Monthly update **30 June 2020**

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% (31.12.19)
Includes a management fee of 0.35%. Excludes borrowing and portfolio transaction costs.

Auditors: BDO LLP

Investment Manager:
Ninety One Fund Managers UK Limited

Portfolio Managers:
Alessandro Dicorrado and Steve Woolley

Value team portfolio management start date:
1 August 2002*

Registrars: Equiniti Ltd

Secretary:
Ninety One UK Limited

Depositary & Custodian: HSBC Bank Plc

*Managed by Alastair Mundy from August 2002 – April 2020

The Company's gearing and discount management policies can be found at https://www.templebarinvestments.co.uk/investment-approach/investment-policies/

Trust Objective

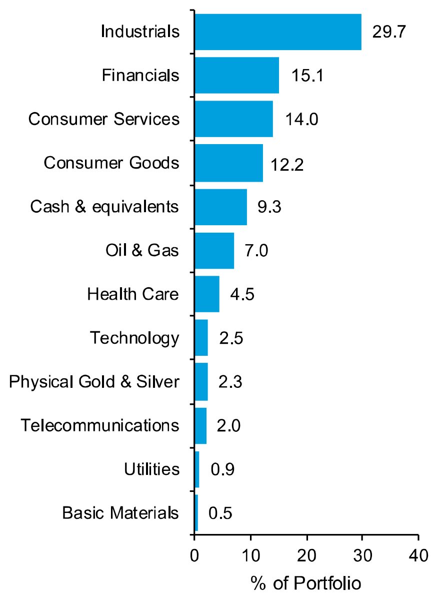
To provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)[1]

Travis Perkins Plc	4.9
Bayer AG	4.5
Grafton Group Plc	4.1
IWG Plc	3.7
easyJet Plc	3.3
Rolls-Royce Holdings Plc	3.3
American Express Company	3.2
Capita Plc	3.2
Royal Dutch Shell Plc	3.0
BP Plc	3.0
Total	36.2

[1]% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	674.1
Share price (p)	769.0
NAV (p) (ex income, debt at mkt)	857.9
Premium/(Discount), Ex income (%)	-10.4
NAV (p) (cum income, debt at mkt)	857.9
Premium/(Discount), Cum income (%)	-10.4
Historic net yield (%)	6.7

Dividend History

Type	Amount (p)	XD date	Pay date
1st interim	11.00	04-Jun-20	30-Jun-20
Final	18.39	12-Mar-20	31-Mar-20
3rd interim	11.00	05-Dec-19	30-Dec-19
2nd interim	11.00	12-Sep-19	30-Sep-19

Performance (Total Return)

Cumulative Returns (%)

	Share Price	NAV	FTSE All-Share
1 month	4.2	2.1	1.5
3 months	2.3	15.2	10.2
1 year	-36.2	-30.6	-13.0
3 years	-29.6	-26.9	-4.6
5 years	-19.5	-13.5	15.2
10 years	53.0	68.1	91.8

Rolling 12 Month Returns (%)

	Share Price	NAV	FTSE All-Share
30.06.19-30.06.20	-36.2	-30.6	-13.0
30.06.18-30.06.19	-0.3	-4.1	0.6
30.06.17-30.06.18	10.6	9.9	9.0
30.06.16-30.06.17	24.4	21.2	18.1
30.06.15-30.06.16	-8.0	-2.4	2.2

Performance, Price and Yield information is sourced from Morningstar as at 30.06.2020

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.

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 to the net asset value.

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. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

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 commentary

Those who have had the misfortune of spending some time in conversation with a value investor at any point over the last couple of decades will have most likely heard them speak about unconscious biases. Many will quote a speech that Charlie Munger held back in 1995 at Harvard University (https://buffettmungerwisdom.files.wordpress.com/2013/01/mungerspeech_june_95.pdf), and since then value investors have enjoyed informing people about the imperfections of their minds and the various things they should be doing to limit cognitive error.

Such prescriptions range from having a "repeatable process" in place, or using the ubiquitous "proprietary screening tools", or simply hiring like-minded individuals to avoid being distracted by the lure of the different. Sadly, a recent study by researchers at Cornell University (Bias in Bias Recognition, by Qi Wang and Hee Jin Jeon) pours cold water on the idea that simply knowing about biases is enough to make us better decision-makers.

The researchers conducted three studies including over one thousand participants each (recruited through Amazon's crowdsourcing platform Mechanical Turk), aged 18 to 80. Participants were presented with sixteen hypothetical scenarios to test their susceptibility to what they call myside bias (i.e. bias due to pre-existing beliefs) and to social stigma (i.e. bias due to social attributes). The studies led to three findings.

Firstly, in our natural state each of us thinks we are less susceptible to bias than others. This is a well-known asymmetry and has been documented in several studies, with conclusions along the lines of "90% of drivers believe they are better-than-average drivers", or "94% of college professors believe they have above-average teaching skills", or again that "70% of high school students believe they are above-average leaders". This is all well and good; or rather, it is neither well nor good, but it is something we knew. The really disheartening finding is the second one.

It turns out that learning about biases makes us worse, not better, at seeing bias in ourselves. In other words, when people become aware that there is such a thing as a cognitive bias, they become better at spotting it in others but become no better (some even become worse) at spotting bias in themselves, therefore widening the gap between the perceived irrationality of other people's decisions and their own. For something that is supposed to make us better decision-makers, it is truly discouraging to find that learning something about decision-making actually makes us worse.

There is, however, a little bit of hope. The third finding of the paper is that when participants' awareness was raised by asking them to judge side-by-side their and other people's thoughts, feelings and behaviours in similar situations, the asymmetry would lessen. It therefore seems that in order to become better decision-makers we must actively search for the bias in ourselves before we look for it in others.

This kind of mental gymnastics is tough to keep up – our minds constantly look for excuses to settle into their mental shortcuts and pre-existing beliefs. However, in an environment as dynamic and adaptive as financial markets this should be a rewarding exercise over time. We suspect this is where the now fashionable term "cognitive diversity" comes into play: in the common pursuit of a goal, it pays to assemble a team of individuals who have different ideas of how to get to that goal. In our Value team at Ninety One we often talk about how we all individually have different approaches to value investing, and how we each represent a point along the spectrum of value philosophies that goes from cheap low-multiple stocks to progressively higher multiples for more attractive businesses. It is one of the ways in which we try to check our very own biases, and at a time when value investing seems to be going through one of its most testing periods, it should help us maintain our thinking fresh and current.

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