Annual Report & Financial Statements

For the year ended 31 December 2021

TEMPLE BAR
Investment Trust Plc

Objective

Temple Bar Investment Trust Plc's ("Temple Bar" or the "Company") investment objective is to provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK-listed securities. The Company's policy is to invest in a broad spread of securities with the majority of the portfolio typically selected from the constituents of the FTSE 350 Index.

Purpose

The purpose of the Company is to deliver long-term returns for shareholders from a diversified portfolio of investments.

Contents

Strategic Report

Summary of Results

	2021 £000	2020 £000	% change
Assets as at 31 December			
Net assets	**797,083**	675,336	18.0
Ordinary shares			
Net asset value per share with debt at book value	**1,208.59p**	1,009.88p	19.7
Net asset value per share with debt at market value[1,2]	**1,201.77p**	995.75p	20.7
Share price	**1,108.00p**	955.00p	16.0
Discount with debt at market value[1]	**(7.8)%**	(4.1)%	
Revenue for the year ended 31 December			
Revenue return attributable to ordinary shareholders	**23,737**	8,390	182.9
Revenue return per ordinary share[1]	**35.57p**	12.55p	183.4
Dividends per ordinary share[1]	**39.5p**	38.50p	
Capital for the year ended 31 December			
Capital return attributable to ordinary shareholders	**133,039**	(285,650)	
Capital return attributable per ordinary share	**199.35p**	(427.15)p	
Net gearing with debt at book value[1,4]	**6.5%**	6.1%	
Ongoing charges[1,5,6]	**0.48%**	0.50%	
Total returns for the year to 31 December 2021			
Return on net assets[1,3]			24.5
Return on gross assets[1,3]			23.4
Return on share price[1,3]			20.0
FTSE All-Share Index[7]			18.3
Change in Retail Price Index over year			7.5

1 Alternative Performance Measures – See glossary of terms on page 85 and for definition and more information.
2 Debt market value is calculated based on unobservable input, see note 22 page 74 for the net assets with debt at market value.
3 Source: Morningstar.
4 Defined as Company's borrowings less cash and cash equivalents (including gilts) divided by investments expressed as a percentage.
5 Defined as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the year.
6 The Company's ongoing charges ratio is lower for the current year due to the change of Investment Manager with no fee being charged for two months.
7 Source: Redwheel, trading name of RWC Asset Management LLP from January 2022.

Benchmark
Performance is measured against the FTSE All-Share Index.

Total Assets Less Current Liabilities
£871,754,000

Total Equity*
£797,083,000

Market Capitalisation
£730,746,000

Capital Structure

Ordinary shares	66,872,765
4.05% private placement loan 2028	£50,000,000
2.99% private placement loan 2047	£25,000,000

* With loan stocks at book value.


TLD
STATIC PORTS
HT

Chairman's Statement

"The UK market would appear still to be very cheap relative to its overseas counterparts. This valuation discount could well narrow."

Review

2021 was the first full year the Company was under the fund management of RWC Asset Management LLP ("Redwheel"). The year started extremely well as the post-vaccine bounce in value stocks continued into the new year. The first quarter brought a net asset value ("NAV") return of 17.0% versus the benchmark index return of 5.2%. However, this outperformance did not continue into the following three quarters in all of which the portfolio underperformed, albeit marginally in the fourth quarter. All this resulted in the full-year NAV return of 24.5% versus the index's 18.3% – a very pleasing result.

Less pleasing was the persistent discount at which the shares traded relative to their NAV. At times the discount was in double figures and for the year as a whole, it averaged about 7.1%. In reaction to this, and to accrete to shareholders' NAV, the Board instigated a buy-back programme. Shares to the value of nearly £10 million (excluding costs) were purchased during the period and placed in treasury. At 31 December 2021, the discount was 7.8%. Encouragingly, after the year end the discount narrowed to between 1% and 2%, but the terrible events in Ukraine have created such market volatility that it has recently widened again.

Portfolio

The change of Investment Manager in 2020, along with elevated market volatility, saw a period of increased trading. As detailed in the Investment Manager's Report, by comparison there was very limited trading during the year under review. Further details are given on pages 7 to 9 of the Annual Report & Financial Statements.

Dividend

During the year the Company paid four interim dividends amounting to 39.5p. This compares to a dividend of 38.5p in the previous year (an increase of 2.6%). Although this did require a contribution from revenue reserves, it nonetheless represents a return to the previous pattern of annual dividend increases.

The Company saw a significant increase in income compared to 2020, receiving over £30.7 million, as investee companies resumed paying dividends following numerous suspensions and reductions in the early stages of the pandemic.

The Board does not intend to recommend a final dividend.

Gearing

At the year-end, gearing (net of cash and related liquid assets) was 6.5% and the level of gearing remained stable throughout the year.

Purpose and Culture

The purpose of the Company is to deliver long-term returns for shareholders from a diversified portfolio of investments. These investments will primarily be UK listed.

As an investment trust, the Company has no employees, but the culture of the Board is to promote strong governance and a long-term investment outlook with an emphasis on investing in businesses that can deliver sustainable value to shareholders. Therefore, the Board asks the Company's Investment Manager to invest in stocks that fulfil the traditional metrics of the value style and possess a business model that is sustainable in the long term.

Environmental, Social & Governance ("ESG") and Stewardship Issues
The Board believes that ESG issues can be a material factor in determining the valuation of a company. Bad practice can have a negative impact on society which could in time threaten a company's social licence to operate and therefore detract from investors' capital.

The Board embraces the concept of active stewardship, asking the Investment Manager to monitor, evaluate and actively engage with investee companies with the aim of preserving or adding value to the portfolio. Further, conscious that on some issues, particularly globally catastrophic negative externalities, one manager acting alone can have limited effect, the Board asks the Investment Manager to collaborate with other investors in working with investee companies. The Investment Manager reports back to the Board regularly on engagement in these specific areas.

The Board
There were no changes to the Board during the year. However, the Board is pleased to welcome Charles Cade, as a new non-executive Director and member of the Audit and Risk, Management Engagement and Nomination Committees, with effect from 24 March 2022. He brings a wealth of experience and expertise, not just in investment trusts, but in investment generally. The Board continues to operate efficiently and demonstrates great diversity of gender, ethnicity, knowledge and experience. As stated in previous annual reports, this will be the last Annual General Meeting ("AGM") at which I will offer myself for re-election. In line with best practice, the Board's policy remains that Directors should serve a maximum of nine years. Only in exceptional circumstances will any Director serve more than this.

Share Split
The Board has been advised that a share split would help liquidity in the market and be helpful to shareholders who invest on a regular basis or who re-invest their dividends. Accordingly, as described in Resolution 10, the Board is recommending a five for one division. This should have no effect on the overall value of your holding.

Directors' Fees
As presaged in my statement in the half-year report for the six months ended 30 June 2021, in the autumn the Board reviewed the level of Directors' fees. A study was commissioned from Trust Associates, an independent investment trust advisory business, to establish the level of comparable investment trusts' directors' fees. Following this analysis, the Board concluded that it would be appropriate to set Directors' fees at the anticipated 2022 average of comparable vehicles. Full details of the new fees are given on page 41.

AGM
The AGM this year will be held at Verde 8th Floor, 10 Bressenden Place, London SW1E 5DH on Tuesday, 10 May 2022 at 12.30pm. Unlike last year, shareholders are welcome to attend in person where you will be able to hear a presentation from the Portfolio Managers Nick Purves and Ian Lance. Shareholders unable to attend are invited to submit their form of proxy in advance by 12.30pm on Friday, 6 May 2022 at the latest. Should circumstances or Government guidance change, including the introduction of regulations to prohibit or restrict public gatherings, the Company reserves the right to take further steps in respect of AGM attendance. To the extent this is necessary, we will provide an update via a Regulatory Information Service announcement and our website as soon as practicable.

Outlook
The last two years have taught us how dangerous it is to make any prediction about future events. The dreadful events unfolding in Ukraine painfully underline this point. Nevertheless, the UK market would appear still to be very cheap relative to its overseas counterparts. This valuation discount could well narrow.

Arthur Copple
Chairman

23 March 2022

"Our investment approach has always been to seek out fundamentally sound businesses which by virtue of their market positions can grow their profits over the long term, but where for one reason or another the shares are modestly valued as a low starting valuation ensures that shareholders benefit fully from improved profit growth, whilst often in the meantime drawing an attractive income."

Investment Manager's Report

Nick Purves and Ian Lance joined Redwheel in August 2010 and together manage over £3 billion of client assets.

Equity markets delivered strong returns in 2021, driven higher by a sharp rebound in economic growth, a corresponding recovery in corporate profitability, and large quantities of both fiscal and monetary stimulus. Whilst the reflation narrative was challenged by the emergence of both the Delta and Omicron COVID-19 variants, investors came firmly to the view that the worst of the adverse economic effects of COVID-19 were behind us. The recovery was sufficiently vigorous that corporate earnings made up the ground lost in 2020 with the result that those earnings returned to record levels. Unsurprisingly perhaps, commodity prices were also strong in 2021, with Brent Oil rising around 50% and copper around 30%.

The Company's portfolio performed well in 2021, continuing the sharp rebound that started at the end of 2020, when it was announced that vaccines would be largely successful in reducing severe illness from the virus. Top contributors to the Company's portfolio return in the year included: Royal Mail (+3.3%), Marks & Spencer Group (+2.8%), Shell (+2.1%) and NatWest Group (+1.7%); from a total absolute return on net assets of +24.5%.

After several years of sluggish sales, declining productivity, and falling profits, Royal Mail looks to have turned a corner. The company was a beneficiary of the pandemic, seeing a meaningful increase in parcel volumes. This, coupled with improved labour relations, has resulted in a sharp rebound in earnings. We continue to see significant unrealised profit potential in the company's UK business, which combined with continued growth in the company's overseas operations should result in meaningful profit growth from here. Despite the strong recovery in the share price in 2021, the stock market still applies little or no value to the company's UK operations.

At Marks & Spencer Group, there are signs that the recent overhaul of the business is really starting to bear fruit. In online food, the Ocado joint venture has been a significant success, whilst in store-based food the company is taking advantage of its niche to grow market share. Even in the troubled clothing business, performance has started to improve. In online clothing, the company is outgrowing its competitors and is now number two in the UK by market share. The company has a target that 40% of its clothing sales will be online within three years. The improved operating performance has led to significant upgrades to profit expectations and yet, despite the strong share price performance, the stock market continues to ascribe no value to the company's clothing operations.

The Company holds three energy names: Shell, BP and TotalEnergies, which collectively added over 5% to the Company's portfolio investment return in 2021. All benefitted from the sharp upward move in oil and gas prices, coupled with low starting valuations. Whilst we don't attempt to predict oil or gas prices, we were not surprised by the upward move in 2021 given that demand for fossil fuels bounced back strongly after a period in which industry investment had been significantly curtailed. Some of this reduction in investment was no doubt an ongoing response to the weakness in energy prices in 2015/2016 and 2020, and some will have resulted from the sector's desire to fund increased investment in green energy; however, the upshot is that when strong demand meets restricted supply, prices normally increase.

Again, despite the recent strength in share prices, sector valuations continue to be attractive. Shell is the world's largest privately owned gas producer. Nevertheless, its enterprise value is around $250 billion at the end of 2021, the entirety of which can be accounted for by the company's so-called transition assets (Gas Production, Marketing and Renewables), even though these assets currently account for less than 50% of group profits. Assigning even a modest valuation to the remaining assets (Upstream, Refining and Chemicals) suggests significant upside to the share price. Meanwhile, BP is valued at around 9x shareholder free cash flow (after all investment but before dividends) assuming Brent oil prices of just $60 per barrel, significantly below where oil prices sit today. All three companies have set out ambitious but credible plans to get to net zero carbon emissions by 2050 and, whilst it will no doubt be a challenge, we believe that these companies can therefore play a significant part in the forthcoming energy transition.

In the banking sector, the Company has exposure to four names: NatWest Group, Barclays, Citigroup and Standard Chartered. These companies collectively added over 4% to the portfolio's return in 2021. We have for some time believed that the stock market is not giving enough credit to the banks for the very profound changes that the companies have made over the last few years. Their capital strength is much improved on where it was even a few years ago and lending standards are much better than they were. Whilst ultra-low interest rates have suppressed interest margins and have therefore been unhelpful, the banks have been using the benefits of technology to engineer cost out of their businesses. As a result, even assuming no pick up in interest rates, the companies are confident that they can deliver a 10% return on shareholder equity, as stated in their investor presentations. Nevertheless, the stock market has remained sceptical and many in the sector have continued to be valued at meaningful discounts to the value of that shareholder equity. Whilst the continued low level of loan losses and the spectre of rising interest rates were helpful for share prices in 2021, the companies continue to be valued at just mid-to-high single-digit multiples of earnings. In our view, therefore, the sector continues to be undervalued.

Pearson, easyJet and Capita all marginally detracted from portfolio returns in the year. easyJet has continued to be disrupted by COVID-19 induced lockdowns and has continued to burn through its cash reserves, albeit at a much-reduced rate. Pre-COVID-19, the company had no net financial debt on its balance sheet; however, its finances have since been undermined by cash losses that have accumulated over the last two years. Unsurprisingly therefore, last year the company took the decision to issue fresh equity and, whilst this restored the company's balance sheet to health, it was dilutive to existing shareholder returns. Pearson has continued to struggle with the transition from physical print textbooks to a digital offering in its North American Higher Education business and although this journey is proving to be protracted and damaging to group profitability, we continue to believe that educational publishing is an attractive business offering the prospect of healthy returns. Accordingly, during the year, we used share price weakness to add to Temple Bar's holding in the company. Likewise, the turnaround at Capita is proving more challenging than we had originally hoped. Nevertheless, we continue to believe that there is significant unrealised potential in the business, at a time when understandable scepticism in the stock market means that the shares are valued at a mid-single digit multiple of our conservative view of the company's medium-term profit potential. Although Capita has been a poor investment for the Company, we think that ultimately patience will be rewarded in this instance.

We are long-term investors, who recognise the importance of keeping transaction costs to a minimum. At times of major stock market dislocation, such as that seen in 2020, we will rotate portfolios more aggressively to try and take advantage of other investors' willingness to sell reasonable businesses at knock-down prices. More normally however, shareholders should expect that portfolio turnover will be low. This was the case in 2021, with just under £300 million of notional value trade. We established no new positions in the year although we did exit the Company's positions in GlaxoSmithKline and Tesco in order to take advantage of what we believed were better opportunities elsewhere.

Investment Manager's Report continued

For some time now, UK equities have traded at a significant discount to other stock markets, and this resulted in high levels of corporate activity as overseas buyers sought to take advantage of this disconnect. Consequently, during the year the Company benefitted from the takeover of Royal & Sun Alliance Insurance (by an overseas competitor) and WM Morrison (by private equity), both at large premiums to the previously prevailing share price.

Our investment approach has always been to seek out fundamentally sound businesses which by virtue of their market positions can grow their profits over the long term, but where for one reason or another the shares are modestly valued. This may be because the company is underperforming its longer-term potential (Marks & Spencer Group) or because of a lack of interest or neglect (Shell). Either way, a low starting valuation looks to ensure that shareholders benefit fully from improved profit growth, whilst often in the meantime drawing an attractive income. Companies with low valuations also have a greater potential to re-rate as investor perceptions improve, further adding to investment returns. We believe investors should learn the lesson of stock market history which is that the starting valuation has proven to be the best predictor of investment return over time.

As we write, the economic outlook is particularly unclear. Following Russia's invasion of Ukraine, commodity prices have increased very dramatically and this will squeeze corporate profit margins whilst acting as a tax on consumers, thereby reducing their spending power. It is possible and maybe even likely that Europe and the US are on the verge of another recession, putting renewed short-term pressure on corporate profits. The direct effect of the Ukraine conflict on the holdings in the portfolio are largely limited to the holdings in the Energy companies. In response to the crisis, BP has announced that it will be selling its 20% holding in Rosneft, thereby ceasing its involvement with Russia. We have assumed that the company will not receive anything in consideration for its stake and yet the company estimates that the annual hit to corporate cash flow is likely to be in the order of just 5%. Shell has announced it will exit its joint venture with Gazprom, including its stake in a liquefied natural gas facility. At the end of 2021, Shell had around $3 billion in non-current assets in these ventures in Russia and likewise will now cease its exposure to Russia. TotalEnergies has a 19% holding in NovaTek, a Russian producer of natural gas. The company has said that it will not supply capital to any new projects that NovaTek undertakes.

The stock market is a discounting mechanism and therefore some companies in the portfolio have already seen their share prices fall as investors attempt to price in increased risks in the short term. However, it is important to remember that a share represents a claim on a long-term stream of cash flows and therefore, a temporary reduction in those cash flows because of an economic downturn does very little to alter the long-run intrinsic value of a business.

In our minds, this serves to highlight the importance of investing for the long term (five years plus) in financially strong but lowly valued companies, where profits can grow, and any set back is likely to prove temporary. In this report we have attempted to highlight the undervaluation that exists in some of the Company's largest holdings. It is our belief that if we are roughly correct in our view of the potential of these businesses then, despite the inherent economic uncertainties of today, patient shareholders are likely to be rewarded with outsized investment returns over the coming years.

Ian Lance and Nick Purves
Redwheel

23 March 2022

Overview of Strategy

The Strategic Report is designed to help shareholders assess how the Directors have performed their duty to promote the success of the Company during the year under review.

Business of the Company
Temple Bar Investment Trust Plc was incorporated in England and Wales in 1926 with the registered number 00214601.

The Company carries on business as an investment company under Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010.

Section 172 Statement
The Directors' overarching duty is to act in good faith and in a way that is the most likely to promote the success of the Company as set out in Section 172 of the Companies Act 2006 ("Section 172"). In doing so, Directors must take into consideration the interests of the various stakeholders of the Company, having regard, amongst other matters, to the following six items:

The likely consequences of any decision in the long term	All Board discussions include consideration of the longer-term consequences of any key decisions and their implications for the relevant stakeholders. In managing the Company during the year under review, the Board acted in the way which it considered, in good faith, would be most likely to promote the Company's long-term sustainable success and to achieve its wider objectives for the benefit of our shareholders as a whole, having had regard to our wider stakeholders and the other matters set out in Section 172.
The interests of the Company's employees	This provision is not relevant as the Company does not have any employees.
The need to foster the Company's business relationships with suppliers, customers and others	The Board's approach is described under "Stakeholders" on page 12.
The impact of the Company's operations on the community and the environment	The Board takes a close interest in responsible investment issues and sets the overall strategy. Management of the portfolio is delegated to the Investment Manager, which is responsible for the practical implementation of policy. A description of the Company's approach to stewardship and the role of the Investment Manager is set out on pages 23 to 27.
The desirability of the Company maintaining a reputation for high standards of business conduct	The Board's approach is described under "Culture" on page 13.
The need to act fairly between shareholders of the Company	The Board's approach is described under "Stakeholders" on page 12.

In considering the primary purpose of the Company, the Board made a number of key decisions during the year. The Board:

- instructed the use of share buy backs as a means of stabilising the share price discount to NAV (for further details see page 3);
- completed a rebranding and relaunch of the Company's website and worked with the Investment Manager to increase shareholder engagement via webinars and newsletters;
- maintained dividend payments at a sustainable level based on income received from investments (for further details see page 3);
- appointed Cenkos Securities as its Corporate Broker in place of JP Morgan Cazenove;
- commissioned Trust Associates to undertake an independent review of Directors' remuneration. Details of the review can be found on page 41; and
- engaged Trust Associates to help with the candidate selection and interview process to appoint a new non-executive director. (for further details see page 46).

The Directors have reviewed and discussed each aspect of Section 172 and consider that the information set out on pages 12 to 13 is particularly relevant in the context of the Company's business as an externally managed investment company which does not have any employees or suppliers.

Stakeholders
The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all of its discussions and as part of its decision making. As the Company is an externally managed investment company and does not have any employees or customers, it therefore has very little direct impact on the community or the environment. Its key stakeholders comprise its shareholders and its lenders. The Company also has important contractual relationships with its key service providers, but does not consider these stakeholders. The Company recognises the indirect impact it has on the community and the environment through its investee companies. Further details on this are set out on pages 23 to 27. The section below discusses why these stakeholders are considered of importance to the Company and the actions taken to ensure that their interests are taken into account.

Shareholders
The primary purpose of the Company is to deliver long-term returns for shareholders from a diversified portfolio of investments. Continued shareholder support and engagement are critical to the existence of the Company and the delivery of its long-term strategy.

The Board recognises the importance of engaging with shareholders on a regular basis in order to maintain a high level of transparency and accountability and to inform the Company's decision making and future strategy.

The Board primarily engages with shareholders through direct engagement by the Chairman and through the Investment Manager who maintains an ongoing dialogue with shareholders through regular shareholder presentations. Furthermore, this year saw the introduction of quarterly newsletters written by the Portfolio Managers outlining their philosophies around investing. Additional dialogue with shareholders is achieved through the annual and half-yearly reports, daily NAV announcements and by a monthly factsheet available on the Company's website.

One of the Board's long-term strategic aspirations has been that the Company's shares should trade consistently at a price close to the NAV per share. During the year under review the discount narrowed significantly in early spring as the share price rallied, before widening again later in the year. This led to the use of share buy backs in the fourth quarter. To continue to drive interest and volume in the shares, the Board regards marketing and promotion of the Company to be a key requirement of the Investment Manager and significant efforts were made in that area during the year.

An important role of the Board is to ensure that the Company's ongoing charges are competitive both in terms of its peer group and other comparable investment products. Costs can eat away at investment returns. The Board recognises that the financial services industry needs to provide simple to use, transparent investment products that allow investors to invest for the longer term and secure their financial future.

All shareholders are encouraged to attend and vote at AGMs, at which the Board and the Investment Manager are available to discuss issues affecting the Company and answer any questions. Further details regarding the AGM are set out in the Notice of AGM on pages 77 to 81.

Lenders
Alongside shareholders' equity, the Company is partly funded by debt. All of the Company's debt is subject to contractual terms and restrictions. We have an established procedure to report regularly to our lender on compliance with debt terms. It is our policy that all interest payments and repayments of principal will continue to be made in full and on time.

Service Providers
In order to function as an investment trust with a premium listing on the London Stock Exchange, the Company relies on a number of suppliers and advisers for support in complying with all relevant legal and regulatory obligations.

The Company's day-to-day operational functions are delegated to a number of third-party service providers, each engaged under separate contracts. The Company's principal service providers are the Investment Manager, Alternative Investment Fund Manager ("AIFM"), Company Secretary, Fund Administrator, Custodian and Depositary, Broker, Solicitor and the Registrar.

The Board believes that maintaining a close and constructive working relationship with the Investment Manager is crucial to promoting the long-term success of the Company. Representatives of the Investment Manager attend Board meetings and provide reports on matters relating to investments, performance and marketing.

The Board, through the Audit and Risk and Management Engagement Committees, keeps the ongoing performance of the Investment Manager and the Company's other principal third-party service providers under continual review. During the year under review restrictions related to the ongoing COVID-19 pandemic continued to be a focus; however, all service providers are able to discharge their functions using either office or home working, or a combination of the two. Video meetings are also utilised seamlessly where Government advice or restrictions prevent face-to-face interactions.

The above mechanisms for engaging with stakeholders and service providers are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective.

Culture

The purpose of the Company is to deliver long-term returns for shareholders from a diversified portfolio of investments. These investments will primarily be UK listed. The Company has no employees, but the culture of the Board is to promote strong governance and a long-term investment outlook with an emphasis on investing in businesses that can deliver sustainable value to shareholders. Therefore, the Board asks the Company's Investment Manager to invest in stocks that fulfill the traditional metrics of the value style, but possess a business model that is sustainable in the long term.

Investment Objective and Policy

The Company's investment objective is to provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK-listed securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the constituents of the FTSE 350 Index.

The UK equity element of the portfolio will be mostly invested in the FTSE All-Share Index; however, exceptional positions may be sanctioned by the Board and up to 30% of the portfolio may be held in listed international equities, subject to a maximum 10% exposure to emerging markets. The Company may continue to hold securities that cease to be quoted or listed if the Investment Manager considers this to be appropriate. There is an absolute limit of 10% of the portfolio in any individual stock with a maximum exposure to a specific sector of 35%, in each case irrespective of their weightings in the benchmark index.

It is the Company's policy to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

The Company maintains a diversified portfolio of investments, typically comprising 30-50 holdings, but without restricting the Company from holding a more or less concentrated portfolio from time-to-time as circumstances require.

The Company's long-term investment strategy emphasises stocks of companies that are out of favour and whose share prices do not match the Investment Manager's assessment of their longer-term value.

From time-to-time fixed interest holdings or non-equity interests may be held for yield enhancement and other purposes. Derivative instruments are used in certain circumstances, and with the prior approval of the Board, for hedging purposes or to take advantage of specific investment opportunities.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's gross gearing range may fluctuate between 0% and 30%, based on the current balance sheet structure, with an absolute limit of 50%.

As a general rule, it is the Board's intention that the portfolio should be reasonably fully invested. An investment level of 90% of shareholder funds is regarded as a guideline minimum investment level dependent on market conditions.

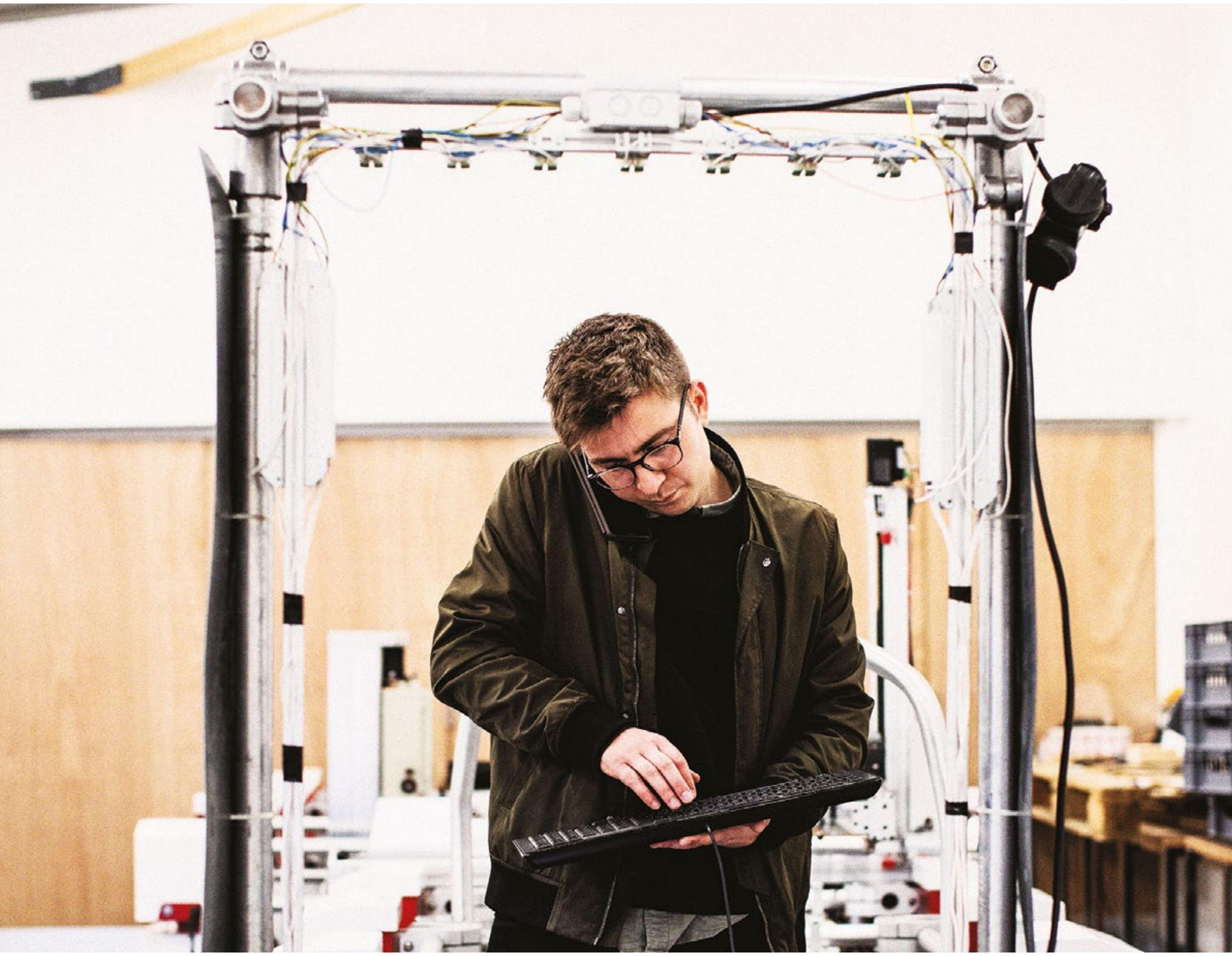
Risk is managed through diversification of holdings, investment limits set by the Board and appropriate financial and other controls relating to the administration of assets.

Investment Approach
A classic approach to value investing

The Portfolio Managers Nick Purves and Ian Lance are long-term intrinsic value investors who believe that short-term sentiment amongst many market participants causes them to overreact to news which has little or no impact on the long-run value of a business. This overreaction causes share prices to diverge from the intrinsic value of the underlying business and provides an opportunity for long-term investors to purchase shares at less than their true value. In the long term the share price tends to move closer to the intrinsic value of the business and this creates excess returns for investors who purchased shares at low valuations. The team forms a view of a company's long-run profit potential and makes balance sheet adjustments to assess intrinsic value. They use their experience and knowledge of companies and sectors to identify those companies that are more likely to recover and improve in the future.

Identifying quality and avoiding value traps

Some value strategies simply apply mechanistic measures to identify undervalued stocks but this can lead to investing in businesses that are in structural decline; they may be cheap but their potential to recover is limited. Instead, the Portfolio Managers 'intrinsic value' approach aims to identify under-valued, yet good, quality companies with strong cash flows and robust balance sheets. The Investment Manager puts a strong emphasis on financial strength because it gives them the confidence that a company can survive through a prolonged period of lower profitability caused by company-specific issues, or an unexpected downturn in the economy.

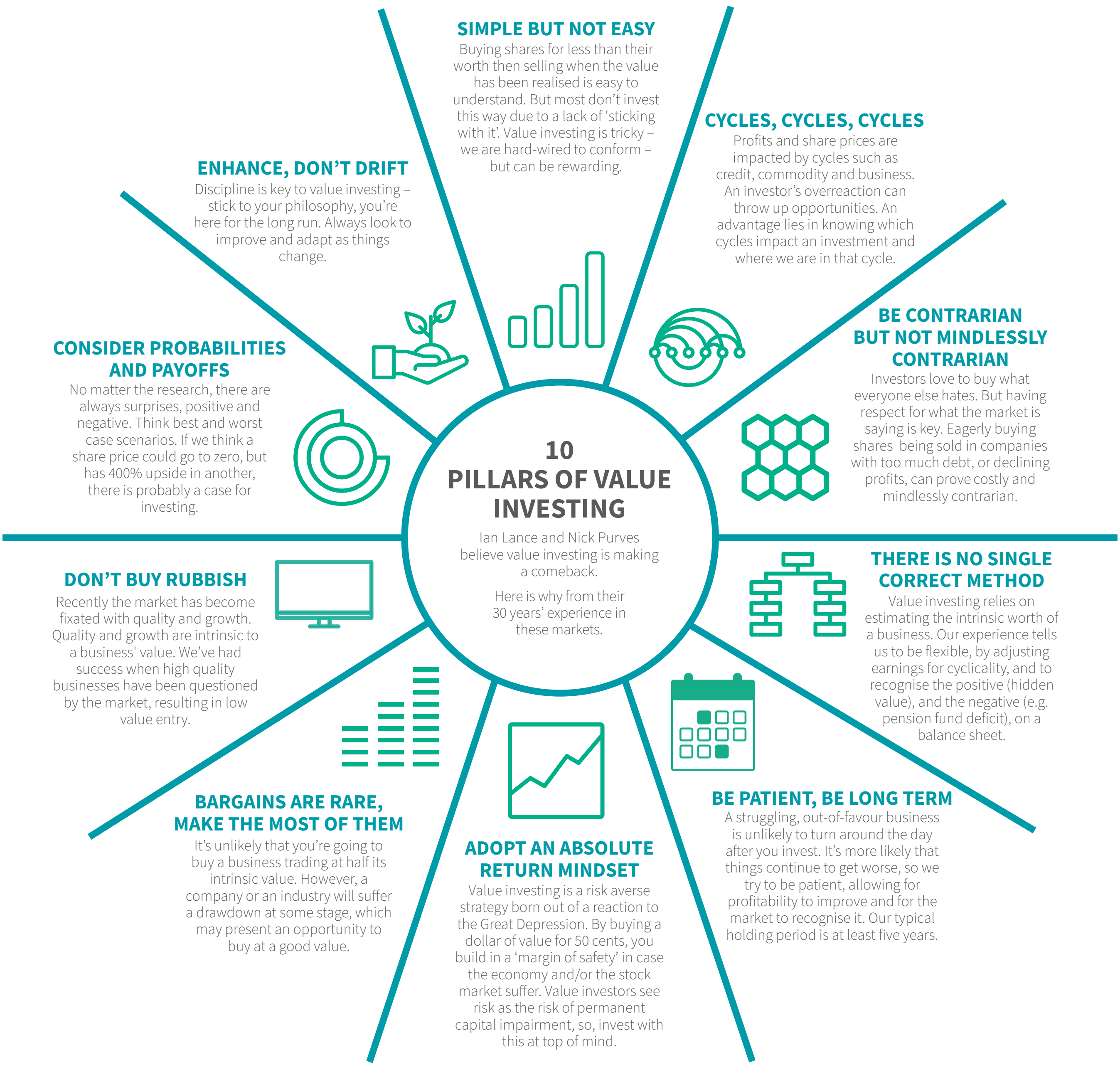


Overview of Strategy continued

As Temple Bar's Investment Manager, Redwheel aims to avoid lower-quality stocks or so called 'value traps' by monitoring companies against four different types of risk:

- **Valuation** – extrapolating favourable trends and paying more than the intrinsic value of the business (e.g. avoiding a situation where something is positively impacting a company's share price in the short term but that isn't sustainable longer term);
- **Earnings** – the risk that the earnings of the company decline for cyclical or secular reasons (e.g. the industry or sector that the business operates in is itself in cyclical or long-term decline);
- **Financial** – debts overwhelm equity holders whose interests are subsequently diluted; or
- **Environmental, Social or Governance** – unethical or neglectful behaviour by a company in one of these areas can harm those who invest as well as the environment or society in which a company is located. We believe that applying ESG best practices, such as consideration of environmental and product safety, workplace diversity and strong corporate governance can contribute to long-term investment returns while mitigating risks.

In the diagram below Redwheel have set out some of the key factors it considers when seeking to uncover the most compelling value opportunities:



Key Performance Indicators

The key performance indicators ("KPIs") used to determine the progress and performance of the Company over time, and which are comparable to those reported by other investment trusts, are:

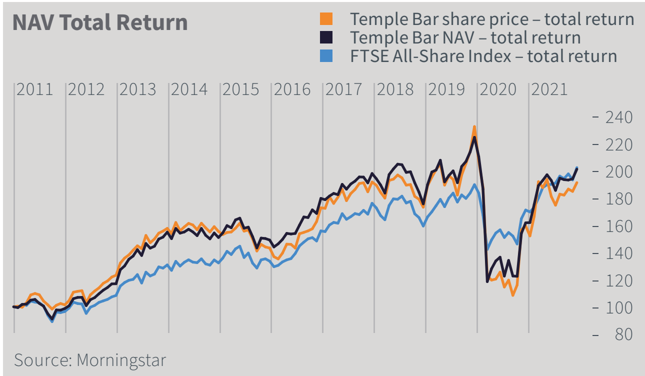
- NAV total return relative to the FTSE All-Share Index and to competitors within the UK Equity Income sector of investment trust companies;
- Discount/premium to NAV;
- Earnings and dividends per share; and
- Ongoing charges.

While some elements of performance against KPIs are beyond the Board's and Investment Manager's control, they provide measures of the Company's absolute and relative performance and are, therefore, monitored by the Board on a regular basis.

NAV Total Return

In reviewing the performance of the assets in the Company's portfolio the Board monitors the NAV in relation to the FTSE All-Share Index. This is the most important KPI by which performance is judged. During the year the NAV total return of the Company was 24.5% compared with a total return of 18.3% by the FTSE All-Share Index. The ten-year NAV total return performance is shown opposite. As noted in both the Chairman's Statement and Investment Manager's Report, the portfolio performed well this year following strong performance in a number of the underlying holdings and outperformed the benchmark.

Redwheel was appointed as Investment Manager on 30 October 2020. The long-term chart is therefore not solely a reflection of Redwheel's investment performance.



Overview of Strategy continued

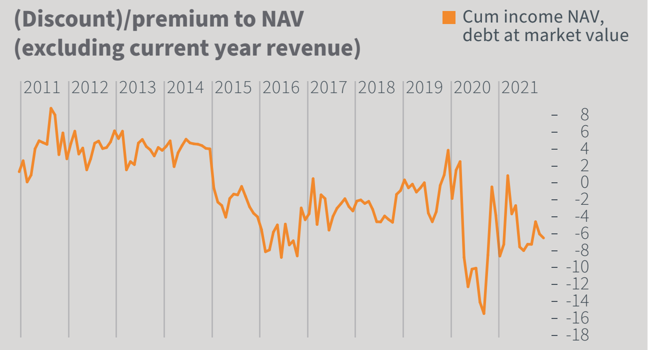
Discount to NAV

The Board monitors the premium/discount at which the Company's shares trade in relation to their NAV. During the year the shares traded at an average discount to NAV of (7.1%). This compares with an average discount of (8.1%) in the previous year. As set out in the Chairman's Statement on page 3, during the year the Board closely monitored the discount and utilised share buy backs when it was appropriate to do so.

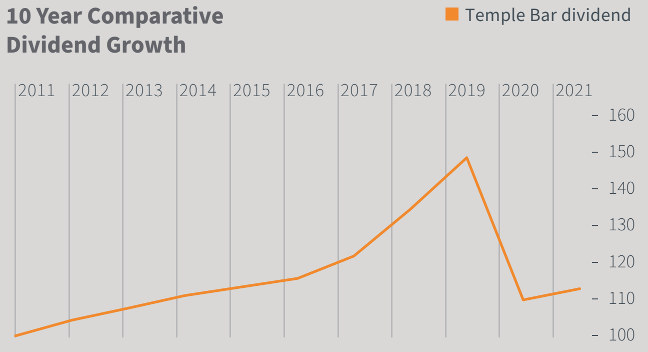
The Board and Investment Manager closely monitor both movements in the Company's share price and significant dealings in the shares. In order to avoid substantial overhangs or shortages of shares in the market the Board asks shareholders to approve resolutions which allow for both the buy back of shares and their issuance, which can assist in the management of the discount or premium.

Earnings and Dividend per Share

It remains the Directors' intention to distribute, over time, by way of dividends, substantially all of the Company's net revenue income after expenses and taxation. The Investment Manager aims to maximise total returns from the portfolio. The Company has paid dividends totalling 39.5 pence per ordinary share for the year ended 31 December 2021. The Board hopes to continue sustainable dividend growth over the coming years. This is explained in more detail in the Chairman's Statement on page 3.



Source: Morningstar



Source: Bloomberg

Ongoing Charges

Ongoing charges is an expression of the Company's management fees and other operating expenses as a percentage of average daily net assets over the year. The ongoing charges for the year ended 31 December 2021 were 0.48% (2020: 0.50%). The Board reviews the Company's ongoing charges on a regular basis. The Company's ongoing charges ratio has remained consistent and compares favourably with peers in the UK Equity Income sector of investment trust companies.

Ten-Year Summary

	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Total assets less current liabilities (£000)	664,648	905,775	913,198	869,535	968,790	1,050,285	916,153	1,099,172	749,970	**871,754**
Net assets (£000)	601,191	792,070	799,444	755,755	879,940	936,366	802,182	985,123	675,336	**797,083**
Net assets per ordinary share (pence)	992.86	1,250.84	1,195.47	1,130.14	1,315.84	1,400.22	1,199.56	1,473.13	1,009.88	**1,208.59**
Revenue return to ordinary shareholders (£000)	24,873	22,274	25,782	26,663	29,253	28,958	33,099	35,523	8,390	**23,737**
Revenue return per share (pence)	41.39	36.17	39.82	39.87	43.74	43.3	49.5	53.12	12.55	**35.57**
Dividends per share (pence)	36.65	37.75	38.88	39.66	40.45	42.47	46.72	51.39	38.50	**39.50**

Overview of Strategy continued

Principal and Emerging Risks

The Board has overall responsibility for reviewing the effectiveness of the system of risk management and internal control which is operated by the Investment Manager and the Company's other service providers. The Company's ongoing risk management process is designed to identify, evaluate and mitigate the significant risks that the Company faces.

The Board undertakes a risk review with the assistance of the Audit and Risk Committee, to assess the adequacy and effectiveness of the Investment Manager and other service providers' risk management and internal control processes.

The Board has carried out a robust assessment of its principal and emerging risks during the period under review, including those that would threaten its business model, future performance, solvency or liquidity.

The principal and emerging risks and uncertainties faced by the Company are set out below. The risks arising from the Company's financial instruments are set out in note 22 to the financial statements.

Risk	Mitigation and Management
Investment Strategy Risk An inappropriate investment strategy on matters such as asset allocation or the level of gearing may lead to underperformance compared with the Company's benchmark index or peer companies.	The Board manages such risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on by the Investment Manager. The AIFM also monitors Redwheel against the investment guidelines. The Investment Manager provides the Directors with regular management information including absolute and relative performance data, attribution analysis, revenue estimates, liquidity reports and risk profile. The Board monitors the implementation and results of the investment process with the Portfolio Managers who attend Board meetings. During the year under review, the portfolio performed well relative to the benchmark index. Further details can be found on page 16.
Loss of Investment Team or Portfolio Manager A sudden departure of the Portfolio Managers or several members of the investment management team could result in a short-term deterioration in investment performance.	The investments of the Company are managed by a team of two Portfolio Managers, Ian Lance and Nick Purves. The Investment Manager takes steps to reduce the likelihood of such an event by aligning the interests of the investment team with the wider organisation, as well as a high degree of autonomy with no overarching chief investment officer or investment committee. Furthermore, the AIFM, in consultation with the Board, may terminate the Investment Management Agreement should Ian Lance and Nick Purves cease to be able to perform their duties as Portfolio Managers or cease to be associated with the Investment Manager and not be replaced by people with relevant experience. The Board previously demonstrated its ability to effect change, while the current service provider model with an independent AIFM makes the future removal of an investment manager more straightforward.

Risk	Mitigation and Management
Income Risk – Dividend Generating the necessary level of income from portfolio investments to meet the Company's expenses and to provide adequate reserves from which to base a sustainable programme of increasing dividend payments to shareholders is subject to the risk that income generation from investments fails to meet the level required.	The Board monitors this risk through the receipt of detailed income reports and forecasts which are considered at each meeting. As at 31 December 2021 the Company had distributable revenue reserves of £11.7 million. Furthermore, income risk is mitigated by the Company's ability to distribute realised capital gains if required to meet any revenue shortfall. As investee company dividend payments began to recover in 2021, the Board again reviewed its approach and decided to maintain the Company's own dividend at a similar level, from which it hopes to resume dividend growth in due course without recourse to reserves.
Share Price Risk Should the market price of the Company's ordinary shares trade at a significant discount to the underlying NAV per share, shareholders might not be able to realise the full value of their investment and the Company might itself be vulnerable to some form of corporate activity.	The Company's share price and premium or discount to NAV are monitored by the Investment Manager and the Board on a regular basis. The Directors attach considerable importance to the level of premium or discount to NAV at which the shares trade, both in absolute terms and relative to the rating at which the UK Equity Income sector of investment trusts is trading. Premiums judged to be excessive will be addressed by repeated share issues, either new or from treasury. Discounts judged to be excessive will be addressed by repeated share buy backs, for treasury or cancellation. The Directors are prepared to be proactive in premium/discount management to minimise potential disadvantages to shareholders, as was demonstrated in the fourth quarter of 2021.
Reliance on the Investment Manager and Other Service Providers The Company has no employees and relies on a number of third-party service providers, principally the Investment Manager, AIFM, Company Secretary, Registrar, Administrator, Custodian, Broker and Depositary. It is dependent on the effective operation of its service providers' control systems with regard to the security of the Company's assets, dealing procedures, accounting records and the maintenance of regulatory and legal requirements.	The Company operates through a series of contractual relationships with its service providers. These agreements set out the terms on which a service is to be provided to the Company. During the year the Board, through the Management Engagement Committee, monitored and evaluated the performance of the Company's service providers. The Committee meets at least once a year and receives and reviews submissions from its service providers regarding their interactions with each other, most notably the Investment Manager's assessment of services provided by other providers. The Audit and Risk Committee receives assurance or internal controls reports from key service providers and in the year under review paid close attention to the continued risks posed by disruption due to the ongoing COVID-19 pandemic. The AIFM carries out a comprehensive annual due diligence exercise on the Investment Manager on behalf of the Board, ensuring that the appropriate controls, processes and resourcing are in place to manage the portfolio within the stated investment policies and guidelines.
Compliance with Laws and Regulations In order to qualify as an investment trust the Company must comply with Section 1158 of the Corporation Tax Act 2010. Were the Company to breach Section 1158 it might lose investment trust status and, as a consequence, inter alia, realised gains within the Company's portfolio would be subject to capital gains tax. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the Listing Rules. A breach of the Companies Act 2006 could result in the Company being fined or subject to criminal proceedings. Breach of the Listing Rules could result in the Company's shares being suspended from listing which in turn would breach Section 1158. This risk would be exacerbated by inadequate resources or insufficient training within the Company's third-party service providers leaving them unable to properly manage compliance with current and future requirements. The Company's business model could become non-viable as a result of new or revised rules or regulations arising from, for example, policy change or financial monitoring pressure.	Compliance with investment trust status regulations is reviewed at each Board meeting. The Board reviews compliance with other regulatory, tax and legal requirements and is kept informed of forthcoming regulatory changes.

Risk	Mitigation and Management
Cyber Security The Company has limited direct exposure to cyber risk. However, the Company's operations or reputation could be affected if any of its service providers suffered a major cyber security breach. A State-backed cyber attack could also result in widespread disruption across the financial services industry.	The Audit and Risk Committee receives control reports and confirmation from its service providers regarding the measures that they take in this regard. The cyber security policies of all providers have also been reviewed by the Board. For more widespread disruption such as a State-backed cyber attack limited mitigation is possible, however all service providers remain vigilant given the increased likelihood of such an event in the current climate.
Global Unforeseen global emergencies such as a pandemic could lead to dramatically increased market and Company share-price volatility. Fraud and cyber security vulnerability could increase for key service providers.	During 2021, the world continued to adjust to the realities of life with COVID-19 and saw news of a succession of variants to the virus. With vaccines and boosters now largely a normal part of everyday life, at least in the Developed World, the impact to both global markets and the Company itself has been minimal. While market volatility has seen short-term spikes on the back of news regarding new variants or the efficacy of existing vaccines, overall portfolio performance has remained stable and company dividends continue to recover in line with the wider economy. The experiences of COVID-19 have evidenced the ability of both the Company and its service providers to react to severe global emergencies and to continue to manage shareholder assets with minimal disruption. Remote working is now widespread and seamless, allowing a switch away from using centralised office locations at any time if Government guidance requires it. Cyber security policies have been reviewed and strengthened to react to the new environment and no major incidents or outages have been experienced during the pandemic.

Emerging Risks

The Board has in place a robust process to identify, assess and monitor the principal risks and uncertainties and also to identify and evaluate newly emerging risks. The Board, through the Audit and Risk Committee, regularly reviews all risks to the Company, including emerging risks, which are identified by a variety of means, including advice from the Company's professional advisors, the Association of Investment Companies (the "AIC"), and Directors' knowledge of markets, changes and events. The following new or emerging risks were identified and reviewed during the year:

i) Following the COVID-19 pandemic in 2020 and the huge disruption it caused both to everyday life and financial markets across the world, the risk of new global pandemics must now be considered an ever-present emerging risk.

   Indeed, epidemiologists and health organisations are already searching for the next possible candidate, which could originate from a number of different sources. Human interactions with animals as well as their integration into the food system, and ancient pathogens uncovered in melting permafrost caused by climate change are two such areas of concern. When these factors are combined with ever-increasing global travel and trade, a follow-up pandemic of equal or greater severity at some point in the future cannot be discounted.

ii) The impact of climate change came increasingly into focus in 2021 and its impact is now considered by both the Board and its Investment Manager as an emerging risk to the Company.

   While the Company itself faces limited direct risk from climate change, the same is not the case for the underlying investments selected by the Company's Investment Manager. Significant changes in climate, or indeed Government measures taken to combat it, could present a material risk to the value of investments held and therefore the NAV of the Company. This is addressed by the incorporation of ESG considerations into the investment process of Redwheel, as part of the drive to invest in companies with long-term viability.

   The Investment Manager also uses its voting powers to engage with and influence companies towards taking positive steps against climate change and other environmental impacts.

iii) While it took place after the end of the period under review, the tragic recent events in Ukraine also highlight the risks that geopolitics and armed conflict can present to the Company. While the Company did not hold Russian investments, either via local equities or through depository receipts traded internationally, the impact of sanctions and exposure via the underlying businesses of multinational companies can have a material impact on investment returns. The Investment Manager complies with all sanctioning regimes and presently views Russia as uninvestable, while both the Board and Redwheel echo global calls for an urgent return to peace in the region.

Going Concern

The Directors have reviewed the going concern basis of accounting for the Company. The Company's assets consist substantially of equity shares in listed companies and in most circumstances are realisable within a short timescale. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of the approval of these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the accounts. See note 1 for further detail.

Viability Statement

The Board makes an assessment of the longer-term prospects of the Company beyond the timeframe envisaged under the going concern basis of accounting, having regard to the Company's current position and the principal and emerging risks and uncertainties it faces. The AIFM and Investment Manager have assisted the Board in making this assessment via financial modelling and income forecasting, which demonstrates the financial viability of the Company. Stress-testing scenarios, such as an extreme drop in equity markets, have also been carried out and the projected financial position remains strong and all payment obligations meetable.

The stress-testing scenarios used to assess future viability incorporate a number of inputs. The financial structure of the Company is stable, with known payment obligations that can be modelled for future years with a low likelihood of any changes. Revenue expectations are modelled by the Investment Manager for future years with decreasing levels of certainty over time, based on the financial position and performance of investee companies. This is combined with an expectation of the rate of dividend payments to be made by the Company over the coming years to give an overall financial projection in normal market conditions.

To stress-test this projection, scenarios are then modelled for a 20% and 50% fall in both investee company valuations and the level of dividend payments made. In both cases, because the Company has both the ability to control its own dividend payments and a liquid portfolio of investments, the impact to reserves could be managed and the Company would remain viable during such periods. This was demonstrated during 2020 when markets reacted negatively to the onset of the COVID-19 pandemic.

The Company is a long-term investment vehicle and the Directors, therefore, believe that it is appropriate to assess its viability over a long-term horizon. For the purposes of assessing the Company's prospects in accordance with the AIC Code of Corporate Governance (the "AIC Code"), the Board considers that assessing the Company's prospects over a period of five years is appropriate given the nature of the Company and the inherent uncertainties over a longer time period.

The Directors believe that a five-year period appropriately reflects the long-term strategy of the Company and over which, in the absence of any adverse change to the regulatory environment and the favourable tax treatment afforded to UK investment trusts, they do not expect there to be any significant change to the current principal and emerging risks and to the adequacy of the mitigating controls in place.

In assessing the viability of the Company, the Directors have conducted a thorough assessment of each of the Company's principal and emerging risks and uncertainties set out on pages 19 to 21. Particular scrutiny was given to the impact of a significant fall in equity markets on the value of the Company's investment portfolio.

The Directors have also considered the Company's leverage and liquidity in the context of its long-dated fixed-rate borrowings, its income and expenditure projections and the fact that the Company's investments comprise mainly readily realisable quoted securities which can be sold to meet funding requirements if necessary. As a result, the Directors do not believe that there will be any impact on the Company's long-term viability.

All of the key operations required by the Company are outsourced to third-party providers and alternative providers could be secured at relatively short notice if necessary.

Having taken into account the Company's current position and the potential impact of its principal and emerging risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of this Annual Report.

Modern Slavery Act

Due to the nature of the Company's business, being a Company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

In relation to the Company's investments, the Board would note that the Investment Manager was a recent signatory to a UN PRI letter to FTSE 350 companies not currently in compliance with the UK Modern Slavery Act 2015, an initiative sponsored by Rathbones. Four investee companies were identified as being out of compliance. This was for infractions such as not linking to the policy on the homepage of their main website. The Investment Manager has engaged with investee companies to highlight where corrections are required to achieve compliance and is monitoring companies' responses.

Redwheel assesses the risk of modern slavery through the Corporate Human Rights Benchmark (which scores companies on governance and policies; remedies and grievance mechanisms; and embedding respect and human rights due diligence) and through company compliance with the UN Global Compact; the UN Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises. The Investment Manager also uses Sustainalytics data to monitor breaches in global norms and controversies including employee incidents. The Sustainability Accounting Standards Board Materiality Map helps improve the understanding of investee companies that are most at risk on labour issues.

In 2021, the Investment Manager engaged with ShareAction, to understand their Workforce Disclosure Initiative. This initiative aims to improve corporate transparency and accountability on workforce issues, including modern slavery.

Overview of Strategy continued

Gender Diversity
At the year end, there were two male Directors and two female Directors on the Board. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

The Company's policy on diversity is detailed in the Corporate Governance Statement on page 40.

Bribery Act
The Company has a zero-tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Investment Manager also adopts a zero-tolerance approach and has policies and procedures in place to prevent bribery.

Criminal Finances Act 2017
The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Stewardship/Engagement
The Board requires the Investment Manager to adopt an active stewardship role, including the effective exercising of shareholders' ownership rights. It believes that this is central to the achievement of its aim to preserve and grow the long-term real purchasing power of the assets entrusted to it by shareholders.

The Investment Manager thus monitors, evaluates and if necessary, actively engages or withdraws from investments with the aim of preserving or adding value to the portfolio. It signed the Principles for Responsible Investment in 2020, was a signatory to the UK Stewardship Code 2012 and is currently pursuing signatory status under the updated UK Stewardship Code 2020.

Both the Board and the Investment Manager firmly believe that sustainability or ESG issues can have a material financial impact on the value of a company along with its social licence to operate, and therefore on the value of its investors' capital. It is thus important for a long-term responsible investor to integrate these issues into the investment process.

The Investment Manager believes that its stewardship role is wholly consistent with supporting companies to grow in a sustainable way, for executive teams and board members to run their companies for the long term and for the benefit of all stakeholders. Moreover, it believes that companies not run in a sustainable manner, from lack of prudence on financial strength and recklessness in the pursuit of growth at the expense of the environment and relations with business stakeholders, have significant potential to put shareholders' capital at risk. Conversely, companies run in a prudent, sustainable manner for all stakeholders are believed to be more likely to be successful, resilient and financially rewarding for shareholders.

Environment
As an investment trust which outsources all of its operations, there are no greenhouse gas emissions to report from the operations of the Company other than those of the service providers and limited home working by the Board. The Company does not have responsibility for any other emissions producing sources reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Consequently, the Company consumed very little direct energy during the year and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

The significance of environmental issues to individual companies and sectors has increased dramatically in the past decade with climate change risks, both physical and transitional, at the top of the list of factors considered to have potential to have material financial impact over the long term. Pressures on natural resources, such as water and biodiversity along with pollution and waste are further prominent risks. The Investment Manager believes that the answer to environmental problems is not as simple as divesting from challenged sectors. Instead, by actively engaging with companies – by supporting them as they transition to more sustainable business models – it believes that better outcomes for the environment can be secured.

Social
The financial impact from social issues can be substantial as the Investment Manager set out in its 2017 letter 'Reforming Capitalism', a section of which is reproduced below:

"We believe companies should act in the interests of all stakeholders. Putting pressure on employees, customers and suppliers may enrich shareholders in the short term but can damage the long-run sustainability of the business. Too often, investors seem to believe you are either a champion of the shareholder or of the other stakeholders but in our view, they are not mutually exclusive. There should never be any inherent tension between creating value and serving the interests of employees, suppliers and customers."

Companies treating their employees, customers or suppliers inappropriately, store up future problems for the business in terms of human capital (lower productivity, disruption to production, staff turnover), brand value (dissatisfied customers, litigation) and reputation (supply-chain issues, health and safety). Local communities are also important to consider, particularly in extractive industries.

Cyber security is a notable risk for many companies, particularly for those holding customer information, sensitive sectors such as banks or utilities or where intellectual property is the basis of the value of a company.

The Investment Manager researches and monitors social risks, reviewing issues for focus based on the trust composition. Exposure to conflict regions is monitored as a risk of human rights abuses. Where there is potential exposure the Investment Manager will monitor news flow and speak with the company to evaluate the risk.

Governance

The consideration of companies' approaches to governance has been at the heart of the Investment Manager's process since inception. Governance describes the controls and oversight processes in place to manage operational risks; it also sets the basis for the culture of a firm, indirectly supporting the delivery of positive environmental and social outcomes. The Investment Manager seeks investee companies whose management runs the business as owners, thinking long-term and about customers, employees, suppliers, and community. Such an approach is believed ultimately to benefit shareholders.

The Investment Manager believes in the importance of investee companies possessing a strong board, with non-executive directors possessing the requisite skills, experience and independence to counter the impact of a powerful or dominant chief executive officer. Diversity can support this aim and helps to counter 'group think' and incorporate better the views of wider stakeholders. Remuneration is an area of controversy, with management pay ratcheting higher, often without consequence for failure or poor performance. Compensation packages must be tied to long-term drivers of sustainable value, rather than a function of financial engineering. The timeframe for executive evaluations should be extended and there should also be a downside risk by requiring management to put significant 'skin in the game'. If companies behave responsibly and act sustainably there are benefits for society in terms of economic prosperity, political stability, and trust in free markets. This in turn drives further benefits for the companies themselves. It is therefore of benefit to integrate sustainability issues in to the investment process, even without immediate visible impact.

Remuneration

The Investment Manager believes that governance within UK companies is generally of a very high standard. This reflects the UK Corporate Governance Code and the long history of efforts to raise standards. However, remuneration is one area of extreme importance and of active engagement for Redwheel. In 2021 it ranked as Redwheel's second most common topic for engagement with investee companies, with only climate-related issues accounting for more.

The Investment Manager's view is that the basis of a good corporate remuneration policy is a well-constituted remuneration committee. This requires both the independence of the committee members and relevant experience in the field of remuneration. Redwheel are somewhat circumspect on remuneration consultants, believing that committees must retain control and ownership of the policy. A committee must guard against the ratcheting upward of compensation awards, balancing this with attracting and retaining talent.

The Investment Manager encourages companies to set remuneration metrics that align with the overall strategy, reflecting appropriate financial incentives, in combination with non-financial metrics relating to ESG issues, specifically environment and social issues. The environmental objectives should be set to meet specific challenges within the industry of operation, while on social issues relations with employees, customers, suppliers and the community should be reflected as appropriate.

Remuneration is a complex area and challenging to find the right balance between the various objectives and agendas. Shareholders will invariably give conflicting feedback to remuneration committees. Where the Investment Manager can have significant influence, they will engage with companies in the construction of the remuneration policy. Where they feel the Company's shareholding is not as significant then they will share their own remuneration policy to make clear to companies what is expected.

The Investment Manager in conjunction with the Board will continue to develop the overall approach and push for higher standards, ensuring that they collectively protect shareholder interests and promote long-termism, set in the context of sustainability for all stakeholders.

Engagement Policy

Engagement is central to the Investment Manager's process. Communicating with investee companies on areas of concern is a key aspect of the Investment Manager's approach. Having a long-term investment horizon and concentrated portfolio allows the Investment Manager to build meaningful relationships.

The engagement process is led and carried out by the Investment Manager. Its extent will be determined by the size of the exposure within the portfolio and the materiality of the identified risk. The Investment Manager will draw from its own experience in assessing materiality risks as well as both the company's own materiality assessment and independent assessments on a sector basis, such as the SASB Materiality Map.

The method of engagement will depend on the engagement objectives. For example, where the Investment Manager holds a position in an investee company and is materially at odds with that company's strategic direction or specific actions, it will usually set out its concerns in a letter to the company and follow up with a meeting. In some instances, the Investment Manager will go further and set out a detailed analysis of the business or sector, with proposed alterations to strategy, and discuss this analysis with management.

The Investment Manager will engage with the chair of an investee company, particularly at times of management change or in relation to long-term questions on strategic direction. It may also engage with the investee company's senior independent director should it have concerns about the chair or about board effectiveness. Other engagements may take place in response to a request from the investee company themselves, such as engagements with the chair of the remuneration committee to discuss incentive structures and policies. Engaging in collaboration with other shareholders, and casting votes against management at a company's AGM provide further means to escalate concerns when direct bilateral engagement fails. As regards remuneration, the Investment Manager aligns its approach to reflect the guidance provided by the Pensions and Lifetime Savings Association, the UK Corporate Governance Code and The Investment Association, as updated from time to time.

The evaluation of the outcome of the Investment Manager's engagements will depend on the type of engagement.

Where the Investment Manager looks for specific actions, it will assess the outcome on whether management or the board engaged and subsequently chose to act on the suggestions made. On other issues, the evaluation of the engagement may be more qualitative and not as transparent. The Investment Manager tries to be very open about the nature of its engagements and the outcomes of them.

Examples of the Investment Manager's engagement with investee companies during the year are provided on pages 25 to 27.

Externalities and Non-Environmental Issues

In addition to adopting a stewardship approach to investment and integrating sustainability and ESG considerations into its investment approach, the Board asks the Investment Manager to include externalities when assessing a stock's suitability for investment. Externalities are costs, usually to society or the environment, which are not captured by market pricing and can include non-financial factors. In particular, there are some areas where companies operating legally and ethically may, through their joint (as well as through their uncoordinated) action, create unintended consequences particularly in relation to climate change, global financial fragility and antimicrobial resistance. These are areas where the Board believes that engagement with investee companies, in conjunction with other asset owners, is of particular importance. The Board therefore asks the Investment Manager to report to it regularly with regard to its engagement in these specific areas.

The following examples of engagement during 2021 are just some of numerous calls, meetings and written correspondence that the Investment Manager had with companies to discuss a variety of sustainability and ESG-related issues.

Anglo American PLC & Thungela Resources Limited

Issue

In last year's Stewardship Report the Investment Manager wrote about Anglo American's ("Anglo") exposure to thermal coal and its engagement with the company on the subject. They also noted how Norges Bank Investment Management ("NBIM"), the $1.4 trillion sovereign wealth fund, had announced its divestment from the company, adding it to their exclusion list. At the end of last year, the company stated that the "Planned divestment of SA thermal coal production capacity was expected no later than May 2022 – May 2023".

Anglo delivered on its promise, spinning off its South African thermal coal business, Thungela, in June 2021. The Investment Manager wrote about the event for Investment Week[1], asking the question as to whether the company would now be removed from the NBIM exclusion list. Having reviewed their list, NBIM did remove Anglo from their exclusions in July 2021. The action by the NBIM sends a powerful signal to corporates on their hydrocarbon assets, most immediately thermal coal assets. It is debatable whether the result is as climate friendly as claimed, but it offers a clear incentive to companies to divest their dirtiest assets.

Outcome

The Investment Manager engaged with Anglo and Thungela management separately to fully understand the new company, its strategy, and its prospects. The conclusion was to divest the shares as they believed there could be a wide range of outcomes for future environmental rehabilitation costs, thus unknown large future liabilities. These future liabilities may encourage the company to extend the life of coal mines and develop new mines as a way to push those liabilities further into the future. While Anglo American was running the mines down, this would be a change of direction and not moving into alignment with the Paris Agreement. It may also mean that the position would be hard to liquidate in the future, both due to the illiquidity of the shares and the likely lack of willing buyers for coal assets.

Pearson PLC
Issue
In September 2020 Pearson held a special shareholder vote to approve the remuneration package for the in-coming chief executive officer. The vote was required as the package was in breach of the company's remuneration policy. The co-investment award for the new chief executive officer was both substantial and lacking meaningful performance criteria. This behaviour is very poor practice and clearly breaches guidelines from the Investment Association and Pensions and Lifetime Savings Association. While the vote was successful, there was a significant shareholder revolt. The Investment Manager voted against the proposal.

The Investment Manager conveyed their dissatisfaction to Pearson's outgoing remuneration chairperson and incoming chairperson. The message was clear; that the action would undermine efforts by the Investment Manager to support the development of remuneration policies if companies subsequently ignored them. A lot of time is spent considering remuneration policies; the objective being to pay executives well, while encouraging more 'skin in the game' and longer-term thinking. The Investment Manager looks very unfavourably on instances where companies make exceptions to their remuneration policies.

Outcome
The Investment Manager voted against the re-election of the chairperson of the board, against the re-election of chairperson of the remuneration committee and against the remuneration report at the 2021 AGM. However, both directors were re-elected, albeit with significant votes against. Subsequently, both directors have announced their intention to step down from the board.

CK Hutchison Holdings Limited
Issue
CK Hutchison, as a conglomerate, operates in multiple jurisdictions and diverse business areas and therefore it is exposed to a broad range of ESG risks. The Company has made good progress over recent years, including the publication of its first standalone sustainability report. This has led to an improvement in its Sustainalytics ESG Risk Rating; however, there are levers the company can pull to get a higher rating. They must also disclose and set targets on Greenhouse Gas emissions in line with the Paris Agreement.

The Investment Manager engaged extensively with CK Hutchison over the year. This included writing to the chairman and group managing director, meeting with the chief financial officer and company secretary, having multiple meetings and exchanges with investor relations and the group senior sustainability manager. The focus was on pushing the company to set appropriate GHG emission reduction targets, encouraging the board to 1) set ambitious targets for carbon emission reductions by 2030, with a minimum target of 30% reduction in scope 1 and scope 2 emissions; 2) set the company on a path to net zero by 2050 and declare this publicly; 3) fully calculate and disclose scope 3 carbon emissions; and 4) strengthen the board sustainability committee with independent specialist environmental/climate risk experience: and have a requirement for it to convene more regularly than the current minimum of twice per year.

Outcome
CK Hutchison is striving hard to improve its sustainability. In June 2022 it became a participant in the UN Global Compact.

The company is undertaking a detailed project to calculate and disclose all carbon emissions from each of its divisions. It has set a range of target reductions for those divisions; for example, in Telecoms they are currently in the process of setting a target which will be validated by the Science Based Target Initiative, while in Retail they have set a target of reducing scope 1 and 2 emissions by 40% by 2030 versus a 2015 baseline. However, in Infrastructure, where most scope 1 and 2 emissions arise, targets are set at an individual asset or subsidiary level and while many have a net zero by 2050 target, it is difficult to get the overall picture.

The company accept these deficiencies and is working towards a group wide framework, which in turn may help the market to understand better their green credentials.

1 www.investmentweek.co.uk/opinion/4032906/anglo-american-nordic-cold

Overview of Strategy continued

Barrick Gold Corp
Issue
Barrick Gold is a Canadian based mining company. Barrick has had major historical environmental and community issues, which continue to cause problems. The company failed to resolve these issues over the last decade, only coming to grips with the problems in the last couple of years, under new management from Randgold. The company also ranks as one of the most carbon intensive companies within the portfolio.

In November 2020, the Investment Manager met with the chief executive officer, chief financial officer and head of sustainability. In that call, the chief executive officer laid out the sustainability credentials of the firm, its strong track record and his views on carbon emissions. He believes demands for reductions in carbon emissions by many investors ignore the impact on the developing world. In January 2021 we wrote to the chairman requesting that the board 1) revisit the 2030 target of a 10% reduction in GHG on scope 1 and scope 2 emissions, with a view to being more ambitious; 2) set the company on a path to net zero by 2050; 3) fully calculate and disclose scope 3 carbon emissions; and 4) strengthen the board with respect to independent environmental/climate risk experience.

Outcome
The Investment Manager received a letter of response from the chairman and chief executive officer in January 2021. It was noted that 1) in the upcoming sustainability report, Barrick planned to increase their emissions reduction target to 15% by 2030, on a path to get to 30%; 2) they would work towards net zero but wanted a clear roadmap for how it could be achieved; 3) Barrick will publish scope 3 estimations during the year alongside an effort toward supplier engagement to reduce scope 3 emissions; and 4) Barrick acknowledged the need for better climate change understanding at the board level. At the Barrick Gold Sustainability Investor Day, the company did increase their emissions reduction target to 15% by 2030 with intended target of 30% in due course and noted their 'vision' is to achieve net zero GHG emissions by 2050. To a degree this has been a successful engagement given the original target of a 10% reduction by 2030 and no net zero ambition.

BP PLC
Issue
The Investment Manager believes that the integrated oil and gas industry faces a range of material ESG issues, with the most impactful being the need to reduce carbon emissions and therefore the need to reduce reliance on fossil fuels. A move away from fossil fuels raises the risk of stranded assets for the energy companies, bringing less of a demand for the products they sell, increasing the risk of an impairment of assets and drop in profitability. Ahead of that future risk potentially materialising, there is the risk that the companies will lose their licence to operate. They must therefore be seen to be supportive in word and action of the move to a low carbon future.

Bearing these risks in mind, the Investment Manager engages closely with the Company's energy holdings to keep abreast of developments and to push companies along the transition path. In 2021, the Investment Manager communicated with BP at various levels of the board and management including the chairman, chief executive officer, company secretary, and investor relations.

Outcome
BP are clear in the direction of travel, targeting a 40% cut in hydrocarbon production by 2030 and focusing on five low carbon growth businesses – bioenergy, convenience, EV charging, renewables and hydrogen. The management also acknowledged that their transition plans had room for improvement.

In early 2022, BP confirmed their plan to put a climate advisory vote to shareholders. They also increased their emission reduction targets on scope 3, moving to net zero by 2050 from a 50% reduction. Issues remain, including their Rosneft stake, but the Investment Manager feels that BP is on the right path for its shareholders and society.

Future Developments
The future development of the Company is dependent on the success of its investment strategy in the light of economic and equity market developments. The outlook is discussed in the Chairman's Statement on page 4 and the Investment Manager's Report on pages 7 to 9.

Strategic Report
On behalf of the Board

Arthur Copple
Chairman

23 March 2022

Portfolio of Investments

As at 31 December 2021

	Company	Industry	Place of primary listing	Valuation £000	% of portfolio
1	**Royal Mail** Royal Mail PLC provides postal and delivery services. The company offers its services in the UK as well as parts of Continental Europe.	Industrials	UK	61,358	7.2
2	**Marks & Spencer Group** Marks & Spencer Group PLC operates a chain of retail stores. The company sells consumer goods and food products, as well as men's, women's, and children's clothing and sportswear.	Consumer Services	UK	60,243	7.0
3	**BP** BP PLC is an oil and petrochemicals company. The company explores for and produces oil and natural gas, refines, markets, and supplies petroleum products, generates solar energy, and manufactures and markets chemicals.	Oil & Gas	UK	51,440	6.0
4	**Shell** Shell PLC, through subsidiaries, explores, produces, and refines petroleum. The company produces fuels, chemicals, and lubricants. Shell owns and operates gasoline filling stations worldwide.	Oil & Gas	UK	48,272	5.6
5	**Anglo American** Anglo American PLC is a global mining company. The company's mining portfolio includes bulk commodities including iron ore, manganese, and metallurgical coal, base metals including copper and nickel and precious metals and minerals including platinum and diamonds.	Basic Materials	UK	47,851	5.6
6	**NatWest Group** NatWest Group PLC operates as a banking and financial services company. The Bank provides personal and business banking, consumer loans, asset and invoice finances, commercial and residential mortgages, credit cards, and financial planning services, as well as life, personal, and income protection insurance.	Financials	UK	45,506	5.3
7	**TotalEnergies** TotalEnergies SE operates as an energy company. The company produces, transports, and supplies crude oil, natural gas, and low carbon electricity, as well as refines petrochemical products. TotalEnergies owns and manages gasoline filling stations worldwide.	Oil & Gas	France	38,284	4.5
8	**Centrica** Centrica PLC operates as an integrated energy company offering a wide range of home and business energy solutions. The company sources, generates, processes, stores, trades, saves, and supplies energy and provides a range of related services.	Utilities	UK	37,324	4.3
9	**WPP** WPP PLC operates a communications services group. The company's operations encompass advertising, media investment management, consultancy, public relations, healthcare and specialist communications, and branding and identity services. WPP serves customers worldwide.	Consumer Services	UK	35,195	4.1
10	**Aviva** Aviva PLC is an international insurance company that provides all classes of general and life assurance, including fire, motor, marine, aviation, and transport insurance. The company also supplies a variety of financial services, including unit trusts, stockbroking, long-term savings, and fund management.	Financials	UK	35,049	4.1

Portfolio of Investments continued
As at 31 December 2021

	Company	Industry	Place of primary listing	Valuation £000	% of portfolio
Top Ten Investments				**460,522**	**53.7**
11	Standard Chartered	Financials	UK	34,291	4.0
12	ITV	Consumer Services	UK	33,124	3.9
13	Pearson	Consumer Services	UK	29,063	3.4
14	Barclays	Financials	UK	28,383	3.3
15	Currys	Consumer Services	UK	26,398	3.1
16	HP	Technology	USA	24,094	2.8
17	Citigroup	Financials	USA	24,001	2.8
18	Forterra	Industrials	UK	23,594	2.7
19	Vodafone Group	Telecommunications	UK	22,778	2.7
20	BT Group	Telecommunications	UK	20,815	2.4
Top 20 Investments				**727,063**	**84.8**
21	easyJet	Consumer Services	UK	18,838	2.2
22	Capita	Industrials	UK	18,239	2.1
23	Newmont	Basic Materials	USA	15,871	1.9
24	Kingfisher	Consumer Services	UK	15,683	1.8
25	Honda Motor	Consumer Goods	Japan	13,172	1.6
26	Ck Hutchison Holdings	Industrials	Hong Kong	12,531	1.5
27	Continenta	Consumer Goods	Germany	11,204	1.3
28	Barrick Gold	Basic Materials	Canada	10,389	1.2
29	Sprott Physical Silver Trust	Financials	USA	5,128	0.6
30	Vitesco Technologies Group	Consumer Goods	Germany	1,032	0.1
Total Equity Investments				**849,150**	**99.1**
	Short-dated UK Gilts			7,944	0.9
Total Valuation of Portfolio				**857,094**	**100.0**

Portfolio Distribution

As at 31 December 2021

	Industry	Temple Bar %	FTSE All-Share %
1	Consumer Services	25.2	11.9
2	Financials	19.9	25.9
3	Oil & Gas	15.9	7.9
4	Industrials	13.3	13.4
5	Basic Materials	8.5	9.3
6	Telecommunications	5.0	2.0
7	Utilities	4.3	3.3
8	Consumer Goods	2.9	14.9
9	Technology	2.8	1.6
10	Healthcare	–	9.8
Total Equities		**97.8**	**100.0**
11	Fixed Interest	0.9	
12	Cash	1.3	
		100.0	

Governance Report

Board of Directors

Arthur Copple

Chairman of the Board and Member of the Management Engagement, Nomination and Audit and Risk Committees

Arthur Copple, Chairman, was appointed a director in 2011. He has specialised in the investment company sector for over 30 years. He was a partner at Kitcat & Aitken, an executive director of Smith New Court PLC and a managing director of Merrill Lynch. He is currently Chairman of Montanaro UK Smaller Companies Investment Trust PLC.

Lesley Sherratt

Senior Independent Director, Chair of the Audit and Risk Committee and member of the Management Engagement and Nomination Committees

Lesley Sherratt was appointed a Director in 2015. She has twenty five years' experience as an investment manager, specialising in the analysis of financial services companies but also running the global equity team at Flemings. She was formerly Investment Director of the Save & Prosper and Fleming Flagship ranges of funds, and CEO and CIO of Ark Asset Management Ltd, a hedge fund she founded. She is currently a trustee of the Henry Moore Foundation, a Visiting Lecturer at King's College, London and writes on ethics in finance.

Richard Wyatt

Member of the Audit and Risk, Management Engagement and Nomination Committees

Richard Wyatt was appointed a Director in 2017. He is a former Group Managing Director at Schroders and a Partner at Lazard. He was chairman of the media agency Engine Group and served on the Regulatory Decisions Committee of the FSA. He is currently a global partner of Rothschild & Co, chairman of Loudwater Partners Limited and a director of a number of other companies.

Shefaly Yogendra

Member of the Audit and Risk Committee and Chair of the Management Engagement and Nomination Committees

Shefaly Yogendra, PhD was appointed a Director in 2019. She was most recently the COO of Ditto AI, a symbolic AI startup. She built her career in corporate venturing in the technology industry, followed by strategy advisory work on emerging technologies with investors, regulators and leaders of operating companies. She focuses on digital leadership and governance, organisational growth, risk, and decision making. She is an independent governor of London Metropolitan University, and a non-executive director of Harmony Energy Income Trust PLC and JP Morgan US Smaller Companies Investment Trust PLC. She was listed among the "100 Women To Watch" in the 2016 edition of the Female FTSE Board Report.

Report of Directors

The Directors present the Annual Report & Financial Statements of the Company for the year ended 31 December 2021.

Directors
The Directors of the Company who held office at 31 December 2021 and up to the date of the signing of the Annual Report are detailed on page 31. As at 31 December 2021, the Board of Directors of the Company comprised two male and two female Directors. All Directors will retire and stand for re-election at the Company's AGM on Tuesday, 10 May 2022.

Charles Cade has agreed to join the Board with effect from 24 March 2022 as an independent non-executive Director and will therefore stand for election at the forthcoming AGM.

The rules concerning the appointment and replacement of Directors are set out in the Company's Articles of Association. There are no agreements between the Company and its Directors concerning any compensation for their loss of office.

Ordinary Dividends
The interim dividends paid by the Company are set out in note 10 to the financial statements.

Subsequent to the year end, the Board approved a fourth interim dividend for the year ended 31 December 2021 of 10.25 pence per ordinary share, which will be paid on 31 March 2022.

Share Capital
At the AGM held on 13 May 2021, the Company was granted authority to allot ordinary shares in the Company up to an aggregate nominal amount of £1,671,819, being 10% of the total issued share capital at that date, amounting to 6,687,276 ordinary shares. No shares were issued during the year.

The Company was also granted authority to purchase up to 14.99% of the Company's ordinary share capital in issue at that date, amounting to 10,024,228 ordinary shares. During the year, the Company bought back 920,980 shares of 25p each with a nominal value of £230,245 at a total cost of £10,016,228. This represented 1.38% of the issued share capital at 31 December 2021. The shares bought back are held in treasury.

At 31 December 2021, the Company had 66,872,765 ordinary shares in issue, 920,980 of which were held in treasury. The total voting rights of the Company at 31 December 2021 were 65,951,785.

Subsequent to the year end and up to the date of this Annual Report, the Company bought back 9,300 ordinary shares for treasury, at a total cost of £108,667, representing 0.01% of the issued share capital as at 31 December 2021. At the date of this Annual Report, the Company has 66,872,765 ordinary shares in issue, 930,280 of which are held in treasury. The total voting rights at the date of this Annual Report are 65,942,485.

Authorities given to the Directors at the 2021 AGM to allot shares, disapply statutory pre-emption rights and buy back shares will expire at the forthcoming AGM.

At general meetings of the Company, shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every share held.

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. To the extent that they exist, the revenue, profits and capital of the Company (including accumulated revenue and realised capital reserves) are available for distribution by way of dividends to holders of ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

There are no restrictions on the transfer of securities in the Company or on the voting rights, no special rights attached to any of the shares and no agreements between holders of shares regarding their transfer known to the Company and no agreements which the Company is party to that might affect its control following a takeover bid.

An amendment to the Company's Articles of Association and the giving of authority to issue or buy back the Company's shares requires an appropriate resolution to be passed by shareholders. Proposals for the renewal of the Board's current authorities to issue and buy back shares are set out in the Notice of AGM on pages 77 and 78.

Substantial Shareholders
As at 31 December 2021, the Company has been informed of the following notifiable interests in the voting rights of the Company in accordance with Disclosure Guidance and Transparency Rule ("DTR") 5. These holdings may have changed since notification; however, notification of any change is not required until the next applicable threshold is crossed.

	Number of ordinary shares	Percentage of voting rights
Brewin Dolphin Ltd	5,804,454	8.80
City of London Investment Management Company Limited	3,739,588	5.67
1607 Capital Partners, LLC	3,596,248	5.45
Investec Wealth & Investment Limited	3,327,254	5.04

Subsequent to the year end, the Company was notified that 1607 Capital Partners, LLC had an interest in 3,294,633 ordinary shares, representing 4.99% of the total voting rights.

The Company has not been informed of any other changes to the notifiable interests between 31 December 2021 and the date of this Annual Report.

Management Arrangements
Under the terms of the Portfolio Management Agreement, Redwheel will be paid a management fee equal to 0.35% per annum of the Company's total assets. Furthermore, as the Company was contractually obliged to pay its previous investment manager, Ninety One Fund Managers UK Limited ("Ninety One"), its management fee until 20 April 2021 (the date upon which notice previously served on Ninety One by the Company would have expired), Redwheel agreed that it would forgo the management fee to which it would otherwise have been entitled to 30 June 2021 in order largely to defray the fixed costs and expenses incurred by Temple Bar in connection with the appointment of Redwheel as the Company's Investment Manager. Redwheel's appointment is for an initial term of 18 months and may thereafter be terminated on six months' notice. The Portfolio Management Agreement is capable of termination in certain circumstances including in the event that both Nick Purves and Ian Lance cease to be responsible for the management of the Company's assets or otherwise become incapacitated.

Continued Appointment of the AIFM and Investment Manager
The Board considers the arrangements for the provision of AIFM, Investment Manager and other services to the Company on an ongoing basis. It is the Directors' opinion that the continuing appointment of the AIFM and the Investment Manager, on the existing terms, is in the best interests of the Company and its shareholders as a whole.

Requirements of the Listing Rules
Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

Streamlined Energy and Carbon Reporting
The Company's environmental statements are set out on pages 23 to 27.

Stakeholder Engagement
While the Company has no employees, or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders. The effect of this consideration upon the principal decisions taken by the Company during the financial year is set out in further detail in the Strategic Report on page 11.

Financial Risk Management
Information about the Company's financial risk management objectives and policies is set out in note 22 to the financial statements.

Disclosure of Information to the Auditor
The Directors who held office at the date of approval of the Annual Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all reasonable steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

BDO LLP has expressed its willingness to continue in office as Auditor of the Company and resolutions for its reappointment and to authorise the Directors to determine its remuneration will be proposed at the forthcoming AGM.

Post Balance Sheet Events
Post balance sheet events are disclosed in note 23 to the financial statements.

Future Developments
Details on the outlook of the Company are set out in the Chairman's Statement on page 4 and the Investment Manager's Report on pages 7 to 9.

Annual General Meeting
The Notice of the AGM of the Company to be held on Tuesday, 10 May 2022 is on pages 77 to 81. In addition to the ordinary business the following items of business will also be proposed.

Subdivision of ordinary shares
The price of the Company's existing ordinary shares of 25 pence each ("Existing Ordinary Shares") has increased by approximately 26% over the last 10 years and, as at 22 March 2022 (being the latest practicable date prior to publication of this document), the closing mid-market price was 1168 pence. To assist monthly savers and those who reinvest their dividends or are looking to invest smaller amounts, the Directors believe that it is appropriate to propose the sub-division of each Existing Ordinary Share into 5 new ordinary shares of 5 pence each ('New Ordinary Shares'). The Directors believe that the sub-division (the 'Share Split') may also improve the liquidity in and marketability of the Company's shares, which would benefit all shareholders.

Following the Share Split, each shareholder will hold 5 New Ordinary Shares for each Existing Ordinary Share they held immediately prior to the Share Split. Whilst the Share Split will increase the number of ordinary shares the Company has in issue, upon the Share Split becoming effective the NAV, share price and dividend per share can be expected to become one fifth of their respective values immediately preceding the Share Split.

A holding of New Ordinary Shares following the Share Split will represent the same proportion of the issued ordinary share capital of the Company as the corresponding holding of Existing Ordinary Shares immediately prior to the Share Split. The Share Split will not affect, therefore, the overall value of a shareholder's holding in the Company. By way of example, based on the closing share price of 1168 pence per share as at 22 March 2022, each shareholder will receive five New Ordinary Shares for every one ordinary share previously held and the New Ordinary Shares would be expected to trade at 234 pence per share. The market price of the shares, both before and after completion of the proposed subdivision, will vary depending on market conditions at the time.

The New Ordinary Shares will rank pari passu with each other and will carry the same rights and be subject to the same restrictions as the Existing Ordinary Shares, including the same rights to participate in dividends paid by the Company. Communication preferences and mandates and other instructions for the payment of dividends in paper form or via CREST will, unless and until revised, continue to apply to the New Ordinary Shares.

The Share Split will not itself give rise to any liability to UK income tax (or corporation tax on income) for shareholders. For the purposes of UK capital gains tax and corporation tax on chargeable gains, the receipt of the New Ordinary Shares from the Share Split will be a reorganisation of the share capital of the Company. Accordingly, a shareholder's holding of New Ordinary Shares will be treated as the same asset as the shareholder's holding of Existing Ordinary Shares and as having been acquired at the same time, and for the same consideration, as that holding of Existing Ordinary Shares.

The Share Split requires the approval of shareholders and, accordingly, resolution 10, an ordinary resolution, seeks such approval. The Share Split is conditional on the New Ordinary Shares being admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's main market.

Applications for such admissions will be made and, if they are accepted, it is proposed that the last day of dealings in the Existing Ordinary Shares will be 12 May 2022 (with the record date for the Share Split being 6.00pm on that date) and that dealings in the New Ordinary Shares will commence on 13 May 2022.

Authority to Allot Shares
Resolution 11 set out in the Notice of AGM is an ordinary resolution and will, if passed, authorise the Directors to allot up to 6,687,276 ordinary shares with a nominal value of £1,671,819 or 10% of the Company's ordinary shares in issue at the date at which this resolution is passed. This will replace the current authority granted to the Directors at the last AGM. This authority will expire at the AGM to be held in 2023 when a resolution to renew the authority will be proposed.

The Directors intend to use this authority whenever they believe it would be in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the prevailing NAV per share at the time of issue, including current year income, as adjusted for the market value of the Company's debt and would therefore increase the assets underlying each share. The issue proceeds would be available for investment in line with the Company's investment policy.

Authority to Disapply Pre-Emption Rights
When shares are to be allotted for cash, the Companies Act 2006 requires such new shares to be offered first to existing shareholders in proportion to their existing holdings of ordinary shares. However, in certain circumstances, it is beneficial to allot shares for cash otherwise than pro rata to existing shareholders and the ordinary shareholders can by special resolution waive their pre-emption rights.

Resolution 12 set out in the Notice of AGM is a special resolution and will, if passed, authorise the Directors to allot up to 6,687,276 ordinary shares with a nominal value of £1,671,819 or 10% of the Company's ordinary shares in issue at the date at which this resolution is passed, for cash on a non-pre-emptive basis. This will replace the current authority granted to the Directors at the last AGM. This authority will expire at the AGM to be held in 2023 when a resolution to renew the authority will be proposed.

The Directors intend to use this authority whenever they believe it would be in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the prevailing NAV per share at the time of issue, including current year income, as adjusted for the market value of the Company's debt and would therefore increase the assets underlying each share. The issue proceeds would be available for investment in line with the Company's investment policy.

No issues of shares will be made which would alter the control of the Company without the prior approval of shareholders in general meeting.

Authority to Purchase the Company's Own Shares
The Directors consider it desirable to give the Company the opportunity to buy back shares in circumstances where the shares may be bought for a price which is below the NAV per share of the Company. The purchase of ordinary shares is intended to reduce the discount at which ordinary shares trade in the market through the Company becoming a source of demand for such shares, as well as being accretive to the NAV per share. During the year the Company instigated a buy back programme for this purpose with the shares being held in treasury.

Resolution 13 set out in the Notice of AGM is a special resolution and will, if passed, authorise the Directors to buy back up to 14.99% of the Company's shares in issue at the date at which the resolution is passed. This will replace the current authority granted to the Directors at the last AGM. This authority will expire at the AGM to be held in 2023 when a resolution to renew the authority will be proposed. 920,980 shares have been bought back under this authority during the year and 9,300 shares have been bought back under this authority post year end. The maximum price (exclusive of expenses) which may be paid by the Company in relation to any such purchase is the higher of:

i) 5% above the average of the mid-market value of shares for the five business days before the day of purchase; or

ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange.

The minimum price which may be paid for an ordinary share is the nominal value - currently 25 pence, but, if shareholders vote in favour of the share split set out in resolution 10, this will be 5 pence.

Shareholders should note that, if the share split is approved, the middle market quotation will be that applying to the newly split shares, not the higher value of the ordinary shares before the share split. Both the minimum and maximum price are exclusive of any relevant tax expenses payable by the Company. The decision as to whether to buy back any ordinary shares will be at the discretion of the Board. Ordinary shares bought back in accordance with the authority granted to the Board will either be held in treasury or cancelled. Shares held in treasury may be reissued from treasury but will only be reissued at a price that is in excess of the Company's then prevailing NAV per share. This authority will expire at the AGM to be held in 2023 when a resolution to renew the authority will be proposed.

Notice Period for General Meetings
Under the Companies Act 2006, the notice period of general meetings (other than an AGM) is 21 clear days' notice unless the Company: (i) has gained shareholder approval for the holding of general meetings on a shorter notice period (subject to a minimum of 14 clear days' notice) by passing a special resolution at the most recent AGM; and (ii) offers the facility for all shareholders to vote by electronic means.

The Company would like the ability to call general meetings (other than an AGM) on less than 21 clear days' notice. The shorter notice period proposed by Resolution 14, a special resolution, would not be used as a matter of routine, but only where the flexibility is merited taking into account the business of the meeting and is thought to be in the interests of shareholders as a whole. The approval will be effective until the end of the AGM to be held in 2023, when it is intended that a similar resolution will be proposed.

Recommendation
The Board considers the resolutions to be proposed at the AGM to be in the best interests of the Company and its members as a whole. Accordingly, the Directors unanimously recommend that shareholders should vote in favour of the resolutions to be proposed at the AGM, as they intend to do so in respect of their own beneficial holdings.

On behalf of the Board

Arthur Copple
Chairman

23 March 2022

Corporate Governance Statement

The Corporate Governance Statement and reports from the Committees form part of the Report of Directors.

Corporate governance is the process by which the board of directors of a company protects shareholders' interests and by which it seeks to enhance shareholder value. Shareholders hold the directors responsible for the stewardship of a company's affairs, delegating authority and responsibility to the directors to manage the company on their behalf and holding them accountable for its performance.

Compliance with the AIC Code
The Board considers the practice of good governance to be an integral part of the way it manages the Company and is committed to maintaining high standards of financial reporting, transparency and business integrity.

As Temple Bar is a UK-listed Company the Board's principal governance reporting obligation is in relation to the UK Code of Corporate Governance (the "UK Code") issued by the Financial Reporting Council (the "FRC"). However, it is recognised that investment companies have special circumstances which have an impact on their governance arrangements. An investment company typically has no employees and as such the day-to-day functions of the Company are outsourced to third parties. The AIC has therefore drawn up its own set of guidelines known as the AIC Code, last updated in February 2019, which recognises the nature of investment companies by focusing on matters such as board independence and the review of management and other third-party contracts. The FRC has endorsed the AIC Code and confirmed that companies which report against the AIC Code will meet their obligations in relation to the UK Code and Listing Rule 9.8.6. The Board has chosen to report against the AIC Code as it believes that the principles and recommendations of the this Code will provide better information to shareholders than reporting against only the UK Code.

A copy of the AIC Code can be found at www.theaic.co.uk.

A copy of the UK Code can be obtained at www.frc.org.uk. The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

The Board considers that these provisions are not relevant to the position of Temple Bar, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations such as an internal audit function. The Company has therefore not reported further in respect of these provisions.

The Board of Directors
Under the leadership of the Chairman, the Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. The Directors are responsible for the determination of the Company's investment policy and investment strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of the Investment Manager.

As at 31 December 2021, the Board consists of four non-executive Directors. Charles Cade has agreed to join the Board with effect from 24 March 2022 as an independent non-executive Director.

The Board seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, it has substantial recent and relevant experience of investment trusts and financial and public company management.

The terms and conditions of the appointment of the Directors are formalised in letters of appointment, copies of which are available for inspection from the Company's registered office. None of the Directors has a contract of service with the Company nor has there been any other contractual arrangement between the Company and any Director at any time during the year. Directors are not entitled to compensation for loss of office.

The Directors have access to independent professional advice at the Company's expense if required. This is in addition to the access that every Director has to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Chairman and Senior Independent Director ("SID")
The Chairman, Arthur Copple, is independent and the Board considers that he has sufficient time to commit to the Company's affairs. The Chairman's other commitments are detailed in his biography on page 31.

There is a clear division of responsibility between the Chairman, the Directors, the Investment Manager and the Company's other third-party service providers. The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and is responsible for ensuring that all Directors receive accurate, timely and clear information.

Lesley Sherratt is the SID of the Company. She acts as a sounding Board for the Chairman, takes the lead in the annual evaluation of the Chairman by the independent Directors, provides a channel for any shareholder concerns regarding the Chairman and is available to meet with major shareholders as appropriate. In periods of stress, the SID works with the Chairman, the other Directors, and/or shareholders to resolve any issues.

The documents setting out the roles of the Chairman and SID are available on the Company's website.

Board Operation
The Directors have adopted a formal schedule of matters specifically reserved for their approval. These include the following:

- approval of the Company's investment policy, long-term objectives and strategy;
- approval of annual and half-yearly reports and financial statements and accounting policies, prospectuses, circulars and other shareholder communications;
- raising new capital;
- approval of dividends;
- board appointments and removals;
- appointment and removal of the AIFM, Investment Manager and Company Secretary; and
- approval of the Company's annual expenditure budget.

At each Board meeting the Directors follow a formal agenda, which includes a review of investment performance, analysis of the peer group, marketing and financial information, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

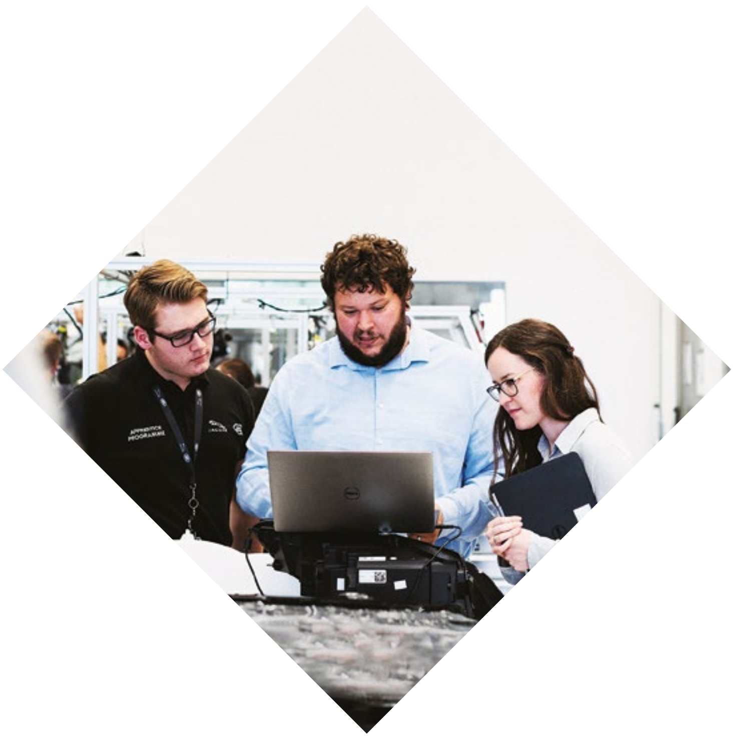
The Board meets regularly throughout the year and representatives of the AIFM and Investment Manager are in attendance, when appropriate, at each meeting. Prior to each Board and Committee meeting, Directors are provided with a comprehensive set of papers giving detailed information on the Company and all Directors have timely access to all relevant management, financial and regulatory information.

Committees
The Board has established three committees to assist its operations: the Audit and Risk Committee, the Management Engagement Committee and the Nomination Committee. Given the size and nature of the Board it is felt appropriate that all Directors are members of each Committee. Charles Cade will also be a member of all three Committees.

The need for a separate Remuneration Committee will be kept under review but, at present, given the size of the Board, the functions which a Remuneration Committee would be responsible for are overseen by the full Board.

Further details about the activities of these Committees can be found on pages 43 to 46.

The terms of reference of the Committees are available on the Company's website.



Audit and Risk Committee
The Audit and Risk Committee is chaired by Lesley Sherratt. The Committee meets formally at least twice a year. The Board is satisfied that members of the Committee have relevant and recent financial experience to fulfil their role effectively and also have sufficient experience of the investment trust sector. In particular, Lesley has twenty years' experience as an analyst and portfolio manager in the financial and investment trust sectors.
Her fundamental research approach to analysing balance sheets of financial services companies, including investment trusts, is considered to equip her well to serve as Chair of the Audit and Risk Committee.

The Committee has direct access to the Company's Auditor and provides a forum through which the Auditor reports to the Board. Representatives of the Auditor are invited to attend the Committee meeting at which the annual accounts are considered and any other meetings that the Committee deems necessary.

Given the size and nature of the Board it is felt appropriate that all Directors are members of each Committee. The Directors therefore believe it is appropriate for Arthur Copple, the Chairman of the Board, to be a member of the Committee given his financial experience and experience of the Company overall. The Committee is also of the view that his membership would not compromise his independence as Chairman of the Board.

Management Engagement Committee
The Management Engagement Committee comprises all Directors and was chaired by Arthur Copple until February 2021, when it was agreed that Shefaly Yogendra would replace Arthur as Chair. The Committee met three times during the year to review the ongoing performance and the continuing appointment of all service providers of the Company, including the Investment Manager. The Committee also considers any variation to the terms of all service providers' agreements and reports its findings to the Board.

Nomination Committee
A Nomination Committee comprising all Directors oversees a formal review procedure governing the appointment of new Directors and evaluates the overall composition of the Board, taking into account the existing balance of skills, experience and knowledge. The Committee is also responsible for assessing on an annual basis the individual performance of each Director and for making recommendations as to whether they should remain in office. This Committee is chaired by Shefaly Yogendra. The Committee met three times during the year and twice following the year end to discuss Board composition and succession and consider the re-election of each Director.

Meeting Attendance

The table below sets out the Directors' attendance at Board and Committee meetings held during the year ended 31 December 2021.

	Board		Audit and Risk Committee		Management Engagement Committee		Nomination Committee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Arthur Copple	5	5	3	3	3	3	3	3
Lesley Sherratt	5	5	3	3	3	3	3	3
Richard Wyatt	5	5	3	3	3	3	3	3
Shefaly Yogendra	5	5	3	3	3	3	3	3

Independence of the Directors

The Board has reviewed the independence status of each individual Director and the Board as a whole. All Directors are considered to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of his or her independent judgement. The Chairman has served on the Board for more than nine years but given the nature of the Company as an investment trust and his strongly independent mindset, the Board is firmly of the view that all of the Directors can be considered to be independent. In arriving at this conclusion the Board makes a clear distinction between the activities of an investment trust and a conventional trading company. An investment trust has no employees or executive directors, the most significant relationship being with the Investment Manager. In overseeing this relationship, it is the view of the Board that long service can aid the understanding and judgement of the Directors.

Induction and Training

New Directors appointed to the Board are provided with an induction programme which is tailored to the particular circumstances of the appointee. The Company Secretary will offer induction training to new Directors about the Company, its key service providers, the Directors' duties and obligations and other matters as may be relevant from time to time. Regular briefings are provided during the year on industry and regulatory matters and the Directors receive other relevant training as required.

Director Appointment, Re-Election and Tenure

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006.

Under the Company's Articles of Association, Directors are subject to election by shareholders at the first AGM after their appointment. Thereafter, at each AGM any Director who has not stood for re-election at either of the two preceding AGMs shall retire. Beyond these requirements, the Board has agreed a policy whereby all Directors will seek annual re-election at the Company's AGM.

Directors are not appointed for specified terms, but the Board would not normally expect Directors to serve for more than nine years. However, in exceptional circumstances, mindful of the prevailing balance of skills and experience on the Board, it may be considered appropriate for one or more Directors to extend their tenure by a further three-year period. Due to the recent Board refreshment exercise, the average length of service for those Directors seeking re-election at the AGM is relatively low. The Board therefore feels that it is appropriate for the Chairman, who has served as a Director for more than nine years, to be re-elected in order to provide an appropriate level of continuity.

The Board has carefully considered the position of each of the Directors and, following the annual Board evaluation, all of the Directors continue to be effective and to display an undiminished enthusiasm and commitment to the role. The Board therefore believes that it is in the best interests of shareholders that each of the Directors is re-elected at the forthcoming AGM. The specific reasons for the re-election of each Director are set out below:

- **Arthur Copple:** Arthur possesses extensive knowledge of the investment trust industry based on a long career working in various executive roles. He continues to be heavily involved in the industry and is therefore able to provide valuable and up-to-date insight, particularly in advising on how Temple Bar's actions might be perceived externally. Arthur is an effective Chairman and leads the decision-making process in an inclusive manner.

- **Lesley Sherratt:** Lesley has detailed knowledge of the investment trust sector, having run a large fund of investment trusts for ten years as part of her long career in fund management. Her recent academic work in ethics in finance and the fiduciary responsibility of Boards with regard to ESG issues has been instrumental in driving Board discussion and subsequent engagement with stakeholders.

- **Richard Wyatt:** Richard typically adopts a 'big picture' approach to Board discussion and decision making. He is well reasoned, knowledgeable and possesses a good understanding of the impact of current events. In certain contexts, Richard's ability to approach issues from a unique perspective provides important balance to Board discussion.

- **Shefaly Yogendra:** Shefaly has huge experience of governance and risk, an increasingly important attribute in the Board's risk management and decision-making process. This particular skillset contributes significantly to Board balance and discussion.

Charles Cade has agreed to join the Board as a non-executive Director with effect from 24 March 2022. As this appointment was made subsequent to the last AGM of the Company, he will retire in accordance with the Company's Articles of Association and offer himself for election. The Board strongly recommends the election of Charles as he brings a wealth of experience and expertise, not just in investment trusts, but in investment generally.

Charles Cade has over 25 years' experience in the investment Companies sector, and was ranked among the leading analysts throughout his career at Numis Securities, Winterflood Securities, HSBC and Merrill Lynch. He joined the City following an MBA, having previously worked for a consultancy firm and as an economist in the UK government. He currently sits on the Investment Committee of the Rank Foundation charity, and is an independent member of the Investment Research Monitoring Group for interactive investor, the retail platform.

Diversity
In terms of gender, ethnicity, experience and knowledge the Board demonstrates great diversity. The Board believes that this diversity is immensely helpful in developing and implementing its strategic goals. The Board's policy on diversity, including gender and ethnicity, is to take this into consideration during the recruitment and appointment process. The Board is committed to appointing and retaining the most appropriate, well qualified candidates, and therefore no specific targets have been set against which to report.

Board Evaluation
The Directors are aware that they need to continually monitor and improve performance, and recognise that this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness.

Following the extensive independent evaluation undertaken by Stogdale St James in respect of the year ended 31 December 2020, the Directors opted to undertake an internal performance evaluation for the year ended 31 December 2021.

The evaluation was carried out through individual conversations with Directors specifically designed to assess the strengths and independence of the Board and the Chairman, individual Directors and the performance of the Committees. The evaluation of the Chairman was carried out by the other Directors of the Company, led by the SID. The Chairman acts on the results of the evaluation by recognising the strengths and addressing any weaknesses of the Board as appropriate. The results of the Board evaluation process are reviewed and discussed by the Board as a whole. This evaluation process is carried out annually.

Following the evaluation process, the Board considers that all the Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company.

Conflicts of Interest
Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. This includes potential conflicts that may arise when a Director takes up a position with another company. The Company's Articles of Association allow the Board to authorise such potential conflicts and there is a procedure in place to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all relevant circumstances.

A register of conflicts is maintained by the Company Secretary and is reviewed by the Directors at Board meetings to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at these meetings whether there has been any change to their position.

Shareholder Communications
Shareholder relations are given high priority by both the Board and the Investment Manager. The principal medium by which the Company communicates with shareholders is through annual and half-yearly reports. The information contained therein is supplemented by daily NAV announcements, a monthly factsheet available on the Company's website and a quarterly newsletter. Further information on engagement with shareholders can be found under the Section 172 Statement on page 11.

Internal Control Review
The Directors are responsible for the systems of internal control relating to the Company and the reliability of the financial reporting process, and for reviewing its effectiveness. The Directors have reviewed and considered the guidance supplied by the FRC on risk management, internal control and related finance and business reporting and an ongoing process has been established for identifying, evaluating and managing the principal and emerging risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of this Annual Report.

The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Company are safeguarded.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Internal Control Assessment Process
Robust risk assessments and reviews of internal controls are undertaken regularly in the context of the Company's overall investment objective.

A risk register has been produced against which identified and emerging risks and the controls in place to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk matrix is reviewed on a regular basis by the Audit and Risk Committee.

The Directors have carried out a review of the effectiveness of the Company's risk management and internal control systems as they have operated over the year and up to the date of approval of the Annual Report. Details of this review can be found on page 44. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

The majority of the day-to-day management functions of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operating in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, where available, which is reviewed by the Audit and Risk Committee.

On behalf of the Board

Arthur Copple
Chairman

23 March 2022

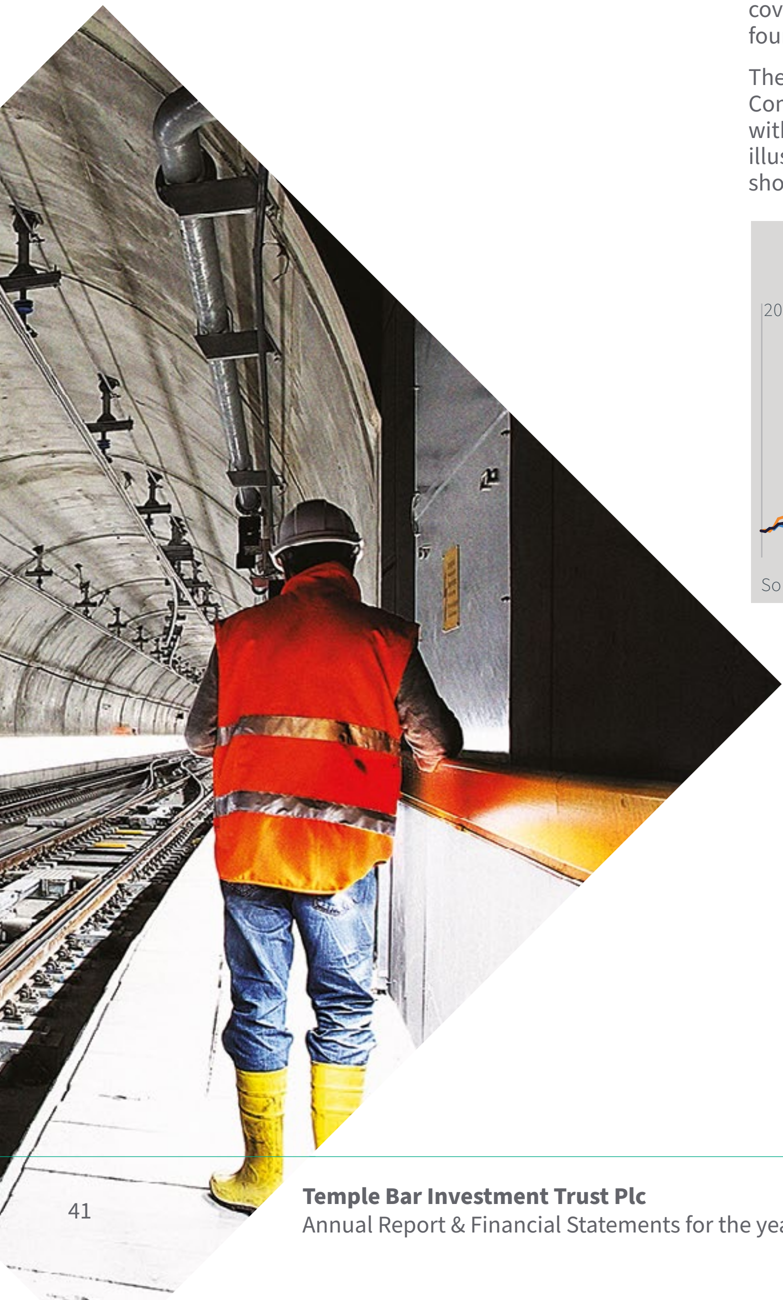
Report on Directors' Remuneration

The Board presents the Report on Directors' Remuneration for the year ended 31 December 2021.

The Company's Auditor is required to audit certain parts of the disclosures provided. Where disclosures have been audited, they are indicated as such.

Statement from the Chairman
As set out in the Corporate Governance Statement on page 37, the Directors' remuneration is determined by the Board as a whole. No Director is involved in deciding their own remuneration. The Board reviews Directors' fees on an annual basis to ensure that they are in line with the level of remuneration for other investment trusts of a similar size. During the year ended 31 December 2021, the annual fees were set at a rate of £38,750 for the Chairman, £30,750 for the Chair of the Audit and Risk Committee and £25,750 for a Director.

As set out in the Chairman's Statement on page 4, the Board commissioned an independent study from Trust Associates to establish the level of comparable investment trusts' directors' fees. Following analysis of the study, the Board concluded that it would be appropriate to increase the annual fees to £43,500 for the Chairman, £34,000 for the Chair of the Audit and Risk Committee and £28,000 for the other Directors with effect from 1 January 2022.



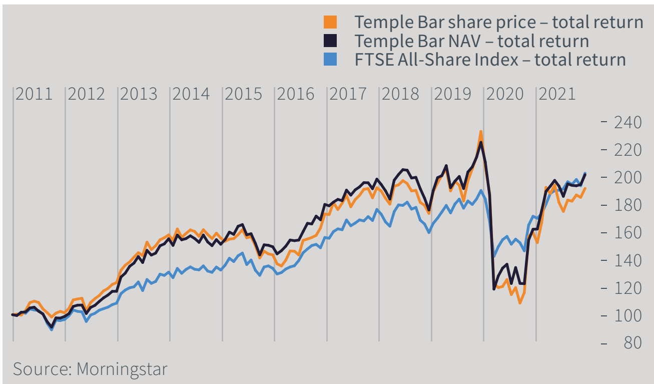
The Directors' Remuneration Policy was last approved at the AGM held on 30 March 2020 and is available within the 2019 Annual Report on the Company's website. There is no change in the way the current approved remuneration policy will be implemented during the course of the next financial year.

An ordinary resolution will be put to shareholders at the forthcoming AGM to receive and approve the Report on Directors' Remuneration.

Voting at AGM
The Report on Directors' Remuneration for the year ended 31 December 2020 was approved by shareholders at the AGM held on 13 May 2021. 99.63% of poll votes in respect of the approval of the Report on Directors' Remuneration were in favour, 0.37% were against and 85,799 votes were withheld. The Directors' Remuneration Policy was approved by shareholders at the AGM held on 30 March 2020. 99.7% of proxy votes in respect of approval of the Remuneration Policy were in favour, 0.24% were against and 51,585 votes were withheld.

Performance Graph
The Company tries to meet its stated investment objective by investing primarily in UK equities across different sectors, while maintaining a balance of larger and smaller/medium-sized companies. The FTSE All-Share Index is a very broad UK-based index, which makes it an appropriate benchmark for the Company's strategy and UK value mandates in general, due to its coverage of small cap companies as well as the larger-cap listings found in the main FTSE Indices.

The Directors consider that the most appropriate measure of the Company's performance is its share price total return compared with the total return on the FTSE All-Share Index. A graph illustrating this relative performance over a ten-year period is shown below.



Remuneration for the Year Ended 31 December 2021 (audited)

The aggregate limit of Directors' fees of £250,000 per annum is set out in the Company's Articles of Association. Approval of shareholders would be required to increase this limit.

It is the Company's policy that no Director shall be entitled to any performance-related remuneration, benefits in kind, long-term incentive schemes, share options, pensions or other retirement benefits or compensation for loss of office. None of the Directors has a service contract with the Company, nor are they required to serve a notice period.

The remuneration paid to the Directors during the year ended 31 December 2021 is set out in the table below:

	Total amount of fixed fees			
	2021 £	2020 £	**% change 2020 to 2021**	% change 2019 to 2020
Arthur Copple	**38,750**	38,750	**–**	+3.3
Lesley Sherratt[1]	**30,750**	29,500	**+4.2 prorated**	+18.0 prorated
Richard Wyatt	**25,750**	25,750	**–**	+3.0
Shefaly Yogendra[2]	**25,750**	25,750	**–**	+3.0 prorated
Sonita Alleyne[3]	**–**	1,980	**- 100.0 prorated**	+3.3 prorated
Richard Jewson[4]	**–**	7,688	**- 100.0 prorated**	+2.5 prorated
Total	**121,000**	129,418		

1 Chair of the Audit and Risk Committee from 30 March 2020.
2 Appointed as a Director on 1 October 2019.
3 Resigned as a Director on 28 January 2020.
4 Retired as a Director on 30 March 2020.

There were no taxable benefits received by any Directors during the year.

Expenditure by the Company on Remuneration and Distributions to Shareholders

The table below compares the remuneration paid to Directors with distributions made to shareholders by way of a dividend and shares bought back during the year under review and the prior financial year.

	2021 £'000	2020 £'000	% Change
Remuneration paid to Directors	**121**	129	(6.2)
Distributions to shareholders – dividends	**25,013**	32,527	(23.1)
Shares bought back	**10,016**	–	100.0

Directors' Shareholdings (audited)

There is no requirement under the Company's Articles of Association for Directors to hold shares in the Company.

The interests of the Directors' in the shares of the Company are set out below:

	2021 Number of shares	2020 Number of shares
Arthur Copple	**72,309**	72,309
Lesley Sherratt	**65,000**	65,000
Richard Wyatt	**10,000**	10,000
Shefaly Yogendra	**900**	900

All the above interests are beneficial. None of the Directors had at any date any interest in the Company's debenture stock which matured on 8 March 2021.

There were no changes in the interests shown above between 31 December 2021 and the date of this Annual Report.

Approval

The Report on Directors' Remuneration was approved by the Board and signed on its behalf by:

Arthur Copple
Chairman

23 March 2022

Report of the Audit and Risk Committee

I am pleased to present the Report of the Audit and Risk Committee for the year ended 31 December 2021.

The Role of the Committee
The Committee assists the Board in discharging its responsibilities with regard to financial reporting, external audit and internal controls, including:

- monitoring the integrity of the financial statements of the Company, including its annual and half-yearly reports, and reviewing significant financial reporting issues and judgements which they contain;
- reviewing the content of the Annual Report & Financial Statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- keeping under review the adequacy and effectiveness of the Company's risk management systems; and reviewing and approving the statements to be included in the Annual Report concerning internal controls and risk management;
- reviewing the scope and effectiveness of the audit process undertaken by the Auditor;
- making recommendations to the Board in relation to the re-appointment or removal of the Auditor and approving its remuneration and terms of engagement;
- reviewing and monitoring the Auditor's independence, objectivity and effectiveness; and
- approving any non-audit services to be provided by the Auditor and monitoring the level of fees payable in that respect.

Meetings
The Committee met three times during the year under review and once following the year end. In addition, the Committee meets the Auditor at least annually, without any other party present, for a private discussion. Details of the composition of the Committee are set out in the Corporate Governance Statement on page 38. The members of the Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. As a financial sector analyst running substantial funds in the financial and investment trust sectors for twenty years, and having previously chaired the audit committee of US Smaller Companies Investment Trust for ten years, I have recent and relevant financial experience with which to fulfil my role as Chair of the Committee, and the Committee as a whole has competence relevant to the sector.

Matters Considered During the Year
During the year, and to the date of this Annual Report, the Committee has:

- reviewed the internal controls and risk management systems of the Company and its third-party service providers;
- agreed the audit plan and fees with the Auditor in respect of the audit, including the principal areas of focus;
- reviewed the Company's Half-Yearly Report and Annual Report & Financial Statements and advised the Board accordingly;
- received and discussed with the Auditor its report on the results of the audit; and
- reviewed the performance and effectiveness of the Auditor and considered its re-appointment and fees.

Significant Issues Considered by the Committee
The Committee considered the following key issues in relation to the Company's financial statements during the year:

Significant issue	How the issue was addressed
Valuation and ownership of the investment portfolio	The Board reviews detailed portfolio valuations at each meeting. It relies on the Administrator, Investment Manager and AIFM to use correct listed prices and seeks comfort in the testing of this process through their internal control statements. This was discussed with the Administrator, AIFM, Investment Manager and Auditor at the conclusion of the audit. The Company uses the services of an independent Depositary (BNYM) to hold the assets of the Company. The Depositary checks the consistency of its records with those of the AIFM and Investment Manager on a monthly basis. The Depositary provides a quarterly report to the Board in relation to its monitoring and oversight of activities.
Incomplete or inaccurate revenue recognition	Income received is accounted for in accordance with the Company's accounting policies as set out in note 1 to the financial statements. The Board receives income forecasts, including special dividends, and receives explanations from the Investment Manager for any significant movements from previous forecasts.
Maintenance of investment trust status	The Committee regularly considers the controls in place to ensure that the regulations for maintaining investment trust status are observed at all times and receives supporting documentation from the Administrator.
Going concern and long-term viability of the Company	The Committee considered the Company's financial requirements for the next twelve months and concluded that it has sufficient resources to meet its commitments. Consequently, the financial statements have been prepared on a going concern basis. The Committee also considered the longer-term viability statement within the Annual Report for the year ended 31 December 2021, covering a five-year period, and the underlying factors and assumptions which contributed to the Committee deciding that this was an appropriate length of time to consider the Company's long-term viability. The Company's viability statement can be found on page 22.

Internal Controls
The Committee carefully considers the internal control systems by continually monitoring the services and controls of its third-party service providers.

The Committee reviewed and updated the risk matrix during the year in consideration of the Company's principal and emerging risks. It received reports on internal controls and compliance from the Investment Manager and the Company's other service providers and no significant matters of concern were identified.

Internal Audit
The Company does not have an internal audit function.

The Committee continues to believe that the Company does not require an internal audit function of its own as it delegates its day-to-day operations to third parties from whom it receives and reviews internal control reports.

External Auditor
This is the second audit for BDO LLP following its appointment at the AGM held in March 2020. Audit fees for the year ended 31 December 2021 are set out in note 7 to the financial statements.

There were no non-audit services provided by the Auditor during the year.

Effectiveness of the External Audit
The Committee monitors and reviews the effectiveness of the external audit carried out by the Auditor, including a detailed review of the audit plan and the audit results report, and makes recommendations to the Board on the re-appointment, remuneration and terms of engagement of the Auditor. The Chair of the Committee met with the Company's Audit Partner prior to the finalisation of the audit of the Annual Report & Financial Statements for the year ended 31 December 2021, without the Investment Manager being present, to discuss how the external audit was carried out, the findings from such audit and whether any issues had arisen from the Auditor's interaction with the Company's various service providers. No concerns were raised in respect of the year ended 31 December 2021.

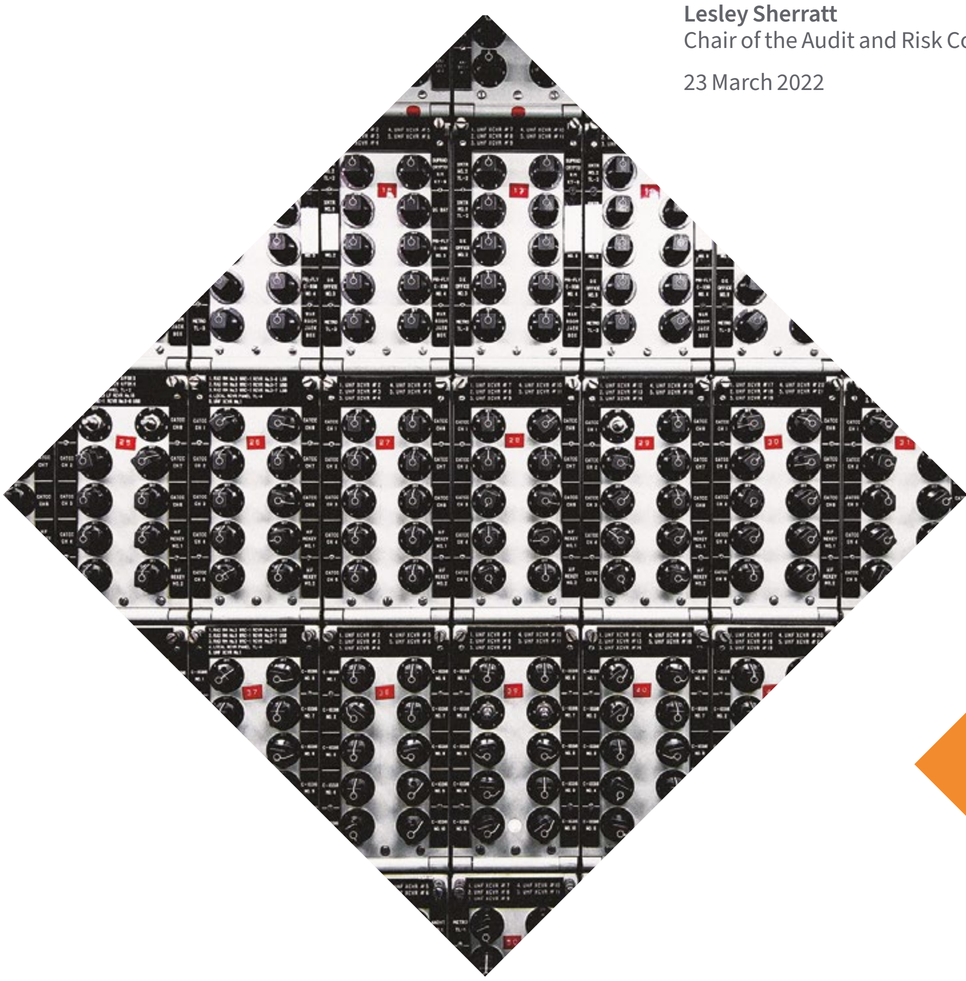
Independence and Objectivity of the Auditor
The Committee has considered the independence and objectivity of the Auditor and is satisfied that the Auditor has fulfilled its obligations to the Company and its shareholders. The Committee reviews the continuing appointment of the Auditor on an annual basis and gives regular consideration to the Auditor's fees and independence, along with matters raised during each audit.

Appointment of the Auditor
Following consideration of the performance of the Auditor, the services provided during the year and a review of its independence and objectivity, the Committee has recommended to the Board the re-appointment of BDO LLP as Auditor to the Company.

The Competition and Markets Authority ("CMA") Order
The Company has complied with the provisions of the CMA Order throughout the year ended 31 December 2021.

Lesley Sherratt
Chair of the Audit and Risk Committee

23 March 2022



Report of the Management Engagement Committee

I am pleased to present the Report of the Management Engagement Committee for the year ended 31 December 2021.

The Role of the Committee
The Committee's primary responsibilities are to:

- monitor and evaluate the Investment Manager's performance and compliance with the terms of the Investment Management Agreement;
- review the terms of the Investment Management Agreement annually to ensure that the terms conform with market and industry practice and remain in the best interests of shareholders;
- recommend to the Board any variation to the terms of the Investment Management Agreement which it considers necessary or desirable;
- review and make the appropriate recommendations to the Board as to whether the continuing appointment of the Investment Manager and the AIFM are in the best interests of the Company and shareholders;
- review the level and method of remuneration of the Investment Manager;
- monitor the appropriateness and compliance of other service providers' terms of their respective agreements;
- review, consider and recommend to the Board any amendments to the terms of the appointment and remuneration of other service providers; and
- consider any points of conflict of interest which may arise between the service providers.

Matters Considered During the Year
The Committee met three times during the year ended 31 December 2021. At these meetings, the Committee:

- reviewed the performance of the Investment Manager;
- considered the continuing appointment of the AIFM and Investment Manager; and
- considered the services provided by the Company's other third-party service providers.

The Committee agreed that the continuing appointment of all of the Company's service providers remained appropriate and in the best interests of shareholders.

Shefaly Yogendra
Chair of the Management Engagement Committee

23 March 2022

Report of the Nomination Committee

I am pleased to present the Nomination Committee report covering the year ended 31 December 2021.

The Role of the Committee
The Committee's primary responsibilities are to:

- regularly review the structure, size and composition (including the skills, knowledge, diversity, ethnicity and experience) of the Board;
- give full consideration to succession planning for Directors, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future;
- Using objective criteria, identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- review the results of the Board performance evaluation process that relate to the composition and the succession planning of the Board;
- make recommendations on the tenure of the Chairman of the Board; and
- review annually the time required from Directors and any other business interest that may result in a conflict.

Matters Considered During the Year
The Committee met three times during the year ended 31 December 2021 and twice post the year end. At these meetings, the Committee:

- discussed Board composition and succession planning;
- engaged Trust Associates to help with the candidate selection and interview process to appoint a new non-executive director;
- recommended to the Board the appointment of Charles Cade; and
- considered the re-election of each of the current Directors and the election of Charles Cade who has agreed to join the Board with effect from 24 March 2022.

The Committee interviewed a short list of candidates and following this a recommendation was made by the Committee to the Board to appoint Charles Cade as a non-executive Director with effect from 24 March 2022. The recommendation took into account the wealth of experience and expertise that Charles would bring to the Board.

The Committee carefully considered the position of each of the Directors and, following the annual performance evaluation, all of the Directors continued to be effective and to display an undiminished enthusiasm and commitment to the role. The Committee therefore recommended to the Board that it was in the best interests of shareholders that each of the Directors was re-elected at the forthcoming AGM. Further detail can be found on page 39.

Shefaly Yogendra
Chair of the Nomination Committee

23 March 2022

Statement of Directors’ Responsibilities

Directors’ responsibilities
The Directors are responsible for preparing the Annual Report & Financial Statements in accordance with UK-adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the company financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors’ report, a strategic report and Directors’ remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report & Financial Statements, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company’s position and performance, business model and strategy.

Website publication
The Directors are responsible for ensuring the Annual Report & Financial Statements are made available on a website. Financial statements are published on the Company’s website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company’s website is the responsibility of the Directors. The Directors’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors’ responsibilities pursuant to DTR4
The Directors confirm to the best of their knowledge:

- the financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Arthur Copple
Chairman

23 March 2022


ABB
TAKRAF

Independent Auditor's Report
to the Members of Temple Bar Investment Trust Plc

Opinion on the Financial Statements
In our opinion:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Temple Bar Investment Trust Plc (the "Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence
Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors and subsequently by the shareholders on 30 March 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is two years, covering the years ended 31 December 2020 to 31 December 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions Relating to Going Concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the appropriateness of the Directors' assumptions and judgements made by comparing the prior year forecasted costs to the actual costs incurred to check that the projected costs are reasonable. Assessing the projected management fees for the year to check that it was in line with the current assets under management levels and the projected market growth forecasts for the following year;
- sensitising the forecasts based on an economic downturn and calculating financial ratios to ascertain the financial health of the Company, including performing calculations assessing the net asset position of the Company to understand the reliance on loans; and
- reviewing the loan agreements to identify the covenants and assessing the likelihood of them being breached based on the Directors' forecasts and our sensitivity analysis.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2021	2020
Key audit matters	Valuation and ownership of investments	✓	✓
	Revenue Recognition		
Materiality	Financial statements as a whole	✓	✓
	£7,970,000 (2020: £6,800,000) based on 1% (2020: 1%) of Net Assets		

An Overview of the Scope of our Audit
Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of investments Note 1 and Note 12 The investment portfolio at the year-end comprised of investments at fair value through profit or loss. We consider the valuation and ownership of listed investments to be the most significant audit area as the listed investments represent the most significant balance in the financial statements and underpin the principal activity of the entity. The Investment Manager receives a management fee based on the total assets. The investment valuations are reviewed and approved by the Board. Notwithstanding this review, there is a potential risk of misstatement in the investment valuations.	We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures on valuation: • confirmed that bid price has been used by agreeing to externally quoted prices; • agreed the foreign exchange rates to independent third party sources; • re-performed the calculation of investment valuations by multiplying the investment holdings by the bid price; and • reviewed trading volumes around year-end to check that there are no contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings. In respect of the ownership of investments we have obtained direct confirmation from the custodian regarding all investments held at the balance sheet date. We also checked that financial statement disclosures in respect of investment valuations were appropriate and accurate. **Key observations:** Based on our procedures performed we did not identify any material exceptions with regards to valuation or ownership of investments.
Revenue recognition Note 1 and Note 4 Income arises predominately from dividends and can be volatile, but is a key factor in demonstrating the performance of the portfolio. To a lesser extent, income arises from interest on fixed-interest securities. There is a presumed fraud risk over existence of revenue. There is a risk that dividends are announced but not received and are not recognised. There is a risk that interest accrued may not be receivable. Furthermore, judgement is required in the allocation of income to revenue or capital.	We have responded to this matter by developing an independent expectation of income using data analytics based on the investment holding and distributions from independent sources. We have also cross checked the portfolio against corporate actions and special dividends and challenged whether these have been appropriately accounted for as income or capital. We have analysed the population of dividend receipts to identify any items for further discussion that could indicate a potential capital distribution, for example where a dividend represents a particularly high yield. We have then traced a sample of dividend income receipts to bank. With regards to interest on fixed-interest securities, we agreed the interest rate to supporting documentation and recalculated the interest income and effective yield adjustment. We agreed a sample of interest receivable to post year end receipt. Where amounts were not yet received post year end we considered whether there was any indication that the amounts were not recoverable, such as amounts being overdue but not yet received. We tested whether the allocation and presentation of income between the revenue and capital return columns of the Income Statement were in line with the requirements set out in the AIC Statement of Recommended Practice ("AIC SORP"). **Key observations:** Based on our procedures performed we did not identify any material exceptions with regards to revenue recognition and presentation.

Our Application of Materiality
We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Financial statements 2021	Financial statements 2020
Materiality	£7,970,000	£6,800,000
Basis for determining materiality	1% of the value of Net Assets	1% of the value of Net Assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance.	
Performance materiality	£5,980,000	£5,100,000
Basis for determining performance materiality	75% of Materiality based on our risk assessment and consideration of the control environment. We also considered the history of misstatements based on our knowledge obtained in the previous year, aggregation effect of planned nature of testing and the overall size complexity of the entity.	

Specific Materiality

We also determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items of £1,200,000 (2020: £440,000), based on 5% of the revenue return before tax (2020: 5%). The increase is due to a significant increase in revenue during the period. We further applied a performance materiality level of 75% (2020: 75%) of specific materiality being £900,000 (2020: £330,000) to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting Threshold

We agreed with the Audit and Risk Committee that we would report to it all individual audit differences in excess of £60,000 (2020: £20,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report & Financial Statements other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement are materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • the Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• the Directors' statement on fair, balanced and understandable; • the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and • the section describing the work of the Audit and Risk Committee.

Independent Auditor's Report continued
to the Members of Temple Bar Investment Trust Plc

Other Companies Act 2006 Reporting
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the report of the Directors have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the Directors.
Directors' remuneration	In our opinion, the part of the report on Directors' remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements and the part of the report on Directors' remuneration to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
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 an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the Company operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and UK adopted IFRS. We also considered the Company's qualification as an Investment Trust under UK tax legislation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and valuation and ownership of investments.

Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- enquiries of management and those charged with governance of any known, reported or indications of fraud occurring within the Company and its operations;
- reviewed correspondence with the relevant authorities;
- testing the appropriateness of a sample of the journal entries in the general ledger by agreeing to supporting documentation and adjustments made in the preparation of the financial statements, reviewing and assessing the accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that are outside the normal course of the business for the Company and those that appear to be unusual;
- review of minutes of Board meetings throughout the period; and
- the procedures set out in the Key Audit Matters section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

23 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Temple Bar Investment Trust Plc
Annual Report & Financial Statements for the year ended 31 December 2021

Financial Report

Temple Bar Investment Trust Plc
Annual Report & Financial Statements for the year ended 31 December 2021

Statement of Comprehensive Income

	Notes	2021 Revenue £000	2021 Capital £000	2021 Total £000	2020 Revenue £000	2020 Capital £000	2020 Total £000
Investment Income	**4**	**27,721**	**3,026**	**30,747**	12,687	–	12,687
Other operating income	**4**	**–**	**–**	**–**	6	–	6
		27,721	**3,026**	**30,747**	12,693	–	12,693
Profit/(losses) on investments							
Profit/(losses) on investments held at fair value through profit and loss	**12**	**–**	**133,841**	**133,841**	–	(277,554)	(277,554)
Currency exchange (loss)/gain		**–**	**(12)**	**(12)**	–	90	90
Total income/(loss)		**27,721**	**136,855**	**164,576**	12,693	(277,464)	(264,771)
Expenses							
Management fees	**6**	**(1,031)**	**(1,546)**	**(2,577)**	(1,052)	(1,497)	(2,549)
Other expenses	**7**	**(1,022)**	**(369)**	**(1,391)**	(943)	(3,726)	(4,669)
Profit/(loss) before finance costs and tax		**25,668**	**134,940**	**160,608**	10,698	(282,687)	(271,989)
Finance costs	**8**	**(1,267)**	**(1,901)**	**(3,168)**	(1,977)	(2,963)	(4,940)
Profit/(loss) before tax		**24,401**	**133,039**	**157,440**	8,721	(285,650)	(276,929)
Tax	**9**	**(664)**	**–**	**(664)**	(331)	–	(331)
Profit/(loss) for the year		**23,737**	**133,039**	**156,776**	8,390	(285,650)	(277,260)
Earnings per share (basic and diluted)	**11**	**35.57p**	**199.35p**	**234.92p**	12.55p	(427.15)p	(414.60)p

The total column of this statement represents the Statement of Comprehensive Income prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance issued by the AIC. All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

The Company does not have any income or expense that is not included in profit for the year. Accordingly, the profit for the year is also the Total Comprehensive Income for the year, as defined in IAS1 (revised).

The notes on pages 59 to 76 form an integral part of the financial statements.

Statement of Changes in Equity

	Notes	Ordinary share capital £000	Share premium account £000	*Restated capital reserves realised £000	*Restated capital reserves unrealised £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020		16,719	96,040	667,300	167,943	37,121	985,123
Total comprehensive (loss)/income for the year		–	–	(119,895)	(165,755)	8,390	(277,260)
Contributions by and distributions to owners							
Transaction cost restatement adjustment		–	–	13,851	(13,851)	–	–
Dividends paid to equity shareholders	10	–	–	–	–	(32,527)	(32,527)
Balance at 31 December 2020		16,719	96,040	561,256	(11,663)	12,984	675,336
Total comprehensive income for the year		–	–	8,859	124,180	23,737	156,776
Contributions by and distributions to owners							
Cost of shares bought back for treasury		–	–	(10,016)	–	–	(10,016)
Dividends paid to equity shareholders	10	–	–	–	–	(25,013)	(25,013)
Balance at 31 December 2021		**16,719**	**96,040**	**560,099**	**112,517**	**11,708**	**797,083**

As at 31 December 2021, the Company had distributable revenue reserves of £11,708,000 (2020: £12,984,000) and distributable realised capital reserves of £560,099,000 (2020: £561,256,000*) for the payment of future dividends. The only distributable reserves are the retained earnings and realised capital reserves.

* A restatement of the realised capital reserves and unrealised capital reserves has been presented for the year ended to 31 December 2020. The restatement increases the distributable capital reserve by £13,851,000 and reduces the non-distributable unrealised capital reserve by £13,851,000. There is no impact to the Statement of Financial Position. See note 12a on page 68 for further details.

The notes on pages 59 to 76 form an integral part of the financial statements.

Statement of Financial Position

	Notes	31 December 2021 £000	31 December 2021 £000	31 December 2020 £000	31 December 2020 £000
Non-current assets					
Investments held at fair value through profit or loss	12		**849,150**		718,423
Current assets					
Investments held at fair value through profit or loss	12	**7,944**		55,193	
Cash and cash equivalents		**11,626**		14,217	
Receivables	13	**5,172**		2,466	
			24,742		71,876
Total assets			**873,892**		790,299
Current liabilities					
Payables	14		**(2,138)**		(1,675)
Interest bearing borrowings	15		**–**		(38,654)
Total assets less current liabilities			**871,754**		749,970
Non-current liabilities					
Interest bearing borrowings	15	**(74,671)**		(74,634)	
Net assets			**797,083**		675,336
Equity attributable to equity holders					
Ordinary share capital	16	**16,719**		16,719	
Share premium	17	**96,040**		96,040	
Capital reserves	18	**672,616**		549,593	
Retained revenue earnings		**11,708**		12,984	
Total equity attributable to equity holders			**797,083**		675,336
Net asset value per share	20		**1,208.59p**		1,009.88p

The notes on pages 59 to 76 form an integral part of the financial statements.

The financial statements of Temple Bar Investment Trust Plc (registered number: 00214601) on pages 55 to 76 were approved by the Board of Directors and authorised for issue on 23 March 2022. They were signed on its behalf by:

Arthur Copple
Chairman

Statement of Cash Flows

	Notes	31 December 2021 £000	31 December 2021 £000	31 December 2020 £000	31 December 2020 £000
Cash flows from operating activities					
Profit/(loss) before tax			**157,440**		(276,929)
Adjustments for:					
(Gains)/losses on investments		**(133,841)**		277,554	
Finance costs		**3,168**		4,940	
Dividend income	4	**(30,761)**		(12,558)	
Interest income	4	**14**		(135)	
Dividends received		**28,065**		13,362	
Interest received		**932**		1,223	
Increase in receivables		**(276)**		(139)	
Increase/(decrease) in payables		**69**		(230)	
Overseas withholding tax suffered	9	**(664)**		(331)	
			(133,294)		283,686
Net cash flows from operating activities			**24,146**		6,757
Cash flows from investing activities					
Purchases of investments		**(124,529)**		(1,061,110)	
Sales of investments		**174,213**		1,094,811	
Net cash flows from investing activities			**49,684**		33,701
Cash flows from financing activities					
Repayment of borrowing		**(38,000)**		–	
Equity dividends paid	10	**(25,013)**		(32,527)	
Interest paid on borrowings		**(3,818)**		(4,863)	
Shares bought back for treasury		**(9,590)**		–	
Net cash flows used in financing activities			**(76,421)**		(37,390)
Net (decrease)/increase in cash and cash equivalents			**(2,591)**		3,068
Cash and cash equivalents at the start of the year			**14,217**		11,149
Cash and cash equivalents at the end of the year			**11,626**		14,217

The notes on pages 59 to 76 form an integral part of the financial statements.

Notes to the Financial Statements

General information
Temple Bar Investment Trust Plc was incorporated in England and Wales in 1926 with the registered number 00214601.

The Company carries on the business as an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010.

1. Principal Accounting Policies

Basis of accounting
The financial statements have been prepared on a going concern basis, under the historical cost convention, modified by the valuation of investments at fair value, prepared in accordance with UK adopted international accounting standards.

The annual financial statements have also been prepared in accordance with the AIC SORP for investment trusts issued by the AIC in April 2021, except to any extent where it is not consistent with the requirements of IFRS. The principal accounting policies adopted by the Company are set out below.

All values are rounded to the nearest thousand pounds unless otherwise indicated.

Going concern
The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved.

In making this assessment, the Directors have considered in particular the current economic impacts and the ongoing effects on the Company's operations of the COVID-19 pandemic.

The longer-term economic effects of the pandemic remain difficult to predict but in considering preparing the accounts on a going concern basis the Directors noted the Company holds a portfolio of liquid investments. The Company has sufficient cash to finance any future investments, as well as the ability to draw on short-dated gilts held on the portfolio. The Company is a closed-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions. See page 22 for further details in the Viability Statement. The Board reviews the loan compliance certificates to ensure the Company does not breach its covenants.

The Board has reviewed stress-testing and scenario analyses prepared by the Investment Manager to assist it in assessing the impact of changes in market value and income with associated cash flows. In making this assessment, the Investment Manager has considered plausible downside scenarios.

These tests included the possible further effects of the continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. It was concluded that in a plausible downside scenario, the Company could continue to meet its liabilities. Whilst the economic future is uncertain, the opinion of the Directors is that no foreseen downside scenario would be to a level which would threaten the Company's ability to continue to meet its liabilities as they fall due.

The Investment Manager and the Company's third-party service providers have contingency plans to ensure the continued operation of their businesses in the event of disruption, such as the impact of COVID-19 or other health emergency situation. The Board was satisfied that there has been minimal impact to the services provided since the onset of the pandemic and is confident that this will continue. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on a going concern basis.

Presentation of Statement of Comprehensive Income
In order better to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

Income
Dividend income from investments is recognised when the Company's right to receive payment has been established, normally the ex-dividend date.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a capital gain in the Statement of Comprehensive Income.

Interest income is recognised in line with coupon terms on a time-apportioned basis. Special dividends are credited to capital or revenue according to their circumstances.

1. Principal Accounting Policies continued

Foreign currency

The financial statements are prepared in Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

The primary objective of the Company is to generate returns in Pounds Sterling, its capital-raising currency. The liquidity of the Company is managed on a day-to-day basis in Sterling as the Company's performance is evaluated in that currency. Therefore, the Directors consider Pounds Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions involving foreign currencies are converted at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities as well as instruments carried at fair value are translated into Pounds Sterling at the exchange rate ruling on the year-end date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Expenses

All expenses are accounted for on the accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, all expenses have been presented as revenue items except as follows:

- transaction costs which are incurred on the purchases or sales of investments designated as fair value through profit or loss are expensed to capital in the Statement of Comprehensive Income; and
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and, accordingly, the investment management fee and finance costs have been allocated 40% to revenue and 60% to capital, in order to reflect the Directors' long-term view of the nature of the expected investment returns of the Company; this remains consistent with the prior year.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. The taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using a blended rate as applicable throughout the year.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the 'marginal basis'. Under this basis, if taxable income is capable of being entirely offset by expenses in the revenue column of the income statement, then no tax relief is transferred to the capital column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the enacted tax rate that is expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the revenue return of the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

- Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.
- Irrecoverable withholding tax is recognised on any overseas dividends on an accruals basis using the applicable rate for the country of origin.

Financial instruments

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are measured at fair value through profit or loss if their contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest and at amortised cost if they do. Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. The Company will offset financial assets and financial liabilities if it has a legally enforceable right to offset the recognised amounts and interest and intends to settle on a net basis. A financial asset is derecognised when the right to receive cash flows from the asset expires or the rights to receive cash flows from the asset have been transferred and a financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

1. Principal Accounting Policies continued

Receivables
Receivables held to collect contractual cash flows, do not carry any interest, are short term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Company has applied the simplified approach for expected credit losses ("ECL") under IFRS 9 to all its receivables. Therefore the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company's approach to ECLs reflects a probability-weighted outcome, based on reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Receivables are recognised and carried at amortised cost. The effect of ECL on Receivables and Cash and cash equivalents is immaterial and no adjustments for expected credit losses have been recognised.

Investments
Equity investments are held at fair value through profit or loss as they fail the contractual cash flows test under IFRS 9. Debt instruments that pass the contractual cash flow test are held under a business model to manage them on a fair value basis for investment income and fair value gains and are therefore classified as fair value through profit or loss.

Upon initial recognition, investments are measured at fair value through profit or loss. Gains or losses on investments measured at fair value through profit or loss are included in net profit or loss as a capital item and transaction costs on acquisition or disposal of investments are expensed. For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the year-end date.

All purchases and sales of investments are recognised on the trade date, i.e. the date that the Company commits to purchase or sell an asset.

Financial liabilities and equity instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Interest bearing borrowings
Interest bearing borrowings, being the debenture stock and loans issued by the Company, are initially recognised at a carrying value equivalent to the proceeds received net of issue costs associated with the borrowings. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. The fair value of the debenture stock is determined by reference to quoted market mid prices at close of business on the year-end date, while the fair value of private placement loans is determined using discounted cash flow techniques which utilise inputs including interest rates obtained from comparable loans in the market.

Payables
Payables are non-interest bearing, are stated at their nominal value and are recognised and carried at amortised cost.

Equity dividends payable
Equity dividends payable are recognised when the shareholders' right to receive payment is established. For interim dividends this is when they are paid and for final dividends this is when they are approved by shareholders.

Cash and cash equivalents
Cash and cash equivalents (which are presented as a single class of asset on the Statement of Financial Position) comprise cash at bank and in hand, and deposits with an original maturity of three months or less.

The carrying value of these assets approximates their fair value.

Reserves
The share capital represents the nominal value of the Company's ordinary shares.

The share premium account represents the excess over nominal value of the fair value of consideration received for the Company's ordinary shares, net of expenses of the share issue. This reserve cannot be distributed.

The capital reserve represents realised and unrealised capital and exchange gains and losses on the disposal and revaluation of investments and of foreign currency items. Realised gains can be distributed, unrealised gains cannot be distributed.

The revenue reserve represents retained profits from the income derived from holding investment assets less the costs and interest on cash balances associated with running the Company. This reserve can be distributed.

2. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. The area requiring the most significant judgement is recognition and classification of unusual or special dividends received as either revenue or capital in nature. The estimates and underlying assumptions are reviewed on an ongoing basis.

3. Adoption of New and Revised Standards

New standards, interpretations and amendments adopted from 1 January 2021

There are no new standards impacting the Company that have had a significant effect in the annual financial statements for the year ended 31 December 2021.

New standards that have been adopted in the annual financial statements for the year ending 31 December 2021, but have not had a significant effect on the Company are:

- IFRS 9 Financial Instruments, interest benchmark reform.

Standards issued but not yet effective

There are no standards or amendments not yet effective which are relevant or have a material impact on the Company. The standards or amendments not yet effective are:

- Annual improvement cycle, effective 1 January 2022.
- Amendment to IAS 1, classification of liabilities as current or non-current, effective from 1 January 2023.
- Amendment to IAS 1, presentation of financial statements and disclosure of accounting polices, effective from 1 January 2023; and
- Amendment to IAS 12, Income taxes effective from 1 January 2023.

4. Income

	2021			2020		
	Revenue £000	**Capital £000**	**Total £000**	Revenue £000	Capital £000	Total £000
Income from listed investments						
UK dividends	**22,002**	**3,026**	**25,028**	9,536	–	9,536
Overseas dividends	**5,733**	**–**	**5,733**	3,022	–	3,022
Interest from fixed-interest securities	**(14)**	**–**	**(14)**	129	–	129
	27,721	**3,026**	**30,747**	12,687	–	12,687
Other income						
Deposit interest	**–**	**–**	**–**	6	–	6
Total income	**27,721**	**3,026**	**30,747**	12,693	–	12,693

During the year ended 31 December 2021, the Company received special dividends totalling £6,372,362 (2020: £221,729). Of this £3,346,149 (2020: £221,729) is recognised as revenue and is included within investment income and £3,026,213 (2020: £nil) is recognised as capital and is included within investment income.

Interest from fixed-interest securities is negative due to the Company's adjustment for effective yields.

5. Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

6. Investment Management Fee

	2021			2020		
	Revenue £000	**Capital £000**	**Total £000**	Revenue £000	Capital £000	Total £000
Investment management fee – current	**637**	**956**	**1,593**	–	–	–
Investment management fee – previous	**394**	**590**	**984**	998	1,497	2,495
Secretarial fee	**–**	**–**	**–**	54	–	54
	1,031	**1,546**	**2,577**	1,052	1,497	2,549

The AIFM appointed Redwheel as Portfolio Manager, effective from 30 October 2020. Under the terms of the new Portfolio Management Agreement, Redwheel is entitled to a management fee, details of which are set out in the Directors' Report on page 33. As at 31 December 2021, an amount of £804,000 (2020: £nil) was payable to Redwheel in relation to the management fees for the quarter ended 31 December 2021.

As at 31 December 2021, an amount of £nil (2020: £689,000) was payable to Ninety One in relation to the management fees for the quarter ended 31 December 2021.

Under the terms of the previous Portfolio Management Agreement, Ninety One was entitled to a management fee of 0.35% per annum, payable quarterly, based on the value of the investments (including cash) of the Company together with an additional fee of £125,000 per annum, plus or minus 0.005% of the value of the investments (including cash) of the Company above or below £750 million, calculated and payable quarterly. This fee remained payable until 20 April 2021.

7. Other Expenses

	2021			2020		
	Revenue £000	**Capital £000**	**Total £000**	Revenue £000	Capital £000	Total £000
Transaction costs on fair value through profit or loss assets[1]	**–**	**242**	**242**	–	3,707	3,707
Directors' fees (see Report on Directors' Remuneration on page 42)	**121**	**–**	**121**	129	–	129
AIFM fee[3]	**84**	**127**	**211**	12	19	31
Administration fee[3]	**94**	**–**	**94**	28	–	28
Company Secretary fee[3]	**87**	**–**	**87**	14	–	14
Registrar's fee	**73**	**–**	**73**	76	–	76
Marketing costs	**128**	**–**	**128**	52	–	52
Auditor's remuneration – annual audit[2]	**36**	**–**	**36**	32	–	32
Depositary fee	**97**	**–**	**97**	61	–	61
One-off costs in respect of the change in management arrangements	**–**	**–**	**–**	310	–	310
Other expenses	**302**	**–**	**302**	229	–	229
	1,022	**369**	**1,391**	943	3,726	4,669

1 Transaction costs on fair value through profit or loss assets represent such costs incurred on both the purchase and sale of those assets. Transaction costs on purchases amounted to £220,223 (2020: £3,308,085) and on sales amounted to £21,630 (2020: £399,019). Transaction cost have decreased significantly during the year due to trading returning to it's normal level after the alignment of the portfolio.
2 During the year there were audit fees of £30,000 (2020: £27,000) (excluding VAT) paid to the Auditor.
3 Figures for 2020 are for a two month period and not comparable to the 2021 fee. Prior to the these fees were paid for by the previous investment manager.

All expenses are inclusive of VAT where applicable.

There are no employees and therefore no employee costs.

Notes to the Financial Statements continued

8. Finance Costs

	2021			2020		
	Revenue £000	**Capital £000**	**Total £000**	Revenue £000	Capital £000	Total £000
Interest on borrowings						
5.5% debenture stock 2021	**157**	**235**	**392**	852	1,278	2,130
4.05% Private Placement Loan 2028[1]	**810**	**1,215**	**2,025**	823	1,234	2,057
2.99% Private Placement Loan 2047[1]	**300**	**451**	**751**	300	451	751
	1,267	**1,901**	**3,168**	1,975	2,963	4,938
Bank interest payable	**–**	**–**	**–**	2	–	2
Total finance costs	**1,267**	**1,901**	**3,168**	1,977	2,963	4,940

The amortisation of the debenture and loan issue costs is calculated using the effective interest method.

1 The 4.05% and 2.99% Private Placement Loans contain the following principal financial or other covenants, with which failure to comply could necessitate the early repayment of the loan. These were all complied with during the current and previous year:
- net tangible assets of at least £275 million;
- aggregate principal amount of financial indebtedness not to exceed 50% of net tangible assets;
- prior approval by the note holder of any change of Investment Manager; and
- prior approval by the note holder of any change in the Company's investment objective and policy.

9. Taxation

(a) There is no corporation tax payable (2020: nil).

(b) The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2021			2020		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit/(loss) before taxation	24,401	133,039	157,440	8,721	(285,650)	(276,929)
Tax at UK corporation tax rate of 19% (2020: 19%)	4,636	25,277	29,913	1,657	(54,274)	(52,617)
Tax effects of:						
Non-taxable(gains)/losses on investments[1]	–	(25,428)	(25,428)	–	52,718	52,718
Disallowed expenses	(1)	46	45	2	533	535
Non-taxable UK dividends[1]	(4,180)	(575)	(4,755)	(1,812)	–	(1,812)
Overseas withholding tax suffered	664	–	664	331	–	331
Non-taxable overseas dividends	(1,089)	–	(1,089)	(574)	–	(574)
Movement in deferred tax not recognised[2]	634	680	1,314	727	1,023	1,750
Total tax charge for the year	664	–	664	331	–	331

	2021			2020		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Analysis of charge for the year:						
Overseas withholding tax suffered	664	–	664	331	–	331
	664	–	664	331	–	331

The Company has no corporation tax liability for the year ended 31 December 2021 (2020: nil).

1 Investment trusts are not subject to corporation tax on these items.

2 The Company has not recognised a deferred tax asset of £29,654,000 (2020: £21,380,000) based on an effective tax rate of 25% (2020: 19%). This rate has been enacted and will apply from 1 April 2023. The Company is not expected to make sufficient profits to utilise these losses as it is not liable to corporation tax on its chargeable gains due to its status as an investment trust. Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required for approval in the foreseeable future, the Company has not provided for deferred tax on any chargeable gains and losses arising on the revaluation or disposal of investments

10. Dividends

	2021 £000	2020 £000
Amounts recognised as distributions to equity holders in the year		
Fourth interim dividend for year ended 31 December 2020 of 8.25p (2019 final dividend: 18.39p) per share	**5,517**	12,298
Interim dividends (three) for year ended 31 December 2021. Three payments of 9.75p per share (2020: two payments of 11.0p per share and one payment of 8.25p per share)	**19,496**	20,229
	25,013	32,527
Fourth interim dividend for the year ended 31 December 2021 of 10.25p (fourth interim dividend 2020: 8.25p per share)	**6,760**	5,517

The fourth interim dividend is not included as a liability in these financial statements. Therefore, also set out below is the total dividend payable in respect of these financial years, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

	2021 £000	2020 £000
Interim dividends (three) for year ended 31 December 2021. Three payments of 9.75p per share (2020: two payments of 11.0p per share and one payment of 8.25p per share)	**19,496**	20,229
Fourth interim dividend for year ended 31 December 2021 of 10.25p (2020: 8.25p per share)	**6,760**	5,517
	26,256	25,746

11. Earnings per Share

	2021			2020		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Basic and diluted						
Profit/(loss) for the year (£000's)	**23,737**	**133,039**	**156,776**	8,390	(285,650)	(277,260)
Weighted average number of ordinary shares			**66,735,088**			66,872,765
Earnings per ordinary share (pence)	**35.57**	**199.35**	**234.92**	12.55	(427.15)	(414.60)

The restatement of the comparative period to 31 December 2020, as detailed in Note 12a, has no impact on the basic or diluted earnings per share for that period.

12. Investments Held at Fair Value Through Profit or Loss

(a) Investment portfolio summary

	2021			2020		
	Quoted equities £000	**Debt securities £000**	**Total £000**	Quoted equities £000*	Debt securities £000	Total £000*
Opening cost at the beginning of the year	**730,079**	**55,200**	**785,279**	900,335	17,566	917,901
Opening unrealised (depreciation)/ appreciation at the beginning of the year	**(11,656)**	**(7)**	**(11,663)**	167,758	185	167,943
Opening fair value at the beginning of the year	**718,423**	**55,193**	**773,616**	1,068,093	17,751	1,085,844
Movements in the year:						
Purchases at cost	**62,295**	**61,555**	**123,850**	869,589	190,280	1,059,869
Sales proceeds	**(65,445)**	**(108,768)**	**(174,213)**	(941,839)	(152,704)	(1,094,543)
Realised gain/(loss) on sale of investments	**9,700**	**(39)**	**9,661**	(111,857)	58	(111,799)
Change in unrealised appreciation/ (depreciation)	**124,177**	**3**	**124,180**	(165,563)	(192)	(165,755)
Closing fair value at the end of the year	**849,150**	**7,944**	**857,094**	718,423	55,193	773,616
Closing cost at the end of the year	**736,629**	**7,948**	**744,577**	730,079*	55,200	785,279*
Closing unrealised appreciation/ (depreciation) at the end of the year	**112,521**	**(4)**	**112,517**	(11,656)*	(7)	(11,663)*
Closing fair value at the end of the year	**849,150**	**7,944**	**857,094**	718,423	55,193	773,616

The Company received £174,213,000 (2020: £1,094,543,000) from investments sold in the year. The book cost of these investments when they were purchased was £164,551,000 (2020: £1,207,247,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

***Restatement**

The comparative period for the year to 31 December 2020 has been restated due to an error. It is impractical to identify the individual periods in which the error occurred; therefore, the prior year closing cost of investments and realised and unrealised capital reserves have been restated. This restatement is due to transaction costs which were incurred on purchases of investments over previous accounting periods not being allocated correctly between realised and unrealised capital reserves when investments were sold in prior periods. The restatement re-allocates the costs resulting in an increase in the cost of investments of £13,851,000.

Transaction costs have been appropriately allocated for sales made in the period to 31 December 2021.

The restatement has no impact on the Statement of Financial Position as the Fair Value of the Investments has not been restated. The restatement also has no impact on the cashflow statement or earnings per share.

The restatement increases the distributable capital reserve by £13,851,000 and reduces the non-distributable unrealised capital reserve by £13,851,000 in the Statement of Changes in Equity for the period to 31 December 2021.

12. Investments Held at Fair Value Through Profit or Loss continued

(b) Fair value of financial instruments

IFRS 13 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following classifications:

- Level 1 – valued using quoted prices in active markets for identical investments.
- Level 2 – valued using other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc). There are no level 2 financial assets (2020: £nil).
- Level 3 – valued using significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments). There are no level 3 financial assets (2020: £nil).

All of the Company's investments are in quoted securities actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date and have therefore been determined as Level 1.

There were no transfers between levels in the year (2020: no transfers) and as such no reconciliation between levels has been presented.

	2021 Level 1 £000	2020 Level 1 £000
Financial assets		
Quoted equities	**849,150**	718,423
Debt securities	**7,944**	55,193
	857,094	773,616

13. Receivables

	2021 £000	2020 £000
Accrued income	**4,757**	2,327
Other receivables	**415**	139
	5,172	2,466

Accrued income includes dividends and fixed-interest income.

14. Current Liabilities

	2021 £000	2020 £000
Accruals	**1,712**	1,675
Due to broker	**426**	–
	2,138	1,675

15. Borrowings

	2021 £000	2020 £000
Interest bearing borrowings		
Amounts payable within one year:		
5.5% Debenture stock 2021	–	38,654
Amounts payable after more than one year:		
4.05% Private Placement Loan 2028	**49,785**	49,753
2.99% Private Placement Loan 2047	**24,886**	24,881
	74,671	74,634
Total	**74,671**	113,288

	2021 £000	2020 £000
Opening balance as per the Statement of Financial Position	**113,288**	114,049
Borrowings repaid	**(38,000)**	–
Interest movement	**(3,785)**	(5,701)
Finance costs for the year as per the Statement of Comprehensive Income	**3,168**	4,940
Closing balance as per the Statement of Financial Position	**74,671**	113,288

The 5.5% Debenture stock was secured by a floating charge over the assets of the Company. The stock was repaid at par (£38,000,000) on 8 March 2021.

The 4.05% Private Placement Loan is secured by a floating charge over the assets of the Company. The loan is repayable at par (£50,000,000) on 3 September 2028.

The 2.99% Private Placement Loan is secured by a floating charge over the assets of the Company. The loan is repayable at par (£25,000,000) on 24 October 2047.

See note 22 on page 74 for the disclosure and fair value categorisation of the financial liabilities.

Notes to the Financial Statements continued

16. Ordinary Share Capital

	2021 Number	2020 Number	2021 £000	2020 £000
Allotted, called up and fully paid				
Ordinary shares of 25p each				
Listed	**66,872,765**	66,872,765	**16,719**	16,719
In treasury	**(920,980)**	–	**–**	–
In circulation	**65,951,785**	66,872,765	**16,719**	16,719

During the year the Company bought back 920,980 (2020: nil) ordinary shares.

There were no shares issued during 2021 (2020: nil.)

17. Share Premium

	2021 £000	2020 £000
Balance at 1 January	**96,040**	96,040
Balance at 31 December	**96,040**	96,040

18. Capital Reserves

The capital reserves comprise both realised and unrealised amounts. A summary of the split is shown below:

	2021 £000	2020 £000
Capital reserves realised	**560,099**	561,256*
Capital reserves unrealised	**112,517**	(11,663)*
	672,616	549,593

* A restatement of the realised capital reserves and unrealised capital reserves has been presented for the year to 31 December 2020. The restatement increases the distributable capital reserve by £13,851,000 and reduces the non-distributable unrealised capital reserve by £13,851,000. There is no impact to the Statement of Financial Position. See note 12a on page 68 for further details.

19. Contingent Liabilities And Capital Commitments

As at 31 December 2021, there were no contingent liabilities or capital commitments for the Company (2020: £nil).

20. Net Asset Values

	2021		2020	
	Net asset value per ordinary share Pence	Net assets attributable £000	Net asset value per ordinary share Pence	Net assets attributable £000
Ordinary shares of 25p each	**1,208.59**	**797,083**	1,009.88	675,336

The net asset value per ordinary share is based on net assets at the year end of £797,083,000 (2020: £675,336,000) and on 65,951,785 (2020: 66,872,765) ordinary shares in circulation at the year end.

21. Related Party Transactions and Transactions with the Investment Manager

IAS 24 'Related party disclosures' requires the disclosure of material transactions between the Company and any related parties. Accordingly, the disclosures required are set out below:

Directors – The remuneration of the Directors is set out in the Report on Directors' Remuneration on pages 41 and 42. There were no contracts existing during or at the end of the year in which a Director of the Company is or was interested and which are or were significant in relation to the Company's business. There were no other material transactions during the year with the Directors of the Company. See page 42 for details of Directors' shareholdings.

At 31 December 2021, there was £nil (2020: £nil) payable to the Directors for fees and expenses.

AIFM and Investment Manager – On 30 October 2020, Link Fund Solutions Limited was appointed the AIFM of the Company and has delegated portfolio management to Redwheel, who is deemed to be Key Management Personnel for the purposes of disclosing related party information under IAS24. Details of the services provided by the Investment Manager are given on page 33. Fees of £1,593,000 were accrued during the year (2020: £nil). Prior to 30 October 2020, these roles were carried out by Ninety One and the fees paid for these services are set out in note 6 on page 63.

22. Risk Management and Financial Instruments

The Company's investing activities undertaken in pursuit of its investment objective, as set out on page 13, involve certain inherent risks. The main financial risks arising from the Company's financial instruments are market price risk, interest rate risk, liquidity risk, credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks as summarised below. The Board has also established a series of investment parameters, which are reviewed annually, designed to limit the risk inherent in managing a portfolio of investments. These policies have remained substantially unchanged during the current and preceding periods, although the affects of COVID-19 have been closely monitored by the Board. The Board meets on four scheduled occasions in each year and at each meeting it receives sufficient financial and statistical information to enable it to monitor adequately the investment performance and status of the business.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Company's borrowings have the effect of increasing the market risk faced by shareholders. This gearing effect is such that, for example, for a 20% movement in the valuation of the Company's investments, the net assets attributable to shareholders would move by approximately 21.3%.

Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments or interest income cash flows that arise as a result of fluctuations in interest rates. The Company finances its operations through retained profits including capital profits, and additional financing is obtained through the two Private Placement Loans, on both of which interest is paid at a fixed rate and therefore not subject to interest rate risk.

Financial assets – Interest rate risk

The majority of the Company's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. The Company's fixed-interest holdings have a market value of £7,944,000, representing 1.0% of net assets of £797,083,000 (2020: £55,193,000; 8.2%). The weighted average running yield as at 31 December 2021 was 4.0% (2020: 4.0%) and the weighted average remaining life was 0.7 years (2020: 0.1 years). The Company's cash balance of £11,626,000 (2020: £14,217,000) earns interest, calculated on a tiered basis, depending on the balance held, by reference to the base rate.

If the bank base rate had increased by 0.5%, the impact on the profit or loss and net assets would have been a positive £58,130 (2020: £71,085). If the bank base rate had decreased by 0.5%, the impact on the profit or loss and net assets would have been a negative £58,130 (2020: £71,085). The calculations are based on the cash balances at the respective Statement of Financial Position dates.

Financial liabilities – Interest rate risk

All current liabilities are repayable within one year. The 5.5% debenture stock was repaid on 8 March 2021. The 4.05% Private Placement Loan and the 2.99% Private Placement Loan, which are repayable in 2028 and 2047 respectively, pay interest at fixed rates. The weighted average period until maturity of the loans is 13 years (2020: 9 years) and the weighted average interest rate payable is 3.7% (2020: 4.0%) per annum.

Liquidity risk

The Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of cash balances and short-term bank deposits.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. This is mitigated by the Investment Manager reviewing the credit ratings of broker counterparties. The Company's Custodian is responsible for the collection of income on behalf of the Company. Cash is held either with reputable banks with high quality external credit ratings or in liquidity/cash funds providing a spread of exposures to various underlying banks in order to diversify risk. The carrying amounts of financial assets represent their maximum exposure to credit risk. The full portfolio can be found on pages 28 and 29. The debt securities held at the year end have credit ratings ranging from AA to BB+.

22. Risk Management and Financial Instruments continued

Currency risk

The income and capital value of the Company's investments and liabilities can be affected by exchange rate movements as some of the Company's assets and income are denominated in currencies other than Pounds Sterling, which is the Company's reporting currency. The key areas where foreign currency risk could have an impact on the Company are:

- movements in rates that would affect the value of investments; and
- movements in rates that would affect the income received.

The Company had the following currency exposures, all of which are included in the Statement of Financial Position based on the exchange rates ruling at the respective year ends. Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of the investment and risk-management processes.

	31 December 2021					
	Investments £000	**Cash £000**	**Receivables £000**	**Payables £000**	**Borrowings £000**	**Total £000**
Euro	**50,520**	**–**	**–**	**–**	**–**	**50,520**
US Dollar	**69,093**	**77**	**136**	**–**	**–**	**69,306**
Canadian Dollar	**10,389**	**–**	**–**	**–**	**–**	**10,389**
Hong Kong Dollar	**12,531**	**–**	**–**	**–**	**–**	**12,531**
Japanese Yen	**13,172**	**–**	**–**	**–**	**–**	**13,172**
Pounds Sterling	**701,389**	**11,549**	**5,036**	**(2,138)**	**(74,671)**	**641,165**
	857,094	**11,626**	**5,172**	**(2,138)**	**(74,671)**	**797,083**

	31 December 2020					
	Investments £000	Cash £000	Receivables £000	Payables £000	Borrowings £000	Total £000
Euro	37,324	–	92	–	–	37,416
US Dollar	57,108	–	–	–	–	57,108
Canadian Dollar	8,453	–	–	–	–	8,453
Hong Kong Dollar	13,425	–	–	–	–	13,425
Japanese Yen	12,969	–	–	–	–	12,969
Pounds Sterling	644,337	14,217	2,374	(1,675)	(113,288)	545,965
	773,616	14,217	2,466	(1,675)	(113,288)	675,336

Foreign currency sensitivity

	2021		2020	
	£000	**£000**	£000	£000
Projected movement	**+10%**	**-10%**	+10%	-10%
Effect on net assets for the year	**14,367**	**(17,087)**	12,937	(12,937)
Effect on capital return	**14,355**	**(17,072)**	12,928	(12,928)

A movement of 10% is believed unlikely and has been used to show a worst case scenario.

22. **Risk Management and Financial Instruments** continued

Other price risk exposure

If the investment valuation fell by 20% at 31 December 2021, the impact on the profit or loss and net assets would have been negative £169.8 million (2020: 20% negative £154.7 million). If the investment portfolio valuation rose by 20% at 31 December 2021, the impact on the profit or loss and net assets would have been positive £171.4 million (2020: 20% positive £154.7 million). The calculations are based on the portfolio valuation as at the respective year-end dates. A movement of 20% is believed unlikely and has been used to show a worst case scenario.

The Company held the following categories of financial instruments, all of which are included in the Statement of Financial Position at fair value or amortised cost with is an approximation of fair value, with the exception of interest-bearing borrowings which are shown at book value at 31 December 2021.

	2021		2020	
	Amortised cost £000	Fair value £000	Amortised cost £000	Fair value £000
Assets at fair value through profit or loss	**857,094**	**857,094**	773,616	773,616
Cash	**11,626**	**11,626**	14,217	14,217
Loans and receivables				
Investment income receivable	**4,757**	**4,757**	2,327	2,327
Other receivables	**415**	**415**	139	139
Payables	**(2,138)**	**(2,138)**	(1,675)	(1,675)
Interest-bearing borrowings:				
5.5% Debenture stock[1]	**–**	**–**	(38,654)	(38,427)
4.05% Private Placement Loan[2]	**(49,785)**	**(54,223)**	(49,753)	(56,651)
2.99% Private Placement Loan[3]	**(24,886)**	**(24,941)**	(24,881)	(26,532)
	797,083	**792,590**	675,336	667,014

1 Effective interest rate was 5.583%.
2 Effective interest rate is 4.133%.
3 Effective interest rate is 3.015%.

The 5.5% Debenture Stock 2021 was repaid during the year ended 31 December 2021. It was classified as a Level 1 instrument during 2020.

The 4.05% Private Placement Loan 2028 and the 2.99% Private Placement Loan 2047 do not have prices quoted on an active market but their fair values are based on observable inputs. As such they have been classified as Level 2 instruments (2020: Level 2).

Notes to the Financial Statements continued

22. Risk Management and Financial Instruments continued

Liquidity risk exposure

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required, are as follows:

	31 December 2021					
	Three months or less £000	Not more than one year £000	Two years £000	Three years £000	More than three years £000	Total £000
Creditors: amounts falling due after more than one year						
Debenture stock and loans	–	–	2,773	2,772	100,292	105,837
Creditors: amounts falling due within one year						
Accruals	1,998	140	–	–	–	2,138
Debenture stock and loans	1,013	1,760	–	–	–	2,773
	3,011	1,900	2,773	2,772	100,292	110,748

	31 December 2020					
	Three months or less £000	Not more than one year £000	Two years £000	Three years £000	More than three years £000	Total £000
Creditors: amounts falling due after more than one year						
Debenture stock and loans	–	–	4,863	4,863	97,839	107,565
Creditors: amounts falling due within one year						
Accruals	1,491	184	–	–	–	1,675
Debenture stock and loans	2,058	40,805	–	–	–	42,863
	3,549	40,989	4,863	4,863	97,839	152,103

22. Risk Management and Financial Instruments continued

Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern, and to provide long-term growth in revenue and capital, principally by investment in UK securities. There have been no changes in the Company's objectives, policies and processes for managing capital from the prior year.

The Company's capital is its equity share capital and reserves that are shown in the Statement of Financial Position and its debenture (now repaid) and fixed-term loans (see note 15) at a total of £797,083,000 (2020: £749,970,000).

The Company is subject to several externally imposed capital requirements:

- as a public Company, the Company has a minimum share capital of £50,000;
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law; and
- the terms of the Debenture Trust Deed had various covenants that prescribed that monies borrowed should not exceed the adjusted total capital and reserves as defined in the Debenture Trust Deed. The Note Purchase Agreements governing the terms of the Private Placement Loans also contain certain financial covenants. These are measured in accordance with the policies used in the Annual Report & Financial Statements.

The Company has complied with all of the above requirements during the current and prior year.

23. Post Balance Sheet Events

Subsequent to the year end and up to the date of this Annual Report, the Company bought back 9,300 ordinary shares for treasury, at a total cost of £108,667, representing 0.01% of the issued share capital as at 31 December 2021.

On 15 February 2022, the Board approved a fourth interim dividend for the year ended 31 December 2021, of 10.25 pence per ordinary share payable on 31 March 2022.


ANSON
SOGO

Shareholder Information

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your ordinary shares in Temple Bar Investment Trust Plc, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

NOTICE IS HEREBY GIVEN that the 96th Annual General Meeting ("AGM") of Temple Bar Investment Trust Plc will be held at Verde 8th Floor, 10 Bressenden Place, London SW1E 5DH on Tuesday, 10 May 2022 at 12.30pm for the purpose of considering and, if thought fit, passing the resolutions below.

ORDINARY RESOLUTIONS

1. To approve the Company's Annual Report & Financial Statements for the year ended 31 December 2021 (together with the reports of the Directors and Auditor thereon).
2. To approve the Report on Directors' Remuneration for the year ended 31 December 2021.
3. To elect Mr Charles Cade as a Director of the Company.
4. To re-elect Mr Arthur Copple as a Director of the Company.
5. To re-elect Dr Lesley Sherratt as a Director of the Company.
6. To re-elect Mr Richard Wyatt as a Director of the Company.
7. To re-elect Dr Shefaly Yogendra as a Director of the Company.
8. To re-appoint BDO LLP as the Auditor to the Company, to hold office from the conclusion of this meeting until the conclusion of the next meeting at which financial statements are laid before the Company.
9. To authorise the Audit and Risk Committee to determine the remuneration of the Auditor.
10. That, each of the ordinary shares of 25 pence each in the capital of the Company in issue be subdivided into 5 ordinary shares of 5 pence each (the "New Ordinary Shares"), each having the rights and being subject to the restrictions and obligations set out in the articles of association of the Company from time to time in force, such subdivision to be conditional on, and to take effect from, admission of the New Ordinary Shares to the premium segment of the Official List of the Financial Conduct Authority and to trading on the premium segment of the London Stock Exchange main market.
11. That, in substitution of all existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Companies Act") to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ('Rights') up to an aggregate maximum nominal amount of £1,671,819, being 10% of the issued share capital of the Company as at the date of this Notice and representing 6,687,276 ordinary shares in the capital of the Company (or if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed), such authority to expire at the conclusion of the AGM of the Company to be held in 2023 (unless previously renewed, varied, revoked or extended by the Company in general meeting), save that the Company may, before such expiry, make offers or agreements which would or might require ordinary shares to be allotted after such expiry, and the Directors may allot ordinary shares in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

SPECIAL RESOLUTIONS

12. That, subject to the passing of resolution 11 set out above, the Directors be and they are hereby generally empowered pursuant to Sections 570 and 573 of the Companies Act to allot equity securities (as defined in Section 560 of the Companies Act) for cash, including for the avoidance of doubt, the sale of shares held by the Company as treasury shares, in accordance with the authority conferred on the Directors by resolution 11, as if Section 561 of the Companies Act did not apply to the allotment or sale, up to an aggregate nominal amount of £1,671,819 (being 10% of the issued ordinary share capital of the Company at the date of this Notice), (or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed), such power to expire at the conclusion of the AGM of the Company to be held in 2023 (unless previously renewed, varied, revoked or extended by the Company in general meeting) save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require ordinary shares to be allotted or sold from treasury after the expiry of such power and the Directors may allot or sell ordinary shares from treasury in pursuance of such an offer or agreement as if such power had not expired.

13. That, the Company generally be and is hereby authorised for the purpose of Section 701 of the Companies Act to make market purchases (as defined in Section 693 of the Companies Act) of its ordinary shares in issue, either for retention as treasury shares for future reissue, resale, transfer or cancellation provided that:

   i) the maximum number of ordinary shares hereby authorised to be purchased is 14.99% of the issued share capital of the Company as at the date of the passing of this resolution;

   ii) the minimum price (exclusive of expenses payable by the Company) which may be paid for such ordinary shares is the nominal value per share;

   iii) the maximum price (exclusive of expenses payable by the Company) which may be paid for such ordinary shares shall be the higher of:

      i) an amount equal to 105% of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary shares are purchased; and

      ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out.

This authority shall expire at the conclusion of the AGM of the Company to be held in 2023 (unless previously revoked, varied, renewed or extended by the Company in general meeting) save that the Company may, before such expiry, enter into a contract to purchase shares which will or may be executed wholly or partly after the expiry of such authority.

14. That, a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board

Link Company Matters Limited
Company Secretary

Registered Office:
Beaufort House
51 New North Road
Exeter EX4 4EP

23 March 2022

Should circumstances or Government guidance change, including the introduction of regulations to prohibit or restrict public gatherings, the Company reserves the right to take further steps in respect of AGM attendance. To the extent this is necessary, we will provide an update via a Regulatory Information Service announcement and our website as soon as practicable.

Notice of Annual General Meeting continued

NOTES

1. Entitlement to attend and vote
Members who hold ordinary shares in the Company in uncertificated form must have been entered on the Company's register of members by 6.30pm on 6 May 2022 in order to be able to attend and vote at the meeting, or if the meeting is adjourned, 6.30pm on the day two business days before the time fixed for the adjourned meeting. Such members may only vote at the meeting in respect of ordinary shares held at the time.

2. Proxies
A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend the meeting to speak and vote on a show of hands and, on a poll, to vote instead of them. A proxy need not be a member of the Company. A member wishing to appoint more than one proxy must appoint each proxy in respect of a specified number of shares within their holding. For this purpose, a member may photocopy the enclosed form of proxy before completion and must indicate the number of shares in respect of which each proxy is appointed.

Instruments of proxy should be sent to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive no later than 12.30 pm on 6 May 2022. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting should they wish to do so.

As an alternative to completing a hard copy form of proxy, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed at the top right-hand side of the form of proxy). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your form of proxy at www.shareview.co.uk. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated. Full instructions are given on both websites. To be valid, your proxy appointment(s) and instructions should reach Equiniti Limited no later than 12.30 pm on 6 May 2022.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com). The CREST message must be transmitted so as to be received by the issuer's agent (ID RA19) by not later than 48 hours (excluding non-working days) before the time appointed for the holding of the meeting or the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST message by the CREST Applications Host) from which the issuer's agent is able to retrieve the CREST message by enquiry to CREST in the manner prescribed by CREST.

After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member(s) is/are a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) is/are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

3. Proxymity

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.30pm on 6 May 2022 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

4. Corporate representatives

A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

5. Nominated persons

In accordance with Section 325 of the Companies Act, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Companies Act. Persons nominated to receive information rights under Section 146 of the Companies Act who have been sent a copy of this Notice are hereby informed, in accordance with Section 149 (2) of the Companies Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

6. Joint holders

In the case of joint holders, the signature of only one of the joint holders is required on the proxy form and, where more than one joint holder has signed the proxy form or where more than one joint holder purports to appoint a proxy, only the signature of, or the appointment submitted by the most senior holder will be accepted to the exclusion of the other joint holders. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

7. Members' requests under Section 527 of the Companies Act

Under Section 527 of the Companies Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM for the financial year ended 31 December 2021; or (ii) any circumstance connected with an Auditor of the Company appointed for the financial year ended 31 December 2021 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Companies Act. Where the Company is required to place a statement on a website under Section 527 of the Companies Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act to publish on a website.

8. Members' rights to ask questions

Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Notice of Annual General Meeting continued

9. Members' rights under Sections 338 and 338A of the Companies Act
Shareholders meeting the threshold under Sections 338 and 338A of the Companies Act can instruct the Company: (i) to give shareholders (entitled to receive notice of the AGM) notice of a resolution which may properly be proposed and is intended to be proposed at the AGM; and/or (ii) to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be proposed or a matter may properly be included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective; (b) it is defamatory of any person; or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 29 March 2022, being the date six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

10. Total number of shares and voting rights
As at 22 March 2022, the latest practicable date prior to publication of this Notice, the Company had 66,872,765 ordinary shares in issue with a total of 65,942,485 voting rights. 930,280 shares were held in treasury.

11. Website
In accordance with Section 311A of the Companies Act, the contents of this Notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website at: www.templebarinvestments.co.uk.

12. Documents available for inspection
Copies of letters of appointment between the Company and the Non-Executive Directors may be inspected during usual business hours on any weekday (public holidays excepted) at the registered office of the Company from the date of this Notice until the date of the AGM and at the place of the Meeting from 12.15pm until the Meeting's conclusion.

Any shareholders wishing to inspect the documents are requested to contact the Company Secretary by email at templebar.cosec@linkgroup.co.uk in advance of any visit to ensure that appropriate arrangements can be made and access can be arranged.

Useful Information for Shareholders

Annual General Meeting
10 May 2022

Dividend Dates

31 March 2022
Payment of fourth interim dividend year ended 31 December 2021

30 June 2022
Payment of first interim dividend year ended 31 December 2022

30 September 2022
Payment of second interim dividend year ending 31 December 2022

30 December 2022
Payment of third interim dividend year ending 31 December 2022

Payment of Dividends
Cash dividends will be sent by cheque to the first-named shareholder on the Register at his or her registered address together with a tax voucher. At shareholders' request, dividends may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System ('BACS'). This may be arranged by contacting the Company's Registrar on 0371 384 2432.

Price and Performance Information
The Company's ordinary shares are traded on the London Stock Exchange. The market price of the ordinary shares is shown daily in the Financial Times, other leading newspapers and on the Company's website.

Share Register Enquiries
The Company's Registrar, Equiniti, maintains the share register. In the event of queries regarding your holding, please contact the Registrar on 0371 384 2432 (overseas +44 (0)121 415 7047). Lines are open from 8.30am to 5.30pm Monday to Friday. Changes of name or address must be notified in writing to the Registrar.

Tax Information Exchange
Local laws may require Temple Bar to disclose investor holding and income data to UK and other tax authorities. This will only happen where required by law.

AIC
The Company is a member of the AIC, which produces monthly publications of detailed information on the majority of investment trusts.

Temple Bar Website
The Company's website can be found at www.templebarinvestments.co.uk and includes useful background information on the Company, together with helpful downloads of published documentation such as previous annual and half-yearly reports.

Where to Buy Temple Bar Shares

1. Via a third-party provider
Third party providers include:

AJ Bell	Interactive Investor
Barclays Stockbrokers	James Brearley
Bestinvest	James Hay
Charles Stanley Direct	Selftrade
FundsNetwork	TD Direct
Hargreaves Lansdown	Trustnet Direct

Please note this list is not exhaustive and the availability of Temple Bar may vary depending on the provider. These websites are third-party sites and Temple Bar does not endorse or recommend any. Please consult each site's privacy and cookie policies as well as their platform charges structure.

The Board encourages all shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to continue to receive Company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the AIC's website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

2. Through a professional adviser
Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at www.unbiased.co.uk

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the FCA adviser charging and commission rules, visit www.fca.org.uk.

Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive ("AIFMD") requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM. Details of Link Fund Solutions Limited's ("LFS") AIFM remuneration policy are disclosed on the website at https://www.linkfundsolutions.co.uk/media/gjcdba2w/lfs-explanation-of-compliance-with-remuneration-code.pdf and have applied to LFS since 1 January 2015.

Quantitative Remuneration Disclosure
In accordance with FUND 3.3.5 (5) and FCA Finalised guidance – 'General guidance on the AIFM Remuneration Code' (SYSC 19B) ('the Guidelines'), dated January 2014, the total amount of remuneration paid by the AIFM for the financial year ended 31 December 2021, in respect of the Company was £211,000. The AIFM does not consider that any member of staff of the AIFM has the ability to materially impact the risk profile of the Company. LFS has delegated portfolio management by way of a portfolio management agreement to Redwheel. LFS is satisfied that Redwheel is subject to the regulatory requirements that are equally as effective as those applicable under the Guidelines.

Other Disclosures
The AIFMD requires that the AIFM ensures that certain other matters are actioned and/or reported to investors; each of these is set out below.

Provision and Content of an Annual Report (FUND 3.3.2 and 3.3.5)
The publication of the Annual Report & Financial Statements of the Company satisfies these requirements.

Material Change of Information
The AIFMD requires certain information to be made available to investors in the Alternative Investment Fund ("AIF") before they invest and requires that material changes to this information be disclosed in the Annual Report of each AIF. The AIFM notes that, during the financial year, there were no material changes approved by the Board.

Periodic Disclosure (FUND 3.2.5 and 3.2.6)
There are no assets subject to special arrangements due to their illiquid nature, nor new arrangements for the managing of the liquidity of the Company. There is no change to the arrangements, as set out in the Prospectus, for managing the AIF's liquidity.

The current risk profile of the AIF is set out in the Annual Report (see pages 19 to 21, principal and emerging risks and uncertainties) and in further detail in note 22 to the financial statements (see page 76, capital management policies and procedures). The AIF is permitted to be leveraged and the table below sets out the current maximum permitted and actual leverage.

Leverage
Leverage is any method which increases the Company's investment exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's investment exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of Sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of Sterling cash balances and after certain hedging and netting positions are offset against each other. The Company's maximum and actual leverage levels at 31 December 2021 are shown below:

Leverage Exposure	Gross method %	Commitment method %
Maximum limit	250	200
Actual	109	108

Other matters
LFS can confirm that required reporting to the FCA has been undertaken in accordance with FUND 3.4.

Corporate Information

Alternative Investment Fund Manager
Link Fund Solutions Limited
6th Floor
65 Gresham Street
London EC2V 7NQ

Investment Manager
RWC Asset Management LLP
Verde 4th Floor
10 Bressenden Place
London SW1E 5DH

Registered Office
Beaufort House
51 New North Road
Exeter EX4 4EP

Company Secretary
Link Company Matters Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

Fund Administrator
Link Alternative Fund Administrators Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

Depositary, bankers and custodian
The Bank of New York Mellon (International) Limited
One Canada Square
London E14 5AL

Stockbroker
Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

Solicitor
Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

Independent Auditor
BDO LLP
55 Baker Street
London W1U 7EU

Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Telephone numbers:
+44 121 415 7047 (overseas shareholder helpline)
0371 384 2432 (shareholder helpline)*
0906 559 6025 (broker helpline)

* Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday.

Temple Bar Identifiers
ISIN (ordinary shares) – GB0008825324
SEDOL (ordinary shares) – 0882532
Legal Entity Identifier – 213800O8EAP4SG5JD323

Registered number
Registered in England Number 00214601

Glossary of Terms

AIC
The Association of Investment Companies.

Benchmark
A comparative performance index.

Borrowing
Borrowing is the amount of finance taken out by the Company. See net gearing.

Cash Alternatives/Equivalent
Also known as cash equivalents. A class of investments considered relatively low risk because of their high liquidity, meaning they can be quickly converted into cash.

Debenture Stocks
A type of stock entitling the bearer to a certain fixed income at set periods of time.

Derivative Instruments
An instrument whose value depends on the performance of an underlying security or rate which requires no initial exchange of principal. Options, futures and swaps are all examples of derivatives.

Discount*
The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Diversification
Holding a range of assets to reduce risk.

Dividend
The portion of company net profits paid out to shareholders.

Dividends per ordinary share
Dividends per share paid or proposed for the financial year for Section 1158 purposes.

In 2021 there were three interim payments of 9.75p per share and a declared fourth interim dividend of 10.25p per share, totalling 39.5p.

In 2020 there were two interim payments of 11.0p per share, one interim payment of 8.25p per share and a declared fourth interim dividend of 8.25p per share, totalling 38.5p.

Fixed Interest
Fixed-interest securities, also known as bonds, are loans usually taken out by a government or company which normally pay a fixed rate of interest over a given time period, at the end of which the loan is repaid.

FTSE All-Share Index
A comparative index that tracks the market price of the UK's leading companies listed on the London Stock Exchange. Covering around 600 companies, including investment trusts, the name FTSE is taken from the Financial Times and the London Stock Exchange, who are its joint owners.

FTSE 350 Index
A comparative index that tracks the market price of the UK's 350 largest companies, by market value, listed on the London Stock Exchange.

Gilts
A bond that is issued by the British government which is generally considered low risk.

Hedging
A technique seeking to offset or minimise the exposure to a specific risk by entering an opposing position.

Liquidity
The ease with which an asset can be purchased or sold at a reasonable price for cash.

Market Capitalisation
The total value of a company's equity, calculated by the number of shares multiplied by their market price.

Net Asset Value per Share with Debt at Amortised Cost
The value of total assets less liabilities, with debenture and loan stocks at book value. Book value is the amount borrowed less the current loan arrangement fee debtor still to be expensed. The net asset value per share is calculated by dividing this amount by the number of ordinary shares outstanding.

Net Asset Value per Share with Debt at Market Value*
The value of total assets less liabilities, with debenture and loan stocks at market value. The net asset value per share is calculated by dividing this amount by the number of ordinary shares outstanding.

The market value of each debt instrument is based on benchmark sovereign yield (sovereign bond yield of the same currency and similar maturity to the instrument) plus benchmark credit spread (average spread versus sovereign of a group of selected comparators) plus illiquidity premium (evaluated on market analysis).

* Alternative Performance Measure.

Net Gearing*
In accounting terms, gearing is the amount of a company's total borrowings divided by its shareholder funds.

The gearing ratio as at 31 December 2021 is calculated as the ratio of the Company's borrowings of £74,671,000 (2020: £113,288,000) less cash and cash equivalents (including gilts) of £19,570,000 (2020: £69,409,000), divided by investments of £849,150,000 (2020: £718,423,000). The resultant ratio of 6.5% can be seen in the summary of results on page 1.

Ongoing Charge*
Ongoing charges is calculated on an annualised basis. This figure excludes any portfolio transaction costs and may vary from period to period. The calculation below is in line with AIC guidelines.

		Year to 31 December 2021
Investment management fee		**2,577,000**
Administrative expenses		**1,149,000**
Less: one off legal and professional fees		**(10,000)**
Total	(a)	**3,716,000**
Average cum income net asset value throughout the period	(b)	**776,364,000**
Ongoing charges (c=a/b)	(c)	**0.48%**

Peer Companies
Companies that operate in the same industry sector and are of similar size.

Premium*
The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Relative Performance
The return that an asset achieves over a period of time, compared to a benchmark.

Share Buy back
When a company buys some of its own shares in the market, which may lead to a narrowing of the discount to net asset value. It changes the company's debt-to-equity ratio and is a tax-efficient alternative to paying out dividends.

Total Return*
Captures both the capital appreciation/depreciation of an investment as well as the dividends generated over a holding period.

Return on Net Asset Value
Expressed in percentage terms, Morningstar's calculation of total return is determined each month by taking the change in monthly net asset value, reinvesting all income, and dividing by the starting net asset value. Reinvestments are made using the actual reinvestment net asset value.

The total returns account for management and administrative fees and other costs taken out of assets.

Return on Gross Assets
Fees and associated costs are removed from the net asset value to arrive at a gross return.

Return on Share Price*
For equities, only market return can be calculated (since no net asset value exists), but the market return is also stored as the total return. This is done so that users can more easily compare a stock's return to that of other investments.

Market return does not reinvest dividends. Dividends are treated as a cash payout as of the end of the period. The calculation is point to point using adjusted price at the beginning of the period and the adjusted price at the end of the period incorporating any dividends paid. Therefore, it doesn't compound returns/the impact of dividends reinvested over that period.

Valuation
Determination of the value of a company's stock based on earnings and the market value of assets.

Value Investing
An investment strategy that aims to identify under-valued yet good quality companies with strong cash flows and robust balance sheets, putting an emphasis on financial strength.

Yield*
A measure of the income return earned on an investment. In the case of a share the yield expresses the annual dividend payment as the percentage of the market price of the share. In the case of a bond the running yield (or flat or current yield) is the annual interest payable as a percentage of the current market price. The redemption yield (or yield to maturity) allows for any gain or loss of capital which will be realised at the maturity date.

* Alternative Performance Measure.

Notes

Temple Bar Investment Trust Plc

Registered Office
Beaufort House
51 New North Road
Exeter
EX4 4EP

www.templebarinvestments.co.uk

Investment Manager
RWC Asset Management LLP
Verde 4th Floor
10 Bressenden Place
London SW1E 5DH

TEMPLE BAR
Investment Trust Plc