

Trust Facts

Launch date: 1926

Wind-up date: None

Year end:
31 December

Dividends paid:
March & September

AGM:
March

Benchmark:
FTSE All-Share

ISA status:
May be held in an ISA

Capital Structure:

Share class	No. in issue	Sedol
Ordinary	63,323,248	0882532

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

Charges:
Ongoing charge: 0.48%* (31.12.13)
*Includes a management fee of 0.35%

Board of Directors:
John Reeve (Chairman)
Arthur Copple
Richard Jewson
June de Moller
Martin Riley
David Webster

Auditors: Ernst & Young LLP

Investment Manager:
Investec Asset Management Ltd

Registrars: Equiniti Ltd

Savings Scheme Administrator:
Equiniti Financial Services Ltd

Secretary:
Investec Asset Management Ltd

Stockbrokers: JPMorgan Cazenove

Bankers & Custodian: HSBC Bank Plc

Solicitors: Eversheds

Trust Objective

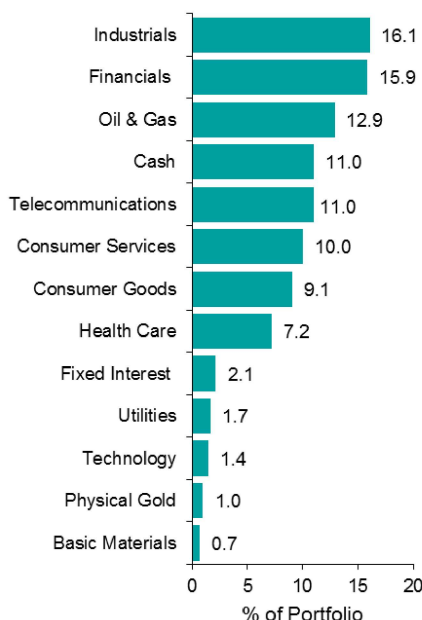
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%) ¹

HSBC Holdings Plc	7.5
Royal Dutch Shell Plc Class B	7.4
Vodafone Group Plc	7.2
GlaxoSmithKline Plc	7.2
Signet Jewelers Limited	5.8
BP Plc	4.9
Grafton Group Plc	4.7
BT Group Plc	3.7
British American Tobacco Plc	3.0
SIG Plc	2.9
Total	54.3

¹ % of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	872.98
Share price (p)	1246.00
NAV (p) (ex income, debt at mkt)	1222.55
Premium/(Discount) (%)	1.90
Historic net yield (%)	2.98

Dividend History

Type	Amount (p)	XD date	Pay date
Interim	15.10	11.09.13	30.09.13
Final	22.00	13.03.13	28.03.13

Performance

Share Price % change

	Trust	FTSE All-Share ²
1 month	1.3	1.7
3 months	5.2	4.8
1 year	24.0	16.7
3 years	40.8	17.9
5 years	107.3	63.4

² Capital return only

NAV total return % change

	Trust	FTSE All-Share ³
1 month	1.8	1.8
3 months	5.5	5.5
1 year	30.9	20.8
3 years	54.7	31.0
5 years	158.1	95.2

³ Total return

Performance, Price and Yield information is sourced from Thomson Datastream as at 31.12.13.

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.

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

While idly flicking through some online book reviews, I noticed some glowing praise by Nassim Taleb (author of *The Black Swan*, the bestseller about unpredictable events and our responses to them) for *A Few Lessons from Sherlock Holmes* by Peter Bevelin. Bevelin pulls out a number of themes from Sir Arthur Conan Doyle’s novels, to highlight the clarity, simplicity and logic of Sherlock Holmes’ methods. I was amazed at the similarities between Holmes’ approach and that of veteran investor Charlie Munger, although my amazement was somewhat diluted when I discovered that Bevelin and Munger are good friends. Bevelin is, therefore, probably guilty of ‘wordmining’ – searching for quotes to fit some conclusions. However, that should not detract from, in my view, one of the more interesting and readable quasi-investment books.

The character of Sherlock Holmes was inspired by Dr Joseph Bell, a surgeon and Professor of Medicine at Edinburgh University who taught Conan Doyle. Bell believed there were “simple requisites” for physicians and surgeons. They needed “senses to notice facts, and education and intelligence to apply them”. Bell thought that, in Holmes, Conan Doyle had “created a shrewd, quick-sighted, inquisitive man...with plenty of spare time, a retentive memory, and perhaps, with the best gift of all – the power of unloading the mind of all burden of trying to remember unnecessary details”.

It is impossible to do justice to the book in a monthly commentary so, instead, I take six of Bevelin’s themes and the illustrative quotes he uses from Conan Doyle’s works.

Multi-disciplinary approach:
“Breadth of view...is one of the essentials of our profession. The interplay of ideas and the oblique uses of knowledge are often of

extraordinary interest.” – Holmes in *The Valley of Fear*

Check the ‘facts’:
“This case is quite sufficiently complicated to start, without the further difficulty of false information.” – Holmes in *Thor Bridge*

Never jump to conclusions:
“We approached the case...with an absolutely blank mind, which is always an advantage. We had formed no theories. We were there simply to observe and to draw inferences from our observations.” – Holmes in *The Cardboard Box*

Invert. Always invert:
“In solving a problem of this sort, the grand thing is to be able to reason backward. That is a very useful accomplishment, and a very easy one, but people do not practice it much. In the everyday affairs of life it is more useful to reason forward and so the other comes to be neglected.” – Holmes in *A Study in Scarlet*

Patience:
“I knew that seclusion and solitude were very necessary for my friend in those hours of intense mental concentration during which he weighed every particle of evidence, constructed alternative theories, balanced one against the other, and made up his mind as to which points were essential and which immaterial.” – Dr Watson in *The Hound of the Baskervilles*

Get a different view – if only to understanding the opposing wisdom:
“I am afraid, my dear Watson, that most of your conclusions were erroneous. When I said that you stimulated me I meant, to be frank, that in noting your fallacies I was occasionally guided towards the truth.” – Holmes in *The Hound of the Baskervilles*

I offer no deep conclusion or great learnings from the book other than to copy Bevelin’s very last line: “You know my methods. Apply them!” – Holmes in *The Hound of the Baskervilles*



‘Isn’t it time you stopped the charade and just admitted you need reading glasses?’

The yield information has been calculated as at 31.12.13. All other information is from Investec Asset Management at 31.12.13.

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 investor@investecmail.com. Alternatively, visit the Temple Bar website: www.templebarinvestments.co.uk.

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