temple bar
active investment working for you

Temple Bar Investment Trust
Annual Report & Accounts 2013

Company summary

Temple Bar Investment Trust's investment objective is 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.

The Company's full objective and policy is set out on page 15.

Benchmark
Performance is measured against the FTSE All-Share Index.

Total assets less current liabilities
£905,775,000

Total equity*
£792,070,000

Market capitalisation
£789,008,000

Capital structure

Ordinary shares	63,323,248 shares
9.875% Debenture Stock 2017	£25,000,000
5.5% Debenture Stock 2021	£38,000,000
4.05% Private Placement Loan 2028	£50,000,000

Voting structure
Ordinary shares 100%.

*with debenture and loan stocks at book value.

Manager's fee
0.35% per annum based on the value of the investments (including cash) of the Company. There is no performance fee. References to "Manager" in this document mean Investec Asset Management Limited and references to "Portfolio Manager" mean Alastair Mundy.

ISA status
The Company's shares qualify to be held in an ISA.

Typical investor
The portfolio is designed to be of interest to private investors in the UK, including retail investors, professionally advised private clients and institutional investors who seek income and the potential for capital growth from investment primarily in UK markets and who understand and are willing to accept the risks of exposure to equities. Private investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares before acquiring them. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

Association of Investment Companies (AIC): Member

www.templebarinvestments.co.uk

Contents

Summary of results

Assets as at 31 December	**2013 £000**	2012 £000	% change
Net assets	792,070	601,191	31.8

Ordinary shares			
Net asset value per share with debt at book value	1,250.84p	992.86p	26.0
Net asset value per share with debt at market value	1,242.97p	969.00p	28.3
Market price	1,246.00p	1005.00p	24.0
(Discount)/premium with debt at book value	(0.4)%	1.2%	
Premium with debt at market value	0.2%	3.7%	

Revenue for the year ended 31 December	**£000**	£000	
Revenue return attributable to ordinary shareholders	22,274	24,873	
Revenue return per ordinary share	36.17p	41.39p	
Dividends per ordinary share – interim and proposed final	37.75p	36.65p	3.0

Capital for the year ended 31 December			
Capital return attributable to ordinary shareholders	158,704	67,903	
Capital return attributable per ordinary share	257.72p	113.00p	

Net gearing	2.0%	2.0%	
Ongoing charges	0.48%	0.51%	

Total returns for the year to 31 December 2013	%
Return on net assets	31.4
Return on gross assets	27.6
Return on share price	28.1
FTSE All-Share Index	20.8
Change in Retail Prices Index over year	2.7

Dividend yields (net) as at 31 December 2013	%
Yield on ordinary share price (1246p)	3.0
Yield on FTSE All-Share Index	3.3

Directors

John Reeve
John Reeve, Chairman, was appointed a director in 1992. He was formerly executive chairman of the Willis Group, group managing director of Sun Life Assurance Society and a member of the boards of the Association of British Insurers and the International Insurance Society. He is a director of a number of other companies.

Arthur Copple
Arthur Copple was appointed a director in 2011. He has specialised in the investment company sector for over 30 years. He was a partner at Kitcat & Aitken, an executive director of Smith New Court PLC and a managing director of Merrill Lynch. Currently, he acts as an adviser to investment management groups and is a director of a number of other companies.

Richard Jewson*
Richard Jewson was appointed a director in 2001. He first worked in the timber and building material supply industry, becoming managing director of Jewson, the builders' merchants, for twelve years from 1974, and then managing director and chairman of its parent company Meyer International PLC from which he retired in 1993. He is currently chairman of Raven Russia Limited and Tritax Big Box REIT PLC and a non-executive director of other private companies.

June de Moller
June de Moller was appointed a director in 2005. She is a non-executive director of Derwent London PLC and a former managing director of Carlton Communications PLC. She was previously a non-executive director of J Sainsbury PLC, Cookson Group PLC and BT PLC.

Martin Riley
Martin Riley was appointed a director in 2004.
He had 30 years' experience in stockbroking and fund management in the City and is a former director of Henderson Crosthwaite Ltd, Guinness Mahon & Co Ltd and Barlows PLC. He is a director of various private investment companies.

David Webster
David Webster was appointed a director in 2009. His career started in corporate finance at Samuel Montagu before becoming a founder and subsequently chairman of Safeway PLC from which he retired in 2004. He is currently a non-executive director of Amadeus IT Holdings SA. He has a wide range of other business interests including membership of the Appeals Committee of the Panel on Takeovers and Mergers. He was previously chairman of InterContinental Hotels Group PLC and a non-executive director of Reed Elsevier PLC.

All the directors are independent and members of the audit and nomination committees.
* Chairman of the audit committee and Senior Independent Director.

Below, left to right: John Reeve, Martin Riley, June de Moller.
Bottom, left to right: Richard Jewson, David Webster, Arthur Copple.






Management and administration

Manager
Investec Asset Management Limited
Authorised and Regulated by the Financial Conduct Authority
Portfolio Manager, Alastair Mundy
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
Telephone No. 020 7597 2000

Registered office
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA

Secretary
Investec Asset Management Limited, represented by
Martin Slade

Registered number
Registered in England No. 214601

Registrar and Savings Scheme administrator
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone No:
+44 121 415 7047 (overseas shareholder helpline)
0871 384 2432 (shareholder helpline)*
0906 559 6025 (broker helpline)
*Calls cost 8p per minute plus network extras.
Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday.

Independent auditor
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers and custodian
HSBC Bank plc
Poultry
London EC2P 2BX

Stockbrokers
JPMorgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Solicitors
Eversheds LLP
1 Wood Street
London EC2V 7WS

Right: Martin Slade (Secretary)
Far right: Alastair Mundy (Portfolio Manager)

Chairman's statement

Performance

I am pleased to report on another year of good returns for our shareholders. The total return on the net assets of Temple Bar in 2013 was 31.4%, which compares with a total return for the FTSE All Share Index of 20.8%. Temple Bar continues significantly to outperform its benchmark over both 5 and 10 year periods. The total dividend has been increased by 3% and the share price reached a record high during the year.

The investment portfolio is constructed to deliver both capital and income growth but at certain points in the market cycle the balance of returns between capital and income may vary. During 2013 the portfolio manager struggled to identify a sufficient number of attractive investment opportunities in the higher yielding sector of the market in which Temple Bar traditionally invests. The revenue account was also hampered by a change in the accounting treatment of our bond holdings which resulted in a decline in our distributable income. As a consequence, revenue on the portfolio declined by 7.4% compared with the prior year. The Board is comfortable that this short term decline in the relative yield of the portfolio is secondary to the more important objective of delivering superior total returns over the longer term. The immediate impact of this strategy is a shortfall on the 2013 revenue account, such that a small part of the proposed dividend for the current year will be financed from revenue reserves. The Board, however, believes that one of the great benefits of an investment trust vehicle is the ability to make use of accumulated revenue reserves in order to smooth dividend payments over the longer term.

The Board is, therefore, recommending a final dividend of 22.65p, to produce a total dividend for the year of 37.75p, an increase of 3%. The dividend will be payable on 31 March 2014 to shareholders on the register at 14 March 2014. The shares become ex-dividend on 12 March 2014. This is the 30th consecutive year in which the dividend has been increased.

Gearing

In September 2013 the Company completed a £50m private placement loan with the Prudential Insurance Company of America. The loan, which covers a fixed 15 year period until 2028, was concluded at a coupon of 4.05%. It may seem somewhat incongruous for the Company to have taken out a new borrowing facility at the same time that the portfolio manager has highlighted a lack of attractive investment opportunities in the market. I should, therefore, emphasise that an important factor in taking out this additional loan was to secure attractive long term fixed rate funding for the purposes of pursuing the Company's investment objectives over a significant period given, in particular, the prognosis for future interest rate increases. In addition, the new loan forms part of the Board's approach to the Company's overall debt management in the context of its two existing debenture stocks, which expire in 2017 and 2021 respectively. The 4.05% loan contains certain financial covenants which might, if breached, require it to be repaid ahead of the scheduled repayment date in 2028. The principal covenants are set out on page 38.

At the year end, gearing (calculated net of cash and related liquid assets) was 2.0%.

Temple Bar continues significantly to outperform its benchmark over both 5 and 10 year periods. The total dividend has been increased by 3% and the share price reached a record high during the year.

Chairman's statement continued

Share Issues and Repurchases
The Directors have authority to issue new ordinary shares for cash and to repurchase shares in the market. During the year the Company issued 2,771,881 new ordinary shares for a total consideration of £32,590,335 at prices representing a premium to the prevailing net asset value. This demonstrates the continued attractiveness of Temple Bar's shares and has the benefit of keeping the share price premium within acceptable limits. No shares were repurchased during the year.

The Board believes that its policy of share issuance and, if required, share repurchases, has helped to reduce premium/discount volatility and recommends that these authorities be kept in place. Accordingly it is seeking approval from shareholders to renew the share issue and repurchase authorities at the forthcoming Annual General Meeting.

Alternative Investment Fund Managers Directive
The Alternative Investment Fund Managers Directive was enacted in July 2013 although the Company has until 22 July 2014 to comply fully with its requirements. This European Union legislation is an attempt to prevent some of the issues which have occurred as a result of perceived poor oversight of certain aspects of the asset management industry. It requires the Company to appoint an Alternative Investment Fund Manager (AIFM) and a depositary. The depositary will be responsible for overseeing the Company's custody and cash management operations. The Board has agreed in principle to appoint Investec Fund Managers Limited as the Company's AIFM and HSBC as depositary. Further announcements will be made in due course. It is regretted that these obligations will add a modest amount to the Company's cost base.

Retail Distribution Review (RDR)
The Board believes that, following the introduction of RDR at the beginning of the reporting year, investment advisors are increasingly likely to favour, inter alia, those investment trusts which offer a strong investment performance, relatively low ongoing charges and good liquidity in their shares. Temple Bar is well placed to benefit on all these criteria and it is hoped that the Company will continue to be seen as an attractive investment vehicle for both advisors and for underlying retail investors.

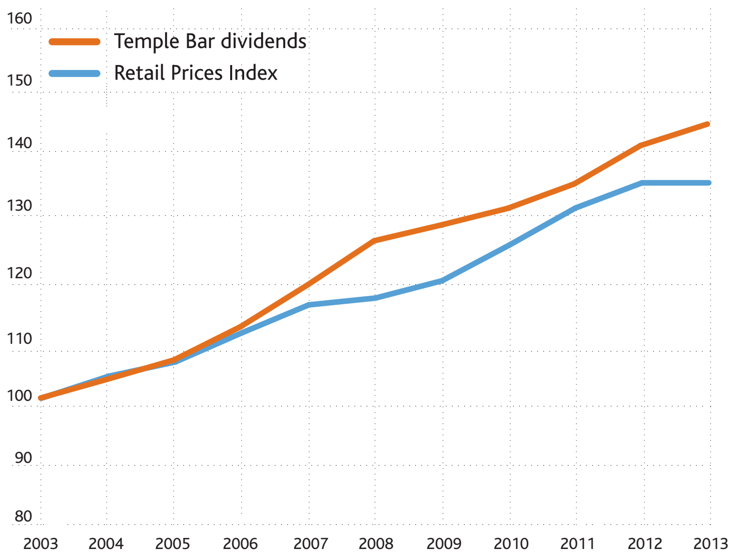
Electronic Communications
At the AGM this year the Board is proposing an ordinary resolution that will, if passed, enable the Company to send or supply documents to shareholders in electronic form such as by email or by means of its website. The intention in so doing is to save printing and postage costs by restricting hard copy documents to those shareholders who positively elect to receive them.

Annual General Meeting
Our AGM will be held at Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA on 24 March 2014 at 11.00 a.m. and I would encourage shareholders to attend. In addition to the formal business of the meeting the portfolio manager, Alastair Mundy, will make a presentation reviewing the past year and commenting on the outlook. He will also be available to answer any questions alongside the Directors. Shareholders who are unable to attend the AGM in person are encouraged to use their proxy vote.

Outlook
The portfolio manager highlights in his report that strong equity markets limited the investment opportunities in 2013. It is very possible that, with investor sentiment high, but the future still looking uncertain, 2014 may bring more volatility and hence more opportunity.

John Reeve
Chairman
12 February 2014

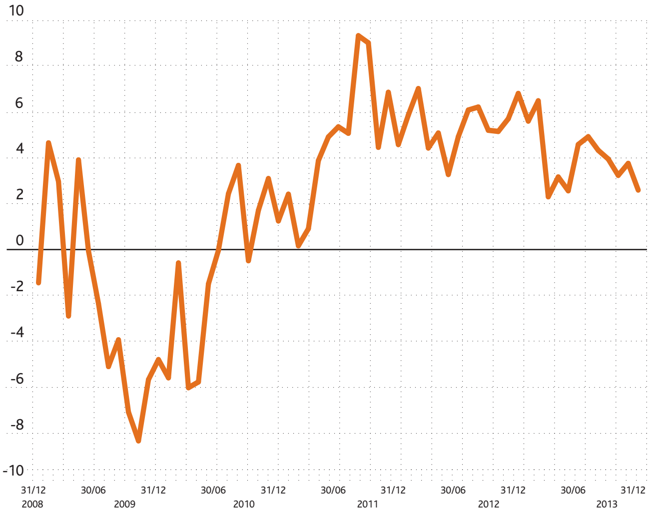
Comparative dividend growth 2003 – 2013
Source: Datastream



Five year performance

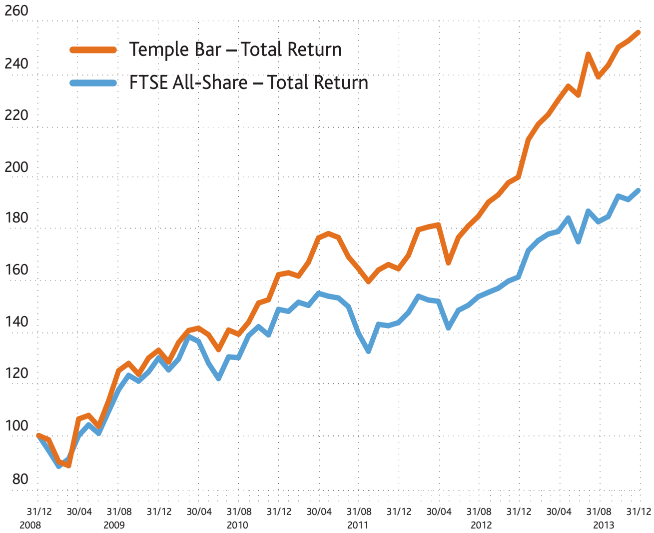
(Discount)/premium to net asset value (excluding current year revenue)

Source: Datastream



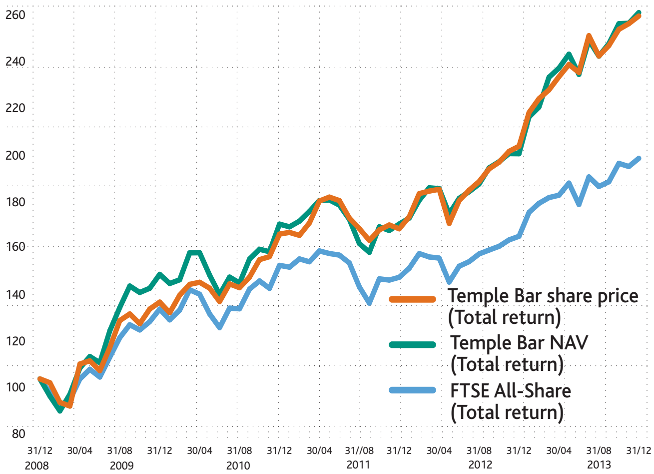
Share price total return

Source: Datastream



Net asset value total return

Source: Datastream



Ten year record

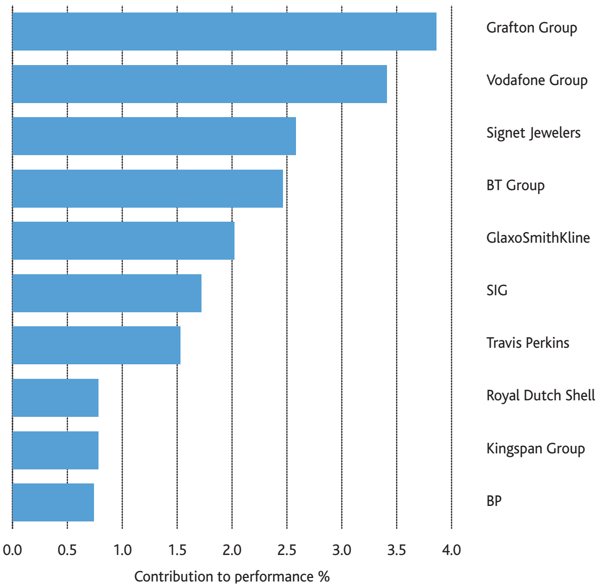
	2004	2005	2006	2007	2008	2009	2010	2011	2012	**2013**
Total assets less current liabilities (£000)	462,254	532,965	598,485	557,712	422,408	553,392	603,444	585,480	664,648	905,775
Net assets (£000)	398,880	469,621	535,128	494,340	359,020	489,988	540,022	522,040	601,191	792,070
Net assets per ordinary share (pence)	688.78	804.96	917.25	847.33	612.76	831.03	915.89	874.42	992.86	1,250.84
Revenue return to ordinary shareholders (£000)	15,851	17,076	17,620	19,361	20,614	20,017	18,915	22,552	24,873	22,274
Revenue return per share (pence)	27.37	29.35	30.20	33.19	35.33	33.98	32.08	38.08	41.39	36.17
Net dividends per share* (pence)	27.02	27.83	29.23	30.98	32.84	33.50	34.20	35.23	36.65	37.75

* Interim and proposed final for the year.

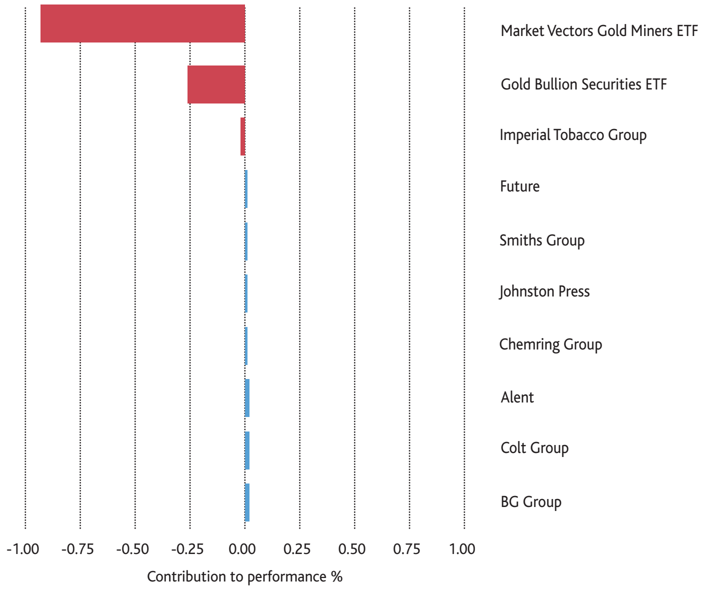
Attribution analysis

Attribution analysis by stocks held in the portfolio
Source: Datastream

Top 10 Contributors



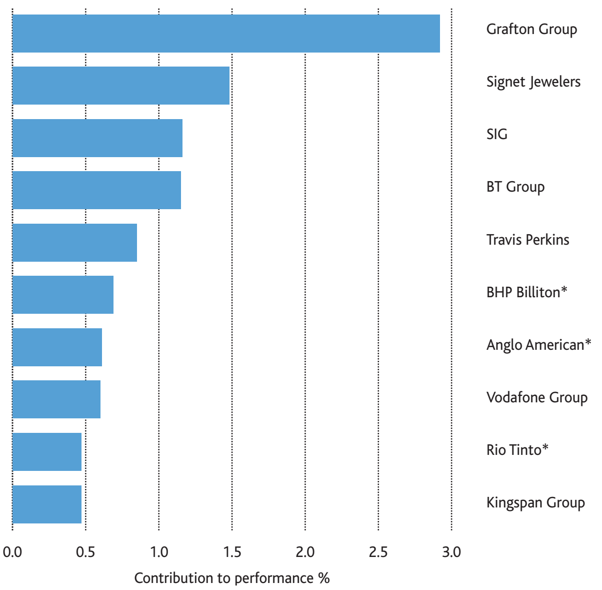
Bottom 10 Contributors



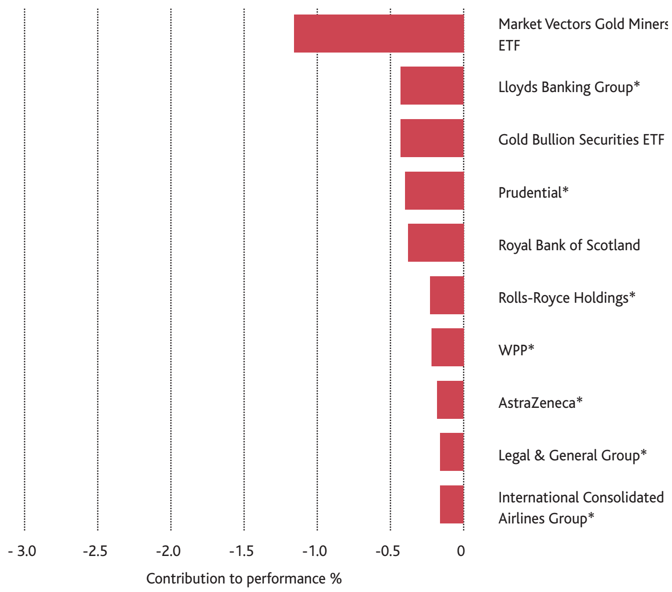
The bar charts above show the top and bottom contributors to total performance during the year from those stocks held in the portfolio.

Attribution analysis relative to the benchmark index
Source: Datastream

Top 10 Contributors



Bottom 10 Contributors



The bar charts above show the top and bottom contributors relative to the performance of the FTSE All Share Index during the year and include the impact of stocks **not** held in the portfolio. Both positive and negative relative performance can be derived from stocks that are not owned by Temple Bar.

* Not held in portfolio

Manager's report

Investors spent much of 2013 guessing the likely actions of the world's central banks, particularly the US Federal Reserve. Each fresh US economic data release was studied carefully for evidence of improvement, and positive news increased expectations that the Federal Reserve would soon rein in its massive bond buying experiment. When first considered by markets in mid-year, this caused a mini sell-off in many assets and stoked concerns over more significant falls. Conventional wisdom dictated that those assets most assisted by large scale bond purchases, would be most vulnerable to a change in policy. The Federal Reserve consequently moved into oratory overdrive to assuage investors' fears, stressing that short-term interest rates would remain low until various indicators, of the Fed's choice, suggested a strong economic recovery. This tactic worked remarkably well, and rather than simply pacifying equity investors, clearly appealed to their animal instincts.

The FTSE All-Share index, the index most relevant to the Temple Bar portfolio, finished the year within a whisker of its all-time high and rose by 16.7% in 2013, although this was outshone by the FTSE 250 index which rose 28.8% and the FTSE Smaller Companies index which rose by 29.6%.

Within the UK equity market, those stocks and sectors most sensitive to developed world economic recovery – for example, media, construction and financial services – were amongst the best places to be invested. Investors were content valuing these companies on optimistic long-term scenarios relative to the Armageddon-like forecasts used just five years earlier. In contrast, commodity related stocks performed very poorly reflecting increased investor scepticism over the durability of Chinese economic growth.

Many companies previously lauded for their stable earnings streams found themselves under the cosh in the second half of the year. This stemmed from concerns over i) increasing bond yields – many of these stocks such as utilities are relatively high yielders and are often valued in comparison with bonds and ii) emerging market weakness – an area previously considered immune from any worries of slowdown. However, there were also specific factors which hampered performance of these defensive sectors. For example, tobacco stocks were held back by the emergence of e-cigarettes, a product which offers smokers both health and financial benefits. Utilities were affected by political posturing amidst debate over aggressive pricing. Mainstream food retailers experienced both upmarket and discount operators aggressively stealing market share and some branded drink and food companies

Within the UK equity market, those stocks and sectors most sensitive to developed world economic recovery – for example, media, construction and financial services – were amongst the best places to be invested.

Manager's report continued

found price increases much harder to push through to consumers.

The performance of the Temple Bar portfolio in 2013 reflected most of these themes. Many of the strongest performers such as Kingspan, Travis Perkins, Grafton and SIG were construction related. It was revealing that this performance was not against a backdrop of increased earnings forecasts, but instead reflected investors' desire to value more highly a largely unchanged earnings stream. Signet Jewelers, one of the portfolio's largest holdings, continued to perform well as the company cemented its position as the leading speciality jewellery company in the US. BT also performed strongly with investors applauding its strategy – a significant u-turn against a few years back when, as an incumbent telecoms company, it was viewed as the whipping boy of the many new competitors in the industry. Vodafone shares rose as investors reconsidered the overall value of the company, particularly once it became clear that its stake in Verizon Wireless was close to crystallization.

The poorest performance on the portfolio by some distance was generated by gold bullion and gold mining shares. It would be easy, but wrong, to blame the meltdown in gold mining shares entirely on the weakness of gold bullion. Gold mining companies have, for years, been too lax on operational costs, too bullish on assumptions used in projects and too eager to commit vast sums to capital expenditure. While we were aware of this, our investment decision was overly swayed by the belief that the gold price was by far the most important factor in these companies' valuations. As illustrated by the miners' share price weakness even when the gold price was rising, this assumption was erroneous.

Meanwhile, the price of gold peaked in the summer of 2011 and fell approximately one-third between autumn 2012 and the end of 2013. Even with hindsight it is often impossible to rationalise price movements: the gold price was incredibly strong between 2000 and 2011 and was therefore probably vulnerable to a correction. This, however, developed into a significant fall as investors became more sceptical as to the likelihood and pace of a reduction in monetary largesse by the Federal Reserve.

With equity markets buoyant as the year ended, one might expect earnings growth to be very strong; however, this is not the case. Earnings downgrades are in the majority in both Europe and the US and earnings growth year on year is flattish. Equities have therefore, in general, moved higher as a consequence of a re-rating of companies' profits. We think that in many cases this re-rating is excessive and that valuations now

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Portfolio distribution %

	Temple Bar portfolio %	FTSE All-Share Index %
Industrials	**16.10**	10.26
Financials	**16.94**	23.92
Health Care	**7.20**	7.27
Oil & Gas	**12.93**	14.40
Telecommunications	**11.00**	7.26
Consumer Services	**8.79**	10.69
Consumer Goods	**10.38**	13.27
Utilities	**1.69**	3.53
Technology	**1.44**	1.61
Basic Materials	**0.70**	7.79
Total Equities	**87.17**	100.00
Fixed Interest	**11.27**	0.00
Cash	**1.56**	0.00
	100.00	100.00

The poorest performance on the portfolio by some distance was generated by gold bullion and gold mining shares.

Manager's report continued

ask too much of these companies' prospects. Frustratingly, we are finding far fewer valuation outliers in current markets than we would typically expect. For example, even in the rabidly expensive market of the late 1990s there were a number of very cheap stocks, stigmatised by their characterisation as 'old economy' stocks. Currently, the dispersion of valuations is much tighter.

As we are often reminded there is little difference between being early and being wrong. So how can we assure shareholders that we are not too early in our relatively cautious views? We can offer no useful answer here. Our approach is based on valuation – not momentum. We buy when we believe shares are cheap and sell when they move to fair value. If we can find nothing cheap to replace what we have sold, we will wait patiently with cash and short-dated bonds until we can. If this requires extreme patience, so be it. The alternative is to fine-tune our exposure to the market through use of momentum indicators. We are uncomfortable with this approach as it is impossible to use in tandem with our valuation beliefs. However hard we try, we find ourselves unable to hold an expensive stock simply because it appears to have the wind behind it.

As always, we must consider why our views may be incorrect. Perhaps company profits have reached a higher plateau and our assumptions of normalised profits are too low. If so, companies are definitely worth more, but we can find no great reason why a greater percentage of the economic pie should now be permanently allocated to the corporate sector. Capitalism should ensure that competition will increase to drive profit margins back down or costs, most likely labour costs and/or taxes, will move higher to elicit the same effect.

Many investors seem to be drawn to equities as the least ugly asset class. With bonds seemingly friendless, where else is there, they say, to invest? What's more, as the market has ground higher in-line with the wishes of central banks many investors have thought it increasingly unwise to 'fight the Fed'. We are doubtful that the best way to make money is to invest in an asset because it looks less egregiously priced than alternatives.

Portfolio activity levels have been reasonably low this year. During the period we reduced the portfolio's exposure to building and construction related stocks through the complete sale of Travis Perkins and partial sales of Grafton Group and SIG. Whilst we believe that the market's long-term profit expectations for these companies are realistic, the companies' valuations are less forgiving and, therefore, leave the shares vulnerable to any disappointing news. Similarly, large positions in Unilever, BT and Signet Jewelers were reduced.

Some of the proceeds of the new share issuance, and the additional loan taken out during the year, were invested in larger companies such as BP, Royal Dutch Shell and HSBC. These companies have been out of favour for many years and now trade on low valuations relative to the market. All three have cost cutting opportunities on which to focus as well as an apparent desire to improve capital allocation. Success in these areas could drive increases in profitability, cashflow and higher valuations. While we are waiting, the dividend yields on all three shares are a significant boost to the revenue account.

Two acquisitions were made of companies at the lower end of the market capitalisation we consider. Defence company Chemring had lost favour with investors post a multi-year acquisition binge which ended in profit warnings, management departures and a growing level of indebtedness. Our analysis suggests that the new management has the opportunity to restructure both the company's operations and its finances and to restore higher levels of profitability to the company.

We also purchased a REIT, Green Property. This new issue specifically targets Irish commercial property following very significant falls in value from their peak. With the Irish economy apparently stabilising, prime

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Manager's report continued

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commercial property offers attractive yields at depressed prices.

It is always tempting to shoot the dogs in the portfolio but we see a number of reasons to retain, and even increase, our gold exposure. Whilst the market now sees the end of large scale bond buying, the process is only just starting. Slightly fewer bonds than previously are now being purchased each month by the Federal Reserve; a number of stars must align before purchases are eliminated entirely. For example, the authorities continue to keep a keen eye on the worrying lack of inflation. If this moves ever lower, a surprise reversal of tapering may be required. This could lead to renewed interest in gold.

Alternatively, the prospect of higher than expected inflation is worthy of consideration. Central bankers continue to prefer the risk of generating too much rather than too little inflation, remaining confident that the former would be easier to control. This view could return to haunt them and under this scenario gold's attractions would be increased.

Gold provides us with some protection against the failure of current policy to return the US and other major economies to full health. This insurance policy is well worth retaining despite (or perhaps because of) its non-consensual nature in current markets.

Gold shares are a tougher call. Company management recognizes that operational changes are required and that cash generation is of major importance to shareholders. Sentiment towards gold mining shares is currently so poor that we believe there is little in the price for either an improvement in operational performance or stability in the gold price.

We remain concerned that we have not yet seen the full effects of the new-fangled monetary policy introduced in the last five years and worry that some of the unintended consequences may more than cancel out the apparent positives. The global financial crisis of 2008 was blamed to a large extent on the high amount of debt in developed economies. Much of this debt remains and can only be significantly reduced via unpleasant outcomes such as inflation, taxation or default. We believe financial markets remain vulnerable to reasonably small changes in certain variables such as interest rates, economic growth or inflation.

Typically, we would accept these unknown macro-economic outcomes as the risks equity investors must bear to generate decent returns. However, at this juncture we believe equity valuations discount the most bullish scenarios. Whilst we remain happy with the stocks we own, and content as long-term investors, we look forward to more attractive opportunities to use the liquidity within the portfolio.

Alastair Mundy
For Investec Asset Management Limited
12 February 2014

Portfolio of investments

Company	Supersector	Place of primary listing	**Valuation £000**	% of portfolio
UK Treasury 2.25% 2014 Held in the portfolio in lieu of cash	Fixed Interest	UK	**82,915**	9.32
HSBC HSBC Holdings is one of the world's largest banks. It is the leading international banking group in Asia (ex Japan) with a strong presence in the Middle East, North and South America and the UK. Approximately 2/3 of pre-tax profits are from Asia and emerging markets.	Financials	UK	**68,340**	7.68
Royal Dutch Shell Royal Dutch Shell is a global oil and gas company. It is the largest energy company and is one of the six oil and gas "supermajors". It is vertically-integrated and is active in every area of the oil and gas industry, including exploration and production, refining, distribution and marketing, petrochemicals, power generation and trading.	Oil & Gas	UK	**66,688**	7.50
Vodafone Vodafone is one of the world's leading mobile telecommunications companies by revenue, with a significant presence in Europe, the Middle East, Africa and Asia Pacific. The company is currently in the process of selling its 45% interest in Verizon Wireless. The majority of the proceeds will be distributed to shareholders.	Telecommunications	UK	**65,510**	7.37
GlaxoSmithKline GlaxoSmithKline is a global health care company with leading positions in large therapeutic areas such as respiratory, anti-infectives, diabetes and central nervous system disorders. The company has a consumer health division that markets a number of over-the-counter oral health and other health care products. GlaxoSmithKline has one of the largest pipelines of new drugs and innovative vaccines in the industry. Its pipeline is now beginning to deliver a number of drugs and emphasis is increasingly placed on innovation.	Health Care	UK	**65,109**	7.32
Signet Jewelers Signet is the world's largest specialist jewellery retailer and is the clear market leader in both the UK and the US. The group operates over 500 stores in the UK, where it trades under the Ernest Jones, Leslie Davis and H Samuel brands. The US operations are larger, accounting for more than 80% of sales and profits, with a total of about 1,300 stores. In the US, Signet operates the largest mall-based chain, Kay, and also the leading off-mall jewellery superstore concept, Jared. Offering best-in-class store standards and an increasingly differentiated product range, Signet continues to win market share in the US and retains significant scope for further growth.	Consumer Services	USA	**52,664**	5.92
BP BP is a global oil and gas company and is one of the six oil and gas "supermajors". It is vertically-integrated and is active in every area of the oil and gas industry, including exploration and production, refining, distribution and marketing, petrochemicals, power generation and trading.	Oil & Gas	UK	**44,141**	4.96

Portfolio of investments continued

Company	Supersector	Place of primary listing	**Valuation £000**	% of portfolio
Grafton Group Grafton is a distributor of building products that operates across the British Isles and also has a small Belgian and a very small Polish business. The group operates from about 500 sites in the UK, and this is by far its most important market, accounting for 75% of sales and almost all of current profits. The group's origins lie in Ireland, where it is very clearly the largest builder's merchant, with its 100 sites and estimated 30% market share making it four times the size of the next largest operator. Grafton also has a significant presence in the Irish DIY market, where it is even more dominant, accounting for over 60% of big box DIY space. Builder's merchants operate in a structurally attractive market, with deep economic "moats" existing and there are no obvious threats to the business model. Therefore, whilst the group's profitability in the UK and, especially, Ireland is currently depressed, there is no reason to believe that the far higher profits generated in better economic times will not be revisited, once the economic cycle begins to turn.	Industrials	UK	**42,315**	4.76
BT Group BT is one of the largest telecommunications services companies in the world and is the UK incumbent operator for fixed line telecom services. Through its BT Global Services division it is a leading supplier of telecommunications services to corporate and government customers worldwide and its BT Retail division is a leading supplier of telephony, broadband and subscription television services in the UK, with over 18 million customers.	Telecommunications	UK	**33,312**	3.75
British American Tobacco BAT is one of the world's largest tobacco groups with over 200 brands and leadership in more than 60 markets. The company's leading brands are Dunhill, Kent, Lucky Strike and Pall Mall. BAT derives over half of its net turnover from developing markets.	Consumer Goods	UK	**27,297**	3.07
Top Ten Investments			**548,291**	**61.65**
SIG	Industrials	UK	**25,842**	2.91
Unilever	Consumer Goods	UK	**23,740**	2.67
QinetiQ	Industrials	UK	**23,519**	2.65
Royal Bank of Scotland	Financials	UK	**20,023**	2.25
Direct Line Insurance	Financials	UK	**18,433**	2.07
Centrica	Utilities	UK	**15,233**	1.71
Avon Products	Consumer Goods	USA	**14,879**	1.67
Carnival	Consumer Services	UK	**14,581**	1.64
Kingspan	Industrials	UK	**14,240**	1.60
Chemring	Industrials	UK	**13,010**	1.46
Top Twenty Investments			**731,791**	**82.28**

Portfolio of investments continued

Company	Supersector	Place of primary listing	**Valuation £000**	% of portfolio
Computacenter	Technology	UK	**12,983**	1.46
Imperial Tobacco	Consumer Goods	UK	**12,864**	1.45
CRH	Industrials	UK	**11,970**	1.35
Serco	Industrials	UK	**11,756**	1.32
Carrefour	Consumer Goods	France	**11,666**	1.31
Green REIT	Financials	Ireland	**10,565**	1.19
UK Commercial Property Trust	Financials	UK	**9,987**	1.12
Go-Ahead	Consumer Services	UK	**9,470**	1.06
Gold Bullion Securities ETF	Financials	UK	**9,095**	1.02
Land Securities REIT	Financials	UK	**8,052**	0.91
Top Thirty Investments			**840,199**	**94.47**
British Land REIT	Financials	UK	**7,797**	0.88
BG	Oil & Gas	UK	**5,972**	0.67
Nationwide 7.971% 2015 Variable Perpetual	Fixed Interest	UK	**5,715**	0.64
Market Vectors Gold Miners ETF	Basic Materials	USA	**5,702**	0.64
Games Workshop	Consumer Goods	UK	**3,349**	0.38
Nationwide 6.0% 2016 Variable Perpetual	Fixed Interest	UK	**3,038**	0.34
Hammerson 6.875% 2020	Fixed Interest	UK	**2,958**	0.33
Future	Consumer Services	UK	**2,219**	0.25
Compass 7% 2014	Fixed Interest	UK	**2,107**	0.24
Vodafone 4.625% 2014	Fixed Interest	UK	**2,048**	0.23
Top Forty Investments			**881,104**	**99.07**
HSBC 8.208% 2015 Variable	Fixed Interest	UK	**1,081**	0.12
St. Ives	Industrials	UK	**1,065**	0.12
RSA Insurance 6.701% 2017 Variable Perpetual	Fixed Interest	UK	**1,022**	0.12
Aviva 2020 5.9021% FRN Perpetual	Fixed Interest	UK	**956**	0.11
Royal Mail	Industrials	UK	**928**	0.10
Morgan Sindall	Industrials	UK	**869**	0.10
Lloyds Banking Group – preference shares	Financials	UK	**732**	0.08
Alent	Basic Materials	UK	**634**	0.07
Colt Group SA	Telecommunications	UK	**530**	0.06
Johnston Press	Consumer Services	UK	**464**	0.05
Top Fifty Investments			**889,385**	**100.00**
Total Valuation of Portfolio			**889,385**	**100.00**

Strategic report

The directors present the strategic report for the Company for the year ended 31 December 2013.

The strategic report is designed to replace and enhance reporting previously included in the Business Review section of the Report of the Directors. Its purpose is to help shareholders assess how the directors have performed their duty to promote the success of the Company during the year under review.

Business of the Company

Temple Bar Investment Trust PLC was incorporated in 1926 with the registered number 214601.

The Company carries on business as an investment company under Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010.

The Company's principal business activity of investment management is sub-contracted to Investec Asset Management Limited ('IAM') under the ultimate supervision of the board of directors.

A review of the business is given in the Chairman's Statement and the Manager's Report. The results of the Company are shown on page 31.

Investment objective and policy

The Company's investment objective is 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.

The UK equity element of the portfolio will be mostly invested in the FTSE All-Share Index; however, exceptional positions may be sanctioned by the Board and up to 20% of the portfolio may be held in listed international equities in developed economies. The Company may continue to hold securities that cease to be quoted or listed if the Manager considers this to be appropriate. There is an absolute limit of 10% on individual stocks with a maximum exposure to a specific industrial or commercial sector of 25%, in each case irrespective of their weightings in the benchmark index.

It is the Company's policy to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

The Company maintains a diversified portfolio of investments, typically comprising 70-80 holdings, but without restricting the Company from holding a more or less concentrated portfolio from time to time as circumstances require.

The Company's long-term investment strategy emphasises:

- Achieving a portfolio yield of between 120-140% of that of the FTSE All-Share Index.
- Stocks of companies that are out of favour and whose share prices do not match the Manager's assessment of their longer term value.

During the year the portfolio yield was lower than the above target for the reasons set out in the Chairman's Statement on page 4.

From time to time fixed interest holdings or non equity interests may be held for yield enhancement and other purposes. Derivative instruments are used in certain circumstances, and with the prior approval of the Board, for hedging purposes or to exploit a specific investment opportunity.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's net gearing range may fluctuate between 0% and 30%, based on the current balance sheet structure, with an absolute limit of 50%.

As a general rule it is the Board's intention that the portfolio should be reasonably fully invested. An investment level of 90% of shareholder funds is regarded as a guideline minimum investment level dependent on market conditions.

Risk is managed through diversification of holdings, investment limits set by the Board and appropriate financial and other controls relating to the administration of assets.

Investment approach

The investment approach of the Manager is premised on a contrarian view on the timing of buy and sell decisions, buying the shares of companies when sentiment towards them is thought to be near its worst and selling them as fundamental profit improvement and/or re-evaluation of their long-term prospects takes place.

The belief is that repeated investor behaviour in driving down the prices of 'out of favour' companies to below their fair value will offer investment opportunities. This will allow the Company to purchase shares at significant discounts to their fair value and to sell them as they become more fully valued, principally as a result of predictable patterns in human psychology.

The Manager's process is designed to produce 'best ideas' to drive active fund management within a rigorous control framework. The framework begins through narrowing down the universe of stocks by passing those companies with a market capitalisation above £100 million through a screening process which highlights the weakest performing stocks. This isolates opportunities with attractive sentiment characteristics which are then in turn scrutinised in greater detail to identify investment opportunities.

The process is very much bottom up and can result in large sector positions being taken if enough stocks of sufficient interest are found within a single sector. However, top down risk analysis is undertaken to identify potential

Strategic report continued

concentration of risk and to factor this awareness into portfolio construction. The portfolio comprises stocks which have been purchased for different reasons and at different times. In general, because of the bottom up approach to stockpicking, each of these reasons is independent of the other and the portfolio, therefore, is not excessively vulnerable to longer term macro trends. Cash is a residual of the process and normally will not exceed 5% of the portfolio value.

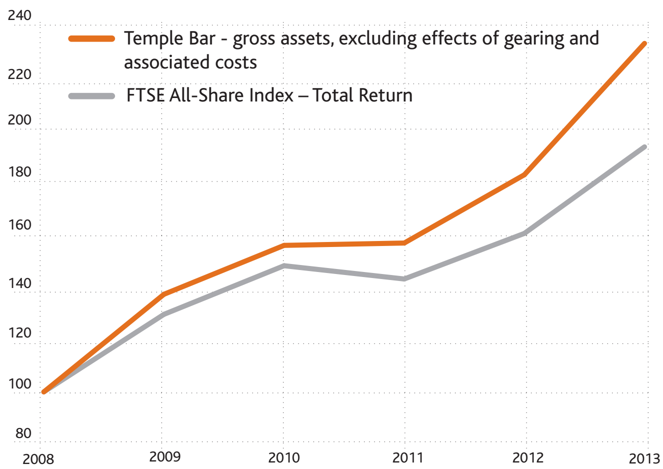
The approach to stock selection and portfolio construction is driven by four core beliefs:

1. Markets overreact to news on the upside and the downside. The Manager aims to be sceptical of the crowd and aware of investor psychology, which often causes overvaluation of those stocks that are deemed to have good prospects and an undervaluation of those which are out of favour.
2. There are few companies which sustain below normal profits over the longer term. Weaker companies tend to leave an industry, thus improving the balance of supply and demand, are bid for or management is changed. Similarly, there are few companies which can sustain supernormal profits over the longer term. Such profits tend to be competed or regulated away.
3. Fundamental valuation is the key determinant of stock prices over the long term. In other words 'cheap' stocks will outperform 'expensive' stocks.
4. Diversification is an important control. Particular companies or sectors can be out of favour for a considerable time.

Performance

In the year to 31 December 2013 the net asset value total return of the Company was 31.4% compared with a total return of the Company's benchmark index of 20.8%. The effect of removing gearing from the performance calculation is shown in the following graph of investment performance over a five year period compared with the FTSE All-Share Index. The Chairman's Statement on pages 4 to 5 and the Manager's Report on pages 8 to 11 include a review of developments during the year together with information on investment activity within the Company's portfolio and an assessment of future developments.

Ungeared 5 year performance



Key performance indicators

The principal key performance indicators ('KPIs') used to determine the progress and performance of the Company over time, and which are comparable to those reported by other investment trusts, are:

- Net asset value total return relative to the FTSE All-Share Index
- Discount/premium on net asset value
- Earnings and dividends per share
- Ongoing charges

While some elements of performance against KPIs are beyond management control they provide measures of the Company's absolute and relative performance and are, therefore, monitored by the Board on a regular basis.

Net asset value ('NAV') total return

In reviewing the performance of the assets of the Company's portfolio the Board monitors the net asset value in relation to the FTSE All-Share Index. During the year the net asset value total return of the Company was 31.4% compared with a total return of 20.8% by the FTSE All-Share Index.

Discount on net asset value

The Board monitors the premium/discount at which the Company's shares trade in relation to the net assets. During the year the shares traded at an average premium to NAV of 3.5%. This compares with an average premium of 4.6% in the previous year. The Board and Manager closely monitor both movements in the Company's share price and significant dealings in the shares. In order to avoid substantial overhangs or shortages of shares in the market the Board asks shareholders to approve resolutions which allow for the buy back of shares and their issuance which can assist in the management of the discount or premium. Regular demand generated by monthly investment in the Savings Scheme and the use of marketing and promotional activity also assist in keeping the discount to an acceptable level.

Earnings and dividend per share

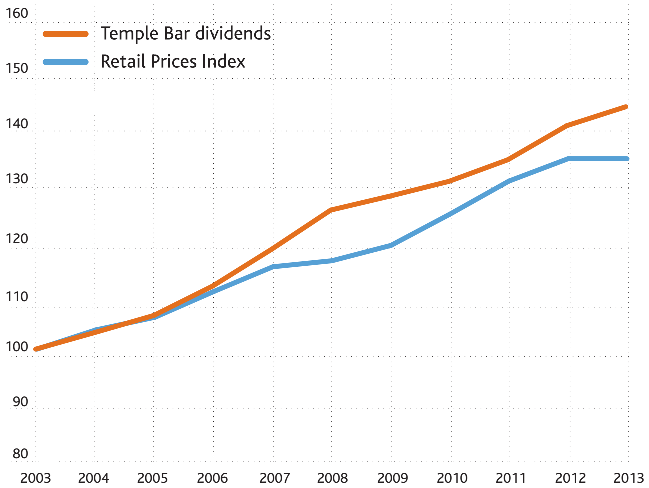
It remains the directors' intention to distribute, over time, by way of dividends substantially all of the Company's net revenue income after expenses and taxation, subject to preserving a prudent balance in revenue reserves to facilitate a smooth dividend progression. The Manager aims to maximise total returns from the portfolio and attaches great importance to dividends in achieving total return.

The portfolio will typically provide a yield premium to the market. The final dividend recommended for the year is 22.65p per ordinary share which brings the total for the year to 37.75p per ordinary share, an increase of 3.0%. This will be the 30th consecutive year in which the Company has increased the overall level of its dividend payment.

Strategic report continued

10 year comparative dividend growth

Source: Datastream



Ongoing charges

Ongoing charges is an expression of the Company's management fees and all other operating expenses as a percentage of average daily net assets over the year. The ongoing charges for the year ended 31 December 2013 were 0.48% (2012: 0.51%). The Board compares the Company's ongoing charges with those of its peers on a regular basis. At the present time the Company has one of the lowest ongoing charges in the UK Equity Income sector of investment trust companies.

Principal risks and uncertainties

With the assistance of the Manager the Board has drawn up a risk matrix which identifies the key risks to the Company. The Board reviews and agrees policies, which have remained unchanged since the beginning of the accounting period, for managing these risks, as summarised below.

Investment strategy risk

An inappropriate investment strategy on matters such as asset allocation or the level of gearing may lead to underperformance against the Company's benchmark index or peer companies, resulting in the Company's shares trading on a wider discount. The Board manages such risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on by the Manager. The Manager provides the directors with regular management information including absolute and relative performance data, attribution analysis, revenue estimates, liquidity reports, risk profile and shareholder analysis. The Board monitors the implementation and results of the investment process with the portfolio manager, who attends Board meetings. Periodically the Board holds a separate meeting devoted to strategy, the most recent being in March 2013.

Income risk – dividends

Generating the necessary level of income from portfolio investments to meet the Company's expenses and to provide adequate reserves from which to base a sustainable programme of increasing dividend payments to shareholders is subject to the risk that income generation from investments fails to meet the level required. The Board monitors this risk through the receipt of detailed income reports and forecasts which are considered at each meeting. As at 31 December 2013 the Company had distributable revenue reserves of £33.120 million before declaration of the final dividend for 2013 of £14.343 million.

Share price risk

The Company's share price and premium or discount to NAV are monitored by the Manager and considered by the Board at each meeting. Some short-term influences over the premium or discount may be exercised by share issuance or the use of share repurchases at acceptable prices; however, market sentiment is beyond the absolute control of the Manager and the Board.

Accounting, legal & regulatory

In order to qualify as an investment trust the Company must comply with Section 1158 of the Corporation Tax Act 2010. Were the Company to breach Section 1158 it might lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to capital gains tax. The Section 1158 qualification criteria are, therefore, monitored by the Board at each meeting.

The Company must also comply with the provisions of the Companies Act and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules. A breach of the Companies Act could result in the Company being fined or subject to criminal proceedings. Breach of the UKLA Listing Rules could result in the Company's shares being suspended from Listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, IAM, and its professional advisers to ensure compliance with the Companies Act and the UKLA Listing Rules and is satisfied that they are able to provide an appropriate service in this regard.

Corporate governance and shareholder relations

Details of the Company's compliance with corporate governance best practice including information on relations with shareholders, are set out in the corporate governance report on pages 23 to 25 which forms part of this strategic report.

Strategic report continued

Control systems risk
Disruption to, or failure of, IAM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position or adversely impact the ability to trade. Details of how the Board monitors the services provided by IAM and its associates and the key elements designed to provide effective internal control are included within the internal control section of the corporate governance report on pages 23 to 25.

Other risks
Other risks to which the Company is exposed and which form part of the market risks referred to above are included in note 22 to the financial statements together with summaries of the policies for managing these risks. These comprise; market price risk, interest rate risk, liquidity risk, credit risk and currency risk.

The Board confirms that there is an ongoing process for identifying, evaluating and managing strategic and operational risks. This process is regularly reviewed by the Board in accordance with the Turnbull guidance on internal controls.

Gender Diversity
At the year end there were five male directors and one female director on the Board. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

The Company's policy on diversity is detailed in the Corporate Governance Report on pages 23 to 25.

Greenhouse Gas Emissions
All the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations.

Employee, Social, Environmental, Ethical and Human Rights Policy
The Company is managed by IAM, has no employees and all its directors are non-executive. There are, therefore, no disclosures to be made in respect of employees. The Board notes the IAM policy statement in respect of Social, Environmental and Human Rights issues, as outlined below.

Stewardship/engagement
The Manager recognises its wider stewardship responsibilities to its clients as a major asset owner. To this end, it supports the FRC Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies. Under the Code, managers should:
- publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;
- disclose their policy on managing conflicts of interest;
- monitor their investee companies;
- establish clear guidelines on how they escalate engagement;
- be willing to act collectively with other investors where appropriate;
- have a clear policy on proxy voting and disclose their voting record; and
- report to clients.

The Manager endorses the Stewardship Code for its UK investments and supports the principles as best practice elsewhere. The Manager believes that regular contact with the companies in which it invests is central to its investment process and it also recognises the importance of being an 'active' owner on behalf of its clients.

The Manager believes that companies should act in a socially responsible manner. Although its priority at all times is the best economic interests of its clients, it recognises that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within IAM's environmental, social and governance team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry.

The Manager's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from its website.

Future developments
The future development of the Company is dependent on the success of its investment strategy in the light of economic and equity market developments. The outlook is discussed in the Chairman's Statement on page 4.

By order of the Board of Directors
John Reeve
Chairman
12 February 2014

Report of the directors

The directors present their report and accounts for the year ended 31 December 2013.

MANAGEMENT OF THE COMPANY

The Company has a management agreement with IAM for the provision of investment management, secretarial, accounting and administrative services. The agreement is subject to one year's notice of termination by either party.

IAM receives an investment management fee of 0.35% per annum, payable quarterly, based on the value of the investments (including cash) of the Company. Investments in funds managed by IAM are wholly excluded from this charge.

IAM's performance under the contract and the contract terms are reviewed at least annually. This covers, inter alia, the performance of the Manager, their management processes, investment style, resources and risk controls. The Board endorses the investment approach adopted by the Manager, recognising that while the contrarian style can sometimes lead to short-term periods of underperformance it usually delivers good investment returns over a longer term. The Company's performance over three and five year periods relative to both its benchmark and its peer group has been excellent. In addition, the portfolio has produced high and growing dividend income to shareholders. In the opinion of the directors the continued appointment of the Manager on the terms set out above is, therefore, in the best interests of shareholders.

GOING CONCERN

The directors have reviewed the going concern basis of accounting for the Company. The Company's assets consist substantially of equity shares in listed companies and in most circumstances are realisable within a short timescale. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts.

ORDINARY DIVIDENDS

An interim dividend of 15.10p per ordinary share was paid on 30 September 2013 (2012: 14.65p) and the directors are recommending a final dividend of 22.65p per ordinary share (2012: 22.00p), a total for the year of 37.75p (2012: 36.65p). Subject to shareholders' approval, the final dividend will be paid on 31 March 2014 to shareholders on the register on 14 March 2014.

ISAs

The Company has conducted its investment policy so as to remain a qualifying investment trust under the ISA regulations. It is the intention of the Board to continue to satisfy these regulations.

SHARE CAPITAL

During the year 2,771,881 ordinary shares of 25p were allotted fully paid for a total consideration of £32,590,335 at prices representing a premium to the prevailing net asset value.

Section 992 of the Companies Act 2006

The following information is disclosed in accordance with Section 992 of the Companies Act 2006.

Capital Structure

The Company's capital structure is summarised on page 41. Since the year end a further 100,000 ordinary shares have been issued taking the total number of ordinary shares in issue to 63,423,248 as at 12 February 2014.

Voting Rights in the Company's Shares

The voting rights at 31 December 2013 were:

Share class	Number of shares issued	Voting rights per share	Total voting rights
Ordinary shares of 25p each	63,323,248	1	63,323,248

As at 12 February 2014, the share capital of the Company and total voting rights was 63,423,248. Deadlines for the exercise of voting rights and details of arrangements by which someone other than the registered shareholder can exercise voting rights are detailed in the Notes to the Notice of Meeting on page 48. The Company's ordinary shares have a Premium listing on the London Stock Exchange.

DIRECTORS

The directors of the Company who held office at the end of the year are detailed on page 2. No other person was a director during any part of the year. Details of directors' beneficial shareholdings may be found in the Report on directors remuneration on page 22.

All the directors will be retiring in compliance with the provisions of the AIC Code and, each being eligible, the Board recommends their re-election. In making these recommendations the Board has carefully reviewed the composition of the Board as a whole and borne in mind the need for a proper balance of skills and experience. The Board does not believe that length of service of itself detracts from the independence of a director, particularly in relation to an investment trust, and on that basis considers that all directors standing for re-election are independent. It is confirmed that, following formal evaluation, the performance of each director continues to be effective and each continues to demonstrate commitment to the role.

There were no contracts subsisting during or at the end of the year in which a director of the Company is or was interested and which are or were significant in relation to the Company's business. No director has a service contract with the Company.

Report of the directors continued

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013 and 12 February 2014 the following were registered or had indicated an interest in 3% or more of the issued ordinary shares of the Company.

	%
Brewin Dolphin Ltd	11.2
Alliance Trust Savings Ltd	8.6
Speirs & Jeffrey Ltd	6.5
Temple Bar Savings Scheme	5.4
Investec Wealth & Investment Ltd	5.0
AXA SA	3.1

DISCLOSURE OF INFORMATION TO AUDITOR

The directors are not aware of any relevant information of which the auditor is unaware and have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

A resolution to re-appoint Ernst & Young LLP as auditor to the Company will be proposed at the Annual General Meeting on 24 March 2014.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting of the Company to be held on 24 March 2014 is on page 46. In addition to the ordinary business the following matters are proposed as special business.

Authority to allot shares and disapplication of pre-emption rights

It is proposed that the directors be authorised to allot up to £1,585,581 of relevant securities in the Company (equivalent to 6,342,324 ordinary shares of 25p each, representing 10.0% of its ordinary shares in issue as at 12 February 2014).

When shares are to be allotted for cash, the Companies Act 2006 requires such new shares to be offered first to existing shareholders in proportion to their existing holdings of ordinary shares. However, in certain circumstances, it is beneficial to allot shares for cash otherwise than pro rata to existing shareholders and the ordinary shareholders can by special resolution waive their pre-emption rights. Therefore, a special resolution will be proposed at the AGM which, if passed, will give the directors the power to allot for cash equity securities up to an aggregate nominal amount of £1,585,581 (equivalent to 6,342,324 ordinary shares of 25p each or 10.0% of the Company's existing issued ordinary share capital).

The directors intend to use this authority to issue new shares to participants in the Temple Bar Investment Trust Savings Scheme or to other prospective purchasers whenever they believe it may be advantageous to shareholders to do so. Any such issues would only be made at prices greater than net asset value, as adjusted for the market value of the Company's debt and would, therefore, increase the assets underlying each share. The issue proceeds would be available for investment in line with the Company's investment policy.

No issues of shares will be made which would alter the control of the Company without the prior approval of shareholders in general meeting.

Directors' authority to purchase the Company's own shares

The directors consider it desirable to give the Company the opportunity to buy back shares in circumstances where the shares may be bought for a price which is below the net asset value per share of the Company. The purchase of ordinary shares is intended to reduce the discount at which ordinary shares trade in the market through the Company becoming a new source of demand for ordinary shares. The rules of the UK Listing Authority provide that the maximum price which can be paid by the Company is 5% above the average of the market value of the ordinary shares for the five business days before the purchase is made.

Electronic Communications

A special resolution is proposed to seek general authority from shareholders to send or supply documents or information to shareholders in electronic form (e.g. by email) or by means of a website, so taking advantage of company legislation regarding electronic communications with shareholders.

Recommendation

The Board considers the resolutions to be proposed at the AGM to be in the best interests of the Company and its members as a whole. Accordingly, the directors unanimously recommend that shareholders should vote in favour of the resolutions to be proposed at the AGM, as they intend to do so in respect of their own beneficial holdings, amounting to 105,845 ordinary shares.

By order of the Board of Directors
John Reeve
Chairman
12 February 2014

Report on directors' remuneration

The Board presents the report on directors' remuneration for the year ended 31 December 2013 which has been prepared in accordance with Section 421 of the Companies Act 2006. The report now comprises a policy report, which is subject to a triennial binding shareholder vote, and a remuneration policy implementation report, which will be subject to an annual advisory vote. The future remuneration policy, which is subject to a binding vote, is set out in the future policy table on this page.

The law requires the Company's auditor to audit certain parts of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on page 29.

DIRECTORS' REMUNERATION POLICY REPORT

The Company does not have any executive directors and, as permitted under the Listing Rules, has not, therefore, established a remuneration committee. Remuneration of non-executive directors is viewed as a decision of the Board, subject to any shareholder approvals which may be necessary. The Company's Articles of Association currently state that the Board shall determine the rate at which directors shall be paid, provided that the aggregate of all such fees shall not exceed £250,000 p.a. This does not include any sums paid to directors that are not classed as remuneration, e.g. expense reimbursements. The limit on the aggregate amount of directors' fees paid is subject to the approval of shareholders by an ordinary resolution.

The level of directors' fees is determined with reference to a range of factors including the remuneration paid to the directors of other investment trusts, comparable in terms of both size and investment characteristics, and the rate of inflation. The Manager of the Company compiles such analysis as part of the management and secretarial services provided to the Company. These data, together with consideration of any alteration in non-executive directors' responsibilities, are used to review whether any change in remuneration is necessary. No other external advice is taken in considering such fees.

It is the Company's policy that no director shall be entitled to any performance related remuneration, benefits in kind, long-term incentive schemes, share options, pensions or other retirement benefits or compensation for loss of office. None of the Directors has a service contract with the Company.

The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting directors' pay.

Consideration of Shareholders' Views

An ordinary resolution to approve the remuneration report is put to shareholders at each AGM, and shareholders have the opportunity to express their views and raise any queries in respect of remuneration policy at this meeting. To date, no shareholders have commented in respect of remuneration policy.

In accordance with recent changes to the Companies Act 2006, the Company is required to seek shareholder approval of its remuneration policy. Consequently an ordinary resolution for the approval of the remuneration policy as set out above and in the future policy table below will be put to members at the forthcoming AGM. It is the intention of the Board that the policy on remuneration will continue to apply for the next three financial years to 31 December 2016.

This will be the first year that a binding vote is put to shareholders in respect of the Company's remuneration policy. In previous years, the remuneration report has been subject to an advisory vote by shareholders. At the Company's last AGM, held on 25 March 2013, 99.98% of votes cast were in favour of the resolution to approve the Directors' remuneration report in respect of the year ended 31 December 2012.

Future policy table

Purpose and link to strategy	Fees payable to directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key committees should be paid higher fees than other directors in recognition of their more demanding roles. Fees should reflect the time spent by directors on the Company's affairs and the responsibilities borne by the directors.
Description	Current levels of fixed annual fee:- Chairman – £32,750 Audit Committee Chairman – £24,200 Directors – £22,150 All reasonable expenses to be reimbursed.
Maximum and minimum levels	Remuneration consists of a fixed fee each year, set in accordance with the stated policies and any increase granted must be in line with the stated policies. The Company's Articles of Association set a limit of £250,000 in respect of the total remuneration that may be paid to directors in any financial year. The Board reviews the quantum of directors' pay each year to ensure this is in line with the level of remuneration for other investment trusts of a similar size. When making recommendations for any changes in pay, the Board will consider wider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements). There is no compensation for loss of office.

Report on directors' remuneration continued

REMUNERATION IMPLEMENTATION REPORT

A single figure for the total remuneration of each Director is set out in the table below for the year ended 31 December 2013. These fees exclude employers' national insurance contributions and VAT where applicable:

	Total amount of salary and fees[1] 2013	2012
John Reeve	31,800	31,000
Arthur Copple	21,500	21,000
June de Moller	21,500	21,000
Richard Jewson	24,200	23,600
Martin Riley	21,500	21,000
David Webster	21,500	21,000
Total	142,000	138,600

[1]Other columns have been omitted as no payments of any other type were made.

The information in the above table has been audited. The amounts paid by the Company to the directors were for services as non-executive directors.

Expenditure by the Company on remuneration and distributions to shareholders

As the Company has no employees, the directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders.

Directors' shareholdings

The directors' shareholdings are detailed below:

	31 December 2013	1 January 2013
Arthur Copple	17,796	12,644
June de Moller	7,679	6,931
Richard Jewson	8,694	8,214
John Reeve	52,204	49,596
Martin Riley	15,000	15,000
David Webster	3,861	3,739

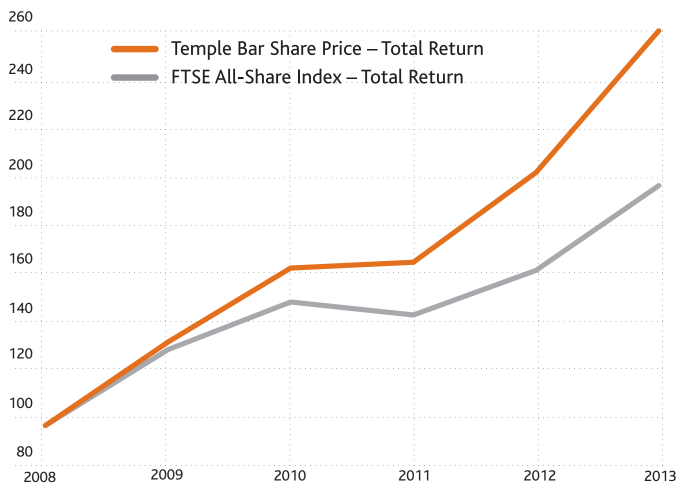
All the above interests are beneficial. None of the directors had at any date any interest in either of the Company's debenture stocks.

On 10 January 2014 Mr Reeve acquired a further 80 ordinary shares in the Company through his regular monthly saving in an ISA and on 12 February 2014 he acquired a further 76 ordinary shares. On 22 January 2014 Mr Copple, Mr Jewson and Mrs de Moller acquired a further 395, 20 and 40 ordinary shares respectively in the Company through their regular monthly savings in the Temple Bar Investment Trust Savings Scheme. No other changes in the interests shown above occurred between 31 December 2013 and 12 February 2014.

Performance graph

The directors consider that the most appropriate measure of the Company's performance is its share price total return compared with the total return on the FTSE All-Share Index. A graph illustrating this relative performance over a five year period is shown below.

Share price total return
Source: Datastream



By order of the Board of Directors
John Reeve
Chairman
12 February 2014

Corporate governance

APPLICATION OF AIC CODE PRINCIPLES

Corporate Governance is the process by which the board of directors of a company looks after shareholders' interests and by which it seeks to enhance shareholder value. Shareholders hold the directors responsible for the stewardship of a company's affairs, delegating authority and responsibility to the directors to manage the company on their behalf and holding them accountable for its performance.

The Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. It considers the practice of good governance to be an integral part of the way it manages the Company and is committed to maintaining high standards of financial reporting, transparency and business integrity.

As a UK-listed investment trust company the Board's principal reporting obligation is driven by the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council in September 2012. However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the "AIC Code") issued in February 2013, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council. The Board believes that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below. The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

The Board considers these provisions are not relevant to the position of Temple Bar, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

COMPLIANCE WITH THE PRINCIPLES OF THE AIC CODE OF CORPORATE GOVERNANCE

Operation of the Board

There is a formal schedule of matters to be specifically approved by the Board and individual directors may seek independent advice at the expense of the Company within certain limits. The Board has delegated the investment management, within clearly defined parameters and dealing limits, and the administration of the business to Investec Asset Management Limited ('IAM'). The Board makes all strategic decisions, reviews the performance of the Company at Board meetings and sets the objectives for the Manager. The directors have a range of business and financial skills and experience relevant to the direction of the Company. Mr R W Jewson is the Senior Independent Director.

The Corporate Company Secretary ('the Company Secretary') is responsible to the Board, inter alia, for ensuring that Board procedures are followed and for compliance with applicable rules and regulations including the AIC Code. Appointment or removal of the nominated representative of the Company Secretary is a matter for the Board as a whole.

The content and presentation of Board papers circulated before each meeting contain sufficient information on the financial condition of the Company. Key representatives of IAM attend each Board meeting enabling directors to probe on matters of concern or seek clarification on certain issues.

There were seven Board meetings, two audit committee meetings and one nomination committee meeting held during the year and the attendance by the directors was as follows:

	Number of meetings attended		
	Board	Audit Committee	Nomination Committee
John Reeve	7	2	1
Arthur Copple	7	2	1
June de Moller	7	2	1
Richard Jewson	7	2	1
Martin Riley	6	2	1
David Webster	6	1	1

Diversity

The Board's policy on diversity, including gender, is to take this into consideration during the recruitment and appointment process. Typically, the Board seeks to ensure that there is a suitable balance between directors with industrial/commercial and traditional 'City' backgrounds. However, the Board is committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity, and therefore no targets have been set against which to report.

Independence of the directors

Each of the directors is independent of any association with the Manager and has no other relationships or circumstances which might be perceived to interfere with the exercise of independent judgement. Three of the six directors (Mr Reeve, Mr Jewson and Mr Riley) have served on the Board for more than nine years from the date of their first election, but given the nature of the Company as an investment trust and the strongly independent mindset of the individuals involved, the Board is firmly of the view

Corporate governance continued

that all of the directors can be considered to be independent. In arriving at this conclusion the Board makes a clear distinction between the activities of an investment trust and a conventional trading company. An investment trust has no employees or executive directors, the only significant relationship being with the Manager. In overseeing this relationship it is the view of the Board that long service aids the understanding, judgement, objectivity and independence of the directors and in no way detracts from any of these qualities.

Induction and training
New directors appointed to the Board are provided with an induction programme which is tailored to the particular circumstances of the appointee. Regular briefings are provided during the year on industry and regulatory matters and the directors receive other relevant training as required.

Re-election of directors
Directors are subject to re-election by shareholders at the first AGM following their appointment and, thereafter, are subject to retirement on an annual basis. In addition, the appointment of each director is reviewed by other members of the Board every year. Directors are not, therefore, subject to automatic re-appointment. Non-executive directors are not appointed for specified terms. Because of the nature of an investment trust the Board believes that the contribution and independence of a director is not diminished by long service and, conversely, that a more detailed knowledge of the Company and its business has a beneficial impact.

The Board has carefully considered the position of each of the directors and believes it would be appropriate for them to be proposed for re-election. Each of the directors continues to be effective and to display an undiminished enthusiasm and commitment to the role.

Audit committee
The audit committee is a formally constituted committee of the Board with defined terms of reference. It normally meets twice yearly and among its specific responsibilities are a review of the audit plan for the year, the review of the Company's annual and half yearly results, together with associated documentation, and the review of the internal and financial controls applicable to the management company. The committee also reviews the cost effectiveness, independence and objectivity of the auditor. All of the directors are members of the audit committee and the Chairman is Mr Jewson. The Board believes that it is appropriate for the Company Chairman to be a member of the audit committee as it is important for him to be conversant with the detailed discussion related to the annual and interim report processes, including his own Statements to shareholders. The Board is satisfied that members of the audit committee have relevant and recent financial experience to fulfil their role effectively. The auditor, who the Board has identified as being independent, is invited to attend the audit committee meeting at which the annual accounts are considered and any other meetings that the committee deems necessary.

Nomination committee
A nomination committee comprising all the directors has been established to oversee a formal review procedure governing the appointment of new directors and to evaluate the overall composition of the Board from time to time, taking into account the existing balance of skills and knowledge. This committee is chaired by Mr Reeve.

The committee is also responsible for assessing on an annual basis the individual performance of directors and for making recommendations as to whether they should remain in office.

Management engagement committee
As all the directors are fully independent of the management company, the Board as a whole fulfils the function of a management engagement committee.

Board/audit committee/nomination committee/director ongoing evaluation
On an annual basis the Board formally reviews its performance, together with that of the audit and nomination committees and the effectiveness and contribution of the individual directors, including the Chairman, within the context of service on those bodies. The review encompasses an assessment of how cohesively these bodies work as a whole as well as the performance of the individuals within them. During the year the Board also employed the services of the Institute of Directors to carry out an external evaluation of its performance. On the basis of these reviews the Board has concluded that it has an appropriate balance of skills and is operating effectively.

Relations with shareholders
Shareholder relations are given high priority by both the Board and the Manager. The principal medium by which the Company communicates with shareholders is through the half yearly reports, annual reports and interim management statements. The information contained therein is supplemented by daily NAV announcements and by a monthly fact sheet available on the Company's website.

The Board largely delegates responsibility for communication with shareholders to the management company and, through feedback, expects to be able to develop an understanding of their views. Members of the Board are willing to meet with shareholders for the purpose of discussing matters in relation to the operation and prospects of the Company.

Corporate governance continued

The Board encourages investors to attend the AGM and welcomes questions and discussion on issues of concern or areas of uncertainty. In addition, special arrangements have been established to allow Temple Bar Savings Scheme investors to participate fully at AGMs. A separate resolution will be proposed at the AGM in respect of each substantially separate issue. Following the formal AGM proceedings the Manager makes a presentation to the meeting outlining the key investment issues that face the Company.

Accountability, internal controls and audit

The Board pays careful attention to ensuring that all documents released by the Company, including the Annual Report, present a fair and accurate assessment of the Company's position and prospects.

The directors are responsible for the Company's system of internal control and for reviewing its effectiveness. In order to facilitate the control process the Board has requested the Manager to confirm annually that it has conducted the Company's affairs in compliance with the legal and regulatory obligations which apply to the Company and to report on the systems and procedures within IAM which are applicable to the management of Temple Bar's affairs. The Board meets on seven scheduled occasions in each year and at each meeting receives sufficient financial and statistical information to enable it to monitor adequately the investment performance and status of the business.

The Board has also established a series of investment parameters, which are reviewed annually, designed to limit the risk inherent in managing a portfolio of investments. The safeguarding of assets is entrusted to an independent reputable custodian with whom the holdings are regularly reconciled.

The effectiveness of the overall system of internal control is reviewed on an annual basis by the Board. Such a system can provide only reasonable and not absolute assurance against material misstatement or loss. The Board believes that there is a robust framework of internal controls in place to meet the requirements of the AIC Code.

The Board receives reports from its advisers on internal control matters. Based on the foregoing the Company has a continuing process for identifying, evaluating and managing the risks it faces. This process has been in place for the reporting period and to the date of this report and is regularly reviewed by the Board in accordance with the Turnbull Guidance and the UK Corporate Governance Code.

Report of the Audit Committee

I am pleased to present the Committee's first formal report to shareholders on the effectiveness of the external audit process and how this has been assessed for the year ended 31 December 2013.

Role and responsibilities

The Company has established a separately chaired Audit Committee ("the Committee") whose duties include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements, and providing an opinion as to whether the Annual Report, taken as a whole, is fair, balanced, understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee also reviews the external auditor's report thereon and is responsible for reviewing and forming an opinion on the effectiveness of the external audit process and audit quality. Other duties include reviewing the appropriateness of the Company's accounting policies and ensuring the adequacy of the internal control systems and standards, as set out in more detail below. The Terms of Reference of the Committee are available on the Company's website at www.templebarinvestments.co.uk

The Committee meets at least twice a year. The two planned meetings are held prior to the Board meetings to approve the half yearly and annual results.

Composition

All the Directors are members of the Committee, which is chaired by Mr Jewson. The Board considers that the members of the Committee have sufficient recent and relevant financial experience for the Committee to discharge its function effectively. The Chairman of the Company is a member of the Committee to enable him to be kept fully informed of any issues which may arise.

Responsibilities and review of the external audit

During the year the principal activities of the Committee included:

- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditor's report thereon;
- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external auditor;
- reviewing and recommending to the Board for approval the audit and non-audit fees payable to the external auditor and the terms of their engagement;
- reviewing and approving the external auditor's plan for the financial year, with a focus on the identification of areas of audit risk, and consideration of the appropriateness of the level of audit materiality adopted;
- reviewing the quality of the audit engagement partner and the audit team, and making a recommendation to the Board with respect to the re-appointment of the auditor;
- reviewing the appropriateness of the Company's accounting policies; and
- ensuring the adequacy of the internal control systems and standards.

Significant issues considered regarding the Annual Report and Financial Statements

During the year, the Committee identified a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table below sets out the key areas of risk identified and also explains how these were addressed by the Committee.

Significant issue	How the issue was addressed
Verification of the existence of the assets in the portfolio	The audit includes checks on the existence and ownership of investments.
The valuation of the investment portfolio	The audit includes a check of pricing back to source data to confirm that the correct valuation basis has been applied in accordance with the accounting policies adopted, as disclosed in note 1 to the Financial Statements.
Going concern	Having considered the Company's investment objective, risk management policies and cash flow projections the Committee is satisfied that the Company has adequate resources and an appropriate financial structure to continue in operational existence for the foreseeable future.
Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010	Ongoing compliance with the eligibility criteria is monitored on a regular basis.
The verification of investment income	The auditor verifies that all dividend income due to the Company has been received or is properly accrued for.
The accuracy of the calculation of management fees	The audit includes checks on the calculation of the management fees to ensure these are correct and in accordance with contractual arrangements.

Report of the Audit Committee continued

As the provision of portfolio valuation, accounting and administration services is delegated to the Company's Manager, Investec Asset Management, who sub-delegate fund accounting to a third party service provider, and the provision of custody services is contracted to HSBC, the Committee has also reviewed the Service Organisation Control Reports (SOC) and Audit and Assurance Faculty (AAF) reports prepared by the Manager, Custodian and Fund Accountants to ensure that the relevant control procedures are in place to cover these areas of risk as identified above and are adequate, appropriate and have been designated as operating effectively by the reporting accountant.

Auditors and audit tenure

The Company's current auditors, Ernst & Young LLP, have acted in this role since 2003. The appointment of the auditor is reviewed each year and the audit partner changes at least every five years. The last five yearly audit rotation took place in 2012. It is intended that the audit will be put out to tender when the current audit partner's term ends in 2016. There are no contractual obligations that restrict the Company's choice of auditors. Other audit service fees of £2,300 (excluding VAT) paid to Ernst & Young LLP, relate to their services in the electronic filing of tax returns.

Assessment of the efficiency of the external audit process

To assess the effectiveness of the external audit, members of the Committee work closely with the Manager to obtain a good understanding of the progress and efficiency of the audit.

Feedback in relation to the audit process, and also of the effectiveness of the Manager in performing its role, is also sought from relevant involved parties, notably the audit partner and team. The external auditor is invited to attend the Committee meeting at which the annual accounts are considered, where they have the opportunity to meet with the Committee without representatives of the Manager being present.

The effectiveness of the Board and the Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or control breaches that might impact the Company's NAVs and accounting records. It is also assessed by reference to how successfully any issues in respect of areas of accounting judgement are identified and resolved, the quality and timeliness of papers analysing these judgements, the Board and the Manager's approach to the value of independent audit, the booking of any audit adjustments arising and the timely provision of draft public documents, for review by the auditor and the Committee.

To form a conclusion with regard to the independence of the external auditor, the Committee considers whether the skills and experience of the auditor make them a suitable supplier of the non-audit service and whether there is any threat to their objectivity and independence in the conduct of the audit resulting from the provision of such services. On an annual basis, Ernst & Young LLP review the independence of their relationship with the Company and report to the Board, providing details of any other relationships with the Manager. As part of this review, the Committee also receives information about policies and processes for maintaining independence and monitoring compliance with relevant requirements from the Company's auditor, including information on the rotation of audit partners and staff, and details of any relationships between the audit firm and its staff and the Company, as well as an overall confirmation from the auditor of their independence and objectivity. As a result of their review, the Committee has concluded that Ernst & Young LLP is independent of the Company and the Manager.

Conclusions in respect of the Annual Report and Financial Statements

The production and audit of the Company's Annual Report and Financial Statements is a comprehensive process requiring input from a number of different contributors. One of the key governance requirements of a Company's financial statements is for the Report and Financial Statements to be fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31 December 2013, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 28.

Richard Jewson
Chairman
Audit Committee
12 February 2014

Statement of directors' responsibilities
in respect of the financial statements

The directors are responsible for preparing the Annual Report, the Report on Directors' Remuneration and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces.

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

The 2012 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Accounts are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Accounts fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit Committee's report on pages 26 to 27. As a result, the Board has concluded that the Annual Report for the year ended 31 December 2013, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board
John Reeve
Chairman
12 February 2014

Independent auditor's report
to the members of Temple Bar Investment Trust PLC

We have audited the financial statements of Temple Bar Investment Trust plc for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities set out on page 28, the directors are responsible for the preparation of the Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of the profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been applied in accordance with the provisions of the Companies Act 2006.

Our assessment of risks of material misstatement
We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team:

- existence and ownership of the Company's investments; and
- valuation of the Company's investments.

Our application of materiality
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming our audit opinion in the Auditor's Report.

When establishing our overall audit strategy, we determined materiality for the Company to be £7.9 million, which is 1% of total equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessment, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of materiality, namely £5.94 million. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

We report to the Audit Committee any audit differences in excess of £0.6 million, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds.

Independent auditor's report continued

An overview of the scope of our audit
Our response to the risks identified above was as follows:

- we obtained independent confirmation from the custodian of the Company's investments and agreed them to the books and records of the Company; and
- we agreed year end prices for quoted investments to an independent source.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received by us; or
- the Company financial statements and the part of the Directors Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 19, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Ashley Coups (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London
12 February 2014

Statement of Comprehensive Income
for the year ended 31 December 2013

		2013			2012		
	Notes	**Revenue £000**	**Capital £000**	**Total £000**	Revenue £000	Capital £000	Total £000
Investment income	4	**26,064**	**–**	**26,064**	28,164	–	28,164
Other operating income	4	**10**	**–**	**10**	3	–	3
		26,074	**–**	**26,074**	28,167	–	28,167
Gains on investments							
Gains on investments held at fair value through profit or loss	12(b)	**–**	**164,732**	**164,732**	–	72,438	72,438
Total income		**26,074**	**164,732**	**190,806**	28,167	72,438	100,605
Expenses							
Management fees	6	**(1,141)**	**(1,711)**	**(2,852)**	(890)	(1,334)	(2,224)
Other expenses	7	**(569)**	**(1,154)**	**(1,723)**	(580)	(448)	(1,028)
Profit before finance costs and tax		**24,364**	**161,867**	**186,231**	26,697	70,656	97,353
Finance costs	8	**(2,090)**	**(3,163)**	**(5,253)**	(1,824)	(2,753)	(4,577)
Profit before tax		**22,274**	**158,704**	**180,978**	24,873	67,903	92,776
Tax	9	**–**	**–**	**–**	–	–	–
Profit for the year		**22,274**	**158,704**	**180,978**	24,873	67,903	92,776
Earnings per share (basic and diluted)	11	**36.17p**	**257.72p**	**293.89p**	41.39p	113.00p	154.39p

The total column of this statement represents the Statement of Comprehensive Income prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance issued by the Association of Investment Companies. All items in the above statement derive from continuing operations.
No operations were acquired or discontinued during the year.

There are no minority interests.

The notes on pages 35-45 form an integral part of the financial statements.

Statement of Changes in Equity
for the year ended 31 December 2013

	Ordinary share capital £000	Share premium account £000	Capital reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2012	14,925	14,442	462,510	30,163	522,040
Profit for the year	–	–	67,903	24,873	92,776
Issue of share capital	213	7,663	–	–	7,876
Dividends paid to equity shareholders	–	–	–	(21,501)	(21,501)
Balance at 31 December 2012	15,138	22,105	530,413	33,535	601,191
Unclaimed dividends	–	–	–	29	29
Profit for the year	–	–	158,704	22,274	180,978
Issue of share capital	693	31,897	–	–	32,590
Dividends paid to equity shareholders	–	–	–	(22,718)	(22,718)
Balance at 31 December 2013	**15,831**	**54,002**	**689,117**	**33,120**	**792,070**

The notes on pages 35-45 form an integral part of the financial statements.

Statement of Financial Position
as at 31 December 2013

	Notes	31 December 2013 £000	31 December 2013 £000	31 December 2012 £000	31 December 2012 £000
Non-current assets					
Investments held at fair value through profit or loss	12(a)		**889,385**		634,503
			889,385		634,503
Current assets					
Receivables	13	**4,087**		2,826	
Cash at bank		**14,139**		28,063	
			18,226		30,889
Total assets			**907,611**		665,392
Current liabilities					
Payables	14		**(1,836)**		(744)
Total assets less current liabilities			**905,775**		664,648
Non-current liabilities					
Interest bearing borrowings	15		**(113,705)**		(63,457)
Net assets			**792,070**		601,191
Equity attributable to equity holders					
Ordinary share capital	16	**15,831**		15,138	
Share premium	17	**54,002**		22,105	
Capital reserves	18	**689,117**		530,413	
Retained earnings	18	**33,120**		33,535	
			792,070		601,191
Total equity			**792,070**		601,191
Net asset value per share	20		**1,250.84p**		992.86p

The notes on pages 35-45 form an integral part of the financial statements.

The financial statements on pages 31 to 45 were approved by the board of directors and authorised for issue on 12 February 2014. They were signed on its behalf by:

J Reeve
Chairman

Statement of Cash Flows
for the year ended 31 December 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Cash flows from operating activities					
Profit before tax			**180,978**		92,776
Adjustments for:					
Purchases of investments[1]		**(351,220)**		(120,275)	
Sales of investments[1]		**261,070**		136,258	
			(90,150)		15,983
Gains on investments			**(164,732)**		(72,438)
Financing costs	8		**5,253**		4,577
Operating cash flows before movements in working capital			**(68,651)**		40,898
Increase in accrued income			**(332)**		(1)
(Increase)/decrease in receivables			**(929)**		1,327
Increase in payables			**779**		140
Net cash flows from operating activities before and after income tax			**(69,133)**		42,364
Cash flows from financing activities					
Proceeds from issue of new shares			**32,590**		7,876
Proceeds from the issue of 4.05% Private Placement Loan			**50,000**		–
Issue costs relating to 4.05% Private Placement Loan			**(133)**		–
Unclaimed dividends			**29**		–
Interest paid on borrowings			**(4,559)**		(4,559)
Equity dividends paid	10		**(22,718)**		(21,501)
Net cash arising from/(used in) financing activities			**55,209**		(18,184)
Net (decrease)/increase in cash at bank			**(13,924)**		24,180
Cash at bank at the start of the year			**28,063**		3,883
Cash at bank at the end of the year			**14,139**		28,063

[1] Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities.

The notes on pages 35-45 form an integral part of the financial statements.

Notes to the Financial Statements

1 PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ('IASC') that remain in effect, and to the extent that they have been adopted by the European Union.

The principal accounting policies adopted by the Company are set out below. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trusts issued by the Association of Investment Companies ('AIC') in January 2009 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

All values are rounded to the nearest thousand pounds unless otherwise indicated.

Presentation of Statement of Comprehensive Income

In order better to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

Income

Dividend income from investments is recognised when the Company's right to receive payment has been established, normally the ex-dividend date.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a gain in the Statement of Comprehensive Income.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign Currency

The financial statements are prepared in Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

The primary objective of the Company is to generate returns in Pounds Sterling, its capital-raising currency. The liquidity of the Company is managed on a day-to-day basis in Sterling as the Company's performance is evaluated in that currency. Therefore, the directors consider Pounds Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions involving foreign currencies are converted at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Pounds Sterling at the exchange rate ruling on the year-end date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Expenses

All expenses are accounted for on the accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, all expenses have been presented as revenue items except as follows:

- Transaction costs which are incurred on the purchases or sales of investments designated as fair value through profit or loss are expensed to capital in the Statement of Comprehensive Income.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and, accordingly, the investment management fee and finance costs have been allocated 40% to revenue and 60% to capital, in order to reflect the directors' long-term view of the nature of the expected investment returns of the Company.

Notes to the Financial Statements continued

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. The taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using a blended rate as applicable throughout the year.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the 'marginal basis'. Under this basis, if taxable income is capable of being entirely offset by expenses in the revenue column of the income statement, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the revenue return column of the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if it has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis. Financial assets and liabilities are derecognised when the Company settles its obligations relating to the instrument.

Receivables

Receivables do not carry any interest, are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Investments

Investments held at fair value through profit or loss are initially recognised at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment.

After initial recognition, investments are measured at fair value through profit or loss. Gains or losses on investments measured at fair value through profit or loss are included in net profit or loss as a capital item and transaction costs on acquisition or disposal of investments are expensed. For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the year-end date.

All purchases and sales of investments are recognised on the trade date i.e. the date that the Company commits to purchase or sell an asset.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Interest bearing borrowings

Interest bearing borrowings, being the debenture stocks and loan issued by the Company, are initially recognised at a carrying value equivalent to the proceeds received net of issue costs associated with the borrowings. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Payables

Payables are non interest bearing and are stated at their nominal value.

Equity dividends payable

Equity dividends payable are recognised when the shareholders' right to receive payment is established.

Finance costs

Interest payable on the debenture stocks and loan in issue is accrued on the effective interest rate basis. In accordance with the expected long-term division of returns, 40% of the interest for the year is charged to revenue, and the other 60% is charged to capital, net of any incremental corporation tax relief.

Notes to the Financial Statements continued

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Cash and cash equivalents

Cash and cash equivalents (which are presented as a single class of asset on the Statement of Financial Position) comprise cash at bank and in hand and deposits with an original maturity of three months or less.

The carrying value of these assets approximates their fair value.

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. There have been no significant judgements, estimates or assumptions for the current or preceding financial year.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following Standards which have not been applied in these financial statements were in issue but were not yet effective (and in some cases had not yet been adopted by the EU):

IAS 27 – Reissued as IAS 27 Consolidated and Separate Financial Statements 9 (as amended in 2011) 1 January 2014
IAS 28 – Investments in Associates and Joint Ventures 1 January 2014
IFRS 9 – Financial Instruments: Classification and Measurement 1 January 2015
IFRS 10 – Consolidated Financial Statements 1 January 2014
IFRS 11 – Joint Arrangements 1 January 2014
IFRS 12 – Disclosures of Interests in Other Entities 1 January 2014

The Company does not believe that there will be a material impact on the financial statements from the adoption of these standards/interpretations.

4 INCOME

	2013 £000	2012 £000
Income from investments		
UK dividends	**20,324**	19,159
UK REITs	**500**	530
Overseas dividends	**2,185**	2,243
Interest from fixed interest securities	**3,055**	6,232*
	26,064	28,164

* Includes a transfer of £2,284,000 from capital to income relating to the tender offer from Nationwide for the holding in its 6.024% perpetual bond.

	2013 £000	2012 £000
Other income		
Deposit interest	**10**	3
	10	3
Total income	**26,074**	28,167
Investment income comprises:		
Listed investments	**26,064**	28,164
Unlisted investments	**–**	–
	26,064	28,164

5 SEGMENTAL REPORTING

The directors are of the opinion that the Company is engaged in a single segment of business being investment business.

Notes to the Financial Statements continued

6 INVESTMENT MANAGEMENT FEE

	2013			2012		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Investment management fee	1,141	1,711	2,852	890	1,334	2,224
	1,141	1,711	2,852	890	1,334	2,224

As at 31 December 2013 an amount of £792,553 (2012: £584,812) was payable to the Manager in relation to the management fees for the quarter ended 31 December 2013.

Details of the terms of the investment management agreement are provided on page 19.

7 OTHER EXPENSES

	2013			2012		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Transaction costs on fair value through profit or loss assets[1]	–	1,154	1,154	–	448	448
Directors' fees (see Report on Directors' Remuneration on page 22)	155	–	155	150	–	150
Registrars' fees	109	–	109	148	–	148
AIC membership costs	25	–	25	26	–	26
Advertising & marketing costs	31	–	31	9	–	9
Printing & postage	77	–	77	86	–	86
Directors' liability insurance	15	–	15	17	–	17
Auditor's remuneration – annual audit[2]	28	–	28	28	–	28
Stock exchange fees	16	–	16	14	–	14
Safe custody fees	17	–	17	17	–	17
Other expenses	96	–	96	85	–	85
	569	1,154	1,723	580	448	1,028

All expenses are inclusive of VAT where applicable.

[1] Transaction costs on fair value through profit or loss assets represent such costs incurred on both the purchase and sale of those assets. Transaction costs on purchases amounted to £999,832 (2012: £374,000) and on sales amounted to £153,772 (2012: £74,000).

[2] During the year there were non-audit fees of £2,300 (excluding VAT) paid to the Auditor.

8 FINANCE COSTS

	2013			2012		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Interest on borrowings						
9.875% debenture stock 2017	988	1,481	2,469	988	1,481	2,469
5.5% debenture stock 2021	836	1,272	2,108	836	1,272	2,108
4.05% Private placement loan 2028[1]	266	410	676	–	–	–
	2,090	3,163	5,253	1,824	2,753	4,577

The amortisation of the debenture and loan issue costs is calculated using the effective interest method.

[1] The 4.05% Private Placement Loan contains the following principal financial or other covenants, with which failure to comply could necessitate the early repayment of the loan:

- net tangible assets of at least £275 million.
- aggregate principal amount of financial indebtedness not to exceed 50% of net tangible assets.
- prior approval by the note holder of any change of Manager.
- prior approval by the note holder of any change in the Company's investment objectives and policies.

Notes to the Financial Statements continued

9 TAXATION

(a) There is no corporation tax payable (2012: nil).

(b) The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2013			2012		
	Revenue £000	**Capital £000**	**Total £000**	Revenue £000	Capital £000	Total £000
Profit before taxation	**22,274**	**158,704**	**180,978**	24,873	67,903	92,776
Tax at UK corporation tax rate of 23.25% (2012: 24.5%)	**5,178**	**36,893**	**42,071**	6,094	16,636	22,730
Tax effects of:						
Non-taxable gains on investments	**–**	**(38,310)**	**(38,310)**	–	(17,638)	(17,638)
Income not chargeable to tax:						
UK and overseas dividends[1]	**(4,725)**	**–**	**(4,725)**	(5,243)	–	(5,243)
Movement in excess management expenses[2]	**(453)**	**1,417**	**964**	(851)	1,002	151
Tax expense for the year	**–**	**–**	**–**	–	–	–

[1] Investment trusts are not subject to corporation tax on these items.

[2] The Company has not recognised a deferred tax asset of £12,428,009 (2012: £12,653,000) arising as a result of having unutilised management expenses since, under current tax legislation, it is unlikely that the Company will obtain any benefit for the asset.

10 DIVIDENDS

	2013 £000	2012 £000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 31 December 2012 of 22.0p (2011: 21.23p) per share	**13,366**	12,675
Interim dividend for the year ended 31 December 2013 of 15.1p (2012: 14.65p) per share	**9,352**	8,826
	22,718	21,501
Proposed final dividend for the year ended 31 December 2013 of 22.65p (2012: 22.0p) per share	**14,343**	13,321

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Also set out below is the total dividend payable in respect of these financial years, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

	2013 £000	2012 £000
Interim dividend for the year ended 31 December 2013 of 15.1p (2012: 14.65p) per share	**9,352**	8,826
Proposed final dividend for the year ended 31 December 2013 of 22.65p (2012: 22.0p) per share	**14,343**	13,321
	23,695	22,147

11 EARNINGS PER SHARE

	2013			2012		
	Revenue Pence	**Capital Pence**	**Total Pence**	Revenue Pence	Capital Pence	Total Pence
Earnings per ordinary share	**36.17**	**257.72**	**293.89**	41.39	113.00	154.39

The calculation of the above is based on revenue returns of £22,274,000 (2012: £24,873,000), capital returns of £158,704,000 (2012: £67,903,000) and total returns of £180,978,000 (2012: £92,776,000) and a weighted average number of ordinary shares of 61,579,755 (2012: 60,092,351).

Notes to the Financial Statements continued

12 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 £000	2012 £000
(a) Movements in the year		
Opening cost at 1 January	**483,941**	481,611
Investment holding gains at 1 January	**150,562**	96,437
Opening fair value	**634,503**	578,048
Purchases at cost	**351,220**	120,275
Sales – proceeds	**(261,070)**	(136,258)
– realised gains on sales	**77,292**	18,313
Increase in investment holding gains	**87,440**	54,125
Closing fair value at 31 December	**889,385**	634,503
Closing cost at 31 December	**651,383**	483,941
Investment holding gains at 31 December	**238,002**	150,562
	889,385	634,503
(b) Gains on investments		
Gains on sales of investments	**77,292**	18,313
Increase in investment holding gains	**87,440**	54,125
	164,732	72,438

All investments are listed.

(c) Fair value of financial instruments

The following table shows financial assets recognised at fair value, analysed between those whose fair value is based on:

- Level 1 – quoted prices in active markets for identical investments.
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc). There are no level 2 investments (2012: £nil).
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments). There are no level 3 investments (2012: £nil).

The following is a summary of the classifications used as at 31 December 2013 in valuing the Company's financial instruments:

	2013		2012	
	Level 1 £000	Total £000	Level 1 £000	Total £000
Financial assets				
Other financial assets held for trading:				
Quoted equities	**787,545**	**787,545**	582,098	582,098
Debt securities	**101,840**	**101,840**	52,405	52,405
	889,385	**889,385**	634,503	634,503

13 RECEIVABLES

	2013 £000	2012 £000
Accrued income	**3,112**	2,780
Other receivables	**975**	46
	4,087	2,826

The above receivables do not carry any interest and are short-term in nature. The directors consider that the carrying values of these receivables approximate their fair value.

Notes to the Financial Statements continued

14 PAYABLES

	2013 £000	2012 £000
Purchases for future settlement	**538**	–
Accruals and deferred income	**1,298**	744
	1,836	744

The above payables do not carry any interest and are short-term in nature. The directors consider that the carrying values of these payables approximate their fair value.

15 NON-CURRENT LIABILITIES

Interest bearing borrowings	2013 £000	2012 £000
Amounts payable after more than one year:		
9.875% Debenture stock 2017	**25,000**	25,000
5.5% Debenture stock 2021	**38,488**	38,457
4.05% Private placement loan 2028	**50,217**	–
	113,705	63,457

The 9.875% Debenture stock 2017 is secured by a floating charge over the assets of the Company. The stock is repayable at par on 31 December 2017. No issue costs were capitalised on the issue of this debenture.
The 5.5% Debenture stock 2021 is secured by a floating charge over the assets of the Company. The stock is repayable at par on 8 March 2021.
The 4.05% Private Placement Loan is secured by a floating charge over the assets of the Company. The loan is repayable at par on 3 September 2028.

16 ORDINARY SHARE CAPITAL

	Shares 2013 Number	Shares 2012 Number	2013 £	2012 £
Issued, allotted and fully paid				
Ordinary shares of 25p each	**63,323,248**	60,551,367	**15,830,812**	15,137,841

2,771,881 shares were issued during the year for a total consideration of £32,590,335 at a premium to the prevailing net asset value due to investor demand (2012: 850,000 shares, £7,876,500).

17 SHARE PREMIUM

	2013 £000	2012 £000
Balance at 1 January 2013	**22,105**	14,442
Premium arising on issue of new shares	**31,897**	7,663
Balance at 31 December 2013	**54,002**	22,105

18 RETAINED EARNINGS AND CAPITAL RESERVES

	2013 Retained earnings £000	2013 Capital reserves £000	2012 Retained earnings £000	2012 Capital reserves £000
Balance at 1 January 2013	**33,535**	**530,413**	30,163	462,510
Dividends paid	**(22,718)**	**–**	(21,501)	–
Net gain for the year	**180,978**	**–**	92,776	–
	191,795	**530,413**	101,438	462,510
Transfer from retained earnings to capital reserves	**(158,704)**	**158,704**	(67,903)	67,903
Unclaimed dividends	**29**	**–**	–	–
Balance at 31 December 2013	**33,120**	**689,117**	33,535	530,413

Notes to the Financial Statements continued

18 RETAINED EARNINGS AND CAPITAL RESERVES CONTINUED

The capital reserves shown above comprise both realised and unrealised gains. A summary of the split is shown below:

	2013 £000	2012 £000
Capital reserves – realised	**451,115**	379,851
Capital reserves – unrealised	**238,002**	150,562
	689,117	530,413

19 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2013 there were no contingent liabilities or capital commitments for the Company (2012: £nil).

20 NET ASSET VALUES

	Net asset value per ordinary share Pence	Net assets attributable £000
Ordinary shares of 25p each	1,250.84	792,070

The net asset value per ordinary share is based on net assets at the year-end of £792,070,000 (2012: £601,191,000) and on 63,323,248 (2012: 60,551,367) ordinary shares in issue at the year-end.

21 RELATED PARTY TRANSACTIONS

IAS 24 'Related party disclosures' requires the disclosure of the details of material transactions between the Company and any related parties. Accordingly, the disclosures required are set out below:

Directors – The remuneration of the directors is set out in the Report on Directors' Remuneration on page 22. There were no contracts subsisting during or at the end of the year in which a director of the Company is or was interested and which are or were significant in relation to the Company's business. There were no other material transactions during the year with the directors of the Company.

22 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's investing activities undertaken in pursuit of its investment objective, as set out on page 15, involve certain inherent risks. The main risks arising from the Company's financial instruments are market price risk, interest rate risk, liquidity risk, credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks as summarised below. These policies have remained substantially unchanged during the current and preceding periods.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Board meets on seven scheduled occasions in each year and at each meeting it receives sufficient financial and statistical information to enable it to monitor adequately the investment performance and status of the business. In addition, financial information is circulated to the directors on a monthly basis. The Board has also established a series of investment parameters, which are reviewed annually, designed to limit the risk inherent in managing a portfolio of investments. The Company's borrowings have the effect of increasing the risk faced by shareholders. This gearing effect is such that, for example, for a 10% movement in the valuation of the Company's investments, the net assets attributable to shareholders would move by approximately 11.2%.

Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments that arise as a result of fluctuations in interest rates. The Company finances its operations through retained profits including capital profits, and additional financing is obtained through the two debenture stocks in issue and the Private Placement Loan, on all of which interest is paid at a fixed rate.

Liquidity risk

The Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of cash balances and short-term bank deposits.

Notes to the Financial Statements continued

22 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. This is mitigated by the Manager reviewing the credit ratings of broker counterparties. The risk attached to dividend flows is mitigated by the Manager's research of potential investee companies. The Company's custodian bank is responsible for the collection of income on behalf of the Company. Cash is held either with reputable banks with high quality external credit enhancements or in liquidity/cash funds providing a spread of exposures to various underlying banks in order to diversify risk.

Currency risk

The income and capital value of the Company's investments and liabilities can be affected by exchange rate movements as some of the Company's assets and income are denominated in currencies other than Pounds Sterling which is the Company's reporting currency. The key areas where foreign currency risk could have an impact on the Company are:

- movements in rates that would affect the value of investments and liabilities; and
- movements in rates that would affect the income received.

The Company had the following currency exposures, all of which are included in the Statement of Financial Position at fair value based on the exchange rates ruling at the respective year-ends.

31 December 2013

	Investments £000	Cash £000	Receivables £000	Payables £000	Non-current liabilities £000	Total £000
Euro	48,441	859	47	–	–	49,347
US Dollar	82,340	4	–	–	–	82,344
Pounds Sterling	758,604	13,276	4,040	(1,836)	(113,705)	660,379
	889,385	14,139	4,087	(1,836)	(113,705)	792,070

31 December 2012

	Investments £000	Cash £000	Receivables £000	Payables £000	Non-current liabilities £000	Total £000
Euro	51,051	40	–	–	–	51,091
US Dollar	62,848	2	–	–	–	62,850
Pounds Sterling	520,604	28,021	2,826	(744)	(63,457)	487,250
	634,503	28,063	2,826	(744)	(63,457)	601,191

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after tax for the year and the net assets for the year in relation to foreign exchange movements in Euro and US Dollar. The Company mitigates some of the currency risk through the use of forward currency contracts. The analysis below assumes that the Euro and US Dollar exchange rates may move +/-2% against Pounds Sterling.

	£000	£000
Projected movement	+2%	-2%
Effect on net assets for the year	2,634	(2,634)
Effect on capital return	2,616	(2,616)

Financial assets – Interest rate risk

The majority of the Company's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. The Company's fixed interest holdings have a market value of £101,840,000, representing 12.9% of net assets of £792,070,000 (2012: £52,405,000; 8.7%). The weighted average running yield as at 31 December 2013 was 3.1% (2012: 5.7%) and the weighted average remaining life was 4.5 years (2012: 5.7 years). The Company's cash balance of £14,139,000 (2012: £28,063,000) earns interest, calculated on a tiered basis, depending on the balance held, by reference to the base rate.

If the bank base rate had increased by 0.5%, the impact on the profit or loss and net assets would have been a positive £70,695 (2012: £140,315). If the bank base rate had decreased by 0.5%, the impact on the profit or loss and net assets would have been a negative £70,695 (2012: negative £140,315). The calculations are based on the cash balances at the respective balance sheet dates and are not representative of the year as a whole.

Notes to the Financial Statements continued

22 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Financial liabilities – Interest rate risk

All of the Company's financial liabilities of £115,541,000 (2012: £64,201,000) are denominated in Pounds Sterling. All current liabilities have no interest rate and are repayable within one year. The 9.875% debenture stock, the 5.5% debenture stock and the 4.05% Private Placement Loan, which are repayable in 2017, 2021 and 2028 respectively, pay interest at fixed rates. The weighted average period until maturity of the loans is 9 years (2012: 7 years) and the weighted average interest rate payable is 6.0% (2012: 7.2%) p.a.

Other price risk exposure

If the investment valuation fell by 10% at 31 December 2013, the impact on profit or loss and net assets would have been negative £88.9 million (2012: negative £63.5 million). If the investment portfolio valuation rose by 10% at 31 December 2013, the impact on profit or loss and net assets would have been positive £88.9 million (2012: positive £63.5 million). The calculations are based on the portfolio valuations as at the respective year-end dates and are not representative of the year as a whole.

The Company held the following categories of financial instruments, all of which are included in the Statement of Financial Position at fair value, with the exception of interest bearing borrowings which are shown at book value at 31 December 2013.

	2013 Book value £000	2013 Fair value £000	2012 Book value £000	2012 Fair value £000
Assets at fair value through profit or loss	**889,385**	**889,385**	634,503	634,503
Cash	**14,139**	**14,139**	28,063	28,063
Loans and receivables				
Investment income receivable	**3,112**	**3,112**	2,780	2,780
Other receivables	**975**	**975**	46	46
Other payables	**(1,836)**	**(1,836)**	(744)	(744)
Interest bearing borrowings				
9.875% Debenture Stock[1]	**(25,000)**	**(30,596)**	(25,000)	(32,973)
5.5% Debenture Stock[2]	**(38,488)**	**(42,011)**	(38,457)	(44,475)
4.05% Private Placement Loan[3]	**(50,217)**	**(46,080)**	–	–
	792,070	**787,088**	601,191	587,200

[1] Effective rate is 9.875%
[2] Effective rate is 5.583%
[3] Effective rate is 4.133%

Liquidity risk exposure

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required, are as follows:

	2013 Three months or less £000	2013 Not more than one year £000	2013 More than one year £000	2013 Total £000	2012 Three months or less £000	2012 Not more than one year £000	2012 More than one year £000	2012 Total £000
Creditors: amounts falling due after more than one year								
Debenture stocks and Loan	**2,058**	**6,584**	**162,341**	**170,983**	1,045	3,324	89,258	93,627
Creditors: amounts falling due within one year								
Purchases for future settlement	**538**	**–**	**–**	**538**	–	–	–	–
Accruals and deferred income	**796**	**189**	**–**	**985**	585	159	–	744
	3,392	**6,773**	**162,341**	**172,506**	1,630	3,483	89,258	94,371

Notes to the Financial Statements continued

22 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern, and to provide long-term growth in revenue and capital, principally by investment in UK securities.

The Company's capital is its equity share capital and reserves that are shown in the Statement of Financial Position and debentures and fixed term loan (see note 15) at a total of £905,775,000 (2012: £664,648,000).

The Company is subject to several externally imposed capital requirements:

– as a public company, the Company has a minimum share capital of £50,000.
– in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.
– the terms of the debenture trust deeds have various covenants that prescribe that moneys borrowed should not exceed the adjusted total capital and reserves as defined in the debenture trust deeds. The Note Purchase Agreement governing the terms of the Private Placement Loan also contains certain financial covenants. These are measured in accordance with the policies used in the annual financial statements.

The Company has complied with all of the above requirements.

Notice of meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your ordinary shares in Temple Bar Investment Trust PLC, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

NOTICE IS HEREBY GIVEN that the eighty-eighth Annual General Meeting of Temple Bar Investment Trust PLC will be held at 11.00am on Monday 24 March 2014 at Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA for the following purposes:

ORDINARY BUSINESS:

1. To approve the Company's accounts for the year ended 31 December 2013 together with the reports of the directors and auditor thereon.
2. To approve the report on directors' remuneration for the year ended 31 December 2013.
3. To approve the Company's remuneration policy.
4. To declare a final dividend of 22.65p per ordinary share.
5. To re-elect Mr A T Copple as a director.
6. To re-elect Mrs J F de Moller as a director.
7. To re-elect Mr R W Jewson as a director.
8. To re-elect Mr J Reeve as a director.
9. To re-elect Mr M R Riley as a director.
10. To re-elect Mr D G C Webster as a director.
11. To re-appoint the auditor and to authorise the directors to determine their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS:

12. That pursuant to the Articles of Association of the Company, the Company be authorised, subject to and in accordance with the provisions of the Companies Act 2006, to send, convey or supply all types of notices, documents or information to members in electronic form by making them available on a website or by any other electronic means (as such term is defined in the Companies Act 2006).

13. That the directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ('Rights') up to an aggregate maximum nominal amount of £1,585,581, being approximately 10% of the issued share capital of the Company as at 12 February 2014, provided that:
    (i) the authority granted shall expire at the conclusion of the Annual General Meeting of the Company in 2015 but may be revoked or varied by the Company in general meeting and may be renewed by the Company in general meeting; and
    (ii) the said authority shall allow and enable the directors to make an offer or agreement before the expiry of that authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares and grant Rights in pursuance of any such offer or agreement as if that authority had not expired.

Notice of meeting continued

SPECIAL RESOLUTIONS:

14. That, subject to the passing of resolution 13 set out above, the directors be and they are hereby empowered pursuant to Section 570-573 of the Companies Act 2006 to allot equity securities (as defined in Section 560 of that Act) for cash, including, for the avoidance of doubt, the sale of shares held by the Company as treasury shares, in accordance with the authority conferred on them by this meeting to allot shares, as if Section 561(i) of that Act did not apply to the allotment, provided that the power conferred by this resolution shall be limited to:
    (i) the allotment of equity securities in connection with a rights issue, open offer or the pre-emptive offer in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate to the respective numbers of ordinary shares held by them on the record date of such allotment (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal problems under the law of or the requirements of any recognised regulatory body or any stock exchange in any territory); and
    (ii) the allotment (otherwise than pursuant to sub paragraph (i) above) of equity securities up to an aggregate nominal value not exceeding £1,585,581; and

    shall expire at the conclusion of the Annual General Meeting of the Company in 2015 save that the Company may make an offer or agreement before this power has expired, which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

15. That the Company generally be and is hereby authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693 of the Act) of ordinary shares of 25p each in the capital of the Company ('ordinary shares') provided that:
    (i) the maximum number of ordinary shares hereby authorised to be purchased is 14.99% of the issued share capital of the Company as at the date of the passing of this resolution;
    (ii) the minimum price which may be paid for such shares is 25p per share;
    (iii) the maximum price (exclusive of expenses payable by the Company) which may be paid for such shares shall be 5% above the average of the market value of the share quotations taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
    (iv) the authority hereby conferred shall (unless previously renewed or revoked) expire at the end of the Annual General Meeting of the Company in 2015, or, if earlier, the date falling fifteen months from the date of this resolution;
    (v) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

By order of the Board of Directors
M K Slade
For Investec Asset Management Limited
Secretary
12 February 2014

Woolgate Exchange
25 Basinghall Street
London EC2V 5HA

Notice of meeting continued

Shown is a plan of the location of Investec Asset Management Limited, Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA where the Annual General Meeting will be held on Monday 24 March 2014 at 11.00am.

NOTES

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend the meeting to speak and vote on a show of hands and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A member wishing to appoint more than one proxy must appoint each proxy in respect of a specified number of shares within his holding. For this purpose, a member may photocopy the enclosed Form of Proxy before completion and must indicate the number of shares in respect of which each proxy is appointed.

2. Instruments of proxy should be sent to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive no later than 11.00am on 20 March 2014. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting in person should they wish to do so.

3. Members who hold ordinary shares in the Company in uncertificated form must have been entered on the Company's register of members by 6.00pm on 20 March 2014 in order to be able to attend and vote at the meeting, or if the meeting is adjourned, 6.00pm on the day two business days before the time fixed for the adjourned meeting. Such members may only vote at the meeting in respect of ordinary shares held at the time.

4. In accordance with Section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Act. Persons nominated to receive information rights under Section 146 of the Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149 (2) of the Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must

Notice of meeting continued

NOTES CONTINUED

contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com). The CREST message must be transmitted so as to be received by the issuer's agent (ID RA19) by not later than 48 hours (excluding non-working days) before the time appointed for the holding of the meeting or the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST message by the CREST Applications Host) from which the issuer's agent is able to retrieve the CREST message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member(s) is/are a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) is/are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. Shareholders should note that, under Section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
(i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting for the financial year beginning 1 January 2013; or
(ii) any circumstance connected with an auditor of the Company appointed for the financial year 1 January 2013 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

7. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

8. You may not use any electronic address provided in this notice of meeting to communicate with the Company for any purposes other than those expressly stated.

9. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

10. None of the directors has a service contract with the Company.

11. As at 12 February 2014, the latest practicable date prior to publication of this document, the Company had 63,423,248 ordinary shares in issue with a total of 63,423,248 voting rights.

12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.templebarinvestments.co.uk.

Useful information for shareholders

ANNUAL GENERAL MEETING
The Annual General Meeting will be held at Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA (see map on page 48), on 24 March 2014 at 11.00am.

FINANCIAL CALENDAR
The financial calendar for 2014 is set out below:

Ordinary shares	
Final dividend, 2013 – payable	31 March 2014
– ex-dividend	12 March 2014
– record date	14 March 2014
Interim dividend, 2014	30 September 2014
Final dividend, 2014	End of March 2015
9.875% Debenture Stock 2017	
Interest payments	30 June and 31 December
5.5% Debenture Stock 2021	
Interest payments	8 March and 8 September

PAYMENT OF DIVIDENDS
Cash dividends will be sent by cheque to the first-named shareholder on the Register at his or her registered address together with a tax voucher. At shareholders' request, dividends may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System ('BACS'). This may be arranged by contacting the Company's Registrar on 0871 384 2432 (calls to this number cost 8p per minute plus network extras).

PRICE AND PERFORMANCE INFORMATION
The Company's ordinary shares and debenture stocks are traded on the London Stock Exchange. The market price of the ordinary shares is shown daily in the Financial Times, other leading newspapers and on the Company's website.

SHARE REGISTER ENQUIRIES
The Company's Registrar, Equiniti, maintains the share register. In the event of queries regarding your holding, please contact the Registrar on 0871 384 2432 (overseas +44 (0)121 415 7047). Lines are open from 8.30am to 5.30pm Monday to Friday. Calls to this number cost 8p per minute plus network extras. Changes of name or address must be notified in writing to the Registrar.

SEDOL CODES FOR ORDINARY SHARES AND DEBENTURE STOCKS
Ordinary shares – 0882532
9.875% Debenture Stock 2017 – 0882640
5.5% Debenture Stock 2021 – 0530529

TEMPLE BAR INVESTMENT TRUST SAVINGS SCHEME
Details of the Temple Bar Savings Scheme are set out on page 51 of this report. This enables individuals to buy shares in the Company in a straightforward and accessible way.

ASSOCIATION OF INVESTMENT COMPANIES
The Company is a member of the Association of Investment Companies, which produces monthly publications of detailed information on the majority of investment trusts. The Association of Investment Companies can be contacted by telephone on 020 7282 5555.

TEMPLE BAR WEBSITE
The Company's own website can be found at www.templebarinvestments.co.uk and includes useful background information on the Company together with helpful downloads of published documentation such as previous Annual Reports and Savings Scheme application forms.

Temple Bar Investment Trust Savings Scheme

Temple Bar offers an inexpensive way of investing in the Company.

The Temple Bar Investment Trust Savings Scheme offers:
- monthly savings from as little as £50 a month
- a daily dealing facility for lump sum investments or sales
- income reinvestment

If you would like to receive information about the Savings Scheme, call the Investor Services Department on 020 7597 1800 or visit our website **www.templebarinvestments.co.uk**. Alternatively please write to:
Investor Services Department
Investec Asset Management Limited
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA

Past performance will not necessarily be repeated. You are not certain to make a profit; you may lose money and any income is not fixed – it can go up or down. Tax benefits detailed are those currently applicable and will vary from one investor to another and may change in the future. The government's 0.5% stamp duty is payable on all share purchases. Shares will be purchased at Temple Bar's buying price and will be sold at Temple Bar's selling price. Phone calls may be recorded to confirm your instructions.

The above information has been issued by Investec Asset Management Limited, authorised and regulated by the Financial Conduct Authority, the investment manager of Temple Bar Investment Trust PLC.

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The Association of Investment Companies

A member of the Association of Investment Companies

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active investment working for you

Temple Bar Investment Trust PLC

Registered office
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
www.templebarinvestments.co.uk

Investment Manager
Investec Asset Management Limited
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
Telephone 020 7597 2000