Temple Bar

Investment Trust PLC

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Temple Bar Investment Trust PLC

OBJECTIVE

Temple Bar Investment Trust PLC's ("Temple Bar" or the "Company") 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 listed 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.

PURPOSE

The purpose of the Company is to deliver long term returns for shareholders from a diversified portfolio of investments.

CONTENTS

SUMMARY OF RESULTS

	2020 £000	2019 £000	% change
Assets *as at 31 December*			
Net assets	675,336	985,123	(31.4)
Ordinary shares			
Net asset value per share with debt at book value	1,009.88p	1,473.13p	(31.4)
Net asset value per share with debt at market value[1]	995.75p	1,462.46p	(31.9)
Market price	955.00p	1,476.00p	(35.3)
(Discount)/premium with debt at market value[1]	(4.1)%	0.9%	
Revenue *for the year ended 31 December*			
Revenue return attributable to ordinary shareholders	8,390	35,523	(76.4)
Revenue return per ordinary share[1]	12.55p	53.12p	(76.4)
Dividends per ordinary share[1]	38.50p	51.39p	(25.1)
Capital *for the year ended 31 December*			
Capital return attributable to ordinary shareholders	(285,650)	183,167	
Capital return attributable per ordinary share	(427.15)p	273.90p	
Net gearing[1,3]	6.1%	8.0%	
Ongoing charges[1,4]	0.50%	0.49%	
Total returns *for the year to 31 December 2020*			
Return on net assets[1,2]			(28.0)
Return on gross assets[1,2]			(25.9)
Return on share price[1,2]			(31.5)
FTSE All-Share Index			(9.8)
Change in Retail Price Index over year			1.2

1 Alternative Performance Measures – See glossary of terms on pages 72 and 73 for definition and more information.
2 Source: Morningstar.
3 Defined as shareholders' funds divided by total assets less current liabilities and cash or cash equivalents (including gilt holdings) expressed as a percentage.
4 Defined as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the year.

BENCHMARK

Performance is measured against the FTSE All-Share Index.

TOTAL ASSETS LESS CURRENT LIABILITIES

£749,970,000

TOTAL EQUITY*

£675,336,000

MARKET CAPITALISATION

£638,635,000

* With debenture and loan stocks at book value

CAPITAL STRUCTURE

Ordinary Shares	*66,872,765*
5.5% Debenture Stock 2021	*£38,000,000* (matured 8 March 2021)
4.05% Private Placement Loan 2028	*£50,000,000*
2.99% Private Placement Loan 2047	*£25,000,000*

VOTING

Ordinary shares 100%

CHAIRMAN'S STATEMENT

UK equities appear still to be extremely modestly valued and if there is any sort of economic recovery in the UK, as our Investment Manager expects there will be, we could see a major upward re-rating in many of our investee companies

REVIEW

Your Company has performed very well over the last few months, but the results for the year ended 31 December 2020 overall were very disappointing. In what was for obvious reasons a very difficult year, not only for investors but for the world, your Company performed extremely badly up until the final quarter. As detailed in the Half-Yearly Report for the six months ended 30 June 2020, as a result of hugely disappointing performance and the retirement due to ill health of the named fund manager, Alastair Mundy, in April 2020 the Board commenced a management review advised by Stanhope Consulting. We considered whether we should change our investment style and/or our investment manager. We analysed carefully how much of the fall of the portfolio was due to the sharp underperformance of value stocks as the pandemic gripped and dividends were cut, and how much was due to individual stock selection by the investment manager within the value universe. After an exhaustive process we came to the conclusion that this was not the stage in the cycle to change investment style (a decision *so far* justified by subsequent events). However, we did decide that it was in the interests of shareholders to change investment manager. After reviewing in detail a large number of proposals, interviewing remotely a short list of investment managers and finally interviewing the final two in person, socially distanced, RWC Asset Management LLP ("RWC") was appointed as Investment Manager on 30 October 2020, with Ian Lance and Nick Purves being the new named Portfolio Managers. This appointment preceded by only a few days the announcement of the success of the BioNTech/Pfizer vaccine and the subsequent major rally in value stocks.

Notwithstanding the recent performance I would like to note that Mr Mundy, the previous named fund manager, served your Company with great dedication over very many years and generated outperformance of the benchmark in the majority of them.

PERFORMANCE

From 1 January 2020 to 29 October 2020, while the Company was under Ninety One Fund Managers UK Limited ("Ninety One's") management, the total return on net assets was -45.58%. From 30 October 2020 to 31 December 2020 when the Company was under RWC's management, the total return on net assets was +32.24%. This resulted in the total return on net assets for the year of -28.04%. This compares with the total return on our benchmark index, the FTSE All Share Index, of -9.82% and is obviously disappointing to say the least. It would be remiss of me not to add, though, that the bare figures are a little unflattering to Ninety One as their performance too would undoubtedly have benefited from the post vaccine bounce in value stocks.

Unlike previous years, there is no attribution analysis detailed in this Annual Report as the change in Investment Manager and the consequent increased turnover of the portfolio would render any such analysis relatively meaningless this year. However, going forward this analysis will be reinstated.

PORTFOLIO

As can be seen on pages 20 and 21 of the Annual Report, there have been major changes in the Company's portfolio holdings. This repositioning was achieved very efficiently, and at a relatively low cost, by the combination of RWC and a specialist transition agent. Within eight days of the start of transition trading, the portfolio was predominantly structured as per the new Investment Manager's preferences.

DIVIDEND

Up until 2020 the Company had raised its dividend every year for 36 years and there had been no cut in the annual payment for over 50 years. Unfortunately, as previously announced, this record was impossible to maintain in the period under review. A consequence of the COVID-19 pandemic was that the majority of our investee companies either significantly reduced the level of their dividend payments or made no payment at all. This resulted in income generated from the portfolio plummeting from £39.7 million to £12.7 million, a fall of 68%.

During the year, the Company paid four interim dividends totalling 38.5p. The Board does not intend to recommend the payment of a final dividend. The total payment for the 2020 financial year represents a decline of 25.1% from the dividend paid in 2019. Even this reduced level of dividend has required a significant transfer from revenue reserves, such has been the scale of the fall in the Company's income. Going forward, however, the Board hopes to resume dividend growth from this lower level.

GEARING

At the year end, gearing (calculated net of cash and related liquid assets) was 6.1%. The Company's £38 million 5.5% debenture stock matured on 8 March 2021. The Board does not intend to replace this.

CHAIRMAN'S STATEMENT CONTINUED

PURPOSE AND CULTURE

The purpose of the Company is to deliver long term returns for shareholders from a diversified portfolio of investments. These investments will primarily be UK listed. As an investment trust, the Company has no employees, but the culture of the Board is to promote strong governance and a long term investment outlook with an emphasis on investing in businesses that can deliver sustainable value to shareholders. Therefore, the Board asks the Company's Investment Manager to invest in stocks that fulfil the traditional metrics of the value style, but possess a business model that is sustainable in to the long term.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ("ESG") AND STEWARDSHIP ISSUES

The Board shares the Investment Manager's belief that ESG issues can be a material factor in determining the valuation of a company. Bad practice can have a negative impact on society which could in time threaten a company's social licence to operate and therefore detract from investors' capital.

The Board embraces the concept of active stewardship, asking the Investment Manager to monitor, evaluate and actively engage with investee companies with the aim of preserving or adding value to the portfolio. Further, conscious that on some issues, particularly globally catastrophic negative externalities, one manager acting alone can have limited effect, the Board asks the Investment Manager to collaborate with other investors to work with investee companies to minimise these. The Investment Manager reports back to the Board regularly on engagement in these specific areas.

The Investment Manager's approach is expanded upon on pages 17 to 19. The Investment Manager is a signatory of the UK Stewardship Code 2020, the UN Principles of Responsible Investment (UNPRI) and uses the Investor Forum and PRI Collaboration Platform for its collaborative efforts.

THE BOARD

Following Sir Richard Jewson's retirement at the last Annual General Meeting ("AGM"), Lesley Sherratt succeeded Sir Richard in his capacity as Senior Independent Director ("SID") and chair of the Audit and Risk Committee. As mentioned in last year's Annual Report, Sonita Alleyne resigned from the Board in January 2020. There were no other changes to the Board during the year.

In terms of gender, ethnicity, experience and knowledge, the Board demonstrates great diversity. We believe that this diversity is immensely helpful to developing and implementing our strategic goals.

The Board does not believe that long service should automatically render a Director to be considered as non-independent. However, in recognition of the importance attached to tenure in the AIC Code of Corporate Governance (the "AIC Code"), it has been agreed that a Director will ordinarily serve on the Board for a maximum of nine years. This month I will have been on the Board for ten years and accordingly under normal circumstances I would be looking to stand down. However, a significant percentage of the Board has only recently been appointed and it is intended to appoint at least one new Director over the next 12 months. In addition, the Company has been through a period of massive change. Therefore in these exceptional circumstances, and in the interests of optimising Board balance in terms of experience, it has been proposed that I should continue to serve for a further two years.

Every year the Board undertakes a thorough evaluation of each Director, including myself as Chairman. This year a very detailed independent analysis of the Board's functioning was carried out by Stogdale St James. Details of this evaluation can be found on page 32. In addition, in line with best practice in this regard, all Directors are subject to annual re-election by shareholders.

DIRECTORS' FEES

A recent, independent study demonstrated that the current level of fees paid to the Company's Directors is significantly below that of comparable investment trusts with similar market capitalisations. Nevertheless, in light of the Company's performance in 2020, the Board is not recommending any increase in fees at this time. The position will be reviewed in the autumn. As mentioned above, the Board will be looking to recruit at least one new member over the next 12 months and fees must be set at a competitive level in order to attract the most able candidates.

SERVICE PROVIDER CHANGES

Following the change in Investment Manager from Ninety One to RWC, on 30 October 2020 the Company appointed Link Fund Solutions Limited ("LFS") as its Alternative Investment Fund Manager ("AIFM") in place of Ninety One and the Bank of New York Mellon (International) Limited ("BNYM") to act as Custodian and Depositary in place of HSBC Bank plc. It also entered into a fund administration agreement with Link Alternative Fund Administrators Limited ("LAFA") and appointed Link Company Matters Limited ("Company Matters") as the new Company Secretary in place of Ninety One UK Limited.

SHARE CAPITAL MANAGEMENT

Due to extreme volatility in markets, during the past year the Company's share price relative to its net asset value fluctuated in a more volatile manner than it had for many years. At 31 December 2020 it stood at a discount of 4.1% to net asset value with debt at market value. The Board is prepared to undertake share buy backs if the discount widens excessively, either in absolute terms or relative to the Company's peer group. While no share repurchases took place during the year, the Board nonetheless recommends that the existing authorities to issue new ordinary shares and to repurchase shares in the market for cancellation or to hold in treasury be continued. Accordingly, it is seeking approval from shareholders to renew the share issue and repurchase authorities at the forthcoming AGM.

AGM

The AGM this year will be held at the offices of RWC Asset Management LLP, Verde 4th Floor, 10 Bressenden Place, London SW1E 5DH on Thursday, 13 May 2021 at 12.30 pm.

In light of the UK Government's health advice in response to the COVID-19 outbreak, including to limit travel and public gatherings, the Company strongly advises all shareholders to submit their form of proxy, appointing the Chairman of the AGM as proxy. The AGM has been arranged on the assumption that the UK Government's guidance will continue to apply at the date of the AGM. As a result, the AGM will be held as a closed meeting, while still allowing for shareholders to exercise their voting rights.

Unless notified otherwise after publication of the Notice of AGM, no shareholder, proxy or corporate representative (other than those required for a quorum to exist) should attend the meeting in person. The Chairman of the AGM will exercise their powers to exclude any person who attempts to attend the AGM in person, and they will not be permitted entry to the location of the AGM in person.

The situation regarding COVID-19 is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the AGM (including any change to the location of the AGM) will be communicated to shareholders before the AGM through our website at www.templebarinvestments.co.uk and, where appropriate, by announcement made by the Company to a Regulatory Information Service.

Shareholders are encouraged to send any questions to the Board via templebar.cosec@linkgroup.co.uk.

AUDITOR

As announced in last year's Annual Report, following regulations on compulsory auditor rotation, BDO LLP was appointed as the Company's Auditor in respect of the year ended 31 December 2020 and the Board is recommending their re-appointment at the forthcoming AGM.

OUTLOOK

Having experienced the seismic changes that 2020 brought about it is difficult to have any confidence in any prediction made by anybody. Nonetheless, UK equities appear still to be extremely modestly valued and if there is any sort of economic recovery in the UK, as our Investment Manager expects there will be, we could see a major upward re-rating in many of our investee companies. In any event, I can assure shareholders that both the Board and the Investment Manager will work as hard as they can to ensure the best possible outcome for shareholders no matter what the market conditions.

Arthur Copple
Chairman

22 March 2021

INVESTMENT MANAGER'S REVIEW

Nick Purves and Ian Lance joined RWC in August 2010 and together manage over £3 billion of client assets, including the TM RWC Equity Income Fund. After qualifying as a Chartered Accountant, Nick worked at Schroders for over 16 years. Ian has been working with Nick since 2007, initially at Schroders and then at RWC. Prior to joining Schroders, Ian was Head of European Equities and Director of Research at Citigroup and Head of Global Research at Gartmore.

NICK PURVES

IAN LANCE

We should start by saying how honoured we feel that RWC has been appointed as the new Investment Manager for such a prestigious Company, at what we believe is a challenging yet exciting time for value-oriented investors.

It is an understatement to say that 2020 was a tumultuous year in stock markets. The Coronavirus pandemic and the associated lockdowns imparted a significant deflationary shock to the global economy, resulting in a large decline in economic output which rivalled the decline seen during the financial crisis of 2008. Stock markets responded savagely, falling by around a third at the lows in March 2020. Unsurprisingly, the declines were led by cyclical stocks whose profits would be most affected by the pandemic, with many such companies seeing their shares halve in value. However, this time round, Central Banks and Governments alike responded with unprecedented monetary and fiscal support to prevent a deflationary shock from becoming a full-blown crisis. Stock markets took comfort from the fact that the authorities were prepared to support companies and consumers through what they saw as a painful but nevertheless temporary crisis, and by Spring 2020, had recouped a significant portion of the initial losses. Positive vaccine news in Autumn 2020 drove a further recovery in stock markets in which the more cyclical stocks led the markets up.

The Company delivered disappointing performance in the twelve months, with all of the underperformance coming in the first half of the year, as the extent of the Coronavirus crisis really became apparent. A number of the Company's holdings were particularly badly affected; namely, Capita, BP, Royal Dutch Shell, Barclays, Lloyds, SIG and Travis Perkins, as the market worried that profitability would be impaired and that some companies would be required to raise additional equity in order to get through the crisis. The Company was, however, able to recoup a portion of the lost ground post the vaccine announcements in November 2020, with holdings such as ITV, Royal Mail Group, NatWest Group, BP, Easyjet and RSA rebounding very strongly into the year end on hopes of an economic recovery in 2021.

The transition of the legacy portfolio to RWC in early November 2020 necessitated a significant amount of trading, requiring the involvement of a specialist third-party transition manager. This agent, working on behalf of the Company and in close conjunction with the RWC team, was able to greatly reduce both the time taken to restructure the assets and the transactional costs of doing so. By executing trading in a low-participation approach and taking advantage of natural liquidity in the market, even some very illiquid transactions were completed with minimal price disruption. RWC also worked with the transition manager to maximise retentions from the existing portfolio where it was deemed appropriate, further reducing costs to the Company.

Whilst stock market volatility of the type that we saw last year can feel extremely uncomfortable, investors should not lose sight of the fact that a share provides its owner with a claim on a long stream of corporate cash flows, stretching 20 to 30 years into the future. Therefore, a relatively short period of depressed profitability resulting from an economic downturn does not significantly alter the value of the share. This is provided of course that the company's profitability is not permanently impaired. Often, therefore, extreme declines in share prices, of the sort that we saw at the beginning of last year, are an overreaction by fearful investors. This provides those with a longer-term timeframe and a focus on a company's profit potential, once the crisis has passed, with the opportunity to purchase shares in sound businesses at a very meaningful discount to their true worth. It has become a cliché to say that one should be fearful when others are greedy and greedy when others are fearful, but it is true nevertheless and we are confident that we were able to take advantage of last year's dislocation for the considerable long term benefit of the Company. Of course, we cannot plot a clear course out of the pandemic, and therefore can't be sure how quickly economies might recover, but given today's starting valuations in a range of stocks and the fact that, in a number of sectors, the stock market is not discounting any profit recovery at all, we think that the rewards will be significant for those that are prepared to be patient. John Maynard Keynes once said that: 'remoter gains are discounted at a very high rate.' That is certainly the case today.

There are some investors who seem to have bought into the narrative that valuations do not matter anymore. For them, the mantra is just buy good businesses, almost regardless of price, and you will be rewarded with handsome returns. For them, these companies are one decision stocks. However, anyone with a good understanding of stock market history will know that this is emphatically not the case, as the iron law of valuation says that, for a given stream of corporate cash flow, the price that you pay is inversely correlated to the investment return that you will ultimately receive. Starting valuations do matter and investors should not be convinced into thinking otherwise.

Unfortunately, this narrative is proving to be attractive to many investors who feel scarred by last year's volatility. The result is that stock markets have, temporarily at least, placed unreasonably high valuations on those companies that generally offer little in the way of growth, although they

Investors should not lose sight of the fact that a share provides its owner with a claim on a long stream of corporate cash flows, stretching 20 to 30 years into the future. Often, therefore, extreme declines in share prices, of the sort that we saw at the beginning of last year, are an overreaction by fearful investors

are seen to offer relative predictability in a highly uncertain world. With many of these names now valued at multiples of 30 to 40 times earnings, investors run the risk that the relatively meagre returns they can expect to get from growth in profits over time will be more than wiped out by a de-rating back to a more reasonable level. Using some simple arithmetic, one can see that a share which delivers 5% per annum profit growth over five years but which sees its valuation multiple fall from say 35 times earnings to a more reasonable high teens multiple would lose more than a third of its capital value over that period. In their desire to purchase what is in vogue and what feels comfortable to own, many investors have lost sight of this fact.

As corporate profits are inherently volatile, it can be very misleading to value companies based on one year's earnings, as those earnings may be unsustainably high or unusually depressed. We therefore stress the importance of valuing businesses based on a conservative view of their longer-term profit potential, thereby adjusting for the effect of the economic cycle. We ask ourselves what level of profits can a company generate in a reasonable year? Are its finances sound, thereby allowing it to survive a severe economic downturn without requiring additional equity? Finally, does the company have a sustainable future and can it thereby create value for shareholders whilst simultaneously protecting the interests of all its stakeholders? If a company's shares can be bought at a multiple of eight to ten times its 'normal' earnings potential and the answer to the other questions is 'yes', then we are minded to invest. Because of the uncertainty caused by Coronavirus, such has been the level of fear in the stock market, that many companies are currently available at these valuations. Examples include Royal Mail Group, Marks & Spencer, CK Hutchison, WPP, Centrica and ITV, with all of these included in the new portfolio at the time of transition, replacing companies where the valuation was high, or the finances were unsound. The new portfolio offers the potential for significant gains over a very reasonable timeframe and the Company looks set to benefit from the likely recovery that will come as economies open up again. Value investing is sometimes described as 'simple but not easy': 'simple' because there is nothing inherently complicated about it; not easy because it requires the emotional discipline to invest almost always in the face of bad news.

We recognise of course, that we live in a time of huge technological change and that many industries are being permanently disrupted with the result that many will never return to an acceptable level of profitability. We work hard therefore to differentiate between those companies where an adverse change in customer behaviour has left the asset fundamentally impaired and the shares are therefore lowly valued for a good reason and those which offer sustainable value because despite the fact that they operate in challenging and competitive markets, they still resonate and remain relevant with their customers.

Two areas that offer particular value at the current time are energy and banks. The energy companies have set out their strategies to get to net zero carbon emissions by 2050, which is where we as a society have to get to if we are to meet the goals set out in the Paris climate change accord. They will achieve this by altering their energy mix, with a greater focus on clean gas and renewables, and heavy investment in carbon offset and carbon capture technologies. At the same time, the companies have reengineered their cost bases to generate attractive returns even at lower oil prices. At today's share prices, the companies trade on single digit price to earnings multiples, assuming Brent oil prices of $50 per barrel, somewhat below where we are today.

Whilst the banks have been negatively impacted by ultra-low interest rates, they are still able to make a reasonable return on equity capital as lending spreads remain satisfactory. They also are using technology to reengineer their cost bases for the world in which they now operate. Whilst it is difficult to imagine that these companies will ever again make the mid-teens return on equity that they did pre the financial crisis, a high single digit return, as targeted by the management teams, will be possible in the medium term. This would leave the companies trading at around six times their earnings potential, giving an earnings yield of 15% or more. The banks' capital position is also extremely robust. Underwriting standards have generally been high and, typically, the companies have three times the amount of equity capital that they did in 2008. The Company is well represented in both sectors.

The stock markets of today show parallels with both the technology bubble of 1999/2000 and the global financial crisis of 2008. On both occasions, there was extreme dislocation in the markets, with some areas looking very overpriced, whilst other areas offered significant value. On each of these occasions, we were able to take advantage of the dislocation to purchase sound businesses at bargain prices, thereby setting our clients up for several years of strong excess returns. We are at the same juncture today and whilst the future is inherently uncertain and the path will be uneven, we believe that, after a difficult 2020, the Company is well positioned to deliver outsized rewards for its shareholders in the years to come.

Ian Lance and Nick Purves
RWC Asset Management LLP

22 March 2021

OVERVIEW OF STRATEGY

The strategic report is designed 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 England and Wales in 1926 with the registered number 00214601.

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.

SECTION 172 STATEMENT

The Directors' overarching duty is to act in good faith and in a way that is the most likely to promote the success of the Company as set out in Section 172 of the Companies Act 2006 ("Section 172"). In doing so, Directors must take into consideration the interests of the various stakeholders of the Company, having regard, amongst other matters, to the following six items:

The likely consequences of any decision in the long term	All Board discussions include consideration of the longer-term consequences of any key decisions and their implications for the relevant stakeholders. In managing the Company during the year under review, the Board acted in the way which we considered, in good faith, would be most likely to promote the Company's long-term sustainable success and to achieve its wider objectives for the benefit of our shareholders as a whole, having had regard to our wider stakeholders and the other matters set out in Section 172 of the Companies Act 2006
The interests of the Company's employees	This provision is not relevant as the Company does not have any employees
The need to foster the Company's business relationships with suppliers, customers and others	The Board's approach is described under "Stakeholders" on page 8
The impact of the Company's operations on the community and the environment	The Board takes a close interest in responsible investment issues and sets the overall strategy. Management of the portfolio is delegated to the Investment Manager, which is responsible for the practical implementation of policy. A description of the Company's approach to stewardship and the role of the Investment Manager in this is set out on pages 17 to 19
The desirability of the Company maintaining a reputation for high standards of business conduct	The Board's approach is described under "Culture" on pages 8 and 9
The need to act fairly between shareholders of the Company	The Board's approach is described under "Stakeholders" on page 8

In considering the primary purpose of the Company, the Board made a number of key decisions during the year. The Board:

- established a Management Engagement Committee to monitor and evaluate the performance of the Company's Investment Manager and other principal service providers. Further details on the activities of this Committee can be found on page 36;
- undertook an extensive review of its management arrangements with the assistance of Stanhope Consulting. Details of this review can be found on pages 24 and 25;
- as a result of the review, appointed RWC as Investment Manager, LFS as AIFM, BNYM as Custodian and Depositary, LAFA as Fund Administrator and Company Matters as Company Secretary. Further details of these appointments can be found on page 25; and
- made the decision to cut the annual dividend to a more sustainable level, as explained in the Chairman's Statement on page 2.

The Directors have considered each aspect of Section 172 and consider that the information set out on page 8 is particularly relevant in the context of the Company's business as an externally managed investment company which does not have any employees or suppliers.

Stakeholders
The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all of its discussions and as part of its decision making. As the Company is an externally managed investment company and does not have any employees or customers, it therefore has very little direct impact on the community or the environment. Its key stakeholders comprise its shareholders and its lenders. The Company also has important contractual relationships with its key service providers, but does not consider these stakeholders. The Company recognises the indirect impact it has on the community and the environment through its investee companies. Further details on this are set out on pages 17 to 19. The section below discusses why these stakeholders are considered of importance to the Company and the actions taken to ensure that their interests are taken into account.

Shareholders
The primary purpose of the Company is to deliver long-term returns for shareholders from a diversified portfolio of investments. Continued shareholder support and engagement are critical to the existence of the Company and the delivery of its long-term strategy.

The Board recognises the importance of engaging with shareholders on a regular basis in order to maintain a high level of transparency and accountability and to inform the Company's decision making and future strategy. The Board took full account of views expressed by shareholders in its decision to change Investment Manager and other key service providers in the year under review.

Following feedback received from shareholders during the year, the Board engaged Stogdale St James to conduct an independent evaluation of the Board itself. Details of this evaluation can be found on page 32.

The Board primarily engages with shareholders through direct engagement by the Chairman and through the Investment Manager who maintains an ongoing dialogue with shareholders through regular shareholder presentations. Further dialogue with shareholders is achieved through the annual and half-yearly reports, daily net asset value announcements and by a monthly factsheet available on the Company's website.

One of the Board's long-term strategic aspirations has been that the Company's shares should trade consistently at a price close to the net asset value per share. During the year under review the discount rating came under severe pressure both as a result of the COVID-19 pandemic and due to the process of selecting and appointing a new Investment Manager. Since the appointment of RWC as Investment Manager both investment performance and the discount rating have improved. Along with producing superior investment returns, the Board regards marketing and promotion of the Company to be a key requirement of the Investment Manager.

An important role of the Board is to ensure that the Company's ongoing charges are competitive both in terms of its peer group and other comparable investment products. Costs can eat away at investment returns. The Board recognises that the financial services industry needs to provide simple to use, transparent investment products that allow investors to invest for the longer term and secure their financial future. Despite changing Investment Manager the Board ensured that costs remain competitive.

Under normal circumstances all shareholders are encouraged to attend and vote at AGMs, at which the Board and the Investment Manager are available to discuss issues affecting the Company and answer any questions. In light of the UK Government's health advice in response to the COVID-19 outbreak, the AGM will be held as a closed meeting, while still allowing for shareholders to exercise their voting rights. As such, shareholders are encouraged to send any questions to the Board via templebar.cosec@linkgroup.co.uk. Further details regarding the AGM are set out in the Notice of AGM on pages 62 to 65.

Lenders
Alongside shareholders' equity, the Company is partly funded by debt. All of the Company's debt is subject to contractual terms and restrictions. We have an established procedure to report regularly to our lenders on compliance with debt terms. It is our policy that all interest payments and repayments of principal will continue to be made in full and on time.

Service providers
In order to function as an investment trust with a premium listing on the London Stock Exchange, the Company relies on a number of suppliers and advisers for support in complying with all relevant legal and regulatory obligations.

The Company's day-to-day operational functions are delegated to a number of third-party service providers, each engaged under separate contracts. The Company's principal service providers are the Investment Manager, AIFM, Company Secretary, Fund Administrator, Custodian and Depositary, Broker, Solicitor, Auditor and the Registrar.

The Board believes that maintaining a close and constructive working relationship with the Investment Manager is crucial to promoting the long-term success of the Company. Representatives of the Investment Manager attend Board meetings and provide reports on matters relating to investments, performance and marketing.

The Board, through the Audit and Risk and Management Engagement Committees, keeps the ongoing performance of the Investment Manager and the Company's other principal third-party service providers under continual review. During the year under review particular attention was paid to the ability of the principal service providers to maintain business as usual while operating under restrictions imposed to control the spread of the COVID-19 virus.

The above mechanisms for engaging with stakeholders and service providers are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective.

CULTURE
The purpose of the Company is to deliver long-term returns for shareholders from a diversified portfolio of investments. These investments will primarily be UK listed. The Company has no employees, but the culture of the Board is to promote strong governance and a long-term investment outlook

OVERVIEW OF STRATEGY CONTINUED

with an emphasis on investing in businesses that can deliver sustainable value to shareholders. Therefore, the Board asks the Company's Investment Manager to invest in stocks that fulfill the traditional metrics of the value style, but possess a business model that is sustainable in the long term.

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 listed 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 30% of the portfolio may be held in listed international equities, subject to a maximum 10% exposure to emerging markets. The Company may continue to hold securities that cease to be quoted or listed if the Investment Manager considers this to be appropriate. There is an absolute limit of 10% of the portfolio in any individual stock with a maximum exposure to a specific sector of 35%, 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 30-50 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 stocks of companies that are out of favour and whose share prices do not match the Investment Manager's assessment of their longer-term value.

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 take advantage of specific investment opportunities.

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

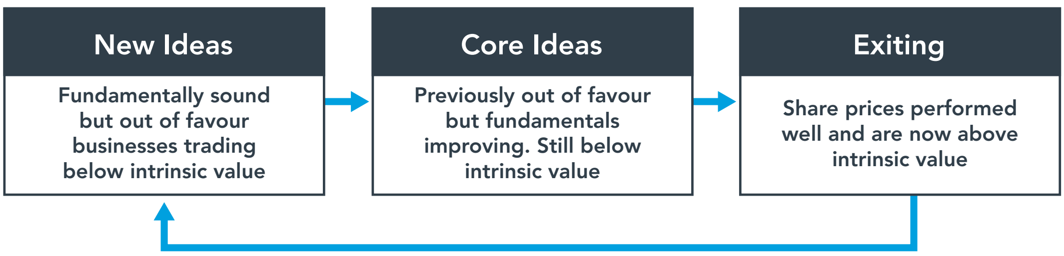
As a general rule, it is the Board's intention that the portfolio should be reasonably fully invested. An investment level of 90% of shareholder funds is regarded as a guideline minimum investment level dependent on market conditions.

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

A classic approach to value investing

The Portfolio Managers Nick Purves and Ian Lance aim to rotate the Company's investment portfolio into those companies which they believe are available at a significant discount to intrinsic value, buying and holding out-of-favour companies until share prices have recovered, at which point they will sell the stock. Typically, the stocks Nick and Ian identify as opportunities will fall into three distinct categories:



Identifying quality and avoiding value traps

Some value strategies simply apply mechanistic measures to identify undervalued stocks but the problem with that is that it can lead to businesses in structural decline; they may be cheap but their potential to recover is limited. Instead, RWC's 'intrinsic value' approach aims to identify under-valued, yet good, quality companies with strong cash flows and robust balance sheets. The Investment Manager puts a strong emphasis on financial strength because it gives them the confidence that a company can survive through a prolonged period of lower profitability caused by company specific issues, or an unexpected downturn in the economy.

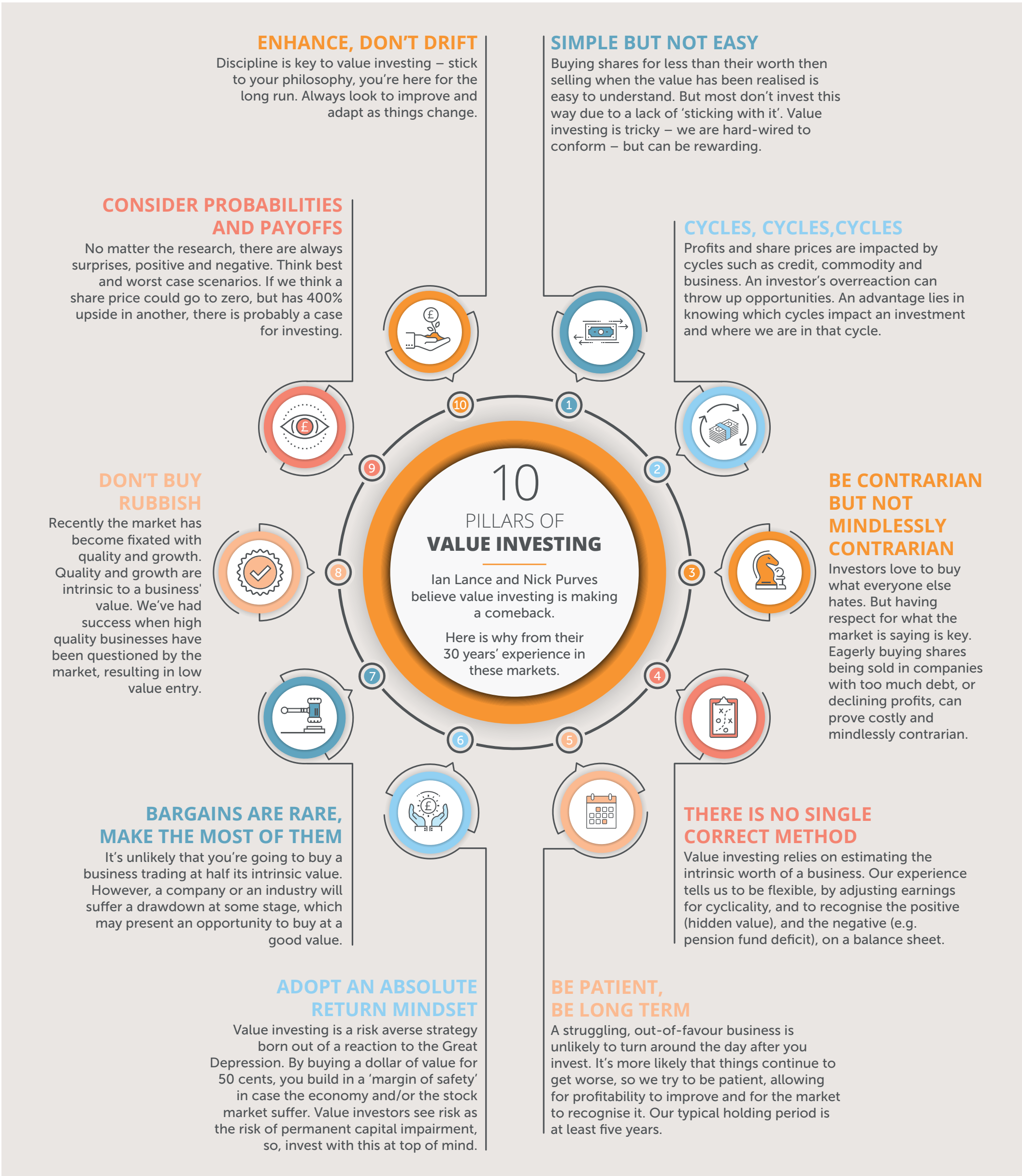
As Temple Bar's Investment Manager, RWC aims to avoid lower quality stocks or so called 'value traps' by monitoring companies against three different types of risk:

- Valuation – extrapolating favourable trends and paying more than the intrinsic value of the business (e.g. avoiding a situation where something is positively impacting a company's share price in the short-term but that isn't sustainable longer-term);

OVERVIEW OF STRATEGY CONTINUED

- **Earnings** – the risk that the earnings of the company decline for cyclical or secular reasons (e.g. the industry or sector that the business operates in is itself in cyclical or long-term decline); or
- **Financial** – debts overwhelm equity holders whose interests are subsequently diluted.

In the diagram below RWC have set out some of the key factors it considers when seeking to uncover the most compelling value opportunities:



OVERVIEW OF STRATEGY CONTINUED

KEY PERFORMANCE INDICATORS

The 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 and to competitors within the UK Equity Income sector of investment trust companies;
- Discount/premium on net asset value;
- Earnings and dividends per share; and
- Ongoing charges.

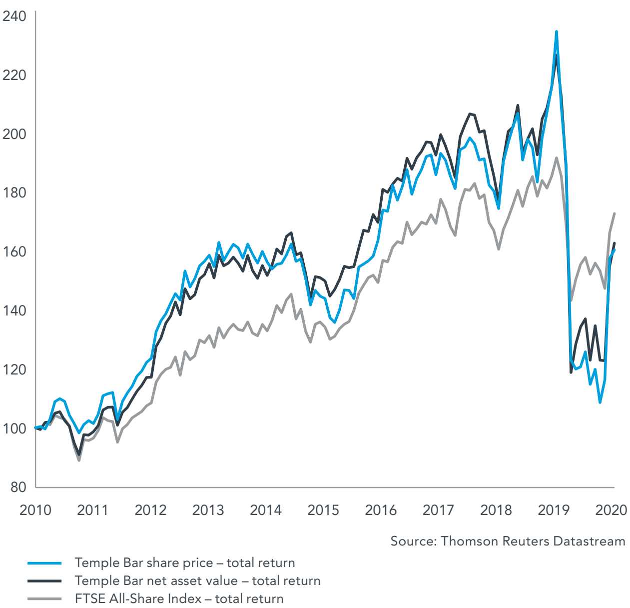
While some elements of performance against KPIs are beyond management control they provide measures of the Company's absolute and relative performance and are, therefore, monitored by the Board on a regular basis.

Net asset value total return

In reviewing the performance of the assets in the Company's portfolio the Board monitors the net asset value in relation to the FTSE All-Share Index. This is the most important KPI by which performance is judged. During the year the net asset value total return of the Company was (28.0)% compared with a total return of (9.8)% by the FTSE All-Share Index. The ten year net asset value total return performance is shown below. As described in the Chairman's Statement on page 2, the Board decided to change Investment Manager during the year under review. The Company's previous, long-serving investment manager had endured poor spells of performance before and recovered from them, but his retirement through ill health meant that on this occasion he did not have the opportunity to do that. As a result, the Board, having after careful consideration decided to stay with the value style, carried out a thorough review of its management arrangements and decided to appoint RWC to replace Ninety One as the Company's Investment Manager.

RWC was appointed as Investment Manager on 30 October 2020. The long term chart is therefore not a reflection of RWC's investment performance.

Net asset value total return

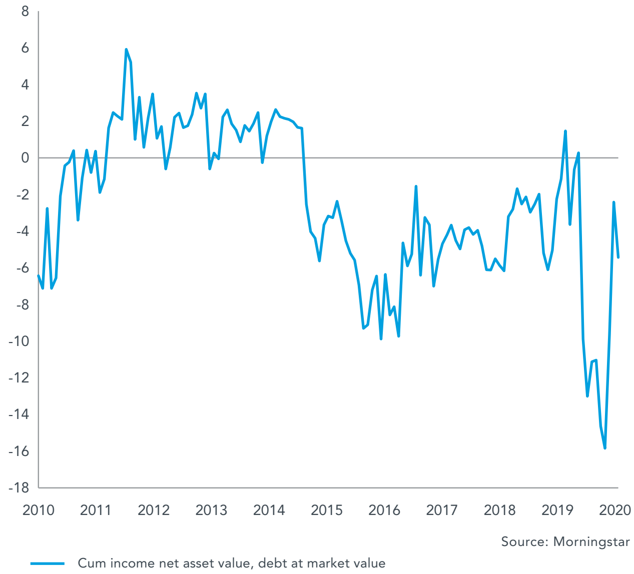


Discount to net asset value

The Board monitors the premium/discount at which the Company's shares trade in relation to their net asset value. During the year the shares traded at an average discount to net asset value of 8.0%. This compares with an average discount of 3.9% in the previous year. As set out in the Chairman's Statement on page 4, during the year the Board closely monitored the discount in a period of high volatility in both asset value and discount.

The Board and Investment 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 both the buy back of shares and their issuance, which can assist in the management of the discount or premium.

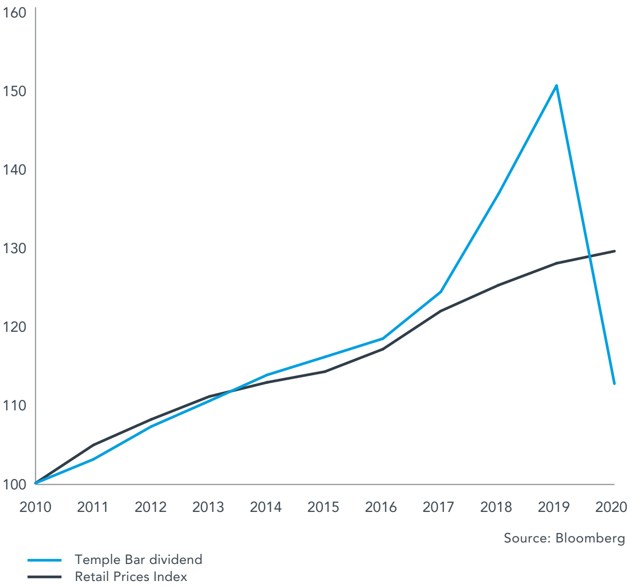
(Discount)/premium to net asset value (excluding current year revenue)



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. The Investment Manager aims to maximise total returns from the portfolio. The Company has paid dividends totalling 38.50p per ordinary share for the year ended 31 December 2020 , a reduction of 25.1% from the previous year. The Board hopes to resume sustainable dividend growth in due course. This is explained in more detail in the Chairman's Statement on page 2.

10 Year Comparative Dividend Growth



Ongoing charges

Ongoing charges is an expression of the Company's management fees and other operating expenses as a percentage of average daily net assets over the year. The ongoing charges for the year ended 31 December 2020 were 0.50% (2019: 0.49%). 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 ratios in the UK Equity Income sector of investment trust companies.

TEN YEAR RECORD

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total assets less current liabilities (£000)	585,480	664,648	905,775	913,198	869,535	968,790	1,050,285	916,153	1,099,172	749,970
Net assets (£000)	522,040	601,191	792,070	799,444	755,755	879,940	936,366	802,182	985,123	675,336
Net assets per ordinary share (pence)	874.42	992.86	1,250.84	1,195.47	1,130.14	1,315.84	1,400.22	1,199.56	1,473.13	1,009.88
Revenue return to ordinary shareholders (£000)	22,552	24,873	22,274	25,782	26,663	29,253	28,958	33,099	35,523	8,390
Revenue return per share (pence)	38.08	41.39	36.17	39.82	39.87	43.74	43.3	49.5	53.12	12.55
Dividends per share (pence)	35.23	36.65	37.75	38.88	39.66	40.45	42.47	46.72	51.39	38.50

OVERVIEW OF STRATEGY CONTINUED

PRINCIPAL AND EMERGING RISKS

The Board has overall responsibility for reviewing the effectiveness of the system of risk management and internal control which is operated by the Investment Manager and the Company's other service providers. The Company's ongoing risk management process is designed to identify, evaluate and mitigate the significant risks that the Company faces.

The Board undertakes a risk review with the assistance of the Audit and Risk Committee, to assess the adequacy and effectiveness of the Investment Manager and other service providers' risk management and internal control processes.

The Board has carried out a robust assessment of its principal and emerging risks during the period under review, including those that would threaten its business model, future performance, solvency or liquidity.

The principal and emerging risks and uncertainties faced by the Company are set out below. The risks arising from the Company's financial instruments are set out in note 22 to the financial statements.

RISK	MITIGATION AND MANAGEMENT
INVESTMENT STRATEGY RISK An inappropriate investment strategy on matters such as asset allocation or the level of gearing may lead to underperformance compared with the Company's benchmark index or peer companies.	The Board manages such risks by diversification of investments through its investment restrictions and guidelines, which are monitored and reported on by the Investment Manager. The AIFM also monitors RWC against the investment guidelines. The Investment Manager provides the Directors with regular management information including absolute and relative performance data, attribution analysis, revenue estimates, liquidity reports and risk profile. The Board monitors the implementation and results of the investment process with the Portfolio Managers who attend Board meetings. During the year under review, the high level of market volatility and recent underperformance by the previous investment manager resulted in increased focus on this risk. As part of its review of the investment management arrangements the Board considered the risks and potential rewards of continuing with its current investment style.
LOSS OF INVESTMENT TEAM OR PORTFOLIO MANAGER A sudden departure of the Portfolio Managers or several members of the investment management team could result in a short term deterioration in investment performance.	The investments of the Company are managed by a team of two Portfolio Managers, Ian Lance and Nick Purves. The Investment Manager takes steps to reduce the likelihood of such an event by aligning the interests of the investment team with the wider organisation, including special efforts to retain key personnel. Furthermore, the AIFM, in consultation with the Company, may terminate the Investment Management Agreement should Ian Lance and Nick Purves cease to be able to perform their duties as Portfolio Managers or cease to be employees of the Investment Manager and not be replaced by people with relevant experience. The Board demonstrated its ability to effect change in the year under review and the new service provider model makes the future removal of an investment manager more straightforward.

OVERVIEW OF STRATEGY CONTINUED

RISK	MITIGATION AND MANAGEMENT
INCOME RISK – DIVIDEND 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 2020 the Company had distributable revenue reserves of £12.98 million. Furthermore, income risk is mitigated by the Company's ability to distribute realised capital gains if required to meet any revenue shortfall. As many companies cut or suspended dividend payments in 2020, the Board reviewed its approach and decided to use only a limited proportion of the reserves available and to cut the Company's own dividend to a level from which it hopes to resume dividend growth in due course, without recourse to reserves.
SHARE PRICE RISK Should the market price of the Company's ordinary shares trade at a significant discount to the underlying net asset value per share, shareholders might not be able to realise the full value of their investment and the Company might itself be vulnerable to some form of corporate activity.	The Company's share price and premium or discount to net asset value are monitored by the Investment Manager and the Board on a regular basis. The Directors attach considerable importance to the level of premium or discount to net asset value at which the shares trade, both in absolute terms and relative to the rating at which the UK Equity Income sector of investment trusts is trading. Premiums judged to be excessive will be addressed by repeated share issues, either new or from treasury. Discounts judged to be excessive will be addressed by repeated share buybacks, for treasury or cancellation. The Directors are prepared to be proactive in premium/discount management to minimise potential disadvantages to shareholders.
RELIANCE ON THE INVESTMENT MANAGER AND OTHER SERVICE PROVIDERS The Company has no employees and relies on a number of third-party service providers, principally the Investment Manager, AIFM, Company Secretary, Registrar, Administrator, Custodian and Depositary. It is dependent on the effective operation of its service providers' control systems with regard to the security of the Company's assets, dealing procedures, accounting records and the maintenance of regulatory and legal requirements.	The Company operates through a series of contractual relationships with its service providers. These agreements set out the terms on which a service is to be provided to the Company. During the year, the Board established a Management Engagement Committee to monitor and evaluate the performance of the Company's service providers. The Committee will meet at least twice a year. The Board undertook an extensive review of its management arrangements and as a result of the review, appointed RWC as Investment Manager, LFS as AIFM, Company Matters as Company Secretary, BNYM as Custodian and Depositary and LAFA as the Company's Administrator. The Audit and Risk Committee receives assurance or internal controls reports from key service providers and in the year under review paid close attention to the additional risks posed by disruption due to the COVID-19 pandemic.

OVERVIEW OF STRATEGY CONTINUED

RISK	MITIGATION AND MANAGEMENT
COMPLIANCE WITH LAWS AND REGULATIONS 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, inter alia, realised gains within the Company's portfolio would be subject to capital gains tax. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the Listing Rules. A breach of the Companies Act 2006 could result in the Company being fined or subject to criminal proceedings. Breach of the Listing Rules could result in the Company's shares being suspended from listing which in turn would breach Section 1158. This risk would be exacerbated by inadequate resources or insufficient training within the Company's third party service providers leaving them unable to properly manage compliance with current and future requirements. The Company's business model could become non-viable as a result of new or revised rules or regulations arising from, for example, policy change or financial monitoring pressure.	Compliance with investment trust status regulations is reviewed at each Board meeting. The Board reviews compliance with other regulatory, tax and legal requirements and is kept informed of forthcoming regulatory changes.
CYBER SECURITY The Company has limited direct exposure to cyber risk. However, the Company's operations or reputation could be affected if any of its service providers suffered a major cyber security breach.	The Audit and Risk Committee receives control reports and confirmation from its service providers regarding the measures that they take in this regard.
GLOBAL Unforeseen global emergencies such as a pandemic could lead to dramatically increased market and Company share price volatility. Fraud and cyber security vulnerability could increase for key service providers.	During the year, particular attention was paid to the ability of the principal service providers to maintain business as usual while operating under restrictions imposed to control the spread of the COVID-19 pandemic. The COVID-19 virus outbreak spread rapidly throughout the world in the first quarter of 2020, resulting in both severe economic stress which affected the market value of the Company's investments and resulted in changes to the way in which the investment managers and key service providers conducted their day-to-day operations. While the Board always takes a close interest in the performance of the Company's investments it paid close attention to the effect of the pandemic on the portfolio and the revenue account. It became apparent that due to the large decline in revenue receipts from investee companies resulting from the pandemic, the previous level of dividend was unsustainable. Accordingly, the Board announced a cut in dividends in the Half-Yearly Report, in order to rebase future dividend payments to a more sustainable level. The Board monitored the developing situation closely and sought regular reassurance that the Company's operations would continue to be managed effectively.

EMERGING RISKS

The Board has in place a robust process to identify, assess and monitor the principal risks and uncertainties and also to identify and evaluate newly emerging risks. The Board regularly reviews all risks to the Company, including emerging risks, which are identified by a variety of means, including advice from the Company's professional advisors, the AIC, and Directors' knowledge of markets, changes and events. The following new or emerging risks were identified and reviewed during the year.

Following the COVID-19 pandemic in 2020 and the huge disruption it caused both to everyday life and financial markets across the world, the risk of new global pandemics must now be considered an ever-present emerging risk. Indeed, epidemiologists and health organisations are already searching for the next possible candidate, which could originate from a number of different sources. Human interactions with animals as well as their integration into the food system, and ancient pathogens uncovered in melting permafrost caused by climate change are two such areas of concern. When these factors are combined with ever-increasing global travel and trade, a follow-up pandemic of equal or greater severity at some point in the future cannot be discounted.

The changes to the investment management arrangements announced in September 2020 resulted in a number of changes to the management arrangements of the Company. The Board worked closely with its advisors and its newly appointed and departing service providers to ensure that the process was completed efficiently and with minimum risk to the Company.

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. The Directors therefore 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.

VIABILITY STATEMENT

The Board makes an assessment of the longer term prospects of the Company beyond the timeframe envisaged under the going concern basis of accounting, having regard to the Company's current position and the principal and emerging risks and uncertainties it faces. The AIFM and Investment Manager have assisted the Board in making this assessment via financial modelling and income forecasting, which demonstrates the financial viability of the Company. Stress-testing scenarios, such as an extreme drop in equity markets, have also been carried out and the projected financial position remains strong and all payment obligations meetable.

The Company is a long term investment vehicle and the Directors, therefore, believe that it is appropriate to assess its viability over a long-term horizon. For the purposes of assessing the Company's prospects in accordance with the AIC Code, the Board considers that assessing the Company's prospects over a period of five years is appropriate given the nature of the Company and the inherent uncertainties over a longer time period.

The Directors believe that a five year period appropriately reflects the long term strategy of the Company and over which, in the absence of any adverse change to the regulatory environment and the favourable tax treatment afforded to UK investment trusts, they do not expect there to be any significant change to the current principal and emerging risks and to the adequacy of the mitigating controls in place.

In assessing the viability of the Company, the Directors have conducted a thorough assessment of each of the Company's principal and emerging risks and uncertainties set out on pages to 13 to 16. Particular scrutiny was given to the impact of a significant fall in equity markets on the value of the Company's investment portfolio. The Directors have also considered the Company's leverage and liquidity in the context of its long dated fixed-rate borrowings, its income and expenditure projections and the fact that the Company's investments comprise mainly readily realisable quoted securities which can be sold to meet funding requirements if necessary. As a result, the Directors do not believe that there will be any impact on the Company's long-term viability.

All of the key operations required by the Company are outsourced to third party providers and alternative providers could be secured at relatively short notice if necessary.

Having taken into account the Company's current position and the potential impact of its principal and emerging risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of this Annual Report.

OVERVIEW OF STRATEGY CONTINUED

MODERN SLAVERY ACT

Due to the nature of the Company's business, being a Company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

GENDER DIVERSITY

At the year end, there were two male Directors and two female Directors 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 statement on page 32.

BRIBERY ACT

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Investment Manager also adopts a zero tolerance approach and has policies and procedures in place to prevent bribery.

CRIMINAL FINANCES ACT 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

STEWARDSHIP/ENGAGEMENT

The Board requires the Investment Manager to adopt an active stewardship role, including the effective exercising of shareholders' ownership rights. It believes that this is central to the achievement of its aim to preserve and grow the long-term real purchasing power of the assets entrusted to it by shareholders.

The Investment Manager thus monitors, evaluates and if necessary, actively engages or withdraws from investments with the aim of preserving or adding value to the portfolio. It signed the Principles for Responsible Investment in 2020 and the UK Stewardship Code in 2013.

Both the Board and the Investment Manager firmly believe that sustainability or ESG issues can have a material financial impact on the value of a company along with its social licence to operate, and therefore on the value of its investors' capital. It is thus important for a long-term responsible investor to integrate these issues into the investment process.

The Investment Manager believes that its stewardship role is wholly consistent with supporting companies to grow in a sustainable way, for executive teams and board members to run their companies for the long term and for the benefit of all stakeholders. Moreover, it believes that companies not run in a sustainable manner, from lack of prudence on financial strength and recklessness in the pursuit of growth at the expense of the environment and relations with other stakeholders, create enormous risks to shareholders' capital. Conversely, companies run in a prudent, sustainable manner for all stakeholders are ultimately more successful, resilient and financially rewarding for shareholders.

Environment

As an investment trust which outsources all of its operations, there are no greenhouse gas emissions to report from the operations of the Company. The Company does not have responsibility for any other emissions producing sources reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Consequently, the Company consumed no energy during the year and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria. The potential for a material financial impact from environmental issues on individual companies and sectors has increased dramatically in the past decade with climate change risks, both physical and transitional, at the top of the list. Pressures on natural resources, such as water and biodiversity along with pollution and waste are further prominent risks. The Investment Manager believes that the answer to environmental problems is not as simple as divesting from challenged sectors. By actively engaging with companies, by supporting them in the transition to a sustainable business model, it believes that the outcome can be better for the environment and support economic prosperity.

Social

The financial impact from social issues can be substantial as the Investment Manager set out in its 2017 letter 'Reforming Capitalism'[1].

"We believe companies should act in the interests of all stakeholders. Putting pressure on employees, customers and suppliers may enrich shareholders in the short term but can damage the long run sustainability of the business. Too often, investors seem to believe you are either a champion of the shareholder or of the other stakeholders but in our view, they are not mutually exclusive. There should never be any inherent tension between creating value and serving the interests of employees, suppliers and customers."

Companies treating their employees, customers or suppliers badly, store up future problems for the business in terms of human capital (lower productivity, disruption to production, staff turnover), brand value (dissatisfied customers, litigation) and reputation (supply chain issues, health and safety). Local communities are also important to consider, particularly in extractive industries.

Governance

Governance has always been at the heart of the Investment Manager's process as it believes it sets the basis for the culture of a firm, supporting positive environmental and social outcomes. The Investment Manager seeks investee companies whose management runs the business as owners, thinking long-term and about customers, employees, suppliers, and community. Such an approach ultimately benefits shareholders. The Investment Manager believes in the importance of investee companies possessing a strong

1 www.rwcpartners.com/uk/wp-content/uploads/2016/09/16.08_RWC_Equity_Income_Q3_2016_Investor_Letter.pdf

board, with non-executive directors possessing the requisite skills, experience, and independence to counter the impact of a powerful or dominant CEO. Diversity can support this aim and helps to counter 'group think'. Remuneration is an area of controversy, with management pay ratcheting higher, often without consequence for failure or poor performance. Compensation packages must be tied to long-term drivers of sustainable value, rather than a function of financial engineering. The timeframe for executive evaluations should be extended and there should also be a downside risk by requiring management to put significant 'skin in the game'. If companies behave responsibly and act sustainably there are benefits for society in terms of economic prosperity, political stability, and trust in free markets. This in turn drives further benefits for the companies themselves. It is therefore of general advantage to integrate ESG issues in to the investment process, even without immediate visible impact.

Engagement Policy

The Investment Manager recognises the importance and value of engagement with its investee companies and feels that its long-term investment horizon and concentrated portfolio allow to build meaningful relationships. The engagement process is led and carried out by the Investment Manager. Its extent will be determined by the size of the exposure within the portfolio and the materiality of the identified risk. The Investment Manager will draw from its own experience in assessing materiality risks as well as both the company's own materiality assessment and independent assessments on a sector basis, such as the SASB Materiality Map.

The method of engagement will depend on the engagement objectives. For example, where the Investment Manager holds a position in an investee company and is materially at odds with that company's strategic direction or specific actions, it will usually set out its concerns in a letter to the company and follow up with a meeting. In some instances, the Investment Manager will go further and set out a detailed analysis of the business or sector, with proposed alterations to strategy, and discuss this analysis with management.

The Investment Manager will engage with the chair of an investee company, particularly at times of management change or in relation to long-term questions on strategic direction. It may also engage with the investee company's senior independent director should it have concerns about the chair or board effectiveness.

Other engagements may take place in response to a request from the investee company themselves, such as engagements with the chair of the remuneration committee to discuss incentive structures. The Investment Manager aligns its remuneration policy to that of PLSA, the UK Corporate Governance Code and The Investment Association.

The evaluation of the outcome of the Investment Manager's engagements will depend on the type of engagement. Where the Investment Manager looks for specific actions, it will assess the outcome on whether management or the board engaged and subsequently chose to act on the suggestions made. On other issues, the evaluation of the engagement is more qualitative and often not transparent. The Investment Manager tries to be very open about the nature of its engagement and the outcomes of them.

Examples of the Investment Manager's engagement with investee companies are provided below. Please note, however, that RWC only became Temple Bar's Investment Manager on 30 October 2020 and thus these examples are of engagements between RWC and investee companies on other mandates for which RWC is responsible, rather than engagements that were carried out in Temple Bar's name. The Investment Manager will, of course, be conducting such engagement on behalf of Temple Bar as well as other mandates it manages in the future.

Externalities & Non-Environmental Issues

In addition to adopting a stewardship approach to investment and integrating ESG considerations into its investment approach, the Board asks the Investment Manager to include externalities when assessing a stock's suitability for investment. Externalities are costs, usually to society or the environment, which are not captured by market pricing and can include non-financial factors. In particular, there are some areas where companies operating legally and ethically may, through their joint (uncoordinated) action, create a globally catastrophic result. These are specifically in the areas of climate change, global financial fragility and antimicrobial resistance. These are areas where the Board believes that engagement with investee companies, in conjunction with other asset owners, is essential to prevent disastrous unintended consequences. The Board therefore asks the Investment Manager to report to it regularly with regard to its engagement in these specific areas.

The following examples of engagement during 2020 are just three of numerous calls, meetings and written correspondence that the Investment Manager had with companies to discuss a variety of ESG related issues.

Anglo American

Issue: Thermal coal is at the centre of the divestment debate and a significant source of controversy for Anglo American. Many large endowment funds and sovereign wealth funds have announced divestment from companies that mine coal. In May 2020, the Norwegian sovereign wealth fund announced that they had divested from the company due to thermal coal production. We met with the CFO, joined the Sustainability Day in October 2020 and had follow up discussions with the company to clarify issues and share our views.

Outcome: Through the year the company gave increasing indications that they would divest from thermal coal assets. In December 2020 the company clarified this by stating that "Planned divestment of South African thermal coal production capacity was expected no later than May 2022 – May 2023". They also said that they expected to divest out of their thermal coal JV in Colombia within two years. We do have some sympathy with the company on the challenges to divestment, they state "We aim to ensure that new owners are credible, ethical and will honour our legal, social and environmental commitments." As we point out in our article, Coal Divestment[2], the capital is in place, so divesting does not mean closing a mine, it means passing the assets to another miner. This must be done responsibly, both for the environment and the local communities that depend on the mines for their livelihoods. We gave the message to the company that we believed that there should be no new capex allocated to thermal coal development and that we believed divesting their existing assets was in the best interests of shareholders. The latter view is driven by the risk of sudden increases in carbon pricing, carbon taxes or border carbon adjustments that may be necessary under the so-called Inevitable Policy Response (The IPR project forecasts a response by 2025 that will be forceful, abrupt, and disorderly because of the delay. It may mean significant increase in the carbon price). Were the latter to happen, the likelihood of thermal coal becoming stranded assets would rise markedly.

We see this as a successful engagement with the company. We believe that while we cannot attribute our engagement to the outcome, with shareholder support for the indicated divestment plan we are in no doubt that it gave the company the courage and urgency to clarify matters in December 2020.

Royal Mail Group

Issue: We met with the chairman of Royal Mail Group in March 2020 to discuss potential steps to realise shareholder value, union relations and senior management. Relations between management and unions have been fractious for some time and consequently, productivity gains (which had been running at over 2% pa) have tailed off.

Outcome: The chairman agreed with many of our points. We were encouraged by the meeting and went away with the belief that the board was determined to make sure the right management team was in place, whilst also looking to demonstrate the considerable value that exists in the shares.

In May 2020 Royal Mail Group announced that Rico Back, the CEO, would leave the company and that Keith Williams would become executive chairman. Stuart Simpson (current finance director) would become interim CEO of the UK business while a permanent successor was found. Keith Williams was CEO of British Airways at the time of the pilots' strike in 2002 and therefore has extensive experience of difficult negotiations with the unions. We, therefore, see these moves as positive.

NatWest Group

Issue: AGM vote on remuneration policy and remuneration report. This issue centred on the remuneration policy post employment awards and the resultant post employment awards to the departed CEO, Ross McEwan.

Outcome: We had a brief engagement with NatWest Group on the AGM vote for both the remuneration policy and remuneration report. We communicated that we agreed with the ISS recommendation to vote against both resolutions. The issue was the treatment of former CEO Ross McEwan as a good leaver. Good leaver status entitles the departing executives to receive long-term compensation in respect of the final year of employment. On resignation, McEwan signalled his intention to retire in April 2019. Good leaver status is normally reserved for illness, injury, redundancy or retirement. In July 2019 National Australia Bank announced McEwan as their new CEO. Meanwhile, within the remuneration policy, pro-rating of long-term incentives is not applied to good leavers for the post-grant (but pre-vest) performance period, as is market practice. The policy design is also more akin to a restricted stock award, delivered in an LTIP format, with lower performance criteria than would be usual for an LTIP award.

Other shareholders did not share our view, both resolutions passed at the AGM on 29 April 2020.

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 and the Investment Manager's Review on pages 5 and 6.

On behalf of the Board

Arthur Copple
Chairman

22 March 2021

2 https://rwcpartnershub.com/coal-divestment/.

PORTFOLIO OF INVESTMENTS

AS AT 31 DECEMBER 2020

	COMPANY	INDUSTRY	PLACE OF PRIMARY LISTING	VALUATION £000	% OF PORTFOLIO
1	**ROYAL MAIL** Royal Mail PLC provides postal and delivery services. The Company offers its services in the UK as well as parts of Continental Europe.	Industrials	UK	41,948	5.4
2	**ANGLO AMERICAN** Anglo American PLC is a global mining company. The Company's mining portfolio includes bulk commodities including iron ore, manganese, and metallurgical coal, base metals including copper and nickel and precious metals and minerals including platinum and diamonds.	Basic Materials	UK	38,467	5.0
3	**BP** BP PLC is an oil and petrochemicals company. The Company explores for and produces oil and natural gas, refines, markets, and supplies petroleum products, generates solar energy, and manufactures and markets chemicals.	Oil & Gas	UK	36,031	4.6
4	**STANDARD CHARTERED** Standard Chartered PLC is an international banking group operating principally in Asia, Africa, and the Middle East. The Company offers its products and services in the personal, consumer, corporate, institutional and treasury areas.	Financials	UK	35,622	4.6
5	**NATWEST GROUP** NatWest Group PLC operates as a banking and financial services company. The Bank provides personal and business banking, consumer loans, asset and invoice finances, commercial and residential mortgages, credit cards, and financial planning services, as well as life, personal, and income protection insurance.	Financials	UK	35,586	4.6
6	**ROYAL DUTCH SHELL** Royal Dutch Shell PLC, through subsidiaries, explores, produces, and refines petroleum. The Company produces fuels, chemicals, and lubricants. Royal Dutch Shell owns and operates gasoline filling stations worldwide.	Oil & Gas	UK	33,789	4.4
7	**ITV** ITV PLC provides broadcasting services. The Company produces and distributes content on multiple platforms. ITV serves customers in the United Kingdom.	Consumer Services	UK	32,000	4.1
8	**MARKS AND SPENCER GROUP** Marks and Spencer PLC operates a chain of retail stores. The Company sells consumer goods and food products, as well as men's, women's, and children's clothing and sportswear. Marks & Spencer serves customers in the UK.	Consumer Services	UK	31,517	4.1
9	**AVIVA** Aviva PLC is an international insurance company that provides all classes of general and life assurance, including fire, motor, marine, aviation, and transport insurance. The Company also supplies a variety of financial services, including unit trusts, stockbroking, long-term savings, and fund management.	Financials	UK	27,773	3.6
10	**VODAFONE GROUP** Vodafone Group PLC provides wireless communication services. The Company offers mobile telecommunications services including voice and data communications. Vodafone Group serves customers worldwide.	Telecommunications	UK	24,557	3.2
Top Ten Investments				**337,290**	**43.6**

PORTFOLIO OF INVESTMENTS CONTINUED

	COMPANY	INDUSTRY	PLACE OF PRIMARY LISTING	VALUATION £000	% OF PORTFOLIO
11	Dixons Carphone	Consumer Services	UK	24,338	3.2
12	Centrica	Utilities	UK	24,303	3.1
13	Citigroup	Financials	USA	24,280	3.1
14	Easyjet	Consumer Services	UK	23,918	3.1
15	Barclays	Financials	UK	22,264	2.9
16	WPP	Consumer Services	UK	21,643	2.8
17	Total	Oil & Gas	France	21,562	2.8
18	Forterra	Industrials	UK	20,815	2.7
19	Capita	Industrials	UK	19,630	2.5
20	Pearson	Consumer Services	UK	16,790	2.2
Top 20 Investments				556,833	72.0
21	BT Group	Telecommunications	UK	16,235	2.1
22	Continental	Consumer Goods	Germany	15,762	2.0
23	HP	Technology	USA	15,582	2.0
24	Tesco	Consumer Services	UK	13,750	1.8
25	Rsa Insurance Group	Financials	UK	13,576	1.7
26	Ck Hutchison Holdings	Industrials	Hong Kong	13,425	1.7
27	Honda Motor	Consumer Goods	Japan	12,969	1.7
28	Kingfisher	Consumer Services	UK	12,543	1.6
29	GlaxoSmithKline	Health Care	UK	12,222	1.6
30	Newmont	Basic Materials	USA	11,349	1.5
Top 30 Investments				694,246	89.7
31	Morrison(Wm.)Supermarkets	Consumer Services	UK	9,828	1.3
32	Barrick Gold	Unclassified	Canada	8,453	1.1
33	Sprott Physical Silver Trust	Financials	USA	5,896	0.8
Total Equity Investments				718,423	92.9
	Short-dated UK Gilts			55,193	7.1
Total Valuation of Portfolio				773,616	100.0

PORTFOLIO DISTRIBUTION

AS AT 31 DECEMBER 2020

	INDUSTRY	TEMPLE BAR %	FTSE ALL-SHARE %
1	Consumer Services	23.6	9.2
2	Financials	20.9	25.6
3	Industrials	12.2	12.2
4	Oil and Gas	11.6	7.2
5	Basic Materials	6.3	11.3
6	Telecommunications	5.2	4.2
7	Consumer Goods	3.6	16.1
8	Utilities	3.1	3.3
9	Technology	2.0	1.9
10	Health Care	1.6	9.0
11	Physical Gold and Silver	1.1	–
Total Equities		91.2	100.0
12	Fixed Interest	7.0	
13	Cash	1.8	
		100.0	

BOARD OF DIRECTORS

ARTHUR COPPLE

Chairman of the Board and Member of the Management Engagement, Nomination and Audit and Risk Committee

Arthur Copple, Chairman, was appointed a Director in 2011 and Chairman in 2018. He has specialised in the investment company sector for over 30 years. He was a partner at Kitcat & Aitken, on the board of Smith New Court PLC and a managing director of Merrill Lynch. He is also chairman of Montanaro UK Smaller Companies Investment Trust PLC.

LESLEY SHERRATT

Senior Independent Director, Chair of the Audit and Risk Committee and member of the Management Engagement and Nomination Committees

Lesley Sherratt was appointed a Director in 2015. She was formerly Investment Director for the Save & Prosper and Fleming Flagship range of funds, and CEO & CIO of Ark Asset Management Ltd. She has over twenty years' experience investing in the financial sector, including investment trusts, and served as a director and chair of US Small Companies Investment Trust. She is currently a director of a private foundation, a Trustee of the Medical Research Foundation and the Global Alliance for Chronic Diseases, a Visiting Lecturer in global business ethics at King's College London and is the author of 'Can Microfinance Work? How to Improve its Ethical Balance and Effectiveness'.

RICHARD WYATT

Member of the Audit and Risk, Management Engagement and Nomination Committees

Richard Wyatt was appointed a Director in 2017. He is a former Group Managing Director at Schroders and a Partner at Lazard. He was chairman of the media agency Engine Group and served on the Regulatory Decisions Committee of the FSA. He is currently a global partner of Rothschild & Co, chairman of Loudwater Partners Limited and a director of a number of other companies.

SHEFALY YOGENDRA

Member of the Audit and Risk Committee and Chair of the Management Engagement and Nomination Committees

Shefaly Yogendra, PhD was appointed a Director in 2019. She was most recently the COO of Ditto AI, a symbolic AI startup. She built her career in corporate venturing in the technology industry, followed by strategy advisory to investors, regulators and leaders of operating companies on strategic investment in emergent and regulated technologies. She focuses on digital and tech leadership and governance, organisational growth, risk, and decision making. She is an independent governor of London Metropolitan University, where she chairs the audit committee and serves as vice chair, and a non-executive director of JP Morgan US Smaller Companies Investment Trust PLC, where she chairs the Remuneration Committee. She was listed among the "100 Women To Watch" in the 2016 edition of the Female FTSE Board Report.

REPORT OF DIRECTORS

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 December 2020.

DIRECTORS

The Directors of the Company who held office at 31 December 2020 and up to the date of the signing of the Annual Report are detailed on page 23. Sonita Alleyne resigned from the Board on 28 January 2020 and Sir Richard Jewson retired from the Board on 30 March 2020. As at 31 December 2020, the Board of Directors of the Company comprised two male and two female Directors.

All Directors will retire and stand for re-election at the Company's AGM on Thursday, 13 May 2021.

The rules concerning the appointment and replacement of Directors are set out in the Company's Articles of Association. There are no agreements between the Company and its Directors concerning any compensation for their loss of office.

ORDINARY DIVIDENDS

The interim dividends paid by the Company are set out in note 10 to the financial statements.

SHARE CAPITAL

At the AGM of the Company held on 30 March 2020, the Company was granted authority to allot ordinary shares in the Company up to an aggregate nominal amount of £1,671,819, being 10% of the total issued share capital at that date, amounting to 6,687,276 ordinary shares. The Company was also granted authority to purchase up to 14.99% of the Company's ordinary share capital in issue at that date, amounting to 10,024,228 ordinary shares. Authorities given to the Directors at the 2020 AGM to allot shares, disapply statutory pre-emption rights and buy back shares will expire at the forthcoming AGM. No shares were issued or bought back during the year.

At 31 December 2020 and the date of this Annual Report, the Company has 66,872,765 ordinary shares in issue, none of which are held in treasury. At general meetings of the Company, shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every share held. The total voting rights of the Company at 31 December 2020 were 66,872,765.

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. To the extent that they exist, the revenue, profits and capital of the Company (including accumulated revenue and realised capital reserves) are available for distribution by way of dividends to holders of ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

There are no restrictions on the transfer of securities in the Company or on the voting rights, no special rights attached to any of the shares and no agreements between holders of shares regarding their transfer known to the Company and no agreements which the Company is party to that might affect its control following a takeover bid.

An amendment to the Company's Articles of Association and the giving of authority to issue or buy back the Company's shares requires an appropriate resolution to be passed by shareholders. Proposals for the renewal of the Board's current authorities to issue and buy back shares are set out in the Notice of AGM on pages 62 and 63.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, the Company has been informed of the following notifiable interests in the voting rights of the Company in accordance with Disclosure Guidance and Transparency Rule ("DTR") 5. These holdings may have changed since notification, however notification of any change is not required until the next applicable threshold is crossed.

	Number of ordinary shares	Percentage of voting rights
Brewin Dolphin Ltd	5,804,454	8.68
1607 Capital Partners, LLC	3,375,944	5.05
Investec Wealth & Investment Limited	3,327,254	4.98

On 17 March 2021, the Company was notified that 1607 Capital Partners, LLC had an interest in 3,274,820 ordinary shares, representing 4.90% of the total voting rights.

The Company has not been informed of any other changes to the notifiable interests between 31 December 2020 and the date of this Annual Report.

MANAGEMENT ARRANGEMENTS

The Company announced on 23 September 2020, its intention to appoint RWC following an extensive review of its management arrangements with the assistance of Stanhope Consulting.

Stanhope Consulting undertook an independent analysis of the performance of the value style, both internationally and in the context of the UK equity market, as a result of the Company's disappointing recent performance. Stanhope's and the Board's own analyses highlighted the degree to which the sector component of the value style (particularly its heavy weighting towards oil and gas and financials) had generated a significant degree of the underperformance of the value style against the All Share in recent years. Within the Temple Bar portfolio, underperformance was exacerbated in the first quarter by individual stock selection such as Capita. The review also highlighted the tight correlation between underperformance of the value style and falls in the long gilt yield.

Following the review, the Board concluded that it was not the right time to abandon the value style bias, but that it was now the right time to change the investment manager. Investment management proposals were sought from providers internationally, with the Board emphasising the need for a more sustainable approach and the need for ESG factors to be taken account of fully in the stock selection process. These formal presentations were reviewed by the Board and six managers asked to make formal presentations of ninety minutes to two hours by Zoom conference call. Second interviews were then held in person in an outside, socially distanced setting and the Board concluded that the investment proposition from RWC, offering a sustainable value investment style, was in the circumstances the strongest that they had received.

On 30 October 2020, the Company entered into an Alternative Investment Fund Manager's Agreement (the "AIFM Agreement") with LFS under the terms of which (pursuant to a portfolio management agreement also entered into on 30 October 2020 and to which Temple Bar is a party (the "Portfolio Management Agreement") LFS has delegated portfolio management to RWC.

Under the terms of the Portfolio Management Agreement RWC will be paid a management fee equal to 0.35 per cent per annum of the Company's total assets. Furthermore as the Company is contractually obliged to pay its previous investment manager, Ninety One Fund Managers UK Limited ("Ninety One") its management fee until 20 April 2021 (the date upon which notice previously served on Ninety One by the Company would have expired) RWC has agreed that it will forgo the management fee to which it would otherwise have been entitled to 30 June 2021 in order largely to defray the fixed costs and expenses incurred by Temple Bar in connection with the appointment of RWC as the Company's Investment Manager. RWC's appointment is for an initial term of 18 months and may thereafter be terminated on six months' notice. The Portfolio Management Agreement is capable of termination in certain circumstances including in the event that both Nick Purves and Ian Lance cease to be responsible for the management of the Company's assets or otherwise become incapacitated.

In addition, on 30 October 2020, the Company appointed BNYM to act as Custodian and Depositary in place of HSBC Bank Limited, entered into a fund administration agreement with LAFA and appointed Company Matters as the new Company Secretary.

CONTINUED APPOINTMENT OF THE AIFM AND INVESTMENT MANAGER

The Board considers the arrangements for the provision of AIFM, Investment Management and other services to the Company on an ongoing basis. Following their recent appointments, it is the Directors' opinion that the continuing appointment of the AIFM and the Investment Manager, on the existing terms, is in the best interests of the Company and its shareholders as a whole.

REQUIREMENTS OF THE LISTING RULES

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

STREAMLINED ENERGY AND CARBON REPORTING

The Company's environmental statements are set out on pages 17 and 18.

STAKEHOLDER ENGAGEMENT

While the Company has no employees, suppliers or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders. The effect of this consideration upon the principal decisions taken by the Company during the financial year is set out in further detail in the strategic report on page 8.

FINANCIAL RISK MANAGEMENT

Information about the Company's financial risk management objectives and policies is set out in note 22 to the financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all reasonable steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

BDO LLP has expressed its willingness to continue in office as Auditor of the Company and resolutions for its reappointment and to authorise the Directors to determine its remuneration will be proposed at the forthcoming AGM.

POST BALANCE SHEET EVENTS

Post balance sheet events are disclosed in note 23 to the financial statements.

FUTURE DEVELOPMENTS

Details on the outlook of the Company are set out in the Chairman's Statement on page 4 and the Investment Manager's Review on pages 5 and 6.

ANNUAL GENERAL MEETING

The Notice of the AGM of the Company to be held on Thursday, 13 May 2021 is on pages 62 to 65. In addition to the ordinary business the following items of business will also be proposed.

Authority to allot shares

Resolution 9 set out in the Notice of AGM is an ordinary resolution and will, if passed, authorise the Directors to allot up to 6,687,276 ordinary shares of 25p each with a nominal value of £1,671,819 or 10% of the Company's ordinary shares in issue at the date at which this resolution is passed. This will replace the current authority granted to the Directors at the last AGM. This authority will expire at the AGM to be held in 2022 when a resolution to renew the authority will be proposed.

The Directors intend to use this authority whenever they believe it would be in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the prevailing net asset value per share at the time of issue, including current year income, 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.

Authority to disapply pre-emption rights

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.

Resolution 10 set out in the Notice of AGM is a special resolution and will, if passed, authorise the Directors to allot up to 6,687,276 ordinary shares of 25p each with a nominal value of £1,671,819 or 10% of the Company's ordinary shares in issue at the date at which this resolution is passed, for cash on a non-pre-emptive basis. This will replace the current authority granted to the Directors at the last AGM. This authority will expire at the AGM to be held in 2022 when a resolution to renew the authority will be proposed.

The Directors intend to use this authority whenever they believe it would be in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the prevailing net asset value per share at the time of issue, including current year income, 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.

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 source of demand for such shares, as well as being accretive to the net asset value per share.

Resolution 11 set out in the Notice of AGM is a special resolution and will, if passed, authorise the Directors to buy back up to 14.99% of the Company's shares in issue at the date at which the resolution is passed. This will replace the current authority granted to the Directors at the last AGM. This authority will expire at the AGM to be held in 2022 when a resolution to renew the authority will be proposed. No shares have been bought back under this authority during the year. The maximum price (exclusive of expenses) which may be paid by the Company in relation to any such purchase is the higher of:

(i) 5 per cent above the average of the mid-market value of shares for the five business days before the day of purchase; or

(ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange.

The minimum price that may be paid is 25p per share, being the nominal price per share. The decision as to whether to buy back any ordinary shares will be at the discretion of the Board. Ordinary shares bought back in accordance with the authority granted to the Board will either be held in treasury or cancelled. If the shares are held in treasury, they may be reissued from treasury but will only be reissued at a price that is in excess of the Company's then prevailing net asset value per share. This authority will expire at the AGM to be held in 2022 when a resolution to renew the authority will be proposed.

Adoption of new Articles of Association

The Board is proposing to adopt a new set of Articles of Association of the Company as set out in Resolution 12 in the Notice of AGM. The current Articles of Association were adopted in 2013 and the Board has concluded that a number of updates should be made to reflect current market practice, including (but not limited to) changes in respect of electronic general meetings.

The Board's aim in introducing these changes is to bring the Articles of Association in line with best market practice and, among other changes, to cater specifically for shareholder participation in general meetings by electronic means, particularly in light of the COVID-19 pandemic.

The principal changes proposed to be introduced by the Articles of Association, and their effect, are set out in the Appendix to the Notice of AGM on pages 67 and 68.

The proposed new Articles of Association will be available for inspection on the Company's website at www.templebarinvestments.co.uk from the date of this Annual Report until the conclusion of the AGM or may be obtained from the Company Secretary by requesting a copy using the address and details provided on page 71.

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.

On behalf of the Board

Arthur Copple
Chairman

22 March 2021

REPORT ON DIRECTORS' REMUNERATION

The Board presents the Directors' Remuneration Report for the year ended 31 December 2020.

The Company's Auditor is required to audit certain parts of the disclosures provided. Where disclosures have been audited, they are indicated as such.

STATEMENT FROM THE CHAIRMAN

As set out in the Corporate Governance Statement on page 30, the Directors' remuneration is determined by the Board as a whole. The Board reviews Directors' fees on an annual basis to ensure that they are in line with the level of remuneration for other investment trusts of a similar size. During the year ended 31 December 2020, the annual fees were set at a rate of £38,750 for the Chairman, £30,750 for the Chair of the Audit and Risk Committee and £25,750 for a Director. As set out in the Chairman's Statement on page 3, no changes to these fee levels are proposed for the year ending 31 December 2021.

The Directors' remuneration policy was last approved at the AGM held on 30 March 2020 and is available within the 2019 Annual Report on the Company's website. There is no change in the way the current approved remuneration policy will be implemented during the course of the next financial year.

An ordinary resolution will be put to shareholders at the forthcoming AGM to receive and approve the Directors' Remuneration Report.

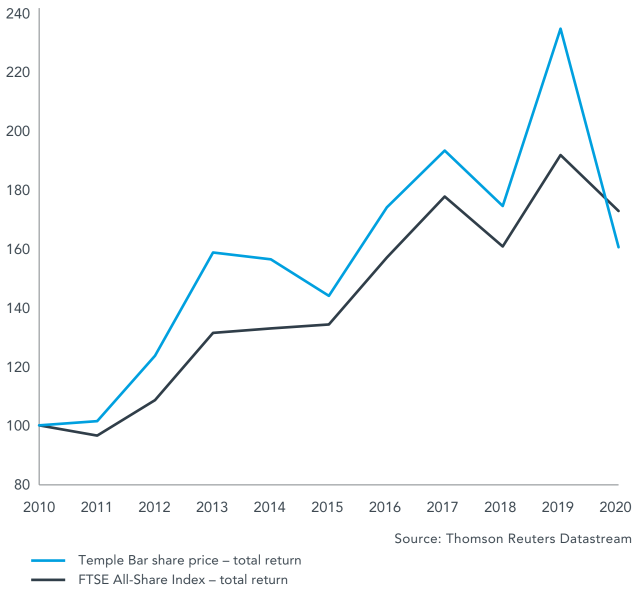
VOTING AT AGM

The Directors' Remuneration Report for the year ended 31 December 2019 and the Directors' Remuneration Policy were approved by shareholders at the AGM held on 30 March 2020. 99.8% of proxy votes in respect of the approval of the Remuneration Report were in favour, 0.23% were against and 39,092 votes were withheld. 99.7% of proxy votes in respect of approval of the Remuneration Policy were in favour, 0.24% were against and 51,585 votes were withheld.

PERFORMANCE GRAPH

The Company tries to meet its stated investment objectives by investing primarily in UK equities across different sectors, while maintaining a balance of larger and smaller/medium sized companies. The FTSE All-Share Index is a very broad UK-based Index, which makes it an appropriate benchmark for the Company's strategy and UK value mandates in general, due to its coverage of small cap companies as well as the larger cap listings found in the main FTSE Indices.

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 ten year period is shown below.



REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2020 (AUDITED)

The aggregate limit of Directors' fees of £250,000 per annum is set out in the Company's Articles of Association. Approval of shareholders would be required to increase this limit. There will be no change to this limit in the proposed new Articles of Association.

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, nor are they required to serve a notice period.

The remuneration paid to the Directors during the year ended 31 December 2020 is set out in the table below:

	Total amount of fixed fees		
	2020 £	2019 £	% Change
Arthur Copple	38,750	37,500	+3.3
Lesley Sherratt[1]	29,500	25,000	+18.0 prorated
Richard Wyatt	25,750	25,000	+3.0
Shefaly Yogendra[2]	25,750	6,250	+3.0 prorated
Sonita Alleyne[3]	1,980	6,250	+3.3 prorated
Richard Jewson[4]	7,688	30,000	+2.5 prorated
June de Moller[5]	–	6,250	–
Total	129,418	136,250	

1 Chair of the Audit and Risk Committee from 30 March 2020.
2 Appointed as a Director on 1 October 2019.
3 Resigned as a Director on 28 January 2020.
4 Retired as a Director on 30 March 2020.
5 Retired as a Director on 28 March 2019.

There were no taxable benefits received by any Directors during the year.

EXPENDITURE BY THE COMPANY ON REMUNERATION AND DISTRIBUTIONS TO SHAREHOLDERS

The table below compares the remuneration paid to Directors with distributions made to shareholders during the year under review and the prior financial year.

	2020 £'000	2019 £'000	% Change
Remuneration paid to Directors	129	136	(5.1)
Distributions to shareholders – dividends*	32,527	35,757	(9.0)

* Based on the first three interim dividends paid during the year, together with the final dividend for 2019/2018.

DIRECTORS' SHAREHOLDINGS (AUDITED)

There is no requirement under the Company's Articles of Association for Directors to hold shares in the Company.

The interests of the Directors' in the shares of the Company are set out below:

	2020 Number of shares	2019 Number of shares
Arthur Copple	72,309	72,309
Lesley Sherratt	65,000	65,000
Richard Wyatt	10,000	10,000
Shefaly Yogendra	900	310

All the above interests are beneficial. None of the Directors had at any date any interest in the Company's debenture stock.

There were no changes in the interests shown above between 31 December 2020 and the date of this Annual Report.

APPROVAL

The Directors' Remuneration Report was approved by the Board and signed on its behalf by:

Arthur Copple
Chairman

22 March 2021

CORPORATE GOVERNANCE

The Corporate Governance Statement forms part of the Directors' Report.

Corporate Governance is the process by which the board of directors of a company protects 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.

COMPLIANCE WITH THE AIC CODE

The Board 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 Temple Bar is a UK-listed Company the Board's principal governance reporting obligation is in relation to the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council ("FRC"). However, it is recognised that investment companies have special circumstances which have an impact on their governance arrangements. An investment company typically has no employees and as such the day-to-day functions of the Company are outsourced to third parties. The AIC has therefore drawn up its own set of guidelines known as the AIC Code, last updated in February 2019, which recognises the nature of investment companies by focusing on matters such as board independence and the review of management and other third party contracts. The FRC has endorsed the AIC Code and confirmed that companies which report against the AIC Code will meet their obligations in relation to the UK Code and Listing Rule 9.8.6 of the FCA's Listing Rules. The Board believes that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders than reporting against only the UK Code.

A copy of the AIC Code can be found at www.theaic.co.uk. A copy of the UK Code can be obtained at www.frc.org.uk.

The UK Code includes provisions relating to:

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

The Board considers that 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 such as an internal audit function. The Company has therefore not reported further in respect of these provisions.

THE BOARD OF DIRECTORS

Under the leadership of the Chairman, the Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. The Directors are responsible for the determination of the Company's investment policy and investment strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of the Investment Manager.

As at 31 December 2020, the Board consists of four non-executive Directors. It seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, it has substantial recent and relevant experience of investment trusts and financial and public company management.

On 28 January 2020 Sonita Alleyne resigned from the Board. Sir Richard Jewson retired from the Board at the last AGM held on 30 March 2020.

The terms and conditions of the appointment of the Directors are formalised in letters of appointment, copies of which are available for inspection from the Company's registered office. None of the Directors has a contract of service with the Company nor has there been any other contractual arrangement between the Company and any Director at any time during the year. Directors are not entitled to compensation for loss of office.

The Directors have access to independent professional advice at the Company's expense if required. This is in addition to the access that every Director has to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Chairman and Senior Independent Director ("SID")

The Chairman, Arthur Copple, is independent and the Board considers that he has sufficient time to commit to the Company's affairs. The Chairman's other commitments are detailed in his biography on page 23.

There is a clear division of responsibility between the Chairman, the Directors, the Investment Manager and the Company's other third-party service providers. The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and is responsible for ensuring that all Directors receive accurate, timely and clear information.

Following Sir Richard Jewson's retirement from the Board at the last AGM, Lesley Sherratt was appointed as the SID of the Company on 30 March 2020. She acts as a sounding Board for the Chairman, takes the lead in the annual evaluation of the Chairman by the independent Directors, provides a channel for any shareholder concerns regarding the Chairman and is available to meet with major shareholders as appropriate. In periods of stress, the SID works with the Chairman, the other Directors, and/or shareholders to resolve any issues.

The documents setting out the roles of the Chairman and SID are available on the Company's website.

Board operation
The Directors have adopted a formal schedule of matters specifically reserved for their approval. These include the following:

- approval of the Company's investment policy, long-term objectives and strategy;
- approval of annual and half-yearly reports and financial statements and accounting policies, prospectuses, circulars and other shareholder communications;
- raising new capital;
- approval of dividends;
- Board appointments and removals;
- appointment and removal of the AIFM, Investment Manager and Company Secretary; and
- approval of the Company's annual expenditure budget.

At each Board meeting the Directors follow a formal agenda, which includes a review of investment performance, analysis of the peer group, marketing and financial information, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

The Board meets regularly throughout the year and representatives of the AIFM and Investment Manager are in attendance, when appropriate, at each meeting. Prior to each Board and Committee meeting, Directors are provided with a comprehensive set of papers giving detailed information on the Company and all Directors have timely access to all relevant management, financial and regulatory information.

COMMITTEES
The Board has established three committees to assist its operations: the Audit and Risk Committee, the Management Engagement Committee, which was formed in February 2020, and the Nomination Committee. Given the size and nature of the Board it is felt appropriate that all Directors are members of each Committee. The need for a separate Remuneration Committee will be kept under review but, at present, given the size of the Board the functions which a Remuneration Committee would be responsible for are overseen by the full Board.

The terms of reference of the Committees are available on the Company's website.

Audit and Risk Committee
Following Sir Richard Jewson's retirement from the Board at the last AGM, the Audit and Risk Committee is chaired by Lesley Sherratt. The Committee meets formally at least twice a year. The Board is satisfied that members of the Committee have relevant and recent financial experience to fulfil their role effectively and also have sufficient experience of the investment trust sector. The Committee has direct access to the Company's Auditor, and provides a forum through which the Auditor reports to the Board. Representatives of the Auditor are invited to attend the Committee meeting at which the annual accounts are considered and any other meetings that the Committee deems necessary.

Given the size and nature of the Board it is felt appropriate that all Directors are members of each Committee. The Directors therefore believe it is appropriate for Arthur Copple, the Chairman of the Board, to be a member of the Committee given his financial experience and experience of the Company overall. The Committee is also of the view that his membership would not compromise his independence as Chairman of the Board.

Further details about the activities of this Committee can be found on pages 34 and 35.

Management Engagement Committee
The Management Engagement Committee comprises all Directors and was chaired by Arthur Copple during the year. It was agreed in February 2021 that Shefaly Yogendra would replace Arthur as Chair. The Committee meets at least twice a year to review the ongoing performance and the continuing appointment of all service providers of the Company, including the Investment Manager. The Committee also considers any variation to the terms of all service providers' agreements and reports its findings to the Board.

Further details about the activities of this Committee can be found on page 36.

Nomination Committee
A Nomination Committee comprising all Directors oversees a formal review procedure governing the appointment of new Directors and evaluates the overall composition of the Board, taking into account the existing balance of skills and knowledge. The Committee is also responsible for assessing on an annual basis the individual performance of each Director and for making recommendations as to whether they should remain in office. This Committee was chaired by Arthur Copple during the year. The Committee met once following the year end to discuss Board composition and consider the re-election of each Director. It was agreed in February 2021 that Shefaly Yogendra would replace Arthur as Chair of the Committee.

CORPORATE GOVERNANCE CONTINUED

Meeting attendance
The table below sets out the Directors' attendance at Board and Committee meetings held during the year ended 31 December 2020.

	Board		Audit and Risk Committee		Management Engagement Committee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Arthur Copple	12	12	2	2	2	2
Lesley Sherratt	12	12	2	2	2	2
Richard Wyatt	12	11[1]	2	1[1]	2	2
Shefaly Yogendra	12	12	2	2	2	2
Sonita Alleyne[2]	1	0[4]	N/A	N/A	N/A	N/A
Richard Jewson[3]	2	2	1	1	N/A	N/A

1 Unable to attend due to being unwell.
2 Resigned as a Director on 28 January 2020.
3 Retired as a Director on 30 March 2020.
4 Unscheduled Board meeting.

There were no Nomination Committee meetings held during the year ended 31 December 2020.

INDEPENDENCE OF THE DIRECTORS

The Board has reviewed the independence status of each individual Director and the Board as a whole. All Directors are considered to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of his or her independent judgement. The Chairman has served on the Board for more than nine years, but given the nature of the Company as an investment trust and his strongly independent mindset, the Board is firmly of the view 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 most significant relationship being with the Investment Manager. In overseeing this relationship it is the view of the Board that long service can aid the understanding and judgement of the Directors.

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. The Company Secretary will offer induction training to new Directors about the Company, its key service providers, the Directors' duties and obligations and other matters as may be relevant from time to time. Regular briefings are provided during the year on industry and regulatory matters and the Directors receive other relevant training as required.

DIRECTOR APPOINTMENT, RE-ELECTION AND TENURE

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006.

Under the Company's Articles of Association, Directors are subject to election by shareholders at the first AGM after their appointment. Thereafter, at each AGM any Director who has not stood for re-election at either of the two preceding AGMs shall retire. Beyond these requirements, the Board has agreed a policy whereby all Directors will seek annual re-election at the Company's AGM.

Directors are not appointed for specified terms but the Board would not normally expect Directors to serve for more than nine years. However, in exceptional circumstances, mindful of the prevailing balance of skills and experience on the Board, it may be considered appropriate for one or more Directors to extend their tenure by a further three year period. Due to the recent Board refreshment exercise, the average length of service for those Directors seeking re-election at the AGM is relatively low. The Board, therefore, feels that it is appropriate for the Chairman, who has served as a Director for more than nine years, to be re-elected in order to provide an appropriate level of continuity.

The Board has carefully considered the position of each of the Directors and, following the annual Board evaluation, all of the Directors continue to be effective and to display an undiminished enthusiasm and commitment to the role. The Board therefore believes that it is in the best interests of shareholders that each of the Directors is re-elected at the forthcoming AGM. The specific reasons for the re-election of each Director are set out below:

- **Arthur Copple:** Arthur possesses extensive knowledge of the investment trust industry based on a long career working in various executive roles. He continues to be heavily involved in the industry and is therefore able to provide valuable and up to date insight, particularly in advising on how Temple Bar's actions might be perceived externally. Arthur is an effective Chairman and leads the decision-making process in an inclusive manner.

- **Lesley Sherratt:** Lesley has detailed knowledge of the funds sector stemming from a long career in the sector. She provides incisive contributions to Board discussions, aided by a clear thinking and analytical approach. Lesley's principled stance on ESG and ethical matters has been instrumental in driving Board discussion and subsequent engagement with stakeholders.
- **Richard Wyatt:** Richard typically adopts a 'big picture' approach to Board discussion and decision making. He is well reasoned, knowledgeable and possesses a good understanding of the impact of current events. In certain contexts, Richard's ability to approach issues from a unique perspective provides important balance to Board discussion.
- **Shefaly Yogendra:** Shefaly has huge experience of governance and risk, an increasingly important attribute in the Board's risk management and decision-making process. This particular skillset contributes significantly to Board balance and discussion.

DIVERSITY

In terms of gender, ethnicity, experience and knowledge the Board demonstrates great diversity. The Board believes that this diversity is immensely helpful in developing and implementing its strategic goals. The Board's policy on diversity, including gender and ethnicity, is to take this into consideration during the recruitment and appointment process. However, the Board is committed to appointing and retaining the most appropriate, well qualified candidates, and therefore no specific targets have been set against which to report.

BOARD EVALUATION

The Directors are aware that they need to continually monitor and improve performance, and recognise that this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness.

In respect of the review of the year ended 31 December 2020, the Directors engaged Valerie Stogdale of Stogdale St James ("Stogdale") to conduct an evaluation of the Board. Stogdale is independent and has no connection with the Company or any individual Director.

Ms Stogdale assessed the performance of the individual Directors, the Chairman and the Board as a whole, as well as the effectiveness of the Company's Committees. This included focus on the dynamics between the Chairman, Directors and the previous and current investment managers. Additional meetings were also held with the Company Secretary, RWC and Stanhope Consulting, who assisted the Board in its search for a replacement Investment Manager during the year. All participants completed a questionnaire and were interviewed by video conference. Ms Stogdale attended the year-end Board and Committee meetings as an observer.

A formal report was initially issued by Stogdale to the Chairman and SID and then presented to the full Board.

The results of the evaluation indicated that it was a high-functioning, harmonious and diligent Board with the appropriate balance of diversity across gender, ethnicity, sector experience, functional skills and independent thought. The Chairman provided effective leadership and encouraged open debate and transparency in Board discussions.

As the Chairman has confirmed his intention to step down from the Board in two years' time, the Board, through the Nomination Committee, will focus its attention on succession planning for a new chair and evaluate any additional skills that may be needed on the Board.

CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. This includes potential conflicts that may arise when a Director takes up a position with another company. The Company's Articles of Association allow the Board to authorise such potential conflicts and there is a procedure in place to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all relevant circumstances.

A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at these meetings whether there has been any change to their position.

SHAREHOLDER COMMUNICATIONS

Shareholder relations are given high priority by both the Board and the Investment Manager. The principal medium by which the Company communicates with shareholders is through annual and half-yearly reports. The information contained therein is supplemented by daily net asset value announcements and by a monthly fact sheet available on the Company's website. Further information on engagement with shareholders can be found under the Section 172 Statement on page 8.

During the period under review the Chairman contacted all the major shareholders, offering a conversation about the future direction of the Company. In addition, he has had written communication with several individual shareholders. The Board welcomes any communication from shareholders, large or small.

INTERNAL CONTROL REVIEW

The Directors are responsible for the systems of internal control relating to the Company and the reliability of the financial reporting process, and for reviewing their effectiveness. The Directors have reviewed and considered the guidance supplied by the FRC on risk management, internal control and related finance and business reporting and an ongoing process has been established for identifying, evaluating and managing the principal and emerging risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of this Annual Report.

CORPORATE GOVERNANCE CONTINUED

The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Company are safeguarded.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

INTERNAL CONTROL ASSESSMENT PROCESS

Robust risk assessments and reviews of internal controls are undertaken regularly in the context of the Company's overall investment objective.

A risk register has been produced against which identified and emerging risks and the controls in place to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk matrix is reviewed on a regular basis by the Audit and Risk Committee.

The Directors have carried out a review of the effectiveness of the Company's risk management and internal control systems as they have operated over the year and up to the date of approval of the Annual Report. Details of this review can be found on page 35. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

The majority of the day-to-day management functions of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third party suppliers regarding the internal systems and controls operating in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, where available, which is reviewed by the Audit and Risk Committee.

On behalf of the Board

Arthur Copple
Chairman

22 March 2021

REPORT OF THE AUDIT AND RISK COMMITTEE

I am pleased to present the Report of the Audit and Risk Committee (the "Committee") for the year ended 31 December 2020.

THE ROLE OF THE COMMITTEE

The Committee assists the Board in discharging its responsibilities with regard to financial reporting, external audit and internal controls, including:

- monitoring the integrity of the financial statements of the Company, including its annual and half-yearly reports, and reviewing significant financial reporting issues and judgements which they contain;
- reviewing the content of the Annual Report and Financial Statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- keeping under review the adequacy and effectiveness of the Company's risk management systems; and reviewing and approving the statements to be included in the Annual Report concerning internal controls and risk management;
- reviewing the scope and effectiveness of the audit process undertaken by the Auditor;
- making recommendations to the Board in relation to the re-appointment or removal of the Auditor and approving its remuneration and terms of engagement;
- reviewing and monitoring the Auditor's independence, objectivity and effectiveness; and
- approving any non-audit services to be provided by the Auditor and monitoring the level of fees payable in that respect.

MEETINGS

The Committee met twice during the year under review and twice following the year end. Details of the composition of the Committee are set out in the Corporate Governance Statement on page 31.

MATTERS CONSIDERED DURING THE YEAR

During the year, and to the date of this Annual Report, the Committee has:

- reviewed the internal controls and risk management systems of the Company and its third party service providers;
- agreed the audit plan and fees with the Auditor in respect of the audit, including the principal areas of focus;
- reviewed the Company's Half-Yearly Report and Annual Report and Financial Statements and advised the Board accordingly;
- received and discussed with the Auditor its report on the results of the audit;
- reviewed the performance and effectiveness of the Auditor and considered its re-appointment and fees.

SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE

The Committee considered the following key issues in relation to the Company's financial statements during the year.

Significant Issue	How the issue was addressed
Valuation and ownership of the investment portfolio	The Board reviews detailed portfolio valuations at each meeting. It relies on the Administrator, Investment Manager and AIFM to use correct listed prices and seeks comfort in the testing of this process through their internal control statements. This was discussed with the Administrator, AIFM, Investment Manager and Auditor at the conclusion of the audit. The Company uses the services of an independent Depositary (BNYM) to hold the assets of the Company. The Depositary checks the consistency of its records with those of the AIFM and Investment Manager on a monthly basis. The Depositary provides a quarterly report to the Board in relation to its monitoring and oversight of activities.
Incomplete or inaccurate revenue recognition	Income received is accounted for in accordance with the Company's accounting policies as set out in note 4 to the financial statements on pages 50 and 51. The Board receives income forecasts, including special dividends, and receives explanations from the Investment Manager for any significant movements from previous forecasts.
Maintenance of investment trust status	The Committee regularly considers the controls in place to ensure that the regulations for maintaining investment trust status are observed at all times and receives supporting documentation from the Administrator.
Going concern and long-term viability of the Company	The Committee considered the Company's financial requirements for the next 12 months and concluded that it has sufficient resources to meet its commitments. Consequently, the financial statements have been prepared on a going concern basis. The Committee also considered the longer-term viability statement within the Annual Report for the year ended 31 December 2020, covering a five-year period, and the underlying factors and assumptions which contributed to the Committee deciding that this was an appropriate length of time to consider the Company's long-term viability. The Company's viability statement can be found on page 16.

REPORT OF THE AUDIT AND RISK COMMITTEE CONTINUED

INTERNAL CONTROLS

The Committee carefully considers the internal control systems by continually monitoring the services and controls of its third party service providers.

The Committee reviewed and updated the risk matrix during the year to take account of changes in the Company's service providers and in consideration of the Company's principal and emerging risks. It received reports on internal controls and compliance from the Investment Manager and the Company's other service providers and no significant matters of concern were identified.

INTERNAL AUDIT

The Company does not have an internal audit function. During the year, the Committee reviewed whether an internal audit function would be of value and concluded that this would provide minimal additional comfort at considerable extra cost to the Company. While the Committee believes that the existing system of monitoring and reporting by third parties remains appropriate and adequate, it will actively continue, on an annual basis, to consider possible areas within the Company's control environment which may need to be reviewed in detail.

EXTERNAL AUDITOR

This is the first audit for BDO LLP following its appointment at the AGM held in March 2020. Audit fees for the year ended 31 December 2020 are set out in note 7 to the financial statements.

There were no non-audit services provided by the Auditor during the year.

EFFECTIVENESS OF THE EXTERNAL AUDIT

The Committee monitors and reviews the effectiveness of the external audit carried out by the Auditor, including a detailed review of the audit plan and the audit results report, and makes recommendations to the Board on the re-appointment, remuneration and terms of engagement of the Auditor. The Chair of the Committee met with the Company's Audit Partner prior to the finalisation of the audit of the Annual Report and Financial Statements for the year ended 31 December 2020, without the Investment Manager being present, to discuss how the external audit was carried out, the findings from such audit and whether any issues had arisen from the Auditor's interaction with the Company's various service providers. No concerns were raised in respect of the year ended 31 December 2020.

INDEPENDENCE AND OBJECTIVITY OF THE AUDITOR

The Committee has considered the independence and objectivity of the Auditor and is satisfied that the Auditor has fulfilled its obligations to the Company and its shareholders. The Committee reviews the continuing appointment of the Auditor on an annual basis and gives regular consideration to the Auditor's fees and independence, along with matters raised during each audit.

APPOINTMENT OF THE AUDITOR

Following consideration of the performance of the Auditor, the services provided during the year and a review of its independence and objectivity, the Committee has recommended to the Board the re-appointment of BDO LLP as Auditor to the Company.

THE COMPETITION AND MARKETS AUTHORITY ("CMA") ORDER

The Company has complied with the provisions of the CMA Order throughout the year ended 31 December 2020.

Lesley Sherratt
Audit and Risk Committee Chair

22 March 2021

REPORT OF THE MANAGEMENT ENGAGEMENT COMMITTEE

I am pleased to present the first Management Engagement Committee report covering the year ended 31 December 2020 following the Committee's establishment in February 2020.

THE ROLE OF THE COMMITTEE

The Committee's primary responsibilities are to:

- monitor and evaluate the Investment Manager's performance and compliance with the terms of the Investment Management Agreement;
- review the terms of the Investment Management Agreement annually to ensure that the terms conform with market and industry practice and remain in the best interests of shareholders;
- recommend to the Board any variation to the terms of the Investment Management Agreement which it considers necessary or desirable;
- review and make the appropriate recommendations to the Board as to whether the continuing appointment of the Investment Manager and the AIFM are in the best interests of the Company and shareholders;
- review the level and method of remuneration of the Investment Manager;
- monitor the appropriateness and compliance of other service providers' terms of their respective agreements;
- review, consider and recommend to the Board any amendments to the terms of the appointment and remuneration of other service providers; and
- consider any points of conflict of interest which may arise between the service providers.

MATTERS CONSIDERED DURING THE YEAR

The Committee met twice during the year ended 31 December 2020. At these meetings, the Committee:

- conducted a review of investment management arrangements of the Company, with the assistance of Stanhope Consulting. Further details of this review can be found on page 24; and
- reviewed the cyber security policies of its service providers.

Arthur Copple
Former Management Engagement Committee Chairman

22 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and 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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 for the Company for that period. The Directors are also required to prepare financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- state whether they have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' report, a strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that 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, as regards the financial statements, Article 4 of the International Accounting Standard ("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 and Financial Statements, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the position and performance, business model and strategy.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Arthur Copple
Chairman

22 March 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TEMPLE BAR INVESTMENT TRUST PLC

OPINION ON THE 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 2020 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Temple Bar Investment Trust plc (the "Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors, and subsequently by the shareholders, at the AGM on 30 March 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is one year, covering the year ended 31 December 2020. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's assessment of the going concern status and long-term viability of the Company;
- evaluating management's method of assessing going concern in light of market volatility and the present uncertainties;
- challenging management's assumptions and judgements made with regards to stress-testing forecasts;
- calculating financial ratios to ascertain the financial health of the Company;
- obtaining the loan agreements to identify the covenants and assess the likelihood of them being breached based on management forecasts and our sensitivity analysis; and
- performing calculations assessing the net asset position of the Company to understand the reliance on loan financing.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

Coverage	100% of investments at fair value through profit or loss 100% of Income
Key audit matters	2020 Valuation and Ownership of Investments Revenue Recognition
Materiality	£6,800,000 based on 1% of net assets

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF TEMPLE BAR INVESTMENT TRUST PLC

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of investments *Note 1 and Note 12* The investment portfolio at the year-end comprised of investments at fair value through profit or loss. The investment portfolio is the most significant balance in the financial statements and is the key driver of performance. The Investment Manager's and AIFM's fee is based on the value of the gross assets and the investments plus cash, respectively. As the Investment Manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations.	We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures on valuation: Confirmed that bid price has been used by agreeing to externally quoted prices; Agreed the FX rates to independent third party sources; Reviewed trading volumes around year-end to check that there are no contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; and In respect of the ownership of investments, we have obtained direct confirmation from the Custodian regarding all investments held at the balance sheet date. **Key observations:** Based on our procedures performed we did not identify any material exceptions with regards to valuation or ownership of investments.
Revenue Recognition *Note 1 and Note 4* Income arises predominately from dividends and can be volatile, but is a key factor in demonstrating the performance of the portfolio. To a lesser extent, income arises from interest on fixed-interest securities. There is a risk that interest accrued but not received as at year end may not be recoverable. Furthermore, judgement is required in the allocation of income to revenue or capital.	We have responded to this matter by developing an independent expectation of income using data analytics based on the investment holding and distributions from independent sources. We have also cross checked the portfolio against corporate actions and special dividends and challenged whether these have been appropriately accounted for as income or capital. We have analysed the population of dividend receipts to identify any items for further discussion that could indicate a potential capital distribution, for example where a dividend represents a particularly high yield. We have then traced a sample of dividend income receipts to bank. With regards to interest on fixed-interest securities, we agreed the interest rate to supporting documentation and recalculated the interest income. We agreed a sample of interest receivable to post year end receipt. Where amounts were not yet received post year end we considered whether there was any indication that the amounts were not recoverable, such as amounts being overdue but not yet received. **Key observations:** Based on our procedures performed we did not identify any material exceptions with regards to revenue recognition.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements 2020 £
Materiality	£6,800,000
Basis for determining materiality	1% of net assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance
Performance materiality	£5,100,000
Basis for determining performance materiality	75% of materiality

Specific materiality

We also determined that for items impacting on revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items of £440,000 based on 5% of revenue return before tax. We further applied a performance materiality level of 75% of specific materiality being £330,000 to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £20,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why that period is appropriate.
Other Code provisions	• The Directors' statement on fair, balanced and understandable; • The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the Audit and Risk Committee.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF TEMPLE BAR INVESTMENT TRUST PLC

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • 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 strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, 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 matters in relation to which the Companies Act 2006 requires us 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 from branches not visited by us; or • the 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the Company operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC Statement of Recommended Practice ("SORP") and International Financial Reporting Standards ("IFRS"). We also considered the Company's qualification as an Investment Trust under UK tax legislation.

We considered compliance with this framework through discussions with the Audit and Risk Committee and performed audit procedures on these areas as considered necessary. Our procedures involved enquiries with management, review of the reporting to the Directors with respect to compliance with laws and regulation, review of Board meeting minutes and review of legal correspondence.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- testing of journal postings made during the year to identify potential management override of controls;
- review of minutes of Board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

USE OF OUR REPORT

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.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

22 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FINANCIAL REPORT

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020			2019		
	Notes	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Investment Income	4	12,687	–	12,687	39,750	–	39,750
Other operating income	4	6	–	6	51	–	51
		12,693	–	12,693	39,801	–	39,801
(Losses)/profit on investments							
(Losses)/profit on investments held at fair value through profit or loss		–	(277,554)	(277,554)	–	188,920	188,920
Currency exchange gain		–	90	90	–	–	–
Total Income/(loss)		12,693	(277,464)	(264,771)	39,801	188,920	228,721
Expenses							
Management fees	6	(1,052)	(1,497)	(2,549)	(1,555)	(2,244)	(3,799)
Other expenses	7	(943)	(3,726)	(4,669)	(585)	(533)	(1,118)
Profit/(loss) before finance costs and tax		10,698	(282,687)	(271,989)	37,661	186,143	223,804
Finance costs	8	(1,977)	(2,963)	(4,940)	(1,966)	(2,976)	(4,942)
Profit/(loss) before tax		8,721	(285,650)	(276,929)	35,695	183,167	218,862
Tax	9	(331)	–	(331)	(172)	–	(172)
Profit/(loss) for the year		8,390	(285,650)	(277,260)	35,523	183,167	218,690
Earnings per share (basic and diluted)	11	12.55p	(427.15)p	(414.60)p	53.12p	273.90p	327.02p

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 AIC. All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

The Company does not have any income or expense that is not included in profit for the year. Accordingly, the profit for the year is also the Total Comprehensive Income for the Year, as defined in IAS1 (revised).

The notes on pages 48 to 61 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Ordinary share capital £000	Share premium account £000	Capital reserves realised £000	Capital reserves unrealised £000	Retained earnings £000	Total equity £000
Balance at 1 January 2019		16,719	96,040	672,212	(20,136)	37,347	802,182
Total comprehensive income for the year		–	–	(4,912)	188,079	35,523	218,690
Contributions by and distributions to owners							
Unclaimed dividends		–	–	–	–	8	8
Dividends paid to equity shareholders	10	–	–	–	–	(35,757)	(35,757)
Balance at 31 December 2019		16,719	96,040	667,300	167,943	37,121	985,123
Total comprehensive loss for the year		–	–	(119,895)	(165,755)	8,390	(277,260)
Contributions by and distributions to owners							
Dividends paid to equity shareholders	10	–	–	–	–	(32,527)	(32,527)
Balance at 31 December 2020		16,719	96,040	547,405	2,188	12,984	675,336

As at 31 December 2020, the Company had distributable revenue reserves of £12,984,000 (2019: £37,121,000) and distributable realised capital reserves of £547,405,000 (2019: £667,300,000) for the payment of future dividends. The only distributable reserves are the retained earnings and realised capital reserves.

The notes on pages 48 to 61 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	31 December 2020 £000	31 December 2020 £000	31 December 2019 £000	31 December 2019 £000
Non-current assets					
Investments held at fair value through profit or loss	12		718,423		1,085,844
Current assets					
Investments held at fair value through profit or loss	12	55,193		–	
Cash and cash equivalents		14,217		11,149	
Receivables	13	2,466		3,245	
			71,876		14,394
Total assets			790,299		1,100,238
Current liabilities					
Payables	14		(1,675)		(1,066)
Interest bearing borrowings	15		(38,654)		–
Total assets less current liabilities			749,970		1,099,172
Non-current liabilities					
Interest bearing borrowings	15	(74,634)		(114,049)	
Net assets			675,336		985,123
Equity attributable to equity holders					
Ordinary share capital	16	16,719		16,719	
Share premium	17	96,040		96,040	
Capital reserves	18	549,593		835,243	
Retained revenue earnings		12,984		37,121	
Total equity attributable to equity holders			675,336		985,123
Net asset value per share	20		1,009.88p		1,473.13p

The notes on pages 48 to 61 form an integral part of the financial statements.

The financial statements of Temple Bar Investment Trust plc (registered number: 00214601) on pages 44 to 61 were approved by the Board of Directors and authorised for issue on 22 March 2021. They were signed on its behalf by:

Arthur Copple
Chairman

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019*	
	Notes	£000	£000	£000	£000
Cash flows from operating activities					
Profit/(loss) before tax			(276,929)		218,862
Adjustments for:					
Losses/(gains) on investments		277,554		(188,920)	
Finance costs		4,940		4,942	
Dividend income	4	(12,558)		(39,465)	
Interest income	4	(135)		(313)	
Dividends received		13,362		39,578	
Interest received		1,223		336	
Increase in receivables		(139)		–	
(Decrease)/increase in payables		(230)		106	
Overseas withholding tax suffered	9	(331)		(172)	
			283,686		(183,908)
Net cash flows from operating activities			6,757		34,954
Cash flows from investing activities					
Purchases of investments		(1,061,110)		(152,237)	
Sales of investments		1,094,811		160,040	
Net cash flows from investing activities			33,701		7,803
Cash flows from financing activities					
Unclaimed dividends		–		8	
Equity dividends paid	10	(32,527)		(35,757)	
Interest paid on borrowings		(4,863)		(4,864)	
Net cash flows from financing activities			(37,390)		(40,613)
Net increase in cash and cash equivalents			3,068		2,144
Cash and cash equivalents at the start of the year			11,149		9,005
Cash and cash equivalents at the end of the year			14,217		11,149

The notes on pages 48 to 61 form an integral part of the financial statements.

* The 2019 purchases and sales of investment figures have been reclassified, see note 1 'cash flows from investing activities' on page 51 for further details.

NOTES TO THE FINANCIAL STATEMENTS

General information
Temple Bar Investment Trust PLC was incorporated in England and Wales in 1926 with the registered number 00214601.

The Company carries on the business as an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010.

1 PRINCIPAL ACCOUNTING POLICIES

Basis of accounting
The financial statements have been prepared on a going concern basis, under the historical cost convention, modified by the valuation of investments at fair value, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements are also prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The annual financial statements have also been prepared in accordance with the SORP for investment trusts issued by the AIC in October 2019, except to any extent where it is not consistent with the requirements of IFRS. The principal accounting policies adopted by the Company are set out below.

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

Going concern
The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved. See note 23 relating to the repayment of the debenture after the year end.

In making this assessment, the Directors have considered in particular the likely economic effects and the effects on the Company's operations of the current COVID-19 pandemic.

The longer term economic effects of the pandemic are very difficult to predict but in considering preparing the accounts on a going concern basis the Directors noted the Company holds a portfolio of liquid investments. The Company has sufficient cash to finance any future investments, as well as the ability to draw on the revolving credit facility it has in place. The Company is a closed-end fund, where assets are not required to be liquidated to meet day-to-day redemptions. See page 16 for further details in the Viability Statement.

The Board has reviewed stress testing and scenario analysis prepared by the Investment Manager to assist it in assessing the impact of changes in market value and income with associated cash flows. In making this assessment, the Investment Manager has considered plausible downside scenarios. These tests included the possible further effects of the continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. It was concluded that in a plausible downside scenario, the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Investment Manager and the Company's third-party service providers have contingency plans to ensure the continued operation of their businesses in the event of disruption, such as the impact of COVID-19. The Board was satisfied that there has been minimal impact to the services provided during the year and is confident that this will continue. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on a going concern basis.

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 capital gain in the Statement of Comprehensive Income.

Interest income is recognised in line with coupon terms on a time-apportioned basis. Special dividends are credited to capital or revenue according to their circumstances.

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 as well as instruments carried at fair value 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; and
- 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; this remains consistent with the prior year.

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 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 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.

Irrecoverable withholding tax is recognised on any overseas dividends on an accruals basis using the applicable rate for the country of origin.

Financial instruments
The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are measured at fair value through profit or loss if its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest and at amortised cost if they do. Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. The Company will offset financial assets and financial liabilities if it has a legally enforceable right to offset the recognised amounts and interest and intends to settle on a net basis. A financial asset is derecognised when the right to receive cash flows from the asset expires or the rights to receive cash flows from the asset have been transferred and a financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Receivables
Receivables are held to collect contractual cash flows, 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. The Company has chosen to apply an approach similar to the simplified approach for expected credit losses ("ECL") under IFRS 9 to all its receivables. Therefore the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company's approach to ECLs reflects a probability-weighted outcome, based on reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Receivables are recognised and carried at amortised cost.

Investments
Equity investments are held at fair value through profit or loss as they fail the contractual cash flows test under IFRS 9. Debt instruments that pass the contractual cash flow test are held under a business model to manage them on a fair value basis for investment income and fair value gains and are therefore classified as fair value through profit or loss.

Upon 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 stock and loans 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 rate method. The fair value of the debenture stock is determined by reference to quoted market mid prices at close of business on the year-end date, while the fair value of private placement loans is determined using discounted cash flow techniques which utilise inputs including interest rates obtained from comparable loans in the market.

Payables
Payables are non interest bearing and are stated at their nominal value and are recognised and carried at amortised cost.

Equity dividends payable
Equity dividends payable are recognised when the shareholders' right to receive payment is established. For interim dividends this is when they are paid and for final dividends this is when they are approved by shareholders.

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.

Reserves
The share capital represents the nominal value of the Company's ordinary shares.

The share premium account represents the excess over nominal value of the fair value of consideration received for the Company's ordinary shares, net of expenses of the share issue. This reserve cannot be distributed.

The capital reserve represents realised and unrealised capital and exchange gains and losses on the disposal and revaluation of investments and of foreign currency items. Realised gains can be distributed, unrealised gains cannot be distributed.

The revenue reserve represents retained profits from the income derived from holding investment assets less the costs and interest on cash balances associated with running the Company. This reserve can be distributed.

Cash flows from investing activities
Purchases and sales of investments have been included as 'Cash flows from investment activities' within the Statement of Cash Flows this year. This is a change from where these cash movements were shown in the prior year when these activities were included within operating activities. This presentation is deemed more appropriate for the Company. This has the effect of changing the net cash flows from operating activities from £42,757,000 to £34,954,000 for the prior year but has no overall effect on the net increase in cash in the prior year.

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 which have had a significant impact on the financial statements for the current or preceding financial year.

3 ADOPTION OF NEW AND REVISED STANDARDS

New standards, interpretations and amendments adopted from 1 January 2020
There are no new standards impacting the Company that have had a significant effect in the annual financial statements for the year ended 31 December 2020.

New standards that have been adopted in the annual financial statements for the year ended 31 December 2020, but have not had a significant effect on the Company are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative – Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

Standards issued but not yet effective
There are no standards or amendments not yet effective which are relevant or have a material impact on the Company.

4 INCOME

	2020 £000	2019 £000
Income from listed investments		
UK dividends	9,536	35,456
Overseas dividends	3,022	3,008
UK REITs	–	1,001
Interest from fixed-interest securities	129	285
	12,687	39,750
Other income		
Deposit interest	6	28
Other income	–	23
Total income	12,693	39,801

During the year ended 31 December 2020, the Company received special dividends totalling £221,729 (2019: £3,450,614). Of this £221,729 (2019: £2,416,156) is recognised as revenue and is included within investment income and £nil (2019: £1,034,458) is recognised as capital and is included in profit on investments held at fair value through profit or loss.

5 SEGMENTAL REPORTING

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

6 INVESTMENT MANAGEMENT FEE

	2020			2019		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Investment management fee	998	1,497	2,495	1,497	2,244	3,741
Secretarial fee	54	–	54	58	–	58
	1,052	1,497	2,549	1,555	2,244	3,799

As at 31 December 2020, an amount of £689,000 (2019: £1,017,000) was payable to Ninety One in relation to the management fees for the quarter ended 31 December 2020.

The AIFM appointed RWC as Portfolio Manager, effective from 30 October 2020. Under the terms of the new Portfolio Management Agreement, RWC is entitled to a management fee, details of which are set out in the Directors' Report on page 25. No fees are payable to RWC in respect of the current year under the terms of the new agreement and RWC has agreed to forego its fee until 30 June 2021.

Under the terms of the previous Portfolio Management Agreement, Ninety One is entitled to a management fee of 0.35% per annum, payable quarterly, based on the value of the investments (including cash) of the Company together with an additional fee of £125,000 pa, plus or minus 0.005% of the value of the investments (including cash) of the Company above or below £750 million, calculated and payable quarterly. This fee remains payable until 20 April 2021.

7 OTHER EXPENSES

		2020			2019		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Transaction costs on fair value through profit or loss assets[1]		–	3,707	3,707	–	533	533
Directors' fees (see report on Directors' Remuneration on page 28)		129	–	129	146	–	146
AIFM fee		12	19	31	–	–	–
Administration fee		28	–	28	–	–	–
Company Secretary fee		14	–	14	–	–	–
Registrar's fee		76	–	76	72	–	72
Marketing costs		52	–	52	77	–	77
Auditor's remuneration	– annual audit[2]	32	–	32	31	–	31
	– non audit fee[3]	–	–	–	1	–	1
Depositary fee		61	–	61	84	–	84
One off costs in respect of the change in management arrangements		310	–	310	–	–	–
Other expenses		229	–	229	174	–	174
		943	3,726	4,669	585	533	1,118

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 £3,308,085 (2019: £478,389) and on sales amounted to £399,019 (2019: £54,784).

2 During the year there were audit fees of £27,000 (2019: £26,010) (excluding VAT) paid to the Auditor.

3 Non-audit fees of £1,000 paid in 2019 to Ernst & Young LLP related to their services in the filing of electronic tax returns.

All expenses are inclusive of VAT where applicable.

8 FINANCE COSTS

	2020			2019		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Interest on borrowings						
5.5% debenture stock 2021	852	1,278	2,130	852	1,277	2,129
4.05% Private Placement Loan 2028[1]	823	1,234	2,057	811	1,247	2,058
2.99% Private Placement Loan 2047[1]	300	451	751	301	452	753
	1,975	2,963	4,938	1,964	2,976	4,940
Bank interest payable	2	–	2	2	–	2
Total finance costs	1,977	2,963	4,940	1,966	2,976	4,942

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

1 The 4.05% and 2.99% Private Placement Loans contain the following principal financial or other covenants, with which failure to comply could necessitate the early repayment of the loan. These were all complied with during the current and previous year:

- 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 Investment Manager; and
- prior approval by the note holder of any change in the Company's investment objectives and policies.

9 TAXATION

(a) There is no corporation tax payable (2019: nil).

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

	2020			2019		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit/(loss) before taxation	8,721	(285,650)	(276,929)	35,695	183,167	218,862
Tax at UK corporation tax rate of 19% (2019: 19%)	1,657	(54,274)	(52,617)	6,782	34,802	41,584
Tax effects of:						
Non–taxable losses/(gains) on investments	–	52,718	52,718	–	(35,895)	(35,895)
Disallowed expenses	2	533	535	–	101	101
Non–taxable UK dividends[1]	(1,812)	–	(1,812)	(6,736)	–	(6,736)
Overseas withholding tax suffered	331	–	331	172	–	172
Non–taxable overseas dividends	(574)	–	(574)	(571)	–	(571)
Movement in deferred tax not recognised[2]	727	1,023	1,750	525	992	1,517
Total tax charge for the year	331	–	331	172	–	172

	2020			2019		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Analysis of charge for the year:						
Overseas withholding tax suffered	331	–	331	172	–	172
	331	–	331	172	–	172

The Company has no corporation tax liability for the year ended 31 December 2020 (2019: nil).

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

2 The Company has not recognised a deferred tax asset of £21,380,000 (2019: £18,194,000) based on an effective tax rate of 19% (2019: 17%). The Company is not liable to corporation tax on its chargeable gains due to its status as an investment trust. Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required for approval in the foreseeable future, the Company has not provided for deferred tax on any chargeable gains and losses arising on the revaluation or disposal of investments.

10 DIVIDENDS

	2020 £000	2019 £000
Amounts recognised as distributions to equity holders in the year		
Final dividend for year ended 31 December 2019 of 18.39p (2018: 20.47p) per share	12,298	13,689
Interim dividends (three) for year ended 31 December 2020. Two payments of 11.0p per share and one payment of 8.25p per share (2019: three payments of 11.0p per share)	20,229	22,068
	32,527	35,757
Fourth interim dividend for the year ended 31 December 2020 of 8.25p (final dividend 2019: 18.39p per share)	5,517	12,298

The fourth interim dividend is not included as a liability in these financial statements. Therefore, 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.

	2020 £000	2019 £000
Interim dividends (three) for year ended 31 December 2020.Two payments of 11.0p per share and one payment of 8.25p per share (2019: three payments of 11.0p per share)	20,229	22,068
Fourth interim dividend for year ended 31 December 2020 of 8.25p (final dividend 2019: 18.39p per share)	5,517	12,298
	25,746	34,366

11 EARNINGS PER SHARE

	2020			2019		
	Revenue	Capital	Total	Revenue	Capital	Total
Basic and diluted						
Profit/(loss) for the year (£000's)	8,390	(285,650)	(277,260)	35,523	183,167	218,690
Weighted average number of ordinary shares			66,872,765			66,872,765
Earnings per ordinary share (pence)	12.55	(427.15)	(414.60)	53.12	273.90	327.02

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Investment portfolio summary

	2020			2019		
	Quoted equities £000	Debt securities £000	Total £000	Quoted equities £000	Debt securities £000	Total £000
Opening cost at the beginning of the year	900,335	17,566	917,901	900,088	25,173	925,261
Opening unrealised appreciation/ (depreciation) at the beginning of the year	167,758	185	167,943	(20,434)	298	(20,136)
Opening fair value at the beginning of the year	1,068,093	17,751	1,085,844	879,654	25,471	905,125
Movements in the year:						
Purchases at cost	869,589	190,280	1,059,869	106,937	45,170	152,107
Sales proceeds	(941,839)	(152,704)	(1,094,543)	(107,525)	(52,783)	(160,308)
Realised (loss)/gain on sale of investments	(111,857)	58	(111,799)	835	6	841
Change in unrealised (depreciation)/ appreciation	(165,563)	(192)	(165,755)	188,192	(113)	188,079
Closing fair value at the end of the year	718,423	55,193	773,616	1,068,093	17,751	1,085,844
Closing cost at the end of the year	716,228	55,200	771,428	900,335	17,566	917,901
Closing unrealised appreciation/ (depreciation) at the end of the year	2,195	(7)	2,188	167,758	185	167,943
Closing fair value at the end of the year	718,423	55,193	773,616	1,068,093	17,751	1,085,844

The Company received £1,094,543,000 (2019 £160,308,000) from investments sold in the year. The book cost of these investments when they were purchased was £1,207,247,000 (2019: £158,397,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

(b) Fair value of financial instruments

IFRS 13 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following classifications:

- Level 1 – valued using quoted prices in active markets for identical investments.
- Level 2 – valued using other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc). There are no level 2 financial assets (2019: £nil).
- Level 3 – valued using significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments). There are no level 3 financial assets (2019: £nil).

All of the Company's investments are in quoted securities actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date and have therefore been determined as Level 1.

There were no transfers between levels in the year (2019: no transfers) and as such no reconciliation between levels has been presented.

	2020 Level 1 £000	2019 Level 1 £000
Financial assets		
Quoted equities	718,423	1,068,093
Debt securities	55,193	17,751
	773,616	1,085,844

13 RECEIVABLES

	2020 £000	2019 £000
Accrued income	2,327	2,977
Due from brokers	–	268
Other receivables	139	–
	2,466	3,245

Accrued income includes dividends and fixed-interest income.

14 CURRENT LIABILITIES

	2020 £000	2019 £000
Accruals	1,675	1,066
	1,675	1,066

15 BORROWINGS

	2020 £000	2019 £000
Interest bearing borrowings		
Amounts payable within one year:		
5.5% Debenture stock 2021	38,654	–
Amounts payable after more than one year:		
5.5% Debenture stock 2021	–	38,614
4.05% Private Placement Loan 2028	49,753	50,418
2.99% Private Placement Loan 2047	24,881	25,017
	74,634	114,049
Total	113,288	114,049

	2020 £000	2019 £000
Opening balance as per the Statement of Financial Position	114,049	113,971
Interest movement	(5,701)	(4,864)
Finance costs for the year as per the Statement of Comprehensive Income	4,940	4,942
Closing balance as per the Statement of Financial Position	113,288	114,049

The 5.5% Debenture stock was secured by a floating charge over the assets of the Company. The stock was repaid at par (£38,000,000) 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 (£50,000,000) on 3 September 2028.

The 2.99% Private Placement Loan is secured by a floating charge over the assets of the Company. The loan is repayable at par (£25,000,000) on 24 October 2047.

See note 22 on page 60 for the disclosure and fair value categorisation of the financial liabilities.

16 ORDINARY SHARE CAPITAL

	2020 Number	2019 Number	2020 £000	2019 £000
Issued, allotted and fully paid				
Ordinary shares of 25p each	66,872,765	66,872,765	16,719	16,719

There were no shares issued or bought back during 2020 (2019: nil.)

17 SHARE PREMIUM

	2020 £000	2019 £000
Balance at 1 January	96,040	96,040
Balance at 31 December	96,040	96,040

18 CAPITAL RESERVES

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

	2020 £000	2019 £000
Capital reserves realised	547,405	667,300
Capital reserves unrealised	2,188	167,943
	549,593	835,243

19 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2020, there were no contingent liabilities or capital commitments for the Company (2019: £nil).

20 NET ASSET VALUES

	2020		2019	
	Net asset value per ordinary share Pence	Net assets attributable £000	Net asset value per ordinary share Pence	Net assets attributable £000
Ordinary shares of 25p each	1,009.88p	675,336	1,473.13p	985,123

The net asset value per ordinary share is based on net assets at the year-end of £675,336,000 (2019: £985,123,000) and on 66,872,765 (2019: 66,872,765) ordinary shares in issue at the year-end.

21 RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH THE INVESTMENT MANAGER

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 pages 27 and 28. There were no contracts existing 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. See page 28 for details of Directors' shareholdings.

At 31 December 2020, there was £nil (2019: £nil) payable to the Directors for fees and expenses.

AIFM and Investment Manager – On 30 October 2020, LFS was appointed the AIFM of the Company and has delegated portfolio management to RWC, who is deemed to be Key Management Personnel for the purposes of disclosing related party information under IAS24. Details of the services provided by the Investment Manager are given on pages 24 and 25. No fees were accrued during this period. Prior to 30 October 2020, these roles were carried out by Ninety One and the fees paid for these services are set out in note 6 on page 52.

22 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's investing activities undertaken in pursuit of its investment objective, as set out on page 9, involve certain inherent risks. The main financial 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. 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. These policies have remained substantially unchanged during the current and preceding periods, although the affects of COVID-19 have been closely monitored by the Board. The Board meets on four 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.

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 Company's borrowings have the effect of increasing the market risk faced by shareholders. This gearing effect is such that, for example, for a 20% movement in the valuation of the Company's investments, the net assets attributable to shareholders would move by approximately 21.3%.

Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments or interest income cash flows 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 Private Placement Loans, on both of which interest is paid at a fixed rate and therefore not subject to interest rate risk.

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 £55,193,000, representing 8.2% of net assets of £675,336,000 (2019: £17,751,000; 1.8%). The weighted average running yield as at 31 December 2020 was 4.0% (2019: 4.0%) and the weighted average remaining life was 0.1 years (2019: 3.2 years). The Company's cash balance of £14,217,000 (2019: £11,149,000) 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 £71,085 (2019: £55,745). 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 £71,085 (2019: £55,745). The calculations are based on the cash balances at the respective statement of financial position dates.

Financial liabilities – Interest rate risk

All current liabilities are repayable within one year. The 5.5% debenture stock was repaid on 8 March 2021. The 4.05% Private Placement Loan and the 2.99% Private Placement Loan, which are repayable in 2028 and 2047 respectively, pay interest at fixed rates. The weighted average period until maturity of the loans is 9 years (2019: 10 years) and the weighted average interest rate payable is 4.0% (2019: 4.0%) per annum.

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.

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 Investment Manager reviewing the credit ratings of broker counterparties. The Company's Custodian is responsible for the collection of income on behalf of the Company. Cash is held either with reputable banks with high quality external credit ratings or in liquidity/cash funds providing a spread of exposures to various underlying banks in order to diversify risk. The carrying amounts of financial assets represent their maximum exposure to credit risk. The full portfolio can be found on pages 20 and 21. The debt securities held at the year end have credit ratings ranging from AA to BB+.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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
- 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 based on the exchange rates ruling at the respective year-ends. Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of the investment and risk management processes.

	31 December 2020					
	Investments £000	Cash £000	Receivables £000	Payables £000	Borrowings £000	Total £000
Euro	37,324	–	92	–	–	37,416
US Dollar	57,108	–	–	–	–	57,108
Canadian Dollar	8,453	–	–	–	–	8,453
Hong Kong Dollar	13,425	–	–	–	–	13,425
Japanese Yen	12,969	–	–	–	–	12,969
Pounds Sterling	644,337	14,217	2,374	(1,675)	(113,288)	545,965
	773,616	14,217	2,466	(1,675)	(113,288)	675,336

	31 December 2019					
	Investments £000	Cash £000	Receivables £000	Payables £000	Borrowings £000	Total £000
Euro	–	–	65	–	–	65
US Dollar	101,386	8	175	–	–	101,569
Norwegian Krone	–	1	–	–	–	1
Pounds Sterling	984,458	11,140	3,005	(1,066)	(114,049)	883,488
	1,085,844	11,149	3,245	(1,066)	(114,049)	985,123

Foreign currency sensitivity

	2020		2019	
	£000	£000	£000	£000
Projected movement	+10%	-10%	+2%	-2%
Effect on net assets for the year	12,937	(12,937)	2,033	(2,033)
Effect on capital return	12,928	(12,928)	2,028	(2,028)

Other price risk exposure
If the investment valuation fell by 20% at 31 December 2020, the impact on the profit or loss and net assets would have been negative £154.7 million (2019: 10% negative £108.6 million). If the investment portfolio valuation rose by 20% at 31 December 2020, the impact on the profit or loss and net assets would have been positive £154.7 million (2019: 10% positive £108.6 million). The calculations are based on the portfolio valuation as at the respective year-end dates.

The Company held the following categories of financial instruments, all of which are included in the Statement of Financial Position at fair value or an approximation to fair value, with the exception of interest-bearing borrowings which are shown at book value at 31 December 2020.

	2020		2019	
	Amortised cost £000	Fair value £000	Amortised cost £000	Fair value £000
Assets at fair value through profit or loss	773,616	773,616	1,085,844	1,085,844
Cash	14,217	14,217	11,149	11,149
Loans and receivables				
Investment income receivable	2,327	2,327	2,977	2,977
Other receivables	139	139	268	268
Payables	(1,675)	(1,675)	(1,066)	(1,066)
Interest-bearing borrowings:				
5.5% Debenture stock[1]	(38,654)	(38,427)	(38,614)	(40,019)
4.05% Private Placement Loan[2]	(49,753)	(56,651)	(50,418)	(56,107)
2.99% Private Placement Loan[3]	(24,881)	(26,532)	(25,017)	(25,058)
	675,336	667,014	985,123	977,988

1 Effective interest rate is 5.583%.

2 Effective interest rate is 4.133%.

3 Effective interest rate is 3.015%.

The 5.5% Debenture Stock 2021 is classified as a Level 1 instrument (2019: Level 1).

The 4.05% Private Placement Loan 2028 and the 2.99% Private Placement Loan 2047 do not have prices quoted on an active market but their fair values are based on observable inputs. As such they have been classified as Level 2 instruments (2019: Level 2).

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:

	2020					
	Three months or less £000	Not more than one year £000	Two years £000	Three years £000	More than three years £000	Total £000
Creditors: amounts falling due after more than one year						
Debenture stock and loans	–	–	4,863	4,863	97,839	107,565
Creditors: amounts falling due within one year						
Accruals	1,491	184	–	–	–	1,675
Debenture stock and loans	2,058	40,805	–	–	–	42,863
	3,549	40,989	4,863	4,863	97,839	152,103

	2019					
	Three months or less £000	Not more than one year £000	Two years £000	Three years £000	More than three years £000	Total £000
Creditors: amounts falling due after more than one year						
Debenture stock and loans	–	–	4,863	4,863	140,702	150,428
Creditors: amounts falling due within one year						
Accruals	967	99	–	–	–	1,066
Debenture stock and loans	2,058	2,805	–	–	–	4,863
	3,025	2,904	4,863	4,863	140,702	156,357

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. There have been no changes in the Company's objectives, policies and processes for managing capital from the prior year.

The Company's capital is its equity share capital and reserves that are shown in the Statement of Financial Position and its debenture and fixed-term loans (see note 15) at a total of £749,970,000 (2019: £1,099,172,000).

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; and
- the terms of the Debenture Trust Deed have various covenants that prescribe that monies borrowed should not exceed the adjusted total capital and reserves as defined in the Debenture Trust Deed. The Note Purchase Agreements governing the terms of the Private Placement Loans also contain certain financial covenants. These are measured in accordance with the policies used in the Annual Report and Financial Statements.

The Company has complied with all of the above requirements during the current and prior year.

23 POST BALANCE SHEET EVENTS
On 8 March 2021, the Company's £38 million 5.5% debenture stock matured; this was paid from cash held and a short-dated UK Gilt that was in place to meet this obligation.

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you 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 95th Annual General Meeting ("AGM") of Temple Bar Investment Trust PLC will be held at the offices of RWC Asset Management LLP, Verde 4th Floor, 10 Bressenden Place, London SW1E 5DH on Thursday, 13 May 2021 at 12.30 pm.

ORDINARY RESOLUTIONS

1. To approve the Company's Annual Report and Financial Statements for the year ended 31 December 2020 (together with the reports of the Directors and Auditor thereon).
2. To approve the report on Directors' remuneration for the year ended 31 December 2020.
3. To re-elect Mr Arthur Copple as a Director of the Company.
4. To re-elect Dr Lesley Sherratt as a Director of the Company.
5. To re-elect Mr Richard Wyatt as a Director of the Company.
6. To re-elect Dr Shefaly Yogendra as a Director of the Company.
7. To re-appoint BDO LLP as the Auditor to the Company, to hold office from the conclusion of this meeting until the conclusion of the next meeting at which financial statements are laid before the Company.
8. To authorise the Audit and Risk Committee to determine the remuneration of the Auditor.
9. That, in substitution of all existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Companies Act") 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 £1,671,819, being 10% of the issued share capital of the Company as at the date of this Notice and representing 6,687,276 ordinary shares of 25p each in the capital of the Company (or if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed), such authority to expire at the conclusion of the AGM of the Company to be held in 2022 (unless previously renewed, varied, revoked or extended by the Company in general meeting), save that the Company may, before such expiry, make offers or agreements which would or might require ordinary shares to be allotted after such expiry, and the Directors may allot ordinary shares in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

SPECIAL RESOLUTIONS

10. That, subject to the passing of resolution 9 set out above, the Directors be and they are hereby generally empowered pursuant to Section 570 and 573 of the Companies Act to allot equity securities (as defined in Section 560 of the Companies 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 the Directors by resolution 9, as if Section 561 of the Companies Act did not apply to the allotment or sale, up to an aggregate nominal amount of £1,671,819 (being 10% of the issued ordinary share capital of the Company at the date of this Notice), (or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed), such power to expire at the conclusion of the AGM of the Company to be held in 2022 (unless previously renewed, varied, revoked or extended by the Company in general meeting) save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require ordinary shares to be allotted or sold from treasury after the expiry of such power and the Directors may allot or sell ordinary shares from treasury in pursuance of such an offer or agreement as if such power had not expired.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

11. That, the Company generally be and is hereby authorised for the purpose of Section 701 of the Companies Act to make market purchases (as defined in Section 693 of the Companies Act) of ordinary shares of 25p each in the capital of the Company, either for retention as treasury shares for future reissue, resale, transfer or cancellation 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 (exclusive of expenses payable by the Company) which may be paid for such ordinary shares is 25p per share;

    (iii) the maximum price (exclusive of expenses payable by the Company) which may be paid for such ordinary shares shall be the higher of:

        (i) an amount equal to 105% of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary shares are purchased; and

        (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out.

This authority shall expire at the conclusion of the AGM of the Company to be held in 2022 (unless previously revoked, varied, renewed or extended by the Company in general meeting) save that the Company may, before such expiry, enter into a contract to purchase shares which will or may be executed wholly or partly after the expiry of such authority.

12. That the new Articles of Association of the Company produced to the meeting and (for the purposes of identification) initialled by the Chairman of the meeting be hereby approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, all existing Articles of Association.

By order of the Board

Link Company Matters Limited
Company Secretary

22 March 2021

Registered Office:
Beaufort House
51 New North Road
Exeter EX4 4EP

In light of the UK Government's health advice in response to the COVID-19 outbreak, including to limit travel and public gatherings, the Company strongly advises all shareholders to submit their form of proxy, appointing the Chairman of the AGM as proxy. The AGM has been arranged on the assumption that the UK Government's guidance will continue to apply at the date of the AGM. As a result, the AGM will be held as a closed meeting, while still allowing for shareholders to exercise their voting rights. To ensure their vote counts, shareholders are directed to further information and instructions on voting by proxy set out in the Notes on pages 64 to 66.

Unless notified otherwise after publication of the Notice of AGM, no shareholder, proxy or corporate representative (other than those required for a quorum to exist) should attend the meeting in person. The Chairman of the AGM will exercise their powers to exclude any person who attempts to attend the AGM in person, and they will not be permitted entry to the principal place location of the AGM in person. All Notes in this Notice of AGM referring to attendance at the AGM should be read in this context and subject to this restriction.

The situation regarding COVID-19 is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the AGM (including any change to the location of the AGM) will be communicated to shareholders before the AGM through our website at www.templebarinvestments.co.uk and, where appropriate, by announcement made by the Company to a Regulatory Information Service.

NOTES

1. Entitlement to attend and vote

Members who hold ordinary shares in the Company in uncertificated form must have been entered on the Company's register of members by 6.30pm on 11 May 2021 in order to be able to attend and vote at the meeting, or if the meeting is adjourned, 6.30pm 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. **However, as per the above note, any shareholder that attempts to physically attend the AGM will be refused admission in order to comply with government instructions and guidance.**

2. Proxies

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 them. 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 their 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. **As above, due to restrictions on attendance at the AGM, when completing your form of proxy, please only reference the 'Chairman of the AGM' as your proxy (and do not specifically name any one individual).**

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 12.30 pm on 11 May 2021. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting should they wish to do so. **However, as per the above note, any shareholder that attempts to physically attend the AGM will be refused admission in order to comply with government instructions and guidance.**

As an alternative to completing a hard copy form of proxy, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed at the top right-hand side of the form of proxy). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your form of proxy at www.shareview.co.uk. 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. Full instructions are given on both websites. To be valid, your proxy appointment(s) and instructions should reach Equiniti Limited no later than 12.30 pm on 11 May 2021. **As per the note above, due to restrictions on attendance at the AGM, when registering the appointment of a proxy, please only reference the 'Chairman of the AGM' as your proxy.**

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. **As per the note above, due to restrictions on attendance at the AGM, when registering the appointment of a proxy, please only reference the 'Chairman of the AGM' as your proxy.** 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 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.

3. Corporate representatives

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, 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. **However, due to restrictions on attendance at the AGM, when completing your form of proxy, please only reference the 'Chairman of the AGM' as your proxy (and do not specifically name any one individual).**

4. Nominated persons

In accordance with Section 325 of the Companies Act, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Companies Act. Persons nominated to receive information rights under Section 146 of the Companies Act who have been sent a copy of this Notice of Meeting are hereby informed, in accordance with Section 149 (2) of the Companies 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. Joint holders

In the case of joint holders, the signature of only one of the joint holders is required on the proxy form and, where more than one joint holder has signed the proxy form or where more than one joint holder purports to appoint a proxy, only the signature of, or the appointment submitted by the most senior holder will be accepted to the exclusion of the other joint holders. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

6. Members' requests under Section 527 of the Companies Act

Under Section 527 of the Companies Act, 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 AGM for the financial year ended 31 December 2020; or (ii) any circumstance connected with an Auditor of the Company appointed for the financial year ended 31 December 2020 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 . Where the Company is required to place a statement on a website under Section 527 of the Companies Act, 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 AGM for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act to publish on a website.

7. Members' rights to ask questions

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. **However, as per the above note, any shareholder that attempts to physically attend the AGM will be refused admission in order to comply with government instructions and guidance. As the AGM will be held as a closed meeting, shareholders are encouraged to send any questions to the Board via templebar.cosec@linkgroup.co.uk.**

8. Members' rights under Sections 338 and 338A of the Companies Act

Shareholders meeting the threshold under sections 338 and 338A of the Companies Act can instruct the Company: (i) to give shareholders (entitled to receive notice of the AGM) notice of a resolution which may properly be proposed and is intended to be proposed at the AGM; and/or (ii) to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be proposed or a matter may properly be included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective; (b) it is defamatory of any person; or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 1 April 2021, being the date six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

9. Total number of shares and voting rights

As at 19 March 2021, the latest practicable date prior to publication of this Notice, the Company had 66,872,765 ordinary shares in issue with a total of 66,872,765 voting rights. There are no shares held in treasury.

10. Website

In accordance with Section 311A of the Companies Act, 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 at: www.templebarinvestments.co.uk.

11. Documents available for inspection

Copies of letters of appointment between the Company and the Non-Executive Director and a copy of the existing Memorandum and Articles of Association may be inspected during usual business hours on any weekday (public holidays excepted) at the registered office of the Company from the date of this Notice of AGM until the date of the Meeting and at the place of the Meeting from 12.15 pm until the Meeting's conclusion.

In light of the UK Government's health advice in response to the COVID-19 outbreak, shareholders wishing to inspect the documents are requested to contact the Company Secretary by email to templebar.cosec@linkgroup.co.uk in advance of any visit to ensure that appropriate arrangements can be made and access can be arranged. Any such access will be subject to health and safety requirements and any restrictions on gatherings, social distancing or other measures imposed or recommended by the UK Government.

In addition, given the current circumstances, electronic copies of the documents will be available to members for inspection on request. Requests should be sent to the Company Secretary by email to templebar.cosec@linkgroup.co.uk.

The proposed new Articles of Association will be available for inspection on the Company's website at www.templebarinvestments.co.uk from the date of this Annual Report until the conclusion of the AGM or may be obtained from the Company Secretary by requesting a copy using the address and details provided on page 71.

APPENDIX

SUMMARY OF KEY CHANGES IN NEW ARTICLES OF ASSOCIATION OF THE COMPANY

Shareholders are advised that the below list is not an exhaustive list of all changes in the proposed new Articles of Association. Shareholders must not rely on the below list and all shareholders should review the proposed new Articles of Association in full prior to voting and prior to the AGM.

The proposed new Articles of Association will be available for inspection on the Company's website at www.templebarinvestments.co.uk from the date of this Notice of AGM until the conclusion of the AGM or may be obtained from the Company Secretary by requesting a copy using the address and details provided on page 71.

1. Electronic general meetings
The Board will have the ability to call a 'hybrid' general meeting, being a meeting with a physical location in addition to remote attendance through an electronic facility. Provisions governing notice for, and attendance by shareholders and proxies at, such hybrid meetings will also be included.

2. Adjournment of general meetings
The Chairman will have the ability to interrupt or adjourn general meetings without the consent of the meeting if it appears to the Chairman that the facilities or security at any general meeting (including those conducted by a hybrid meeting) have become inadequate.

3. Postponement of general meetings
The Board will have the ability to postpone a general meeting if, in its absolute discretion, it considers that it is impractical or unreasonable for any reason to hold the meeting on the date or at the time or at any place specified in the notice calling the general meeting.

4. Documents available for inspection at a meeting
If, in the case of a general meeting which is held by way of a hybrid meeting, any document is required to be on display or available for inspection at that meeting (whether prior to and/or for the duration of the meeting), the Company shall ensure that it is electronically available to persons entitled to inspect it for at least the required period of time.

5. Accommodation of members and security arrangements at general meetings
Where a general meeting is held by a hybrid meeting by means of an electronic facility, the Board and the Chairman may make any proportionate arrangement and impose any proportionate requirement or restriction that is necessary to ensure the identification of those taking part by way of electronic communication. The entitlement of any member or proxy to attend and participate in a general meeting (physically or electronically) shall be subject to such arrangements.

6. Method of voting at general meetings conducted electronically
A resolution put to the vote at a hybrid general meeting by means of an electronic facility shall be decided on a poll, with poll votes to be cast by such electronic means as the Board, in its sole discretion, deems appropriate for the purposes of the meeting.

7. Amendments to resolutions at general meetings
In line with common market practice, ordinary resolutions may be amended with 48 hours' notice or at the Chairman's discretion.

8. Special business at general meetings
The proposed new Articles of Association do not specifically differentiate between, or refer to, items of ordinary business and special business at general meetings, in line with more recent market practice.

9. Appointment and retirement of Directors at annual general meetings
In line with the UK Corporate Governance Code, the Directors shall retire at each annual general meeting of the Company. In addition, the period for notification of a shareholder's intention to propose appointment or re-appointment of a Director prior to an annual general meeting has been increased from not less than 6 nor more than 28 clear days, to not less than 14 nor more than 42 clear days.

10. Untraced shareholders
The Company's ability to sell the shares of an untraced shareholder, if they cannot be traced, will change to reflect current market practice and, in doing so, provide additional flexibility to the Company. There will no longer be a requirement for the Company to advertise in a newspaper in the event of an untraced shareholder or to notify the Quotations Department of the London Stock Exchange. The Company will, instead, be required to use reasonable efforts to trace the relevant shareholder (including, if appropriate, engaging a professional asset reunification company).

In addition, in the event that a shareholder cannot be traced and the Company is able to sell such shares, the net proceeds of sale and/or any unclaimed dividends relating to such shares will belong to the Company. The Company will not be liable or required to account any such net proceeds of sale and/or dividends to the untraced shareholder or any other person entitled to the proceeds by law, but the Company will assess any such claims on a case-by-case basis. The Company will be permitted to use the proceeds and/or dividends for the benefit of the Company in any matter that the Directors think fit.

11. Forfeiture
In the event that any shares are forfeited, any potential claims by the shareholder in respect of such forfeited shares will be extinct.

12. Failure to disclose interests in shares
Disenfranchisement provisions in the current Articles of Association will be updated, in line with current legislation. These provisions provide that if the Company requests that a shareholder discloses information in respect of their interests in the Company's shares, and the shareholder fails to do so, sanctions will apply. This includes the shareholder being restricted from voting at general meetings and, where the shareholding represents at least 0.25% of the relevant share class, dividends may be withheld and any transfer may not be registered.

13. Forced transfers
The Board will be able to require any person holding any prohibited shares to transfer the prohibited shares. From the date of any such request by the Board, the shareholder of the prohibited shares will not be entitled to vote or attend any general meeting. If the transfer notice is not complied with, the Board may arrange for sale of the prohibited shares and net proceeds of sale (after deduction of the Company's costs in respect of the sale and an appropriate interest rate determined by the Directors) will be paid to the former shareholder upon surrender of the relevant share certificate (if applicable).

14. Scrip dividends
Subject to prior approval by shareholders (by an ordinary resolution), the Board may offer any existing shareholders the right to receive ordinary shares instead of all, or part, of any dividend.

15. Other
Other updates and changes include (but are not limited to) additional and/or amended standard provisions in respect of:

- certificated shares and uncertificated shares;
- fractions;
- proxies;
- reserves and capitalisation of reserves;
- electronic documents and notices; and
- electronic Board meetings and Board documents.

In addition, as part of the exercise to update the Articles of Association, some provisions have been removed to reflect current and/or market practice. This includes (but is not limited to) removal of the provisions in the Articles of Association relating to Executive Directors and powers of the Board to appoint a President.

USEFUL INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

13 May 2021

KEY DATES

Ordinary shares

31 March 2021	Payment of fourth interim dividend year ended 31 December 2020
30 June 2021	Payment of first interim dividend year ending 31 December 2021
30 September 2021	Payment of second interim dividend year ending 31 December 2021
31 December 2021	Payment of third interim dividend year ending 31 December 2021

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 0371 384 2432.

PRICE AND PERFORMANCE INFORMATION

The Company's ordinary shares 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 0371 384 2432 (overseas +44 (0)121 415 7047). Lines are open from 8.30am to 5.30pm Monday to Friday. Changes of name or address must be notified in writing to the Registrar.

TAX INFORMATION EXCHANGE

Local laws may require Temple Bar to disclose investor, holding and income data to UK and other tax authorities. This will only happen where required by law.

AIC

The Company is a member of the AIC, which produces monthly publications of detailed information on the majority of investment trusts.

TEMPLE BAR WEBSITE

The Company's 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 and half-yearly reports.

WHERE TO BUY TEMPLE BAR SHARES

1. Via a third party provider

Third party providers include:

AJ Bell	Interactive Investor
Barclays Stockbrokers	James Brearley
Bestinvest	James Hay
Charles Stanley Direct	Selftrade
FundsNetwork	TD Direct
Hargreaves Lansdown	Trustnet Direct

Please note this list is not exhaustive and the availability of Temple Bar may vary depending on the provider. These websites are third party sites and Temple Bar does not endorse or recommend any. Please consult each site's privacy and cookie policies as well as their platform charges structure.

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to continue to receive Company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the AIC's website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

2. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at www.unbiased.co.uk

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the FCA adviser charging and commission rules, visit www.fca.org.uk.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

The Alternative Investment Fund Managers Directive ("AIFMD") requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM. Details of the LFS AIFM remuneration policy are disclosed on the website at www.linkfundsolutions.co.uk/assets/media/LFS_Explanation_of_Compliance_with_Remuneration_Code.pdf and have applied to LFS since 1 January 2015.

Quantitative remuneration disclosure
In accordance with FUND 3.3.5 (5) and FCA Finalised guidance – 'General guidance on the AIFM Remuneration Code' (SYSC 19B) ('the Guidelines'), dated January 2014, the total amount of remuneration paid by the AIFM, during the period of appointment, for the financial year ended 31 December 2020, in respect of the Company was £33,000. The AIFM does not consider that any member of staff of the AIFM has the ability to materially impact the risk profile of the Company. It should be noted that LFS was appointed AIFM on 30 October 2020. On that date Ninety One resigned as the delegated portfolio manager and LFS then delegated portfolio management by way of a portfolio management agreement to RWC. LFS is satisfied that RWC is subject to the regulatory requirements that are equally as effective as those applicable under the Guidelines.

Other disclosures
The AIFMD requires that the AIFM ensures that certain other matters are actioned and/or reported to investors; each of these is set out below.

Provision and content of an annual report (FUND 3.3.2 and 3.3.5)
The publication of the Annual Report and Financial Statements of the Company satisfies these requirements.

Material change of information
The AIFMD requires certain information to be made available to investors in the Alternative Investment Fund ("AIF") before they invest and requires that material changes to this information be disclosed in the Annual Report of each AIF. The AIFM notes that, during the period, since its appointment, there were no material changes approved by the Board.

Periodic disclosure (FUND 3.2.5 and 3.2.6)
There are no assets subject to special arrangements due to their illiquid nature, nor new arrangements for the managing of the liquidity of the Company. There is no change to the arrangements, as set out in the Prospectus, for managing the AIF's liquidity

The current risk profile of the AIF is set out in the Annual Report (see pages 13 to 16, Principal and emerging risks and uncertainties) and in further detail in note 22 to the financial statements (see page 61, capital management policies and procedures). The AIF is permitted to be leveraged and the table below sets out the current maximum permitted and actual leverage.

Leverage
Leverage is any method which increases the Company's investment exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's investment exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of Sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other. The Company's maximum and actual leverage levels at 31 December 2020 are shown below:

Leverage Exposure	Gross method %	Commitment method %
Maximum limit	250	200
Actual	114	117

Other matters
LFS can confirm that required reporting to the FCA has been undertaken in accordance with FUND 3.4.

CORPORATE INFORMATION

ALTERNATIVE INVESTMENT FUND MANAGER
Link Fund Solutions Limited
6th Floor
65 Gresham Street
London EC2V 7NQ

INVESTMENT MANAGER
RWC Asset Management LLP
Verde 4th Floor
10 Bressenden Place
London SW1E 5DH

REGISTERED OFFICE
Beaufort House
51 New North Road
Exeter EX4 4EP

COMPANY SECRETARY
Link Company Matters Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

FUND ADMINISTRATOR
Link Alternative Fund Administrators Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

DEPOSITARY, BANKERS AND CUSTODIAN
The Bank of New York Mellon (International) Limited
One Canada Square
London E14 5AL

STOCKBROKERS
JP Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

SOLICITORS
Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

INDEPENDENT AUDITOR
BDO LLP
55 Baker Street
London W1U 7EU

REGISTRAR
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Telephone numbers:
+44 121 415 7047 (overseas shareholder helpline)
0371 384 2432 (shareholder helpline)*
0906 559 6025 (broker helpline)
0345 603 0561 (Equiniti Investment Account holders)
+44 121 415 0223 (overseas Equiniti Investment Account holders)

*Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday.

TEMPLE BAR IDENTIFIERS
ISIN (ordinary shares) – GB0008825324
SEDOL (ordinary shares) – 0882532
Legal Entity Identifier – 213800O8EAP4SG5JD323

REGISTERED NUMBER
Registered in England Number 00214601

GLOSSARY OF TERMS

AIC
The Association of Investment Companies.

BENCHMARK
A comparative performance index.

BORROWING
See net gearing.

CASH ALTERNATIVES/EQUIVALENT
Also known as cash equivalents. A class of investments considered relatively low-risk because of their high liquidity, meaning they can be quickly converted into cash.

DEBENTURE STOCKS
A type of stock entitling the bearer to a certain fixed income at set periods of time.

DERIVATIVE INSTRUMENTS
An instrument whose value depends on the performance of an underlying security or rate which requires no initial exchange of principal. Options, futures and swaps are all examples of derivatives.

DISCOUNT*
The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

DIVERSIFICATION
Holding a range of assets to reduce risk.

DIVIDEND
The portion of company net profits paid out to shareholders.

DIVIDENDS PER ORDINARY SHARE
Dividends per share paid or proposed for the financial year for Section 1158 purposes.

In 2020 there were two interim payments of 11.0p per share, one interim payment of 8.25p per share and a declared fourth interim dividend of 8.25p per share, totalling 38.5p.

In 2019 there were three interim payments of 11.0p per share and a final dividend of 18.39p per share, totalling 51.39p.

FIXED INTEREST
Fixed-interest securities, also known as bonds, are loans usually taken out by a government or company which normally pay a fixed rate of interest over a given time period, at the end of which the loan is repaid.

FTSE ALL-SHARE INDEX
A comparative index that tracks the market price of the UK's leading companies listed on the London Stock Exchange. Covering around 600 companies, including investment trusts, the name FTSE is taken from the Financial Times and the London Stock Exchange, who are its joint owners.

FTSE 350 INDEX
A comparative index that tracks the market price of the UK's 350 largest companies, by market value, listed on the London Stock Exchange.

GILTS
A bond that is issued by the British government which is generally considered low risk.

HEDGING
A technique seeking to offset or minimise the exposure to a specific risk by entering an opposing position.

LIQUIDITY
The ease with which an asset can be purchased or sold at a reasonable price for cash.

MARKET CAPITALISATION
The total value of a company's equity, calculated by the number of shares multiplied by their market price.

NET ASSET VALUE PER SHARE WITH DEBT AT AMORTISED COST
The value of total assets less liabilities, with debenture and loan stocks at book value. The NAV per share is calculated by dividing this amount by the number of ordinary shares outstanding.

NET ASSET VALUE PER SHARE WITH DEBT AT MARKET VALUE*
The value of total assets less liabilities, with debenture and loan stocks at market value. The net asset value per share is calculated by dividing this amount by the number of ordinary shares outstanding.

* Alternative Performance Measure.

GLOSSARY OF TERMS CONTINUED

NET GEARING*

In accounting terms, gearing is the amount of a company's total borrowings divided by its shareholder funds.

The gearing ratio as at 31 December 2020 is calculated as the ratio of the Company's borrowings of £113,288,000 (2019: £114,049,000) less cash and cash equivalents (including gilts) of £69,409,000 (2019: £27,927,000), divided by investments of £718,423,000 (2019: £1,085,844,000). The resultant ratio of 6.1% can be seen in the summary of results on page 1.

ONGOING CHARGE*

Defined as the total of the investment management fee of £2,549,000 and administrative expenses of £962,000 less one off fees of £310,000 divided by the average cum income net asset value throughout the year of £643,359,000. This figure excludes any performance fee or portfolio transaction costs and may vary from year to year.

PEER COMPANIES

Companies that operate in the same industry sector and are of similar size.

PREMIUM*

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

RELATIVE PERFORMANCE

The return that an asset achieves over a period of time, compared to a benchmark.

SHARE BUYBACK

When a company buys some of its own shares in the market, which leads to a rise in the share price. It changes the company's debt-to-equity ratio and is a tax-efficient alternative to paying out dividends.

TOTAL RETURN*

Captures both the capital appreciation/depreciation of an investment as well as the dividends generated over a holding period.

Return on Net Asset Value

Expressed in percentage terms, Morningstar's calculation of total return is determined each month by taking the change in monthly net asset value, reinvesting all income, and dividing by the starting net asset value. Reinvestments are made using the actual reinvestment net asset value.

The total returns do account for management and administrative fees and other costs taken out of assets.

Return on Gross Assets

Fees and associated costs are removed from the net asset value to arrive at a gross return.

Return on Share price*

For equities, only market return can be calculated (since no net asset value exists), but the market return is also stored as the total return. This is done so that users can more easily compare a stock's return to that of other investments.

Market return does not reinvest dividends. Dividends are treated as a cash payout as of the end of the period. The calculation is point to point using adjusted price at the beginning of the period and the adjusted price at the end of the period incorporating any dividends paid. Therefore, it doesn't compound returns/the impact of dividends reinvested over that period.

VALUATION

Determination of the value of a company's stock based on earnings and the market value of assets.

VALUE INVESTING

An investment strategy that aims to identify under-valued yet good quality companies with strong cash flows and robust balance sheets, putting an emphasis on financial strength.

YIELD*

A measure of the income return earned on an investment. In the case of a share the yield expresses the annual dividend payment as the percentage of the market price of the share. In the case of a bond the running yield (or flat or current yield) is the annual interest payable as a percentage of the current market price. The redemption yield (or yield to maturity) allows for any gain or loss of capital which will be realised at the maturity date.

* Alternative Performance Measure.

NOTES

NOTES

NOTES