

TM Investment Exposures Fund

Annual Report & Accounts
for the year ended 31st May 2021



THEISIS UNIT TRUST MANAGEMENT LIMITED

Authorised and regulated by the Financial Conduct Authority

TM Investment Exposures Fund

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

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

TM Investment Exposures Fund

Management and Professional Service Providers' Details

Authorised Corporate Director:

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

*Authorised and regulated by
the Financial Conduct Authority*

Investment Manager:

Thornbridge Investment Management LLP
13 Austin Friars
London EC2N 2HE

*Authorised and regulated by
the Financial Conduct Authority*

Dealing & Registration:

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

*Authorised and regulated by
the Financial Conduct Authority*

Depository:

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

*Authorised and regulated by
the Financial Conduct Authority*

Auditor:

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

Directors of the ACD:

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

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

D.K. Mytnik, V.R. Smith and N.C. Palios also hold non-executive directorships of other companies within the Thesis group. They are not engaged in other business activities that are of significance to TM Investment Exposures Fund. W. D. Prew is a Director of Indos Financial Limited, the primary business of which is the provision of Alternative Investment Fund Managers Directive independent depositary services to Alternative Investment Funds. Indos Financial Limited is not appointed as depositary on any alternative investment funds managed by the Authorised Corporate Director.

TM Investment Exposures Fund

Report of the Authorised Corporate Director (“ACD”)

for the year ended 31st May 2021

Thesis Unit Trust Management Limited, (the “ACD”) is pleased to present the ACD’s Annual Report & Accounts for the TM Investment Exposures Fund (the “Company”) for the year ended 31st May 2021.

Investment Objectives and Policies

The sub-funds of the Company, their respective names, investment objectives and policies, are as follows:

TM Equity Exposure

The objective of the sub-fund is to provide a combination of capital growth and income over the medium to long term which matches the performance of the MSCI ACWI IMI Index, less fees.

The Investment Manager has selected the MSCI ACWI IMI Index as its reference for the sub-fund, as the Investment Manager believes it is the most appropriately diversified Index across a range of criteria including sector, geography and market capitalisation. The Investment Manager may change the Index if it reasonably believes, in its absolute discretion, that another Index fulfils the diversification criteria listed above more appropriately.

The sub-fund will invest in a mixture of Index-tracking instruments, including but not limited to funds traded on a stock exchange that track an Index and other collective investment schemes and direct holdings in public equities, with the majority of investments being held indirectly through exchange-traded funds.

Derivatives can be used for efficient portfolio management. The exposure will be diversified by taking a global approach and may be adjusted according to market conditions.

TM Rates Credit and Inflation Exposure

The objective of the sub-fund is to provide income with the potential for limited capital growth over the medium to longer term from a portfolio of predominantly lower risk, income yielding investments.

The sub-fund will invest on a concentrated basis in a mixture of instruments which, in turn, are exposed to a significant number of underlying investments across a range of asset classes, predominantly those regarded as lower risk, such as cash or cash equivalents, short-term government bonds, intermediate/long-term government bonds, investment grade corporate bonds and inflation-linked government bonds, with some exposure to higher yielding non-investment grade corporate bonds.

The sub-fund will invest in a mixture of Index-tracking instruments, including but not limited to funds traded on a stock exchange that track an Index or a single asset class and other collective investment schemes and direct holdings in investments, with the majority of investments being held indirectly through exchange-traded funds.

Derivatives can be used for both investment purposes and efficient portfolio management. The exposure to asset classes and sub-asset classes will be diversified by taking a global approach and may be adjusted according to market conditions.

Performance Comparator

TM Equity Exposure

The Index has been selected as a benchmark for performance because the constituents are representative of the areas in which the sub-fund itself is likely to invest, and it is therefore an appropriate comparator for the sub-fund's performance.

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

TM Rates Credit and Inflation Exposure

The sub-fund uses a composite benchmark of 55.0% Bloomberg Barclays Global Treasury Total Return Index GBP Hedged, 7.5% Bloomberg Barclays Global High Yield Total Return Index GBP Hedged, 7.5% J.P. Morgan EMBI Global Diversified Total Return Index GBP Hedged, 7.5% Bloomberg Barclays Global Aggregate Corporate 1-3 years GBP Hedged, 15.0% Bloomberg Barclays Global Inflation-Linked Total Return GBP Hedged and 7.5% UK SONIA (Sterling Overnight Index Average) Total Return Index GBP for performance comparison purposes only and the benchmark is not a target benchmark and the sub-fund is not constrained by it.

TM Investment Exposures Fund

Report of the Authorised Corporate Director (“ACD”)

for the year ended 31st May 2021 (continued)

Performance Comparator *(continued)*

TM Rates Credit and Inflation Exposure *(continued)*

The Indices have been selected as a benchmark for performance because the constituents are representative of the areas in which the sub-fund itself is likely to invest, and it is therefore an appropriate comparator for the sub-fund's performance.

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

Impact of COVID-19

The outbreak of the novel coronavirus (“COVID-19”), declared by the World Health Organisation as a pandemic on 11th March 2020, has caused disruption to businesses and economic activity which has been reflected in global stock markets. The Manager is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

There are no material events that have been identified that may cast significant doubt about the Trust's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The financial statements have been prepared on a going concern basis.

This assessment is made as at the date of issue of these financial statements and is based additionally on the following:

- a. the ability, post the announcement of the World Health Organisation of the COVID-19 pandemic, of the Manager and its third party suppliers to continue business as usual as each entity moved their operational functionality from an office based to a working from home environment; and
- b. whilst it is recognised that COVID-19 presents many challenges from an investment perspective, it is considered that these do not impact the ability of the Trust to continue as a going concern due to its liquid balance sheet resources that are considerably in excess of annual operating expenditure.

Thesis Unit Trust Management Limited
Authorised Corporate Director
23rd September 2021

TM Investment Exposures Fund

Report of the Investment Manager *for the year ended 31st May 2021*

Investment Report – TM Equity Exposure

Market Commentary

Over the period reported, markets have benefited from a strong rebound across developed economies fueled by the global vaccination rollout that started at the end of 2020.

First, during the summer months of 2020 lockdown measures were eased, allowing businesses to reopen as new health and safety rules came into effect. Central banks remained accommodative, maintaining interest rates near record low levels to support the economic recovery. As a result, safer assets like government and high quality corporate bonds stagnated while global equities rallied. There were stark regional performance divergences though. For example, US markets led the way with consumer discretionary and technology business performing strongly. This contrasted with developments in Europe, where fears of a disorderly Brexit and a rapid rise in infection cases towards the end of the summer weighed on sentiment. In addition, the poor performance of energy and financial sectors - which represent a large part of the European market penalised the region relative to other markets.

By September, most equity markets started to correct as evidence of a second (bigger) wave of infection fueled concerns over the sustainability of the recovery, especially as lawmakers in the US were failing to agree on another critical stimulus bill for the country. Governments slowly re-introduced limitations on citizens movements and interactions which at this time ruled out the hope of a V-shaped recovery. However, in November, most major asset classes rallied when Pfizer and BioNTech announced greater than 90% efficacy of their COVID-19 vaccine in drug trials. Shortly after that, Moderna announced equally promising results. This allowed investors to look out to 2021 and 2022 for a global economic recovery. These developments almost eclipsed Joe Biden's win in the US presidential election as well as the new Brexit trade deal.

The year 2021 started like 2020 ended, with strong performance from risky assets, especially in Asia. However, despite a broadening rollout of vaccines, global coronavirus trends remained volatile, with Europe experiencing a sharp rise in COVID-19 infections, extended lockdowns, and a slow vaccine rollout. The European Parliament approved the Recovery and Resilience Facility, which will provide €672.5 billion in grants and loans to help European Union (EU) countries to alleviate the social and economic effects of the pandemic. In the US, President Biden signed into law an unprecedented US\$1.9 trillion coronavirus relief bill.

These stimulus measures combined with the accumulated savings and significant supply-chain disruptions throughout the global economy have led to higher inflation expectations. As a result in February, 10-year US yields jumped by nearly 50bps. Sovereign yield curves generally steepened, as central bank policies anchored front-end yields, while additional US fiscal stimulus lifted inflation expectations. Most fixed income spread sectors continued to outperform, with vaccine distribution gathering pace across developed markets and major central banks committing to maintain accommodative policy. As for equities, the first quarter of 2021 saw the long-awaited sector rotation happening where value-style stocks (banks, commodities) finally outperformed growth-style companies.

Over the second quarter of 2021, vaccination campaigns accelerated in most developed economies, especially in Europe, which had been lagging the UK and the US. 10-year Treasury yields dropped by 30 bps, falling to 1.45%, with the decline helping growth stocks to outperform value stocks. Governments in most developed markets continued to ease Covid-related mobility restrictions and activity levels picked up. This has resulted in strong economic data, especially in the US. However, the reopening of economies and the quick rebound in activity that has followed has fuelled inflation in some countries. In May, the US consumer price index increased by 5.0% year on year, although some of the underlying details suggest that there were temporary factors at play. While the Federal Reserve continued to see this inflation increase as transitory, it has become slightly more hawkish, acknowledging that tapering is being discussed.

Overall, during the period under review, equity markets rose by 36.91% as represented by the MSCI All Country World Investment Market Index, whilst government bonds were down by -1.77%, as represented by the Bloomberg Barclays Global Treasury Index. Credit generated positive returns during the period, where High Yield added 14.31%. Emerging Market Bonds also benefited from narrowing spreads with a 9.43% return.

Please note all returns are quoted in total return terms with developed currencies hedged back to GBP.

TM Investment Exposures Fund

Report of the Investment Manager

for the year ended 31st May 2021 (continued)

Investment Report – TM Equity Exposure *(continued)*

Fund Commentary

The Sub-fund was launched on June 14th 2019, with the objective of tracking the performance of the MSCI All Country World Investment Market Index Developed Currencies Hedged to GBP, less fees. Therefore, the Sub-fund seeks to replicate the market and currency exposures of the index and invests in a basket of exchange traded funds and index funds to that effect. The sub-fund takes no active views and is currently managed by BlackRock. It complies with UCITS diversification rules and maintains a high level of liquidity to accommodate daily subscriptions and redemptions.

Over the period under review, the Sub-fund generated a total return of 36.35% after fees, which compares to 36.91% for its performance reference benchmark. (Source: Thomson Reuters, MSCI). The performance difference is explained by the Sub-fund's fees and moderate tracking deviations.

Purchases and sales within the funds were predominantly driven by subscriptions and redemptions as the Sub-fund does not seek to actively trade to generate outperformance against its reference benchmark. There were no significant trading activities during the period under review.

Thornbridge Investment Management LLP
Investment Manager
12th July 2021

TM Investment Exposures Fund

Report of the Investment Manager

for the year ended 31st May 2021 (continued)

Investment Report - TM Rates Credit and Inflation Exposure

Fund Commentary

The Sub-fund was launched on June 14th 2019, with the objective of tracking the performance of its reference index less fees. Therefore, the Sub-fund seeks to replicate the market and currency exposures of the index and invests in a basket of exchange traded funds, index funds and cash funds to that effect. The sub-fund takes no active views and is currently managed by BlackRock. It complies with UCITS diversification rules and maintains a high level of liquidity to accommodate daily subscriptions and redemptions.

Over the period under review, the Sub-fund generated a total return of 0.38% after fees, which compares to 0.31% for its performance reference benchmark. (Source: Thomson Reuters, Bloomberg, Barclays). The Sub-fund's costs were offset by the small relative outperformance of some underlying index funds in which the sub-fund invests, relative to its reference performance benchmark.

Purchases and sales within the funds were predominantly driven by subscriptions and redemptions as the Sub-fund does not seek to actively trade to generate outperformance against its reference benchmark. There were no significant trading activities during the period under review.

Thornbridge Investment Management LLP
Investment Manager
12th July 2021

TM Investment Exposures Fund

Constitution

TM Investment Exposures Fund (the “Company”) is an open-ended investment company with variable capital incorporated in England and Wales. The Company was established pursuant to an authorisation order of the FCA on 16th April 2019 and is a UCITS type scheme as defined in rule 1.2.1R of the Collective Investment Schemes sourcebook (“COLL sourcebook”). The Company is incorporated with registration number IC001131 and shareholders are not liable for the debts of the Company. The Company is authorised by the FCA as an umbrella company in accordance with the Collective Investment Schemes sourcebook, and currently has two sub-funds. The Head Office of the Company is Exchange Building, St John’s Street, Chichester, West Sussex, PO19 1UP and this is also the address for service of notices or other documents required or authorised to be served on the Company. The Company has an unlimited duration.

The base currency of the Company is Pounds Sterling.

Sub-Fund Cross-Holdings

No sub-fund held shares in any other sub-fund within the Company during the current or prior period.

Regulatory Disclosure

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

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

TM Investment Exposures Fund

Remuneration Disclosures *(unaudited)*

The provisions of the UCITS V Directive took effect on 18th March 2016. That legislation requires the Thesis Unit Trust Management Limited (the “ACD”), to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management and do not encourage risk taking that is inconsistent with the risk profile and the instrument of incorporation of the Company nor impair compliance with the ACD’s duty to act in the best interest of the Company.

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

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

Within the group, all staff are employed by the parent company with none employed directly by the ACD. A number of staff are considered, however, to devote the whole of their time to the business of the ACD and its subsidiary, TUTMAN LLP, which also acts as an Authorised Fund Manager. The costs of a number of other individuals are allocated between the entities within the group based on the expected amount of time devoted to each.

The total remuneration of those individuals considered to comprise the entire staff of the ACD and its subsidiary, including those whose time is allocated between group entities, for the financial year ended 30th April 2020, is analysed below:

| | |
|-----------------------|----------------|
| Fixed Remuneration | £ 856,753 |
| Variable Remuneration | 86,788 |
| Total | 943,541 |
| Headcount (FTE) | 16 |

The staff members included in the above analysis support the entirety of the funds managed by the ACD. A breakdown of these figures in relation to each fund managed by the ACD does not exist.

Management have carried out a review of the general principles within the remuneration policy and the implementation of the remuneration policy during the period and following this review, no changes have been considered necessary.

Certification of Annual Report & Accounts by Directors

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

D.W. TYERMAN Director

S. E. NOONE Director

23rd September 2021

TM Investment Exposures Fund

Responsibilities of the Authorised Corporate Director (“ACD”)

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

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

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

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

Thesis Unit Trust Management Limited
Authorised Corporate Director
West Sussex
23rd September 2021

TM Investment Exposures Fund

Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of TM Investment Exposures Fund (the "Company") for the Year Ended 31st May 2021

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

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

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

The Depositary must ensure that:

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

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

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

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

NatWest Trustee and Depositary Services Limited
Edinburgh
23rd September 2021

TM Investment Exposures Fund

Independent Auditor's Report to the Shareholders of the TM Investment Exposures Fund

Opinion

We have audited the financial statements of the Company for the year ended 31st May 2021 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Shareholders, the Balance Sheet, the Related Notes, for the Company and the accounting policies set out on pages 16 to 19.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the Company as at 31st May 2021 and of the net expense and the net capital losses on the property of the Company for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Authorised Corporate Director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the ACD, the Depositary, the Administrator and the Investment Manager;
- Reading board minutes.

TM Investment Exposures Fund

Independent Auditor's Report to the Shareholders of the TM Investment Exposures Fund *(continued)*

Fraud and breaches of laws and regulations – ability to detect *(continued)*

Identifying and responding to risks of material misstatement due to fraud (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We substantively tested all material post-closing entries and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the ACD and the Administrator, no further high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the ACD (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Authorised Corporate Director is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion, the information given in the Authorised Corporate Director's Report for the is consistent with the financial statements.

TM Investment Exposures Fund

Independent Auditor's Report to the Shareholders of the TM Investment Exposures Fund *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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

Authorised Corporate Director's responsibilities

As explained more fully in the statement set out on page 11, the Authorised Corporate Director is responsible for: the preparation of the financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook (the "COLL Rules") issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. 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.

Richard Hinton
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
23rd September 2021

TM Investment Exposures Fund

TM Investment Exposures Fund

Statement of Accounting Policies, Distribution Policies, and Risk Management Policies

for the year ended 31st May 2021

1. Statement of Compliance

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

2. Summary of Significant Accounting Policies

a) Basis of Preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

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

b) Functional and Presentation Currency

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

c) Valuation of Investments

Quoted investments are valued at bid-market value as at 12 noon on the last working day of the accounting year, net of any accrued interest which is included in the balance sheet as accrued revenue. Where values cannot be readily determined, the securities are valued at the ACD's best assessment of their fair value. Purchases and sales are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver, an asset or liability arises.

Collective investment schemes operated by the ACD are valued at their cancellation price for dual priced funds and their single price for single priced funds. Other Collective Investment Schemes are valued at their bid price for dual priced funds and their single price for single priced funds.

Open forward currency contracts are valued based on the difference between the contract value and the market value adjusted by the prevailing spot rate and swap curve.

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

d) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling as at 12 noon on the last working day of the accounting year.

e) Revenue

Revenue from quoted equity and non-equity shares is recognised when the security is quoted ex-dividend as a gross amount of any withholding taxes but excludes any other taxes such as attributable tax credits. Bank interest and other revenue are recognised on an accruals basis.

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

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

f) Expenses

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

TM Investment Exposures Fund

TM Investment Exposures Fund

Statement of Accounting Policies, Distribution Policies, and Risk Management Policies

for the year ended 31st May 2021 (continued)

2. Summary of Significant Accounting Policies (continued)

g) Taxation

Corporation tax is provided at the rate of 20% of taxable revenue after the deduction of allowable expenses. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the ACD considers that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

3. Distribution Policies

a) Basis of Distribution

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

b) Distribution from Collective Investment Schemes

The first distributions received from investments in collective investment schemes may include an element of equalisation which represents the average amount of revenue included in the price paid for shares. The equalisation is treated as a return of capital for taxation purposes and does not carry a tax credit.

c) Equalisation

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

d) Unclaimed distributions

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

4. Risk Management Policies

Market price risk

Market risk is the risk that the fair value or future cash flows from financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates or underlying investment prices. The Company can be exposed to market risk by virtue of its investment into equities and other financial instruments. The Company may also from time to time utilise derivatives for the purpose of efficient portfolio management. These instruments may be volatile, involve certain special risks and can expose investors to a risk of loss. When used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged, although this basis of risk will be monitored and any material breakdown in correlation can generally be corrected by delta hedging the position or liquidation.

Market price risk is managed through active portfolio management.

Foreign currency risk

Foreign currency risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Company's entire investment portfolio is invested in collective investment schemes, which may have holdings in overseas securities and consequently the balance sheet can be affected by movements in foreign exchange rates. At times, the Investment Manager seeks to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies.

Interest rate risk

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates.

TM Investment Exposures Fund

TM Investment Exposures Fund

Statement of Accounting Policies, Distribution Policies, and Risk Management Policies

for the year ended 31st May 2021 (continued)

4. Risk Management Policies (continued)

Interest rate risk (continued)

The Company may invest in fixed and floating rate securities. The revenue of the Company may be affected by changes to interest rates relevant to particular securities or as a result of the Investment Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed rate securities may be affected by interest rate movements or the expectation of such movements in the future. The Company is not invested in fixed interest rate securities as at 31st May 2021. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The Company invests in collective investment schemes which do not pay interest. However, some of the underlying collective investment scheme investments may be directly or indirectly exposed to interest rate risk.

In general, if interest rates rise, the income potential of the Company also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Company). A decline in interest rates will in general have the opposite effect.

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

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. The main liability of the Company is the redemption of any shares that investors wish to sell.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. To the extent that a counterparty defaults on its obligation and the Company is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. The Company's maximum exposure to credit risk (not taking account of the value of any collateral or other securities held) in the event that counterparties fail to perform their obligations as of 31st May 2021 in relation to each class of recognised financial assets including derivatives, is the carrying amount of those assets in the balance sheet.

Exposure

Exposure to market risk is calculated using the "commitment approach" methodology. In relation to Position Risk (concentration), this approach involves converting derivative positions into the equivalent positions of the underlying assets. The commitment approach is a simplistic way of identifying the level of exposure that a Company has through derivatives to the underlying equities, bonds, commodities, currencies etc. However, it does have its limitations and therefore is only used as long as the use of derivatives by the Company is "non-sophisticated".

Objectives, policies and processes for managing risks

The risks identified above are subject to management and monitoring through the ACD's Risk Management Programme. The principal objectives of the programme are:

- To ensure that all risks are identified and monitored, and that preventive or mitigating actions are implemented
- To assess, review and challenge current and emerging risks
- To minimise the risk of loss to investors
- To administer the Company in a manner which complies with COLL and the SORP

The ACD has built a Funds Oversight Programme which comprises a range of rolling independent checks including the specific use of derivatives. The results of the programme are reported to the Investment Committee with escalation through to the Operating Committee and the ACD Board. Results of the Funds Oversight Programme are made available to the Depositary as part of their audit programme on the ACD and are also collated into a pack for review and analysis by the Investment Committee on a monthly basis.

There have not been any changes from the prior period.

Methods used to measure risks

Market price risk

The following checks are also performed as part of the Funds Oversight Programme on a daily basis as follows: limit breaches or positions approaching limits; leverage; eligibility; global exposure; counterparty exposure; collateral cover; OTC pricing check; fair value pricing.

TM Investment Exposures Fund

TM Investment Exposures Fund

Statement of Accounting Policies, Distribution Policies, and Risk Management Policies

for the year ended 31st May 2021 (continued)

4. Risk Management Policies (continued)

Liquidity risk

Liquidity risk is controlled through monitoring the liquidity of all instruments used in the context of the investment objectives and liquidity requirements of the Company. Cash positions are monitored and reported to ensure the Company has sufficient capacity to meet obligations arising from investment in financial derivative positions.

Procedures are in place to review the Company's weightings to ensure liquidity requirements will be met in the event of extreme market movements to meet the obligation at expiry/ maturity. The process involves at least daily assessment of any impending cash liability to ensure sufficient cash can be raised to cover such liability when it falls due.

The Company's liquidity is also monitored through a daily check, which assesses the Company's ability to liquidate the portfolio within one working day. Any portfolio that has less than 60% liquidity is marked as a higher risk, and details are reported to the Fund Risk committee, and are then monitored for significant changes either to the Company's makeup, and/or shares being traded in the Company. This liquidity check is stress tested on assumptions of reduced market liquidity. The full process for this check is documented and is available upon request.

Credit risk

In order to manage credit risk, the ACD undertakes a cash management check on the Company, testing for any negative balances and balances in excess of £1m. Any balances highlighted are discussed with the Investment Manager to ensure that the Company does not take on any unnecessary counterparty risk with the relevant bank and that the strategy is being adhered to.

TM Investment Exposures Fund

TM Equity Exposure

Portfolio Statement

as at 31st May 2021

| Holdings | Market value £ | Percentage of total net assets % |
|--|--------------------|---|
| COLLECTIVE INVESTMENT SCHEMES 98.61% (102.16%) | | |
| Ireland 98.61% (102.16%) | | |
| 959,659 iShares Core MSCI EM IMI UCITS ETF USD Acc | 25,805,231 | 12.48 |
| 125,209 iShares Core S&P 500 UCITS ETF USD Acc | 37,699,178 | 18.24 |
| 957,153 iShares Core S&P 500 UCITS ETF USD Inc | 28,358,051 | 13.72 |
| 1,422,416 iShares Europe ex-UK Index Institutional EUR Acc | 23,354,557 | 11.30 |
| 753,141 iShares Japan Index Institutional USD Acc | 10,977,245 | 5.31 |
| 42,516 iShares MSCI Canada UCITS ETF USD Acc | 5,323,854 | 2.58 |
| 4,329,299 iShares MSCI World Small Cap UCITS ETF USD Acc | 22,356,500 | 10.81 |
| 353,745 iShares Pacific Index Institutional USD Acc | 5,524,800 | 2.67 |
| 399,737 iShares UK Index Institutional GBP Acc | 6,867,876 | 3.32 |
| 1,539,179 iShares US Index Institutional USD Acc | 37,580,337 | 18.18 |
| | 203,847,629 | 98.61 |
| TOTAL COLLECTIVE INVESTMENT SCHEMES | | |
| | 203,847,629 | 98.61 |
| FINANCIAL DERIVATIVE INSTRUMENTS 1.42% (-2.11%) | | |
| Forward Currency Contracts 1.42% (-2.11%) | | |
| AUD (5,261,653) Sold AUD, Bought GBP 2,935,704 for settlement on 04/06/2021 | 63,566 | 0.03 |
| AUD (1,820,178) Sold AUD, Bought GBP 998,899 for settlement on 04/06/2021 | 5,333 | – |
| AUD (7,081,831) Sold AUD, Bought GBP 3,856,646 for settlement on 06/07/2021 | 1,570 | – |
| CAD (8,827,541) Sold CAD, Bought GBP 5,182,489 for settlement on 04/06/2021 | 21,778 | 0.01 |
| CAD (8,827,541) Sold CAD, Bought GBP 5,139,906 for settlement on 06/07/2021 | (5,735) | – |
| CHF (5,372,135) Sold CHF, Bought GBP 4,257,109 for settlement on 04/06/2021 | 45,643 | 0.02 |
| CHF (5,372,135) Sold CHF, Bought GBP 4,205,589 for settlement on 06/07/2021 | 3,209 | – |
| DKK (3,563,596) Sold DKK, Bought GBP 416,792 for settlement on 04/06/2021 | 4,675 | – |
| DKK (3,563,596) Sold DKK, Bought GBP 412,307 for settlement on 06/07/2021 | 1,203 | – |
| EUR (17,612,628) Sold EUR, Bought GBP 15,320,767 for settlement on 04/06/2021 | 173,543 | 0.08 |
| EUR (1,475,796) Sold EUR, Bought GBP 1,278,731 for settlement on 04/06/2021 | 9,516 | 0.01 |
| EUR (1,124,308) Sold EUR, Bought GBP 963,420 for settlement on 04/06/2021 | (3,508) | – |
| EUR (20,212,732) Sold EUR, Bought GBP 17,395,158 for settlement on 06/07/2021 | 52,596 | 0.03 |
| USD 2,081,529 Bought USD, Sold GBP (1,469,917) for settlement on 04/06/2021 | (1,367) | – |
| USD 2,132,404 Bought USD, Sold GBP (1,513,608) for settlement on 04/06/2021 | (9,164) | (0.01) |
| USD 3,101,197 Bought USD, Sold GBP (2,199,855) for settlement on 04/06/2021 | (11,914) | (0.01) |
| USD 1,615,756 Bought USD, Sold GBP (1,163,222) for settlement on 04/06/2021 | (23,282) | (0.01) |
| HKD (10,924,955) Sold HKD, Bought GBP 1,015,939 for settlement on 04/06/2021 | 22,710 | 0.01 |
| HKD (10,924,955) Sold HKD, Bought GBP 990,262 for settlement on 06/07/2021 | (169) | – |
| ILS (167,480) Sold ILS, Bought GBP 37,302 for settlement on 04/06/2021 | 919 | – |
| ILS (167,480) Sold ILS, Bought GBP 36,273 for settlement on 06/07/2021 | (11) | – |
| JPY (1,824,630,140) Sold JPY, Bought GBP 12,058,361 for settlement on 04/06/2021 | 320,734 | 0.16 |
| JPY (209,172,998) Sold JPY, Bought GBP 1,358,797 for settlement on 04/06/2021 | 13,213 | 0.01 |
| JPY (2,033,803,138) Sold JPY, Bought GBP 13,081,467 for settlement on 06/07/2021 | 33,104 | 0.02 |
| NOK (560,380) Sold NOK, Bought GBP 48,714 for settlement on 04/06/2021 | 1,492 | – |
| NOK (560,380) Sold NOK, Bought GBP 47,387 for settlement on 06/07/2021 | 299 | – |

TM Investment Exposures Fund

TM Equity Exposure

Portfolio Statement

as at 31st May 2021 (continued)

| Holdings | Market value £ | Percentage of total net assets % |
|---|----------------------|---|
| Forward Currency Contracts (continued) | | |
| NZD (38,203) Sold NZD, Bought GBP 19,794 for settlement on 04/06/2021 | 220 | – |
| NZD (38,203) Sold NZD, Bought GBP 19,563 for settlement on 06/07/2021 | 46 | – |
| SEK (16,215,176) Sold SEK, Bought GBP 1,385,309 for settlement on 04/06/2021 | 7,814 | – |
| SEK (16,215,176) Sold SEK, Bought GBP 1,375,960 for settlement on 06/07/2021 | 2,121 | – |
| SEK (12,284,556) Sold SEK, Bought GBP 1,041,378 for settlement on 06/07/2021 | (2,437) | – |
| SGD (135,224) Sold SGD, Bought GBP 73,398 for settlement on 04/06/2021 | 1,260 | – |
| SGD (135,224) Sold SGD, Bought GBP 72,003 for settlement on 06/07/2021 | 79 | – |
| USD (147,333,570) Sold USD, Bought GBP 106,406,225 for settlement on 04/06/2021 | 2,460,165 | 1.19 |
| USD (3,188,624) Sold USD, Bought GBP 2,280,907 for settlement on 04/06/2021 | 31,284 | 0.02 |
| USD (1,478,553) Sold USD, Bought GBP 1,067,818 for settlement on 04/06/2021 | 24,676 | 0.01 |
| USD (7,173,227) Sold USD, Bought GBP 5,075,531 for settlement on 04/06/2021 | 14,710 | 0.01 |
| USD (2,300,775) Sold USD, Bought GBP 1,629,454 for settlement on 04/06/2021 | 6,223 | – |
| USD (1,733,741) Sold USD, Bought GBP 1,227,538 for settlement on 04/06/2021 | 4,357 | – |
| USD (2,659,545) Sold USD, Bought GBP 1,880,182 for settlement on 04/06/2021 | 3,833 | – |
| USD (3,601,617) Sold USD, Bought GBP 2,543,753 for settlement on 04/06/2021 | 2,758 | – |
| USD (1,869,694) Sold USD, Bought GBP 1,320,646 for settlement on 04/06/2021 | 1,549 | – |
| USD (2,755,677) Sold USD, Bought GBP 1,939,137 for settlement on 04/06/2021 | (5,034) | – |
| USD (165,164,137) Sold USD, Bought GBP 116,184,724 for settlement on 06/07/2021 | (336,461) | (0.16) |
| | 2,937,116 | 1.42 |
| TOTAL FINANCIAL DERIVATIVE INSTRUMENTS | 2,937,116 | 1.42 |
| Net investments 100.03% (100.05%) | 206,784,745 | 100.03 |
| Net other liabilities | (54,662) | (0.03) |
| Total net assets | 206,730,083 | 100.00 |

Note: Comparative figures shown in brackets relate to 31st May 2020.

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

TM Investment Exposures Fund

TM Equity Exposure

Sub-fund Information

The Comparative Tables on pages 23 to 25 give the performance of each active share class in the sub-fund.

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

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

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

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

Assessment of Value *(unaudited)*

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

TM Investment Exposures Fund

TM Equity Exposure

Sub-fund Information *(continued)*

Comparative Tables

Class A Income

| | <i>31/05/2021¹</i> <i>(pence per share)</i> |
|---|---|
| Change in Net Asset Value per Share | |
| Opening net asset value per share | 1,296.00 |
| Return before operating charges* | 593.59 |
| Operating charges | (119.23) |
| Return after operating charges* | 474.36 |
| Distributions on income shares | (407.04) |
| Closing net asset value per share | 1,363.32 |
| *After direct transaction costs of ² : | (35.02) |
| Performance | |
| Return after charges | 36.60% |
| Other Information | |
| Closing net asset value (£'000) | 1,207 |
| Closing number of shares | 885 |
| Operating charges ³ | 0.34% |
| Direct transaction costs | (0.03)% |
| Prices | |
| Highest share price | 1,372.00 |
| Lowest share price | 1,264.00 |

¹ Class A Income became active on 25th February 2021.

² Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

TM Investment Exposures Fund

TM Equity Exposure

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class A Accumulation

| | <i>31/05/2021</i> <i>(pence per share)</i> | <i>31/05/2020¹</i> <i>(pence per share)</i> |
|---|---|---|
| Change in Net Asset Value per Share | | |
| Opening net asset value per share | 996.24 | 1,000.00 |
| Return before operating charges* | 787.16 | 81.02 |
| Operating charges | (416.09) | (84.78) |
| Return after operating charges* | 371.07 | (3.76) |
| Distributions | (575.43) | (396.48) |
| Retained distributions on accumulation shares | 575.43 | 396.48 |
| Closing net asset value per share | 1,367.31 | 996.24 |
| | | |
| *After direct transaction costs of ² : | (31.81) | (83.37) |
| | | |
| Performance | | |
| Return after charges | 37.25% | (0.38)% |
| | | |
| Other Information | | |
| Closing net asset value (£'000) | 3,137 | 866 |
| Closing number of shares | 2,295 | 869 |
| Operating charges ³ | 0.34% | 0.37% |
| Direct transaction costs | (0.03)% | (0.09)% |
| | | |
| Prices | | |
| Highest share price | 1,372.00 | 1,026.46 |
| Lowest share price | 1,231.00 | 763.82 |

¹ Class A Accumulation became active on 2nd March 2020.

² Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

TM Investment Exposures Fund

TM Equity Exposure

Sub-fund Information *(continued)*

Comparative Tables *(continued)*

Class B Accumulation

| | <i>31/05/2021</i> | <i>31/05/2020¹</i> |
|---|--------------------------|-------------------------------|
| | <i>(pence per share)</i> | <i>(pence per share)</i> |
| Change in Net Asset Value per Share | | |
| Opening net asset value per share | 995.04 | 1,000.00 |
| Return before operating charges* | 1,089.36 | 604.93 |
| Operating charges | (722.24) | (609.89) |
| Return after operating charges* | 367.12 | (4.96) |
| Distributions | (332.65) | (158.26) |
| Retained distributions on accumulation shares | 332.65 | 158.26 |
| Closing net asset value per share | 1,362.16 | 995.04 |
| | | |
| *After direct transaction costs of ² : | (31.82) | (92.54) |
| | | |
| Performance | | |
| Return after charges | 36.89% | (0.50)% |
| | | |
| Other Information | | |
| Closing net asset value (£'000) | 202,386 | 42,806 |
| Closing number of shares | 148,577 | 43,020 |
| Operating charges ³ | 0.59% | 0.62% |
| Direct transaction costs | (0.03)% | (0.09)% |
| | | |
| Prices | | |
| Highest share price | 1,366.00 | 1,135.36 |
| Lowest share price | 1,002.00 | 763.45 |

¹ The sub-fund launched on 14th June 2019.

² Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

TM Investment Exposures Fund

TM Equity Exposure

Sub-fund Information *(continued)*

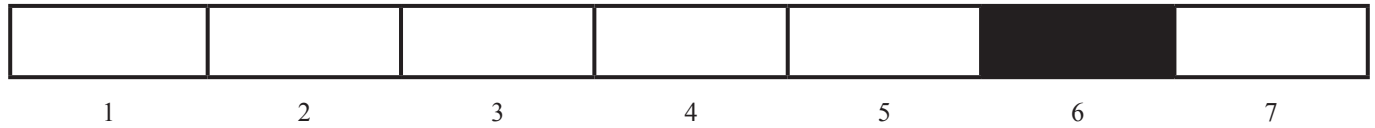
Synthetic Risk and Reward Indicator (“SRRI”)

Lower Risk

Typically lower rewards

Higher Risk

Typically higher rewards



The SRRI table demonstrates where a sub-fund ranks in terms of risk and reward. The higher the risk the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the risk profile of the sub-fund. The shaded area on the table above shows the sub-fund's ranking on the synthetic risk and reward indicator.

TM Investment Exposures Fund

TM Equity Exposure

Statement of Total Return

for the year ended 31st May 2021

| | Notes | £'000 | 2021 £'000 | 14/06/2019 to 31/05/2020* £'000 | £'000 |
|---|-------|-------|---------------|---------------------------------------|----------------|
| Income | | | | | |
| Net capital gains/(losses) | 5 | | 32,531 | | (6,241) |
| Revenue | 7 | 952 | | 252 | |
| Expenses | 8 | (477) | | (201) | |
| Interest payable and similar charges | | (1) | | – | |
| Net revenue before taxation | | 474 | | 51 | |
| Taxation | 9 | – | | – | |
| Net revenue after taxation for the year | | | 474 | | 51 |
| Total return before distributions | | | 33,005 | | (6,190) |
| Distributions | 10 | | (475) | | (72) |
| Change in net assets attributable to shareholders from investment activities | | | 32,530 | | (6,262) |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st May 2021

| | Note | £'000 | 2021 £'000 | 14/06/2019 to 31/05/2020* £'000 | £'000 |
|--|------|----------|----------------|---------------------------------------|---------------|
| Opening net assets attributable to shareholders | | | 43,672 | | – |
| Amounts receivable on issue of shares | | 146,047 | | 85,818 | |
| Amounts payable on cancellation of shares | | (16,029) | | (36,001) | |
| | | | 130,018 | | 49,817 |
| Dilution levy | | | 33 | | 45 |
| Change in net assets attributable to shareholders from investment activities | | | 32,530 | | (6,262) |
| Retained distribution on accumulation shares | 10 | | 477 | | 72 |
| Closing net assets attributable to shareholders | | | 206,730 | | 43,672 |

* The sub-fund launched on 14th June 2019.

TM Investment Exposures Fund

TM Equity Exposure

Balance Sheet

as at 31st May 2021

| | Notes | 2021 £'000 | 2020* £'000 |
|--|-------|----------------|----------------|
| Assets | | | |
| Fixed assets: | | | |
| Investments | | 207,184 | 44,645 |
| Current assets: | | | |
| Debtors | 11 | 660 | 669 |
| Cash and bank balances | | 505 | 232 |
| | | 208,349 | 45,546 |
| Total assets | | | |
| Liabilities | | | |
| Investment liabilities | | (399) | (951) |
| Creditors: | | | |
| Bank overdrafts | | (277) | (219) |
| Distribution payable | 10 | (4) | – |
| Other creditors | 12 | (939) | (704) |
| | | (1,619) | (1,874) |
| Total liabilities | | | |
| Net assets attributable to shareholders | | 206,730 | 43,672 |

* The sub-fund launched on 14th June 2019.

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021

1. Accounting Policies

The accounting, distribution and risk management policies for note 1 to note 4 are provided on pages 16 to 19.

5. Net Capital Gains/(Losses)

Net capital gains/(losses) comprise:

| | 2021 £'000 | 14/06/2019 to 31/05/2020 £'000 |
|----------------------------|---------------|--------------------------------------|
| Non-derivative securities | 22,177 | (3,985) |
| Forward currency contracts | 10,437 | (2,248) |
| Currency losses | (64) | (8) |
| Transaction charges | (19) | – |
| Net capital gains/(losses) | 32,531 | (6,241) |

6. Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs, please refer to the additional portfolio transaction cost information on page 22.

Analysis of direct transaction costs for the year ended 31st May 2021:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Cost £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|---------------------|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Collective Investment Schemes | 150,294 | 4 | – | 150,298 | – | – |
| | 150,294 | 4 | – | 150,298 | | |
| Sales | | | | | | |
| Collective Investment Schemes | 14,010 | – | – | 14,010 | – | – |
| | 14,010 | – | – | 14,010 | | |
| <hr/> | | | | | | |
| Derivative purchases and sales | | – | – | | | |
| <hr/> | | | | | | |
| Total cost as percentage of average net asset value | | 0.00% | 0.00% | | | |

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

6. Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the period from 14th June 2019 to 31st May 2020:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Cost £'000 | Commissions % of principal | Taxes % of principal |
|--|--------------------|----------------------|----------------|---------------------|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Collective Investment Schemes | 91,114 | 3 | – | 91,117 | – | – |
| | 91,114 | 3 | – | 91,117 | | |
| Sales | | | | | | |
| Collective Investment Schemes | 43,181 | (6) | – | 43,175 | 0.01 | – |
| | 43,181 | (6) | – | 43,175 | | |
| Derivative purchases and sales | | | | | | |
| | | – | – | | | |
| Total cost as percentage of average net asset value | | 0.02% | 0.00% | | | |

The sub-fund utilises derivative instruments, including forward currency contracts. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments. Therefore, purchase and sale amounts for derivative transactions are not quantified in the above analysis. Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instrument.

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.07% (31st May 2020: 0.09%), based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

7. Revenue

| | 2021 £'000 | 14/06/2019 to 31/05/2020 £'000 |
|-------------------------------|---------------|--------------------------------------|
| Offshore CIS dividend revenue | 952 | 252 |
| | 952 | 252 |

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

8. Expenses

| | 2021 | 14/06/2019 to |
|---|--------------|---------------------|
| | £'000 | 31/05/2020 £'000 |
| Payable to the ACD or associates of the ACD: | | |
| ACD's periodic charge | 392 | 148 |
| | 392 | 148 |
| Payable to the Depository or associates of the Depository: | | |
| Depository's fee | 34 | 13 |
| Safe custody charges | 35 | 8 |
| | 69 | 21 |
| Other expenses: | | |
| Audit fees ¹ | 8 | 8 |
| Calastone fees | 1 | – |
| Printing fees | 1 | – |
| Registration fees | 5 | 3 |
| Set-up cost | 1 | 21 |
| | 16 | 32 |
| Total expenses | 477 | 201 |

¹Total audit fees of £6,776 (31st May 2020: £6,579), exclusive of VAT.

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

9. Taxation

| | 2021 | 14/06/2019 to |
|---|--------------|---------------------|
| | £'000 | 31/05/2020 £'000 |
| a) Analysis of charge for the year: | | |
| Corporation tax | – | – |
| Total current taxation | – | – |
| Deferred tax charge | – | – |
| Total taxation | – | – |
| b) Factors affecting taxation charge for the year: | | |
| Net revenue before taxation | 474 | 51 |
| Net revenue multiplied by the standard rate of corporation tax of 20% (2020: 20%) | 95 | 10 |
| Effects of: | | |
| Excess management expenses not utilised | 95 | 36 |
| Non-allowable expenses | – | 4 |
| Offshore CIS dividend revenue | (190) | (50) |
| Total tax charge (note 9a) | – | – |
| c) Deferred tax | | |
| Deferred tax charge (note 9a) | – | – |
| Provision at start of year | – | – |
| Provision at end of year | – | – |

The sub-fund has not recognised a deferred tax asset of £131,512 (31st May 2020: £36,184) arising as a result of having unutilised management expenses. The unutilised management expenses will only be recovered to the extent that the sub-fund has sufficient future taxable revenue.

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

10. Distributions

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

| | 2021 | 14/06/2019 to 31/05/2020 |
|--|--------------|-----------------------------|
| | £'000 | £'000 |
| Interim accumulation | 52 | – |
| Final distribution | 4 | – |
| Final accumulation | 425 | 72 |
| | 481 | 72 |
| Deduct: Revenue received on shares created | (6) | – |
| Net distribution for the year | 475 | 72 |

Reconciliation between net revenue and distribution

| | 2021 | 14/06/2019 to 31/05/2020 |
|------------------------------------|--------------|-----------------------------|
| | £'000 | £'000 |
| Net revenue after taxation | 474 | 51 |
| Add: Expenses allocated to capital | 1 | 21 |
| | 475 | 72 |

11. Debtors

| | 2021 | 2020 |
|---------------------------------------|--------------|-------|
| | £'000 | £'000 |
| Amount receivable for issue of shares | 660 | 649 |
| Prepaid expenses | – | 1 |
| Sales awaiting settlement | – | 19 |
| | 660 | 669 |

12. Other creditors

| | 2021 | 2020 |
|---|--------------|-------|
| | £'000 | £'000 |
| Accrued expenses | 100 | 30 |
| Amount payable for cancellation of shares | 1 | 18 |
| Currency deals awaiting settlement | 1 | 2 |
| Purchases awaiting settlement | 837 | 654 |
| | 939 | 704 |

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

13. Related Parties

Thesis Unit Trust Management Limited is regarded as a related party by virtue of having the ability to act in respect of the operations of the Company in its capacity as the ACD.

Thesis Unit Trust Management Limited 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 year end are disclosed within notes 11 and 12 as applicable.

Amounts paid to Thesis Unit Trust Management Limited in respect of the ACD's periodic charges and if any rebates received are disclosed in note 8. £54,588 (31st May 2020: £12,380) is the amount payable at the year end.

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

14. Equalisation

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

15. Contingent Assets, Liabilities and Outstanding Commitments

There are no contingent assets, liabilities and outstanding commitments as at 31st May 2021 (31st May 2020: £Nil).

16. Share Classes

The sub-fund currently has three classes of shares: Class A Income, Class A Accumulation and Class B Accumulation. The distribution per share is given in the distribution tables on pages 41 and 42. All share classes have the same rights on winding up.

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

| | |
|-----------------------------------|-------|
| Class A Income | 0.09% |
| Class A Accumulation ¹ | 0.09% |
| Class B Accumulation ² | 0.34% |

¹Effective from 19th October 2019, ACD periodic charged rate has changed from 0.13% to 0.09%.

²Effective from 19th October 2019, ACD periodic charged rate has changed from 0.38% to 0.34%.

Where a substantial proportion of the sub-fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged to the sub-fund and to the other collective investment schemes in which it invests should not exceed 2.5% per annum plus VAT if applicable. However, it is expected that the actual annual management fee will not exceed 2%.

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

| Share Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|-----------------------------|----------------|----------------|-------------------|------------------|----------------|
| Class A Income ¹ | – | 885 | – | – | 885 |
| Class A Accumulation | 869 | 1,426 | – | – | 2,295 |
| Class B Accumulation | 43,020 | 118,551 | (12,994) | – | 148,577 |

¹Class A Income became active on 25th February 2021.

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

17. Financial Instruments

In pursuing its investment objective set out on page 4, the sub-fund holds a number of financial instruments. These may comprise:

- equity shares, non-equity shares, shares in collective investment vehicles, fixed income securities and floating rate securities. These are held in accordance with the sub-fund's investment objective and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- shareholders' funds which represent investors' monies which are invested on their behalf; and
- borrowings used to finance investment activity; and
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the sub-fund's investment activities (and related financing).

18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 17 to 19.

At 31st May 2021, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £10,192,381 (31st May 2020: £2,230,811).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 17 to 19.

At the year end date, a portion of the net assets of the sub-fund were denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by exchange rate movements. These net assets consist of the following:

Foreign currency exposure as at 31st May 2021:

| | Forward Contracts 2021 £'000 | Monetary Exposures 2021 £'000 | Non Monetary Exposures 2021 £'000 | Total 2021 £'000 |
|--------------------|---------------------------------------|--|---|------------------------|
| Australian dollar | (7,721) | 3,856 | – | (3,865) |
| Canadian dollar | (10,306) | 5,140 | – | (5,166) |
| Danish kroner | (823) | 412 | – | (411) |
| Euro | (34,726) | 17,385 | 23,355 | 6,014 |
| Hong Kong dollar | (1,984) | 990 | – | (994) |
| Israeli new shekel | (73) | 36 | – | (37) |
| Japanese yen | (26,132) | 13,079 | – | (13,053) |
| New Zealand dollar | (39) | 20 | – | (19) |
| Norwegian krone | (94) | 47 | – | (47) |
| Pound sterling | 330,235 | (162,867) | 126,411 | 293,779 |
| Singapore dollar | (144) | 72 | – | (72) |
| Swedish krona | (3,795) | 1,376 | – | (2,419) |
| Swiss franc | (8,414) | 4,202 | – | (4,212) |
| US dollar | (233,047) | 116,197 | 54,082 | (62,768) |
| | 2,937 | (55) | 203,848 | 206,730 |

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

18. Risks Disclosures (continued)

Foreign currency exposure as at 31st May 2020:

| Currency | Forward Contracts 2020 £'000 | Monetary Exposures 2020 £'000 | Non Monetary Exposures 2020 £'000 | Total 2020 £'000 |
|--------------------|---------------------------------------|--|---|------------------------|
| Australian dollar | (1,690) | – | – | (1,690) |
| Canadian dollar | (2,389) | – | – | (2,389) |
| Danish kroner | (207) | – | – | (207) |
| Euro | (7,179) | – | 5,265 | (1,914) |
| Hong Kong dollar | (835) | – | – | (835) |
| Israeli new shekel | (77) | – | – | (77) |
| Japanese yen | (6,789) | – | – | (6,789) |
| New Zealand dollar | (38) | – | – | (38) |
| Norwegian krone | (94) | – | – | (94) |
| Pound sterling | 72,249 | (23) | 27,782 | 100,008 |
| Singapore dollar | (155) | – | – | (155) |
| Swedish krona | (792) | – | – | (792) |
| Swiss franc | (2,301) | – | – | (2,301) |
| US dollar | (50,625) | 1 | 11,569 | (39,055) |
| | (922) | (22) | 44,616 | 43,672 |

At 31st May 2021, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £870,480 (31st May 2020: £563,361).

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 17 to 19.

Interest rate risk profile of financial assets as at 31st May 2021:

| Currency | Floating Rate Financial Assets 2021 £'000 | Fixed Rate Financial Assets 2021 £'000 | Financial Assets Not Carrying Interest 2021 £'000 | Total 2021 £'000 |
|----------------|---|--|---|------------------------|
| Euro | – | – | 23,355 | 23,355 |
| Pound sterling | 272 | – | 129,747 | 130,019 |
| US dollar | 233 | – | 54,082 | 54,315 |
| | 505 | – | 207,184 | 207,689 |

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

18. Risks Disclosures (continued)

Interest rate risk profile of financial assets as at 31st May 2020:

| Currency | Floating Rate | Fixed Rate | Financial Assets | Total |
|----------------|------------------|------------------|-----------------------|---------------|
| | Financial Assets | Financial Assets | Not Carrying Interest | |
| | 2020 | 2020 | 2020 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Euro | – | – | 5,265 | 5,265 |
| Japanese yen | – | – | 9 | 9 |
| Pound sterling | 163 | – | 27,783 | 27,946 |
| US dollar | 69 | – | 11,588 | 11,657 |
| | <u>232</u> | <u>–</u> | <u>44,645</u> | <u>44,877</u> |

Interest rate risk profile of financial liabilities as at 31st May 2021:

| Currency | Floating Rate | Financial | Total |
|-----------------|-----------------------|-----------------------------------|--------------|
| | Financial Liabilities | Liabilities Not Carrying Interest | |
| | 2021 | 2021 | 2021 |
| | £'000 | £'000 | £'000 |
| Canadian dollar | – | (6) | (6) |
| Euro | – | (4) | (4) |
| Pound sterling | (51) | (46) | (97) |
| Swedish krona | – | (2) | (2) |
| US dollar | (226) | (341) | (567) |
| | <u>(277)</u> | <u>(399)</u> | <u>(676)</u> |

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

18. Risks Disclosures (continued)

Interest rate risk profile of financial liabilities as at 31st May 2020

| Currency | Floating Rate Financial Liabilities 2020 £'000 | Financial Liabilities Not Carrying Interest 2020 £'000 | Total 2020 £'000 |
|--------------------|--|---|------------------------|
| Australian dollar | – | (27) | (27) |
| Canadian dollar | – | (48) | (48) |
| Danish kroner | – | (4) | (4) |
| Euro | – | (126) | (126) |
| Hong Kong dollar | – | (10) | (10) |
| Japanese yen | – | (67) | (67) |
| New Zealand dollar | – | (1) | (1) |
| Norwegian krone | – | (3) | (3) |
| Pound sterling | (151) | – | (151) |
| Singapore dollar | – | (2) | (2) |
| Swedish krona | – | (23) | (23) |
| Swiss franc | – | (26) | (26) |
| US dollar | (68) | (614) | (682) |
| | <u>(219)</u> | <u>(951)</u> | <u>(1,170)</u> |

Short term debtors and creditors are excluded in the interest rate risk tables above. Forward currency contracts are quoted net and are included in the financial assets and/or liabilities not carrying interest category as applicable.

The sub-fund's net cash holdings of £227,860 (31st May 2020: £12,507) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

Counterparty exposure risk - The types of derivatives held at the balance sheet date were forward foreign exchange contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet was as follows:

| Counterparty Name ¹ | 2021 £'000 | 2020 £'000 |
|------------------------------------|---------------|---------------|
| Forward Currency Contracts | | |
| Barclays Bank | 29 | 15 |
| BNP Paribas | 44 | 6 |
| Goldman Sachs | 3,125 | 4 |
| HSBC Bank | – | 4 |
| Morgan Stanley & Co. International | 138 | – |
| Total | <u>3,336</u> | <u>29</u> |

¹ Net exposure represents the mark-to-market value of derivative contracts less any cash collateral held. Positive exposure represents the sub-fund's exposure to that counterparty.

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

18. Risks Disclosures (continued)

- *Fair value* - in the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

| Valuation technique as at 31st May 2021 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|------------------|------------------|------------------|----------------|
| Assets | | | | |
| Collective Investment Schemes | 119,543 | 84,305 | – | 203,848 |
| Forward Currency Contracts | – | 3,336 | – | 3,336 |
| | 119,543 | 87,641 | – | 207,184 |
| Liabilities | | | | |
| Forward Currency Contracts | – | (399) | – | (399) |
| | | | | |
| Valuation technique as at 31st May 2020 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| Assets | | | | |
| Collective Investment Schemes | 44,616 | – | – | 44,616 |
| Forward Currency Contracts | – | 29 | – | 29 |
| | 44,616 | 29 | – | 44,645 |
| Liabilities | | | | |
| Forward Currency Contracts | – | (951) | – | (951) |

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

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

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

TM Investment Exposures Fund

TM Equity Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

19. Leverage

There are two ways in which the ACD can introduce leverage to the sub-fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Approved derivative transactions may be used for Efficient Portfolio Management. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

The maximum leverage calculated on the commitment method permitted is 200%. It is expected that the ACD will operate the sub-fund well within these limits. The 'commitment' method is the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The ACD sets maximum leverage levels and operates the sub-fund within these levels at all times.

As at year end 31st May 2021, the total leverage in the sub-fund, using the commitment approach, did exceed 100% (gross 187.48%, commitment 142.91%). Given that the exposure of the sub-fund is 142.91% of NAV, this means that some leverage was employed by the sub-fund.

20. Post Balance Sheet Events

The latest NAV per Class A Accumulation of 1,431.27p as at the close of business on 17th September 2021 had increased on average across the share classes by 4.68% compared to the NAV at the year end of 1,367.31p.

TM Investment Exposures Fund

TM Equity Exposure

Distribution Tables

for year ended 31st May 2021

Interim Accumulation Class A Accumulation (in pence per share)*

Group 1: Shares purchased prior to 1st June 2020

Group 2: Shares purchased from 1st June 2020 to 30th November 2020

| Group | Net Accumulation | Equalisation (note 14) | 2021 Net Accumulation | 2020 Net Accumulation |
|-------|------------------|------------------------|-----------------------|-----------------------|
| 1 | 160.2218 | – | 160.2218 | – |
| 2 | 160.2218 | – | 160.2218 | – |

Interim Accumulation Class B Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st June 2020

Group 2: Shares purchased from 1st June 2020 to 30th November 2020

| Group | Net Accumulation | Equalisation (note 14) | 2021 Net Accumulation | 2020 Net Accumulation |
|-------|------------------|------------------------|-----------------------|-----------------------|
| 1 | 53.4444 | – | 53.4444 | – |
| 2 | 52.8773 | 0.5671 | 53.4444 | – |

Final Distribution Class A Income (in pence per share)**

Group 1: Shares purchased prior to 1st December 2020

Group 2: Shares purchased from 1st December 2020 to 31st May 2021

| Group | Net Income | Equalisation (note 14) | 2021 Net Distribution Paid | 2020 Net Distribution Paid |
|-------|------------|------------------------|----------------------------|----------------------------|
| 1 | 407.0362 | – | 407.0362 | – |
| 2 | 346.5222 | 60.5140 | 407.0362 | – |

Final Accumulation Class A Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st December 2020

Group 2: Shares purchased from 1st December 2020 to 31st May 2021

| Group | Net Accumulation | Equalisation (note 14) | 2021 Net Accumulation | 2020 Net Accumulation |
|-------|------------------|------------------------|-----------------------|-----------------------|
| 1 | 415.2050 | – | 415.2050 | 396.4774 |
| 2 | 382.3969 | 32.8081 | 415.2050 | 396.4774 |

TM Investment Exposures Fund

TM Equity Exposure

Distribution Tables

for year ended 31st May 2021 (continued)

Final Accumulation Class B Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st December 2020

Group 2: Shares purchased from 1st December 2020 to 31st May 2021

| Group | Net Accumulation | Equalisation (note 14) | 2021 Net Accumulation | 2020 Net Accumulation |
|-------|------------------|------------------------|-----------------------|-----------------------|
| 1 | 279.2098 | – | 279.2098 | 158.2578 |
| 2 | 277.3707 | 1.8391 | 279.2098 | 158.2578 |

* There were no group 2 shares for this period.

** There are no comparative figures shown as Class A Income share class became active on 25th February 2021.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Portfolio Statement

as at 31st May 2021

| Holdings | Market value £ | Percentage of total net assets % |
|--|--------------------|---|
| COLLECTIVE INVESTMENT SCHEMES 98.56% (102.23%) | | |
| Ireland 72.49% (82.77%) | | |
| 39,341 BlackRock ICS Sterling Liquidity 'Premier' GBP Acc | 4,134,981 | 2.46 |
| 79,809 BlackRock ICS Sterling Ultra Short Bond 'Premier' GBP Acc | 8,270,035 | 4.93 |
| 1,495,472 Blackrock iShares Emerging Markets Government Bond Index 'Institutional' EUR Acc | 12,446,789 | 7.41 |
| 694,143 iShares Euro Government Bond Index 'Institutional' EUR Acc | 14,704,827 | 8.76 |
| 4,200,214 iShares Global Govt Bond UCITS ETF USD Acc | 16,499,781 | 9.83 |
| 2,984,216 iShares Global High Yield Corp Bond UCITS ETF USD Acc | 12,413,529 | 7.39 |
| 2,294,681 iShares Global Inflation-Linked Bond Index 'Institutional' USD Hedged Acc | 24,904,102 | 14.83 |
| 2,553,921 iShares World ex-Euro Government Bond Index 'Institutional' USD Acc | 28,342,861 | 16.88 |
| | 121,716,905 | 72.49 |
| Luxembourg 18.68% (19.46%) | | |
| 408,088 iShares Global Government Bond Index 'N2' USD | 31,356,643 | 18.68 |
| United Kingdom 7.39% (0.00%) | | |
| 12,028,826 Blackrock Sterling Short Duration Credit 'I' GBP Acc | 12,413,748 | 7.39 |
| | 165,487,296 | 98.56 |
| FINANCIAL DERIVATIVE INSTRUMENTS 1.46% (-2.21%) | | |
| Forward Currency Contracts 1.46% (-2.21%) | | |
| AUD (1,702,347) Sold AUD, Bought GBP 949,813 for settlement on 04/06/2021 | 20,566 | 0.01 |
| AUD (1,702,347) Sold AUD, Bought GBP 927,070 for settlement on 06/07/2021 | 377 | - |
| CAD (1,666,403) Sold CAD, Bought GBP 978,315 for settlement on 04/06/2021 | 4,111 | - |
| CAD (1,666,403) Sold CAD, Bought GBP 970,276 for settlement on 06/07/2021 | (1,083) | - |
| DKK (118,036) Sold DKK, Bought GBP 13,805 for settlement on 04/06/2021 | 155 | - |
| DKK (118,036) Sold DKK, Bought GBP 13,657 for settlement on 06/07/2021 | 40 | - |
| EUR (37,993,435) Sold EUR, Bought GBP 33,049,501 for settlement on 04/06/2021 | 374,362 | 0.22 |
| EUR (2,917,849) Sold EUR, Bought GBP 2,528,226 for settlement on 04/06/2021 | 18,815 | 0.01 |
| EUR (40,911,284) Sold EUR, Bought GBP 35,208,415 for settlement on 06/07/2021 | 106,446 | 0.06 |
| ILS (636,354) Sold ILS, Bought GBP 141,733 for settlement on 04/06/2021 | 3,493 | - |
| ILS (636,354) Sold ILS, Bought GBP 137,824 for settlement on 06/07/2021 | (42) | - |
| JPY (2,184,435,369) Sold JPY, Bought GBP 14,436,191 for settlement on 04/06/2021 | 383,981 | 0.23 |
| JPY (134,088,711) Sold JPY, Bought GBP 872,968 for settlement on 04/06/2021 | 10,391 | 0.01 |
| JPY (162,755,953) Sold JPY, Bought GBP 1,057,270 for settlement on 04/06/2021 | 10,281 | 0.01 |
| JPY (2,481,280,033) Sold JPY, Bought GBP 15,959,648 for settlement on 06/07/2021 | 40,383 | 0.03 |
| NOK (74,116) Sold NOK, Bought GBP 6,443 for settlement on 04/06/2021 | 197 | - |
| NOK (74,116) Sold NOK, Bought GBP 6,268 for settlement on 06/07/2021 | 40 | - |
| PLN (80,462) Sold PLN, Bought GBP 15,338 for settlement on 04/06/2021 | (83) | - |
| PLN (80,462) Sold PLN, Bought GBP 15,454 for settlement on 06/07/2021 | 75 | - |

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Portfolio Statement

as at 31st May 2021 (continued)

| Holdings | Market value £ | Percentage of total net assets % |
|--|----------------------|---|
| Forward Currency Contracts (continued) | | |
| SEK (115,785) Sold SEK, Bought GBP 9,892 for settlement on 04/06/2021 | 56 | – |
| SEK (115,785) Sold SEK, Bought GBP 9,825 for settlement on 06/07/2021 | 15 | – |
| SGD (19,502) Sold SGD, Bought GBP 10,585 for settlement on 04/06/2021 | 182 | – |
| SGD (19,502) Sold SGD, Bought GBP 10,384 for settlement on 06/07/2021 | 12 | – |
| USD (101,453,388) Sold USD, Bought GBP 73,270,959 for settlement on 04/06/2021 | 1,694,061 | 1.01 |
| USD (8,285,421) Sold USD, Bought GBP 5,862,481 for settlement on 04/06/2021 | 16,991 | 0.01 |
| USD (1,301,581) Sold USD, Bought GBP 923,271 for settlement on 04/06/2021 | 4,986 | – |
| USD (111,040,390) Sold USD, Bought GBP 78,111,370 for settlement on 06/07/2021 | (226,203) | (0.14) |
| | 2,462,605 | 1.46 |
| TOTAL FINANCIAL DERIVATIVE INSTRUMENTS | 2,462,605 | 1.46 |
| Net investments 100.02% (100.02%) | 167,949,901 | 100.02 |
| Net other liabilities | (41,563) | (0.02) |
| Total net assets | 167,908,338 | 100.00 |

Note: Comparative figures shown in brackets relate to 31st May 2020.

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Sub-fund Information

The Comparative Tables on pages 46 and 47 give the performance of each active share class in the sub-fund.

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

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

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

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

Assessment of Value *(unaudited)*

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

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Sub-fund Information *(continued)*

Comparative Table

Class A Accumulation

| | <i>31/05/2021¹</i> <i>(pence per share)</i> |
|---|---|
| Change in Net Asset Value per Share | |
| Opening net asset value per share | 1,041.86 |
| Return before operating charges* | 377.27 |
| Operating charges | (383.01) |
| Return after operating charges* | (5.74) |
| Distributions | (133.11) |
| Retained distributions on accumulation shares | 133.11 |
| Closing net asset value per share | 1,036.12 |
| | |
| *After direct transaction costs of ² : | (76.74) |
| | |
| Performance | |
| Return after charges | (0.55)% |
| | |
| Other Information | |
| Closing net asset value (£'000) | 547 |
| Closing number of shares | 528 |
| Operating charges ³ | 0.37% |
| Direct transaction costs | (0.07)% |
| | |
| Prices | |
| Highest share price | 1,041.86 |
| Lowest share price | 1,029.00 |

¹ Class A Accumulation became active on 18th February 2021.

² Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Sub-fund Information *(continued)*

Comparative Table

Class B Accumulation

| | <i>31/05/2021</i> <i>(pence per share)</i> | <i>31/05/2020¹</i> <i>(pence per share)</i> |
|---|---|---|
| Change in Net Asset Value per Share | | |
| Opening net asset value per share | 1,030.47 | 1,000.00 |
| Return before operating charges* | 652.17 | 740.13 |
| Operating charges | (646.67) | (709.66) |
| Return after operating charges* | 5.50 | 30.47 |
| Distributions | (170.41) | – |
| Retained distributions on accumulation shares | 170.41 | – |
| Closing net asset value per share | 1,035.97 | 1,030.47 |
| | | |
| *After direct transaction costs of ² : | (77.32) | (92.36) |
| | | |
| Performance | | |
| Return after charges | 0.53% | 3.05% |
| | | |
| Other Information | | |
| Closing net asset value (£'000) | 167,361 | 43,674 |
| Closing number of shares | 161,550 | 42,382 |
| Operating charges ³ | 0.62% | 0.72% |
| Direct transaction costs | (0.07)% | (0.09)% |
| | | |
| Prices | | |
| Highest share price | 1,060.00 | 1,047.24 |
| Lowest share price | 1,029.00 | 975.90 |

¹ The sub-fund launched on 14th June 2019.

² Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³ Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Sub-fund Information *(continued)*

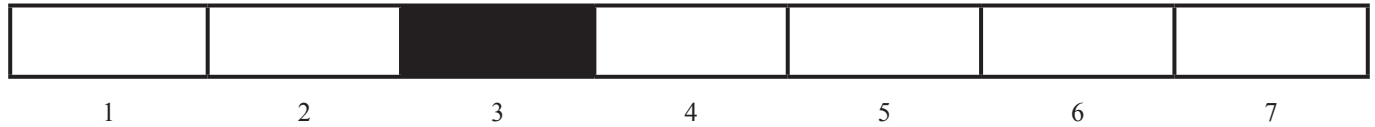
Synthetic Risk and Reward Indicator

Lower Risk

Typically lower rewards

Higher Risk

Typically higher rewards



The SRRI table demonstrates where a sub-fund ranks in terms of risk and reward. The higher the risk the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the risk profile of the sub-fund. The shaded area on the table above shows the sub-fund's ranking on the synthetic risk and reward indicator.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Statement of Total Return

for the year ended 31st May 2021

| | Notes | £'000 | 2021 £'000 | 14/06/2019 to 31/05/2020* £'000 | £'000 |
|---|-------|-------|---------------|---------------------------------------|------------|
| Income | | | | | |
| Net capital (losses)/gains | 5 | | (878) | | 649 |
| Revenue | 7 | 626 | | 100 | |
| Expenses | 8 | (419) | | (141) | |
| Net revenue/(expense) before taxation | | 207 | | (41) | |
| Taxation | 9 | (38) | | – | |
| Net revenue/(expense) after taxation for the year | | | 169 | | (41) |
| Total return before distributions | | | (709) | | 608 |
| Distributions | 10 | | (170) | | – |
| Change in net assets attributable to shareholders from investment activities | | | (879) | | 608 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st May 2021

| | Note | £'000 | 2021 £'000 | 14/06/2019 to 31/05/2020* £'000 | £'000 |
|--|------|----------|----------------|---------------------------------------|---------------|
| Opening net assets attributable to shareholders | | | 43,674 | | – |
| Amounts receivable on issue of shares | | 144,020 | | 48,912 | |
| Amounts payable on cancellation of shares | | (19,151) | | (5,869) | |
| | | | 124,869 | | 43,043 |
| Dilution levy | | | 73 | | 23 |
| Change in net assets attributable to shareholders from investment activities | | | (879) | | 608 |
| Retained distribution on accumulation shares | 10 | | 171 | | – |
| Closing net assets attributable to shareholders | | | 167,908 | | 43,674 |

* The sub-fund launched on 14th June 2019.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Balance Sheet

as at 31st May 2021

| | Notes | 2021 £'000 | 2020* £'000 |
|--|-------|----------------|----------------|
| Assets | | | |
| Fixed assets: | | | |
| Investments | | 168,177 | 44,672 |
| Current assets: | | | |
| Debtors | 11 | 198 | 830 |
| Cash and bank balances | | 131 | 181 |
| | | 168,506 | 45,683 |
| Total assets | | | |
| Liabilities | | | |
| Investment liabilities | | | |
| | | (227) | (992) |
| Creditors: | | | |
| Bank overdrafts | | (119) | (91) |
| Other creditors | 12 | (252) | (926) |
| | | (598) | (2,009) |
| Total liabilities | | | |
| Net assets attributable to shareholders | | 167,908 | 43,674 |

* The sub-fund launched on 14th June 2019.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021

1. Accounting Policies

The accounting, distribution and risk management policies for note 1 to note 4 are provided on pages 16 to 19.

5. Net Capital (Losses)/Gains

Net capital (losses)/gains comprise:

| | 2021 £'000 | 14/06/2019 to 31/05/2020 £'000 |
|----------------------------|---------------|--------------------------------------|
| Non-derivative securities | (9,890) | 1,858 |
| Forward currency contracts | 9,015 | (1,182) |
| Currency gains/(losses) | 14 | (27) |
| Transaction charges | (17) | – |
| Net capital (losses)/gains | (878) | 649 |

6. Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs, please refer to the additional portfolio transaction cost information on page 45.

Analysis of direct transaction costs for the year ended 31st May 2021:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Cost £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|---------------------|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Collective Investment Schemes | 170,366 | – | – | 170,366 | – | – |
| | 170,366 | – | – | 170,366 | | |
| Sales | | | | | | |
| Collective Investment Schemes | 40,259 | – | – | 40,259 | – | – |
| | 40,259 | – | – | 40,259 | | |
| <hr/> | | | | | | |
| Derivative purchases and sales | | – | – | | | |
| <hr/> | | | | | | |
| Total cost as percentage of average net asset value | | 0.00% | 0.00% | | | |

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

6. Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the period from 14th June 2020 to 31st May 2020:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Cost £'000 | Commissions % of principal | Taxes % of principal |
|--|--------------------|----------------------|----------------|---------------------|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Collective Investment Schemes | 50,158 | – | – | 50,158 | – | – |
| | 50,158 | – | – | 50,158 | | |
| Sales | | | | | | |
| Collective Investment Schemes | 7,471 | – | – | 7,471 | – | – |
| | 7,471 | – | – | 7,471 | | |
| Derivative purchases and sales | | | | | | |
| | | – | – | | | |
| Total cost as percentage of average net asset value | | 0.00% | 0.00% | | | |

The sub-fund utilises derivative instruments, including forward currency contracts. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments. Therefore, purchase and sale amounts for derivative transactions are not quantified in the above analysis. Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instrument.

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.06% (31st May 2020: 0.05%), based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

7. Revenue

| | 2021 £'000 | 14/06/2019 to 31/05/2020 £'000 |
|-------------------------------|---------------|--------------------------------------|
| Offshore CIS interest revenue | 598 | 100 |
| Unfranked CIS revenue | 28 | – |
| | 626 | 100 |

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

8. Expenses

| | 2021 £'000 | 14/06/2019 to 31/05/2020 £'000 |
|---|---------------|--------------------------------------|
| Payable to the ACD or associates of the ACD: | | |
| ACD's periodic charge | 345 | 92 |
| | 345 | 92 |
| Payable to the Depository or associates of the Depository: | | |
| Depository's fee | 30 | 10 |
| Safe custody charges | 27 | 7 |
| | 57 | 17 |
| Other expenses: | | |
| Audit fees ¹ | 8 | 8 |
| Calastone fees | 1 | – |
| Legal fees | 2 | – |
| Registration fees | 5 | 3 |
| Set-up cost | 1 | 21 |
| | 17 | 32 |
| Total expenses | 419 | 141 |

¹Total audit fees of £6,776 (31st May 2020: £6,579), exclusive of VAT.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

9. Taxation

| | 2021 | 14/06/2019 to |
|---|--------------|---------------------|
| | £'000 | 31/05/2020 £'000 |
| a) Analysis of charge for the year: | | |
| Corporation tax | 38 | – |
| Total current taxation | 38 | – |
| Deferred tax charge | – | – |
| Total taxation | 38 | – |
| b) Factors affecting taxation charge for the year: | | |
| Net revenue/(expense) before taxation | 207 | (41) |
| Net revenue/(expense) multiplied by the standard rate of corporation tax of 20% (2020: 20%) | 42 | (8) |
| Effects of: | | |
| Excess management expenses not utilised | (4) | 4 |
| Non-allowable expenses | – | 4 |
| Total tax charge (note 9a) | 38 | – |
| c) Deferred tax | | |
| Deferred tax charge (note 9a) | – | – |
| Provision at start of year | – | – |
| Provision at end of year | – | – |

The sub-fund has not recognised a deferred tax asset of £Nil (31st May 2020: £4,041) arising as a result of having unutilised management expenses. The unutilised management expenses will only be recovered to the extent that the sub-fund has sufficient future taxable revenue.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

10. Distributions

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

| | 2021 £'000 | 14/06/2019 to 31/05/2020 £'000 |
|--|---------------|--------------------------------------|
| Interim accumulation | 122 | – |
| Final accumulation | 49 | – |
| | 171 | – |
| Add: Revenue deducted on shares cancelled | – | – |
| Deduct: Revenue received on shares created | (1) | – |
| Net distribution for the year | 170 | – |

Reconciliation between net revenue and distribution

| | 2021 £'000 | 14/06/2019 to 31/05/2020 £'000 |
|--------------------------------------|---------------|--------------------------------------|
| Net revenue/(expense) after taxation | 169 | (41) |
| Deficit transferred to capital | – | 20 |
| Add: Expenses allocated to capital | 1 | 21 |
| | 170 | – |

11. Debtors

| | 2021 £'000 | 2020 £'000 |
|---------------------------------------|---------------|---------------|
| Amount receivable for issue of shares | 136 | 658 |
| Prepaid expenses | – | 1 |
| Sales awaiting settlement | 62 | 171 |
| | 198 | 830 |

12. Other creditors

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Accrued expenses | 86 | 30 |
| Amount payable for cancellation of shares | 127 | 392 |
| Currency deals awaiting settlement | 1 | – |
| Corporation tax payable | 38 | – |
| Purchases awaiting settlement | – | 504 |
| | 252 | 926 |

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

13. Related Parties

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

Thesis Unit Trust Management Limited acts as principal on all the transactions of shares in the sub-fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Thesis Unit Trust Management Limited in respect of share transactions at the year end are disclosed within notes 11 and 12 as applicable.

Amounts paid to Thesis Unit Trust Management Limited in respect of the ACD's periodic charges and if any rebates received are disclosed in note 8. £45,703 (31st May 2020: £12,427) is the amount payable at the year end.

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

14. Equalisation

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

15. Contingent Assets, Liabilities and Outstanding Commitments

There are no contingent assets, liabilities and outstanding commitments as at 31st May 2021 (31st May 2020: £Nil).

16. Share Class

The sub-fund currently has two classes of shares: Class A Accumulation and Class B Accumulation. The distribution per share is given in the distribution tables on page 62. All share classes have the same rights on winding up.

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

| | |
|-----------------------------------|-------|
| Class A Accumulation | 0.09% |
| Class B Accumulation ¹ | 0.34% |

¹Effective from 19th October 2020, ACD periodic charge rate has changed from 0.38% to 0.34%

Where a substantial proportion of the sub-fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged to the sub-fund and to the other collective investment schemes in which it invests should not exceed 2.5% per annum plus VAT if applicable. However, it is expected that the actual annual management fee will not exceed 2%.

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

| Share Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|-----------------------------------|----------------|----------------|-------------------|------------------|----------------|
| Class A Accumulation ¹ | – | 646 | (118) | – | 528 |
| Class B Accumulation | 42,382 | 137,357 | (18,189) | – | 161,550 |

¹Class A Accumulation became active on 18th February 2021.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

17. Financial Instruments

In pursuing its investment objective set out on page 4, the sub-fund holds a number of financial instruments. These may comprise:

- equity shares, non-equity shares, shares in collective investment vehicles, fixed and floating rate securities. These are held in accordance with the sub-fund's investment objective and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- shareholders' funds which represent investors' monies which are invested on their behalf;
- borrowings used to finance investment activity; and
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the sub-fund's investment activities (and related financing).

18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 17 to 19.

At 31st May 2021, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £8,274,363 (31st May 2020: £2,232,247).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 17 to 19.

At the year end date, a portion of the net assets of the sub-fund were denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by exchange rate movements. These net assets consist of the following:

Foreign currency exposure as at 31st May 2021:

| Currency | Forward | Monetary | Non | Total |
|--------------------|--------------|-------------|----------------|----------------|
| | Contracts | Exposures | Monetary | |
| | 2021 | 2021 | 2021 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Australian dollar | (1,856) | 927 | – | (929) |
| Canadian dollar | (1,946) | 970 | – | (976) |
| Danish kroner | (27) | 14 | – | (13) |
| Euro | (70,286) | 35,188 | 14,705 | (20,393) |
| Israeli new shekel | (276) | 138 | – | (138) |
| Japanese yen | (31,881) | 15,956 | – | (15,925) |
| Norwegian krone | (12) | 6 | – | (6) |
| Polish zloty | (31) | 16 | – | (15) |
| Pound sterling | 265,497 | (131,399) | 24,819 | 158,917 |
| Singapore dollar | (21) | 10 | – | (11) |
| Swedish krona | (20) | 10 | – | (10) |
| US dollar | (156,678) | 78,122 | 125,963 | 47,407 |
| | 2,463 | (42) | 165,487 | 167,908 |

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

18. Risks Disclosures (continued)

Foreign currency exposure as at 31st May 2020:

| Currency | Forward Contracts 2020 £'000 | Monetary Exposures 2020 £'000 | Non Monetary Exposures 2020 £'000 | Total 2020 £'000 |
|-------------------|---------------------------------------|--|---|------------------------|
| Australian dollar | (334) | – | – | (334) |
| Canadian dollar | (931) | – | – | (931) |
| Danish kroner | (29) | – | – | (29) |
| Euro | (21,052) | – | 3,740 | (17,312) |
| Japanese yen | (10,346) | – | – | (10,346) |
| Norwegian krone | (12) | – | – | (12) |
| Polish zloty | (33) | – | – | (33) |
| Pound sterling | 74,524 | (13) | 4,431 | 78,942 |
| Singapore dollar | (22) | – | – | (22) |
| Swedish krona | (20) | – | – | (20) |
| US dollar | (42,709) | 6 | 36,474 | (6,229) |
| | <u>(964)</u> | <u>(7)</u> | <u>44,645</u> | <u>43,674</u> |

At 31st May 2021, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £89,913 (31st May 2020: £352,667)

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 17 to 19.

Interest rate risk profile of financial assets as at 31st May 2021:

| Currency | Floating Rate Financial Assets 2021 £'000 | Fixed Rate Financial Assets 2021 £'000 | Financial Assets Not Carrying Interest 2021 £'000 | Total 2021 £'000 |
|----------------|---|--|---|------------------------|
| Euro | – | – | 14,705 | 14,705 |
| Pound sterling | 124 | – | 27,509 | 27,633 |
| US dollar | 7 | – | 125,963 | 125,970 |
| | <u>131</u> | <u>–</u> | <u>168,177</u> | <u>168,308</u> |

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

18. Risks Disclosures (continued)

Interest rate risk profile of financial assets as at 31st May 2020:

| Currency | Floating Rate | Fixed Rate | Financial Assets | Total |
|----------------|------------------|------------------|-----------------------|--------|
| | Financial Assets | Financial Assets | Not Carrying Interest | |
| | 2020 | 2020 | 2020 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Euro | – | – | 3,740 | 3,740 |
| Pound sterling | 174 | – | 4,448 | 4,622 |
| US dollar | 6 | – | 36,485 | 36,491 |
| | 180 | – | 44,673 | 44,853 |
| | 180 | – | 44,673 | 44,853 |

Interest rate risk profile of financial liabilities as at 31st May 2021:

| Currency | Floating Rate | Financial | Total |
|--------------------|-----------------------|-----------------------------------|-------|
| | Financial Liabilities | Liabilities Not Carrying Interest | |
| | 2021 | 2021 | 2021 |
| | £'000 | £'000 | £'000 |
| Canadian dollar | – | (1) | (1) |
| Israeli new shekel | – | – | – |
| Pound sterling | (119) | – | (119) |
| US dollar | – | (226) | (226) |
| | (119) | (227) | (346) |
| | (119) | (227) | (346) |

Interest rate risk profile of financial liabilities as at 31st May 2020:

| Currency | Floating Rate | Financial | Total |
|-------------------|-----------------------|-----------------------------------|---------|
| | Financial Liabilities | Liabilities Not Carrying Interest | |
| | 2020 | 2020 | 2020 |
| | £'000 | £'000 | £'000 |
| Australian dollar | – | (7) | (7) |
| Canadian dollar | – | (12) | (12) |
| Danish kroner | – | (1) | (1) |
| Euro | – | (377) | (377) |
| Japanese yen | – | (109) | (109) |
| Pound sterling | (91) | – | (91) |
| Polish zloty | – | (1) | (1) |
| Swedish krona | – | (1) | (1) |
| US dollar | – | (483) | (483) |
| | (91) | (992) | (1,083) |
| | (91) | (992) | (1,083) |

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

18. Risks Disclosures (continued)

Short term debtors and creditors are excluded in the interest rate risk tables above. Forward currency contracts are quoted net and are included in the financial assets and/or liabilities not carrying interest category as applicable.

The sub-fund's net cash holdings of £11,888 (31st May 2020: £89,061) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

- *Counterparty exposure risks* – the type of derivatives held at the balance sheet date were forward foreign exchange contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by the counterparty at the balance sheet was as follows:

| Counterparty Name ¹ | 2021 £'000 | 2020 £'000 |
|------------------------------------|---------------|---------------|
| Forward Currency Contracts | | |
| BNP Paribas | 46 | 4 |
| Goldman Sachs | 2,481 | – |
| Morgan Stanley & Co. International | 163 | 23 |
| Total | 2,690 | 27 |

¹ Net exposure represents the mark-to-market value of derivative contracts less any cash collateral held. Positive exposure represents the sub-fund's exposure to that counterparty.

- *Fair value* - in the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

| Valuation technique as at 31st May 2021 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|------------------|------------------|------------------|----------------|
| Assets | | | | |
| Collective Investment Schemes | 28,913 | 136,574 | – | 165,487 |
| Forward Currency Contracts | – | 2,690 | – | 2,690 |
| | 28,913 | 139,264 | – | 168,177 |
| Liabilities | | | | |
| Forward Currency Contracts | – | (227) | – | (227) |
| | – | (227) | – | (227) |

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Notes to the Financial Statements

for the year ended 31st May 2021 (continued)

18. Risks Disclosures (continued)

| Valuation technique as at 31st May 2020 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|------------------|------------------|------------------|----------------|
| Assets | | | | |
| Collective Investment Schemes | 44,645 | – | – | 44,645 |
| Forward Currency Contracts | – | 27 | – | 27 |
| | <u>44,645</u> | <u>27</u> | <u>–</u> | <u>44,672</u> |
| Liabilities | | | | |
| Forward Currency Contracts | – | (992) | – | (992) |

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

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

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

19. Leverage

There are two ways in which the ACD can introduce leverage to the sub-fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Approved derivative transactions may be used for both investment purposes and Efficient Portfolio Management. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

The maximum leverage calculated on the commitment method permitted is 200%. It is expected that the ACD will operate the sub-fund well within these limits. The 'commitment' method is the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The ACD sets maximum leverage levels and operates the sub-fund within these levels at all times.

As at year end 31st May 2021, the total leverage in the sub-fund, using the commitment approach, did exceed 100% (gross 179.57%, commitment 120.96%). Given that the exposure of the sub-fund is 120.96% of NAV, this means that some leverage was employed by the sub-fund.

20. Post Balance Sheet Events

The latest NAV per Class A Accumulation of 1,056.53p as at the close of business on 17th September 2021 had increased on average across the share classes by 1.97% compared to the NAV at the year end of 1,036.12p.

TM Investment Exposures Fund

TM Rates Credit and Inflation Exposure

Distribution Tables

for the year ended 31st May 2021

Interim Accumulation Class B Accumulation (in pence per share)*

Group 1: Shares purchased prior to 1st June 2020

Group 2: Shares purchased from 1st June 2020 to 30th November 2020

| Group | Net Accumulation | Equalisation (note 14) | 2021 Net Accumulation | 2020 Net Accumulation |
|-------|------------------|------------------------|-----------------------|-----------------------|
| 1 | 140.6590 | – | 140.6590 | – |
| 2 | 140.6590 | – | 140.6590 | – |

Final Accumulation Class A Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st December 2020

Group 2: Shares purchased from 1st December 2020 to 31st May 2021

| Group | Net Accumulation | Equalisation (note 14) | 2021 Net Accumulation | 2020 Net Accumulation |
|-------|------------------|------------------------|-----------------------|-----------------------|
| 1 | 133.1061 | – | 133.1061 | – |
| 2 | 104.8128 | 28.2933 | 133.1061 | – |

Final Accumulation Class B Accumulation (in pence per share)*,**

Group 1: Shares purchased prior to 1st December 2020

Group 2: Shares purchased from 1st December 2020 to 31st May 2021

| Group | Net Accumulation | Equalisation (note 14) | 2021 Net Accumulation | 2020 Net Accumulation |
|-------|------------------|------------------------|-----------------------|-----------------------|
| 1 | 29.7498 | – | 29.7498 | – |
| 2 | 29.7498 | – | 29.7498 | – |

* There were no group 2 shares for this period.

** There are no comparative figures shown as Class A Accumulation became active on 18 February 2021.



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