



26<sup>th</sup> August 2020

Dear Investor,

**TM Hearthstone ICVC (the “Company”)**

We are writing to you as a Shareholder in the above-named Company to inform you of certain forthcoming changes in respect of the Company and its sub-fund, the TM home investor fund.

The changes result from new rules being introduced by the Financial Conduct Authority (FCA) following its consultation and subsequent policy statement on illiquid assets and open-ended funds, as further explained below. The changes set out in this letter, including to the prospectus, will take effect on 30 September 2020 which is the date the new rules take effect.

**1. Suspension of dealing in Shares**

1.1 The FCA is requiring that non-UCITS retail schemes (NURS) holding property and other immovables suspend dealing when there is “material uncertainty” about the valuation of at least 20% of a scheme’s property. However, the new rules will allow an authorised fund manager to continue to deal where this is agreed with the depositary that to do so is in the best interests of investors.

1.2 Should such circumstances arise, we will therefore be required to suspend dealings in the TM home investor fund unless we and NatWest Trustee and Depositary Services Limited agree that it is in the best interests of investors to continue dealing.

**2. Funds investing in inherently illiquid assets**

2.1 The FCA has also introduced a new category of fund to the FCA handbook, a “fund investing in inherently illiquid assets” (FIIA). The TM home investor fund falls under this new category of fund.

2.2 We are required to put in place liquidity management contingency plans in respect of the FIIAs that we manage (including the TM home investor fund). We will also introduce enhanced disclosures, as noted below.

**3. Liquidity management contingency plan**

3.1 Authorised fund managers who manage FIIAs must, under the new rules, establish and maintain a detailed liquidity management contingency plan which sets out their planned response to exceptional liquidity events.

3.2 More detail concerning Thesis Unit Trust Management Limited's liquidity management contingency arrangements is set out in the Trust's revised prospectus.

**4. Increased Disclosure**

4.1 The new rules require additional disclosures in the prospectus of a FIIA. These include a summary of the risks of investing in a FIIA and details on the tools that may be used by the authorised fund manager to mitigate these risks.

4.2 An updated prospectus, including these new disclosures can be downloaded via the following link <https://www.tutman.co.uk/tm-hearthstone-icvc/>.

**Notice**

We are required to notify you of the above changes, and this letter forms this notice. You do not need to take any action as a result of this letter.

If you have any queries regarding the contents of this letter, please contact Thesis Unit Trust Management Limited on 01243 531234.

Yours faithfully

**For and on behalf of  
Thesis Unit Trust Management Limited**

26<sup>th</sup> August 2020

Dear Investor,

## **TM Hearthstone UK Residential Feeder Fund (the “Trust”)**

We are writing to you as a Unitholder in the above-named Trust to inform you of certain forthcoming changes in respect of the Trust and its sub-fund, the TM home investor feeder fund.

The changes result from new rules being introduced by the Financial Conduct Authority (FCA) following its consultation and subsequent policy statement on illiquid assets and open-ended funds, as further explained below. The changes set out in this letter, including to the prospectus, will take effect on 30 September 2020 which is the date the new rules take effect.

### **1. Suspension of dealing in Shares**

1.1 The FCA is requiring that non-UCITS retail schemes (NURS) holding real property and other immovables suspend dealing when there is “material uncertainty” about the valuation of at least 20% of a scheme’s property. This would also be the case for the Trust if its master fund, the TM home investor fund suspends the issue, cancellation, sale and redemption of a relevant class of shares, because its standing independent valuer has expressed material uncertainty about the value of one or more immovables under management, and that material uncertainty applies to at least 20% of the value of the property of the TM home investor fund. However, the new rules will allow an authorised fund manager to continue to deal where this is agreed with the depositary that to do so is in the best interests of investors.

1.2 Should such circumstances arise, we will therefore be required to suspend dealings in the TM home investor feeder fund unless we and NatWest Trustee and Depositary Services Limited agree that it is in the best interests of investors to continue dealing.

### **2. Funds investing in inherently illiquid assets**

2.1 The FCA has also introduced a new category of fund to the FCA handbook, a “fund investing in inherently illiquid assets” (FIIA). The TM home investor feeder fund falls under this new category of fund.

2.2 We are required to put in place liquidity management contingency plans in respect of the FIIAs that we manage (including the TM home investor feeder fund). We will also introduce enhanced disclosures, as noted below.

### **3. Liquidity management contingency plan**

- 3.1 Authorised fund managers who manage FIIAs must, under the new rules, establish and maintain a detailed liquidity management contingency plan which sets out their planned response to exceptional liquidity events.
- 3.2 More detail concerning Thesis Unit Trust Management Limited's liquidity management contingency arrangements is set out in the Trust's revised prospectus.

### **4. Increased Disclosure**

- 4.1 The new rules require additional disclosures in the prospectus of a FIIA. These include a summary of the risks of investing in a FIIA and details on the tools that may be used by the authorised fund manager to mitigate these risks.
- 4.2 An updated prospectus, including these new disclosures can be downloaded via the following link <https://www.tutman.co.uk/tm-hearthstone-uk-residential-feeder-fund/>.

### **Notice**

We are required to notify you of the above changes, and this letter forms this notice. You do not need to take any action as a result of this letter.

If you have any queries regarding the contents of this letter, please contact Thesis Unit Trust Management Limited on 01243 531234.

Yours faithfully

**For and on behalf of  
Thesis Unit Trust Management Limited**