

# **TM Hearthstone UK Residential Feeder Fund**

Interim Report & Accounts  
(unaudited) for the period ended 31st December 2023



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

# TM Hearthstone UK Residential Feeder Fund

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\* These collectively comprise the Manager's Report.

# TM Hearthstone UK Residential Feeder Fund

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## Management and Professional Service Providers' Details

### Manager:

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

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the Financial Conduct Authority*

### Investment Manager:

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

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the Financial Conduct Authority*

### Administrator, Registrar and Fund Accountant:

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

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the Financial Conduct Authority*

### Dealing Office:

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

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the Financial Conduct Authority*

### Trustee:

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

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the Financial Conduct Authority*

### Auditor:

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2A 1AG

### The Directors of the Manager are:

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 (resigned on  
8th December 2023)  
C. A. E. Lawson - Independent Non-Executive Director  
(appointed on 8th December 2023)  
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 Manager.

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 C. A. E. Lawson are not engaged in other business activities that are of significance to the TM Hearthstone UK Residential Feeder Fund (the "Trust").

# TM Hearthstone UK Residential Feeder Fund

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## Report of the Manager

*(unaudited) for the period ended 31st December 2023*

Thesis Unit Trust Management Limited, (the “Manager”) is pleased to present the Manager’s Interim Report & Accounts for TM Hearthstone UK Residential Feeder Fund (the “Trust”) for the period ended 31st December 2023.

The Trust is an umbrella unit trust with only one sub-fund namely, TM home investor feeder fund (the “sub-fund”).

## Investment Objective and Policy

The investment objective of the sub-fund is capital and income growth by investing solely in the TM home investor fund, a sub-fund of TM Hearthstone ICVC, qualifying as a Property Authorised Investment Fund.

The sub-fund will invest solely in the TM home investor fund.

Investment of the assets of the sub-fund must comply with the COLL Sourcebook.

A detailed statement of the investment and borrowing restrictions and the extent to which the sub-fund may employ efficient portfolio management techniques is set out in Appendix V of the prospectus.

## 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 House Price Index (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, mix-adjusted 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 Manager reserves the right to change the benchmark following consultation with the Trustee and in accordance with the rules of COLL. A change could arise, for example, where the Manager determines that an alternative may be more appropriate. Unitholders 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.

## 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 Trust in line with its objectives.

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

We would however draw your attention to the fact that the Material Valuation Uncertainty clause has been attached in respect of the Spectrum Apartments, held by the TM home investor fund, 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.

# TM Hearthstone UK Residential Feeder Fund

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## Report of the Manager

*(unaudited) for the period ended 31st December 2023 (continued)*

### **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.

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.

### **Notice of 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 Fund Manager ("AFM") of the Funds has, as of Monday 31st July 2023, obtained the agreement of the Funds' Depository and Trustee 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 AFM 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 AFM 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 AFM 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 AFM 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.

# TM Hearthstone UK Residential Feeder Fund

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## Report of the Manager

*(unaudited) for the period ended 31st December 2023 (continued)*

### **Notice of suspension of dealing in TM home investor fund and TM home investor feeder fund, together “the Funds”** *(continued)*

The AFM 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 AFM 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 AFM 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 AFM considered a range of options available to it, including the termination of the Funds. The AFM 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.

If the existing suspension was lifted in the near future, the AFM 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 AFM does not believe that the Funds will attract new investment or grow in the future.

### **Task Force on Climate-Related Financial Disclosures**

A statement on the climate related financial disclosures will be published by 30th June 2024 at <https://www.tutman.co.uk>.

Thesis Unit Trust Management Limited  
Manager  
29th February 2024

# TM Hearthstone UK Residential Feeder Fund

## Report of the Investment Manager

(unaudited) for the period ended 31st December 2023

### Performance Table

Date		TM home investor feeder fund
30th Nov 23-31st Dec 23	1mth	0.24%
30th Sept 23-31st Dec 23	3mth	0.24%
30th Jun 23-31st Dec 23	6mth	-2.13%
31st Dec 22-31st Dec 23	1yr	-1.73%
31st Dec 20-31st Dec 23	3yrs	4.57%
<b>Launch To Date</b>		<b>44.57%</b>

Source: Financial Express Analytics

### Investment Report

#### Residential Market

October's 0.3% fall in Gross Domestic Product rekindled fears that the economy was on the verge of recession. This was affected by short-term factors including bad weather and an interruption in cost-of-living grants to low-income households. More encouragingly, the composite PMI rose to a six-month high of 51.7 in December, and measures of business and consumer confidence have also seen improvements.

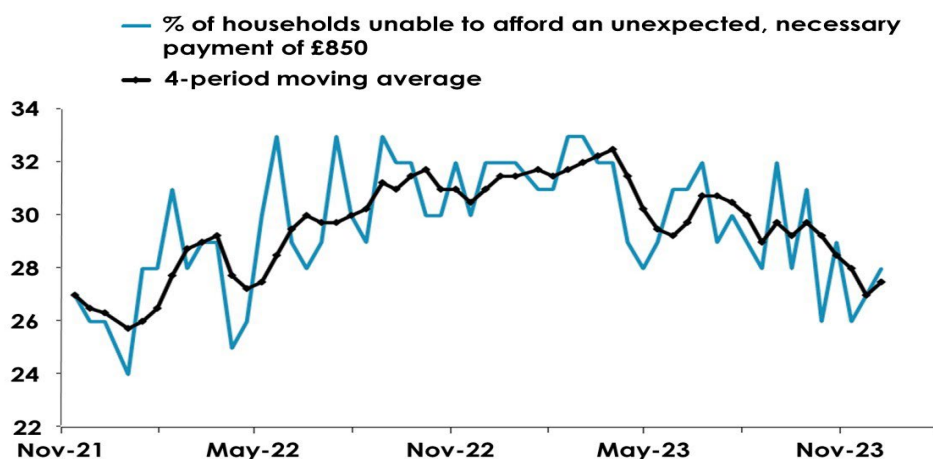
Consumer Price Index ("CPI") inflation fell to 3.9% in November, from 4.6% in October, well below consensus expectations. Price-cutting by supermarkets brought a steep fall in grocery price inflation, from 9.1% in November to 6.7% in December, according to Kantar. Nevertheless, an increase to 4% in December unsettled financial markets, and showed that the path back to on-target inflation will not be an easy one.

Prices for some components of CPI, such as telecoms and social housing rents, will continue to rise quickly as they are linked to last year's rate. Conversely, a sharp fall in energy prices will act in the opposite direction.

Wage growth and pressure for pay rises are also abating through a combination of reduced inflationary pressures and increasing labour market slack, as high borrowing costs bite. The Office of National Statistics ("ONS") is currently not calculating the unemployment rate due to a belief that the Labour Force Survey had become unreliable, but it had already increased to 4.2% by July last year, from a low of 3.5% in August 2022. More recent survey evidence suggests it has risen further since then.

Nevertheless, as wage settlements have fed through into household incomes, personal finances have become more secure. Accordingly, the current climate position looks significantly better than a year ago.

#### Wage increases mean household finances have become more resilient



Source: ONS Opinion and Lifestyle Survey, Pantheon Economics

# TM Hearthstone UK Residential Feeder Fund

## Report of the Investment Manager

(unaudited) for the period ended 31st December 2023 (continued)

### Investment Report (continued)

#### Residential Market (continued)

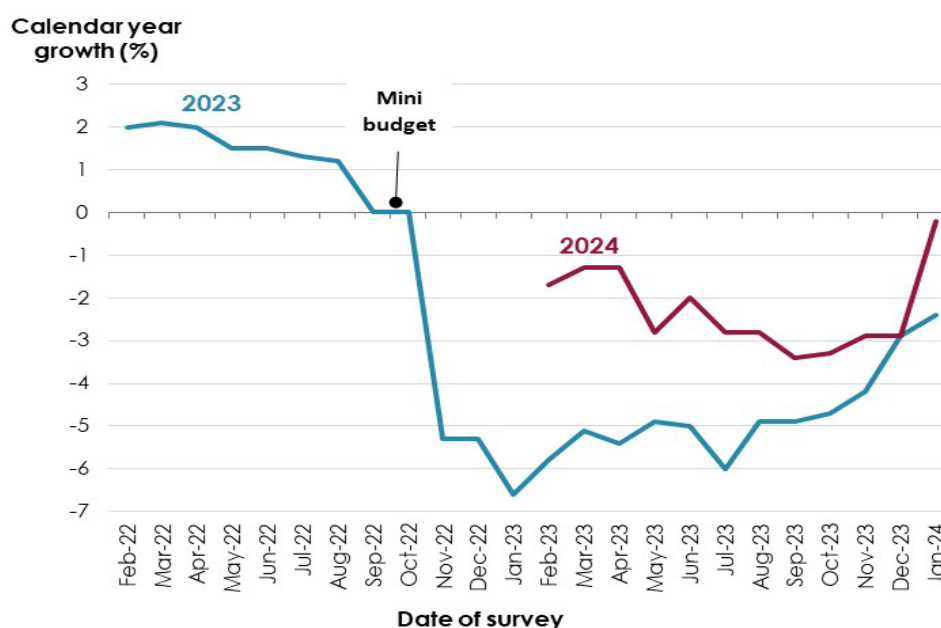
The improved position has led markets to reassess the prospects for interest rate cuts, now widely expected during 2024. Nevertheless, risks remain, including the potential inflationary impact of the current disruption of trade routes through the Red Sea. The Bank of England is unlikely to start easing until there are clearer signs that inflation is in retreat, so any change before May seems unlikely.

Fierce competition in the mortgage market has seen rates reduced below 4% on some new offerings for the first time since the 2022 mini-budget. Housing market sentiment appears to be improving. In the four weeks to 10th December, Google Trends data tracking visits to the three main property websites was only 5% below its pre-COVID-19 three-year average. As the year end approached, Zoopla reported that enquiries to estate agents were up 10% compared with the same period in 2022, representing a huge reversal from being 17% down over the four weeks to 22nd October.

The most recent Treasury consensus forecast survey shows that some economists have already upgraded their house price expectations for this year, and others have made similar announcements since the survey was compiled.

Unsurprisingly, the change in sentiment has started to feed through into supply, with an increase in the number of properties available to buy. This is likely to translate into increased turnover, but will blunt the impact of rising demand on prices.

#### Evolution of consensus house price forecasts



Source: HM Treasury Comparison of Independent Forecasts, January 2024

The Autumn statement came and went in late November with none of the anticipated housing market measures featuring - just the mortgage guarantee scheme being extended for 18 months. It is possible that other measures have been held back till the March 2024 Budget, which might then feed into the run up to a snap election. Without doubt, political pressures are intensifying as the General Election approaches and the housing market will probably feature strongly in that process.

In the meantime, the market is benefitting from the view that no further base rate rises are anticipated, and indeed that there is a strong likelihood the Bank Base rate may fall to 3.75% by late in 2024. This is what the markets are now assuming and, with swap rates that are used to price fixed rate mortgages reflecting that, lenders have begun to drop their rates in a bid to make up for the slow year that has just passed. This so called “mortgage war” will be very helpful for the estimated 1.6 million borrowers who are due to come off their existing fixed rate deals by the end of 2024. Although these borrowers will still experience an increase in costs over their previous very low-rate mortgages, the fact is that the shock will be somewhat less than previously expected.



# TM Hearthstone UK Residential Feeder Fund

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## Report of the Investment Manager

*(unaudited) for the period ended 31st December 2023 (continued)*

### Investment Report *(continued)*

#### Residential Market *(continued)*

Consumer confidence is now less negative than it was, and the same is true of surveyor expectations of the market. With lower rates in the offing, there is now a sense that market momentum might increase over the course of the year. Analysts' forecasts for 2024 are very varied, ranging from close to 5% down to 5% up - though, in part, this turns on when they were made. Some firms have recently put out revised and more optimistic forecasts reflecting the more positive emerging outlook. Some analysts suggest the first few months may still look and feel somewhat negative, but as the year progresses market confidence will grow and trends in transactions and prices will benefit.

The structural undersupply of good quality rented accommodation (the number of homes available to rent currently is less than half normal levels) continues to support rental levels, and the imbalance between demand and supply is likely to be persistent, but might soften as mortgage rates fall and the housing market gains momentum in 2024.

Via its investment in TM home investor fund, rents across the Fund's property portfolio have grown by 6.2% year to date, to include rent reviews (5.4%) and relets (8.7%) - with the market as a whole averaging 6.1% year to date according to the ONS. As the fund winds down and tenancies are not renewed, rental growth across the Portfolio will fall away.

Hearthstone Asset Management Limited  
Property Investment Manager of TM home investor fund  
23rd January 2024

# TM Hearthstone UK Residential Feeder Fund

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## **Constitution**

TM Hearthstone UK Residential Feeder Fund (the “Trust”) is an authorised unit trust in umbrella form and authorised by the FCA with effect from 30th April 2012. The Trust is intended to enable companies and other investors who are not able to invest directly into the TM home investor fund (the "Master") to do so indirectly through its sub-fund which is wholly invested in one distinct class within the TM home investor fund. The registered head office of the Trust is at Exchange Building, St John’s Street, Chichester, West Sussex P019 1UP.

The Trust has an unlimited duration.

The Trust is a non-UCITS retail scheme (NURS). It is structured as an umbrella unit trust, and currently has one sub-fund available for investment, TM home investor feeder fund (the “sub-fund”). TM home investor feeder fund invests in share class H Gross Accumulation of the Master. Further funds may be established in the future.

Unitholders are not liable for the debts of the Trust.

The annual and interim report of the Trust will normally be published no later than four months (annual) and two months (interim) from the end of respective accounting period. This report will be supplied free of charge to any person on request, and is available at the offices of the Manager at Exchange Building, St John’s Street, Chichester, West Sussex PO19 1UP in English, for inspection during ordinary office hours.

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

# TM Hearthstone UK Residential Feeder Fund

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## **Certification of Interim Report & Accounts by Directors**

In accordance with the requirements of the Collective Investment Schemes sourcebook (“COLL Rules”) and the Investment Funds sourcebook (“FUND”), we hereby certify this Interim Report & Accounts on behalf of the Manager, Thesis Unit Trust Management Limited.

D.W. TYERMAN                      Director

S. E. NOONE                         Director

29th February 2024

# TM Hearthstone UK Residential Feeder Fund

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## TM home investor feeder fund

### Portfolio Statement

*(unaudited) as at 31st December 2023*

Holding	Market value £	Percentage of total net assets %
8,444,540	<b>Property Authorised Investment Funds 100.04% (100.30%)</b> TM home investor fund 'H' Gross Accumulation*	
	<b>12,111,159</b>	<b>100.04</b>
	<b>Net investments 100.04% (100.30%)</b>	<b>100.04</b>
	Net other liabilities	(0.04)
	(5,343)	(0.04)
	<b>Total net assets</b>	<b>100.00</b>
	<b>12,105,816</b>	<b>100.00</b>

Note: Comparative figures shown in brackets relate to 30th June 2023.

\* The Fund's Property Investment Manager is Hearthstone Asset Management Limited and the Investment Manager is Thesis Asset Management Limited.

# TM Hearthstone UK Residential Feeder Fund

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## TM home investor feeder fund

### Sub-fund Information

The Comparative Table on page 13 gives the performance of the only active unit class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Table is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the sub-fund's performance disclosed in the Manager's report, which is calculated based on the period-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 a 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.

# TM Hearthstone UK Residential Feeder Fund

## TM home investor feeder fund

### Sub-fund Information *(continued)*

#### Comparative Table

*D (Unbundled Net) Accumulation*

Accounting Period	01/07/2023 - 31/12/2023 <i>(pence per unit)</i>	01/07/2022 - 30/06/2023 <i>(pence per unit)</i>	01/07/2021 30/06/2022 <i>(pence per unit)</i>
<b>Change in Net Asset Value per Unit</b>			
Opening net asset value per unit	144.34	145.98	140.44
Return before operating charges*	(11.12)	0.73	7.84
Operating charges <sup>1</sup>	(1.08)	(2.37)	(2.30)
Return after operating charges*	(12.20)	(1.64)	5.54
Distributions	(1.06)	(1.33)	(0.70)
Retained distributions on accumulation units	1.06	1.33	0.70
Closing net asset value per unit	132.14	144.34	145.98
*After direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(8.45%)	(1.12%)	3.94%
<b>Other Information</b>			
Closing net asset value (£'000)	12,106	13,256	16,474
Closing number of units	9,161,103	9,184,338	11,285,266
Operating charges <sup>2</sup>	1.50%	1.61%	1.61%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	145.20	148.50	146.00
Lowest unit price	132.70	146.00	140.50

<sup>1</sup> Operating cost for the six-month period ended 31st December 2023.

<sup>2</sup> 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 period'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. Since 2020, the OCF included costs arising in underlying closed-ended funds following guidance from the Investment Association. However, on a circular dated 30th November 2023, the Investment Association has removed this aspect from their guidance and hence the OCF for the current year does not include costs arising in closed-ended funds. The OCF does not take into account the property operating expenses, also known as the PER, incurred indirectly via TM home investor fund.

# TM Hearthstone UK Residential Feeder Fund

## TM home investor feeder fund

### Statement of Total Return

(unaudited) for the period ended 31st December 2023

	£'000	2023 £'000	£'000	2022 £'000
Income				
Net capital (losses)/gains		(94)		88
Revenue	178		183	
Expenses	(62)		(77)	
Interest payable and similar charges	(1)		(1)	
Net revenue before taxation	115		105	
Taxation	(18)		(17)	
Net revenue after taxation for the period		<u>97</u>		<u>88</u>
<b>Total return before distributions</b>		<b>3</b>		<b>176</b>
Distributions		(97)		(88)
<b>Change in unitholders' funds from investment activities</b>		<u><b>(94)</b></u>		<u><b>88</b></u>

### Statement of Change in Unitholders' Funds

(unaudited) for the period ended 31st December 2023

	£'000	2023 £'000	£'000	2022 £'000
<b>Opening net assets*</b>		<b>13,256</b>		<b>16,474</b>
Amounts receivable on issue of units	244		747	
Amounts payable on cancellation of units	(277)		(2,870)	
		<b>(33)</b>		<b>(2,123)</b>
Change in unitholders' funds from investment activities		<b>(94)</b>		<b>88</b>
Retained distribution on accumulation units		<b>97</b>		<b>88</b>
Capital distribution**		<u><b>(1,120)</b></u>		<u><b>—</b></u>
<b>Closing net assets</b>		<u><b>12,106</b></u>		<u><b>14,527</b></u>

\* The opening net assets attributable to unitholders for 2023 differs to the closing position in 2022 by the change in unitholders' net assets for the second half of the comparative financial year.

\*\* As part of the sub-fund's winding up, capital distribution was made on 5th December 2023.

# TM Hearthstone UK Residential Feeder Fund

## TM home investor feeder fund

### Balance Sheet

(unaudited) as at 31st December 2023

	31/12/2023 £'000	30/06/2023 £'000
<b>Assets</b>		
Fixed assets:		
Investments	12,111 <sup>1</sup>	13,296 <sup>1</sup>
Current assets:		
Debtors	162	177
Cash and bank balances	24	–
	<b>12,297</b>	<b>13,473</b>
<b>Liabilities</b>		
Creditors:		
Bank overdrafts	(26)	(13)
Other creditors	(165)	(204)
	<b>(191)</b>	<b>(217)</b>
<b>Total assets</b>	<b>12,106</b>	<b>13,256</b>
<b>Total liabilities</b>	<b>(191)</b>	<b>(217)</b>
<b>Net assets</b>	<b>12,106</b>	<b>13,256</b>
<b>Unitholders' funds</b>	<b>12,106</b>	<b>13,256</b>

<sup>1</sup> Represents the valuation of the TM home investor fund. A Material Valuation Uncertainty clause has been attached to the valuation of the Spectrum properties which have been certified by the SIV, held by the TM home investor fund. For further information refer to the 'Important Information' section.

## Note to the Financial Statements

### Accounting Policies

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30th June 2023. They are in accordance with the United Kingdom Generally Accepted Accounting Practice (UK GAAP), as defined within the UK Financial Reporting Standard (FRS 102) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' (the "SORP"), issued by the Investment Management Association (now known as the Investment Association) in May 2014 and amended in June 2017.



# TM Hearthstone UK Residential Feeder Fund

## TM home investor feeder fund

### Distribution Tables

(unaudited) for the period ended 31st December 2023

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

Group 1: Units purchased prior to 1st July 2023

Group 2: Units purchased from 1st July 2023 to 30th September 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.4453	–	0.4453	0.4126
2	0.4453	–	0.4453	0.4126

#### Second Interim Accumulation Class D (Unbundled Net) Accumulation (in pence per unit)\*

Group 1: Units purchased prior to 1st October 2023

Group 2: Units purchased from 1st October 2023 to 31st December 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.6174	–	0.6174	0.4377
2	0.6174	–	0.6174	0.4377

\* There were no group 2 units for this period.



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