

TM HEARTHSTONE ICVC

Annual Report & Accounts
for the period from 24th July 2012 to 30th June 2013



Hearthstone
Investments



investment architecture

THEISIS UNIT TRUST MANAGEMENT LIMITED

Authorised and regulated by the Financial Conduct Authority

TM HEARTHSTONE ICVC

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* Collectively these comprise the Authorised Corporate Director's Report

TM HEARTHSTONE ICVC

Management and Professional Service Providers' Details

Authorised Corporate Director:

Thesis Unit Trust Management Limited
Exchange Building
St John's Street
Chichester
West Sussex PO19 1UP
Tel: 01243 531234

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The Financial Conduct Authority*

Solicitors to the Authorised Corporate Director:

Eversheds LLP
One Wood Street
London EC2P 2YU

Property Investment Adviser:

Hearthstone Asset Management Limited
Martin House
5 Martin Lane
London EC4R 0DP

*An appointed representative of
Thesis Asset Management Plc.*

Dealing & Registration:

Northern Trust Global Services Limited
PO Box 3733
Royal Wootton Bassett
Swindon SN4 4BG
Tel: 0870 870 8434
Fax: 020 7982 3924

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

Depository:

National Westminster Bank plc
Trustee & Depository Services
1st Floor, Younger Building
3 Redheughs Avenue
Edinburgh EH12 9RH

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

Auditor:

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Directors:

A. J. Edwards - Non-Executive Chairman
S. R. Mugford - Finance Director
D. W. Tyerman - Chief Executive Officer
G. Dalton - Chief Operating Officer
S. E. Noone - Client Service Director
A. Gilbert - Non-Executive Director

Investment Adviser

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

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Standing Independent Valuer:

Jones Lang LaSalle Limited
22 Hanover Square
London W1A 2BN

Alternate Standing Independent Valuer:

DTZ Debenham Tie Leung Limited
125 Old Broad Street
London EC2N 2BQ

Property Manager:

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

TM HEARTHSTONE ICVC

Report of the Authorised Corporate Director ("ACD")

for the period from 24th July 2012 to 30th June 2013

Thesis Unit Trust Management Limited is pleased to present the ACD's annual report for the period from 24th July 2012 to 30th June 2013.

Investment Objective and Policy

The objective of the TM Hearthstone UK Residential Property Fund is to establish a "tracker style" residential property fund which provides investors with exposure to the United Kingdom housing market. Returns will derive principally from capital performance, with lettings of fund properties intended to cover costs and provide some additional return. As it is intended that the TM Hearthstone UK Residential Property 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 TM Hearthstone UK Residential Property 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 revenue target for the TM Hearthstone UK Residential Property Fund but the properties will be selected and managed in such a way as to provide revenue appropriate to their location while minimising the loss in rental yields due to management and maintenance costs.

The TM Hearthstone UK Residential Property Fund will invest primarily in United Kingdom residential Property. Consistent with the TM Hearthstone UK Residential Property 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 short hold (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 Fund is not unduly exposed to counter-party risk.

The TM Hearthstone UK Residential Property 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.

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Report of the Authorised Corporate Director ("ACD")

for the period from 24th July 2012 to 30th June 2013 (continued)

Hearthstone Asset Management Limited. Investment Review

1. Residential Market

Residential Market Performance

The June RICS Residential Market Survey highlighted the growing imbalance between demand and supply in the housing market. Medium and long term house price expectations are turning increasingly positive and in addition there is increasing evidence that rising demand is at least partly being driven by easier credit conditions.

There has been a boost in lending to first time buyers in recent months and policy measures focused on increasing the availability and lowering the cost of credit continue to provide support. The Bank of England's Funding for Lending Scheme (FLS) has already helped to drive mortgage rates down towards new all-time lows and has recently been extended to run for another year up to January 2015. Combining all of the government lending schemes including Help to Buy, NewBuy, First Buy & Build to Rent Guarantee Schemes totals over £40 billion of lending for development and mortgages over the next 4 years and have made the mortgage market markedly stronger than a year ago.

Transaction levels are rising with the number of mortgage approvals for house purchases increasing by 7% between April and May to 58,200, the highest monthly level since December 2009. Approvals in the 3 months to May 2013 were 2% higher than in the previous 3 months (Source: Bank of England Seasonally adjusted Figures) and it is suggested that activity by First time buyers is a primary reason for this increase. The Council of Mortgage Lenders recently reported that first-time buyer activity in the first quarter of 2013 was at nearly the same level as last year, although March 2012 figures were distorted by the end of the SDLT holiday for first time buyers. This does suggest that the market continues to be favourable for many people looking to buy their first home.

House Prices

In June 2013, the LSL Acadametrics House Price Index reported that prices have risen significantly in the last 12 months, with the average house price increasing by £5,664 over the past year. House prices reached a record high in May and have recorded yet another increase in June with the average house price now being £232,801; this exceeds the previous peak recorded in February 2008. On an annual basis the average house price has increased by 2.5% since last June. This increase is supported by improvements in mortgage availability, a widening range of relatively attractive mortgage deals, an increase in first time buyers and also lenders greater willingness to lend at higher LTV levels than has recently been the case.

A divergence in house price performance across regions has been evident for some time. The north/south divide has become more prominent, with Greater London & South East regions leading the way in terms of growth. In fact Greater London has recorded average achieved prices above previous recorded levels, however all other regions still are recording achieved prices below the previous peaks.

Cash buyers and international investors looking to invest in the prime areas of London are boosting property prices in the capital. The demand for properties in central London is a significant contributor to the 7.9% growth in London recorded in June by LSL.

An examination of asking prices of property coming on to the market by Rightmove found that the average property asking price in June is now £252,798, breaking the £250,000 barrier for the first time. London and the South East set new records for asking prices which supports the same pattern as the LSL Acadametrics sales data. However, Rightmove also suggest that there is early evidence of a wider recovery of asking prices in the Northern regions, where asking prices rose by 9.2% over the first half of 2013. This reflects the aspirations of both sellers and agents and along with a pick-up in transactions suggests a more sustainable recovery to the housing market, as the impact of a buoyant London market shows signs of spreading across the country.

Rental property

Between 2003 and 2007 the private rented sector grew at an average rate of 7% per annum. According to recent research by Savills, the private rental sector is expected to grow by approximately 210,000 households per annum over the next three years

Sustaining the current increase in new buyers to the housing market will in some ways depend on how many tenants are able to save large enough deposits to obtain a mortgage. With wage growth weak compared to inflation but continued house price growth, pressure on the affordability of deposits will remain – thereby supporting a continued demand for rental accommodation.

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Report of the Authorised Corporate Director ("ACD")

for the period from 24th July 2012 to 30th June 2013 (continued)

Hearthstone Asset Management Limited. Investment Review (continued)

In their most current release of their Buy to let Index (May 2013) LSL Property Services reported an average gross yield across England and Wales of 5.3%. This index is based on analysis of approximately 18,000 properties. On a regional basis, yields ranged from 3.8% in the South -West to 7.1% in the North-West. Annual rental growth averaged 3.5%, but again regional variations ranged from 7.2% growth in rental levels in London, to zero increase in rental levels in the South- West region in the 12mths to May 2013.

According to the RICS June Residential survey, rents are expected to increase by about 1.5% over the next 12 months, but over the long term, surveyors expect rents to increase by about 4% a year.

2. Fund Performance

The Fund invests in private rented sector housing across the UK and aims to outperform the capital benchmark, the LSL Acadametrics House Price Index, plus providing an additional revenue return.

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

These properties are let under assured shorthold tenancies (AST) agreements and corporate lets. Investment returns comprise both capital growth and rental revenue.

The Fund performance as at 30th June on a bid-bid price basis for each share class is detailed below.

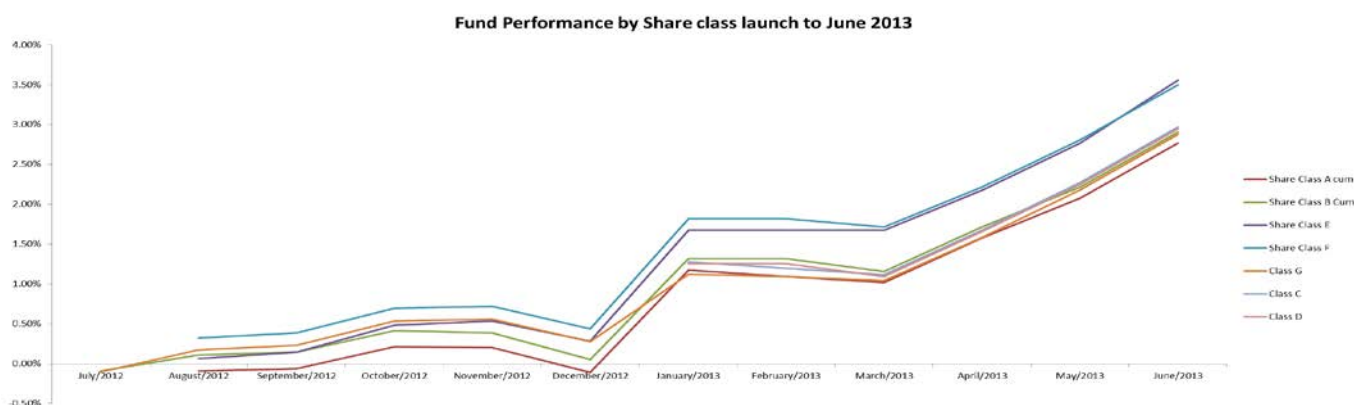
Table 1: Fund Performance by Share Class

Date	Period	A	B	E	F	G	C	D
31st May- 30th June	1mth	0.69%	0.69%	0.79%	0.69%	0.69%	0.69%	0.69%
31st March-30th June	3mth	1.76%	1.76%	1.89%	1.79%	1.84%	1.86%	1.86%
31st December-30th June	6mth	2.91%	2.88%	3.31%	3.09%	2.63%	-	-
Launch YTD- 30th June	12mth	2.79%	2.94%	3.60%	3.54%	2.91%	3.00%	2.97%

Note: A-launch date 29th Aug, B Launch date 26th July, E launch date 13th August, F launch date 3rd August, G launch Date 25th July, C & D launch date 8th Jan

Note: Share Class G is based on the Total Return performance including the revenue as per Trustnet.

Figure 1: Fund Performance since 24th July 2012- 30th June 2013



Since Fund launch 24/07/2012 total Fund assets have grown to £29.1m at 30th June 2013

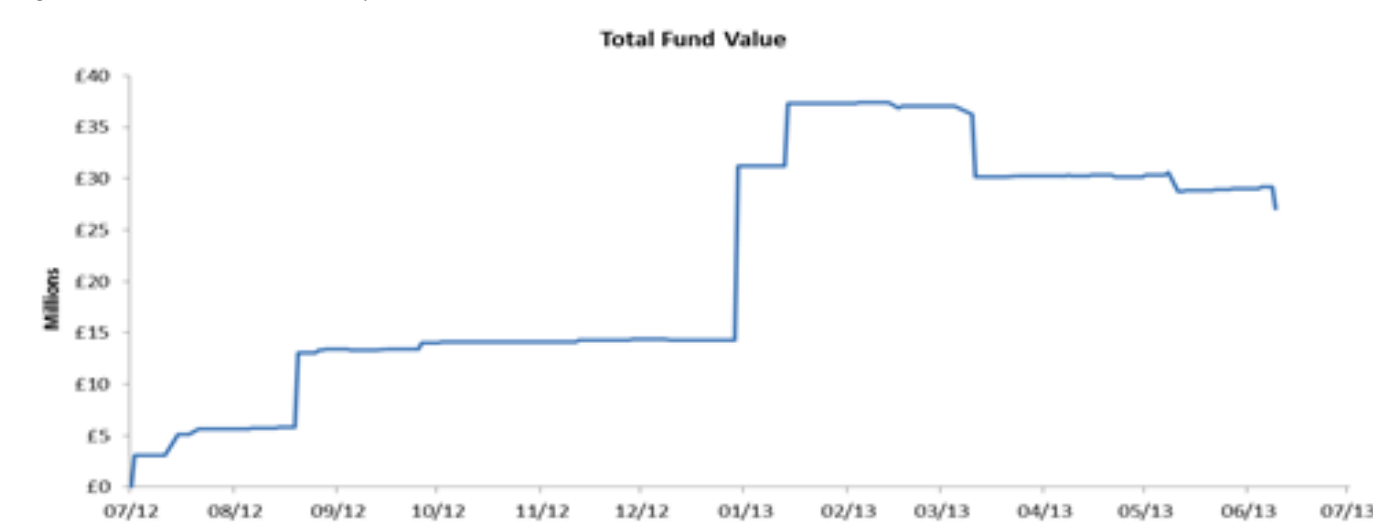
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Report of the Authorised Corporate Director ("ACD")

for the period from 24th July 2012 to 30th June 2013 (continued)

Hearthstone Asset Management Limited. Investment Review (continued)

Figure 2: Fund Growth since July 2012



3. What has contributed to the Fund's performance

The Fund's investment returns comprise capital growth and rental revenue.

Table 2: Key Portfolio Statistics at 30th June 2013

Portfolio Purchase Price	£23,326,408
Investment Value (IV) <i>(The market value subject to any tenancies in existence at the valuation date)</i>	£23,647,500
Vacant Possession Value (VP) <i>(The market value of the portfolio assuming vacant possession)</i>	£23,919,250
Number of Properties	111
Average Unit Value VP	£215,489
Potential Gross Annual Rental Income	£1,424,324
Average Rent	£12,832
Potential Gross Yield	6.02%
Gross Yield Net after Vacant units	5.61%
Net Property Yield <i>(after property costs and vacant units)</i>	4.83%

Rental Yield & Revenue

Table 3: Gross Rental Yield vs LSL June 2013

Areas	Gross Yield	LSL Buy to let Index Gross Yield May 2013
North West	7.08%	7.1%
North	6.74%	5.4%
Yorkshire & Humber	6.58%	6.7%
South East	6.35%	4.9%
South West	6.55%	3.8%
Wales	6.61%	4.5%
Scotland	5.21%	-
East Anglia	6.03%	4.8%
East Midlands	6.18%	6.2%
West Midlands	6.67%	6.0%
London	5.50%	5.0%
Average	6.02%	5.3%

* Source LSL Buy To Let Index June 2013

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Report of the Authorised Corporate Director ("ACD")

for the period from 24th July 2012 to 30th June 2013 (continued)

Hearthstone Asset Management Limited. Investment Review (continued)

The gross rental yield of the Fund property portfolio as at 30th June 2013 is 6.02%, significantly higher than the most recent LSL England and Wales average market gross yield of 5.30% reported as at June 2013. The gross yield adjusted for voids at 30th June is 5.61%. After all property related costs including rent lost due to voids the net yield is currently 4.83%, comparing favourably to the current IPD Residential Property yield of 2.80%. Table 4 shows the gross/net property yield on a monthly basis.

Table 4: Gross-Net Yield monthly

	July 2012	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	June 2013
Potential Gross Yield	7.00%	7.01%	6.61%	6.62%	6.62%	6.62%	6.62%	6.19%	6.15%	6.15%	6.05%	6.02%
Yield adjusted for Voids	7.00%	7.01%	6.61%	6.62%	6.62%	6.62%	6.62%	6.19%	5.92%	5.95%	5.52%	5.61%
Net Yield After Property Costs	6.28%	6.18%	6.03%	6.01%	6.01%	6.01%	6.01%	5.68%	5.27%	5.30%	4.74%	4.83%
Gross-Net Reduction	10%	12%	9%	9%	9%	9%	9%	8%	14%	14%	22%	20%

The gross to net reduction in terms of direct property expenditure is low compared to the market average. Property level expenditure (primarily consisting of property management fees, minor repairs, maintenance and insurance payments) as a percentage of rental revenue accrued for at 30th June equates to 10.1% of rental revenue compared to a market average of approximately 30% (IPD Residential Index Results February 2013). Figure 3 shows the movement of the gross/net property yield from inception to 30th June 2013.

Figure 3: Gross-Net Yield



Valuation Movement

The LSL Acadametrics House price Index is a capital index based on vacant possession (VP) values. Figure 4 shows the valuation movement of the Fund portfolio from the launch of the Fund on a monthly basis since July 2012 adjusted for acquisitions against the LSL monthly House Price Index. Table 5 shows the YTD growth of the VP value from acquisition to the June 2013 valuation completed by the Standing Independent Valuers- JLL and DTZ.

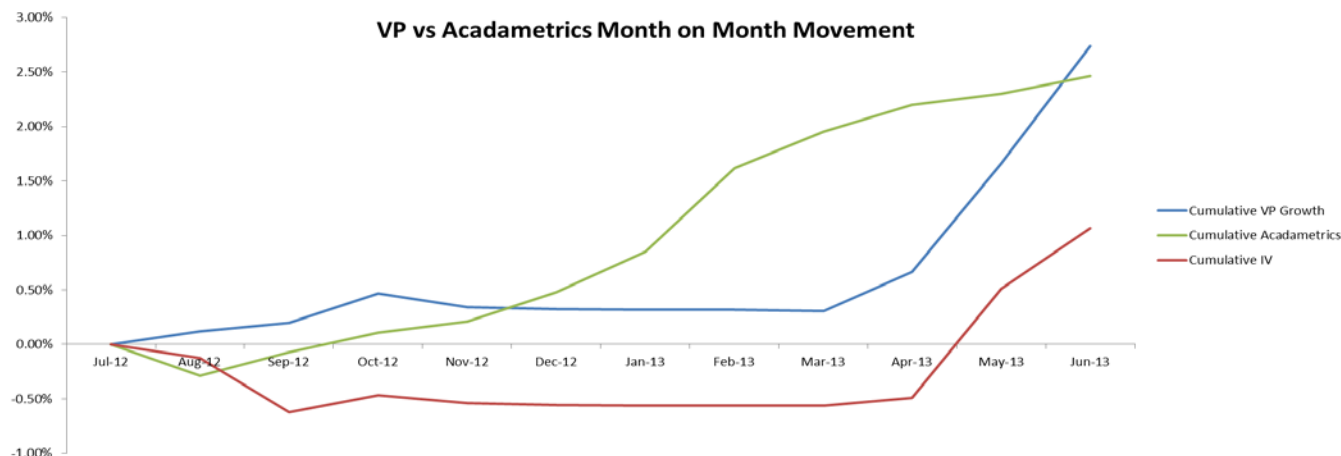
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Report of the Authorised Corporate Director ("ACD")

for the period from 24th July 2012 to 30th June 2013 (continued)

Hearthstone Asset Management Limited. Investment Review (continued)

Figure 4: Valuation Movement



This month JLL and DTZ have completed the annual revaluation of the portfolio.

On a year to date basis, and with the monthly movement of IV and VP adjusted for acquisitions in a relevant month, the value has increased by 1.07% in terms of Investment Value and 2.74% in terms of Vacant Possession Value from July 2012 to June 2013.

This compares to LSL Acadametrics reporting a 2.5% uplift over the 12 months to the end of May.

Table 5: Regional Valuation % Change from July 2012-June 2013

Areas	VP MOVEMENT YTD	IV MOVEMENT YTD
North West	-5.64%	-11.91%
North	3.91%	3.91%
Yorkshire & Humber	4.79%	-0.62%
South East	0.00%	-0.55%
South West	1.71%	-12.73%
Wales	-3.75%	-3.75%
Scotland	-0.07%	-0.07%
East Anglia	-0.50%	-4.55%
East Midlands	4.15%	-5.94%
West Midlands	3.74%	0.40%
London	3.31%	3.06%
	2.74%	1.07%

4. Purchases and Sales in the period

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

Since the launch of the Fund in July 2012, £23.3million of property has been acquired. The property acquired has been from house builders & developers and the initial 91 properties acquired from July 2012 to February 2013 were on an in-specie basis in exchange for shares in the Fund. The house builders have simultaneously entered into agreements to lease back the properties and pay a rent/fee on a full repairing and insuring basis.

Since March 2013, the Fund has acquired 20 new build properties with vacant possession from 3 different house builders to be rented out on standard tenancy agreements.

The length of tenancy varies across the portfolio but the average is 17.6 months to expiry as at the end of June 2013. The type of property acquired is categorised based on the Land Registry Property categories; Detached, Semi Detached, Flats & Terraced property.

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Report of the Authorised Corporate Director ("ACD")

for the period from 24th July 2012 to 30th June 2013 (continued)

Hearthstone Asset Management Limited. Investment Review (continued)

The highest value asset acquired over the last 12 months is a five-bedroom detached house located in Kent currently valued at £420,000 and the lowest, a two bedroom flat in Bolton, Lancashire, valued at £66,500.

Table 6 provides a summary of the property acquisitions made in the last 12 months.

Table 6: Summary of Acquisitions

Portfolio	Acquisition Price	Units	Status	Acquisition Date	Location	Acquisition Commentary
Barratt 1	£3,196,250	18	IN-SPECIE	24/07/2012	UK Wide	Portfolio acquired to seed the Fund. Initial portfolio split into tranche 1 and 2. Hearthstone can confirm that the proposed initial fund portfolio is suitably spread throughout the UK
Barratt 2	£1,480,500	6	IN-SPECIE	03/08/2012	UK Wide	See above
Bovis	£7,365,000	30	IN-SPECIE	11/09/2012	UK Wide	Seed portfolio on similar terms to Barratt. Portfolio geographically spread through the UK therefore in line with the key objective of the Fund.
Barratt 3	£ 576,000	3	IN-SPECIE	18/10/2012	England	Extension of tranche 1 and 2.
Quintain	£7,725,000	7	CASH & IN-SPECIE	05/02/2013	Wembley, London	Portfolio of 34 leasehold flats in Wembley, London. The acquisition was split between seed and cash. The agreed leaseback period for all 34 assets was 30 months. The target property weighting for the Greater London region within the Fund portfolio was 22.2%. The disposition of the Fund portfolio prior to the Quintain transaction provided an underweight London allocation of 13.5% but with the Quintain investment resulted in an overweight of 21%. This relative overweight position was then partially redressed as a result of further acquisitions in regions other than London.
Morris Homes	£ 951,950	8	CASH	28/03/2013	Kirby-in-Ashfield, Nottinghamshire	At the time of this transaction, the current fund portfolio provided an underweight allocation of 3.73% to the East Midlands. 8 new build houses were acquired with vacant possession from the developer Morris Homes in Kirby in Ashfield on two advanced development sites.

TM HEARTHSTONE ICVC

Report of the Authorised Corporate Director ("ACD")

for the period from 24th July 2012 to 30th June 2013 (continued)

Hearthstone Asset Management Limited. Investment Review (continued)

Table 6: Summary of Acquisitions (continued)

Portfolio	Acquisition Price	Units	Status	Acquisition Date	Location	Acquisition Commentary
Crest Nicholson	£846,000	4	CASH	01/05/2013	Stowmarket, Rochester & Colchester	In April the Fund portfolio was underweight regionally by 3% to the South East and 1.04% underweight to East Anglia. Three properties in the South East were acquired with a leaseback to the house builder with minimum costs throughout the leaseback period further strengthening the Fund's revenue and cashflow. 1 unit was acquired vacant to be marketed for let by Touchstone.
Miller Homes	£1,185,708	8	CASH	22/05/2013	Edinburgh	8 properties were acquired located north west of Edinburgh city centre within established rental locations in two new build schemes, Varsity North & Varsity South.
	£23,326,408	111				

Sales

There have been no property sales in the period from 24th July 2012 to 30th June 2013.

Future Activity

We are continuing to review further strategic acquisitions from various sources. In the near term, further Fund subscriptions will be allocated to property, adjusting the Fund portfolio weighting to more closely reflect the Acadametrics benchmark.

Table 7 shows the current portfolio against the LSL regional weightings of property as at 30th June 2013. The current regional split shows overweight positions in the South West, London & East Midlands and the greatest underweight position in North West & Northern regions.

Table 7: Portfolio Breakdown by Regional LSL Allocations as at 30/6/13

Areas	No of Units	CURRENT Valuation	% by Value & Region	Over/Underweight	LSL ACADAMETRIC % Weightings
North West	6	£863,000	3.6%	-3.5%	7.19%
North	1	£180,000	0.8%	-2.3%	3.09%
Yorkshire & Humber	5	£950,000	4.0%	-1.9%	5.92%
South East	19	£5,480,000	23.2%	-2.5%	25.72%
South West	11	£2,555,000	10.8%	1.0%	9.81%
Wales	1	£205,000	0.9%	-2.3%	3.15%
Scotland	8	£1,394,000	5.9%	-1.4%	7.31%
East Anglia	2	£386,000	1.6%	-2.1%	3.73%
East Midlands	10	£1,397,000	5.9%	0.3%	5.58%
West Midlands	9	£1,200,000	5.1%	-1.2%	6.29%
London	39	£9,037,500	38.2%	15.9%	22.21%
	111	£23,647,500	100%	0%	100%

TM HEARTHSTONE ICVC

Report of the Authorised Corporate Director ("ACD")

for the period from 24th July 2012 to 30th June 2013 (continued)

Hearthstone Asset Management Limited. Investment Review (continued)

5. The 12 months performance figures of the Fund and any relevant benchmark.

Table 8: Fund Key Financial Figures 30th June 2013

Fund Value Break Down	Book Value	Mid Value	Commentary
Property	£23,326,410	£23,647,500	
Berkeley Group Holdings	£30,511	£31,191	
Prime Rate	£1,099,568	£1,101,744	
BlackRock	£1,100,117	£1,101,615	
	£25,556,606	£25,882,050	
Uninvested Cash	£3,255,675	£3,255,675	
Net Revenue		£18,279	Net revenue from property at 30.06.13. Excluding previous quarters revenue distributions
FUND VALUE 30.06.13	£28,812,281	£29,156,004	

Source: PAIF Financial Statement from NT 28.06.13

REVENUE

Gross Revenue Accrued by the Fund from July 2012 to June 2013	£886,470	
Net Annual Fund Revenue @ 30.06.13 (added back in distribution revenue)	£232,271	January 2013 £75,003, April 2013 £69,917, June 2013 £88,351
Gross-Net Adjustment	74%	342 days Fund Live

Source: YARDI statement 30.06.13. Net revenue based on revenue distributions January, April & June, 2013.

Rental Revenue Demanded & Received up to 30th June 2013

	24th July-30th June 2013
Rent demanded up to 30.06.13	£879,933
Rent Collected by Touchstone	£879,933
Property Expenditure Paid by Touchstone at 30th June 2013	£89,560
Net Rent received by Fund after property costs	£790,373
% collected YTD	100%

Rental revenue is collected via Touchstone, the Fund property manager. As at 30th June 2013, the Year to Date rental revenue collected equates to 100% of the rental revenue demanded from July 2012.

TM HEARTHSTONE ICVC

Report of the Authorised Corporate Director ("ACD")

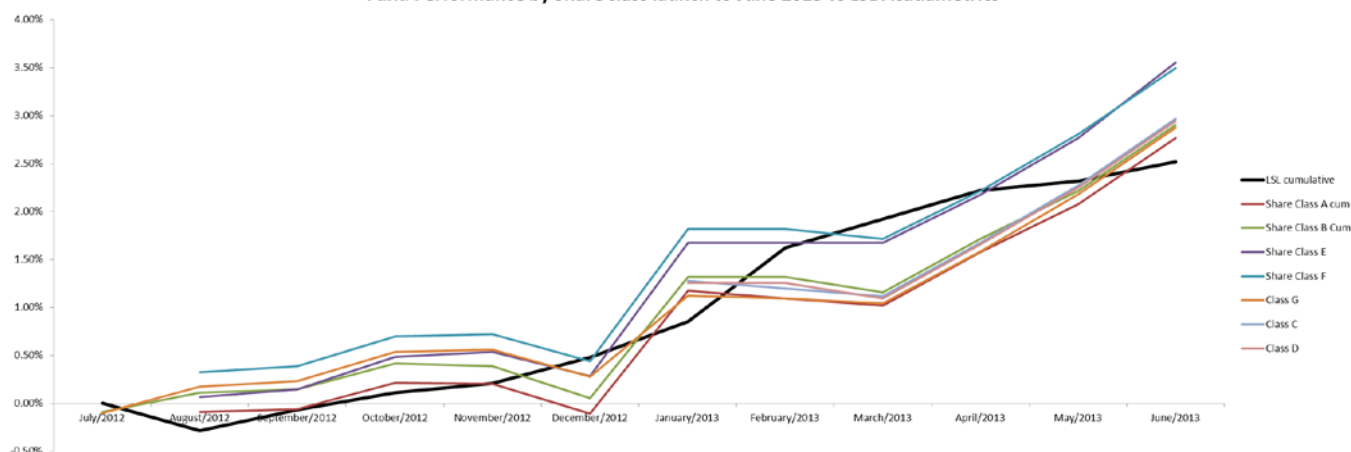
for the period from 24th July 2012 to 30th June 2013 (continued)

Hearthstone Asset Management Limited. Investment Review (continued)

Fund Performance vs LSL Acadametrics House Price Index

The Fund invests in private rented sector housing across the UK and aims to outperform the capital benchmark, the LSL Acadametrics House Price Index, plus providing an additional revenue return. Comparing the Fund performance for the individual share classes to 30th June against the LSL House Price Index it can be seen that on an annualised basis the Fund has outperformed the LSL Acadametrics House Price Index by between 0.29% - 1.1% depending on the share class.

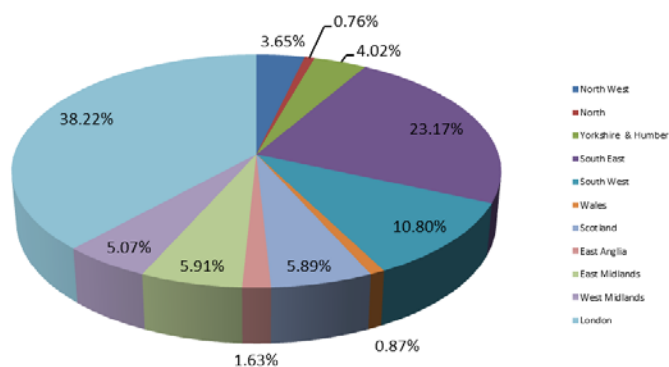
Fund Performance by Share class launch to June 2013 vs LSL Acadametrics



Date	Period	A	B	E	F	G	C	D	LSL
30th Jun - 31st May	1mth	0.69%	0.69%	0.79%	0.69%	0.69%	0.69%	0.69%	0.2%
30th Jun - 31st Mar	3mth	1.76%	1.76%	1.89%	1.79%	1.84%	1.86%	1.86%	0.5%
30th Jun - 31st Dec	6mth	2.91%	2.88%	3.31%	3.09%	2.63%	-	-	2.0%
Launch YTD - 30th Jun	YTD to 30th Jun	2.79%	2.94%	3.60%	3.54%	2.91%	3.00%	2.97%	2.5%

Geographical Spread of the Portfolio by region

Portfolio as a % of Value by Region



TM HEARTHSTONE ICVC

Report of the Authorised Corporate Director ("ACD")

for the period from 24th July 2012 to 30th June 2013 (continued)

Hearthstone Asset Management Limited. Investment Review (continued)

Holdings

Portfolio Information

Top 10 holdings 30th June 2013

Property name	No of properties	Value	%
Quadrant Court, Empire Way, Wembley, HA9	34	£7,987,500	31.0%
Varcity South, Crewe Road, Edinburgh, EH4	4	£885,000	3.4%
Marston Park, Gold Furlong, Milton Keynes, MK43	3	£830,000	3.2%
Bennett Drive/ Lindleys Lane, Kirby In Ashfield, NG17	6	£707,000	2.7%
Varcity North, Arneil Drive, Edinburgh, EH5	4	£509,000	2.0%
"Tilia Park" Lake View, Houghton Regis, Bedfordshire, LU5	2	£500,000	1.9%
Brunel Court, "Academy", London, HA8	2	£495,000	1.9%
Vickers Green, Samas Way, Dartford, Kent, DA1	2	£480,000	1.9%
Elizabethan Way, Teignmouth, Devon, TQ14 8GE	2	£445,000	1.7%
Wood Street, Filton, Bristol, Avon, BS34	2	£420,000	1.6%

Non Property Holdings

Federation Prime Sterling Rate Liquidity Fund Class 080 Accumulation	£1,701,744
Blackrock Institutional Sterling Liquidity Fund Accumulation	£1,701,655
Uninvested Principal Cash	£1,985,603
Berkeley Group Holdings Ltd	£31,191
Income	£92,087

Hearthstone Asset Management Limited.

Property Adviser

15th July 2013

Thesis Asset Management Plc Investment Review

Thesis Asset Management Plc manages the cash element of the Hearthstone UK Residential Property Fund to ensure a level of liquidity.

During the period, we have redeemed some of the BlackRock Sterling Liquidity Fund and Prime Rate Capital Sterling Liquidity Fund to cover cash flows within the fund. There has also been a very modest investment in the shares of Berkeley Group, in line with the terms of the prospectus, and with the aim of improving the level of income from this portion of the portfolio, and providing an opportunity for some capital appreciation

Thesis Asset Management Plc

Investment Manager

15th July 2013

TM HEARTHSTONE ICVC

Portfolio Statement - TM Hearthstone UK Residential Property Fund

as at 30th June 2013

	Market value £	Percentage of total net assets %
INVESTMENTS IN IMMOVABLE PROPERTY - 81.86%		
Market value greater than £400,001 - 4.20%		
Southfields Green, Gravesend, Kent	420,000	1.44
Grazeley Road, Reading, Berkshire	405,000	1.39
Chilton Field Way, Chilton, Didcot, Oxfordshire	400,000	1.37
	1,225,000	4.20
Market value between £300,001 and £400,000 - 8.23%		
Oak Leaze, Filton, Bristol	385,000	1.32
Broom Field Way, Felpham, West Sussex	360,000	1.24
Station Road, Watton-At-Stone, Hertford, Hertfordshire	355,000	1.22
Lebburn Meadows, Hedge End, Southampton, Hampshire	345,000	1.18
Silk Close, Milton Keynes, Buckinghamshire	335,000	1.15
Gold Furlong, Marston Moretaine, Milton Keynes, Bedfordshire	310,000	1.06
Roman Way, Cranbrook, Exeter, Devon	310,000	1.06
	2,400,000	8.23
Market value between £200,001 and £300,000 - 46.00%		
Quadrant Court, Empire Way, Wembley, London (25 Plots)	6,465,000	22.19
Varcity South, Crewe Road, South Fettes, Edinburgh, Lothian (4 Plots)	885,000	3.05
Gold Furlong, Marston Moretaine, Milton Keynes, Bedfordshire (2 Plots)	520,000	1.78
Lake View, Houghton Regis, Bedfordshire (2 Plots)	500,000	1.72
Brunel Court, Green Lane, Edgware, London (2 Plots)	495,000	1.70
Vickers Green, Maiden Lane, Crayford, Dartford, Kent (2 Plots)	480,000	1.65
Elizabeth Way, Teignmouth Devon (2 Plots)	445,000	1.53
Wood Street, Filton, Bristol (2 Plots)	420,000	1.44
Sword Grove, Liberty Park, Rochester, Kent (2 Plots)	415,000	1.43
Olympic Boulevard, Rosewood Park, Colchester, Essex	285,000	0.98
Atkins Hill, Wincanton, Somerset	265,000	0.91
Beech Drive, Thornton-Cleveleys, Lancashire	250,000	0.86
Apollo Avenue, Peterborough, Cambridgeshire	235,000	0.81
Henry Grove, Pudsey, Leeds, West Yorkshire	235,000	0.81
Moredon Road, Moredon, Swindon, Wiltshire	220,000	0.76
Bransford Road, Worcester, Worcestershire	220,000	0.76
Mosquito Road, Cambourne, Cambridgeshire	215,000	0.74
Spa House, 48 Varcoe Gardens, Hayes, London	215,000	0.74
Jamestown Avenue, Great Sankey, Warrington, Cheshire	210,000	0.72
Coupland Mews, Selby, York, North Yorkshire	210,000	0.72
Seymour Way, Caldicot, Monmouthshire, Gwent	205,000	0.70
	13,390,000	46.00
Market value between £100,001 and £200,000 - 20.98%		
Quadrant Court, Empire Way, Wembley, London (9 Plots)	1,522,500	5.22
Varcity North, Crewe Road, South Fettes, Edinburgh, Lothian (4 Plots)	509,000	1.74
Bennet Drive, Kirby in Ashfield, Nottinghamshire (4 Plots)	470,000	1.60
Betjeman Way, Cleobury Mortimer, Shropshire (2 Plots)	355,000	1.22
Doveholes Drive, Off Quarry Road, Handsworth, Sheffield, South Yorkshire (2 Plots)	320,000	1.09

TM HEARTHSTONE ICVC

Portfolio Statement - TM Hearthstone UK Residential Property Fund

as at 30th June 2013 (continued)

Holding	Market value £	Percentage of total net assets %
Market value between £100,001 and £200,000 (continued)		
Lythalls Lane, Foleshill, Coventry, West Midlands, (2 Plots)	245,000	0.84
Lindleys Lane, Kirby in Ashfield, Nottinghamshire, (2 Plots)	237,000	0.81
Dunnock Road, Corby, Northamptonshire	195,000	0.67
Hayburn Road, Swindon, Wiltshire	185,000	0.63
Grove Lane, Hemsworth, Wakefield, West Yorkshire	185,000	0.63
Agar Close, Consett, County Durham	180,000	0.62
Eveas Drive, Sittingbourne, Kent	180,000	0.62
Spa House, 48 Varcoe Gardens, Hayes, London	175,000	0.60
Cygnat Road, Cedars Park, Ipswich, Suffolk	171,000	0.59
Temple Road, Bolton, Lancashire	170,000	0.58
Mallow Road, Minster, Kent	170,000	0.58
Featherstone Court, Featherstone Road, Southall, London	165,000	0.57
Paper Lane, Paulton, Somerset	165,000	0.57
Cardinal Drive, Tuffley, Gloucester, Gloucestershire	160,000	0.55
Lacey Grove, Annesley, Nottinghamshire	132,500	0.45
Owston Road, Annesley, Nottinghamshire,	127,500	0.44
Hobart Point, Churchfields Way, West Bromwich, West Midlands	105,000	0.36
	6,124,500	20.98
Market value lower than £100,000 - 1.75%		
Broad Gauge Way, Low Level Station, Wolverhampton, West Midlands	95,000	0.33
Broad Gauge Way, Low Level Station, Wolverhampton, West Midlands	95,000	0.33
Temple Road, Bolton, Lancashire	90,000	0.31
Leopard Lane, West Bromwich, West Midlands	85,000	0.29
Clarendon Gardens, Bromley Cross, Bolton, Lancashire	78,000	0.27
Fernback Close, Farmworth, Bolton, Lancashire	65,000	0.22
	508,000	1.75
EQUITIES - 0.11%		
1,463 Berkeley Group	31,191	0.11
COLLECTIVE INVESTMENT SCHEMES - 7.56%		
6,668 BlackRock Institutional Sterling Liquidity Fund Accumulation	1,101,615	3.78
1,058,554 Federated Prime Sterling Liquidity Fund Class 08 Accumulation	1,101,744	3.78
	2,203,359	7.56
Net investments as shown in the Balance sheet 88.83%	25,882,050	88.83
Net other assets	3,255,675	11.17
Total net assets	29,137,725	100.00

TM HEARTHSTONE ICVC

Portfolio Statement - TM Hearthstone UK Residential Property Fund as at 30th June 2013 (continued)

Portfolio of investments	Market value £	Percentage of total investments %
Immovable Property	23,647,500	91.37
Equities	31,191	0.12
Collective Investment Schemes	2,203,359	8.51
	25,882,050	100.00

Note: There are no comparative figures as the Fund launched on 24th July 2012.

TM HEARTHSTONE ICVC

Performance Record - TM Hearthstone UK Residential Property Fund

Fund Size

<i>Accounting Date</i>	<i>Total</i>	<i>Shares in issue</i>	<i>NAV price</i>	<i>Shares in issue</i>	<i>NAV price</i>
	<i>Net Asset Value (£)</i>	<i>A Acc (Ret. Gross)</i>	<i>A Acc (PPU) (Ret. Gross)</i>	<i>B Acc (Ret. Net)</i>	<i>B Acc (PPU) (Ret. Net)</i>
30th June 2013	29,137,725	164,291	103.19	490,001	103.27
<i>Accounting Date</i>	<i>Total</i>	<i>Shares in issue</i>	<i>NAV price</i>	<i>Shares in issue</i>	<i>NAV price</i>
	<i>Net Asset Value (£)</i>	<i>C Acc (Ret. Unb. Gross)</i>	<i>C Acc (PPU) (Ret. Unb. Gross)</i>	<i>D Acc (Ret. Unb. Net)</i>	<i>D Acc (PPU) (Ret. Unb. Net)</i>
30th June 2013	29,137,725	99,855	103.31	44,473	103.38
<i>Accounting Date</i>	<i>Total</i>	<i>Shares in issue</i>	<i>NAV price</i>	<i>Shares in issue</i>	<i>NAV price</i>
	<i>Net Asset Value (£)</i>	<i>E Acc (Inst. Gross)</i>	<i>E Acc (PPU) (Inst. Gross)</i>	<i>F Acc (Inst. Net)</i>	<i>F Acc (PPU) (Inst. Net)</i>
30th June 2013	29,137,725	20,323,517	103.99	116,144	103.94
<i>Accounting Date</i>	<i>Total</i>	<i>Shares in issue</i>	<i>NAV price</i>		
	<i>Net Asset Value (£)</i>	<i>G Inc (Seed Net)</i>	<i>G Inc (PPU) (Seed Net)</i>		
30th June 2013	29,137,725	6,861,475	102.87		

Share Price Range

<i>Calendar Year</i>	<i>A Acc (Retail Gross)</i>		<i>B Acc (Retail Net)</i>	
	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>
2012*	107.60	98.72	107.80	98.63
2013**	110.00	98.73	110.10	98.85
<i>Calendar Year</i>	<i>C Acc (Retail Unbundled Gross)</i>		<i>D Acc (Retail Unbundled Net)</i>	
	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>
2012*	N/A	N/A	N/A	N/A
2013**	105.10	100.20	105.20	100.30
<i>Calendar Year</i>	<i>E Acc (Institutional Gross)</i>		<i>F Acc (Institutional Net)</i>	
	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>
2012*	103.50	98.84	103.60	98.79
2013**	106.90	99.13	106.80	99.24
<i>Calendar Year</i>	<i>G Inc (Seed Net)</i>			
	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>		
2012*	103.00	98.64		
2013**	105.50	98.60		

* 24th July 2012 to 31st December 2012

** 1st January 2013 to 30th June 2013

TM HEARTHSTONE ICVC

Performance Record - TM Hearthstone UK Residential Property Fund (continued)

Other Relevant Prices

		<i>A Acc (Retail Gross)</i>		<i>B Acc (Retail Net)</i>	
		<i>Offer Price</i>	<i>Bid Price</i>	<i>Offer Price</i>	<i>Bid Price</i>
		<i>(Pence)</i>	<i>(Pence)</i>	<i>(Pence)</i>	<i>(Pence)</i>
<i>Date</i>					
24th July 2012	Launch date	100.00	100.00	100.00	100.00
28th June 2013	Accounts date	110.00	101.60	110.10	101.70
15th October 2013	Latest date	109.20	102.60	109.20	102.50
		<i>C Acc (Retail Unbundled Gross)</i>		<i>D Acc (Retail Unbundled Net)</i>	
		<i>Offer Price</i>	<i>Bid Price</i>	<i>Offer Price</i>	<i>Bid Price</i>
		<i>(Pence)</i>	<i>(Pence)</i>	<i>(Pence)</i>	<i>(Pence)</i>
<i>Date</i>					
24th July 2012	Launch date	100.00	100.00	100.00	100.00
28th June 2013	Accounts date	105.10	101.70	105.20	101.80
15th October 2013	Latest date	106.30	102.90	106.20	102.80
		<i>E Acc (Institutional Gross)</i>		<i>F Acc (Institutional Net)</i>	
		<i>Offer Price</i>	<i>Bid Price</i>	<i>Offer Price</i>	<i>Bid Price</i>
		<i>(Pence)</i>	<i>(Pence)</i>	<i>(Pence)</i>	<i>(Pence)</i>
<i>Date</i>					
24th July 2012	Launch date	100.00	100.00	100.00	100.00
28th June 2013	Accounts date	106.90	102.40	106.80	102.30
15th October 2013	Latest date	108.10	103.60	107.90	103.40
		<i>G Inc (Seed Net)</i>			
		<i>Offer Price</i>	<i>Bid Price</i>		
		<i>(Pence)</i>	<i>(Pence)</i>		
<i>Date</i>					
24th July 2012	Launch date	100.00	100.00		
28th June 2013	Accounts date	105.50	101.50		
15th October 2013	Latest date	105.70	101.80		

Distribution Record

		<i>A Acc (Retail Gross)</i>	<i>B Acc (Retail Net)</i>
		<i>(Pence)</i>	<i>(Pence)</i>
<i>Calendar Year</i>			
2012*		-	-
2013**		0.4698	0.4387
		<i>C Acc (Retail Unbundled Gross)</i>	
		<i>(Pence)</i>	<i>(Pence)</i>
<i>Calendar Year</i>			
2012*		-	-
2013**		0.2306	0.2146
		<i>E Acc (Institutional Gross)</i>	
		<i>(Pence)</i>	<i>(Pence)</i>
<i>Calendar Year</i>			
2012*		-	-
2013**		1.3108	1.0608
		<i>G Inc (Seed Net)</i>	
		<i>(Pence)</i>	
<i>Calendar Year</i>			
2012*		-	
2013**		0.9430	

* 24th July 2012 to 31st December 2012

** 1st January 2013 to 31st October 2013

TM HEARTHSTONE ICVC

Performance Record - TM Hearthstone UK Residential Property Fund *(continued)*

Ongoing Charges Figure (OCF)	30/06/2013
A Accumulation (Retail Gross)	3.96%
B Accumulation (Retail Net)	3.96%
C Accumulation (Retail Unbundled Gross)	3.36%
D Accumulation (Retail Unbundled Net)	3.36%
E Accumulation (Institutional Gross)	3.21%
F Accumulation (Institutional Net)	3.21%
G Income (Seed Net)	3.21%

The Ongoing Charges Figure (OCF) is the ratio of the Company's total discloseable costs (excluding overdraft interest) to the average net assets of the Company.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Company and is calculated based on the last period's figures.

Property Expense Ratios (PER)

The Property Expense Ratio for the period to 30 June 2013 was 0.42%

The Property Expense Ratio shows the ratio of operating costs that relate to the management of the property assets to the average net assets of the Company.

TM HEARTHSTONE ICVC

Constitution

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

The Company is a non-UCITS retail scheme (NURS). It is structured as an umbrella company, though currently has only one Fund, the TM Hearthstone UK Residential Property Fund. Further funds may be established in the future. Shareholders are not liable for the debts of the Company.

It is intended that the TM Hearthstone UK Residential Property Fund qualifies as a PAIF (Property Authorised Investment Fund) at all times. HM Revenue & Customs has provided confirmation to the ACD that the TM Hearthstone UK Residential Property 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 a Fund should not be read as a recommendation to the investor to buy and sell the same, but are included as illustration only.

Certification of Annual Report by Directors

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001 (the "OEIC Regulations") and the COLL sourcebook, we hereby certify this report on behalf of the ACD, Thesis Unit Trust Management Limited.

D.W. TYERMAN Director

S. NOONE Director

18th October 2013

TM HEARTHSTONE ICVC

Responsibilities of the Authorised Corporate Director ("ACD")

The Open-Ended Investment Companies Regulations 2001 (the "OEIC Regulations") and the Collective Investment Schemes sourcebook ("COLL") require the ACD to prepare financial statements for each financial period. These financial statements must be prepared in accordance with generally accepted accounting principles to give a true and fair view of the financial position of the Company at the period end and of the net revenue and net capital gains or losses on the property of the Company for the period.

In preparing the financial statements the ACD is required to:

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation;
- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association ("IMA") October 2010;
- follow generally accepted accounting principles and applicable United Kingdom accounting standards;
- keep proper accounting records which enable them to demonstrate that the financial statements as prepared comply with the above requirements; and
- make judgements and estimates that are reasonable and prudent.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Collective Investment Schemes sourcebook ("COLL"), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended ("the OEIC Regulations") and the Prospectus. The ACD is also responsible for maintaining an appropriate system of internal controls and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure to the Auditors

So far as the ACD is aware, there is no relevant audit information of which the company's Auditors are unaware. Additionally, the ACD has taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the company's Auditors are aware of that information.

Responsibilities of the Depositary

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook ("COLL"), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended ("the OEIC Regulations"), the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers and restrictions applicable to the Company.

Report of the Depositary to the Shareholders of the TM Hearthstone ICVC

Having carried out such procedures as we considered 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 ACD:

- (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 revenue in accordance with COLL, the Instrument of Incorporation and Prospectus, and where applicable the OEIC Regulations.
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank plc
Trustee & Depositary Services
Edinburgh
18th October 2013

TM HEARTHSTONE ICVC

Independent Auditors Report to the Shareholders of TM Hearthstone ICVC

We have audited the financial statements of TM Hearthstone ICVC for the period ended 30th June 2013. These financial statements comprise the statement of total return, the statement of change in net assets attributable to shareholders, the cash flow statement, the balance sheet, the related notes and the distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association in October 2010.

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.

Respective responsibilities of the Authorised Corporate Director and the Auditor

As explained more fully in the Responsibilities of the Authorised Corporate Director set out on page 21, 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and the sub-fund as at 30th June 2013 and of the net revenue and net capital losses on the scheme property of the Company and the sub fund for the period then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association in October 2010, the Collective Investment Schemes sourcebook, and the Instrument of Incorporation.

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

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 is consistent with the financial statements.

TM HEARTHSTONE ICVC

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

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 if in our opinion:

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

Grant Thornton UK LLP
Statutory Auditor
London, United Kingdom
18th October 2013

TM HEARTHSTONE ICVC

Statement of Total Return - TM Hearthstone UK Residential Property Fund for the period from 24th July 2012 to 30th June 2013

	Notes	24/07/12 to 30/06/13*	
		£'000	£'000
Income			
Net capital losses	4		(167)
Revenue	6	887	
Expenses	7	(642)	
Finance costs: Interest	9	(2)	
Net revenue before taxation		243	
Taxation	8	-	
Net revenue after taxation for the period			243
Total return before distributions			76
Finance costs: Distributions	9		(243)
Change in net assets attributable to shareholders from investment activities			(167)

Statement of Change in Net Assets Attributable to Shareholders - TM Hearthstone UK Residential Property Fund for the period from 24th July 2012 to 30th June 2013

	24/07/12 to 30/06/13*	
	£'000	£'000
Opening net assets attributable to shareholders		-
Amounts receivable on creation of shares	41,722	
Amounts payable on cancellation of shares	(12,529)	
		29,193
Change in net assets attributable to shareholders from investment activities (see above)		(167)
Stamp Duty Reserve Tax		(13)
Retained distributions on accumulation shares		125
Closing net assets attributable to shareholders		29,138

* There are no comparative figures due to the Fund launching on 24th July 2012

TM HEARTHSTONE ICVC

Balance Sheet - TM Hearthstone UK Residential Property Fund

as at 30th June 2013

	Notes	24/07/12 to 30/06/13* £'000
Assets		
Investment assets		<u>25,882</u>
Debtors	10	1,245
Cash and bank balances		<u>2,201</u>
Total other assets		<u>3,446</u>
Total assets		<u>29,328</u>
Liabilities		
Investment liabilities		<u>-</u>
Creditors	11	(161)
Distributions payable		<u>(29)</u>
Total other liabilities		<u>(190)</u>
Total liabilities		<u>(190)</u>
Net assets attributable to shareholders		<u>29,138</u>

* There are no comparative figures due to the Fund launching on 24th July 2012

TM HEARTHSTONE ICVC

Cash Flow Statement - TM Hearthstone UK Residential Property Fund for the period from 24th July 2012 to 30th June 2013

	Notes	24/07/12 to 30/06/13*	
		£'000	£'000
Net cash inflow from operating activities	15		385
Taxation			-
Capital expenditure:			
Payments to acquire investments		(35,801)	
Receipts from sales of investments		8,560	
			(27,241)
Servicing of finance:			
Bank interest			(2)
Distributions paid			(106)
Financing:			
Amounts received on creation of shares		41,701	
Amounts paid on cancellation of shares		(12,536)	
			29,165
Net increase in cash in period	16		2,201

* There are no comparative figures due to the Fund launching on 24th July 2012

TM HEARTHSTONE ICVC

Notes to the Financial Statements - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013

1. Accounting Policies

a) Basis of Preparation

The Financial Statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

The Fund has only one sub-fund, TM Hearthstone UK Residential Property Fund, and so the financial statements are both those of the Fund and of the sub-fund

b) Valuation of Investments

The direct property investments of the Fund 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 Jones Lang LaSalle Limited and DTZ Debenham Tie Leung Limited on 28th June 2013.

In accordance with accounting standard SSAP 19, no depreciation is provided for on investment properties that are held as freeholds or on leases having more than 20 years unexpired.

The value at which a property is stated in the Balance Sheet will make allowance for any amounts treated as a separate asset in respect of UITF Abstract 28.

All indirect investments are valued at their fair value as at 12 noon on the last working day of the accounting period. The fair value for these securities is bid market price.

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

The physical property has been valued at Investment Value (IV), which is defined as the market value subject to any tenancies in existence at the valuation date.

Properties are accounted for as investments from the date of purchase.

c) 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 period to which it relates. Rental revenue from properties which have been let subject to an initial rent free period, or rent inducement, is accounted for on a straight line basis over the terms of the lease, or until the next review date in accordance with UITF Abstract 28. Additional revenue arising from rent reviews will be recognised by accruing rent at the lower of a counter offer received from the tenant and the expected rental value at the time of review.

d) Expenses

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

Transaction costs associated with failed investment property purchases are charged against revenue and transaction costs associated with failed investment property sales are charged against capital when it becomes clear the transaction has failed.

e) Taxation

The charge for taxation is based on the revenue for the period. UK dividend revenue is disclosed net of any related tax credit. Provision is made for any taxation liability arising in respect of the revenue recognised in the accounting period. 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

Notes to the Financial Statements - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013

2. Distribution Policy

Basis of Distribution

The TM Hearthstone Residential Property 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.

3. Risk Management Policies

In pursuing its investment objective, the Fund holds a number of financial instruments. The Fund's financial instruments comprise 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 Fund's financial instruments and the Investment Adviser's policies for managing these risks are summarised below. These policies have been applied throughout the period.

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 Fund will actually be achieved and no warranty or representation is given to this effect. Past performance is no guide to the future.

Property risk

The performance of a Fund invested substantially in real estate (as TM Hearthstone UK Residential Property Fund is) could be adversely affected by a downturn in the property market in terms of capital value or a 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 Fund) even if a property is vacant.

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 Fund's investment holdings will fluctuate as a result of changes in interest rates. At the balance sheet date the Fund 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.

Foreign currency risk

Foreign currency risk is the risk of movements in the value of the overseas financial instruments as a result in the exchange rates. At the balance sheet date the Fund had no significant exposure to currencies other than sterling

TM HEARTHSTONE ICVC

Notes to the Financial Statements - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013

3. Risk Management Policies (continued)

Liquidity risk

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

The Fund's liquidity can be affected by unexpected or high levels of share redemptions. In order to mitigate this risk, the ACD may borrow for the account of the Fund but only for the purpose of meeting redemption requests and to meet timing differences in connection with the purchase and sale of property investments. Cash is not generally held to address liquidity risk because the spread of shareholders and the deferred redemption provision mitigate this risk. However, under certain market conditions where liquidity risk may be deemed to be elevated, the level of cash held by the Fund may be higher.

The ACD may, at its absolute discretion, defer redemptions of classes E, F and G to a valuation point within the next 90 days, where the requested redemptions exceed 10% of the net asset value of the class of shares in the TM Hearthstone PAIF in which the relevant Fund is invested.

Counterparty risk

If a Fund enters into a derivative contract it will be exposed to the credit of the other party (usually referred to as 'counterparty') and their ability to wholly or partly satisfy the terms of the contract. It is not anticipated that the value of investments in any Fund subject to counterparty risk will be a significant part of the Fund's investments.

In the event of a bankruptcy or insolvency of a counterparty, the Company (or a Fund) could experience delays in liquidating the position and may incur significant losses. The ACD may use one or more counterparties to undertake derivative transactions on behalf of the Company or a Fund and may be required to pledge the Company's assets (or those of a Fund) as collateral against these transactions. There may be a risk that a counterparty will be unable to meet its obligations with regards to the return of the collateral and may not meet other payments due to the Company or a Fund.

4. Net Capital Losses

Net capital losses comprise:

	2013 £'000
Immovable properties	(173)
Non-derivative securities	6
Net capital losses	<u>(167)</u>

TM HEARTHSTONE ICVC

Notes to the Financial Statements - TM Hearthstone UK Residential Property Fund for the period from 24th July 2012 to 30th June 2013 (continued)

5. Purchase, Sales and Transaction Costs

	2013 £'000
Purchases in period before transaction costs*	23,357
Stamp duty	233
Land registry	27
Agent fee	45
Legal fee	98
Purchase valuation	34
Apportioned S/C	1
Depositary fee	46
Standard search	6
Title insurance	1
TM secure case fee	2
Total purchase costs	23,850
Tenancy costs	65
Gross purchases total	23,915

* for the purpose of calculating the Gross Purchase total the liquidity funds have been excluded from the purchases in the period before transaction costs, there have been no sales during the period.

6. Revenue

	2013 £'000
Rental revenue	880
Bank interest	7
	887

TM HEARTHSTONE ICVC

Notes to the Financial Statements - TM Hearthstone UK Residential Property Fund for the period from 24th July 2012 to 30th June 2013 (continued)

7. Expenses

2013
£'000

Payable to the ACD or associates of the ACD:

ACD's service charge	151
Management fee Rebate	(21)
	<u>130</u>

Payable to the Depository or associates of the Depository:

Depository's fee	72
	<u>72</u>

Other expenses:

Administration fees	60
Audit fees	21
IFSA fees	20
Legal fees	54
Set-up costs	178
Property expenses	90
Registration fees	17
	<u>440</u>
Total expenses:	<u><u>642</u></u>

8. Taxation

2013
£'000

a) Analysis of charge for the period:

Irrecoverable income tax	-
Total current tax	<u>-</u>
Deferred tax charge	-
Total taxation	<u><u>-</u></u>

b) Factors affecting taxation charge for the period:

Net revenue before tax	243
	<u>243</u>
Net revenue multiplied by the standard rate of corporation tax of 20%	49
Effects of:	
Revenue not subject to taxation	(48)
Interest distribution deducted for tax purposes	(1)
Current tax charge (note 8a)	<u><u>-</u></u>

c) Deferred tax

The Fund has not recognised a deferred tax asset at the year end as all management expenses have been utilised.

TM HEARTHSTONE ICVC

Notes to the Financial Statements - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013 (continued)

9. Finance Costs

Distributions

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

	2013 £'000
1st interim distribution	-
2nd interim distribution	75
3rd interim distribution	69
Final distribution	88
	<u>232</u>
Add: Revenue deducted on shares cancelled	7
Deduct: Revenue received on shares created	(24)
Add: Income tax deducted at source	28
	<u>243</u>
Net distribution for the period	243
Finance Costs: Interest	2
	<u>2</u>
Total finance costs	245
	<u><u>245</u></u>

10. Debtors

	2013 £'000
Amounts receivable from the creation of shares	45
Sales awaiting settlement	1,200
	<u>1,245</u>
	<u><u>1,245</u></u>

11. Creditors

	2013 £'000
Purchases awaiting settlement	8
Accrued expenses	123
Property liabilities	30
	<u>161</u>
	<u><u>161</u></u>

TM HEARTHSTONE ICVC

Notes to the Financial Statements - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013 (continued)

12. Related Parties

Thesis Unit Trust Management Limited, a related party, acts as principal on all the transactions of shares in the Company. 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 period end are disclosed in the balance sheet.

Amounts paid to Thesis Unit Trust Management Limited in respect of the ACD's periodic charges are disclosed in note 7. £150,601 was due at the period end.

Amounts paid to the National Westminster Bank plc in respect of Depositary services and Safe Custody charges are disclosed in note 7. £72,394 was due at the period end. Transaction charges are disclosed in note 4. £292 was due at the period end.

Thesis Unit Trust Management Limited did not enter into any other transactions with the Company during the period.

13. Equalisation

Equalisation is accrued revenue included in the price of shares purchased during the accounting period, 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.

14. Contingent Liabilities

There were no contingent liabilities at the period end date.

15. Reconciliation of change in net assets attributable to Shareholders to net cash flow from operating activities

	2013 £'000
Change in net assets attributable to Shareholders	(167)
Finance costs:	
Bank overdraft interest	2
Finance costs: Distributions	243
Taxation	-
Net capital gains	
Non-derivative gains	(6)
Immovable properties	173
Increase in creditors	153
Stamp Duty Reserve Tax	(13)
Net cash flow from operating activities	385

16. Analysis of change in cash

	2013 £'000
Cash and bank balances at the start of the period	-
Net cash flows	2,201
Cash and bank balances at the end of the period	2,201

TM HEARTHSTONE ICVC

Distribution Tables - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013

1st Interim (in pence per share)

Group 1: Shares purchased prior to 24th July 2012

Group 2: Shares purchased on or after 24th July 2012 to 30th September 2012

No distributions were paid due to the short period from Fund launch date 24th July 2012.

2nd Interim (in pence per share)

Group 1: Shares purchased prior to 1st October 2012

Group 2: Shares purchased on or after 1st October 2012 to 31st December 2012

'A' Accumulation (Retail Gross) Shares

Group	Gross Revenue	Income Tax at 0%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Revenue Stream					
1	0.2999	0.0000	0.2999	-	0.2999
2	0.1628	0.0000	0.1628	0.1371	0.2999
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

'B' Accumulation (Retail Net) Shares

Group	Gross Revenue	Income Tax at 20%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.3745	0.0749	0.2996	-	0.2996
2	0.1456	0.0291	0.1165	0.1831	0.2996
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

TM HEARTHSTONE ICVC

Distribution Tables - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013 (continued)

2nd Interim (in pence per share)

Group 1: Shares purchased prior to 1st October 2012

Group 2: Shares purchased on or after 1st October 2012 to 31st December 2012

'E' Accumulation (Institutional Gross) Shares

Group	Gross Revenue	Income Tax at 0%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.7595	0.0000	0.7595	-	0.7595
2	0.5676	0.0000	0.5676	0.1919	0.7595
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

'F' Accumulation (Institutional Net) Shares

Group	Gross Revenue	Income Tax at 20%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.7738	0.1548	0.6190	-	0.6190
2	0.5881	0.1176	0.4705	0.1485	0.6190
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

TM HEARTHSTONE ICVC

Distribution Tables - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013 (continued)

2nd Interim (in pence per share)

Group 1: Shares purchased prior to 1st October 2012

Group 2: Shares purchased on or after 1st October 2012 to 31st December 2012

'G' Income (Seed Net) Shares

Group	Gross Revenue	Income Tax at 20%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.6349	0.1270	0.5079	-	0.5079
2	0.6115	0.1223	0.4892	0.0187	0.5079
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

3rd Interim (in pence per share)

Group 1: Shares purchased prior to 1st January 2013

Group 2: Shares purchased on or after 1st January 2013 to 31st March 2013

'A' Accumulation (Retail Gross) Shares

Group	Gross Revenue	Income Tax at 0%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Revenue Stream					
1	0.0248	0.0000	0.0248	-	0.0248
2	0.0043	0.0000	0.0043	0.0205	0.0248
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

TM HEARTHSTONE ICVC

Distribution Tables - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013 (continued)

3rd Interim (in pence per share)

Group 1: Shares purchased prior to 1st January 2013

Group 2: Shares purchased on or after 1st January 2013 to 31st March 2013

'B' Accumulation (Retail Net) Shares

Group	Gross Revenue	Income Tax at 20%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.0231	0.0046	0.0185	-	0.0185
2	0.0189	0.0038	0.0151	0.0034	0.0185
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

'E' Accumulation (Institutional Gross) Shares

Group	Gross Revenue	Income Tax at 0%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.2138	0.0000	0.2138	-	0.2138
2	0.1457	0.0000	0.1457	0.0681	0.2138
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

TM HEARTHSTONE ICVC

Distribution Tables - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013 (continued)

3rd Interim (in pence per share)

Group 1: Shares purchased prior to 1st January 2013

Group 2: Shares purchased on or after 1st January 2013 to 31st March 2013

'F' Accumulation (Institutional Net) Shares

Group	Gross Revenue	Income Tax at 20%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.2123	0.0425	0.1698	-	0.1698
2	0.2123	0.0425	0.1698	0.0000	0.1698
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

'G' Income (Seed Net) Shares

Group	Gross Revenue	Income Tax at 20%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.2109	0.0422	0.1687	-	0.1687
2	0.1373	0.0275	0.1098	0.0589	0.1687
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

TM HEARTHSTONE ICVC

Distribution Tables - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013 (continued)

Final Distribution (in pence per share)

Group 1: Shares purchased prior to 1st April 2013

Group 2: Shares purchased from 1st April 2013 to 30th June 2013

'A' Accumulation (Retail Gross) Shares

Group	Gross Revenue	Income Tax at 0%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.1451	0.0000	0.1451	-	0.1451
2	0.1029	0.0000	0.1029	0.0422	0.1451
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

'B' Accumulation (Retail Net) Shares

Group	Gross Revenue	Income Tax at 20%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.1507	0.0301	0.1206	-	0.1206
2	0.0701	0.0140	0.0561	0.0645	0.1206
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

TM HEARTHSTONE ICVC

Distribution Tables - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013 (continued)

Final Distribution (in pence per share)

Group 1: Shares purchased prior to 1st April 2013

Group 2: Shares purchased from 1st April 2013 to 30th June 2013

'C' Accumulation (Retail Unbundled Gross) Shares

Group	Gross Revenue	Income Tax at 0%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.2306	0.0000	0.2306	-	0.2306
2	0.0808	0.0000	0.0808	0.1498	0.2306
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

'D' Accumulation (Retail Unbundled Net) Shares

Group	Gross Revenue	Income Tax at 20%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.2682	0.0536	0.2146	-	0.2146
2	0.2328	0.0465	0.1863	0.0283	0.2146
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

TM HEARTHSTONE ICVC

Distribution Tables - TM Hearthstone UK Residential Property Fund

for the period from 24th July 2012 to 30th June 2013 (continued)

Final Distribution (in pence per share)

Group 1: Shares purchased prior to 1st April 2013

Group 2: Shares purchased from 1st April 2013 to 30th June 2013

'E' Accumulation (Institutional Gross) Shares

Group	Gross Revenue	Income Tax at 0%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.3375	0.0000	0.3375	-	0.3375
2	0.1541	0.0000	0.1541	0.1834	0.3375
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

'F' Accumulation (Institutional Net) Shares

Group	Gross Revenue	Income Tax at 20%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.3400	0.0680	0.2720	-	0.2720
2	0.3400	0.0680	0.2720	0.0000	0.2720
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

TM HEARTHSTONE ICVC

Distribution Tables - TM Hearthstone UK Residential Property Fund for the period from 24th July 2012 to 30th June 2013 (continued)

Final Distribution (in pence per share)

Group 1: Shares purchased prior to 1st April 2013

Group 2: Shares purchased from 1st April 2013 to 30th June 2013

‘G’ Income (Seed Net) Shares

Group	Gross Revenue	Income Tax at 20%	Net Revenue	Equalisation (note 13)	2013 Net Distribution Paid
Property Income Stream					
1	0.3330	0.0666	0.2664	-	0.2664
2	0.3330	0.0666	0.2664	0.0000	0.2664
Interest Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000
Dividend Stream					
1	0.0000	0.0000	0.0000	-	0.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000

TM HEARTHSTONE ICVC

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 and PAIF interest distributions will be made to Shareholders subject to deduction of tax at 20%. Individuals will be liable to income tax on this income at their marginal rate and may set off the tax credit against their tax liability. PAIF dividend distributions will carry a notional tax credit at the rate of 10% of the gross income. It will be taxable at the appropriate dividend tax rate and the tax credit may be used to reduce the tax liability.

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 and PAIF interest distributions. The tax credits on PAIF dividend distributions cannot be reclaimed.

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



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