

## Trust Facts

**Launch date:** 1926

**Wind-up date:** None

**Year end:**  
31 December

**Dividends paid:**  
March & September

**AGM:**  
March

**Benchmark:**  
FTSE All-Share

**ISA status:**  
May be held in an ISA

**Capital Structure:**  
**Share class**   **No. in issue**   **Sedol**  
Ordinary          63,173,248      0882532

**Debt:**  
5.50% Debenture Stock 2021 £38m  
9.875% Debenture Stock 2017 £25m  
4.05% Private Placement Loan 2028  
£50m

**Charges:**  
**Management fee:** 0.35% per annum  
based on the value of the investments of  
the Company.  
**Ongoing charges:** 0.47% (June 2013)

**Board of Directors:**  
John Reeve (Chairman)  
Arthur Copple  
Richard Jewson  
June de Moller  
Martin Riley  
David Webster

**Auditors:** Ernst & Young LLP

**Investment Manager:**  
Investec Asset Management Ltd

**Registrars:** Equiniti Ltd

**Savings Scheme Administrator:**  
Equiniti Financial Services Ltd

**Secretary:**  
Investec Asset Management Ltd

**Stockbrokers:** JPMorgan Cazenove

**Bankers & Custodian:** HSBC Bank Plc

**Solicitors:** Eversheds

## Trust Objective

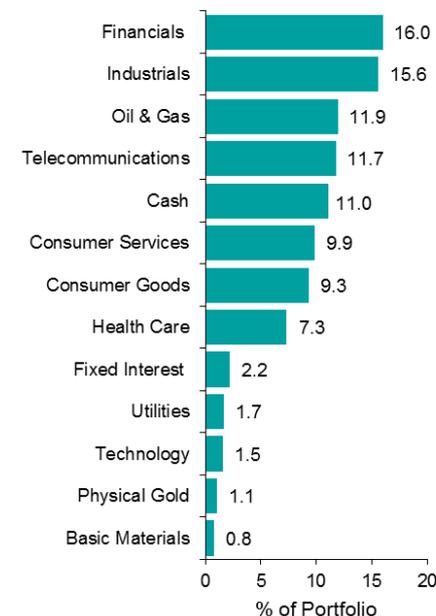
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

## Top Ten Equity Holdings (%) <sup>1</sup>

HSBC Holdings Plc	7.9
GlaxoSmithKline Plc	7.3
Royal Dutch Shell Plc Class B	7.0
Vodafone Group Plc	7.0
Signet Jewelers Limited	5.8
Grafton Group Plc	5.2
BP Plc	4.9
BT Group Plc	4.7
SIG Plc	3.1
British American Tobacco Plc	3.1
<b>Total</b>	<b>56.0</b>

<sup>1</sup> % of total assets, including cash

## Sector Analysis



## Financial Data

Total Assets (£m)	857.77
Share price (p)	1230.00
NAV (p) (ex income, debt at mkt)	1193.29
Premium/(Discount) (%)	3.10
Historic net yield (%)	3.02

## Dividend History

Type	Amount (p)	XD date	Pay date
Interim	15.10	11-Sep-13	30-Sep-13
Final	22.00	13-Mar-13	28-Mar-13

## Performance

### Share Price % change

	Trust	FTSE All-Share <sup>2</sup>
1 month	1.0	-1.0
3 months	4.5	4.0
1 year	23.7	15.8
3 years	47.8	24.0
5 years	133.0	66.3

<sup>2</sup> Capital return only

### NAV total return % change

	Trust	FTSE All-Share <sup>3</sup>
1 month	0.1	-0.7
3 months	5.9	4.7
1 year	28.5	19.8
3 years	63.6	37.8
5 years	169.6	98.7

<sup>3</sup> Total return

Performance, Price and Yield information is sourced from Thomson Datastream as at 30 November 2013.

**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.**

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

We appear to have reached that stage of the stockmarket cycle where the bears are suffering some discomfort. On the other hand, the bulls are radiating confidence, having pocketed another year of bumper returns. This confidence is serving to highlight weaknesses in the bears' valuation models, the positive merits of equities compared to other asset classes, improving economic news in a number of areas and a lack of any bad news on the horizon. The bears are struggling to pinpoint any reason why equity markets should suddenly run out of steam.

It is tempting to look at previous bear markets in a bid to identify catalysts which would assist in timing an exit strategy from fully-valued markets. Unfortunately, this is probably a futile exercise as markets tend to turn when the weight of buyers exceeds the weight of sellers. Even if we could draw parallels from history, the magical workings of the human brain cannot be transformed as a reliable overlay to mathematical models in order to improve market timing.

Meanwhile, using a bottom-up approach to analyse stocks, we find little in the way of outstanding value to attract us. Given we are almost five years into a bull market, this should not come as a surprise. It is interesting, however, to note how analysts are generally adjusting their methods to justify higher corporate share price targets. For example, there is a far greater emphasis on forecasting share price-friendly actions undertaken by company management such as share buybacks, cost-cutting, value-add acquisitions and disposals. Valuation comparisons are often made with respect to highly-rated peers, to previous cycle peaks or to potential take-out prices. The inclination to manipulate a share price target to match a desired conclusion tends to occur when markets are falling.

Analysts choose to reduce share price targets by drawing attention to weak balance sheets, deteriorating trading conditions, increasing competition, higher costs, wasteful capital allocation decisions, a lack of 'visibility' and the valuations of low-rated peers.

Howard Marks, co-founder of Oaktree Capital Management has written about the "pendulum-like oscillation of investor attitudes and behaviour" and discusses boiling "down the main risks in investing to two: the risk of losing money and risk of missing opportunity. It is possible to largely eliminate either one, but not both. In an ideal world, investors would balance these two concerns. But from time to time, at the extremes of the pendulum's swing, one or the other predominates."

It will be interesting to watch just how far the pendulum swings in this cycle.

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The yield information has been calculated as at 30.11.13. All other information is from Investec Asset Management at 30.11.13.

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 [investor@investecmail.com](mailto:investor@investecmail.com). Alternatively, visit the Temple Bar website: [www.templebarinvestments.co.uk](http://www.templebarinvestments.co.uk).

Issued by Investec Asset Management, who is authorised and regulated by the Financial Conduct Authority, January 2014.