

Trust Facts

Launch date: 1926

Wind-up date: None

Year end:
31 December

Dividends paid:
Quarterly in March, June, September and December

AGM:
March

Benchmark:
FTSE All-Share

ISA status:
May be held in an ISA

Capital Structure:

Share class	No. in issue	Sedol
Ordinary	66,872,765	0882532

Debt:
9.875% Debenture Stock 2017 £25m
5.50% Debenture Stock 2021 £38m
4.05% Private Placement Loan 2028 £50m

Charges:
Ongoing charge: 0.48%* (31.12.14)
*Includes a management fee of 0.35%

Board of Directors:
John Reeve (Chairman)
Arthur Copple
Richard Jewson
June de Moller
Martin Riley
David Webster

Auditors: Ernst & Young LLP

Investment Manager:
Investec Fund Managers Ltd

Registrars: Equiniti Ltd

Savings Scheme Administrator:
Equiniti Financial Services Ltd

Secretary:
Investec Asset Management Ltd

Stockbrokers: JPMorgan Cazenove

Depository & Custodian: HSBC Bank Plc

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.

Financial Data

Total Assets (£m)	920.8
Share price (p)	1185.0
NAV (p) (ex income, debt at market value)	1214.2
Premium/(Discount), ex income (%)	(2.4)
NAV (p) (cum income, debt at market value)	1242.8
Premium/(Discount), cum income (%)	(4.7)
Historic net yield (%)	3.3

Top Ten Equity Holdings (%) ¹

HSBC Holdings Plc	7.5
Royal Dutch Shell Plc Class B	6.9
GlaxoSmithKline Plc	6.7
BP Plc	6.0
Grafton Group Plc	4.7
Lloyds Banking Group Plc	3.5
British American Tobacco Plc	3.4
Direct Line Insurance Group Plc	2.6
BT Group Plc	2.5
Royal Bank of Scotland Group Plc	2.3
Total	46.1

¹ % of total assets, including cash

Dividend History

Type	Amount (p)	XD date	Pay date
Interim	15.55	10-Sep-14	30-Sep-14
Final	23.33	12-Mar-15	31-Mar-15

Performance

Share Price % change

	Trust	FTSE All-Share ²
1 month	1.0	3.4
3 months	-2.7	4.2
1 year	-7.4	2.1
3 years	26.5	23.0
5 years	53.3	36.8

² Capital return only

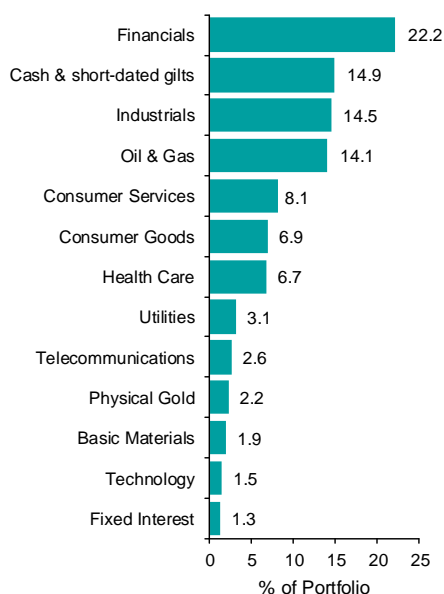
NAV total return % change

	Trust	FTSE All-Share ³
1 month	3.5	3.7
3 months	3.7	4.7
1 year	1.5	5.6
3 years	51.2	36.4
5 years	85.1	62.1

³ Total return

Performance, Price and Yield information is sourced from Morningstar as at 28.02.15.

Sector Analysis



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.

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.

Manager's Commentary

During a recent match at the Cricket World Cup, an Englishman, James Taylor was fast approaching his 100. However – as often happens with England – his colleagues were being dismissed at such a pace that it was becoming increasingly unlikely that Taylor would reach the landmark. As the match came to its finale, the umpire was asked to make a decision (I will spare the reader, particularly the non-cricketing reader, the detail, but fair to say it was a decision requiring a good, but not arcane knowledge of cricket laws). As sometimes happens, the umpire made the wrong decision, but rather strangely this was then exacerbated by neither his on field umpiring colleague nor the third or fourth umpires in the stand nor even the umpires' coach or the match referee correcting him.

Inevitably, the keyboard warriors, who are doubtlessly highly qualified umpires themselves, were soon excoriating the officials for their lack of knowledge and incompetence. But was that the correct way to judge them? Perhaps instead we simply witnessed 'system 1' (or red zone) type thinking at work at the expense of 'system 2' (or blue zone) type thinking. Daniel Kahneman's great book, 'Thinking Fast and Slow' introduced these ideas to the masses.

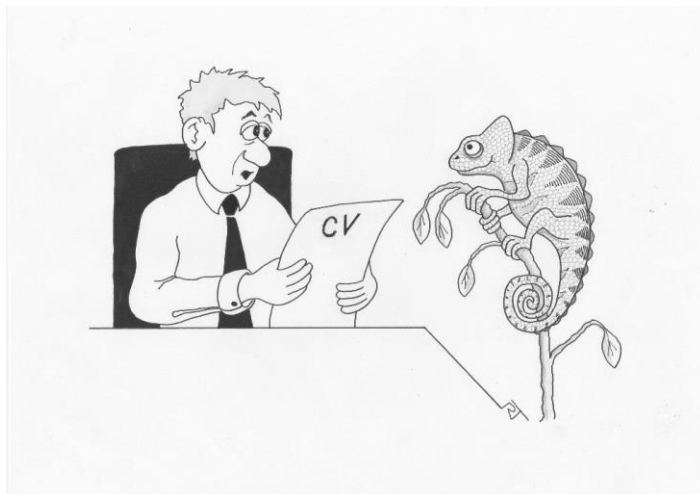
According to Kahneman, red zone thinking 'operates automatically and quickly, with little or no effort and no sense of voluntary control', while blue zone thinking 'allocates attention to the effortful mental activities that demand it, including complex computations.' I am pretty sure no complex computations were needed for the umpires to make the correct decision, but it is not hard to imagine that the tension of the situation created an environment where instinct moved in the way of rational thought.

While I am clearly in the minority I have a great deal of sympathy with the umpires. Often it is possible to look back at poor investment decisions and comment, 'what on earth was I thinking about'. And what looks obvious in hindsight might have seemed just as obvious with foresight, but sadly the conditions under which the decision was made were less than ideal. One factor that seems to contribute to Warren Buffett's phenomenal long-term performance (and on which Guy Spiers focuses in 'The Education of a Value Investor') is the importance of creating an optimal working environment. This might mean distancing oneself from the madding crowd, avoiding watching random share price movements and round the clock news coverage, working at hours of the day most suitable to the individual, picking one's clients carefully and so on. All these factors are designed to optimise the decision making process and reduce the chances of an unforced error. Correctly selecting stocks is hard enough without making it even harder by imposing less-than-ideal working conditions.

Back with the cricket, I can understand two umpires in the middle of a high tension cricket pitch suffering 'brain freeze', but does this excuse officials 3,4,5 and 6 who were sitting comfortably away from all the hubbub and bubble working conditions? Perhaps the tension did, understandably, get to them or maybe they were sucked into groupthink. They may have intuitively believed their colleagues (and friends?) were making the correct decision and subconsciously did not wish to undermine their decision by reflecting on alternative viewpoints. Once again for any investor, times come to mind when they were encouraged to run with the

consensus and forgot to spend sufficient time considering other possibilities.

Interestingly enough the umpires were trained in advance for these eventualities, but on this occasion the training proved unsuccessful. Similarly, investors are constantly informed about our psychological weaknesses, yet we continue to make them. A case of constant vigilance and a search for successful counter strategies remains essential.



".....and I see from your CV you're very good at blue and red zone thinking..... as well as green, yellow, purple, brown....."

The yield information has been calculated as at 28.02.15. All other information is from Investec Asset Management at 28.02.15.

Telephone calls may be recorded for training and quality assurance purposes.

For further details, call the Investor Services Department on 020 7597 1900, or send an email to enquiries@investecmail.com. Alternatively, visit the Temple Bar website: www.templebarinvestments.co.uk.

Issued by Investec Asset Management, which is authorised and regulated by the Financial Conduct Authority, March 2015.