Temple Bar Investment Trust PLC

Monthly update **30 September 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: 0.48% (30.06.19)
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

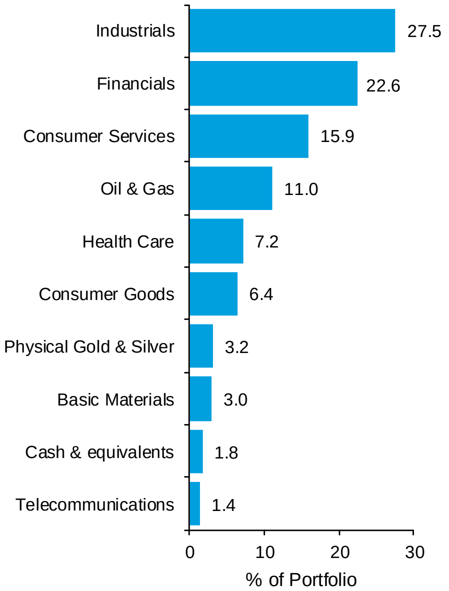
To provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)[1]

Capita Plc	7.8
GlaxoSmithKline Plc	7.2
Royal Dutch Shell Plc	5.9
Travis Perkins Plc	5.6
BP Plc	5.1
Grafton Group Plc	4.0
Tesco Plc	3.9
Lloyds Banking Group Plc	3.8
SIG Plc	3.6
Barclays Plc	3.4
Total	50.3

[1]% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	976.9
Share price (p)	1260.0
NAV (p) (ex income, debt at mkt)	1310.5
Premium/(Discount), Ex income (%)	-3.9
NAV (p) (cum income, debt at mkt)	1333.3
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	8.1	6.3	3.0
3 months	0.3	3.4	1.3
1 year	3.7	2.0	2.7
3 years	26.4	22.7	21.7
5 years	24.7	33.2	38.9
10 years	150.4	142.2	121.0

Rolling 12 Month Returns (%)

	Share Price	NAV	FTSE All-Share
30.09.18-30.09.19	3.7	2.0	2.7
30.09.17-30.09.18	-0.4	2.0	5.9
30.09.16-30.09.17	22.4	18.1	11.9
30.09.15-30.09.16	10.5	15.6	16.8
30.09.14-30.09.15	-10.8	-6.1	-2.3

Performance, Price and Yield information is sourced from Morningstar as at 30.09.2019

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

I assume that a new David Baldacci release kicks his biggest fans into a frenzy of dribbling anticipation. While I'm not quite that bad, I do always enjoy a new Mathew Syed book. Perhaps I have a soft spot for him because Matthew and I share four English Table Tennis Championships between us (admittedly with him having done the heavy lifting). I'm not even sure how to class his genre – I think Waterstones has them down as 'popular psychology' - but his output typically makes for an excellent, thought-provoking read. Syed's latest offering, Rebel Ideas, is another winner and provides plenty of food for thought for those of us in the ideas game.

Rebel Ideas is, Syed says, "a book about diversity, about the power of bringing people together who think differently from one another". Although he highlights the immediate apparent contradiction, "surely, we should aim to think correctly or accurately, not differently. One should only wish to think differently from other people when they are in the wrong. When other people are right, thinking differently will only lead you into error. This seems like common sense".

Syed is focused on the need for cognitive diversity, "differences in perspective, experiences and thinking styles". It is vital because "perspective blindness" – the lack of self-awareness of our own blind spots. And when we form groups of like-minded people we become vulnerable to groupthink and consequently of increasing confidence in our collective judgement while ignoring a greater risk of error.

Even if teams are constructed with optimum cognitive diversity Syed explains that any potential improvement in performance can still be destroyed by a poor leader. The merits of "constructive dissent" can be easily lost when a team loses its will to challenge upwards.

Syed details the tragic Everest expedition of 1996 (told in a number of books such as Into Thin Air and films such as Everest) which involved a highly experienced climbing team led by world-class climbers and Everest experts. The expedition ended with the tragic death of eight climbers and has been analysed by many in the hope of finding some useful lessons. Syed's view is that the major problem was of "dominance dynamics". All participants were aware of their (unofficial) rankings within the group and as conditions deteriorated they tended to step into line and avoid challenging decisions made by their superiors.

This lack of challenge was not a surprise as Rob Hall, the expedition leader had impressed upon the group the importance of obeying his orders on summit day. With his deep Everest experience, he felt input from his group would only dilute the quality of his decisions. This was a fatal assumption. It meant, for example, that he missed out on the vital cloud knowledge held by one of his clients who was a commercial pilot.

Jon Krakauer, one of the surviving clients, wrote about his failure to speak up when he realised a guide had made a simple mistake: "given what unfolded over the hours that followed, the ease with which I abdicated responsibility…was a lapse that's likely to haunt me for the rest of my life."

So how do intelligent humans allow such situations to arise? My guess (in the investment arena at least) is we are all searching for certainty. We wish to be confident that the stocks we select will increase in value – we don't, having committed ourselves to decisions, want to participate in 'on the one hand' type discussions. Our preference – if we are to sleep well – is for black and white decisions which can be dogmatically clung to. And the easiest way to secure this is to (perhaps unknowingly) limit, ignore or underemphasise the genuine challenges within a group.

Assuming that Syed and fans of Rebel Ideas are on to something, how diverse should you make a team of bottom-up, long-term focused contrarian value investors? Do you add some top down thinkers? Some growth investors? A few short-term momentum investors? Syed would perhaps suggest that as the correct course of action and perhaps it would be if a client was investing in just one strategy. But clients typically invest in strategies knowing they have style skews. To wish to dilute that skew away would surely be self-defeating.

Instead, perhaps one needs to accept that a team of value investors has a bias (in our case, preferring to buy out of favour stocks rather than in favour stocks) but to hope that each team member brings something different to ideas so that they can be discussed, challenged, informed by historical precedent, disagreed with, laughed at, studied in innovative ways and finally acted upon. The answer for an investor can never just be in the numbers (if it was then the computer can do the job both quicker and cheaper). There is a significant judgement call involved and for this type of decision the belief in Rebel Ideas and cognitive diversity makes good sense.

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"C'mon guys, it has to be worth a try!"

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