

# **TM CERNO INVESTMENT FUNDS**

Annual Report & Accounts  
for the period from 4th September 2013 to 31st December 2014



**THEISIS UNIT TRUST MANAGEMENT LIMITED**

Authorised and regulated by the Financial Conduct Authority

# TM CERNO INVESTMENT FUNDS

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# TM CERNO INVESTMENT FUNDS

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## Management and Professional Service Providers' Details

### Authorised Corporate Director:

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

*Authorised and regulated by  
The Financial Conduct Authority*

### Solicitors to the Authorised Corporate Director:

Thomas Eggar House  
Friary Lane  
Chichester  
West Sussex PO19 1UF

### Directors:

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

*Thesis Unit Trust Management Limited is owned by Thesis Asset Management plc, which in turn is owned by certain current and former members of Thomas Eggar LLP, Solicitors. It is, however, a separate firm regulated by The Financial Conduct Authority and not by the Solicitors Regulation Authority. This means that the statutory protection afforded to clients of solicitors regulated by the Solicitors Regulation Authority is not available to our clients.*

### Investment Adviser:

Cerno Capital Partners LLP  
34 Sackville Street  
London W1S 3ED

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the Financial Conduct Authority*

### Dealing & Registration:

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

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

### Depository:

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

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

### Auditor:

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

# TM CERNO INVESTMENT FUNDS

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## **Report of the Authorised Corporate Director (“ACD”)**

*for the period from 4th September 2013 to 31st December 2014*

Thesis Unit Trust Management Limited is pleased to present the ACD annual report for the period from 4th September 2013 to 31st December 2014.

This Company is an umbrella Fund with only one sub-fund, namely TM Cerno Select Fund.

## **Investment Objective and Policy**

### **TM Cerno Select Fund**

The objective of the sub-fund is to achieve long term total return.

The sub-fund will invest globally in multiple asset classes, predominantly through collective investment schemes, exchange traded funds, and investment trusts. The sub-fund may also invest in transferable securities, money market instruments, deposits, cash and near cash investments and derivatives. Derivatives may be used for both investment purposes and Efficient Portfolio Management.

Investors should note that, notwithstanding that the objective is to achieve long term total return, capital is in fact at risk. The sub-fund aims to achieve a positive return over a 5 year period, however, there is no guarantee that a positive return will be achieved over that, or any, time period.

### **Statement of Disclosure to the Auditors**

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

Thesis Unit Trust Management Limited  
Authorised Corporate Director  
30th March 2015

# TM CERNO INVESTMENT FUNDS

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## Report of the Investment Adviser

*for the period from 4th September 2013 to 31st December 2014*

### Investment Report

The Fund gained +5.7% (Share Class B Acc) for the 12 months period in 2014, by comparison the IMA Flexible Investment sector average gained +4.7%.

Our investment philosophy seeks to identify investments with a positive real return and guard stubbornly against capital loss. The asset class of choice continues to be equity, with a heavy bias towards the developed world. We remain bearish towards emerging market equities. We have long judged core government bonds as offering poor value and, correspondingly, the fund has very little fixed income exposure.

On an attribution basis, equity managers who exhibit skill in selecting stocks were the biggest contributor, Trojan Income, the biggest single contributor for the year added +72bps to the fund's performance while CF Odey Absolute Return fund contributed +47bps. The US banks basket also served us well, adding +139bps to the fund. We added to the Cerno Global Leaders Portfolio during the year by introducing a small number of international companies with leadership positions in demographically attractive industries, strong management and financials. The portfolio was a contributor for the year, adding +113bps.

In terms of activity in your portfolio, we substantially removed European equity exposure mid-summer on the observation that these equities no longer offer value. The timing of this was helpful as we avoided the steep losses of September and October. The proceeds from these disposals have been substantially held in cash – also helpful – and we were adding to US dollars at the 1.64 level versus GBP in the immediate aftermath of Scotland's No vote. We are sufficient believers in the China slowing phenomenon to add covering protection through an Exchange Traded Note, which delivers the inverse of industrial metal prices (it goes up when metal prices fall). In this vein, we also hold forward contracts against commodity producing currencies.

We have also invested in two event-driven funds during the period, Castlerigg Merger Arbitrage and York Event Driven, to profit from the recent increase in corporate activity, in particular mergers and acquisitions.

As at 31st December 2014, the fund value stood at £41.6 million and comprised a diversified portfolio of thirty separate holdings - twelve manager positions and eighteen individual securities.

### Investment Performance

The month-end NAV history (Share Class B Acc) for the period is captioned below:

<b>Month</b>	<b>NAV in pence</b>
January 2014	1035
February 2014	1059
March 2014	1048
April 2014	1030
May 2014	1055
June 2014	1054
July 2014	1048
August 2014	1052
September 2014	1069
October 2014	1064
November 2014	1108
December 2014	1113

# TM CERNO INVESTMENT FUNDS

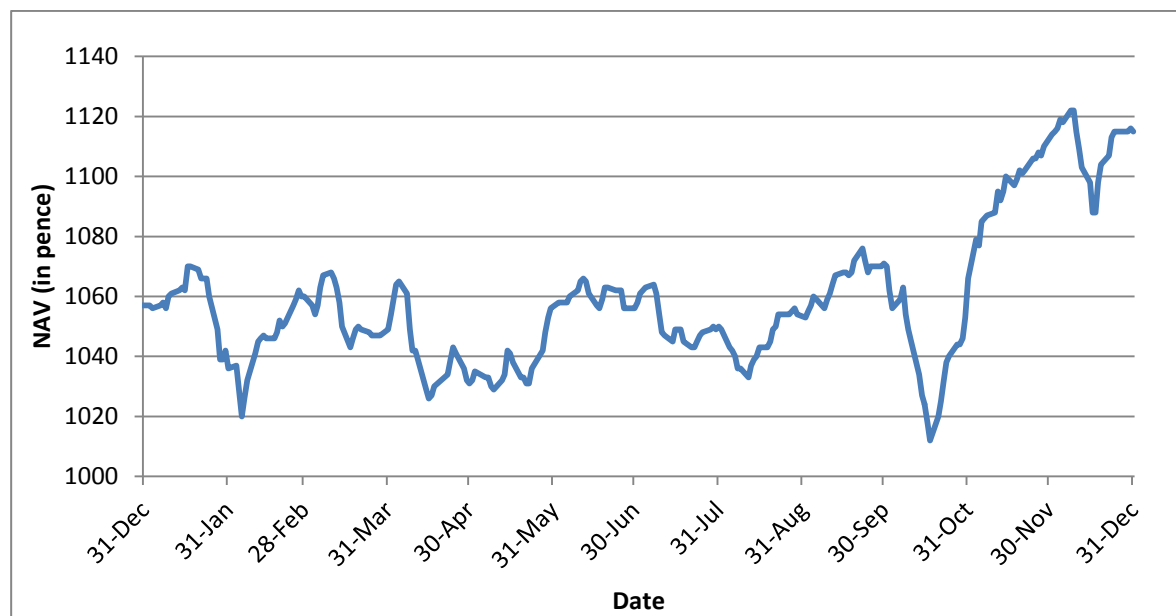
## Report of the Investment Adviser

for the period from 4th September 2013 to 31st December 2014 (continued)

### Investment Report (continued)

These figures are taken from Bloomberg.

For the period 01/01/2014-31/12/2014 the fund returned +5.7%.



The Fund does not have a benchmark.

### The three largest purchases made within the fund during the period were:

1. Blackrock Sterling Liquidity Fund – £4,600,000 on 18/07/2014
2. ETFS Short Industrial Metal- \$2,360,015 on 01/07/2014
3. Castlerigg Merger Arbitrage – £2,060,000 on 29/01/2014

The investment in the Blackrock Liquidity Fund was part of the fund's cash management strategy to obtain optimal returns. Investments in ETFS Short Industrial Metal and Castlerigg Merger Arbitrage are explained above.

### The three largest sales made within the fund during the period were:

1. Blackrock Sterling Liquidity Fund – £3,000,000 on 15/10/2014
2. Eurostoxx Mid Cap - £2,221,326 on 20/06/2014
3. Trojan Income Fund – £2,068,127 on 17/12/2014

Cash was redeemed from the Blackrock Sterling Liquidity Fund to fund investment in Lyxor JPX Nikkei 400. Redemption in Eurostoxx Mid Cap was to reduce European equity exposure as explained above. Redemption in Trojan Income was to reduce overall equity rating of the fund.

Cerno Capital Partners LLP  
Investment Adviser  
3rd February 2015

# TM CERNO INVESTMENT FUNDS

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## **Constitution**

TM Cerno Fund (the “Company”) is an investment company with variable capital for the purposes of the OEIC Regulations. The Company was authorised by the FCA pursuant to an authorisation order dated 19th August 2013 and was launched on 4th September 2013. The Company is a UCITS scheme, being a category of authorised scheme for the purpose of the COLL 1.2.1R. The Company registration number is IC000984. The head office of the Company is at Exchange Building, St John’s Street, Chichester, West Sussex, PO19 1UP and this is also the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

The base currency of the Company is pounds sterling.

## **Regulatory Disclosure**

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

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

## **Certification of Annual Report by Directors**

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

D.W. TYERMAN                      Director

S. E. NOONE                         Director

30th March 2015

# TM CERNO INVESTMENT FUNDS

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## **Responsibilities of the Authorised Corporate Director (“ACD”)**

The Open-Ended Investment Companies Regulations 2001 (the “OEIC Regulations”) and the Collective Investment Schemes Sourcebook (“COLL Sourcebook”) require the ACD to prepare Financial Statements for each financial period. These financial statements must be prepared in accordance with Generally Accepted Accounting Principles to give a true and fair view of the financial position of the Company at the period end and of the net revenue and net capital gains or losses on the property of the Company for the period.

In preparing the financial statements the ACD is required to:

- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation;
- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Statement of Recommended Practice relating to Authorised Funds issued by The Investment Association (“IA”) in October 2010;
- follow Generally Accepted Accounting Principles and applicable United Kingdom Accounting Standards;
- keep proper accounting records which enable them to demonstrate that the financial statements as prepared comply with the above requirements; and
- make judgements and estimates that are reasonable and prudent.

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

Thesis Unit Trust Management Limited  
Authorised Corporate Director  
30th March 2015



# TM CERNO INVESTMENT FUNDS

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## **Responsibilities of the Depositary**

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

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

## **Report of the Depositary to the Shareholders of the TM Cerno Investment Funds**

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with Collective Investment Schemes Sourcebook ("COLL Sourcebook"), the Instrument of Incorporation and Prospectus, and where applicable the OEIC Regulations.
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank plc  
Trustee & Depositary Services  
Edinburgh  
30th March 2015

# TM CERNO INVESTMENT FUNDS

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## **Independent Auditor's Report to the Shareholders of TM Cerno Investment Funds**

We have audited the financial statements of TM Cerno Investment Funds (the "Company") for the period from 4th September 2013 to 31st December 2014. These financial statements comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related Notes and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association in October 2010.

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes Sourcebook. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the Authorised Corporate Director and the auditor**

As explained more fully in the Responsibilities of the Authorised Corporate Director set out on page 7, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

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

## **Opinion on financial statement**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and the sub-fund as at 31st December 2014 and of the net revenue and net capital gains on the scheme property of the Company and the sub-fund for the period then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association in October 2010, the Collective Investment Schemes Sourcebook, and the Instrument of Incorporation.

## **Other reporting responsibilities**

### ***Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook***

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Authorised Corporate Director's Report (which comprises the Management and Professional Service Providers' details, the Report of the Authorised Corporate Director, Report of the Investment Adviser, the Portfolio Statement, the Synthetic Risk and Reward Indicator and the Constitution) is consistent with the financial statements.

# TM CERNO INVESTMENT FUNDS

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## Independent Auditor's Report to the Shareholders of TM Cerno Investment Funds *(continued)*

### *Matters on which we are required to report by exception*

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if in our opinion:

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

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London, United Kingdom  
30th March 2015

# TM CERNO INVESTMENT FUNDS

## TM Cerno Select Fund

### Portfolio Statement

as at 31st December 2014

Holding	Market value £	Percentage of total net assets %
<b>EQUITIES 36.92%</b>		
<b>Germany 0.98%</b>		
2,897 Volkswagen	<b>407,011</b>	<b>0.98</b>
<b>Jersey 5.91%</b>		
77,605 ETFS Daily Short IM	<b>2,462,775</b>	<b>5.91</b>
<b>Luxembourg 4.59%</b>		
114,700 db X – Trackers DJ STOXX 600	<b>1,912,049</b>	<b>4.59</b>
<b>Korea 0.98%</b>		
1,057 Samsung Electronic	<b>409,729</b>	<b>0.98</b>
<b>Switzerland 1.74%</b>		
7,440 Nestle	350,990	0.84
3,955 Sonova	376,058	0.90
	<b>727,048</b>	<b>1.74</b>
<b>United Kingdom 7.39%</b>		
111,867 BH Macro	2,286,562	5.49
21,500 Renishaw	426,345	1.02
10,875 SABMiller	365,400	0.88
	<b>3,078,307</b>	<b>7.39</b>
<b>United States 15.33%</b>		
59,330 Bank of America	689,190	1.66
19,206 CitiGroup	674,963	1.62
3,940 Fedex	441,724	1.06
5,895 Johnson & Johnson	397,759	0.95
16,995 JP Morgan Chase	687,640	1.66
12,970 Novo Nordisk	354,592	0.85
3,214 PPG	477,050	1.14
4,350 Praxair	365,893	0.88
24,462 US Bancorp	714,073	1.71
2,724 Visa 'A'	461,758	1.11
19,520 Wells Fargo	693,127	1.66
5,855 Zimmer	429,798	1.03
	<b>6,387,567</b>	<b>15.33</b>
<b>COLLECTIVE INVESTMENT SCHEMES 50.67%</b>		
<b>France 11.53%</b>		
60,100 Lyxor JPX-NIKKEI 400	<b>4,804,394</b>	<b>11.53</b>

# TM CERNO INVESTMENT FUNDS

## TM Cerno Select Fund

### Portfolio Statement

as at 31st December 2014

Holding	Market value £	Percentage of total net assets %	
<b>Ireland 16.17%</b>			
1,999,025	GAM Star Global Rates	2,441,610	5.86
1,205,058	Institutional Cash Series	1,205,058	2.89
23,150	iShares MSCI Japan	1,126,711	2.70
106,334	Polar Capital Japan Hedged Fund 'I'	1,967,176	4.72
		<b>6,740,555</b>	<b>16.17</b>
<b>Luxembourg 8.60%</b>			
17,338	Merrill Lynch Castlerigg Equity Event and Arbitrage	2,170,691	5.21
10,375	Merrill Lynch York Driven 'E' (Acc)	1,411,927	3.39
		<b>3,582,618</b>	<b>8.60</b>
<b>United Kingdom 14.37%</b>			
356,939	Bailee Gifford Global Discovery 'B'	2,721,304	6.53
1,057,734	CF Odey Absolute Return	3,267,763	7.84
		<b>5,989,067</b>	<b>14.37</b>
<b>Forward FX Currency Contracts 0.64%</b>			
AUD (1,920,000)	Sold AUD, Bought USD 1,718,513 for settlement on 24/02/2015	95,039	0.23
CNY (20,000,000)	Sold CNY, Bought USD 3,206,670 for settlement on 16/06/2015	4,056	0.01
CNY (20,000,000)	Sold CNY, Bought USD 3,208,728 for settlement on 16/06/2015	5,376	0.01
EUR (1,400,000)	Sold EUR, Bought GBP 1,112,847 for settlement on 24/02/2015	21,589	0.05
GBP (1,822,691)	Sold GBP, Bought USD 2,980,000 for settlement on 24/02/2015	87,398	0.21
GBP (4,100,000)	Sold GBP, Bought USD 6,443,765 for settlement on 24/02/2015	30,257	0.07
JPY (181,925,700)	Sold JPY, Bought GBP 1,000,000 for settlement on 24/02/2015	22,388	0.05
JPY (306,028,421)	Sold JPY, Bought GBP 1,786,000 for settlement on 24/02/2015	141,499	0.34
JPY (357,675,718)	Sold JPY, Bought GBP 1,984,000 for settlement on 24/02/2015	61,962	0.15
USD (8,400,000)	Sold USD, Bought GBP 5,148,299 for settlement on 24/02/2015	(235,845)	(0.57)
ZAR (19,070,000)	Sold ZAR, Bought USD 1,697,555 for settlement on 24/02/2015	38,599	0.09
		<b>272,318</b>	<b>0.64</b>
	<b>Net investments 88.23%</b>	<b>36,773,438</b>	<b>88.23</b>
	Net other assets	4,903,593	11.77
	<b>Total net assets</b>	<b>41,677,031</b>	<b>100.00</b>

Note: There are no comparative figures as the sub-fund launched on 4th September 2013.

# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Portfolio Statement

as at 31st December 2014 (continued)

<b>Portfolio of investments</b>	<b>Market value £</b>	<b>Percentage of total investments %</b>
Collective Investment Schemes	21,116,634	57.42
Equities	15,384,486	41.84
Forward Currency Contracts	272,318	0.74
<b>Net investments</b>	<b>36,773,438</b>	<b>100.00</b>

# TM CERNO INVESTMENT FUNDS

## TM Cerno Select Fund

### Performance Record

#### Fund Size

<i>Accounting Date</i>	<i>Total Net Asset Value (£)</i>	<i>Net Asset Value Pence Per Share</i>	<i>Number of Shares in Issue</i>	<i>Net Asset Value Pence Per Share</i>	<i>Number of Shares in Issue</i>
		<i>B Acc</i>	<i>B Acc</i>	<i>C Inc†</i>	<i>C Inc†</i>
31st December 2014	41,677,031	1,111.71	2,915,360	1,112.86	96,240

<i>Accounting Date</i>	<i>Total Net Asset Value (£)</i>	<i>Net Asset Value Pence Per Share</i>	<i>Number of Shares in Issue</i>	<i>Net Asset Value Pence Per Share</i>	<i>Number of Shares in Issue</i>
		<i>C Acc</i>	<i>C Acc</i>	<i>D Acc</i>	<i>D Acc</i>
31st December 2014	41,677,031	1,113.94	728,485	1,124.91	7,186

#### Share Price Range

<i>Calendar Year</i>	<i>B Acc Shares</i>		<i>C Inc Shares†</i>	
	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>
2013*	1,055.00	1,000.00	N/A	N/A
2014**	1,120.00	1,011.00	1,121.00	1,011.00

<i>Calendar Year</i>	<i>C Acc Shares</i>		<i>D Acc Shares</i>	
	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>	<i>Highest Offer (Pence)</i>	<i>Lowest Bid (Pence)</i>
2013*	1,055.00	1,000.00	1,057.00	1,000.00
2014**	1,122.00	1,012.00	1,132.00	1,021.00

\* 4th September 2013 to 31st December 2013

\*\* 1st January 2014 to 31st December 2014

† C Inc shares launched 27th October 2014

#### Other Relevant Prices

<i>Date</i>		<i>B Acc Shares</i>	<i>C Inc Shares</i>
		<i>Price (Pence)</i>	<i>Price (Pence)</i>
4th September 2013	Launch Date	1000.00	N/A
27th October 2014	Launch Date	N/A	1,043.00
31st December 2014	Accounts Date	1,113.00	1,114.00
4th February 2015	Latest Date	1,121.00	1,122.00

<i>Date</i>		<i>C Acc Shares</i>	<i>D Acc Shares</i>
		<i>Price (Pence)</i>	<i>Price (Pence)</i>
4th September 2013	Launch Date	1,000.00	1,000.00
31st December 2014	Accounts Date	1,115.00	1,126.00
4th February 2015	Latest Date	1,123.00	1,135.00

# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Performance Record *(continued)*

#### Net Income Distribution

<i>Calendar Year</i>	<i>B Acc Shares Pence per Share</i>	<i>C Inc Shares† Pence per Share</i>
2013*	-	-
2014**	-	-
2015^	-	-

<i>Calendar Year</i>	<i>C Acc Shares‡ Pence per Share</i>	<i>D Acc Shares Pence per Share</i>
2013*	-	-
2014**	-	3.5792
2015^	-	2.0052

\* 4th September 2013 to 31st December 2013

\*\* Distributions paid between 1st January 2014 to 31st December 2014

^ Distributions paid between 1st January 2015 to 30th April 2015

† C Inc shares launched 27th October 2014



# TM CERNO INVESTMENT FUNDS

## TM Cerno Select Fund

### Performance Record *(continued)*

#### Ongoing Charges Figure (OCF)

	<i>Class B</i> 2014*	<i>Class C</i> 2014*
ACD's periodic charge	1.10%	0.85%
Other expenses	0.25%	0.25%
<b>OCF</b>	<b>1.35%</b>	<b>1.10%</b>
Expense on underlying investments	0.49%	0.49%
<b>Synthetic OCF</b>	<b>1.84%</b>	<b>1.59%</b>
		<i>Class D</i> 2014*
ACD's periodic charge		0.10%
Other expenses		0.25%
<b>OCF</b>		<b>0.35%</b>
Expense on underlying investments		0.49%
<b>Synthetic OCF</b>		<b>0.84%</b>

\*There are no comparative figures shown as the sub-fund launched on 4th September 2013.

The OCF is the ratio of the sub-fund's total discloseable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. The Synthetic OCF includes the OCF of the underlying funds weighted on the basis of their investment proportion.

#### Synthetic Risk and Reward Indicator

**Lower Risk**

**Higher Risk**

Typically lower rewards

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 risk and reward indicator.

# TM CERNO INVESTMENT FUNDS

## TM Cerno Select Fund

### Statement of Total Return

for the period from 4th September 2013 to 31st December 2014

	Notes	£'000	04/09/2013 to 31/12/2014* £'000
Income			
Net capital gains	4		3,888
Revenue	6	353	
Expenses	7	(554)	
Finance costs: Interest	9	-	
Net expense before taxation		(201)	
Taxation	8	(17)	
Net expense after taxation for the period			<u>(218)</u>
<b>Total return before distributions</b>			<b>3,670</b>
Finance costs: Distributions	9		-
<b>Change in net assets attributable to shareholders from investment activities</b>			<b><u>3,670</u></b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period from 4th September 2013 to 31st December 2014

	£'000	04/09/2013 to 31/12/2014* £'000
<b>Opening net assets attributable to shareholders</b>		-
Amounts receivable on creation of shares	51,783	
Amounts payable on cancellation of shares	(13,785)	
		<u>37,998</u>
Change in net assets attributable to shareholders from investment activities (see above)		3,670
Dilution levy		10
Stamp duty reserve tax		(1)
<b>Closing net assets attributable to shareholders</b>		<b><u>41,677</u></b>

\* There are no comparative figures shown as the sub-fund launched on 4th September 2013.

# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Balance Sheet

as at 31st December 2014

	Notes	2014* £'000
<b>Assets</b>		
Investment assets		<u>37,009</u>
Debtors	10	36
Cash and bank balances		<u>5,284</u>
<b>Total other assets</b>		<u>5,320</u>
<b>Total assets</b>		<u>42,329</u>
<b>Liabilities</b>		
Investment liabilities		<u>(236)</u>
Creditors	11	(256)
Bank overdrafts		<u>(160)</u>
<b>Total other liabilities</b>		<u>(416)</u>
<b>Total liabilities</b>		<u>(652)</u>
<b>Net assets attributable to shareholders</b>		<u><u>41,677</u></u>

\*There are no comparative figures shown as the sub-fund launched on 4th September 2013.

# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Notes to the Financial Statements

for the period from 4th September 2013 to 31st December 2014

#### 1. Accounting Policies

##### a) Basis of Preparation

The Financial Statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in October 2010. As the only sub-fund currently launched, the financial statements of the TM Cerno Select Fund are also the aggregated financial statements of the Company.

##### b) Valuation of Investments

Quoted investments are valued at bid-market value as at 12 noon on the last working day of the accounting period, net of any accrued interest which is included in the balance sheet as 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.

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 period and from reversal of prior period's unrealised gains and losses for investments which were realised in the accounting period. Realised gains and losses represent the difference between an instrument's initial carrying amount and disposal amount.

Collective investment scheme 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.

##### c) 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 sterling at the rates of exchange ruling as at 12 noon on the last working day of the accounting period.

##### d) Revenue

Revenue from quoted equity and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Bank interest and other revenue are recognised on an accruals basis.

Distributions from collective investment schemes are included in the property when the security is quoted ex-dividend. Renewal commission is accounted for on an accruals basis. Renewal commissions, where applicable, are included in the revenue/capital account according to whether they are of a revenue/capital nature in the underlying collective investment scheme.

##### e) Expenses

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

##### f) 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.

# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Notes to the Financial Statements

for the period from 4th September 2013 to 31st December 2014 (continued)

#### 2. Distribution Policies

##### a) Basis of Distribution

When appropriate the sub-fund will allocate any surplus net revenue as a dividend distribution. Distributions of revenue for the sub-fund are made on or before the annual revenue allocation date and on or before the interim revenue allocation date, where applicable, in each year. The revenue available for distribution is determined in accordance with COLL. It comprises all revenue received or receivable for the account of the sub-fund in respect of the accounting period 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.

#### 3. Risk Management Policies

In pursuing its investment objective to achieve long term total return, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for cancellations and debtors for accrued income. The main risks arising from the Fund's financial instruments and the Investment Adviser's policies for managing these risks are summarised below. These policies have been applied throughout the year.

##### Market price risk

Market price risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Adviser in pursuance of the investment objective and policy as set out on page 3.

Adherence to the investment guidelines and to the investment and borrowing powers set out in the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

##### Foreign currency risk

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

A proportion of the Fund's investment portfolio is invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The Investment Adviser may seek 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. Revenue received in other currencies is converted to sterling on or near the date of receipt. A proportion of the Fund's investment portfolio is invested in collective investment schemes, which may have holdings in overseas securities and consequently the balance sheet can be indirectly affected by movements in foreign exchange rates.

# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Notes to the Financial Statements

for the period from 4th September 2013 to 31st December 2014 (continued)

#### 3. Risk Management Policies (continued)

##### Interest rate risk

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

The Fund invests in fixed rate securities. The revenue of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the Investment Adviser being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

A substantial portion of the Fund's financial assets are in collective investment schemes. Some of the underlying collective investment scheme investments may be directly or indirectly exposed to interest rate risk.

##### Liquidity risk

The risk of low market liquidity, through reduced trading volumes, affects the ability of the Fund to trade financial instruments at values previously indicated by financial brokers.

The Fund invests primarily in companies incorporated in the Europe and United States which are typically considered to be a locations with high levels of liquidity. From time to time, however, market liquidity may be affected by economic events.

To manage these risks, the Investment Adviser undertakes research of investment opportunities to select opportunities consistent with the Fund's investment objective.

Most holdings are valued daily. Stocks identified as being illiquid are reviewed for pricing accuracy as the need arises and on a formal basis by the adviser's pricing committee.

##### Credit risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers that have been approved by the Investment Adviser as an acceptable counterparty. In addition, limits are set on the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

#### 4. Net Capital Gains

Net capital gains comprise:

	04/09/2013 to 31/12/2014 £'000
Non-derivative securities	3,793
Currency gains	17
Forward currency contracts	80
Transaction charges	(2)
Net capital gains	<u>3,888</u>

# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Notes to the Financial Statements

for the period from 4th September 2013 to 31st December 2014 (continued)

#### 5. Purchase, Sales and Transaction Costs

04/09/2013 to  
31/12/2014  
£'000

Analysis of total purchase costs:

Purchases in period before transaction costs	59,007
Commissions	23
Other costs	3
Total purchase costs	<u>26</u>
<b>Gross purchases total</b>	<b><u>59,033</u></b>

Analysis of total sale costs:

Gross sales in period before transaction costs	26,338
Commissions	(6)
Other costs	(8)
Total sale costs	<u>(14)</u>
<b>Total sales net of transaction costs</b>	<b><u>26,324</u></b>

#### 6. Revenue

04/09/2013 to  
31/12/2014  
£'000

Franked CIS revenue	187
Franked dividends	6
Offshore CIS dividend distributions	47
Offshore CIS interest distributions	5
Overseas dividends	108
	<u>353</u>

# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Notes to the Financial Statements

for the period from 4th September 2013 to 31st December 2014 (continued)

#### 7. Expenses

04/09/2013 to  
31/12/2014  
£'000

#### Payable to the ACD or associates of the ACD:

ACD's service charge	439
Management fee rebates	(5)
	<hr/>
	434

#### Payable to the Depositary or associates of the Depositary:

Depositary's fee	22
Safe custody charges	8
	<hr/>
	30

#### Other expenses:

Administration fees	34
Audit fees	7
Registration fees	4
Set-up cost	45
	<hr/>
	90

#### Total expenses:

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554



# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Notes to the Financial Statements

for the period from 4th September 2013 to 31st December 2014 (continued)

#### 8. Taxation

	04/09/2013 to 31/12/2014 £'000
<b>a) Analysis of charge for the period:</b>	
Overseas withholding tax	17
<b>Total current tax</b>	<u>17</u>
Deferred tax charge	-
<b>Total taxation</b>	<u><u>17</u></u>
<b>b) Factors affecting taxation charge for the period:</b>	
Net expense before tax	<u>(201)</u>
Net expense multiplied by the standard rate of corporation tax of 20%	(40)
Effects of:	
Excess management expenses not utilised	101
Franked CIS revenue	(37)
Franked UK dividends	(1)
Non-allowable expenses	9
Non-taxable overseas dividends	(21)
Offshore CIS dividend distributions	(10)
Overseas withholding tax	17
Tax due to timing differences	(1)
<b>Current tax charge (note 8a)</b>	<u><u>17</u></u>
<b>c) Deferred tax</b>	
Deferred tax charge (note 8a)	-
Provision at start of period	-
<b>Provision at end of period</b>	<u><u>-</u></u>

The sub-fund has not recognised a deferred tax asset of £100,526 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 CERNO INVESTMENT FUNDS

## TM Cerno Select Fund

### Notes to the Financial Statements

for the period from 4th September 2013 to 31st December 2014 (continued)

#### 9. Finance Costs

##### Distributions

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

	04/09/2013 to 31/12/2014 £'000
Interim accumulation	-
Final accumulation	-
	-
Add: Revenue deducted on shares cancelled	-
Deduct: Revenue received on shares created	-
	-
<b>Net distribution for the period</b>	-
Finance Costs: Interest	-
	-
<b>Total finance costs</b>	-

##### Reconciliation between net expense and distribution

	04/09/2013 to 31/12/2014 £'000
Net expense after taxation	(218)
Deficit transferred to capital	218
	-
	-

#### 10. Debtors

	2014 £'000
Accrued revenue	5
Amounts receivable for creation of shares	26
Overseas tax recoverable	5
	36
	36

#### 11. Creditors

	2014 £'000
Accrued expenses	74
Amounts payable for cancellation of shares	182
	256
	256

# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Notes to the Financial Statements

*for the period from 4th September 2013 to 31st December 2014 (continued)*

#### 12. Related Parties

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

Thesis Unit Trust Management Limited, a related party, 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 period end are disclosed in the balance sheet.

Amounts paid to Thesis Unit Trust Management Limited in respect of the ACD's periodic charges and any rebates received are disclosed in note 7. £36,784 was due at the period end.

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

#### 13. Equalisation

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

#### 14. Contingent Liabilities

There were no contingent liabilities as at the period ended 31st December 2014.

#### 15. Financial Instruments

In pursuing its investment objective set out on page 3 the sub-fund holds a number of financial instruments. These may comprise:

- equity shares, non-equity shares, unit/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;
- 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) ; and
- temporary borrowings.

# TM CERNO INVESTMENT FUNDS

## TM Cerno Select Fund

### Notes to the Financial Statements

for the period from 4th September 2013 to 31st December 2014 (continued)

#### 16. Risks of Financial Instruments

The risks arising from the sub-fund's financial instruments are market price, foreign currency, interest rate, liquidity and credit risks. The ACD reviews (and agrees with the Depositary) policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate:

- *Market price risk* - arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements.

The ACD meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objective.

An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The ACD does not use derivative instruments to hedge the investment portfolio against market risk.

- *Foreign currency risk* - the income and capital value of the sub-fund's investments can be significantly affected by foreign currency translation movements as a majority of the sub-fund's assets and revenue are denominated in currencies other than sterling which is the sub-fund's functional currency; short-term timing differences such as exposure to exchange rate movements during the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs; and finally movements in exchange rates affecting revenue received by the sub-fund. The sub-fund converts all receipts of revenue, received in currency, into sterling on the day of receipt.

The ACD makes significant use of derivative currency contracts for investment purposes. These contracts are denominated in a range of currencies, some of which are not held in other assets within the sub-fund. This increases the exposure of the sub-fund to exchange rate movements and may significantly affect the returns of the sub-fund.

At the period 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 December 2014:

Currency	Forward	Monetary	Non	Total
	contracts	exposures	monetary	
	2014	2014	2014	2014
	£'000	£'000	£'000	£'000
Australian dollar	(1,006)	-	-	(1,006)
Chinese yuan	(4,106)	-	-	(4,106)
Euro	(1,091)	1	407	(683)
Japanese yen	(4,544)	-	-	(4,544)
South African rand	(1,050)	-	-	(1,050)
Sterling	5,108	3,634	26,107	34,849
Swiss franc	-	-	376	376
US dollar	6,962	1,268	9,611	17,841
	273	4,903	36,501	41,677

# TM CERNO INVESTMENT FUNDS

## TM Cerno Select Fund

### Notes to the Financial Statements

for the period from 4th September 2013 to 31st December 2014 (continued)

#### 16. Risks of Financial Instruments (continued)

- *Interest rate risk* - the majority of the sub-fund's financial assets are collective investment schemes and equity shares which neither pay interest nor have a maturity date. The sub-fund's financial liabilities are non-interest bearing which mature within one year. However, some of the underlying collective investment scheme investments are directly or indirectly exposed to interest rate risk.

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

#### Interest rate risk profile of financial assets as at 31st December 2014:

Currency	Floating rate financial assets	Fixed rate	Financial assets not carrying interest	Total
	2014 £'000	2014 £'000	2014 £'000	2014 £'000
Euro	-	-	407	407
Sterling	9,132	-	26,107	35,239
Swiss franc	-	-	376	376
US dollar	8,222	-	9,611	17,833
	17,354	-	36,501	53,855

#### Interest rate risk profile of financial liabilities as at 31st December 2014:

Currency	Floating rate financial liabilities	Financial liabilities not carrying interest	Total
	2014 £'000	2014 £'000	2014 £'000
Australian dollar	(1,006)	-	(1,006)
Chinese yuan	(4,106)	-	(4,106)
Euro	(1,091)	-	(1,091)
Japanese yen	(4,544)	-	(4,544)
South African rand	(1,050)	-	(1,050)
Sterling	(160)	-	(160)
	(11,957)	-	(11,957)

Please note that short term debtors and creditors are excluded in the interest rate risk tables above. Please note also that forward currency contracts are quoted gross and are included in the floating rate category.

The sub-fund's net cash holdings of £5,123,285 are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

# TM CERNO INVESTMENT FUNDS

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## TM Cerno Select Fund

### Notes to the Financial Statements

for the period from 4th September 2013 to 31st December 2014 (continued)

#### 16. Risks of Financial Instruments (continued)

- *Liquidity risk* - the sub-fund's assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the sub-fund is the redemption of any shares that investors wish to sell.
- *Credit risk* - certain transactions in securities that the sub-fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund only buys and sells investments through brokers which have been approved as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time, these limits are reviewed regularly.

- *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.
- *Counterparty Risk* - The sub-fund will be exposed to counterparty risk on parties with whom it trades and will bear the risk of settlement default. The sub-fund minimises concentrations of credit risk by undertaking transactions with a large number of counterparties on recognised and reputable exchanges.

The sub-fund only buys and sells investments through brokers which have been approved as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time, these limits are reviewed regularly.

# TM CERNO INVESTMENT FUNDS

## TM Cerno Select Fund

### Distribution Tables

*for the period from 4th September 2013 to 31st December 2014*

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

Group 1: Shares purchased on 4th September 2013

Group 2: Shares purchased from 4th September 2013 to 30th June 2014

Group	Net Accumulation	Equalisation (note 13)	2014 Net Accumulation
1	-	-	-
2	-	-	-

#### Interim Accumulation Class C (in pence per share)

Group 1: Shares purchased on 4th September 2013

Group 2: Shares purchased from 4th September 2013 to 30th June 2014

Group	Net Accumulation	Equalisation (note 13)	2014 Net Accumulation
1	-	-	-
2	-	-	-

#### Interim Accumulation Class D (in pence per share)

Group 1: Shares purchased on 4th September 2013

Group 2: Shares purchased from 4th September 2013 to 30th June 2014

Group	Net Accumulation	Equalisation (note 13)	2014 Net Accumulation
1	3.5792	-	3.5792
2	1.0363	2.5429	3.5792

# TM CERNO INVESTMENT FUNDS

## TM Cerno Select Fund

### Distribution Tables

for the period from 4th September 2013 to 31st December 2014 (continued)

#### Final Accumulation Class B (in pence per share)

Group 1: Shares purchased prior to 1st July 2014

Group 2: Shares purchased from 1st July 2014 to 31st December 2014

Group	Net Accumulation	Equalisation (note 13)	2014 Net Accumulation
1	-	-	-
2	-	-	-

#### Final Distribution Class C (in pence per share)

Group 1: Shares purchased prior to 1st July 2014

Group 2: Shares purchased from 1st July 2014 to 31st December 2014

Group	Net Income	Equalisation (note 13)	2014 Net Distribution Payable
1	-	-	-
2	-	-	-

#### Final Accumulation Class C (in pence per share)

Group 1: Shares purchased prior to 1st July 2014

Group 2: Shares purchased from 1st July 2014 to 31st December 2014

Group	Net Accumulation	Equalisation (note 13)	2014 Net Accumulation
1	-	-	-
2	-	-	-

#### Final Accumulation Class D (in pence per share)

Group 1: Shares purchased prior to 1st July 2014

Group 2: Shares purchased from 1st July 2014 to 31st December 2014

Group	Net Accumulation	Equalisation (note 13)	2014 Net Accumulation
1	2.0052	-	2.0052
2	0.7464	1.2588	2.0052





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