

## 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

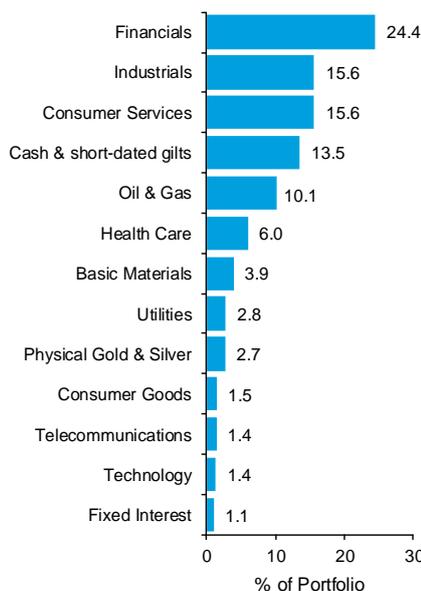
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

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

HSBC Holdings Plc	7.1
GlaxoSmithKline Plc	6.0
Royal Dutch Shell Plc	5.5
Grafton Group Plc	5.1
BP Plc	4.6
Barclays Plc	4.2
SIG Plc	3.7
Royal Bank of Scotland Plc	3.2
WM Morrison Supermarkets Plc	2.7
Citigroup Inc	2.5
<b>Total</b>	<b>44.6</b>

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

## Sector Analysis



## Financial Data

Total Assets (£m)	998.1
Share price (p)	1315.0
NAV (p) (ex income, debt at mkt)	1359.6
Premium/(Discount), Ex income (%)	-3.3
NAV (p) (cum income, debt at mkt)	1377.7
Premium/(Discount), Cum income (%)	-4.6
Historic net yield (%)	3.1

## Dividend History

Type	Amount (p)	XD date	Pay date
2 <sup>nd</sup> interim	8.33	07-Sep-17	29-Sep-17
1 <sup>st</sup> interim	8.33	08-Jun-17	30-Jun-17
Final	16.18	09-Mar-17	31-Mar-17
3 <sup>rd</sup> interim	8.09	08-Dec-16	30-Dec-16

## Performance

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

	Trust	FTSE All-Share
1 month	1.7	-0.6
3 months	6.4	1.2
1 year	18.5	7.8
3 years	8.6	14.6
5 years	37.6	35.0

<sup>2</sup>Capital return only

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

	Trust	FTSE All-Share
1 month	1.6	-0.4
3 months	3.6	2.1
1 year	18.1	11.9
3 years	28.2	27.8
5 years	74.5	61.2

<sup>3</sup>Total return

Performance, Price and Yield information is sourced from Morningstar as at 30.09.17.

**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

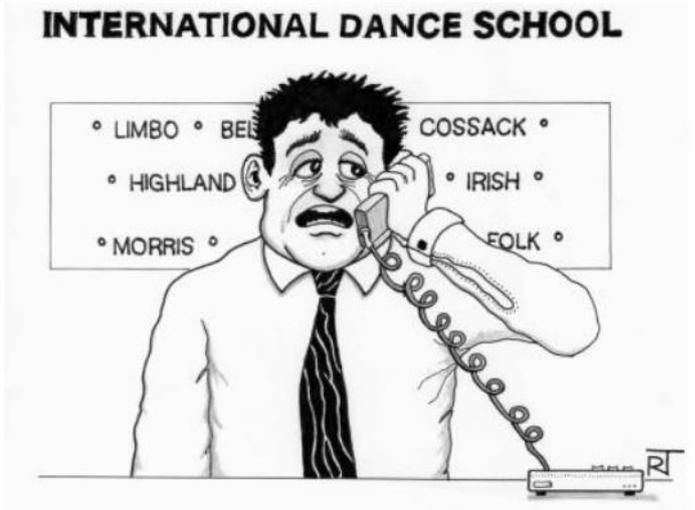
Over the years we have found the vast majority of our investment opportunities by focusing on stocks that have significantly underperformed. However, every so often we go slightly off-piste and come across other unloved candidates. For example, we often explore companies that have been spun off from much larger parents. Unsurprisingly as the world's largest market – and one not short of activist investors – the majority of spin-offs are found in the US. However, a healthy number pop up in other markets. Just looking at the FTSE 350 Index one can find, among others, Howdens Joinery (born out of MFI), Aggreko (from Christian Salvesen), Astra Zeneca (from ICI), Britvic (from multiple ownership), Direct Line (which was an IPO but came out of RBS), Indivior (from Reckitt Benckiser) and Mitchells & Butlers (from Six Continents).

My colleague Guillaume Redgewell who works on our Global Value strategy has written on this subject previously (please ask your Investec Asset Management contact if you would like a copy of his note) and reached some firm conclusions.

In summary, investing in spin-offs has proved highly profitable. Why? Guillaume highlights a number of reasons. Firstly, an investor typically receives a reasonably small holding following a spin-off. For example, if a stock represents 1% of an investor's portfolio the spin-off may represent as little as 10 or 20 basis points and therefore most likely to be viewed as a scrap to be sold. In some cases, for example, if held by an index fund, this scrap may be sold automatically. Interestingly these actions seem to be discounted in the first day's price as there is no evidence that waiting for any stock overhang to be sold aids investment performance.

Of much greater long-term relevance than this technical issue is the opportunity for spin-offs to perform better as independent units. Perhaps the management was starved of cash (for organic and inorganic growth), not permitted to sell non-core time-consuming assets or not optimally incentivised. Even if there are investor roadshows to highlight the spin-off, investors might be sceptical (given there is often a lack of an impressive track record) or if the spin-off is not looking to raise fresh money, management have no great incentive to talk the story up.

Obviously, not all spin-offs work well for investors. They can start life with too much debt, poorly incentivised management, or too high a valuation. But, in general, they have performed better than the market and continue to throw up some interesting opportunities.



*"Bad news boss.....the Whirling Dervishes have left to start a spin-off"*

The yield information has been calculated as at 30.09.17. All other information is from Investec Asset Management at 30.09.17.

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).