

# Temple Bar Investment Trust PLC – Monthly update 31<sup>st</sup> December 2009

## Trust Facts

**Launch date:** 1926

**Wind-up date:** None

**Year end:**  
31<sup>st</sup> December

**Dividends paid:**  
March & September

**AGM:**  
March

**Benchmark:**  
FTSE All-Share

**ISA status:**  
May be held in an ISA

**Capital Structure:**  
**Share class No. in issue Sedol**  
Ordinary 58,961,367 0882532

**Debt:**  
5.5% Debenture Stock 2021 £38m  
9.875% Debenture Stock 2017 £25m

**Management fee:**  
0.35% per annum based on the value of the investments of the Company

**Board of Directors:**  
John Reeve (Chairman)  
Richard Jewson  
June de Moller  
Martin Riley  
Field Walton  
David Webster

**Auditors:**  
Ernst & Young LLP

**Investment Manager:**  
Investec Asset Management Ltd

**Registrars:**  
Equiniti Ltd

**Savings Scheme Administrator:**  
Capita IRG Trustees Ltd

**Secretary:**  
Investec Asset Management Ltd

**Stockbrokers:**  
JPMorgan Cazenove

**Bankers & Custodian:**  
HSBC Bank Plc

**Solicitors:**  
Eversheds

## Trust Objective

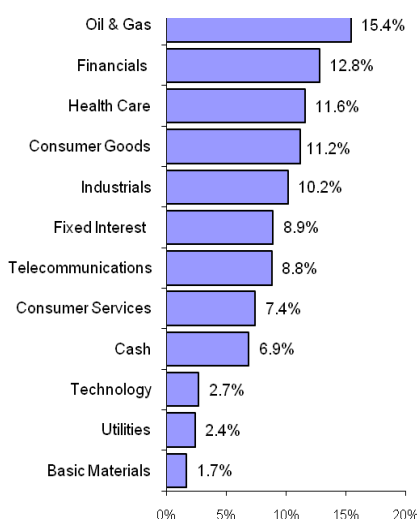
To provide growth in income and capital to achieve a long term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK securities. The Company's policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the constituents of the FTSE 100 Index.

## Top ten holdings (%) \*

HSBC Holdings	8.5
BP	8.1
GlaxoSmithKline	7.4
Royal Dutch Shell 'B' Shares	7.3
Vodafone Group	6.6
Unilever	6.3
Investec Liquidity Fund	5.0
Signet Jewelers	4.3
AstraZeneca	4.3
Travis Perkins	3.3
	<b>61.0</b>

\* % of total assets, including cash

## Sector Analysis



## Dividend History

Type	Amount (p)	Ex date	Pay date
Interim	10.5	16-Sep-09	30-Sep-09
Final	22.34	11-Mar-09	31-Mar-09

## Financial data

Total Assets (£m)	539.10
Share price (p)	756.00
NAV (p) (ex income, debt at mkt)	799.48
Premium/(Discount) (%)	(5.4)
Historic net yield (%)	4.34

## Performance

### Share Price % change

	TBIT	All-Share
1 month	2.3	4.2
3 months	4.0	4.8
1 year	25.8	25.0
3 years	-10.8	-14.3
5 years	13.2	14.5

### NAV total return % change

	TBIT	All-Share
1 month	4.2	4.3
3 months	3.5	5.5
1 year	45.0	30.1
3 years	3.2	-4.0
5 years	48.0	36.8

Source: Thomson Datastream, Investec

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## Manager's Commentary

Paul Hart was sacked as manager of Premiership football team Portsmouth in late November. His team were at the bottom of the table at the time (and still are) so the sacking was no great surprise. However, the reason given for the decision was fairly original. 'We can't continue to be unlucky in games we have been on top of' said Mark Jacob, executive director at the club.

To be sacked for being unlucky strikes me as, well, rather unlucky. It suggests that the main source of Mr Jacob's HR training was Napoleon - who claimed he preferred lucky generals - and that he believes employment of a manager with 'hot hands' would be a big improvement on poor Mr Hart.

Do some people have more luck than others? Yes, clearly some do. However, the bad news for Mr Jacob is that this luck can run out at any moment and balances out in the very long term. Undoubtedly, some people or sporting teams have the reputation for being lucky but statistics rarely back those beliefs. Of course, the great golfer Arnold Palmer pointed out that the more he practiced the luckier he got.

There can be no doubt that luck is exceptionally important in the short term. All investors would hopefully agree that performance over 1 second is down to luck rather than insight. They would all no doubt stretch to 30 seconds, a minute, two minutes and so on. But eventually, the amount of time is considered long enough for skill to be the driver. (Interestingly enough, far more people seem to blame bad luck for nasty things that happen to them than thank good luck for helping them so it is usual to hear far more claims of an unlucky year than a lucky one!). Perhaps this period is a day, a week, a month, a quarter, a year or even longer. Naturally, the industry environment is not particularly helpful for allowing us

all to recognize this. Writing to my clients to tell them of an unlucky month will not impress them. Highlighting some random reasons for underperformance appears to give me greater credibility.

Michael Maboussin, Chief Investment Strategist of Legg Mason Capital Management identifies luck's presence in an activity by analysing how difficult it is to purposely lose the activity. It is impossible to lose on purpose when tossing a coin, but very easy to lose at chess. How easy is it to lose at investing? I would find it very hard to pick a portfolio which I could guarantee would underperform the market over 6 months, 1 year or even 3 years. Therefore, by Malboussin's definition, there is a significant amount of luck even over periods which most investors would regard as long term.

There is obviously no answer on identifying the split that is present between luck and skill, particularly as the mix changes continually. Perhaps the legendary cricketer and cricket commentator Australian Richie Benaud nailed it: 'Captaincy is 90% luck and 10 per cent skill. But don't try it without that 10%'.

Given luck is so important, is it possible to benefit from it without unduly increasing risk? We think it is. By studying various scenarios of the future rather than simply making one forecast, one can highlight those situations where, as an investor, it is possible to be on the right end of a multi-bagger while not putting too much at risk if that scenario doesn't unfold. This is analogous to betting on a horse at 50/1 at a time when the odds should have been 25/1.

Oh, and where did Portsmouth's Mr Jacob find someone lucky enough for his requirements? As luck would have it, right on his doorstep. He simply promoted Avram Grant, his Technical Director of Football.

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