

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% (31.12.15)
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

Depository & Custodian: HSBC Bank Plc

Trust Objective

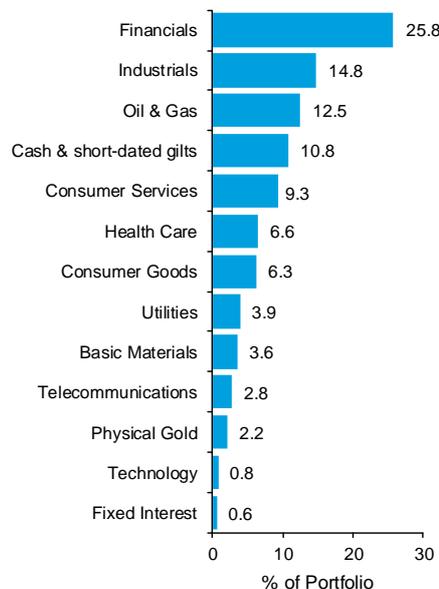
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)¹

HSBC Holdings Plc	8.2
GlaxoSmithKline Plc	6.6
BP Plc	6.4
Royal Dutch Shell Plc Class B	4.9
Grafton Group Plc	4.7
Lloyds Banking Group Plc	4.6
British American Tobacco Plc	3.8
Royal Bank of Scotland Group Plc	3.7
Direct Line Insurance Group Plc	3.3
BT Group Plc	2.8
Total	49.0

¹% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	840.0
Share price (p)	1052.0
NAV (p) (ex income, debt at mkt)	1098.2
Premium/(Discount), Ex income (%)	(4.2)
NAV (p) (cum income, debt at mkt)	1114.3
Premium/(Discount), Cum income (%)	(5.6)
Historic net yield (%) ²	3.7

²Due 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	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

Performance

Share Price % change

	Trust	FTSE All-Share ⁴
1 month	-1.3	-1.4
3 months	0.8	3.2
1 year	-11.7	-2.5
3 years	4.7	11.3
5 years	18.9	12.5

³Capital return only

NAV total return % change

	Trust	FTSE All-Share ⁵
1 month	-0.7	-1.3
3 months	4.1	4.0
1 year	-1.2	1.0
3 years	27.6	23.4
5 years	49.2	33.8

⁴Total return

Performance, Price and Yield information is sourced from Morningstar as at 31.12.15.

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

The New Year has started, as always, with a flurry of forecasts for the next 12 months. With equity markets having one of their worst starts to the year, a number of commentators have not had to wait as long as usual for some of their forecasts to look a touch optimistic.

Of course, when forecasting, a top-quality crystal ball is always in demand, but history informs us it is rarely available. In fact, academic Philip Tetlock demonstrated some years ago that the term, expert political judgement, was an oxymoron. However, Mr Tetlock was not content with his original conclusion that the average 'expert' was roughly as accurate as a dart-throwing chimpanzee.

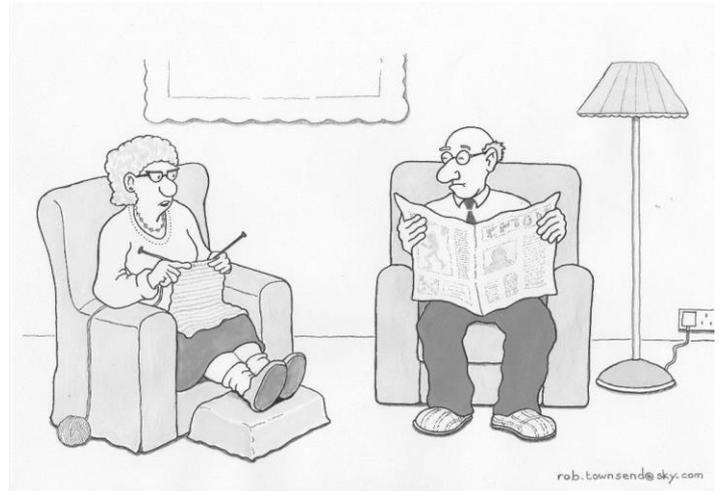
Instead, he was fascinated whether within the group of experts there were in fact a sub-group who were consistently better than a chimpanzee and, if so, how these experts differed from the majority in their thought processes.

Consequently, Tetlock kicked off a programme, The Good Judgment Project (detailed in his book, Superforecasting, The Art and Science of Prediction*), a competition open to all who wish to put their forecasting abilities to the test.

The conclusion (so far at least, the programme is a work in progress) is that some 'superforecasters' do exist. These people forecasted well and maintained a good forecasting record – compared with both chimpanzees and intelligence experts – over the longer term (although for the best-in-class there was some mild(ish) mean reversion in their performance). Tetlock characterises the superforecasters as having conducted 'the hard work of research, the careful thought and self-criticism, the gathering and synthesising of other perspectives, the granular judgements and relentless updating'. On his website www.goodjudgment.com and in his book Tetlock offers some guidelines on the techniques that have been 'experimentally demonstrated to boost accuracy in real-world forecasting contests'.

Is any of this relevant to fund management? The book is long on words and short on numbers and data analysis, so it is difficult to understand exactly the success of the Superforecasters. They appear to have answered yes/no questions and provided their confidence levels in their answers, with the questions covering specific measurable topics where the outcome would be clear between 1 and 12 months. It is, for example, impossible to tell if these superforecasters could have consistently made money in liquid betting/financial markets, or whether they simply did better than others in the competition. It remains, however, a fascinating project, and it will be interesting to read what conclusions Tetlock reaches over the longer term.

* Superforecasting, The Art and Science of Prediction by Philip Tetlock and Dan Gardner, 29 September 2015.



"No George, I don't think saying that the next bank holiday will be wet with lots of traffic jams makes you a super forecaster!"

The yield information has been calculated as at 31.12.15. All other information is from Investec Asset Management at 31.12.15.

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.

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