Temple Bar Investment Trust PLC

Monthly update **29 February 2016**

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% (31.12.15)
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

Savings Scheme Administrator:
Equiniti Financial Services Ltd

Secretary:
Investec Asset Management Ltd

Stockbrokers: JPMorgan Cazenove

Depositary & Custodian: HSBC Bank Plc

Trust Objective

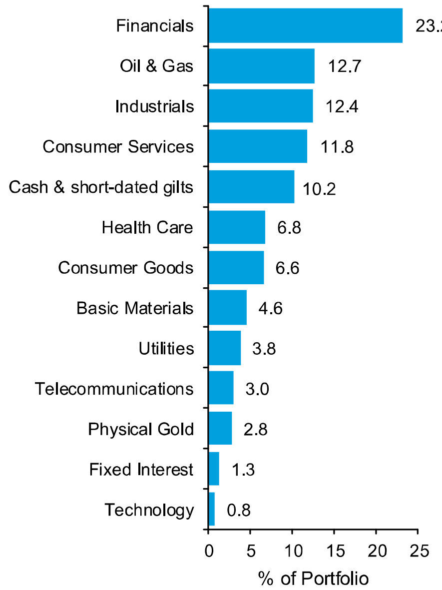
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)[1]

HSBC Holdings Plc	7.1
GlaxoSmithKline Plc	6.8
BP Plc	6.4
Royal Dutch Shell Plc Class B	6.2
Lloyds Banking Group Plc	4.7
Grafton Group Plc	4.3
British American Tobacco Plc	4.0
Royal Bank of Scotland Group Plc	3.2
Direct Line Insurance Group Plc	3.2
BT Group Plc	3.0
Total	48.9

[1]% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	817.5
Share price (p)	993.0
NAV (p) (ex income, debt at mkt)	1071.9
Premium/(Discount), Ex income (%)	(7.4)
NAV (p) (cum income, debt at mkt)	1093.3
Premium/(Discount), Cum income (%)	(9.2)
Historic net yield (%)	4.0

Dividend History

Type	Amount (p)	XD date	Pay date
Final	15.87	10-Mar-16	31-Mar-16
3rd interim	7.93	10-Dec-15	30-Dec-15
2nd interim	7.93	10-Sep-15	30-Sep-15
1st interim	7.93	11-Jun-15	30-Jun-15

Performance

Share Price % change

	Trust	FTSE All-Share[2]
1 month	-1.2	0.3
3 months	-6.8	-4.2
1 year	-16.2	-10.6
3 years	-10.4	-0.1
5 years	12.6	7.7

[2]Capital return only

NAV total return % change

	Trust	FTSE All-Share[3]
1 month	1.6	0.8
3 months	-2.6	-3.5
1 year	-8.4	-7.3
3 years	12.5	10.8
5 years	43.9	28.3

[3]Total return

Performance, Price and Yield information is sourced from Morningstar as at 29.02.16.

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.

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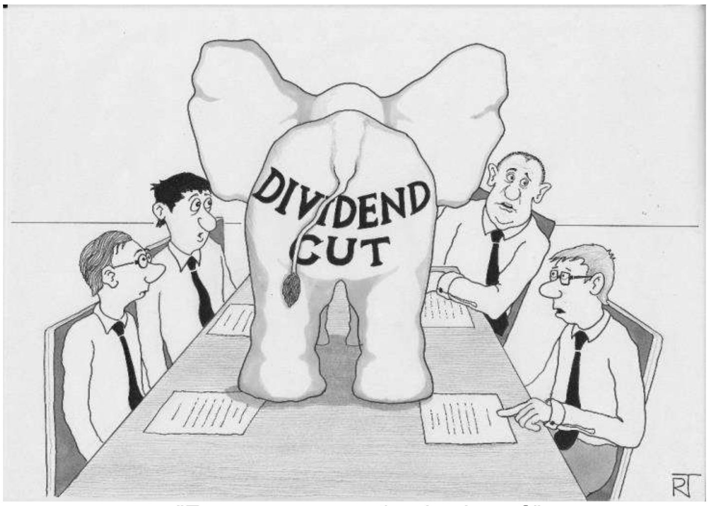
Manager's Commentary



"Errr.............any other business?"

It is results season, and with results come dividend announcements. As the earnings cycle continues to move downwards (although you would not necessarily know that reading management statements), some boards are having to make tough decisions on their payouts to shareholders, and consequently we are seeing a number of strategies.

Firstly, is the 'panic early' group. These companies have seen deteriorating conditions, wish to keep their spending options flexible, and see no reason to jeopardise the company's future by maintaining a dividend which is too high. This decision is therefore typically a surprise to the market, but is probably the best quality cut; management are taking a sensible long-term business decision without regard to the short-term share price movement. Rio Tinto's recent decision to temper its payout while its balance sheet remains strong sits firmly in this category.

The 'panic early' group should not be confused with the 'panic!' group. Its actions also surprise the market, but typically that is because it has been hiding bad news for some time (Tesco a few years back is a good example here). This also tends to have a negative effect on the share price, but this is usually warranted as investors learn more about structural weaknesses in the company.

The group which probably irritates investors almost as much as the 'panic!' group is the 'let's pretend we haven't cut and hope no-one notices group'. The management tends to refer to the dividend being 'rebased', but only after regaling readers with all the good news they can muster on current operating conditions. Perhaps moaning about which word best describes a lower payout is just semantics, but often seems to indicate a management team still in denial.

Some boards may become too wedded to their dividends through a sense of history or misplaced loyalty to shareholders (Royal Dutch Shell comes to mind). While the dividend decision is not necessarily a game changer for the company it can indicate sub-optimal capital allocation skills and a lack of flexible thinking.

Other boards are attracted to the 'we're retiring soon so will keep pushing increases through' (take a bow HSBC). This is both short-sighted and extraordinarily unfair to subsequent management teams who are usually left to deliver the bad news. Once again, this highlights poor capital allocation skills mixed with a certain degree of arrogance. Fortunately (sic), the HSBC share price, with a dividend yield of 8% and a price well below book value, already discounts much of this negativity and allows for little prospect of operational improvement.

As is often the case, there can be no hard and fast rule on how to react to dividend announcements. It is however, worth keeping an eye on the cutters because of the mechanistic activity that a cut or omission can have. For example equity income funds and high yield ETFs may be compelled to sell at any price and if the earnings announcement is accompanied by a profits downgrade a significant amount of the shareholder base may be encouraged to sell. This can often be an interesting place to find investment opportunities.

The yield information has been calculated as at 29.02.16. All other information is from Investec Asset Management at 29.02.16.

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.

Issued by Investec Asset Management, which is authorised and regulated by the Financial Conduct Authority, March 2016.