

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: 0.48% (30.06.19)
Includes a management fee of 0.35%.
Excludes borrowing and portfolio transaction costs.

Auditors: Ernst & Young LLP

Investment Manager:

Investec Fund Managers Ltd

Portfolio Manager: Alastair Mundy

Portfolio Manager start date:

1 August 2002

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://www.templebarinvestments.co.uk/investment-approach/investment-policies/>

Trust Objective

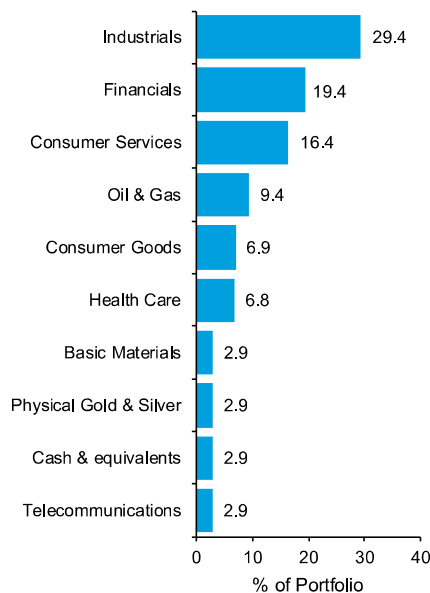
To provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)¹

Capita Plc	7.7
GlaxoSmithKline Plc	6.8
Travis Perkins Plc	6.5
Royal Dutch Shell Plc	5.1
BP Plc	4.3
Grafton Group Plc	4.2
Tesco Plc	3.8
Barclays Plc	3.7
Royal Bank of Scotland Group Plc	3.6
SIG Plc	3.2
Total	48.9

¹% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	1062.1
Share price (p)	1476.0
NAV (p) (ex income, debt at mkt)	1442.3
Premium/(Discount), Ex income (%)	2.3
NAV (p) (cum income, debt at mkt)	1462.5
Premium/(Discount), Cum income (%)	0.9
Historic net yield (%)	3.6

Dividend History

Type	Amount (p)	XD date	Pay date
3 rd interim	11.00	05-Dec-19	30-Dec-19
2 nd interim	11.00	12-Sep-19	30-Sep-19
1 st interim	11.00	06-Jun-19	28-Jun-19
Final	20.47	07-Mar-19	29-Mar-19

Performance (Total Return)

Cumulative Returns (%)

	Share Price	NAV	FTSE All-Share
1 month	8.6	5.0	3.3
3 months	18.1	10.6	4.2
1 year	34.3	27.9	19.2
3 years	34.6	25.0	22.0
5 years	49.7	48.9	43.8
10 years	184.4	156.5	118.3

Rolling 12 Month Returns (%)

	Share Price	NAV	FTSE All-Share
31.12.18-			
31.12.19	34.3	27.9	19.2
31.12.17-			
31.12.18	-9.7	-11.3	-9.5
31.12.16-			
31.12.17	11.0	10.2	13.1
31.12.15-			
31.12.16	20.7	20.6	16.8
31.12.14-			
31.12.15	-7.9	-1.2	1.0

Performance, Price and Yield information is sourced from Morningstar as at 31.12.2019

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 thought for the month

One of the joys of an end-of-year desk clean is finding things you'd thought you had lost or that you hadn't got around to reading. It is a reminder that what may appear important at the time of publishing can quickly become irrelevant, and that what may seem trifling can turn out to be quite interesting. My housekeeping turned up papers from the arenas of sport and politics, as well as from more familiar territory, with useful lessons for investors today.

Pulling the goalie: investment lessons from hockey

In October 2018, Cliff Asness and Aaron Brown of AQR Capital Management published 'Pulling the Goalie: Hockey and Investment Implications'. The paper's title refers to a strategy in ice hockey in which the goalie is replaced by an outfielder, thus giving a numerical advantage in attacking players at the cost of leaving the goal undefended. Asness and Brown highlight that a number of papers have been published on this subject over the years, all of which agree that goalies should be removed earlier than is the usual practice.

Fans and commentators regard pulling the goalie as high risk. This is correct if risk is measured in number of goals conceded. However, in reality, the major risk for a coach is not scoring sufficient points. The research is clear: pulling the goalie does indeed result in more goals conceded, but it also results in more league points due to losses being turned into draws or even victories. In other words, pulling the goalie reduces the risk of losing a game.

Asness and Brown compare the misunderstanding around pulling goalies to focusing purely on the risk of an investment, rather than focusing on what the investment does to the risk (and return) of an overall portfolio.

Asness and Brown's second investment lesson from hockey arises from analysis of why coaches don't pull goalies earlier. They suggest that coaches are rewarded for being perceived as good coaches, rather than for winning. Consequently, pulling the goalie and suffering some bad defeats is worse than not pulling the goalie and suffering a bigger number of mild defeats (but missing the opportunity for turnarounds). In other words, coaches consider failing conventionally to be better for their long-term employment prospects. A contrarian investor may draw some parallels.

Theatres of broken dreams: investment lessons from soccer

Peter Dolton and George McKerron of the University of Sussex used some huge datasets to track how the outcomes of football (soccer) matches affected happiness. Not surprisingly, they discovered that the negative effect of a loss on a person's happiness was much larger than the positive effect of a win. Losing was particularly painful when expectations of a win had been high, though an expected loss still induced unhappiness.

It is pleasing that academics have discovered that loss aversion also applies to sports fans — mirroring the findings of Tversky and Kahneman, who informed us that people prefer avoiding financial losses to acquiring equivalent gains, a fact often used in investor presentations to justify selling losers. Of course, such irrational behaviour is music to the ears of contrarian investors.

The hubris of policymakers: investment lessons from history

I copy here, without comment beyond that suggested in the subhead, a fragment of a speech by US President Herbert Hoover six months after the 1929 financial crash. It was highlighted in academic Dave Collum's review of 2019.

'We have for the first time attempted a great economic experiment. Possibly one of the greatest in our history. By co-operation between government officials and the entire community ... we have undertaken to stabilise economic forces, to mitigate the effects of the crash, and to shorten its destructive period. I believe I can say with assurance that our great undertaking has succeeded to a remarkable degree.'

Value vs growth: investment lessons from ... investing

I was wrist-deep in an unguarded box of Celebrations when a colleague sent me a note from Macquarie Research, updating its view on the 'value v growth and quality' debate. Its conclusion: 'Value only [my emphasis] runs when there is ample liquidity, strong reflation, co-ordinated policies, declining risks and, hence, a weakening USD'; and that its view on these factors 'implies that if there is any value rally, it is likely to be earlier in the year and will likely imitate a dozen minor ripples rather than the several more substantive shifts that occurred over the last decade'.

Perhaps the authors are right that value can only work when a huge number of variables come together. However, the long-term outperformance of the value factor suggests something rather more is at play. So let's look at a factor that we regard as even more relevant: how much an investor is paying at present for value and growth/quality stocks. The charts in the paper, which show that growth/quality stocks remain extremely expensive relative to value stocks, speak for themselves.

"Maybe you should clear your desk out more than once a year"



Risks

Borrowing/leverage risk

The Company can borrow additional money to invest, known as leverage. This increases the exposure of the Company to markets above and beyond its total net asset value. This can help to increase the rate of growth of the fund but also cause losses to be magnified.

Charges to capital risk

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

Company share price risk

The Company's share price is determined by supply and demand for such shares in the market as well as the net asset value per share. The share price can therefore fluctuate and may represent a discount or premium to the net asset value per share. This can mean that the price of an ordinary share can move independently of the market.

Interest rate

The value of fixed income investments (e.g. bonds) tends to decrease when interest rates and/or inflation rises.

Equity investment

The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. bankruptcy), the owners of their equity rank last in terms of any financial payment from that company.

We recommend that you seek independent financial advice to ensure this Trust is suitable for your investment needs.

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