

temple  bar
active investment working for you

Half Year Report for the
Six Months Ended 30 June 2014



Company Summary

Temple Bar Investment Trust PLC's ('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 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.

Benchmark

Performance is measured against the FTSE All-Share Index.

Total assets less current liabilities

£911,183,000

Total equity

£797,480,000

Market capitalisation

£804,741,000

Capital structure

Ordinary shares	64,741,873 shares
5.5% Debenture Stock 2021	£38,000,000
9.875% Debenture Stock 2017	£25,000,000
4.05% Private Placement Loan 2028	£50,000,000

Voting structure

Ordinary shares 100%

Winding-up date

None

Manager's fee

0.35% per annum based on the value of the investments (including cash) of the Company, payable quarterly in arrears. There is no performance fee.

Ongoing charges

0.48%

ISA status

The Company's shares qualify to be held in an ISA.

Principal risks and uncertainties

The Board believes that the principal risks and uncertainties faced by the Company continue to be as set out in the Strategic Report section of the Annual Report for the year ended 31 December 2013.

Association of Investment Companies (AIC):

Member

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor 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 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 affected for delivery to the purchaser or transferee.

Summary of results

ASSETS as at	30 June 2014 £'000	31 December 2013 £'000	% change
Net assets	797,480	792,070	0.7

Ordinary shares

Net asset value per share	1,231.78p	1,250.84p	(1.5)
Net asset value per share adjusted for market value of debt	1,221.79p	1,242.97p	(1.7)
Market price	1,243.00p	1,246.00p	(0.2)
Premium/(discount) with debt at book value	0.9%	(0.4)%	
Premium with debt at market value	1.7%	0.2%	

REVENUE for the half year ended 30 June

	2014	2013
Revenue return per ordinary share	20.94p	20.13p
Interim dividend per ordinary share	15.55p	15.10p

CAPITAL for the half year ended 30 June

	2014 £'000	2013 £'000
Capital return attributable to ordinary shareholders	(11,198)	88,548
Capital return attributable per ordinary share	(17.55p)	145.72p

TOTAL RETURNS for the half year ended 30 June 2014

	%
Return on net assets	0.3
Return on gross assets	0.7
Return on share price	1.6
FTSE All-Share Index	1.6

Chairman's Statement

Equity markets traded in a tight range in the first half of the year with economic, political and corporate news providing succour for both the bulls and the bears.

The UK economy grew faster than most of its developed peers and, with the next General Election coming into focus, the UK Government successfully resorted to the tried and tested routine of a housing boom to keep the recovery on track. This growth allowed Sterling to take the mantle as the least ugly of the major currencies; although it is unclear how positive such appreciation is for both corporate profitability and the economy in general.

Within UK equities, the FTSE 250, which fell 1.3%, stalled after some phenomenal growth in previous years and slightly underperformed the FTSE 100, which fell by 0.1%. We have been concerned for some time that recent rises in equity markets have been driven primarily by re-ratings rather than earnings growth and that ratings have in general moved to unattractive levels. We continue to believe that many equities need stronger earnings to justify their current valuation and something even better to drive them on from current levels.

The performance of the Temple Bar portfolio slightly lagged that of the FTSE All-Share Index. This was due as much as to what was not held on the portfolio (AstraZeneca and Shire Pharmaceuticals in particular) rather than what was held. Of the stocks in the portfolio, Signet Jewelers contributed most to performance whilst the biggest laggard was Grafton Group. The total return on the net assets of Temple Bar during the first half of 2014 was 0.3%, compared with a total return for the FTSE All Share Index of 1.6%.

Dividend

The Board has declared an interim dividend of 15.55p, an increase of 3.0% over last year, payable on 30 September 2014 to shareholders on the register at 12 September 2014.

On a number of occasions in recent years the Board has considered the frequency of dividend payments. In light of changes in both

market practice and the Board's perception of shareholder preference it has been decided that with effect from the financial year beginning on 1 January 2015 the Company will pay dividends on a quarterly basis. Whilst the precise amount of each quarterly payment has yet to be determined, it is the Board's intention, all else being equal, that shareholders will receive payments amounting to at least those received under the previous arrangements and that the progressive annual dividend growth of the last 30 years will be continued.

New Share Issues

During the period the Company obtained a block listing for a further 2 million shares to facilitate the issue of smaller amounts of shares for cash to market participants in a cost effective manner at a modest premium to net asset value. The Board believes that it is important to be proactive in managing any premium or discount in the best interests of shareholders. The Company's shares have generally been trading at a premium to net asset value for a substantial period. The Board favours regular small issues of shares to ensure that such premium is kept at a reasonable and sustainable level. In the first half of the year a total of 1,418,625 ordinary shares were issued, raising proceeds of £17,602,319.

Alternative Investment Fund Manager Directive ('AIFMD')

Shareholders many recall that AIFMD is a European Directive affecting many investment companies, including the Company, that are managed within the European Union. As a result the Board is required to appoint an Alternative Investment Fund Manager ('AIFM') and has decided to appoint a subsidiary of Investec Asset Management Limited to this role. The Board has also appointed HSBC as depositary. HSBC will also act as the custodian. These regulatory changes require new investment management and depositary agreements which have now been finalised.

John Reeve
22 July 2014

Manager's report

Portfolio activity, compared with previous years at least, was fairly high. The holding in Vodafone was sold in its entirety. Ahead of the significant return of cash to shareholders (itself a consequence of Vodafone's sale of its holding in US mobile telecommunication company Verizon Wireless) rumours had grown of a bid for Vodafone by AT&T. We used the liquidity and share price strength this provided to eliminate the holding, particularly as we believe Vodafone has a number of strategic challenges over the next few years which may demand high levels of capital expenditure and also lead to some large acquisitions. The weighting in the telecommunications sector was further reduced through sales of BT. The company has recovered well in the last 10 years and there are apparently still opportunities to cut operating costs further. However, the rating has moved up significantly and the company's ambitions in sports programming may require significant expenditure ahead of the hoped for increases in revenues.

The move from in favour telecoms companies was balanced by further acquisitions of out of favour oil and gas companies. We have written about the positive prospects for the largest UK listed companies, including the oil and gas companies, for some years and have clearly been far too early with our purchases of many companies in this category. However, we believe that the positive factors in favour of this argument continue to grow. The bid for AstraZeneca suggests that even the largest companies are now vulnerable to outsiders, be they corporate bidders, activists or even institutional shareholders and we believe this has created further encouragement to the newish management of many of these large companies to drive efficiencies, sell non-core assets and increase the focus on those areas of competitive advantage. Little of this potential progress appears to be priced into valuations which stand at a discount to the rest of the UK market.

We also built a position in food retailers, primarily through an acquisition of Tesco but also of Wm Morrison. The industry is clearly undergoing significant change with both discounters and high end competitors performing well at the expense of those in the middle ground. While it is tempting to extrapolate the current trends we believe that the large retailers and particularly Tesco as the largest are well positioned to compete against the thriving competitors. Tesco has announced new management who may be tempted to sell some international assets and further cut prices. The next few years are likely to be volatile and we may have the opportunity to buy more shares at a lower price, but as long-term shareholders we are comfortable with the price we paid for the shares.

In terms of new holdings, smaller acquisitions were made of Fresnillo, the Mexican based but UK listed, gold and silver producer, Royal Mail, the recently privatised postal company and Coach, the luxury handbag company.

The largest sale after Vodafone was a partial disposal of the holding in Signet Jewelers. This has been a large position for some years and we decided to reduce the size of the holding as the shares moved towards fair value. Unfortunately, post the sale, the company announced the acquisition of Zales's the second largest jewellery retailer in the US. This acquisition provides significant prospects for Signet, both in terms of cutting costs and in leveraging the dominant position it now has in the US speciality jewellery market.

We remain rather surprised that investors are happy to brush aside any number of negatives. We face widespread geo-political tensions, increasing government debt, the prospect of reversal of the extraordinary amounts of monetary easing of the last few years, historically high equity valuations and the indecent haste with which private equity groups are offloading their holdings onto the public market. All these are brushed off as

Manager's report continued

minor inconveniences, irrelevancies or what Monty Python's Black Knight would have described as just a 'flesh wound'. The opportunity set amongst out of favour companies seems to be more fertile than it has been for some time which offers some encouragement, but we must be careful not to pull the trigger too quickly.

Alastair Mundy

Investec Fund Managers Limited

22 July 2014

Responsibility statement

The directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half-year report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports';
- the half-yearly financial report, which incorporates the interim management report, includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- in accordance with Disclosure and Transparency Rule 4.2.8R there have been no related parties transactions during the six months to 30 June 2014 and therefore nothing to report on any material effect by such a transaction on the financial position or performance of the Company during that period.

The half-yearly financial report was approved by the Board on 22 July 2014 and the above responsibility statement was signed on its behalf by:

John Reeve
Chairman

Portfolio of Investments

as at 30 June 2014

Company	Supersector	Place of Listing	Valuation £'000	% of Portfolio
UK Treasury 4.75% 2015	Fixed Interest	UK	105,904	11.97
Royal Dutch Shell	Oil & Gas	UK	82,079	9.28
HSBC	Financials	UK	74,472	8.42
GlaxoSmithKline	Health Care	UK	65,554	7.41
BP	Oil & Gas	UK	52,697	5.96
Grafton Group	Industrials	UK	35,446	4.01
British American Tobacco	Consumer Goods	UK	30,446	3.44
Signet Jewelers	Consumer Services	USA	26,791	3.03
Unilever	Consumer Goods	UK	26,303	2.97
BT Group	Telecommunications	UK	24,634	2.78
Top Ten Investments			524,326	59.27
Qinetiq	Industrials	UK	23,259	2.63
Direct Line Insurance	Financials	UK	20,685	2.34
Royal Bank Of Scotland	Financials	UK	20,182	2.28
Tesco	Consumer Services	UK	20,046	2.27
SIG	Industrials	UK	19,071	2.16
Gold Bullion Securities ETF	Financials	UK	18,438	2.08
Imperial Tobacco	Consumer Goods	UK	15,018	1.70
Centrica	Utilities	UK	14,228	1.61
BG	Oil & Gas	UK	13,830	1.56
Carnival	Consumer Services	UK	13,359	1.51
Top Twenty Investments			702,442	79.41
Go-Ahead	Consumer Services	UK	13,238	1.50
Computacenter	Technology	UK	12,810	1.45
Chemring	Industrials	UK	12,386	1.40
CRH	Industrials	UK	12,313	1.39
Avon Products	Consumer Goods	USA	12,220	1.38
Market Vectors Gold Miners ETF	Basic Materials	USA	11,522	1.30
UK Commercial Property Trust	Financials	UK	10,983	1.24
Kingspan	Industrials	Ireland	10,937	1.24
Carrefour	Consumer Services	France	10,499	1.19
British Land REIT	Financials	UK	9,036	1.02
Top Thirty Investments			818,386	92.52

Portfolio of Investments continued

Company	Supersector	Place of Listing	Valuation £'000	% of Portfolio
Land Securities REIT	Financials	UK	8,985	1.02
Green REIT	Financials	Ireland	8,503	0.96
Wm Morrison Supermarkets	Consumer Services	UK	7,309	0.83
Royal Mail	Industrials	UK	7,041	0.80
Nationwide 7.971% 2015 Variable Perpetual	Fixed Interest	UK	5,720	0.65
Fresnillo	Basic Materials	UK	5,506	0.62
Coach	Consumer Goods	USA	4,610	0.52
Games Workshop	Consumer Goods	UK	3,009	0.34
Hammerson 6.875% 2020	Fixed Interest	UK	2,958	0.33
Compass 7% 2014	Fixed Interest	UK	2,051	0.23
Top Forty Investments			874,078	98.82
Vodafone 4.625% 2014	Fixed Interest	UK	2,014	0.23
St. Ives	Industrials	UK	1,399	0.16
Future	Consumer Services	UK	1,102	0.12
RSA Insurance 6.701% 2017 Variable Perpetual	Fixed Interest	UK	1,076	0.12
HSBC 8.208% 2015 Variable	Fixed Interest	UK	1,056	0.12
Aviva 2020 5.9021% FRN Perpetual	Fixed Interest	UK	997	0.11
Lloyds Banking Group – preference shares	Financials	UK	825	0.09
Serco	Industrials	UK	724	0.08
Alent	Basic Materials	UK	664	0.08
Colt Group	Telecommunications	UK	568	0.06
Top Fifty Investments			884,503	99.99
Johnston Press	Consumer Services	UK	112	0.01
Kingspan	Industrials	UK	19	0.00
Total Valuation of Portfolio			884,634	100.00

Statement of comprehensive income

for the six months ended 30 June 2014

	Notes	30 June 2014 (unaudited)		30 June 2013 (unaudited)		31 December 2013 (audited)	
		Revenue £'000	Total Capital £'000	Revenue £'000	Total Capital £'000	Revenue £'000	Total Capital £'000
Investment income							
Other operating income	4	15,593	–	13,918	–	26,064	–
	4	4	4	4	–	10	–
Total income		15,597	–	13,922	–	26,074	–
(Losses)/gains on investments							
(Losses)/gains on investments held at fair value through profit or loss assets	3	–	(7,603)	–	91,265	–	164,732
		15,597	(7,603)	13,922	91,265	26,074	164,732
Expenses							
Management fees		(630)	(945)	(528)	(792)	(1,141)	(1,711)
Other expenses including dealing costs		(298)	(667)	(248)	(563)	(569)	(1,154)
Profit/(loss) before finance costs and tax		14,669	(9,215)	13,146	89,910	24,364	161,867
Finance costs		(1,306)	(1,983)	(910)	(1,362)	(2,090)	(3,163)
Profit/(loss) before tax		13,363	(11,198)	12,236	88,548	22,274	158,704
Tax		–	–	–	–	–	–
Profit/(loss) for the period		13,363	(11,198)	12,236	88,548	22,274	158,704
Earnings per share (basic and diluted)		20.94p	(17.55)p	20.13p	145.72p	36.17p	257.72p
		3.39p	165.85p	165.85p	293.89p	293.89p	293.89p

An interim dividend of 15.55 pence per share in respect of the six months ended 30 June 2014 was declared on 22 July 2014 and is payable on 30 September 2014.

An interim dividend of 15.10 pence per share in respect of the six months ended 30 June 2013 was declared on 23 July 2013 and was paid on 30 September 2013. A final dividend of 22.65 pence per share in respect of the year ended 31 December 2013 was declared on 12 February 2014 and was paid on 31 March 2014.

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

Statement of changes in equity

for the six months ended 30 June 2014

	Ordinary share capital £'000	Share premium account £'000	Capital reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014	15,831	54,002	689,117	33,120	792,070
Profit for the period	–	–	(11,198)	13,363	2,165
Issue of share capital*	15,831	54,002	677,919	46,483	794,235
Dividends paid to equity shareholders	354	17,287	–	–	17,641
	–	–	–	(14,396)	(14,396)
Balance at 30 June 2014	16,185	71,289	677,919	32,087	797,480

*due to investor demand 1,418,625 shares were issued during the period for a total consideration of £17,602,319 at a premium to the prevailing net asset value.

Statement of changes in equity

for the six months ended 30 June 2013

	Ordinary share capital £'000	Share premium account £'000	Capital reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2013	15,138	22,105	530,413	33,535	601,191
Profit for the period	–	–	88,548	12,236	100,784
Issue of share capital*	15,138	22,105	618,961	45,771	701,975
Dividends paid to equity shareholders	152	6,683	–	–	6,835
	–	–	–	(13,366)	(13,366)
Balance at 30 June 2013	15,290	28,788	618,961	32,405	695,444

*due to investor demand 606,113 shares were issued during the period for a total consideration of £6,834,993 at a premium to the prevailing net asset value.

Statement of financial position

as at 30 June 2014

	30 June 2014 (unaudited) £'000	30 June 2013 (unaudited) £'000	31 December 2013 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss*	884,634	709,834	889,385
Current assets			
Receivables	4,328	5,452	4,087
Cash and cash equivalents	27,775	44,433	14,139
	32,103	49,885	18,226
Total assets	916,737	759,719	907,611
Current liabilities			
Payables	(5,554)	(815)	(1,836)
Total assets less current liabilities	911,183	758,904	905,775
Non-current liabilities			
Interest bearing borrowings	(113,703)	(63,460)	(113,705)
Net assets	797,480	695,444	792,070
Equity attributable to equity holders			
Ordinary share capital	16,185	15,290	15,831
Share premium	71,289	28,788	54,002
Capital reserves	677,919	618,961	689,117
Retained earnings	32,087	32,405	33,120
Total equity	797,480	695,444	792,070
Net asset value per share	1,231.78p	1,137.14p	1,250.84p

*Includes £106 million UK Treasury holding considered by the Board to be held in lieu of cash.

Statement of cash flows

for the six months ended 30 June 2014

	30 June 2014 (unaudited) £'000	30 June 2013 (unaudited) £'000	31 December 2013 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	2,165	100,784	180,978
Adjustments for:			
Purchases of investments ¹	(221,998)	(149,041)	(351,220)
Sales of investments ¹	219,146	164,971	261,070
	(2,852)	15,930	(90,150)
Losses/(gains) on investments	7,603	(91,265)	(164,732)
Financing costs	3,289	2,272	5,253
Operating cash flows before movements in working capital	10,205	27,721	(68,651)
(Increase)/decrease in accrued income and prepayments	(1,171)	19	(332)
Decrease/(increase) in receivables	930	(2,730)	(929)
Increase in payables	4,030	159	779
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE AND AFTER INCOME TAX	13,994	25,169	(69,133)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares	17,641	6,835	32,590
Proceeds from issue of 4.05% Private Placement Loan	–	–	50,000
Issue costs relating to 4.05% Private Placement Loan	(311)	–	(133)
Unclaimed dividends	–	–	29
Interest paid on borrowings	(3,292)	(2,268)	(4,559)
Equity dividends paid	(14,396)	(13,366)	(22,718)
NET CASH USED IN FINANCING ACTIVITIES	(358)	(8,799)	55,209
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,636	16,370	(13,924)
Cash and cash equivalents at the start of the period	14,139	28,063	28,063
Cash and cash equivalents at the end of the period	27,775	44,433	14,139

¹Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities.

Notes to the financial statements

1 GENERAL INFORMATION

Temple Bar Investment Trust PLC is a company incorporated in the United Kingdom under the Companies Acts 1908 to 1917.

Principal activity

The principal activity of Temple Bar Investment Trust PLC is that of an investment company within the meaning of Section 833 of the Companies Act 2006.

2 SIGNIFICANT ACCOUNTING POLICIES

The half yearly financial statements have been prepared on the basis of the accounting policies set out in the Company's annual report and financial statements for the year ended 31 December 2013 and have not been audited or reviewed by the Auditors pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. They have been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.

3 (LOSSES)/GAINS ON INVESTMENTS

	30 June 2014 (unaudited) £'000	30 June 2013 (unaudited) £'000	31 December 2013 (audited) £'000
Net gains realised on sale of investments	55,961	53,304	77,292
Movement in investment holding gains	(63,564)	37,961	87,440
(Losses)/gains on investments	(7,603)	91,265	164,732

4 INCOME

	30 June 2014 (unaudited) £'000	30 June 2013 (unaudited) £'000	31 December 2013 (audited) £'000
Income from investments			
UK dividends	12,312	10,256	20,324
UK REITS	305	289	500
Overseas dividends	1,598	1,797	2,185
Income on fixed income securities	1,378	1,576	3,055
	15,593	13,918	26,064
Other operating income			
Deposit interest	4	4	10
Total income	15,597	13,922	26,074

Notes to the financial statements continued

5 DIVIDENDS

The final dividend relating to the year ended 31 December 2013 of 22.65 pence per ordinary share was paid during the six months ended 30 June 2014.

An interim dividend of 15.55 pence per ordinary share will be paid on 30 September 2014 to shareholders registered on 12 September 2014. In accordance with IFRS, this dividend has not been recognised in these financial statements. The ex-dividend date for this payment is 10 September 2014.

6 COMPARATIVE FIGURES

The financial information contained in this half-year report does not constitute statutory accounts as defined in sections 434-436 of the Companies Act 2006. The financial information for the six months ended 30 June 2014 and 30 June 2013 has not been audited.

The information for the year ended 31 December 2013 does not constitute statutory accounts, but has been extracted from the latest published audited accounts, which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under section 498 (2) or (3) of the Companies Act 2006.

7 POST BALANCE SHEET EVENT

The Alternative Investment Fund Managers Directive (AIFMD) was enacted in July 2013 and requires the Company to comply fully with its requirements from 22 July 2014. As a result, the Company has appointed Investec Fund Managers Limited as Alternative Investment Fund Manager and HSBC Bank plc as depositary. The depositary will be responsible for overseeing the Company's custody and cash management operations.

8 PUBLICATION

This half-year report is being sent to shareholders and copies will be made available to the public at the Company's registered office and on its website.

Directors and administration

Directors

J Reeve (Chairman)

A T Copple

R W Jewson

J F de Moller

M R Riley

D G C Webster

Investment Manager

Investec Asset Management Limited (until 22 July 2014)

(authorised and regulated by the Financial Conduct Authority)

Investec Fund Managers Limited (from 22 July 2014)

(authorised and regulated by the Financial Conduct Authority)

Woolgate Exchange

25 Basinghall Street

London

EC2V 5HA

Tel No. 020 7597 2000

Contacts: Alastair Mundy or Martin Slade

Secretary and Registered Office

Investec Asset Management Limited

Woolgate Exchange

25 Basinghall Street

London

EC2V 5HA

Registrar and Savings Scheme Administrator

Equiniti Limited

Aspect House

Spencer Road

Lancing

West Sussex

BN99 6DA

Tel No. 0871 384 2432 (shareholder helpline)

0906 559 6025 (broker helpline)

Registered Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF



temple bar
active investment working for you

Temple Bar Investment Trust PLC

Registered Office

Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
www.templebarinvestments.co.uk

Investment Manager

Investec Fund Managers Limited
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
Telephone No. 020 7597 2000