

Monthly Fund Update: August 2024

Important information: Financial Promotions have been replaced with Fund Updates, due to the termination of the fund

Thesis Unit Trust Management Limited (Tutman) as the authorised fund manager (AFM) confirmed on 30th October 2023 that a decision had been made to terminate the Funds. The termination of the Funds formally commenced from 1st December 2023. This decision was made following consultation with the Funds' Depository (NatWest Trustee and Depository Services Limited) and Property Investment Manager (Hearthstone Asset Management Limited).

A copy of the formal Investor Notice sent to investors on 30th October can be downloaded from www.homeinvestor.fund. This gives more background on the decision to terminate, an initial capital distribution from available cash, and the expected timescales to complete the sale of the portfolio.

Fund prices will continue to be calculated and published daily, and we will provide regular updates on progress via this document and on the website www.homeinvestor.fund.

Fund v. Performance Comparator to 30/08/2024

Cumulative total return (%) over period:

	1m	3m	6m	1y	3y	5y
Feeder	-0.16	0.16	-1.08	-0.98	1.61	4.80
C Gross Acc	-0.15	0.31	-0.66	-0.46	2.76	6.50
C Gross Inc	-0.08	-0.33	-1.29	-1.13	1.56	-
D Net Acc	-0.16	0.24	-0.84	-0.80	2.00	5.42
D net Inc	-0.17	-0.34	-1.41	-1.55	0.02	-
E Gross Acc	-0.07	0.38	-0.60	-0.29	3.29	7.13
E Gross Inc	-0.16	-0.41	-1.34	-1.05	1.88	-
F Net Acc	-0.15	0.31	-0.71	-0.65	2.38	6.13
G Net Inc	-0.09	0.00	-0.96	-0.95	1.81	5.53
ONS UK House Price Index	0.58	2.74	4.19	2.18	15.34	24.55

Discrete total return (%) 12 months ending:

	Jun 19	Jun 20	Jun 21	Jun 22	Jun 23	Jun 24
Feeder	2.70	0.37	2.33	3.91	1.58	-2.86
C Gross Acc	3.18	0.70	2.57	4.14	1.95	-2.45
C Gross Inc	-	-	2.51	4.25	1.27	-2.46
D Net Acc	2.86	0.50	2.48	3.94	1.73	-2.76
D net Inc	-	-	2.48	3.78	0.74	-3.00
E Gross Acc	3.28	0.83	2.60	4.27	2.11	-2.32
E Gross Inc	-	-	2.67	4.31	1.42	-2.27
F Net Acc	2.97	0.70	2.59	4.09	1.77	-2.58
G Net Inc	3.00	0.64	2.58	4.10	1.46	-2.60
ONS UK House Price Index	0.98	1.07	8.10	10.63	0.90	2.53

Performance based on prevailing single price*, net of charges, in GBP assuming income and capital distributions reinvested net or gross of basic rate income tax according to share class. Source of all data: Hearthstone Asset Management Limited and ONS 31/08/2024 unless stated otherwise.

*On 09-04-2015, the fund switched to a swinging single pricing basis with the prevailing single price used for performance calculation. Prior to that date, the fund was dual priced, with performance calculated on a bid-to-bid basis.

Important: You may get back less than the amount invested. Past performance is not necessarily a guide to future performance and future returns are not guaranteed. Tax treatment depends on the individual circumstances of each investor and may be subject to change in future.

Portfolio Facts at 30/08/2024

Fund asset allocation	Top 10 property holdings			Property portfolio metrics		
Cash (Capital and Income)	4.92%	Holding	Units	Valuation	Flats	75
Property - North West	10.88%	Quadrant Court, Wembley, London HA9	22	£6,640,000	Terraced	58
Property - North East	0.00%	Wickhurst Green, Horsham, RH12	12	£4,230,000	Semi	53
Property - Yorks & Humber	3.75%	The Limes, Nottingham, NG8	17	£4,125,000	Detached	11
Property - South East	22.72%	Crocketts Lane, Smethwick, B66	12	£3,030,000		
Property - South West	10.53%	Whittingham Place, Preston, PR3	13	£2,865,000	Total number of properties	197
Property - Wales	0.00%	*Spectrum, Blackfriars Road, Manchester M3	17	£2,685,000		
Property - Scotland	1.47%	King Georges Park, Rowhedge, CO5	8	£2,525,000		
Property - East of England	10.67%	Rea Road, Northfield, Birmingham, B31	11	£1,550,000	Average property valuation	£260,013
Property - East Midlands	9.86%	Pandora Close, Locks Heath, SO31	4	£1,482,500		
Property - West Midlands	10.89%	Portland View, Bristol, BS2	5	£1,420,000		
Property - London	14.32%					

* See commentary below.

Property Investment Manager's commentary

The independent valuer, CBRE Limited, reduced its valuation of the property portfolio by £15,000 at the end of August, valuing 4 properties down and 1 up. This puts the annual change in the Fund's property valuations at -2.03% to the end of August versus the latest ONS House Price Index at 2.18%. As mentioned in previous updates, this ONS HPI figure is subject to change as housing transactions often take several months to be recorded on HM Land Registry.

There were 3 property sales completed in August for a total of £885,000 and 4 have completed so far in September for a total of £1,114,000. This brings the total number of completed sales to 25 since the fund started the termination process in December, and there are currently 75 progressing through the conveyancing process. As many of these have now been progressing for a number of months, we anticipate that the rate of completions will increase over the coming months as many buyers will be keen to settle in before Christmas. On average, sales are taking 4-5 months to complete after an offer is accepted although this is often longer for leasehold properties due to delays in the freeholder's management company supplying information packs. Using the November 2023 CBRE valuations as a reference, properties have completed or are sold subject to contract (SSTC) broadly in line with that valuation. We continue to conduct our own local due diligence when marketing properties for sale, and to apply our asset management experience with the aim of realising the best value for investors from these sales. The Fund started the termination process with 218 properties, over 130 of which are in its 'top 10' holdings shown above where multiple properties are held on the same site and need to be drip-fed onto the market to reduce the risk of diluting the potential sale price.

Capital distributions of cash realised from property sales are planned to be made on the income payment dates shown overleaf if the Fund holds at least 5% cash, and will be administered by reducing the price of each share held by an amount equivalent to the payment. An ad hoc distribution of £3m is being made at the end of September as shown later in this update - Investors will have noticed that the share price reduced accordingly on 12th September. It is unlikely that a distribution will be made in October but, depending on the value of completed sales over the next 6-7 weeks, the next one should be at the end of November.

* The 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 there is currently 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 signed the Government's Buildings Safety Repairs pledge 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 2023 financial statements were qualified.

Latest Portfolio Disposal Progress to 19/09/2024

Property disposals and Liquidity			Capital distributions since 01/12/2023				
	Value	Number	Calculation	Payment date	Total distribution	This distribution*	Distributed to date*
Properties owned at 01/12/2023	£57,470,000	218	04/12/2023	12/12/2023	£5,700,000	9.14%	9.14%
Sales completed since 01/12/2023	£6,790,600	25	09/05/2024	31/05/2024	£3,100,000	4.97%	14.11%
Properties remaining at 19/09/2024	£50,362,500	193	11/09/2024	30/09/2024	£3,000,001	4.81%	18.92%
On the market	£12,000,000	44					
Sold Subject to Contract	£21,229,000	75					
	Value	Number					
Capital cash held at 01/12/2023	£5,861,154						
Net property sales since 01/12/2023	£6,622,919	25					
Capital distributed to date	£11,800,001	(including 30/09/2024)					
Capital cash at 19/09/2024	£695,496						

* Distributions as a percentage of the £62.37m bid-value of the Fund on 30/11/2023
See overleaf for the latest distribution rates in pence per share.

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Fund Codes

Share class	Sedol	ISIN	Citicode	MEXID
Feeder	B95V2K4	GB00B95V2K41	I3HL	8TRES
Class C Acc	B95VYK8	GB00B95VYK84	I3HM	8THEAP
Class C Inc	BLHXV50	GB00BLHXV501	QZF4	-
Class D Acc	B960879	GB00B9608795	I3HM	8TCLEA
Class D Inc	BLHXV61	GB00BLHXV618	QZF5	-
Class E Acc	B6X90Z0	GB00B6X90Z05	112I	8TSIDE
Class E Inc	BLHXV72	GB00BLHXV725	QZF6	-
Class F Acc	B54N2C5	GB00B54N2C52	112J	8TIDEN
Class G Inc	B76WFY7	GB00B76WFY75	112K	8TDENT

'Acc' = Accumulation share class, 'Inc' = Income share class

Month-end share price

Share class	ISIN Code	Price	Pricing basis
Feeder	GB00B95V2K41	£ 1.242	Bid
Class C Acc	GB00B95VYK84	£ 1.307	Bid
Class C Inc	GB00BLHXV501	£ 1.202	Bid
Class D Acc	GB00B9608795	£ 1.271	Bid
Class D Inc	GB00BLHXV618	£ 1.187	Bid
Class E Acc	GB00B6X90Z05	£ 1.335	Bid
Class E Inc	GB00BLHXV725	£ 1.218	Bid
Class F Acc	GB00B54N2C52	£ 1.296	Bid
Class G Inc	GB00B76WFY75	£ 1.125	Bid

Income Distributions

Distribution dates: **Annual: 31 Oct**
Interim: 28 Feb, 31 May, 30 Nov

Income is reinvested into the Fund for Accumulation share classes and made as a cash distribution for Income share classes. The latest income distributions are:

Share class	ISIN Code	Accounting date	Pence per share	Payment date
Feeder	GB00B95V2K41	31/03/2024	0.1266	31/05/2024
Class C Acc	GB00B95VYK84	31/03/2024	0.4941	31/05/2024
Class C Inc	GB00BLHXV501	31/03/2024	0.8817	31/05/2024
Class D Acc	GB00B9608795	31/03/2024	0.4489	31/05/2024
Class D Inc	GB00BLHXV618	31/03/2024	0.7355	31/05/2024
Class E Acc	GB00B6X90Z05	31/03/2024	0.5563	31/05/2024
Class E Inc	GB00BLHXV725	31/03/2024	0.9003	31/05/2024
Class F Acc	GB00B54N2C52	31/03/2024	0.673	31/05/2024
Class G Inc	GB00B76WFY75	31/03/2024	0.4289	31/05/2024

Capital Distributions

Whilst the Fund is winding down and properties sold, capital distributions will be made to investors. It is intended these distributions are made on the income distribution dates shown above if the Fund has more than 5% liquid cash. The latest capital distribution rates and dates are shown below.

Share class	ISIN Code	Calculation date	Pence per share	Payment date
Feeder	GB00B95V2K41	11/09/2024	6.4730	30/09/2024
Class C Acc	GB00B95VYK84	11/09/2024	7.4364	30/09/2024
Class C Inc	GB00BLHXV501	11/09/2024	6.8184	30/09/2024
Class D Acc	GB00B9608795	11/09/2024	7.2324	30/09/2024
Class D Inc	GB00BLHXV618	11/09/2024	6.7380	30/09/2024
Class E Acc	GB00B6X90Z05	11/09/2024	7.5908	30/09/2024
Class E Inc	GB00BLHXV725	11/09/2024	6.9139	30/09/2024
Class F Acc	GB00B54N2C52	11/09/2024	7.3729	30/09/2024
Class G Inc	GB00B76WFY75	11/09/2024	6.3958	30/09/2024

A table of share prices pre- and post-accounting date for these capital distributions are available on the www.homeinvestor.fund website.

Key fund information

Fund name:	TM home investor fund (a subfund of the TM Hearthstone ICVC)
Performance comparator:	ONS UK House Price Index
Fund launch date:	25/07/2012
Fund size (Bid-pricing basis):	£52.79 million at 30/08/2024
Primary asset class:	UK Residential Property

Management & Administration

Investment Committee:	Cedric Bucher Andrew Smith, FRICS Darren Stent
Property Investment Manager and Distributor:	Hearthstone Asset Management Limited 29 Throgmorton Street London EC2N 2AT 020 3301 1330 info@hearthstone.co.uk www.homeinvestor.fund
Authorised Corporate Director:	Thesis Unit Trust Management Limited Exchange Building, St Johns Street, Chichester, West Sussex, PO19 1UP 01243 531234 www.tutman.co.uk
Dealing and administration:	TM Hearthstone ICVC Thesis Unit Trust Management Limited Sunderland SR43 4AZ 0333 300 0375
Depository:	NatWest Trustee & Depository Services Limited
Independent valuer:	CBRE Limited
Auditor:	Grant Thornton UK LLP

Important information

This document is for information only as the Fund is now closed pending termination and properties are being sold in order to distribute the proceeds to investors. Residential property values are affected by factors such as interest rates, economic growth, fluctuations in property yields and tenant default. Property investments are relatively illiquid compared to bonds and equities, and can take a significant amount of time to trade. Tax treatment depends on the individual circumstances of each investor and may be subject to change in future.

Hearthstone Investments Ltd is the parent company of the Hearthstone Investments Group. Regulated business is carried out by Hearthstone Asset Management Limited. Hearthstone Asset Management Limited is an appointed representative of Thesis Asset Management Limited which is authorised and regulated by the Financial Conduct Authority (114354). Hearthstone Investments Ltd (06379066) and Hearthstone Asset Management Limited (07458920) are both registered in England and Wales. The registered office for both companies is c/o Bridgehouse Company Secretaries Ltd Suite 2.06, Bridge House, 181 Queen Victoria Street, London, EC4V 4EG.

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