AIFMD investor information document
Temple Bar Investment Trust PLC

Temple Bar Investment Trust PLC (the 'Company') was incorporated in 1926 with the registered number 214601.

The Company carries on business as an investment company under Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010.

1. AIFM

The Company has appointed Investec Fund Managers Limited (the 'Manager') as its Alternative Investment Fund Manager. The Manager is responsible to the Company for carrying out portfolio management and risk management in respect of the Company.

No changes are proposed to the way the Company's assets are invested as a result of the implementation of Alternative Investment Funds Managers Directive ('AIFMD').

The Manager is an associated company of Investec Asset Management Limited ('IAML'), the Company's previous investment manager (the 'Portfolio Manager'). IAML will continue to act as portfolio manager under delegated authority from the Manager, and as company secretary.

The Manager is entitled to:

- A fee of 0.35% per annum, payable quarterly, based on the value of the investments (including cash) of the Company; and
- An additional fee of £125,000 per annum, plus or minus 0.005% of the value of the investments (including cash) of the Company above or below £750 million, calculated and payable quarterly.

2. Investment objective and policy

Investment objective

The Company's investment objective is 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.

Investment policy

The Company's investment 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.

Investment strategy

The Company is actively managed and the Manager has broad discretion to invest the Company's assets within the investment policy to achieve its investment objective. The Manager seeks to ensure that the portfolio is appropriately diversified having regard to the nature and type of securities (such as performance and liquidity) and sector composition of the portfolio but without restricting the Company from holding a more or less concentrated portfolio from time to time as circumstances require.

The Company's long-term investment strategy emphasises:

- Aiming to achieve a portfolio yield of between 120-140% of that of the FTSE All-Share Index (without guarantee that such yield will be achieved); and
- Stocks of companies that are out of favour and whose share prices do not match the Manager's assessment of their longer-term value.

Investec
Asset Management

In common with many investment trust companies, the Company uses leverage on a permanent basis with the objective of enhancing long-term returns to investors. For many decades this has been undertaken via long-term structural gearing in the form of fixed rate debentures, private placement loans or equivalent instruments with durations of 15 years or more.

The Company is able to employ the most cost effective form of borrowing available in the market at any given time, but prefers to employ long-term gearing.

The private placement loan and fixed rate debentures issued by the Company are secured by floating charges over the assets of the Company.

Investment limits

The Board of the Company has set certain limits and guidelines to be considered in relation to the investment policy, including:

- The UK equity element of the assets of the Company including cash (the 'Portfolio') will be mostly invested in the FTSE All-Share Index; however, exceptional positions may be sanctioned by the Board and up to 20% of the total assets of the Company may be held in listed international equities in developed economies.
- The Company may continue to hold securities that cease to be quoted or listed if the Manager considers this to be appropriate.
- There is an absolute limit of 10% of the total assets of the Company on individual stocks with a maximum exposure to a specific industrial or commercial sector not exceeding 25% of the total assets of the Company, in each case irrespective of their weightings in the benchmark FTSE All-Share Index.
- The Portfolio may from time to time consist of fixed interest holdings or non-equity interests for yield enhancement and other purposes.
- Forward foreign exchange transactions may be utilised for hedging currency exposures. Any other derivative instruments which may be utilised for hedging purposes or to exploit a specific investment opportunity require prior consent from the Board of the Company.
- No more than 15% of the total assets of the Company will be invested in other listed investment companies (including listed investment trusts).
- As a general rule it is the Board's intention that the Portfolio should be reasonably fully invested. An investment level of 90% is regarded as a guideline minimum investment level, dependent on market conditions.
- The Company's net gearing range may fluctuate between 0% and 30%, based on the current balance sheet structure of the Company, with an absolute limit of 50%.

Leverage exposure

Leverage is any method by which the Company's investment exposure is increased. The Company may increase its exposure by using derivatives, by reinvesting cash borrowings, positions within repurchase or reverse repurchase agreements, through securities lending or borrowing arrangements, or by any other means (the Company's exposure incorporating any increase from leverage is referred to below as the 'Leverage Exposure').

The AIFMD prescribes two methodologies for calculating the Leverage Exposure of the Company: the 'gross methodology' and the 'commitment methodology'.

The Manager has set limits on aggregate Leverage Exposure which is 250% of the net assets of the Company measured by the gross method or 200% of the net assets of the Company measured by the commitment method. Any change to these maximum limits will be set out in the Company's annual report as will the actual amount of leverage used by the Company in practice.

These methodologies are briefly summarised below.

The gross methodology takes into account, as a percentage of the Company's net assets, all Leverage Exposure including the absolute value of the assets of the Company but excludes cash and cash equivalents which are in the base currency of the Company and are highly liquid. In calculating the Leverage Exposure under this method netting or hedging arrangements under derivative positions are not taken into consideration.

By contrast the commitment methodology for calculating Leverage Exposure includes cash and cash equivalents in the base currency of the Company and also takes into consideration netting and hedging arrangements under derivative positions (purchased and sold derivative positions will be netted where both relate to the same underlying asset).

3. Service providers

The Company has appointed service providers to assist the Board and the Manager in meeting regulatory requirements and the needs of investors. Investors may have no direct rights against the service providers set out in this section but may have statutory and other legal rights which include the right to complain or seek compensation.

Auditor

The Company's statutory auditor is Ernst & Young LLP, which audits the financial statements in the Company's Annual Financial Report and reports to investors thereon.

Depositary

The Company's depositary is HSBC Bank plc (the 'Depositary'). The Depositary is responsible for: safekeeping of the Company's financial instruments; verifying the ownership by the Company of other assets belonging to the Company; monitoring and verifying the Company's cashflows; ensuring that the following are carried out in accordance with applicable law, rules and regulations:

- The Depositary's implementation of instructions from the Manager;
- The sale, issue, re-purchase, and valuation of the Company's shares; and
- Any consideration is remitted to the Company within the usual time limits in transactions involving the Company's assets.

The Depositary may delegate the custody of financial instruments held for the Company to sub-custodians (who may appoint sub-delegates). Financial instruments may be held in the name of a nominee of the Depositary or any sub-custodian (or any sub-delegate).

The Depositary has not entered into any arrangement contractually to discharge itself of liability in accordance with Article 21(13) of the AIFMD in relation to the Company. The Company will notify investors in advance of any changes with respect to the discharge by the Depositary of its liability.

The fees of the Depositary are calculated on a sliding scale dependent on the net asset value of the Company.

Registrar

The Company's registrar is Equiniti Limited, which is responsible for maintaining and updating the register of members.

4. Risk factors

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Company's borrowings have the effect of increasing the risk faced by investors.

Borrowing/leverage risk

The Company can borrow, through loans or other facilities, additional money to invest, known as leverage. It increases the exposure of the Company to markets above and beyond its total net asset value. Leverage can improve the Company's performance when it is doing well, while on the other hand if investments do not do so well, it can magnify losses.

Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments that arise as a result of fluctuations in interest rates. The Company finances its operations through retained profits including capital profits, and additional financing is obtained through the two debenture stocks in issue and the private placement loan, on all of which interest is paid at a fixed rate.

Liquidity risk

The Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of cash balances and short-term bank deposits.

If any of the Company's assets are or become subject to special arrangements due to their illiquid nature, the Manager will disclose this fact, the percentage of the Company's assets affected and the arrangements for managing the liquidity of the Company.

Smaller company risk

The Company may invest in smaller companies. Smaller company shares may be less liquid and more volatile than the shares of larger companies, due to the smaller number of shares in issue and the frequently less diversified and less established nature of the business.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Currency risk

The income and capital value of the Company's investments and liabilities can be affected by exchange rate movements as some of the Company's assets and income are denominated in currencies other than Pounds Sterling, which is the Company's reporting currency. The key areas where foreign currency risk could have an impact on the Company are:

- Movements in rates that would affect the value of investments and liabilities; and
- Movements in rates that would affect the income received.

In addition, some companies (in which the Company invests) themselves invest or carry out a significant proportion of their business overseas. Some also pay dividends denominated in currencies other than sterling, meaning that income received from such companies in the form of dividends may be adversely or positively impacted by currency exchange rate movements.

Charges to capital risk

A portion (60%) of the Company'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.

Company share price risk

The Company's share price is determined by the interaction of 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 discount or premium is itself variable as conditions for supply and demand change. This can mean that the price of an ordinary share can fall when its net asset value rises, or vice versa.

Past performance risk

The value of investments and any income will fluctuate and you may not get back the full amount invested. Over time, inflation may erode the value of investments.

The past performance of the Company should not be taken as a guide to its future performance; the shares of a company that have performed well in the past may perform poorly in the future and vice versa.

Regulatory risk

The regulatory environment is evolving and changes therein may adversely affect the ability of the Company to pursue its investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or regulatory authorities which may adversely affect the value of the investments of the Company.

5. Detailed requirements

1. Investment strategy	The Company's investment policy and strategy are set out in section 2 above. Associated risks are set out in section 4.
2. Changes to investment strategy or investment policy	Material changes to the investment strategy or investment policy may only be made with the prior approval of investors as required by the Listing Rules (the regulations applicable to companies listed on UK stock exchanges). Minor changes may be made by the Board from time to time. Changes will be disclosed to the market in accordance with applicable regulation.

3. Legal consequences of investment	Purchase in the market of shares in the Company by an investor does not give rise to any contractual relationship between the investor and the Company. While investors acquire an interest in the Company on acquiring shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, investors have no direct legal or beneficial interest in those investments. The liability of investors for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the shares held by them. Investors' rights in respect of their investment in the Company are governed by the Company's articles of association and applicable company law.
4. Service providers	Details of the Company's principal service providers and their respective duties are set out in section 3 above. In addition, the Manager delegates certain other functions as set out at 6 below.
5. Professional liability	The Manager is required by the AIFMD regulations to cover any professional liability risk. It does so by retaining a portion of its capital reserves in accordance with the levels and standards required by the regulations, and if required from time to time, by maintaining an appropriate level of professional indemnity insurance.
6. Delegation	The Manager delegates the Company's portfolio management to IAML, to the extent permitted by the AIFMD, as set out in section 1 above. The Manager has delegated fund accounting and pricing/valuation functions to State Street Bank and Trust Company. The Depositary may delegate safekeeping of investments to delegates in accordance with the AIFMD and the agreement entered into between the Company, the Manager and the Depositary.
7. Conflicts of interest	The Manager may from time to time act as manager to other funds which follow similar investment objectives to those of the Company. It is therefore possible that the Manager may in the course of its business have potential conflicts of interest with the Company and/or other funds managed by it. The Manager will, however, have regard to its obligations to the Company. Where a conflict of interest cannot be avoided, the Manager will ensure that the Company and the other funds it manages are treated fairly. The Manager has delegated certain functions to other entities. The Manager recognises that its delegates may themselves have commercial interests that conflict with those of the Company and may also have other clients whose interests may, from time to time, conflict with those of the Company. The delegates have in place a conflicts policy to manage such conflicts. The Depositary and any sub-custodian may, from time to time, act as the depositary/custodian of other funds. Under the terms of the Depositary Agreement the Depositary has the power to delegate its safekeeping functions. Any sub-custodian and other delegates are required to manage any such conflicts having regard to their regulatory duties and their duties.
8. Valuation	The Company's investments are quoted on one or more exchanges and are valued using prices sourced from third party vendors of market data. If any of the Company's investments become hard to value the Manager will implement a procedure in line with FUND 3.9 (the FCA's handbook relating to funds such as the Company).
9. Liquidity risk	The Company's shares are not ordinarily redeemable. The Manager's liquidity risk management policies and procedures include the management, implementation and maintenance of appropriate liquidity limits. The Company's liquidity risk is measured and monitored regularly.

10. Fees and expenses	The Manager is entitled to a management fee as set out in section 1 above. In addition the Company will incur annual fees and expenses including fees payable to the Company's Directors, the Depositary, the company secretary (IAML), the registrar and the auditors and other operating expenses. Such expenses are all paid by the Company and therefore indirectly borne by its investors. Investors can contact the Manager for further information. The aggregate fees and expenses incurred each year are set out in the Company's annual report as ongoing charges. The expenses of managing the Company are not subject to any maximum but are carefully monitored by the Board. The Board reviews expenditure using an annual budgetary process.
11. Fair treatment	The Listing Rules set out principles and rules, to which the Company is subject, for the fair treatment of investors, notably Listing Principles 3 and 5. The Manager and the Portfolio Manager are required to ensure fair treatment of investors.
12. Preferential treatment	Not applicable.
13. Issue and sale of shares	The Company's shares are not generally available for subscription by investors, but are available for investment on the main market of the London Stock Exchange. From time to time the Company is permitted to issue shares subject to applicable limits and regulation including the Listing Rules. Shares can be bought and sold directly through a stockbroker or other execution venue, or through a platform.
14. NAV	The Company's net asset value per share is announced daily to the market. Its shares are quoted and market prices are available through a wide range of market data sources. Prices are also available on the Manager's website at www.investecassetmanagement.com in the 'Fund prices' section.
15. Annual report	The Company's most recent Annual Reports are available on the Company's website at www.templebarinvestments.co.uk
16. Performance	Factsheets, including data relating to the Company's performance, are available on the Company's website at www.templebarinvestments.co.uk
17. Prime broker	Not applicable.
18. Periodic reporting	Periodic reporting of information relating to the risk profile, liquidity and leverage of the Company will be made in the Annual Reports of the Company.

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