

Trust Facts

Launch date: 1926

Wind-up date: None

ISIN: GB0008825324

TIDM code: TMPL

Year end: 31 December

Dividends paid:

Quarterly in March, June, September and December

AGM: March

Benchmark: FTSE All-Share

Association of Investment Companies (AIC) sector: UK Equity Income

ISA status:

May be held in an ISA

Capital Structure:

Share class	No. in issue	Sedol
Ordinary	66,872,765	0882532

Debt:

5.50% Debenture Stock 2021 £38m
4.05% Private Placement Loan 2028 £50m
2.99% Private Placement Loan 2047 £25m

The Company's gearing policy can be found at <http://www.templebarinvestments.co.uk/information-financial-advisors/gearing-policy.aspx>

Charges:

Ongoing charge: 0.49% (31.12.17)
Includes a management fee of 0.35%

Auditors: Ernst & Young LLP

Investment Manager:

Investec Fund Managers Ltd

Portfolio Manager: Alastair Mundy

Portfolio Manager start date:

1 January 2003

Registrars: Equiniti Ltd

Secretary:

Investec Asset Management Ltd

Depositary & Custodian: HSBC Bank Plc

Trust Objective

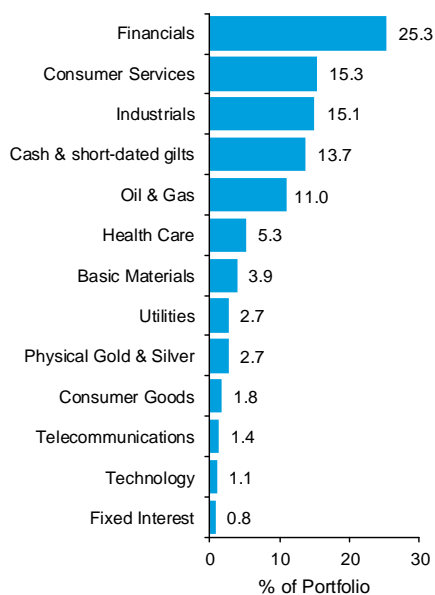
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)¹

HSBC Holdings Plc	7.2
Royal Dutch Shell Plc	6.0
GlaxoSmithKline Plc	5.3
BP Plc	5.0
Barclays Plc	4.4
Grafton Group Plc	4.0
SIG Plc	3.5
Royal Bank of Scotland Plc	3.3
Lloyds Banking Group Plc	3.2
Travis Perkins Plc	2.6
Total	44.5

¹% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	1004.6
Share price (p)	1314.0
NAV (p) (ex income, debt at mkt)	1368.6
Premium/(Discount), Ex income (%)	-4.0
NAV (p) (cum income, debt at mkt)	1386.9
Premium/(Discount), Cum income (%)	-5.3
Historic net yield (%)	3.1

The Company's discount management policy can be found at

<http://www.templebarinvestments.co.uk/information-financial-advisors/discount-management-policy.aspx>

The Company's premium/discount history can be found at

<http://www.templebarinvestments.co.uk/performance-and-statistics/nav-performance.aspx>

Dividend History

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

Performance (Total Return)

Cumulative Returns (%)

	Share Price	NAV	FTSE All-Share
1 month	3.9	3.6	4.8
3 months	0.6	1.3	5.0
1 year	11.0	10.2	13.1
3 years	23.4	31.3	33.3
5 years	55.8	69.6	63.0

Rolling 12 Month Returns (%)

	Share Price	NAV	FTSE All-Share
31.12.16-31.12.17	11.0	10.2	13.1
31.12.15-31.12.16	20.7	20.6	16.8
31.12.14-31.12.15	-7.9	-1.2	1.0
31.12.13-31.12.14	-1.4	-2.6	1.2
31.12.12-31.12.13	28.0	32.6	20.8

Performance, Price and Yield information is sourced from Morningstar as at 31.12.17

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.

Manager's Commentary

Thought for the month

As a team, we invest in companies that are significantly out-of-favour and cheap, based on a sensible assessment of their normalised profitability. A price we pay for doing this is that, generally things look fairly unattractive when we invest. But as believers in reversion to the mean, we believe there is an underappreciated tendency for companies that are doing badly to do better and for companies that are doing well to do worse.

And importantly, because out-of-favour companies are doing badly, they tend to be cheap. As an old stockbroker told me when I started out in investments, "We're not here to find good or bad companies, young man. We're here to find cheap and expensive ones." Not all currently out-of-favour companies are necessarily bad, or the in-favour ones, good.

There are a number of drivers of reversion to the mean. One is good old competition. If a company or an industry is doing particularly well, then new capacity or new players are likely to enter the market. Whereas in a market that is performing poorly, there is lesser incentive for new players to enter.

Then there is regulation. Companies or markets that are doing particularly well, are more likely to attract adverse regulatory changes. This is far less likely in industries that are struggling, where there is scope for favourable regulatory changes.

Investors should also acknowledge the unpredictability of the future. Human beings tend to think they have better foresight than they actually do. Life throws us curve balls, and sometimes we do not see them coming. And with popular companies priced predominantly for a stream of good news, the risk is that some of these surprises are bad and can dilute the stock's attraction. With unpopular companies priced predominantly for bad news, surprises are more likely to improve the mix.

The driver of change in fortune that I personally find interesting is complacency. It receives relatively little attention, and yet, I suspect that it is much more powerful than most people give it credit for. You can see it in the attitude of a company's management team when you meet them. The management of a company that is doing well are generally praised, are typically well paid and look to have promising careers ahead of them. Faced with this, it is hard not to relax to some degree, and unfortunately this comes at a time when the other drivers of the change in fortune are building in the background, to make things more challenging.

By comparison, the management of a company that is not doing well are likely to be criticised in the press and be under pressure from their shareholders. The amount that they are being paid is likely to be suffering and their jobs could well be at risk. It is only human nature for this to get you out of bed a bit earlier in the morning, and for it to make a management team focus more clearly on realising shareholder values. Costs are likely to come under greater scrutiny, and previously unpalatable, but value-enhancing disposals or corporate activities are more likely to be considered.

For these and other reasons, we believe the odds of investment success are more in your favour when you invest in unpopular assets. And that is what we will continue to do.



"Guys, do you think we might be getting complacent?"

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.

Contact us

Post
Company Secretary
Investec Asset Management Limited
Woolgate Exchange
25 Basinghall street
London
EC2V 5HA

Investor Services
Phone: 020 7597 1800
Fax: 020 7597 1818
Email: enquiries@investecmail.com

Broker Support
Phone: 020 7597 1800
Fax: 020 7597 1919
Email: enquiries@investecmail.com