

Trust Facts

Launch date: 1926

Wind-up date: None

ISIN: GB0008825324

TIDM code: TMPL

Year end: 31 December

Dividends paid:

Quarterly in March, June, September and December

AGM: March

Benchmark: FTSE All-Share

Association of Investment Companies (AIC) sector: UK Equity Income

ISA status:

May be held in an ISA

Capital Structure:

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

Debt:

5.50% Debenture Stock 2021 £38m
4.05% Private Placement Loan 2028 £50m
2.99% Private Placement Loan 2047 £25m

Charges:

Ongoing charge: 0.49% (31.12.17)
Includes a management fee of 0.35%

Auditors: Ernst & Young LLP

Investment Manager:

Investec Fund Managers Ltd

Portfolio Manager: Alastair Mundy

Portfolio Manager start date:

1 January 2003

Registrars: Equiniti Ltd

Secretary:

Investec Asset Management Ltd

Depositary & Custodian: HSBC Bank Plc

The Company's gearing and discount management policies can be found at <https://templebar.tilabs.co.uk/investment-approach/for-professional-investors/>

Trust Objective

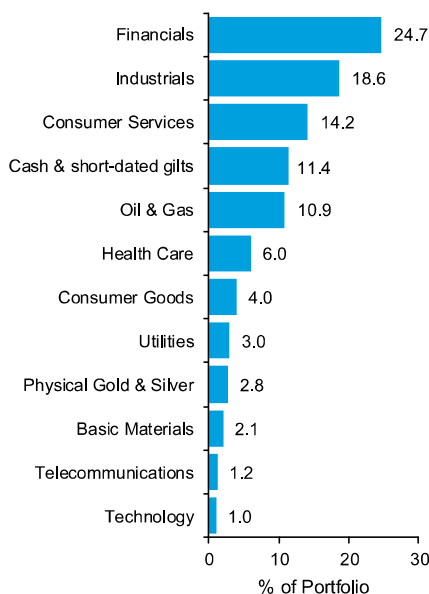
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)¹

HSBC Holdings Plc	6.1
GlaxoSmithKline Plc	6.0
Royal Dutch Shell Plc	5.9
BP Plc	5.0
Barclays Plc	4.9
Lloyds Banking Group Plc	4.8
Grafton Group Plc	4.2
SIG Plc	3.4
Royal Bank of Scotland Plc	3.3
Capita Plc	2.8
Total	46.4

¹% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	932.9
Share price (p)	1216.0
NAV (p) (ex income, debt at mkt)	1258.7
Premium/(Discount), Ex income (%)	-3.4
NAV (p) (cum income, debt at mkt)	1269.0
Premium/(Discount), Cum income (%)	-4.2
Historic net yield (%)	3.5

Dividend History

Type	Amount (p)	XD date	Pay date
Final	17.48	08-Mar-18	29-Mar-18
3 rd interim	8.33	07-Dec-17	29-Dec-17
2 nd interim	8.33	07-Sep-17	29-Sep-17
1 st interim	8.33	08-Jun-17	30-Jun-17

Performance (Total Return)

Cumulative Returns (%)

	Share Price	NAV	FTSE All-Share
1 month	-2.3	-3.2	-1.8
3 months	-6.2	-7.3	-6.9
1 year	2.2	0.1	1.2
3 years	16.1	16.2	18.6
5 years	30.4	36.2	37.6

Rolling 12 Month Returns (%)

	Share Price	NAV	FTSE All-Share
31.03.17-			
31.03.18	2.2	0.1	1.2
31.03.16-			
31.03.17	26.3	22.7	22.0
31.03.15-			
31.03.16	-10.1	-5.4	-3.9
31.03.14-			
31.03.15	-0.6	2.6	6.6
31.03.13-			
31.03.14	12.9	14.3	8.8

Performance, Price and Yield information is sourced from Morningstar as at 31.03.18

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.

Manager's Commentary

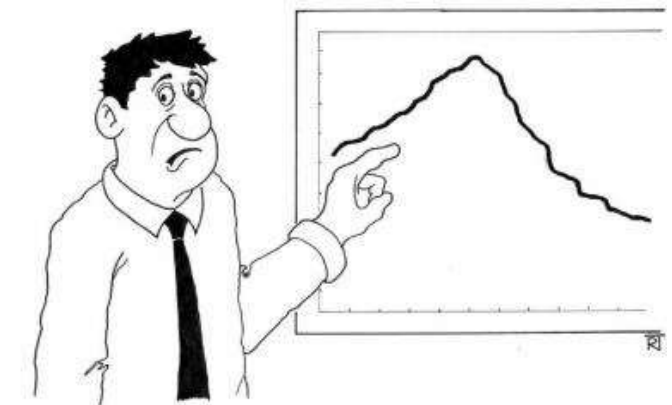
Thought for the month

A wet Easter weekend provided a perfect time for a spring clean in the Mundy household. As this was apparently a game in which the whole of the family was expected to participate, I quickly went to hide in the cupboard in which we keep our sports equipment. Before long I was knee deep in tennis racquets, table tennis bats, running gear, golf balls (despite having no golfers in the family) and a plethora of trainers. It quickly became clear that the Mundys are at 'peak sports equipment'. 'Peak' is apparently affecting a number of areas at the moment: restaurants, craftbeers, pound shops and artisan popcorn immediately come to mind. I also wonder if the concept of moats in the world of fund management may too have peaked.

Warren Buffett coined the term 'economic moat' referring to the sustainable advantages that protect a company against competitors and the concept obviously turbo-charged the second phase of his investment career (post his deep value beginnings). Not surprisingly, his success created a number of copycats and also provided the source for a number of books on the subject. Pat Dorsey's, *The Little Book That Builds Wealth* is one of those and probably one of the best.

Dorsey takes care to elaborate the difference between real and 'mistaken' moats. He highlights the mistaken moats as "great products, strong market share, great execution, and great management" arguing that the first three characteristics are insufficient to ward off competitors and that great management, whilst useful, is much easier to pick after the event than before. Investors are probably susceptible to watching a company – and its share price – perform well over a number of years and attributing the success to a combination of the four factors Dorsey highlights and extrapolating such success over the longer term. More often than not, history informs us the powers of mean reversion kick in.

Dorsey believes some characteristics are much harder to replicate and therefore far more durable: intangible assets (such as brands or patents), high switching costs deterring customers from moving to a competitors' products, good networking economics (the value of the company's product or service increasing with the number of users) and cost advantages, driven by better locations or unique resources. Dorsey's characteristics makes identification of a moat much tougher and encourages us to think about those companies temporarily in a sweet spot and those with long-term competitive advantages. With a number of companies currently priced at very punchy valuations his thoughts may be very relevant.



"Errr....it turned out it was more of a garden pond than a moat!"

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.

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