Temple Bar Investment Trust PLC

Monthly update **31 July 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

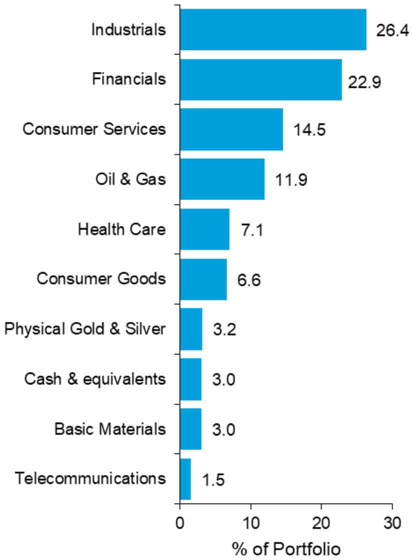
To provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)[1]

GlaxoSmithKline Plc	7.1
Royal Dutch Shell Plc	6.5
Capita Plc	6.3
Travis Perkins Plc	6.0
BP Plc	5.4
Grafton Group Plc	3.9
Lloyds Banking Group Plc	3.8
SIG Plc	3.7
Tesco Plc	3.6
Royal Bank of Scotland Group Plc	3.5
Total	49.8

[1]% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	972.5
Share price (p)	1250.0
NAV (p) (ex income, debt at mkt)	1303.0
Premium/(Discount), Ex income (%)	-4.1
NAV (p) (cum income, debt at mkt)	1322.9
Premium/(Discount), Cum income (%)	-5.5
Historic net yield (%)	4.1

Dividend History

Type	Amount (p)	XD date	Pay date
2nd interim	11.00	12-Sep-19	30-Sep-19
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

Performance (Total Return)

Cumulative Returns (%)

	Share Price	NAV	FTSE All-Share
1 month	-1.4	1.8	2.0
3 months	-5.6	-3.8	2.6
1 year	-0.6	-2.2	1.3
3 years	26.0	25.0	27.0
5 years	23.6	31.3	38.9
10 years	177.6	174.3	151.1

Rolling 12 Month Returns (%)

	Share Price	NAV	FTSE All-Share
31.07.18-31.07.19	-0.6	-2.2	1.3
31.07.17-31.07.18	6.3	7.5	9.2
31.07.16-31.07.17	19.2	18.9	14.9
31.07.15-31.07.16	-1.7	1.0	3.8
31.07.14-31.07.15	-0.2	4.1	5.4

Performance, Price and Yield information is sourced from Morningstar as at 31.07.2019

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.

Temple Bar Investment Trust PLC

Monthly update **31 July 2019**

Manager's Commentary

Thought for the month

No doubt attracted by the historical performance, passive funds have increased allocation to private equity in recent years. Consequently there are numerous mentions of a 'private equity wall of money' in the financial press. It is hard to know whether private equity investors truly are investment gods. Some studies suggest their long-term returns could have been generated by investing in small cap equities and using leverage. However, that is irrelevant to where we are. Private equity has money to spend, relatively attractive equity valuations around the world of which to take advantage and incredibly low bond yields with which to leverage the deals.

In days of old, private equity often received a poor reception from both incumbent management and long-term shareholders. However, I wonder if times have changed. Management of PLCs are now on the wrong end of much more intrusive behaviour from regulators and shareholders and may have convinced themselves that those jolly nice people from private equity are better stakeholders (and will pay them more too). Meanwhile, shareholders in the receiving end of a bid for one of their holdings find it hard to resist selling a share which is trading 40% higher than the previous night's closing price. And they sell to the investors only too happy to accept the official bid price.

Assuming private equity has some quality control, this suggests they can build a portfolio of 'good' companies at a 40% premium to the market, leaving those companies most highly indebted, vulnerable to disruption or overly complex to the public market. Of course, in days gone by at least a decent percentage of departing companies would be replaced by IPOs, but this market is on its knees. Investors have had enough of being offered those companies which private equity have squeezed to within an inch of their life while companies looking to raise fresh equity seem more likely to wander into the arms of private equity than bother with public markets.

A monthly commentary is, I'm often told by my marketing colleagues, supposed to conclude with a punchy summary or call to arms. If that's the gig, I'm afraid I'm struggling. Private equity is already a large asset class and once it invests its cash it will be even larger. As a consequence, public markets will shrink further and investors may find the quality of their investible universe deteriorating. A longer-term trend to consider over the summer holidays.

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