Collective Investment Schemes sourcebook (“COLL Rules”) and the Investment Funds sourcebook (“FUND”), we hereby certify this Annual Report & Accounts on behalf of the ACD, Thesis Unit Trust Management Limited.

D.W. TYERMAN Director

S. E. NOONE Director

31st October 2023

Responsibilities of the Authorised Corporate Director (“ACD”)

The Open-Ended Investment Companies Regulations 2001 (the “OEIC Regulations”) and the Collective Investment Schemes sourcebook (“COLL Rules”) and the Investment Funds sourcebook (“FUND”) published by the FCA requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains/(losses) on the property of the Company for the year.

In preparing the financial statements, the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association (now known as the Investment Association) in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company, terminate a sub-fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instruments of Incorporation, the Prospectus, FUND and the COLL Rules.

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

Grant Thornton UK LLP has concluded their audit of these financial statements and issued an opinion that contains a qualification for the third year in succession. Consistent with the prior year’s audit opinion, the qualification relates specifically to the valuation of 17 leasehold properties owned by the Company known as the Spectrum apartments.

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

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

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

A secondary issue is that there is also considerable uncertainty associated with the extent of any remediation costs, the allocation of costs to the subject apartments and the potential recovery of costs from third parties. Whilst uncertainty still remains, two positive developments have however occurred over the past 12 months. Firstly, a construction material used in the Spectrum apartments, Panablock, has been reassessed from a fire safety perspective and it is likely that it may be retained as a result. The extent of any remediation works will therefore reduce significantly and residents will not need to be decanted if any works are undertaken in the future. Secondly, the Government announced that remediation costs of high-rise buildings should not fall to leaseholders and should in fact be borne by freeholders and developers. The original developer has now formally committed to this contract, but a detailed remediation plan has not yet been submitted.

The apartments continue to be held to generate rental income and continue to be occupied at market rates.

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

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

When preparing their independent valuation certificate for 30th June 2023, CBRE, the Standing Independent Valuer, concluded for the third year in succession that in view of the issues noted above “less certainty, and a higher degree of caution, should be attached to the valuation of the 17 long leasehold units within Spectrum Apartments than would otherwise be the case. Our valuation of these units is therefore reported as being subject to ‘Material Valuation Uncertainty’, as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards”. Consistent with last year, CBRE further emphasised in their report that “the ‘Material Valuation Uncertainty’ declaration does not mean that the valuation cannot be relied upon, rather it has been included to ensure transparency of the assumptions that we have made in preparing this valuation”. Further information on this is included in the financial statements under ‘Important Information’ and in Note 2 Summary of Significant Accounting Policies.

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

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

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

Thesis Unit Trust Management Limited
Authorised Corporate Director
West Sussex
31st October 2023

TM Hearthstone ICVC

Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of TM Hearthstone ICVC (the "Company") for the Year Ended 30th June 2023

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the "OEIC Regulations"), as amended, the Financial Services and Markets Act 2000, as amended, (together the "Regulations"), the Company's Instrument of Incorporation and Prospectus (together the "Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager (the "AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited
Edinburgh
31st October 2023

TM Hearthstone ICVC

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

Qualified opinion

We have audited the financial statements of TM Hearthstone ICVC (the 'Company') for the year ended 30th June 2023. These financial statements comprise the statement of accounting policies, distributions policies and risk management policies and the financial statements of the following sub-fund of the Company:

- TM home investor fund (the "sub-fund")

The financial statements of the sub-fund comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the Cash Flow Statement, Notes to the Financial Statements and the Distribution Tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes sourcebook and the Company's Instrument of Incorporation.

In our opinion, except for the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the Company and the sub-fund as at 30th June 2023 and of the net revenue and net capital gains/(losses) on the scheme property of the Company and the sub-fund for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

Basis for qualified opinion

Included in the sub-fund's investment properties shown in the balance sheet is an amount of £2,805,000 in relation to 17 leasehold properties ("the Spectrum Apartments") that have not been recorded at their fair value as at 30th June 2023. Due to the inability of the independent valuer to ascribe a reliable value to the properties at 30th June 2023, the Authorised Corporate Director has applied a discount to the fair value as recorded at 30th June 2020. These events are discussed in more detail in note 2c to the financial statements, however, the effect on the financial statements has not been determined. Consequently, we were unable to determine whether any adjustment to this amount at 30th June 2023 or 30th June 2022 was necessary or whether there was any consequential effect on the net capital gains for the years ended 30th June 2023 and 30th June 2022. Our audit opinion on the financial statements for the year ended 30th June 2022 was qualified for the same reason.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter – basis of preparation

We draw attention to note 1(a) 'Basis of Preparation' to the financial statements of the Company, which describes the basis of preparation of the financial statements. As described in that note, due to the intention of winding up the Company and its sub-fund, the financial statements have been prepared on a basis other than going concern. Our opinion is not modified in respect of this matter.

TM Hearthstone ICVC

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

Other information

The other information comprises the information included in the annual report & accounts, other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the annual report & accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to obtain sufficient appropriate evidence concerning the valuation of the Spectrum Apartments which have been recorded in the financial statements with a carrying value of £2,805,000. Due to the inability of the independent valuer to ascribe a reliable value to the properties at 30th June 2023, the Authorised Corporate Director has applied a discount to the fair value as recorded at 30th June 2020. These events are discussed in note 2c, however, the effect on the financial statements has not been determined.

We have concluded that where the other information refers to the investment balance or related balances such as net capital gains, it may be materially misstated for the same reason.

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

Except for the matter described in the basis for qualified opinion section of our report, in our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Authorised Corporate Director's Report (which comprises: on page 2, the Management and Professional Service Providers' Details; on page 3, the Report of the Authorised Corporate Director; on page 7, the Report of the Investment Managers; on page 26, the Constitution; and on page 40, the Portfolio Statement) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you, in our opinion:

- proper accounting records for the Company or the sub-fund have not been kept, and
- the financial statements are not in agreement with those accounting records.

Responsibilities of the Authorised Corporate Director

As explained more fully in the Responsibilities of the Authorised Corporate Director ("ACD"), the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and the sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to terminate the sub-fund, wind up the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a significant effect on the financial statements from our sector experience and through discussion with management. We determined that the most significant laws and regulations were the Collective Investment Schemes Sourcebook, the Investment Association Statement of Recommended Practice (SORP) 'Financial Statements of UK Authorised Funds' and Financial Reporting Standard 102;
- We enquired of the Authorised Corporate Director and management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries by comparing to the breaches register;
- In assessing the potential risks of material misstatement, we obtained an understanding of: the Company's operations, including the nature of its revenue sources, and of its objective in order to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement and the Company's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations and the Company's policies and procedures for valuing the investment properties, together with their use of independent valuers and the assessment of the reasonableness of the valuations reported;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
 - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
 - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation; and
 - challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
 - knowledge of the industry in which the Company operates; and
 - understanding of the legal and regulatory frameworks applicable to the Company.

TM Hearthstone ICVC

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

Auditor's responsibilities for the audit of the financial statements (*continued*)

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the applicable statutory provisions;
 - the rules and interpretative guidance issued by the Financial Conduct Authority; and
 - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes sourcebook. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London, United Kingdom
31st October 2023

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2023

1. Statement of Compliance

The financial statements have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice (UK GAAP), as defined within the UK Financial Reporting Standard (FRS 102) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' (the "SORP"), issued by the Investment Management Association (now known as the Investment Association) in May 2014 and amended in June 2017.

2. Summary of Significant Accounting Policies

a) Basis of Preparation

Following a review of the Company and of its feeder fund, the TM home investor Feeder Fund (the "Feeder Fund"), the ACD along with the Company's depositary (NatWest Trustee and Depositary Services Limited) agreed to suspend dealing in both the Company and the Feeder Fund effective from 10:30pm on 31st July 2023 until further notice.

The Company has been reducing in size because investors have been selling their shares and the rate of redemption requests has increased. More detailed information is set out under the 'Important Information' section, page 4.

After careful consideration, it has been agreed that the Company is no longer economically viable for it to operate efficiently, as such, it is not in the interests of investors to remain invested in the Company in the long term. Additionally, the ACD does not believe that the Company will attract new investment or grow in the future. As a result, the ACD applied to the FCA to terminate the funds on the 29th September 2023. FCA approval was received on 23rd October 2023.

Therefore, the financial statements have been prepared on a basis other than going concern. Investments in immovable property have been measured at net realisable values. There are no adjustments to any other book values as a result of the change from a going concern to a non-going concern basis.

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

b) Functional and Presentation Currency

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

c) Valuation of Investments

The Valuation of investment property by the SIV is on the basis of:

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

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

The direct property investments of the Company are valued monthly on an open market value basis by independent valuers in accordance with the Prospectus and in accordance with Valuation Standard 2.3 of the RICS Valuation Standards (The Red Book) (6th Edition published January 2008), as updated from time to time. The property investments were last valued by CBRE Limited on 30th June 2023. The valuation was carried out by members of the RICS.

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

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

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2023 (continued)

2. Summary of Significant Accounting Policies (continued)

c) Valuation of Investments (continued)

The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation Date. No account has been taken of any intercompany leases or arrangements, nor of any mortgages, debentures or other charge. No account has been taken of the availability or otherwise of capital based Government or European Community grants.

However, given that the financial statements preparation is on a basis other than going concern, investment property valuations have been adjusted to net realisable value, defined in Accounting Standards as ‘estimated selling prices less costs to sell’.

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

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

In view of the documentation provided in relation to the Spectrum Apartments, and the uncertainty around the estimation of any remedial work and the timings of such work, the impact of the waking watch in terms of management costs and any subsequent impact on the service charge and the uncertainty as to impact upon saleability, the above clause has been inserted to the valuation.

Please refer to ‘Important Information’ on page 4 for more details. There is no material impact or material changes to rental income.

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

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

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

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

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

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

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

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities.

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2023 (continued)

2. Summary of Significant Accounting Policies (continued)

c) Valuation of Investments (continued)

Given that the financial statements have been prepared on a basis other than going concern, the carrying amount of investment property has been adjusted from fair value to net realisable value before the estimated costs to sell the property. This change in basis of presentation has resulted in the recognition of a provision for costs to sell the investment properties which is quantified and disclosed under Note 13.

Judgements, key assumptions and other key sources of estimation uncertainty

Please refer to 'Important Information' on page 4.

d) Valuation of Securities

Collective investment schemes are valued at the single price as provided by the relevant managers, in accordance with industry practice and the statement of recommended practice.

Where values cannot be readily determined, the investments are valued at the ACD's best assessment of their fair value.

All realised and unrealised gains and losses on investments are recognised as net capital gains/(losses) in the Statement of Total Return. Unrealised gains and losses comprise changes in the fair value of investments for the year and from reversal of prior year's unrealised gains and losses for investments which were realised in the accounting year. Realised gains and losses represent the difference between an instrument's initial carrying amount and disposal amount.

e) Revenue

Rental revenue, deposit interest, interest from financing provided to site developers and other revenue is accounted for on an accruals basis. Rental revenue received in advance is deferred and recognised as revenue over the year to which it relates. Rental revenue from properties which have been let subject to an initial rent free year, or rent inducement, is accounted for on a straight line basis over the terms of the lease, or at an annual basis in accordance with the SORP. Where rent is subject to negotiation, the previous rent may continue to be charged by the landlord pending the conclusion of such negotiations. In this situation, the authorised fund manager will include the best estimate of the market rent that will become due over the entire new period.

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

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

f) Expenses

For accounting purposes, all expenses (other than those relating to the purchases and sales of investments) are charged against revenue for the year on an accruals basis.

Cost incurred in relation to aborted transactions are charged against revenue.

g) Taxation

The Company qualifies as a PAIF for tax purposes. Accordingly, the income generated by its Property Investment Business will be exempt from tax. The charge for taxation is based on the net revenue for the year. Provision is made for any taxation liability arising in respect of the revenue recognised in the accounting year. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of revenue and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2023 (continued)

3. Distribution Policies

a) Basis of Distribution

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

The TM home investor fund's distributions will be split into three streams for United Kingdom tax purposes:

- property income distributions, representing income from its Property Investment Business;
- PAIF dividend distributions representing any dividends received by it; and
- PAIF interest distributions representing the net amount of all other income received.

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

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

b) Equalisation

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

c) Unclaimed distributions

All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the capital of the Company in accordance with COLL;

4. Risk Management Policies

In pursuing its investment objective, the Company holds direct investment in UK Residential Property and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue. The main risks arising from the Company's property investments and financial instruments and the Investment Managers' policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in real estate securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of a Company will actually be achieved and no warranty or representation is given to this effect. Past performance is no guide to the future performance.

At 30th June 2023, if the price of the investments held by the Company increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £3,318,254 (30th June 2022: £3,354,440).

Property risk

The performance of a Company invested substantially in real estate (as TM home investor fund is) could be adversely affected by a downturn in the property market in terms of capital value or weakening of rental yields. Residential property values are affected by factors such as the level of interest rates, economic growth, fluctuations in property yields and tenant default. Certain significant expenses on a property, such as operating expenses, must be met by the owner (i.e. the Company on behalf of a sub-fund) even if a property is vacant.

TM Hearthstone ICVC

Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 30th June 2023 (continued)

4. Risk Management Policies (continued)

In the event of a default by an occupational tenant, there will be a rental shortfall and additional costs, including legal expenses are likely to be incurred in maintaining, insuring and re-letting the property.

Interest rate risk

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates. At the balance sheet date the Company had no significant exposure to interest rate risk.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

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

Foreign currency risk

Foreign currency risk is the risk of movements in the value of the investment holdings as a result of fluctuations in the exchange rates. At the balance sheet date, the Company had no significant exposure to currencies other than Sterling.

Liquidity risk

The Company will encounter liquidity risk when attempting to realise assets or otherwise raise funds to meet financial commitments.

The Company's liquidity can be affected by unexpected or high levels of share redemptions.

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

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. To the extent that a counterparty defaults on its obligation and the Company is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. The Company's maximum exposure to credit risk (not taking account of the value of any collateral or other securities held) in the event that counterparties fail to perform their obligations as of 30th June 2023 in relation to each class of recognised financial assets including derivatives, is the carrying amount of those assets in the balance sheet.

TM Hearthstone ICVC

TM home investor fund

Portfolio Statement

as at 30th June 2023

Holding	Market value £	Percentage of total net assets %
INVESTMENTS IN IMMOVABLE PROPERTY 90.80% (82.53%)		
Market value greater than £400,000 6.21% (4.95%)		
2 Sargent Way, Broadbridge Heath, Horsham, West Sussex	825,000	1.26
1 Southfields Green, Gravesend, Kent	580,000	0.88
1 Chilton Field Way, Chilton, Didcot, Oxfordshire	510,000	0.78
1 Silk Close, Buckingham, Buckinghamshire	460,000	0.70
1 Station Road, Hertford, Hertfordshire	450,000	0.69
1 Broom Field Way, Felpham, West Sussex	425,000	0.65
1 Brunel Court, Barnet, Middlesex, London	415,000	0.63
1 De Froschia Close, Calne, Wiltshire	410,000	0.62
	4,075,000	6.21
Market value between £300,001 and £400,000 34.54% (33.50%)		
14 Quadrant Court, Empire Way, Wembley, Greater London	5,450,000	8.30
9 Carter Drive, Broadbridge Heath, Horsham, West Sussex	3,090,000	4.70
7 Copse Drive, Rowhedge, Colchester, Essex	2,420,000	3.69
4 Pandora Close, Locks Heath, Fareham, Hampshire	1,482,500	2.26
3 Gold Furlong, Milton Keynes, Bedfordshire	1,050,000	1.60
3 Weavers Close, Eastbourne, East Sussex	977,500	1.49
2 Lake View, Houghton Regis, Bedfordshire	750,000	1.14
2 Cavalry Road, Colchester, Essex	690,000	1.05
2 Sword Grove, Wainscott, Rochester, Kent	670,000	1.02
2 Wood Street, Patchway, Bristol, South Gloucestershire	660,000	1.00
2 Bishop Street, Bristol, South Gloucestershire	630,000	0.96
2 Henmead House, Tall Trees, Bolnore Village, Renfields, Haywards Heath, West Sussex	610,000	0.93
1 Samas Way, Dartford, Kent	390,000	0.59
1 Beale Close, Broadbridge Heath, Horsham, West Sussex	385,000	0.59
1 Olympic Boulevard, Colchester, Essex	385,000	0.59
1 Apollo Avenue, Peterborough, Cambridgeshire	360,000	0.55
1 Dunnock Road, Corby, Northamptonshire	350,000	0.53
1 Blacksmith Lane, Colchester, Essex	345,000	0.53
1 Dragoon Road, Colchester, Essex	345,000	0.53
1 Virginia Road, Dartford, Kent	345,000	0.53
1 Oakfield Road, Shifnal, Shropshire	340,000	0.52
1 Roman Way, Cranbrook, Devon	325,000	0.49
1 Eveas Drive, Sittingbourne, Kent	315,000	0.48
1 Mosquito Road, Cambourne, Cambridgeshire	310,000	0.47
	22,675,000	34.54
Market value between £200,001 and £300,000 37.46% (34.40%)		
13 John Brooks Avenue, Smethwick, Birmingham, West Midlands	3,285,000	5.00
13 Whitehall Drive, Broughton, Lancashire	2,998,000	4.57
8 Quadrant Court, Empire Way, Wembley, Greater London	1,935,000	2.95
6 Laxton Close, Nottingham, Nottinghamshire	1,370,000	2.09

TM Hearthstone ICVC

TM home investor fund

Portfolio Statement

as at 30th June 2023 (continued)

Holding	Market value £	Percentage of total net assets %
Market value between £200,001 and £300,000 37.46% (34.40%) (continued)		
6 Meridian Close, Nottingham, Nottinghamshire	1,370,000	2.09
4 Kimmerghame Terrace, Edinburgh, Lothian, Scotland	1,190,000	1.81
4 Bishop Street, Bristol, South Gloucestershire	1,150,000	1.75
4 De Froschia Close, Calne, Wiltshire	1,137,500	1.73
3 Henmead House, Tall Trees, Bolnore Village, Renfields, Haywards Heath, West Sussex	900,000	1.37
4 Pond Close, Doncaster, Yorkshire	846,000	1.29
2 Sycamore Drive, Calne, Wiltshire	580,000	0.88
2 Elizabethan Way, Teignmouth, Devon	575,000	0.88
2 Carter Drive, Broadbridge Heath, Horsham, West Sussex	540,000	0.82
2 Merchant Avenue, Nottingham, Nottinghamshire	540,000	0.82
2 Spa House, Hayes, Hillingdon, London	515,000	0.78
2 Lapins Close, Nottingham, Nottinghamshire	460,000	0.70
2 Betjeman Way, Cleobury Mortimer, Shropshire	435,000	0.66
2 Blackberry Road, Doncaster, Yorkshire	435,000	0.66
2 Arneil Drive, Edinburgh, Lothian, Scotland	410,000	0.63
1 Hayburn Road, Swindon, Wiltshire	300,000	0.46
1 Weavers Close, Eastbourne, East Sussex	295,000	0.45
1 Copse Drive, Rowhedge, Colchester, Essex	285,000	0.44
1 Brunel Court, Barnet, Middlesex, London	275,000	0.42
1 Cardinal Drive, Tuffley, Gloucester, Gloucestershire	270,000	0.41
1 Chalfont Drive, Nottingham, Nottinghamshire	270,000	0.41
1 Mallow Road, Minster, Kent	270,000	0.41
1 Penny Close, Nottingham, Nottinghamshire	270,000	0.41
1 Cygnet Road, Stowmarket, Suffolk	265,000	0.40
1 Doveholes Drive, Handsworth, Sheffield, South Yorkshire	255,000	0.39
1 Beech Drive, Thornton-Cleveleys, Lancashire	245,000	0.37
1 Paper Lane, Paulton, Bristol, Somerset	240,000	0.37
1 Featherstone Court, Featherstone Road, Southall, Ealing, London	235,000	0.36
1 Rowley Mews, Pocklington, Yorkshire, East Riding	235,000	0.36
1 Chester Drive, Doncaster, Yorkshire	210,500	0.32
	24,592,000	37.46
Market value between £100,001 and £200,000 11.92% (9.22%)		
12 Blackfriars Road (Block 6), Salford, Greater Manchester*	1,875,000	2.86
8 124 Rea Road, Northfield, Birmingham, West Midlands	1,095,000	1.67
4 Bennet Drive, Kirkby-in-Ashfield, Nottinghamshire	720,000	1.10
4 Mansion House, Salamanca Way, Colchester, Essex	652,500	0.99
3 Blackfriars Road (Block 1), Salford, Greater Manchester*	560,000	0.85
3 120 Rea Road, Northfield, Birmingham, West Midlands	405,000	0.62
2 Lythalls Lane, Coventry, West Midlands	345,000	0.52
2 Lindleys Lane, Kirkby-in-Ashfield, Nottinghamshire	340,000	0.52
2 Arneil Drive, Edinburgh, Lothian, Scotland	320,000	0.49
2 118 Rea Road, Northfield, Birmingham, West Midlands	270,000	0.41
1 Doveholes Drive, Handsworth, Sheffield, South Yorkshire	190,000	0.29
1 Blackfriars Road (Block 3), Salford, Greater Manchester*	185,000	0.28

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Portfolio Statement

as at 30th June 2023 (continued)

Holding	Market value £	Percentage of total net assets %
Market value between £100,001 and £200,000 11.92% (9.22%) (continued)		
1 Blackfriars Road (Block 5), Salford, Greater Manchester*	185,000	0.28
1 Lacey Grove, Annesley, Nottinghamshire	185,000	0.28
1 Owston Road, Annesley, Nottinghamshire	185,000	0.28
1 Pond Close, Doncaster, Yorkshire	178,500	0.27
1 122 Rea Road, Northfield, Birmingham, West Midlands	135,000	0.21
	7,826,000	11.92
Market value lower than £100,001 0.67% (0.46%)		
1 Clarendon Gardens, Bolton, Lancashire	96,700	0.15
1 Fernbeck Close, Farnworth, Bolton, Greater Manchester	95,000	0.14
1 Hobart Point, Churchfields Way, West Bromwich, West Midlands	95,000	0.14
1 Leopard Lane , West Bromwich, West Midlands	95,000	0.14
1 Car parking spaces (No 25, 55, 92 & 94), Blackfriars Road, Salford, Greater Manchester	60,000	0.10
	441,700	0.67
TOTAL IMMOVABLE PROPERTY	59,609,700	90.80
COLLECTIVE INVESTMENT SCHEMES 10.29% (9.60%)		
19,297 BlackRock Institutional Sterling Liquidity Fund Accumulation	3,379,408	5.15
3,038,944 Federated Prime Sterling Liquidity Fund Class 08 Accumulation	3,375,963	5.14
	6,755,371	10.29
TOTAL COLLECTIVE INVESTMENT SCHEMES	6,755,371	10.29
Net investments 101.09% (92.13%)	66,365,071	101.09
Net other liabilities	(715,780)	(1.09)
Total net assets	65,649,291	100.00

Note: Comparative figures shown in brackets relate to 30th June 2022.

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

TM home investor fund

Sub-fund Information

The Comparative Tables on pages 44 to 55 give the performance of each active share class in the sub-fund.

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

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

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

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

Assessment of Value

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

TM Hearthstone ICVC

TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables

Class A Retail Gross Accumulation

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	—	—	137.52
Return before operating charges and property expenses*	—	—	3.72
Operating charges	—	—	(1.37)
Property expenses	—	—	(1.07)
Return after operating charges and property expenses*	—	—	1.28
Distributions	—	—	(0.08)
Retained distributions on accumulation shares	—	—	0.08
Last net asset value per share	—	—	138.80
Closing net asset value per share	—	—	—
 *after direct transaction costs of :	—	—	0.10
Performance			
Return after charges	—%	—%	0.93%
Other Information			
Closing net asset value (£'000)	—	—	—
Closing number of shares	—	—	—
Operating charges ²	—%	—%	2.14%
Property expense ratio ³	—%	—%	1.67%
Direct transaction costs	—%	—%	0.00%
Prices			
Highest share price	—	—	138.90
Lowest share price	—	—	137.40

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

² Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

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

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TM home investor fund

Sub-fund Information (continued)

Comparative Tables (continued)

Class B Retail Net Accumulation

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	—	—	136.04
Return before operating charges and property expenses*	—	—	3.76
Operating charges	—	—	(1.35)
Property expenses	—	—	(1.05)
Return after operating charges and property expenses*	—	—	1.36
Distributions	—	—	(0.15)
Retained distributions on accumulation shares	—	—	0.15
Last net asset value per share	—	—	137.40
Closing net asset value per share	—	—	—
 *after direct transaction costs of :	—	—	0.10
Performance			
Return after charges	—%	—%	1.00%
Other Information			
Closing net asset value (£'000)	—	—	—
Closing number of shares	—	—	—
Operating charges ²	—%	—%	2.14%
Property expense ratio ³	—%	—%	1.67%
Direct transaction costs	—%	—%	0.00%
Prices			
Highest share price	—	—	137.50
Lowest share price	—	—	136.00

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

² Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

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

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Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class C Unbundled Gross Income

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	149.08	146.06	144.40
Return before operating charges and property expenses*	2.81	10.26	6.41
Operating charges	(2.21)	(2.18)	(1.65)
Property expenses	(2.17)	(1.94)	(1.78)
Return after operating charges and property expenses*	(1.57)	6.14	2.98
Distributions on income shares	(3.40)	(3.12)	(1.32)
Closing net asset value per share	144.11	149.08	146.06
 *after direct transaction costs of :	 1.62	 0.82	 0.14
Performance			
Return after charges	(1.05%)	4.20%	2.06%
Other Information			
Closing net asset value (£'000)	271	255	4
Closing number of shares	187,939	170,728	2,921
Operating charges ²	1.48%	1.47%	1.54%
Property expense ratio ³	1.45%	1.31%	1.67%
Direct transaction costs	1.08%	0.56%	0.10%
Prices			
Highest share price	150.80	149.90	147.20
Lowest share price	148.50	146.10	144.30

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

² Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

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

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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class C Unbundled Gross Accumulation

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	153.55	147.42	143.79
Return before operating charges and property expenses*	3.32	10.30	8.29
Operating charges	(2.30)	(2.20)	(2.24)
Property expenses	(2.26)	(1.97)	(2.42)
Return after operating charges and property expenses*	(1.24)	6.13	3.63
Distributions	(2.52)	(1.28)	(0.81)
Retained distributions on accumulation shares	2.52	1.28	0.81
Closing net asset value per share	152.31	153.55	147.42
 *after direct transaction costs of :	 1.68	 0.83	 0.14
Performance			
Return after charges	(0.81%)	4.16%	2.52%
Other Information			
Closing net asset value (£'000)	14,618	15,022	11,992
Closing number of shares	9,597,585	9,783,057	8,134,472
Operating charges ¹	1.48%	1.47%	1.54%
Property expense ratio ²	1.45%	1.31%	1.67%
Direct transaction costs	1.08%	0.56%	0.10%
Prices			
Highest share price	156.60	153.60	147.50
Lowest share price	153.60	147.40	143.80

¹ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

² The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class D Unbundled Net Income

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	147.41	144.39	144.10
Return before operating charges and property expenses*	2.13	9.26	0.53
Operating charges	(2.19)	(2.14)	(0.08)
Property expenses	(2.14)	(1.92)	(0.08)
Return after operating charges and property expenses*	(2.20)	5.20	0.37
Distributions on income shares	(2.76)	(2.18)	(0.08)
Closing net asset value per share	142.45	147.41	144.39
*after direct transaction costs of :	1.60	0.81	0.14
Performance			
Return after charges	(1.49%)	3.60%	0.26%
Other Information			
Closing net asset value (£'000)	540	632	6
Closing number of shares	379,377	428,847	4,266
Operating charges ²	1.48%	1.47%	1.54%
Property expense ratio ³	1.45%	1.31%	1.67%
Direct transaction costs	1.08%	0.56%	0.10%
Prices			
Highest share price	148.90	148.10	144.50
Lowest share price	146.80	144.40	144.10

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

² Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

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

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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class D Unbundled Net Accumulation

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	150.19	144.44	141.03
Return before operating charges and property expenses*	2.91	9.84	7.97
Operating charges	(2.25)	(2.16)	(2.19)
Property expenses	(2.20)	(1.93)	(2.37)
Return after operating charges and property expenses*	(1.54)	5.75	3.41
Distributions	(2.25)	(0.99)	(0.65)
Retained distributions on accumulation shares	2.25	0.99	0.65
Closing net asset value per share	148.65	150.19	144.44
 *after direct transaction costs of :	 1.65	 0.82	 0.14
Performance			
Return after charges	(1.03%)	3.98%	2.42%
Other Information			
Closing net asset value (£'000)	2,237	2,363	1,899
Closing number of shares	1,504,704	1,573,669	1,314,643
Operating charges ¹	1.48%	1.47%	1.54%
Property expense ratio ²	1.45%	1.31%	1.67%
Direct transaction costs	1.08%	0.56%	0.10%
Prices			
Highest share price	152.80	150.20	144.50
Lowest share price	150.20	144.40	141.00

¹ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

² The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class E Institutional Gross Income

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	150.68	147.41	146.20
Return before operating charges and property expenses*	3.26	10.26	8.23
Operating charges	(2.01)	(1.97)	(2.05)
Property expenses	(2.19)	(1.96)	(2.45)
Return after operating charges and property expenses*	(0.94)	6.33	3.73
Distributions on income shares	(3.87)	(3.06)	(2.52)
Closing net asset value per share	145.87	150.68	147.41
 *after direct transaction costs of :	 1.64	 0.83	 0.14
Performance			
Return after charges	(0.62%)	4.29%	2.55%
Other Information			
Closing net asset value (£'000)	32,761	35,373	32,656
Closing number of shares	22,458,935	23,476,181	22,153,015
Operating charges ²	1.33%	1.32%	1.39%
Property expense ratio ³	1.45%	1.31%	1.67%
Direct transaction costs	1.08%	0.56%	0.10%
Prices			
Highest share price	152.50	151.50	149.40
Lowest share price	150.30	147.50	146.20

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

² Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

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

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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class E Institutional Gross Accumulation

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	156.28	149.84	146.17
Return before operating charges and property expenses*	3.36	10.45	8.16
Operating charges	(2.10)	(2.01)	(2.04)
Property expenses	(2.30)	(2.00)	(2.45)
Return after operating charges and property expenses*	(1.04)	6.44	3.67
Distributions	(2.37)	(1.52)	(0.11)
Retained distributions on accumulation shares	2.37	1.52	0.11
Closing net asset value per share	155.24	156.28	149.84
 *after direct transaction costs of :	 1.71	 0.85	 0.14
Performance			
Return after charges	(0.67%)	4.30%	2.51%
Other Information			
Closing net asset value (£'000)	134	195	242
Closing number of shares	86,259	124,526	161,344
Operating charges ¹	1.33%	1.32%	1.39%
Property expense ratio ²	1.45%	1.31%	1.67%
Direct transaction costs	1.08%	0.56%	0.10%
Prices			
Highest share price	159.60	156.30	149.90
Lowest share price	156.30	149.80	146.10

¹ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

² The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class F Institutional Net Accumulation

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	152.74	146.71	143.04
Return before operating charges and property expenses*	2.91	9.96	8.08
Operating charges	(2.05)	(1.97)	(2.01)
Property expenses	(2.24)	(1.96)	(2.40)
Return after operating charges and property expenses*	(1.38)	6.03	3.67
Distributions	(1.91)	(1.19)	(0.87)
Retained distributions on accumulation shares	1.91	1.19	0.87
Closing net asset value per share	151.36	152.74	146.71
 *after direct transaction costs of :	 1.67	 0.83	 0.14
Performance			
Return after charges	(0.90%)	4.11%	2.57%
Other Information			
Closing net asset value (£'000)	1,676	2,323	2,159
Closing number of shares	1,107,116	1,520,969	1,471,785
Operating charges ¹	1.33%	1.32%	1.39%
Property expense ratio ²	1.45%	1.31%	1.67%
Direct transaction costs	1.08%	0.56%	0.10%
Prices			
Highest share price	155.60	152.80	146.80
Lowest share price	152.80	146.70	143.10

¹ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

² The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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TM home investor fund

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class G Institutional Net Income

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	136.10	131.77	129.23
Return before operating charges and property expenses*	2.62	8.90	7.32
Operating charges	(1.82)	(1.76)	(1.81)
Property expenses	(1.99)	(1.75)	(2.18)
Return after operating charges and property expenses*	(1.19)	5.39	3.33
Distributions on income shares	(1.73)	(1.06)	(0.79)
Closing net asset value per share	133.18	136.10	131.77
 *after direct transaction costs of :	 1.48	 0.74	 0.13
Performance			
Return after charges	(0.87%)	4.09%	2.58%
Other Information			
Closing net asset value (£'000)	115	118	430
Closing number of shares	86,379	86,379	326,105
Operating charges ¹	1.33%	1.32%	1.39%
Property expense ratio ²	1.45%	1.31%	1.67%
Direct transaction costs	1.08%	0.56%	0.10%
Prices			
Highest share price	137.60	136.40	132.10
Lowest share price	136.20	131.80	129.30

¹ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

² The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class H Gross Accumulation

For the year to	30/06/2023 (pence per share)	30/06/2022 (pence per share)	30/06/2021 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	156.76	149.17	144.21
Return before operating charges and property expenses*	3.35	10.46	8.33
Operating charges	(0.92)	(0.87)	(0.94)
Property expenses	(2.31)	(2.00)	(2.43)
Return after operating charges and property expenses*	0.12	7.59	4.96
Distributions	(3.58)	(2.66)	(2.12)
Retained distributions on accumulation shares	3.58	2.66	2.12
Closing net asset value per share	156.88	156.76	149.17
 *after direct transaction costs of :	 1.73	 0.85	 0.14
Performance			
Return after charges	0.08%	5.09%	3.44%
Other Information			
Closing net asset value (£'000)	13,297	16,540	13,559
Closing number of shares	8,475,426	10,551,189	9,089,698
Operating charges ¹	0.58%	0.57%	0.64%
Property expense ratio ²	1.45%	1.31%	1.67%
Direct transaction costs	1.08%	0.56%	0.10%
Prices			
Highest share price	161.30	156.80	149.20
Lowest share price	156.80	149.20	144.20

¹ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

² The Property Expense Ratio (PER) shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the sub-fund.

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Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class X Accumulation

For the year to	30/06/2023 ¹ (pence per share)	30/06/2022 (pence per share)	30/06/2021 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	133.78	140.50	137.36
Return before operating charges and property expenses*	14.80	(2.49)	7.86
Operating charges	(0.22)	(2.37)	(2.41)
Property expenses	(0.16)	(1.86)	(2.31)
Return after operating charges and property expenses*	14.42	(6.72)	3.14
Distributions	–	(0.54)	(0.46)
Retained distributions on accumulation shares	–	0.54	0.46
Last net asset value per share	148.20	–	–
Closing net asset value per share	–	133.78	140.50
 *after direct transaction costs of :	 0.93	 0.79	 0.14
Performance			
Return after charges	10.78%	(4.78%)	2.29%
Other Information			
Closing net asset value (£'000)	–	–	60
Closing number of shares	–	16	42,508
Operating charges ²	1.66%	1.67%	1.74%
Property expense ratio ³	1.21%	1.31%	1.67%
Direct transaction costs	0.00%	0.56%	0.10%
Prices			
Highest share price	148.20	147.60	140.60
Lowest share price	147.60	140.50	137.40

¹ Class X Accumulation became inactive on 2nd August 2022.

² Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion, when a sub-fund has invested 10% or more in other Collective Investment Schemes or closed-ended funds. Investors should also refer to the KIID (Key Investor Information Document) which is prepared on a forward-looking basis.

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

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Statement of Total Return

for the year ended 30th June 2023

	Notes	£'000	2023 £'000	£'000	2022 £'000
Income					
Net capital (losses)/gains	5		(1,414)		2,321
Revenue	7	3,045		2,603	
Expenses	8	(1,899)		(1,779)	
Net revenue before taxation		1,146		824	
Taxation	9	—		—	
Net revenue after taxation for the year			1,146		824
Total return before distributions			(268)		3,145
Distributions	10		(1,521)		(1,198)
Change in net assets attributable to shareholders from investment activities			(1,789)		1,947

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30th June 2023

	Note	£'000	2023 £'000	£'000	2022 £'000
Opening net assets attributable to shareholders			72,821		63,007
Amounts receivable on issue of shares		5,969		19,271	
Amounts payable on cancellation of shares		(11,943)		(11,861)	
			(5,974)		7,410
Change in net assets attributable to shareholders from investment activities			(1,789)		1,947
Retained distribution on accumulation shares	10		591		457
Closing net assets attributable to shareholders			65,649		72,821

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Balance Sheet

as at 30th June 2023

	Notes	2023 £'000	2022 £'000
Assets			
Fixed assets:			
Investment Properties ¹	11	59,610	60,098
Investment in Collective Investment Schemes		6,755	6,991
Current assets:			
Debtors	12	158	191
Cash and bank balances		1,406	6,113
Total assets		67,929	73,393
Liabilities			
Provision for costs to sell properties	13	(1,824)	–
Creditors:			
Distributions payable		(212)	(191)
Other creditors	14	(244)	(381)
Total liabilities		(2,280)	(572)
Net assets attributable to shareholders		65,649	72,821

¹ A Material Valuation Uncertainty clause has been attached to the valuation of the Spectrum properties which have been certified by the SIV. For further information refer to the 'Important Information' section on page 4.

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Cash Flow Statement

for the year ended 30th June 2023

	2023 £'000	2022 £'000
Cash flows from operating activities:		
Change in net assets attributable to shareholders from investment activities	35	1,947
Distributions	1,521	1,198
Net capital gains:		
Non-derivative gains	178	14
Immovable properties	(588)	(2,335)
(Decrease)/increase in creditors	(25)	3
Increase in debtors	(21)	(17)
Net cash inflow from operating activities	1,100	810
Cash flows from investing activities:		
Payments to acquire investments	(4)	(8,191)
Receipts from sales of investments	1,128	–
Net cash inflow/(outflow) from investing activities	1,124	(8,191)
Cash flows from financing activities:		
Amounts received on creations of shares	6,034	21,007
Amounts paid on cancellation of shares	(12,086)	(11,774)
Distributions paid	(879)	(970)
Bank Interest received	–	2
Net cash (outflow)/inflow from financing activities	(6,931)	8,265
Net (decrease)/increase in cash and cash equivalents in year	(4,707)	884
Cash and cash equivalents at the start of the year	6,113	5,229
Cash and cash equivalents at the end of the year	1,406	6,113

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Notes to the Financial Statements

for the year ended 30th June 2023

1. Accounting Policies

The accounting, distribution and risk management policies for the sub-fund are provided on pages 35 to 39.

5. Net Capital (Losses)/Gains

Net capital gains comprise:

	2023 £'000	2022 £'000
Immovable properties ¹	300	2,310
Non-derivative securities ²	130	14
Estimated costs to sell properties*	(1,824)	—
Currency losses	(20)	(3)
Net capital (losses)/gains	(1,414)	2,321

¹ Includes realised gains of £120,808 and unrealised gains of £179,058 (30th June 2022: realised losses of £386,897 and unrealised gains of £2,679,000).

² Includes realised gains of £3,741 and unrealised gains of £126,179 (30th June 2022: realised gains/losses of £Nil and unrealised gains of £13,814).

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

* Refer to Note 2.c) Valuation of Investments on pages 35-37.

6. Purchases, Sales and Transaction Costs

The following tables show portfolio transactions in securities and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 43. Property transaction costs are shown in note 20.

Analysis of direct transaction costs for the year ended 30th June 2023:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
Purchases						
Collective Investment Schemes	—	—	—	—	—	—
	—	—	—	—	—	—
Sales						
Collective Investment Schemes	435	—	—	435	—	—
	435	—	—	435	—	—
Derivative purchases and sales		—	—			
Total cost as percentage of average net asset value		—%	—%			

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Notes to the Financial Statements

for the year ended 30th June 2023 (continued)

6. Purchases, Sales and Transaction Costs (continued)

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

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

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was Nil% (30th June 2022: Nil%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

7. Revenue

	2023 £'000	2022 £'000
Rental revenue	2,894	2,598
CIS interest	70	2
Bank interest	81	3
	3,045	2,603

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Notes to the Financial Statements

for the year ended 30th June 2023 (continued)

8. Expenses

	2023 £'000	2022 £'000
Payable to the ACD or associates of the ACD:		
ACD's periodic charge	443	430
	443	430
Payable to the Depositary or associates of the Depositary:		
Depositary's fee	120	120
	120	120
Other expenses:		
Administration fees	120	120
AIFMD fees	1	2
Audit fees ¹	30	26
Audit fees ²	30	–
SIV fees	78	78
Legal fees	4	10
Property expenses	1,024	942
Registration fees	42	45
Printing fees	4	2
Reporting fees	3	4
	1,336	1,229
Total expenses:	1,899	1,779

¹ Total audit fees of £25,200 (30th June 2022: £21,900), exclusive of VAT.

² Additional audit costs of £25,100 (exclusive of VAT) incurred during the audit of the year ended 30th June 2021, charged in the year ended 30th June 2023.

The termination expenses will be borne by the sub-fund, these will be charged in the period ending 30th June 2024.

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Notes to the Financial Statements

for the year ended 30th June 2023 (continued)

9. Taxation

	2023 £'000	2022 £'000
a) Analysis of charge for the year:		
Corporation tax	—	—
Total current tax	—	—
Deferred tax charge	—	—
Total taxation	—	—
b) Factors affecting taxation charge for the year:		
Net revenue before tax	1,146	824
Net revenue multiplied by the standard rate of corporation tax of 20% (2022: 20%)	229	165
Effects of:		
Property income (tax exempt)	(226)	(162)
Tax due to timing differences	(3)	(3)
Total tax charge (note 9a)	—	—

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Notes to the Financial Statements

for the year ended 30th June 2023 (continued)

10. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	2023 £'000	2022 £'000
First interim distribution	248	164
First interim accumulation	171	92
Second interim distribution	237	200
Second interim accumulation	163	141
Third interim distribution	208	179
Third interim accumulation	133	114
Final distribution	206	187
Final accumulation	125	110
Income tax deducted at source	14	10
	1,505	1,197
Add: Revenue deducted on shares cancelled	27	18
Deduct: Revenue received on shares issued	(11)	(17)
Net distribution for the year	1,521	1,198

11. Movement schedule – Investment properties

	2023 £'000	2022 £'000
Opening fair value balance	60,098	51,167
Purchases	–	6,234
Disposals at cost	(667)	–
Net gains from fair value adjustment	179	2,697
Ending fair value balance	59,610	60,098

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

12. Debtors

	2023 £'000	2022 £'000
Accrued revenue	127	106
Amounts receivable for the creation of shares	31	85
	158	191

13. Provision for costs to sell properties

	2023 £'000	2022 £'000
Provision for costs to sell properties*	1,824	–
	1,824	–

* Refer to Note 2.c) Valuation of Investments on pages 35-37.

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Notes to the Financial Statements

for the year ended 30th June 2023 (continued)

14. Other creditors

	2023 £'000	2022 £'000
Accrued expenses	162	180
Amounts payable for the cancellation of shares	77	192
Purchases awaiting settlement	5	9
	<u>244</u>	<u>381</u>

15. Related Parties

Thesis Unit Trust Management Limited is regarded as a related party by virtue of having the ability to act in respect of the operations of the sub-fund.

Thesis Unit Trust Management Limited acts as principal on all the transactions of shares in the sub-fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Thesis Unit Trust Management Limited in respect of share transactions at the year-end are disclosed within notes 12 and 14 as applicable.

Amounts paid to Thesis Unit Trust Management Limited in respect of the ACD's periodic charges are disclosed in note 8. £35,913 (30th June 2022: £37,091) was due at the year end.

Thesis Unit Trust Management Limited did not enter into any other transactions with the sub-fund during the year.

16. Equalisation

Equalisation is accrued income included in the price of shares purchased during the accounting year, which, after using monthly groupings to average, is refunded as part of a shareholder's first distribution, resulting in the same rate of distribution on all shares. As a capital repayment, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

17. Contingent Assets, Liabilities and Outstanding Commitments

There are no contingent assets, liabilities and outstanding commitments as at 30th June 2023 (30th June 2022: £Nil).

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Notes to the Financial Statements

for the year ended 30th June 2023 (continued)

18. Share Classes

The distribution per share is given in the distribution tables on pages 68 to 87. All shares have the same rights on winding up.

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

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

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Unbundled Gross Income	170,728	19,508	(2,297)	–	187,939
Class C Unbundled Gross Accumulation	9,783,057	1,999,732	(2,185,204)	–	9,597,585
Class D Unbundled Net Income	428,847	106,939	(156,409)	–	379,377
Class D Unbundled Net Accumulation	1,573,669	382,328	(451,293)	–	1,504,704
Class E Institutional Gross Income	23,476,181	7,978	(1,025,224)	–	22,458,935
Class E Institutional Gross Accumulation	124,526	–	(38,266)	–	86,260
Class F Institutional Net Accumulation	1,520,969	–	(413,853)	–	1,107,116
Class G Institutional Net Income	86,379	–	–	–	86,379
Class H Gross Accumulation	10,551,189	1,313,211	(3,388,974)	–	8,475,426
Class X Accumulation ¹	16	–	(16)	–	–

¹ Class X Accumulation became inactive on 2nd August 2022.

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Notes to the Financial Statements

for the year ended 30th June 2023 (continued)

19. Fair Value Measurement

Valuation technique as at 30th June 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £000
Assets				
Collective Investment Schemes	–	6,755	–	6,755
Properties	–	–	59,610	59,610
	–	6,755	59,610	66,365
Valuation technique as at 30th June 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £000
Assets				
Collective Investment Schemes	–	6,991	–	6,991
Properties	–	–	60,098	60,098
	–	6,991	60,098	67,089

Level 1: The unadjusted quoted price in an active market for identical instrument that the entity can access at the measurement date.

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3: Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

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Notes to the Financial Statements

for the year ended 30th June 2023 (continued)

20. Property Transaction Costs

As at 30th June 2023	£'000	% of costs	% of Average Net Assets
Analysis of total purchase costs			
Property purchases in period before transaction costs	—		
Stamp duty	—	—	—
Agent's fee	—	—	—
Legal fee	—	—	—
Depositary's fee	—	—	—
Valuation fee	—	—	—
Other capitalised fee/expense	—	—	—
Total property purchase costs	—	—	—
Gross purchases total	—		
Analysis of total sale costs			
Gross Property Sales before transaction costs	786		
Agent's fee	(16)	2.03	0.02
Legal fee	(4)	0.49	0.01
Depositary's fee	(2)	0.31	0.00
Other capitalised fee/expense	1	(0.08)	0.00
Total sale costs	(21)	2.75	0.03
Total sales net of transaction costs	765		

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

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Notes to the Financial Statements

for the year ended 30th June 2023 (continued)

21. Leverage

In accordance with the AIFMD we are required to disclose the 'leverage' of the sub-fund. Leverage is defined as any method by which the sub-fund increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways 'gross method' and 'commitment method' and the sub-fund must not exceed maximum exposures under both methods.

The 'commitment' method shall be the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The 'gross' method shall be the sum of the absolute value of all positions and each derivative position will be converted into the equivalent position in the underlying assets. The 'gross' method shall exclude the value of any cash and cash equivalents from the sum of the absolute value of all positions. The ACD must set maximum leverage levels and operate the sub-fund within these levels at all times.

The maximum gross leverage permitted in the sub-fund is 300%. The maximum commitment leverage permitted is 200%. It is expected that the ACD will operate the sub-fund well within these limits.

As at year end 30th June 2023, the total leverage in the Company, using the commitment approach, did not exceed 100% (gross 88.09%, commitment 88.04%). Given that the exposure of the Company is 88.04% of NAV, this means that no leverage was employed by the Company.

22. Post Balance Sheet Events

The ACD along with the Company's depositary (NatWest Trustee and Depositary Services Limited) agreed to suspend dealing in both the Company and the Feeder Fund effective from 10:30pm on 31st July 2023 until further notice.

On the 29th September 2023, the ACD applied to the FCA to terminate the Funds. FCA approval was received on 23rd October 2023.

The latest NAV per Class E Institutional Gross Income of 149.44p as at the close of business on 26th October 2023 had increased on average across the share classes by 2.45% compared to the NAV at the year end of 145.87p.

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st July 2022

Group 2: Shares purchased on or after 1st July 2022 to 30th September 2022

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 16)	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	1.0151	0.0000	1.0151	—	1.0151	0.7606
2	0.4110	0.0000	0.4110	0.6041	1.0151	0.7606
Interest Stream						
1	0.0182	0.0000	0.0182	—	0.0182	0.0000
2	0.0074	0.0000	0.0074	0.0108	0.0182	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st July 2022

Group 2: Shares purchased on or after 1st July 2022 to 30th September 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.5662	0.0000	0.5662	—	0.5662	0.2312
2	0.2318	0.0000	0.2318	0.3344	0.5662	0.2312
Interest Stream						
1	0.0190	0.0000	0.0190	—	0.0190	0.0000
2	0.0078	0.0000	0.0078	0.0112	0.0190	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st July 2022

Group 2: Shares purchased on or after 1st July 2022 to 30th September 2022

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 16)	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	1.0046	0.2009	0.8037	—	0.8037	0.5680
2	0.6239	0.1248	0.4991	0.3046	0.8037	0.5680
Interest Stream						
1	0.0186	0.0000	0.0186	—	0.0186	0.0000
2	0.0115	0.0000	0.0115	0.0071	0.0186	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st July 2022

Group 2: Shares purchased on or after 1st July 2022 to 30th September 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.5543	0.1109	0.4434	—	0.4434	0.1792
2	0.2941	0.0588	0.2353	0.2081	0.4434	0.1792
Interest Stream						
1	0.0184	0.0000	0.0184	—	0.0184	0.0000
2	0.0098	0.0000	0.0098	0.0086	0.0184	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st July 2022

Group 2: Shares purchased on or after 1st July 2022 to 30th September 2022

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 16)	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	1.0263	0.0000	1.0263	—	1.0263	0.6945
2	0.5114	0.0000	0.5114	0.5149	1.0263	0.6945
Interest Stream						
1	0.0184	0.0000	0.0184	—	0.0184	0.0000
2	0.0092	0.0000	0.0092	0.0092	0.0184	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st July 2022

Group 2: Shares purchased on or after 1st July 2022 to 30th September 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.6356	0.0000	0.6356	—	0.6356	0.2868
2	0.6356	0.0000	0.6356	0.0000	0.6356	0.2868
Interest Stream						
1	0.0191	0.0000	0.0191	—	0.0191	0.0000
2	0.0191	0.0000	0.0191	0.0000	0.0191	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st July 2022

Group 2: Shares purchased on or after 1st July 2022 to 30th September 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.6216	0.1243	0.4973	—	0.4973	0.2263
2	0.6216	0.1243	0.4973	0.0000	0.4973	0.2263
Interest Stream						
1	0.0187	0.0000	0.0187	—	0.0187	0.0000
2	0.0187	0.0000	0.0187	0.0000	0.0187	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st July 2022

Group 2: Shares purchased on or after 1st July 2022 to 30th September 2022

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 16)	2022 Net Distribution Paid	2021 Net Distribution Paid
Property Revenue Stream						
1	0.5539	0.1108	0.4431	—	0.4431	0.2002
2	0.5539	0.1108	0.4431	0.0000	0.4431	0.2002
Interest Stream						
1	0.0166	0.0000	0.0166	—	0.0166	0.0000
2	0.0166	0.0000	0.0166	0.0000	0.0166	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st July 2022

Group 2: Shares purchased on or after 1st July 2022 to 30th September 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.9370	0.0000	0.9370	—	0.9370	0.5714
2	0.4222	0.0000	0.4222	0.5148	0.9370	0.5714
Interest Stream						
1	0.0188	0.0000	0.0188	—	0.0188	0.0000
2	0.0085	0.0000	0.0085	0.0103	0.0188	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st July 2022

Group 2: Shares purchased on or after 1st July 2022 to 30th September 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2022 Net Accumulation	2021 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.1055
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.1055
Interest Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st October 2022

Group 2: Shares purchased on or after 1st October 2022 to 31st December 2022

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 16)	2023 Net Distribution Paid	2022 Net Distribution Paid
Property Revenue Stream						
1	0.9433	0.0000	0.9433	—	0.9433	0.8482
2	0.5351	0.0000	0.5351	0.4082	0.9433	0.8482
Interest Stream						
1	0.0710	0.0000	0.0710	—	0.0710	0.0005
2	0.0403	0.0000	0.0403	0.0307	0.0710	0.0005
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st October 2022

Group 2: Shares purchased on or after 1st October 2022 to 31st December 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.5195	0.0000	0.5195	—	0.5195	0.4192
2	0.3351	0.0000	0.3351	0.1844	0.5195	0.4192
Interest Stream						
1	0.0703	0.0000	0.0703	—	0.0703	0.0002
2	0.0453	0.0000	0.0453	0.0250	0.0703	0.0002
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st October 2022

Group 2: Shares purchased on or after 1st October 2022 to 31st December 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2023 Net Distribution Paid	2022 Net Distribution Paid
Property Revenue Stream						
1	1.1775	0.2355	0.9420	—	0.9420	0.5517
2	0.3274	0.0655	0.2619	0.6801	0.9420	0.5517
Interest Stream						
1	0.0761	0.0000	0.0761	—	0.0761	0.0002
2	0.0212	0.0000	0.0212	0.0549	0.0761	0.0002
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st October 2022

Group 2: Shares purchased on or after 1st October 2022 to 31st December 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.5101	0.1020	0.4081	—	0.4081	0.3279
2	0.3246	0.0649	0.2597	0.1484	0.4081	0.3279
Interest Stream						
1	0.0697	0.0000	0.0697	—	0.0697	0.0002
2	0.0444	0.0000	0.0444	0.0253	0.0697	0.0002
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st October 2022

Group 2: Shares purchased on or after 1st October 2022 to 31st December 2022

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 16)	2023 Net Distribution Paid	2022 Net Distribution Paid
Property Revenue Stream						
1	0.9569	0.0000	0.9569	—	0.9569	0.8370
2	0.5086	0.0000	0.5086	0.4483	0.9569	0.8370
Interest Stream						
1	0.0682	0.0000	0.0682	—	0.0682	0.0002
2	0.0363	0.0000	0.0363	0.0319	0.0682	0.0002
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st October 2022

Group 2: Shares purchased on or after 1st October 2022 to 31st December 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.6022	0.0000	0.6022	—	0.6022	0.4845
2	0.6022	0.0000	0.6022	0.0000	0.6022	0.4845
Interest Stream						
1	0.0564	0.0000	0.0564	—	0.0564	0.0002
2	0.0564	0.0000	0.0564	0.0000	0.0564	0.0002
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st October 2022

Group 2: Shares purchased on or after 1st October 2022 to 31st December 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.5790	0.1158	0.4632	—	0.4632	0.3788
2	0.5790	0.1158	0.4632	0.0000	0.4632	0.3788
Interest Stream						
1	0.0708	0.0000	0.0708	—	0.0708	0.0002
2	0.0708	0.0000	0.0708	0.0000	0.0708	0.0002
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st October 2022

Group 2: Shares purchased on or after 1st October 2022 to 31st December 2022

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 16)	2023 Net Distribution Paid	2022 Net Distribution Paid
Property Revenue Stream						
1	0.5320	0.1064	0.4256	—	0.4256	0.3490
2	0.5320	0.1064	0.4256	0.0000	0.4256	0.3490
Interest Stream						
1	0.0651	0.0000	0.0651	—	0.0651	0.0002
2	0.0651	0.0000	0.0651	0.0000	0.0651	0.0002
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st October 2022

Group 2: Shares purchased on or after 1st October 2022 to 31st December 2022

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.8963	0.0000	0.8963	—	0.8963	0.7680
2	0.4013	0.0000	0.4013	0.4950	0.8963	0.7680
Interest Stream						
1	0.0686	0.0000	0.0686	—	0.0686	0.0002
2	0.0307	0.0000	0.0307	0.0379	0.0686	0.0002
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Second Interim Accumulation X Accumulation (in pence per share)**

Group 1: Shares purchased prior to 1st October 2022

Group 2: Shares purchased on or after 1st October 2022 to 31st December 2022

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.2629
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.2629
Interest Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0002
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0002
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st January 2023

Group 2: Shares purchased on or after 1st January 2023 to 31st March 2023

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 16)	2023 Net Distribution Paid	2022 Net Distribution Paid
Property Revenue Stream						
1	0.8084	0.0000	0.8084	—	0.8084	0.7395
2	0.3691	0.0000	0.3691	0.4393	0.8084	0.7395
Interest Stream						
1	0.0868	0.0000	0.0868	—	0.0868	0.0036
2	0.0396	0.0000	0.0396	0.0472	0.0868	0.0036
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st January 2023

Group 2: Shares purchased on or after 1st January 2023 to 31st March 2023

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.3768	0.0000	0.3768	—	0.3768	0.3084
2	0.1685	0.0000	0.1685	0.2083	0.3768	0.3084
Interest Stream						
1	0.0912	0.0000	0.0912	—	0.0912	0.0028
2	0.0408	0.0000	0.0408	0.0504	0.0912	0.0028
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st January 2023

Group 2: Shares purchased on or after 1st January 2023 to 31st March 2023

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 16)	2023 Net Distribution Paid	2022 Net Distribution Paid
Property Revenue Stream						
1	0.8024	0.1605	0.6419	—	0.6419	0.6106
2	0.4108	0.0822	0.3286	0.3133	0.6419	0.6106
Interest Stream						
1	0.0851	0.0000	0.0851	—	0.0851	0.0031
2	0.0436	0.0000	0.0436	0.0415	0.0851	0.0031
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st January 2023

Group 2: Shares purchased on or after 1st January 2023 to 31st March 2023

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.3644	0.0729	0.2915	—	0.2915	0.2422
2	0.1136	0.0227	0.0909	0.2006	0.2915	0.2422
Interest Stream						
1	0.0887	0.0000	0.0887	—	0.0887	0.0029
2	0.0277	0.0000	0.0277	0.0610	0.0887	0.0029
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st January 2023

Group 2: Shares purchased on or after 1st January 2023 to 31st March 2023

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 16)	2023 Net Distribution Paid	2022 Net Distribution Paid
Property Revenue Stream						
1	0.8180	0.0000	0.8180	—	0.8180	0.7479
2	0.4297	0.0000	0.4297	0.3883	0.8180	0.7479
Interest Stream						
1	0.0877	0.0000	0.0877	—	0.0877	0.0029
2	0.0461	0.0000	0.0461	0.0416	0.0877	0.0029
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st January 2023

Group 2: Shares purchased on or after 1st January 2023 to 31st March 2023

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.4431	0.0000	0.4431	—	0.4431	0.3705
2	0.4431	0.0000	0.4431	0.0000	0.4431	0.3705
Interest Stream						
1	0.0922	0.0000	0.0922	—	0.0922	0.0029
2	0.0922	0.0000	0.0922	0.0000	0.0922	0.0029
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st January 2023

Group 2: Shares purchased on or after 1st January 2023 to 31st March 2023

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.4340	0.0868	0.3472	—	0.3472	0.2906
2	0.4340	0.0868	0.3472	0.0000	0.3472	0.2906
Interest Stream						
1	0.0899	0.0000	0.0899	—	0.0899	0.0029
2	0.0899	0.0000	0.0899	0.0000	0.0899	0.0029
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st January 2023

Group 2: Shares purchased on or after 1st January 2023 to 31st March 2023

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 16)	2023 Net Distribution Paid	2022 Net Distribution Paid
Property Revenue Stream						
1	0.3839	0.0768	0.3071	—	0.3071	0.2600
2	0.3839	0.0768	0.3071	0.0000	0.3071	0.2600
Interest Stream						
1	0.0796	0.0000	0.0796	—	0.0796	0.0026
2	0.0796	0.0000	0.0796	0.0000	0.0796	0.0026
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st January 2023

Group 2: Shares purchased on or after 1st January 2023 to 31st March 2023

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.7446	0.0000	0.7446	—	0.7446	0.6540
2	0.5298	0.0000	0.5298	0.2148	0.7446	0.6540
Interest Stream						
1	0.0903	0.0000	0.0903	—	0.0903	0.0029
2	0.0642	0.0000	0.0642	0.0261	0.0903	0.0029
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st January 2023

Group 2: Shares purchased on or after 1st January 2023 to 31st March 2023

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.1683
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.1683
Interest Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st April 2023

Group 2: Shares purchased on or after 1st April 2023 to 30th June 2023

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 16)	2023 Net Distribution Payable	2022 Net Distribution Paid
Property Revenue Stream						
1	0.7325	0.0000	0.7325	—	0.7325	0.7575
2	0.7325	0.0000	0.7325	0.0000	0.7325	0.7575
Interest Stream						
1	0.1531	0.0000	0.1531	—	0.1531	0.0083
2	0.1531	0.0000	0.1531	0.0000	0.1531	0.0083
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Final Accumulation Class C Unbundled Gross Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st April 2023

Group 2: Shares purchased on or after 1st April 2023 to 30th June 2023

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.2937	0.0000	0.2937	—	0.2937	0.3053
2	0.2313	0.0000	0.2313	0.0624	0.2937	0.3053
Interest Stream						
1	0.1598	0.0000	0.1598	—	0.1598	0.0081
2	0.1258	0.0000	0.1258	0.0340	0.1598	0.0081
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st April 2023

Group 2: Shares purchased on or after 1st April 2023 to 30th June 2023

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 16)	2023 Net Distribution Payable	2022 Net Distribution Paid
Property Revenue Stream						
1	0.7201	0.1440	0.5761	—	0.5761	0.4408
2	0.4183	0.0837	0.3346	0.2415	0.5761	0.4408
Interest Stream						
1	0.1524	0.0000	0.1524	—	0.1524	0.0069
2	0.0885	0.0000	0.0885	0.0639	0.1524	0.0069
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Final Accumulation Class D Unbundled Net Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st April 2023

Group 2: Shares purchased on or after 1st April 2023 to 30th June 2023

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.2926	0.0585	0.2341	—	0.2341	0.1298
2	0.2651	0.0530	0.2121	0.0220	0.2341	0.1298
Interest Stream						
1	0.1557	0.0000	0.1557	—	0.1557	0.1125
2	0.1411	0.0000	0.1411	0.0146	0.1557	0.1125
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st April 2023

Group 2: Shares purchased on or after 1st April 2023 to 30th June 2023

Group	Gross Income	Income Tax at 0%	Net Income	Equalisation (note 16)	2023 Net Distribution Payable	2022 Net Distribution Paid
Property Revenue Stream						
1	0.7416	0.0000	0.7416	—	0.7416	0.7733
2	0.4573	0.0000	0.4573	0.2843	0.7416	0.7733
Interest Stream						
1	0.1550	0.0000	0.1550	—	0.1550	0.0079
2	0.0956	0.0000	0.0956	0.0594	0.1550	0.0079
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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

Group 1: Shares purchased prior to 1st April 2023

Group 2: Shares purchased on or after 1st April 2023 to 30th June 2023

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.3586	0.0000	0.3586	—	0.3586	0.3684
2	0.3586	0.0000	0.3586	0.0000	0.3586	0.3684
Interest Stream						
1	0.1642	0.0000	0.1642	—	0.1642	0.0082
2	0.1642	0.0000	0.1642	0.0000	0.1642	0.0082
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st April 2023

Group 2: Shares purchased on or after 1st April 2023 to 30th June 2023

Group	Gross Accumulation	Income Tax at 20%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.3371	0.0674	0.2697	—	0.2697	0.1882
2	0.3371	0.0674	0.2697	0.0000	0.2697	0.1882
Interest Stream						
1	0.1517	0.0000	0.1517	—	0.1517	0.1028
2	0.1517	0.0000	0.1517	0.0000	0.1517	0.1028
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Final Distribution Class G Institutional Net Income (in pence per share)*

Group 1: Shares purchased prior to 1st April 2023

Group 2: Shares purchased on or after 1st April 2023 to 30th June 2023

Group	Gross Income	Income Tax at 20%	Net Income	Equalisation (note 16)	2023 Net Distribution Payable	2022 Net Distribution Paid
Property Revenue Stream						
1	0.3104	0.0621	0.2483	—	0.2483	0.0300
2	0.3104	0.0621	0.2483	0.0000	0.2483	0.0300
Interest Stream						
1	0.1414	0.0000	0.1414	—	0.1414	0.2134
2	0.1414	0.0000	0.1414	0.0000	0.1414	0.2134
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

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Distribution Tables

for the year ended 30th June 2023 (continued)

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

Group 1: Shares purchased prior to 1st April 2023

Group 2: Shares purchased on or after 1st April 2023 to 30th June 2023

Group	Gross Accumulation	Income Tax at 0%	Net Accumulation	Equalisation (note 16)	2023 Net Accumulation	2022 Net Accumulation
Property Revenue Stream						
1	0.6643	0.0000	0.6643	—	0.6643	0.6593
2	0.4273	0.0000	0.4273	0.2370	0.6643	0.6593
Interest Stream						
1	0.1627	0.0000	0.1627	—	0.1627	0.0077
2	0.1046	0.0000	0.1046	0.0581	0.1627	0.0077
Dividend Stream						
1	0.0000	0.0000	0.0000	—	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

* There were no group 2 shares for this period.

** There were no current accumulations as the share class became inactive on 2nd August 2022.

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Taxation Information

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, both of which are subject to change. It summarises the tax position of investors who are United Kingdom resident and hold Shares as investments. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

Individual Shareholders: Property income distributions will be made to Shareholders subject to deduction of tax at 20%. Individuals will be subject to income tax on income from property and interest distributions at their marginal rate and may set off the tax suffered against their tax liability. PAIF dividend distributions will be paid gross. It will be taxable at the appropriate dividend tax rate after the dividend allowance of £2,000.

Corporate Shareholders: Property income distributions are generally paid to corporation tax payers without the deduction of tax at source and taxed as profits of a property business. PAIF interest distributions are also generally paid gross to corporation tax payers, and are taxed as yearly interest in their hands. PAIF dividend distributions are treated in the same way as dividends paid by United Kingdom companies, and are therefore exempt from corporation tax.

Tax-exempt Shareholders: Shareholders who are exempt from tax on income will be able to reclaim from HM Revenue & Customs the basic rate income tax withheld on the payment of property income distributions.

For all income allocations: A tax voucher showing the amount of the income distributed or deemed to be distributed to the Shareholder and tax deducted will be sent to Shareholders at the time of a distribution.



investment architecture

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