

## 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% (31.12.16)

Includes a management fee of 0.35%

**Board of Directors:**

John Reeve (Chairman)  
Arthur Copple  
Richard Jewson  
Nicholas Lyons  
June de Moller  
Lesley Sherratt  
David Webster

**Auditors:** Ernst & Young LLP

**Investment Manager:**

Investec Fund Managers Ltd

**Registrars:** Equiniti Ltd

**Secretary:**

Investec Asset Management Ltd

**Stockbrokers:** JPMorgan Cazenove

**Depository & Custodian:** HSBC Bank Plc

## Trust Objective

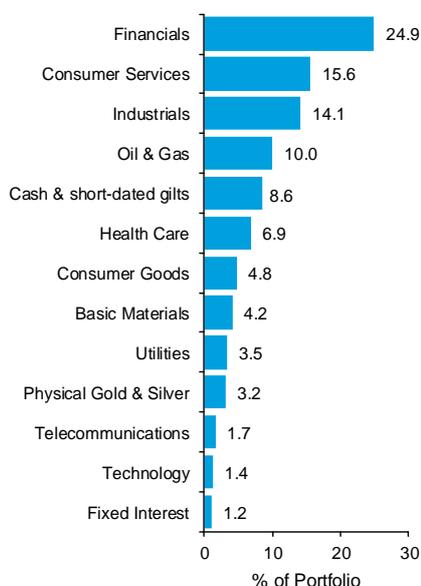
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

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

HSBC Holdings Plc	7.4
GlaxoSmithKline Plc	6.9
Royal Dutch Shell Plc	5.4
Grafton Group Plc	4.7
BP Plc	4.5
Barclays Plc	3.9
Lloyds Banking Group Plc	3.8
SIG Plc	3.0
WM Morrison Supermarkets Plc	3.0
Royal Bank of Scotland Plc	2.9
<b>Total</b>	<b>45.5</b>

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

## Sector Analysis



## Financial Data

Total Assets (£m)	955.3
Share price (p)	1281.0
NAV (p) (ex income, debt at mkt)	1283.0
Premium/(Discount), Ex income (%)	-0.2
NAV (p) (cum income, debt at mkt)	1310.2
Premium/(Discount), Cum income (%)	-2.2
Historic net yield (%)	3.2

## Dividend History

Type	Amount (p)	XD date	Pay date
Final	16.18	09-Mar-17	31-Mar-17
3 <sup>rd</sup> interim	8.09	08-Dec-16	30-Dec-16
2 <sup>nd</sup> interim	8.09	08-Sep-16	30-Sep-16
1 <sup>st</sup> interim	8.09	09-Jun-16	30-Jun-16

## Performance

### Share Price % change<sup>2</sup>

	Trust	FTSE All-Share
1 month	5.0	2.5
3 months	10.5	7.1
1 year	29.0	18.2
3 years	0.1	7.8
5 years	36.7	29.9

<sup>2</sup>Capital return only

### NAV total return % change<sup>3</sup>

	Trust	FTSE All-Share
1 month	1.5	3.1
3 months	7.6	7.9
1 year	24.1	22.8
3 years	15.2	20.1
5 years	71.5	55.3

<sup>3</sup>Total return

Performance, Price and Yield information is sourced from Morningstar as at 28.02.17.

**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

### Thought for the month

I was recently chatting to a chap who runs a shop on our local high street. He sells what my mother-in-law eloquently describes as toot (i.e. tat) and appears to have secured a decent living partly because of the reluctance of the large discount retailers to compete against him (something which he humbly assured me is a consequence of the low footfall in the high street rather than the leading edge innovation he has introduced to the sub-sector).

Apparently pleased to have found someone to talk to, my new-found entrepreneurial friend shared the secret of his success with me. He explained that whilst he stocks numerous items ranging from foam footballs and paper clips to colanders and out-of-date diaries, the bulk of his profits are made in the hair accessory department (more commonly referred to as a shelf). The other products need to be more competitively priced as his customers have a number of alternative places to purchase them.

As I wandered home with my 250 brown envelopes, it struck me that my toot man's experience was not uncommon among much larger listed companies. Over the years it has at times become apparent that electrical retailers made a sizable percentage of their profits from extended warranties, that hotels did extraordinarily well from customers using the fixed line phones in their rooms, travel agents from changing sterling into foreign exchange, pubs from fruit machines and banks from selling unnecessary insurance on which it was virtually impossible to claim. More recently, we have seen examples of pharmaceutical companies' reliance on just one or two highly profitable products and plant hire companies benefiting from a few handsomely priced contracts. These pockets of super-normal profitability, never highlighted by company management, were masked by the overall profitability of the companies, and, ultimately, eroded by factors such as regulation, competition and changing customer habits.

It is not just the initial shock of the unwinding of excess profits that it is important. If the affected company is unable to boost profits in other divisions then a new, lower, range for the company's potential returns may be created, a danger for those of us who focus on mean reversion.

With these pockets of supernormal profits typically well hidden, and management reluctant to admit to their existence, it is often difficult to identify them. And, of course, these excess returns are often highlighted as examples of supremely talented management teams or of companies with high barriers to entry. So where are the current places to look for them and worry? Financial services companies making high returns from inert customers, bookies generating even greater profits than thought from the high stake machines in branches and cinema chains benefitting from prices in their food and drink outlets areas that make customers choke on their popcorn all appear vulnerable. My man in the toot shop may well find his through-the-cycle returns are pretty durable. Other companies may not be so lucky.



*"He's our own little super-normal profit centre"*

The yield information has been calculated as at 28.02.17. All other information is from Investec Asset Management at 28.02.17.

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

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