

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

Charges:

Ongoing charge: 0.47% (31.12.18)
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 August 2002

Registrars: Equiniti Ltd

Secretary:

Investec Asset Management Ltd

Depositary & Custodian: HSBC Bank Plc

The Company's gearing and discount management policies can be found at <https://www.templebarinvestments.co.uk/investment-approach/investment-policies/>

Trust Objective

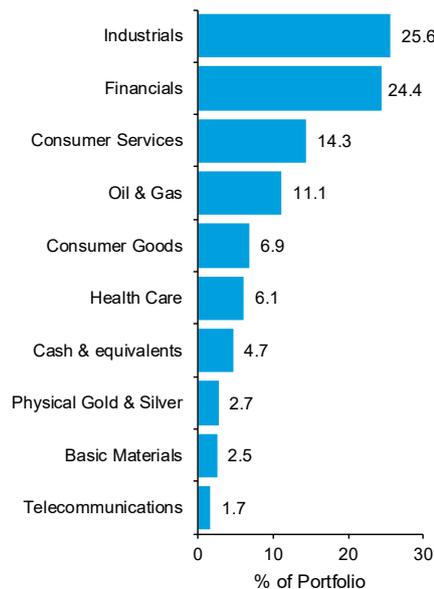
To provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)¹

Travis Perkins Plc	6.2
GlaxoSmithKline Plc	6.1
Royal Dutch Shell Plc	5.8
Capita Plc	5.8
BP Plc	5.3
Lloyds Banking Group Plc	4.4
Royal Bank of Scotland Plc	4.3
Grafton Group Plc	4.2
HSBC Holdings Plc	3.9
Barclays Plc	3.7
Total	49.7

¹% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	979.4
Share price (p)	1292.0
NAV (p) (ex income, debt at mkt)	1317.8
Premium/(Discount), Ex income (%)	-2.0
NAV (p) (cum income, debt at mkt)	1349.1
Premium/(Discount), Cum income (%)	-4.2
Historic net yield (%)	3.6

Dividend History

Type	Amount (p)	XD date	Pay date
Final	20.47	07-Mar-19	29-Mar-19
3 rd interim	8.75	06-Dec-18	27-Dec-18
2 nd interim	8.75	06-Sep-18	28-Sep-18
1 st interim	8.75	07-Jun-18	29-Jun-18

Performance (Total Return)

Cumulative Returns (%)

	Share Price	NAV	FTSE All-Share
1 month	3.4	4.9	2.3
3 months	9.0	8.1	2.6
1 year	6.0	5.0	1.7
3 years	44.6	36.2	30.4
5 years	20.6	26.4	27.6
10 years	253.8	275.3	188.5

Rolling 12 Month Returns (%)

	Share Price	NAV	FTSE All-Share
28.02.18-			
28.02.19	6.0	5.0	1.7
28.02.17-			
28.02.18	1.8	4.5	4.4
28.02.16-			
28.02.17	34.0	24.1	22.8
28.02.15-			
28.02.16	-12.6	-8.4	-7.3
28.02.14-			
28.02.15	-4.5	1.4	5.6

Performance, Price and Yield information is sourced from Morningstar as at 28.02.2019

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

Many years ago, I played cricket with an old boy (well he seemed like an old boy then, I now realise he was younger than I am today) who had a batting technique that was less than pleasing on the eye. The young guns in the team were happy to ridicule Alan, whose riposte was unfailingly consistent: "look in the scoreboard". And he was right. While he scratched around, playing several shots unlikely to be granted inclusion in the MCC coaching manual, his system worked, and year after year he outscored (and outdrank) most of his more elegant teammates.

I was thinking of Alan as I read Tim Steer's new book, 'The Signs Were There – The clues for investors that a company is heading for a fall'. Mr Steer walks the reader through 22 companies which unwound at pace and illustrates how a reasonably quick study of the report and accounts of each would, at the minimum, have raised a number of red flags. The examples take the reader through the usual issues – revenue recognition (the company being overly optimistic when booking sales), related transactions, capitalisation of costs (i.e. magically turning costs into assets), dubious acquisitions and so on.

While the post-mortems are interesting and well explained, what caught my eye was how well most of the shares had performed prior to their denouement. These were, in general, stocks which had caught investors' imaginations in the good times.

For example:

Connaught rose more than 8x before falling steeply to its death within 12 months.

Utilitywise rose more than 6x in the two years prior to its peak and has recently been suspended after a five-year, 99% fall. Conviviality doubled to its peak in less than two years and then went bust less than six months later.

Healthcare Locums quintupled over a three-year period and lost 98% of its value in the subsequent two years

Erinaceous more than trebled in less than two years and was gone within two years of its peak

What conclusions can we draw from this other than wondering what current high flyers may not be with us two years hence? Well, I assume that Mr Steer's red flags were probably flying well before shares peaked. However, even if some investors were aware of these issues and acted on them, their prescience was

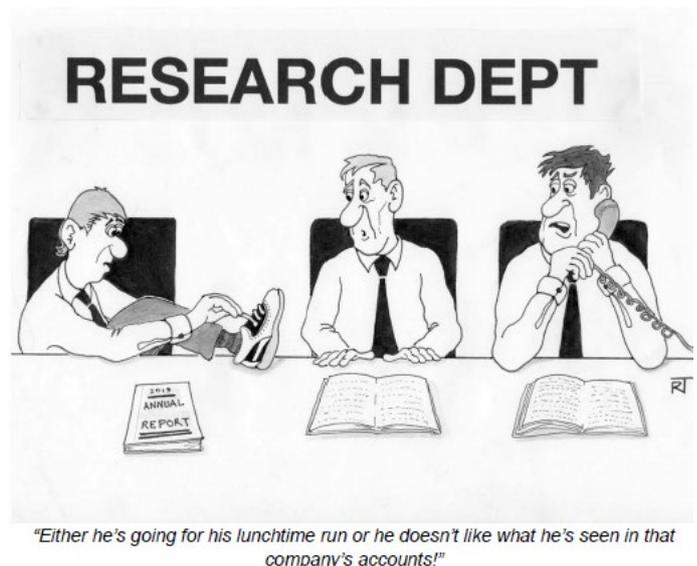
eventually overcome by investors reacting to earnings upgrades and share price strength. This illustrates what is often very clear:

i) momentum is a very powerful factor and ii) can turn on a sixpence, often times even more precipitously in the opposite direction.

These case studies also suggest that only a minority of investors read or care about a company's accounts, which must be music to the ears of a fundamental investor. However, a momentum-ista would probably point out what a fundamentalist 'could have won'. And this is what made me think of Alan – an investor could have apparently bought into the momentum of each of those stocks and made very healthy profits...and then told the rest of us to look in the book.

That approach probably has worked well at times over the years, but it does rest on the assumption that liquidity is ever present – a generous assumption at the best of times, but one tested most rigorously when most of a company's shares are in the hands of similarly minded investors.

I have never represented the evangelical wing/lunatic fringe of value investing and consequently accept that there are many ways that investors make money. However, with markets edging back to their highs post a fourth-quarter scare it is worth highlighting the risks of holding stocks which many of one's peers hold. Value investors have a habit of declaring their innings too early, other styles bat on in the hope of a much higher score.



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.

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