Temple Bar Investment Trust PLC

Monthly update **30 June 2019**

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%. Excludes borrowing and portfolio transaction costs.

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

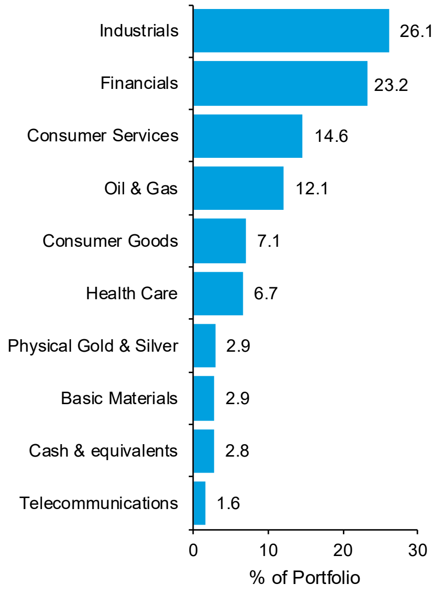
To provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)[1]

GlaxoSmithKline Plc	6.7
Royal Dutch Shell Plc	6.5
Capita Plc	5.8
Travis Perkins Plc	5.7
BP Plc	5.6
Grafton Group Plc	4.3
Lloyds Banking Group Plc	4.1
SIG Plc	3.8
Tesco Plc	3.7
Royal Bank of Scotland Group Plc	3.6
Total	49.8

[1]% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	955.5
Share price (p)	1268.0
NAV (p) (ex income, debt at mkt)	1280.8
Premium/(Discount), Ex income (%)	-1.0
NAV (p) (cum income, debt at mkt)	1300.2
Premium/(Discount), Cum income (%)	-2.5
Historic net yield (%)	3.9

Dividend History

Type	Amount (p)	XD date	Pay date
1st interim	11.00	06-Jun-19	28-Jun-19
Final	20.47	07-Mar-19	29-Mar-19
3rd interim	8.75	06-Dec-18	27-Dec-18
2nd interim	8.75	06-Sep-18	28-Sep-18

Performance (Total Return)

Cumulative Returns (%)

	Share Price	NAV	FTSE All-Share
1 month	3.7	2.4	3.7
3 months	-2.2	-2.0	3.3
1 year	-0.3	-4.1	0.6
3 years	37.3	27.7	29.5
5 years	22.7	26.8	35.8
10 years	208.8	204.2	167.1

Rolling 12 Month Returns (%)

	Share Price	NAV	FTSE All-Share
30.06.18-30.06.19	-0.3	-4.1	0.6
30.06.17-30.06.18	10.6	9.9	9.0
30.06.16-30.06.17	24.4	21.2	18.1
30.06.15-30.06.16	-8.0	-2.4	2.2
30.06.14-30.06.15	-2.8	1.8	2.6

Performance, Price and Yield information is sourced from Morningstar as at 30.06.2019

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.

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Manager's Commentary

Thought for the month

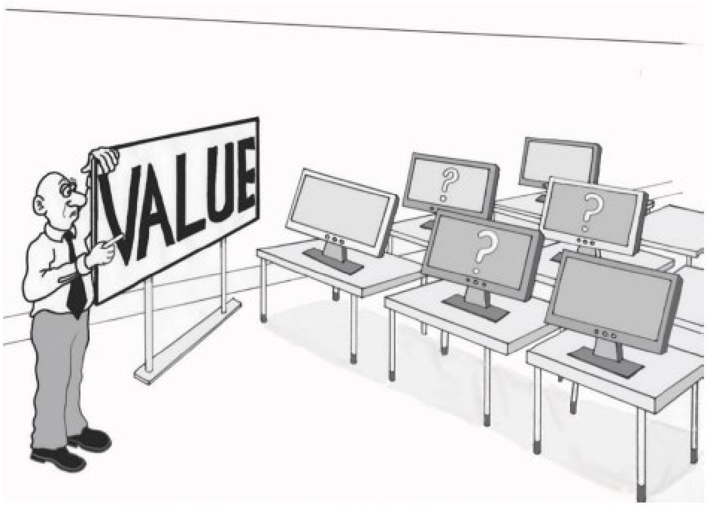
Recently, I sat on a panel which was asked if we thought our jobs would ultimately be replaced by computers. A fellow panellist offered to deal with that googly and explained how he believed the most likely outcome was a combination of the best parts of humans and machines. Fortunately, the MC then moved on to the next question and my input was not required. I was planning an apparently glib, but genuine, response which centred on the fact that a computer cannot hold a client's hand when everything appears to be going wrong and the client is at risk of a rash dose of capitulation.

As I considered the question a bit more, the answer became rather more complex. I assume the questioner was saying why not just buy an ETF rather than a fund. The arguments for and against indexation are well known and I do not intend to revisit them here. But someone looking to purchase a Value ETF must have a very firm view on which type of Value they are keen on. The choice is far from straightforward. For example, ETF.com lists 63 Value ETFs traded in the US market alone and while the list covers a multitude of sins, the largest component of that list is US Large Cap Value. Even then, very distinct choices must be made as in just the three months to 8 July, the difference in total return between the best and worst ETFs in that sub-sector was just shy of 10%. The reason for this significant dispersion in just the very short-term is that Value means many things to many people. Some prefer price to book, some price to cashflow, some price to earnings and so on.

One could obviously pick the value metric which back-tests the best, but back-tests assume perfect liquidity and the buyer also assumes the future will look very like the past. But, for example, while price to book was historically an excellent value metric, recently its popularity and relevance, even among value investors has waned. Value investing has many challenges currently, but I am far from convinced that indexation is one of them even if their bedside manner were to improve.

Tesco has not yet been a great recovery story, but is at least nicely off its lows. It is also no longer the stock that attracts most client scrutiny (M&S has taken on that mantle). Or, to be more precise, we no longer have to defend it as a structurally challenged, highly indebted, badly managed business. Instead, we are told, it is many competitors' favourite stock and not contrarian at all. As I've said before, our dirty secret is that we only make money if other investors agree with our views and the weight of their money pushes a share price higher. We are not embarrassed running with the pack if the shares remain good value.

Contrarians are naturally drawn to companies with significant challenges and consequently can often find themselves focusing on the most distressed player in an industry. However, a bit of imagination, a push against the conventional wisdom and a few changes to the spreadsheet and the prospect of significant upside suddenly becomes apparent. Yet often an industry is out of equilibrium and supply must leave to correct matters. Often it is the distressed player which is responsible for that supply reduction. We do not always have to buy the equivalent of the cheapest house on the cheapest street to benefit from a change of fortune for an industry.



"Some of you may find this a difficult concept to grasp".

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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