

## 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	65,504,797	0882532

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

**Charges:**  
**Ongoing charge:** 0.48%\* (30.06.14)  
\*Includes a management fee of 0.35%

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

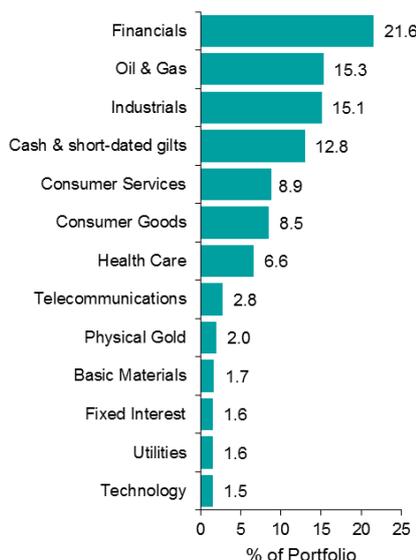
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

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

Royal Dutch Shell Plc Class B	8.8
HSBC Holdings Plc	8.7
GlaxoSmithKline Plc	6.6
BP Plc	5.2
Grafton Group Plc	4.3
British American Tobacco Plc	3.4
QinetiQ Group Plc	2.8
BT Group Plc	2.7
Royal Bank of Scotland Group Plc	2.5
Direct Line Insurance Group Plc	2.5
	<b>47.5</b>

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

## Sector Analysis



## Financial Data

Total Assets (£m)	871.6
Share price (p)	1211.00
NAV (p) (ex income, debt at mkt)	1172.46
Premium/(Discount), Ex income (%)	3.3
NAV (p) (cum income, debt at mkt)	1187.22
Premium/(Discount), Cum income (%)	2.0
Historic net yield (%)	3.2

## Dividend History

Type	Amount (p)	XD date	Pay date
Final	22.65	12-Mar-14	31-Mar-14
Interim	15.55	10-Sep-14	30-Sep-14

## Performance

### Share Price % change

	Trust	FTSE All-Share <sup>2</sup>
1 month	-3.4	-2.9
3 months	-2.6	-1.8
1 year	2.3	2.6
3 years	45.6	33.1
5 years	66.6	34.1

<sup>2</sup> Capital return only

### NAV total return % change

	Trust	FTSE All-Share <sup>3</sup>
1 month	-2.1	-2.8
3 months	-0.8	-1.0
1 year	4.9	6.1
3 years	66.0	47.9
5 years	83.2	59.1

<sup>3</sup> Total return

Performance, Price and Yield information is sourced from Thomson Datastream as at 30.09.14.

**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

Markets have suddenly become more volatile and there is greater stock dispersion within markets. This is something we have patiently awaited and it is good to have more stocks on interesting valuations which we can investigate. A number of stocks (and in particular many mid-cap stocks) have moved forward relentlessly in the last couple of years supported in many cases by earnings forecasts which investors seemed to believe could go in only one direction. It may be early days for stock dispersion if the number and size of downgrades is about to step up.

I was recently asked, as an investor with reasonably long holding periods, what share I would most like to hold for 10 years. Having given the usual caveats about diversification and the risks of putting all your eggs in one basket, I gave a little thought to the answer and then realised that I didn't have one.

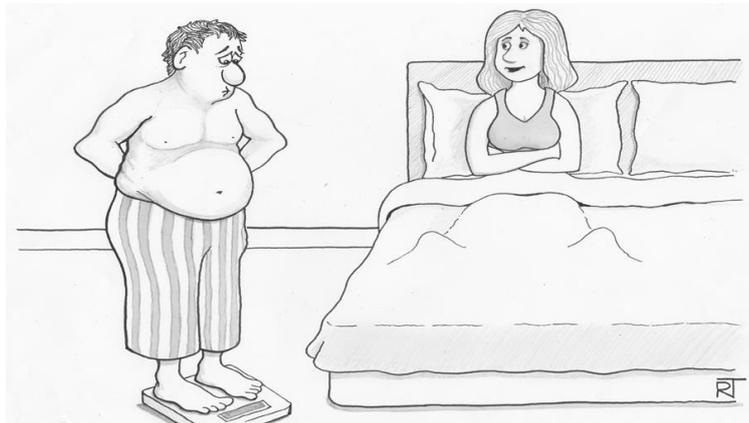
10 years is simply an extraordinarily long time and what might seem like a reasonably sensible and low risk prediction now, could be affected by very significant factors beyond most people's imaginations. It is interesting to note that Facebook is only 10 years old.

Even accepting this limitation it is unlikely that anyone would wish to have a precise holding period – even if a reasonably successful company was picked it could still be unfortunate enough to experience a slight blip after a decade, or more generally the entire market could be temporarily becalmed. (This latter point might be considered obvious but it is interesting to see that many pension funds now offer to manage portfolios on the basis of the investors' age and for example, reduce equity exposure as the client moves towards retirement age. This seems an extraordinary strategy to employ given that it pays no heed whatsoever to valuations).

So if 10 years is too long what is more appropriate and why? Over the years we have noticed that it is no fun being contrarian for short-term trades. Often momentum can take out of favour shares much further than might be expected and the wait for recovery can often be quite protracted (as we are currently experiencing with our holding in Tesco). Experience has taught us that it takes many years for a company to fully recover

after a period of underperformance. Recoveries can involve false starts, financial restructurings, cost-cutting, loss of morale among employees, accounting changes and luck, and will inevitably not be a smooth ride. Furthermore, we have found that for a company to regain its former glories, if it does, it can often take five years or more to be fully reflected in a valuation.

Holding periods in themselves are reasonably unimportant although obviously the more one trades, the greater gross returns must be as costs will be higher. Of far more importance is the valuation and it is ultimately that which determines how long a stock is welcome in the portfolio.



“It’s not just your investments that have enjoyed sustained growth over the last ten years is it dear?”

The yield information has been calculated as at 30.09.14. All other information is from Investec Asset Management at 30.09.14.

Telephone calls may be recorded for training and quality assurance purposes.

For further details, call the Investor Services Department on 020 7597 1900, or send an email to enquiries@investecmail.com. Alternatively, visit the Temple Bar website: www.templebarinvestments.co.uk.

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