Monthly update **31 October 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% (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

Savings Scheme Administrator:
Equiniti Financial Services Ltd

Secretary:
Investec Asset Management Ltd

Stockbrokers: JPMorgan Cazenove

Depositary & Custodian: HSBC Bank Plc

Trust Objective

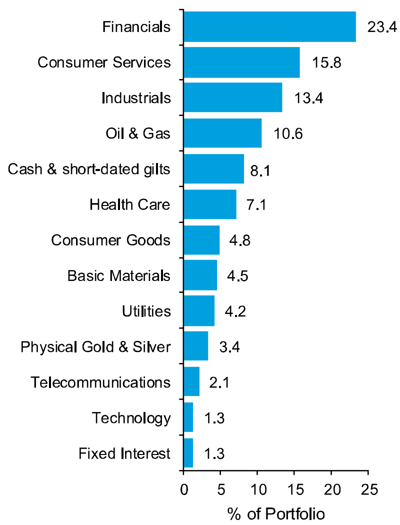
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)[1]

HSBC Holdings Plc	7.3
GlaxoSmithKline Plc	7.1
Royal Dutch Shell Plc Class B	5.5
BP Plc	5.1
Grafton Group Plc	3.8
Barclays Plc	3.4
Lloyds Banking Group Plc	3.3
WM Morrison Supermarkets Plc	2.9
Tesco Plc	2.6
SIG Plc	2.5
Total	43.5

[1]% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	914.7
Share price (p)	1121.0
NAV (p) (ex income, debt at mkt)	1223.4
Premium/(Discount), Ex income (%)	-8.4
NAV (p) (cum income, debt at mkt)	1244.9
Premium/(Discount), Cum income (%)	-9.9
Historic net yield (%)	3.6

Dividend History

Type	Amount (p)	XD date	Pay date
2nd interim	8.09	08-Sep-16	30-Sep-16
1st interim	8.09	09-Jun-16	30-Jun-16
Final	15.87	10-Mar-16	31-Mar-16
3rd interim	7.93	10-Dec-15	30-Dec-15

Performance

Share Price % change[2]

	Trust	FTSE All-Share
1 month	1.0	0.3
3 months	1.6	3.1
1 year	3.8	8.1
3 years	-8.0	5.1
5 years	31.0	31.7

[2]Capital return only

NAV total return % change[3]

	Trust	FTSE All-Share
1 month	3.4	0.6
3 months	7.0	4.2
1 year	13.8	12.2
3 years	14.4	16.8
5 years	75.7	57.4

[3]Total return

Performance, Price and Yield information is sourced from Morningstar as at 31.10.16.

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

Charlie Munger was once invited to speak at Harvard. He modelled his speech on one made by 'The Tonight Show' host Johnny Carson who told his audience that while he couldn't tell the graduating class how to be happy, he could tell them from personal experience how to lead a life of misery. Having had my fill of investment books with promises of untold riches conditional on strict adherence to a specific strategy, I wondered whether, a la Carson and Munger, it was possible to invert the idea and produce a strategy ensuring underperformance.

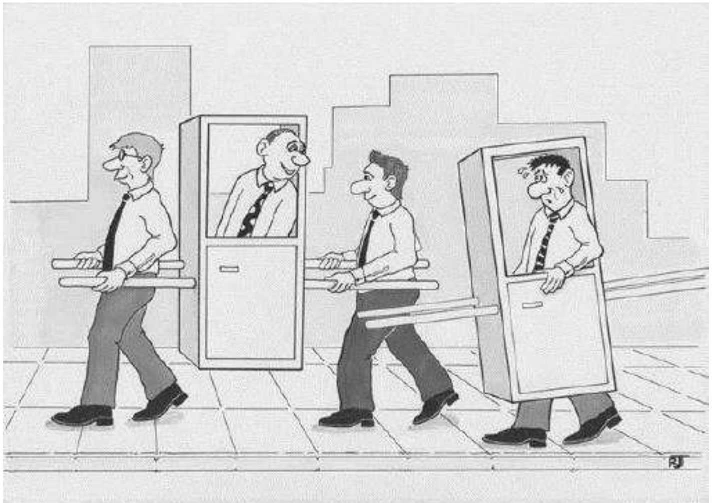
The mindset is all important if a fund manager, let's call him Bob, plans to dedicate himself to this approach. It should be one of total belief that when things go against him, he is always correct and the market is wrong. Any price move in the 'wrong' direction is an opportunity to buy more stock and market participants with opposing views are simply blockheaded, mentally inferior and acting illogically. They are certainly not worth engaging with as they will never admit to their unsound analysis. It is obviously preferable to surround oneself with unchallenging Kool-Aid drinking acolytes.

Information on companies should be sourced directly from executive management who are highly objective and will provide Bob with unique unbiased insight. If they are unavailable, Bob should speak with their investor relations teams. These teams have precise information at their fingertips and are eager to provide balanced views on all major areas of analysis. This close contact with management obviates any need for detailed financial analysis, but if Bob does need some numbers to support a decision, the best place to look is in the profit and loss account. The auditors having been handsomely remunerated by their clients, will have forensically checked all the accounting policies so no time need be spent on cashflow analysis or accounting minutiae.

Of course, sometimes investment mistakes will be made, but they will usually be someone else's fault and these people should be dealt with severely. It is vital that Bob is not dragged down by his inferiors or his advisors. Sometimes Bob's colleagues will make great calls. These people are geniuses. Their recommendations should be followed slavishly and in size. Occasionally Bob will make mistakes, but these should not be audited. The market was simply irrational for longer than solvency would permit, so there is nothing to learn. Ever. Move on.

If the market consistently acts irrationally, Bob will inevitably underperform (his awareness of this will be heightened as his spreadsheet constantly updates performance throughout the day). At such times, Bob's clients and management may persuade him to reconsider his approach. Consequently, Bob should play to the crowd and fiddle with his process, change some long-held beliefs, reduce risk and capitulate on some long-term holdings. Certainly Bob should not bother reiterating any fundamental beliefs. The mob is pleading for change and that is what they must have.

Every so often Bob will find investing all too easy. He will have become master of the universe. At this point he should make extra promises to clients – perhaps an explicit income or volatility promise together with an assurance over short-term performance. By following these rules, Bob should be well placed to, in the words of Munger, 'rise high by spending each day of a long life aiming low.'



"Your funds not doing so well old chap?"

The yield information has been calculated as at 31.10.16. All other information is from Investec Asset Management at 31.10.16.

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, October 2016.