

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

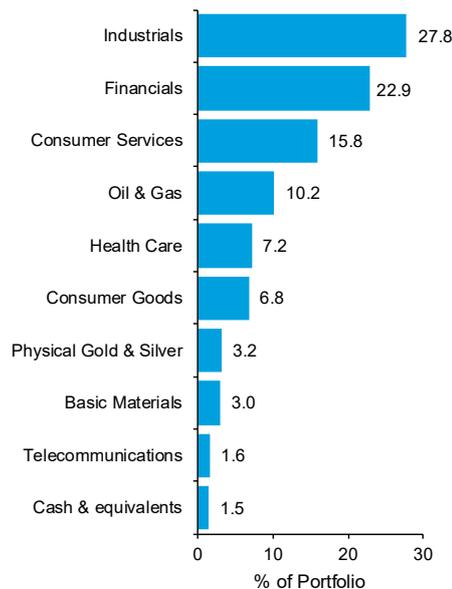
To provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the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

Top Ten Equity Holdings (%)¹

Capita Plc	8.2
GlaxoSmithKline Plc	7.2
Travis Perkins Plc	6.2
Royal Dutch Shell Plc	5.4
BP Plc	4.8
Grafton Group Plc	4.1
Lloyds Banking Group Plc	3.9
Tesco Plc	3.7
Barclays Plc	3.7
Royal Bank of Scotland Group Plc	3.4
Total	50.6

¹% of total assets, including cash

Sector Analysis



Financial Data

Total Assets (£m)	988.6
Share price (p)	1314.0
NAV (p) (ex income, debt at mkt)	1330.8
Premium/(Discount), Ex income (%)	-1.3
NAV (p) (cum income, debt at mkt)	1357.3
Premium/(Discount), Cum income (%)	-3.2
Historic net yield (%)	3.9

Dividend History

Type	Amount (p)	XD date	Pay date
2 nd interim	11.00	12-Sep-19	30-Sep-19
1 st interim	11.00	06-Jun-19	28-Jun-19
Final	20.47	07-Mar-19	29-Mar-19
3 rd interim	8.75	06-Dec-18	27-Dec-18

Performance (Total Return)

Cumulative Returns (%)

	Share Price	NAV	FTSE All-Share
1 month	4.3	1.8	-1.4
3 months	6.1	3.5	-2.1
1 year	13.3	8.2	6.8
3 years	30.6	20.8	19.3
5 years	32.5	38.1	37.9
10 years	170.1	151.6	122.0

Rolling 12 Month Returns (%)

	Share Price	NAV	FTSE All-Share
31.10.18-			
31.10.19	13.3	8.2	6.8
31.10.17-			
31.10.18	-5.2	-2.2	-1.5
31.10.16-			
31.10.17	21.6	14.1	13.4
31.10.15-			
31.10.16	7.9	13.8	12.2
31.10.14-			
31.10.15	-5.9	0.4	3.0

Performance, Price and Yield information is sourced from Morningstar as at 31.10.2019

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

While completing their due diligence, clients sometimes request a team organogram so they can better understand how we operate. This generates mixed emotions in me, as from a presentation viewpoint, I have 'organogram envy', as I imagine other teams around the city showing beautifully designed charts, clearly explaining each individual's responsibilities. The Investec Value team's equivalent shows something more akin to organised anarchy; a team of individuals with no fixed responsibilities who are encouraged to wander across markets, sectors and companies as they see fit. I am probably overestimating clients' desires for style over substance, but it was still good to stumble across *Range, How Generalists Triumph in a Specialized World* by David Epstein.

Range is yet another pop psychology book and I must admit I am just about replete with this genre. There are only so many times one can read about firemen using their instincts in a burning building to realise the fire is different from historical experience, how chess players can repeat positions on a board with ease from memory only if the positions are legal, how kids who delay eating a marshmallow grow up to be jolly clever, well-balanced people and how the two space shuttle disasters might have been avoided if warning signs had been acted upon. Still, all has not been wasted. A book implying that deep industry experience is not necessarily the optimal way to build a team is, if nothing else, a great exercise in confirmation bias for a team of generalists.

Epstein's work can perhaps be summarised by his belief that it is important to appreciate what environment one is operating in. In 'kind' environments, practitioners find patterns, benefit from deliberate practice and receive accurate feedback – chess, the playing of classical music and sport in general are exemplars of this. However, many environments are 'wicked' – the rules are incomplete, there is delayed or inaccurate feedback and there are non-repetitive patterns and, Epstein surmises, narrow specialisation under these conditions can backfire horribly. This is not a great time in history for 'experts' and Epstein adds to their woes by highlighting 'a recent study found that cardiac patients were actually less likely to die if they were admitted during a national cardiology meeting, when thousands of cardiologists were away; the researchers suggested it could be because common treatments of dubious effect were less likely to be performed.' To a man with a hammer...

And with expertise comes a great deal of confidence – a subject which morphs nicely into the well-known work of Philip Tetlock and his study of forecasters. Tetlock identified two groups; hedgehogs with deep and narrow knowledge who "performed

especially poorly on long-term predictions within their domain of expertise" (but who had great narratives, were fantastic for TV and were particularly good at 'forecasting the past') and foxes who "draw from an eclectic array of tradition and accept ambiguity and contradiction".

David Robson really has it in for our dear old hedgehogs. In *The Intelligence Trap, Why Smart People do Stupid Things and How to Make Wiser Decisions* he highlights everything that is wrong with experts. He claims they may not be able to think counterfactually, suffer from dysrationalia (a mismatch between intelligence and rationality), motivated reasoning (only thinking deeply when confident the conclusions will suit the predetermined goal) and bias blind spots (seeing others' flaws but not their own), have too much confidence because of earned dogmatism (closed mindedness) and employ entrenched automatic behaviours (having rigid and fixed views). That's quite a crime sheet.

Bringing this back to our organogram, we highlight that members of our team are not experts in any particular field and come to a new company with a rather empowering mix of ignorance, freshness and curiosity. Who knows if that's the optimum approach, but at least we have friends in high places. Benjamin Franklin, one of the founding fathers of the United States who had much bigger problems to wrestle with than whether the fifth M&S recovery story will finish any differently to the previous four opined that, "I find a frank acknowledgement of one's ignorance is not only the easiest way to get rid of a difficulty, but the likeliest way to obtain information".

The wind is clearly blowing in the faces of hedgehogs. Rather than enjoying their discomfort it may well be a good time to put several biases aside and ask if they are being unfairly treated. It's even a book I might come out of Pop Psychology retirement to read.

"It's very good...its written by an expert on the subject!"



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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