

Trust Facts

Launch date: 1926

Wind-up date: None

Year end:
31 December

Dividends paid:
Quarterly in March, June, September and December

AGM:
March

Benchmark:
FTSE All-Share

ISA status:
May be held in an ISA

Capital Structure:

Share class	No. in issue	Sedol
Ordinary	66,872,765	0882532

Debt:
9.875% Debenture Stock 2017 £25m
5.50% Debenture Stock 2021 £38m
4.05% Private Placement Loan 2028 £50m

Charges:
Ongoing charge: 0.49% (30.06.16)
Includes a management fee of 0.35%

Board of Directors:

John Reeve (Chairman)
Arthur Copple
Richard Jewson
June de Moller
Lesley Sherratt
David Webster

Auditors: Ernst & Young LLP

Investment Manager:
Investec Fund Managers Ltd

Registrars: Equiniti Ltd

Secretary:
Investec Asset Management Ltd

Stockbrokers: JPMorgan Cazenove

Depositary & Custodian: HSBC Bank Plc

Trust Objective

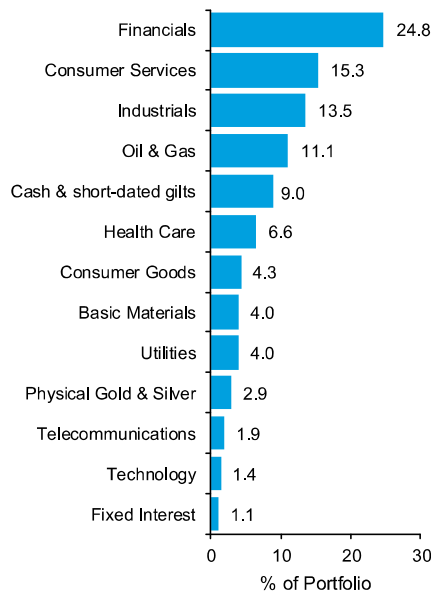
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)¹

HSBC Holdings Plc	7.6
GlaxoSmithKline Plc	6.6
Royal Dutch Shell Plc Class B	5.9
BP Plc	5.2
Grafton Group Plc	4.2
Barclays Plc	3.9
Lloyds Banking Group Plc	3.5
WM Morrison Supermarkets Plc	2.9
SIG Plc	2.8
Royal Bank of Scotland Plc	2.8
Total	45.2

¹% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	951.1
Share price (p)	1223.0
NAV (p) (ex income, debt at mkt)	1278.7
Premium/(Discount), Ex income (%)	-4.4
NAV (p) (cum income, debt at mkt)	1298.1
Premium/(Discount), Cum income (%)	-5.8
Historic net yield (%)	3.3

Dividend History

Type	Amount (p)	XD date	Pay date
3 rd interim	8.09	08-Dec-16	30-Dec-16
2 nd interim	8.09	08-Sep-16	30-Sep-16
1 st interim	8.09	09-Jun-16	30-Jun-16
Final	15.87	10-Mar-16	31-Mar-16

Performance

Share Price % change²

	Trust	FTSE All-Share
1 month	5.5	4.9
3 months	10.2	3.1
1 year	16.3	12.5
3 years	-1.8	7.3
5 years	42.5	35.5

²Capital return only

NAV total return % change³

	Trust	FTSE All-Share
1 month	6.6	5.0
3 months	8.5	3.9
1 year	20.6	16.8
3 years	16.1	19.3
5 years	72.4	61.8

³Total return

Performance, Price and Yield information is sourced from Morningstar as at 31.12.16.

Past performance should not be taken as a guide to the future and dividend growth is not guaranteed. The value of your shares in Temple Bar and the income from them can fall as well as rise and you may lose money. This Trust may not be appropriate for investors who plan to withdraw their money within the short to medium term.

A portion (60%) of the Trust's management and financing expenses are charged to its capital account rather than to its income, which has the effect of increasing the Trust's income (which may be taxable) whilst reducing its capital to an equivalent extent. This could constrain future capital and income growth.

The effect of borrowings to finance the Trust's investments is to magnify the volatility of its price and potential capital gains and losses. We recommend that you seek independent financial advice to ensure this Trust is suitable for your investment needs.

Manager's Commentary

Thought for the month

Having made a criminally bad choice of books to take on winter holiday I was very relieved that our hosts had a decent collection from which to play a get out of jail free card. As I'm always a sucker for an easy read, particularly when overdosing on cheap chocolate, *Think Like a Freak* by the authors of *Freakonomics*, Steven Devitt and Stephen Dubner was a natural choice.

The book could just as easily be re-badged, *Think Like a Contrarian* – encouraging the reader to think objectively and to oppose the conventional wisdom. The authors themselves include a chapter, *Think Like a Kid*. They argue that kids are more likely to ask questions out of curiosity with no fear of looking stupid, are relatively unbiased and relentlessly curious, don't have preconceptions, share their wildest ideas, don't buy into dogma and don't overthink problems.

So in the spirit of thinking like a kid, let's have a look at some of the worst performers in the UK market over the past two years; stocks which clearly embrace a significant amount of negative sentiment. With these stocks it is very tempting to follow the negative conventional wisdom. However, experience informs us that often the most obvious or intuitive response proves to be incorrect.

Questions from the kids

If Mike Ashley, chief executive of Sports Direct, is so bad at running a company, how come he is so wealthy?

Can't Frankie and Benny's (owned by Restaurant Group) just return to their old menu and old prices to regain their old profitability?

Isn't the right time to buy a growing low-cost carrier such as Easyjet when they are experiencing a cyclical downturn?

While regulation may reduce IG Group's profits, why can't it (and the industry) simply increase dealing spreads to regain much of the lost profitability?

Hasn't plant hire company, Aggreko been through some rough periods before, but always bounced back due to the structural growth in the temporary power market in a world where generating capacity continues to age.

Isn't it a bit late to worry about fines and regulations at RBS? Fines are well documented even if not known to the last pound and regulation, if anything, now seems in reverse. Shouldn't a long-term investor be focused on the excellent core business and the promise of fat dividends to come?

What do M&S do so right to generate such large market shares in clothing across sex and age? Isn't that a good base for a recovery?

Couldn't the introduction of government incentives such as a reduction in stamp duty rejuvenate the housing market and turbocharge the profits of estate agent Countrywide?

A falling share price often makes you worry that the market knows more than you and either leaves you paralysed when you should be buying or capitulating when you should be holding on. That could well be when the kid inside us becomes most valuable.



"The results have been outstanding since you started thinking like a child so your bonus this year is an extra large bag of jelly babies, a cuddly toy and as many tickles under the chin as you want"

The yield information has been calculated as at 31.12.16. All other information is from Investec Asset Management at 31.12.16.

Telephone calls may be recorded for training and quality assurance purposes.

For further details, call the Investor Services Department on 020 7597 1800, or send an email to enquiries@investecmail.com. Alternatively, visit the Temple Bar website: www.templebarinvestments.co.uk.

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