Temple Bar Investment Trust PLC

Monthly update **30 November 2015**

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: 0.51% (30.06.15)
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

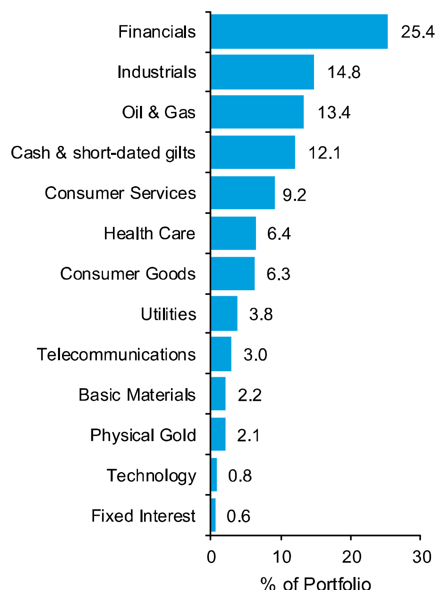
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)[1]

Holding	%
HSBC Holdings Plc	8.0
BP Plc	6.9
GlaxoSmithKline Plc	6.4
Royal Dutch Shell Plc Class B	5.2
Lloyds Banking Group Plc	4.6
Grafton Group Plc	4.4
British American Tobacco Plc	3.8
Royal Bank of Scotland Group Plc	3.7
Direct Line Insurance Group Plc	3.3
BT Group Plc	3.0
Total	49.3

[1]% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	847.8
Share price (p)	1066.0
NAV (p) (ex income, debt at mkt)	1107.1
Premium/(Discount), Ex income (%)	(3.7)
NAV (p) (cum income, debt at mkt)	1130.78
Premium/(Discount), Cum income (%)	(5.7)
Historic net yield (%)[2]	3.7

[2]Due to the change in dividend policy, the yield calculation is based on the Final, 1st interim and 2nd interim dividends below.

Dividend History

Type	Amount (p)	XD date	Pay date
3rd interim[3]	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
Final	23.33	12-Mar-15	31-Mar-15

[3]Please note that the Trust is now paying dividends on a quarterly basis and the next interim payment will be paid on 30 December 2015.

Performance

Share Price % change

	Trust	FTSE All-Share[4]
1 month	-1.3	0.2
3 months	-4.7	1.7
1 year	-12.5	-2.8
3 years	7.2	13.9
5 years	28.1	22.0

[4]Capital return only

NAV total return % change

	Trust	FTSE All-Share[5]
1 month	-0.2	0.6
3 months	-0.9	2.4
1 year	-2.7	0.6
3 years	28.6	26.2
5 years	62.6	45.2

[5]Total return

Performance, Price and Yield information is sourced from Morningstar as at 30.11.15.

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

Value investors have had three particularly tough periods in the past 20 years. The first was the technology bubble when we were regaled with stories of how it was all different this time. The elastic band was stretched, but logically it had to eventually bounce back. Irrational behaviour was such that, forgetting the astronomical ratings of the tech stocks, other stocks languished at extraordinarily low ratings. For example, a horribly unloved Greene King stood on a price to earnings (PE) ratio comfortably in single figures and at a discount to net asset value. This despite very acceptable historic earnings growth and the fact that pubs and brewing were unlikely to ever be replaced by a technological alternative.

The next bubble was the mining bubble that burst in 2008, temporarily re-inflated and then burst again in 2011. Financial markets bought into the idea that the Chinese behemoth would continue to grow courtesy of a number of structurally positive factors, driving commodity demand that would permanently re-rate commodity prices. Value investors were told that the world had 'decoupled'. It was like the fable of the tortoise and the hare. Emerging markets were exciting and destined to play ongoing commodity-hungry economic catch-up, whereas economic prospects in western economies were considered dull. In the end, just as in Aesop's tale, the value of slow and steady that was obscured by the excitement of speed came through. As is so often the case, when there is a strong consensus in one direction, it pays to be open to the less obvious contrarian view of things that gets less attention and air time. Looking back now many claim that what has happened was obvious, but few saw it that way at the time.

And so we come to today's third value bear market. This time the market has been split into companies judged to be safe, dependable, high quality, cash generative and well managed… and the rest. The rest is made up of financials which investors still haven't forgiven for their behaviour over the financial crisis, resource stocks, less exciting mega caps which have been branded flabby and wasteful, and special cases like food retailers. Easier and more comfortable to put yourself in the hands of 'good' companies than to rely on good news from commodity prices which seem to do nothing but fall these days, the behaviour of bank regulators or an improvement in the crowded and super competitive food retailing market – but then being a value investor typically isn't easy.

How can it be wrong in uncertain times like these to invest in safe, high quality, well run, cash generative companies? The answer of course is if you pay too much for them. Aside from believing that great companies often aren't as good as they are perceived to be (a discussion to perhaps have with Rolls Royce shareholders at the moment), and believing that there is under-appreciated pressure for performances to revert towards the mean, we think that investing is about buying things that are cheap, not about buying things that are good. And being seen as good actually works against an asset being cheap.

To our mind you need to apply generous assumptions of top line growth and discount rate to the types of stocks that are currently in favour for them to look cheap, when the kind of top line growth that is being priced in is unlikely to be seen in a world of such low discount rates. It will be interesting to look back in a year or two, perhaps sooner, and to see what with the benefit of hindsight was supposedly obvious today.

"Yes darling, with all his experience I thought Daddy would have done better at that too!"

The yield information has been calculated as at 30.11.15. All other information is from Investec Asset Management at 30.11.15.

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, December 2015.