For Professional Investors only

Time for value?

March 2021

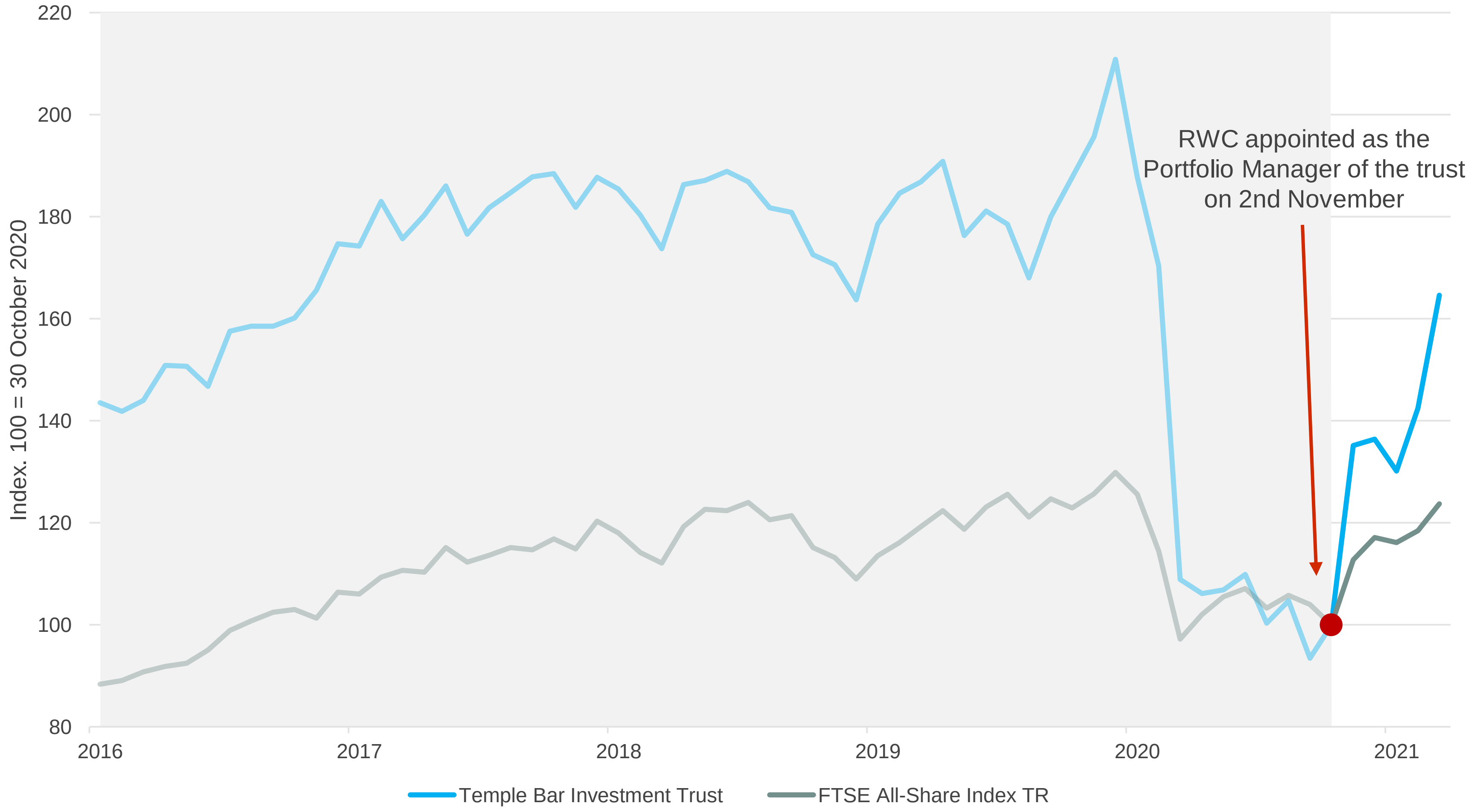
Temple Bar Investment Trust PLC

Executive summary

- Appointed as the Portfolio Manager of the trust on 2nd November
  - Portfolio transition now complete
- An encouraging start…
  - Vaccine announcements led to significant rotation to value
  - Trust share price +64% since 1 November*
- …to a compelling long-term opportunity
  - UK equities are still trading at the greatest discount to global equities for fifty years
  - UK value stocks remain at the greatest ever discount to growth stocks
  - Possibility of economic recovery in 2021, which should favour cyclicals and financials
  - The trust is well-positioned for a continued rotation to value

* Source: Bloomberg, 01 November 2020 to 19 March 2021 on a capital return basis.

Temple Bar Investment Trust performance



Bloomberg 01 January 2016 to 19 March 2021

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested

Biggest gains since November 2020

Security	% Change
Royal Mail	+99.4%
Capita	+83.2%
HP Inc	+61.3%
RSA Insurance Group	+59.4%
Marks & Spencer Group	+59.2%
Anglo American	+53.1%
ITV	+52.3%
Barclays	+49.8%
Royal Dutch Shell	+49.4%
TOTAL	+48.6%

Bloomberg 30 October 2020 to 26 February 2021

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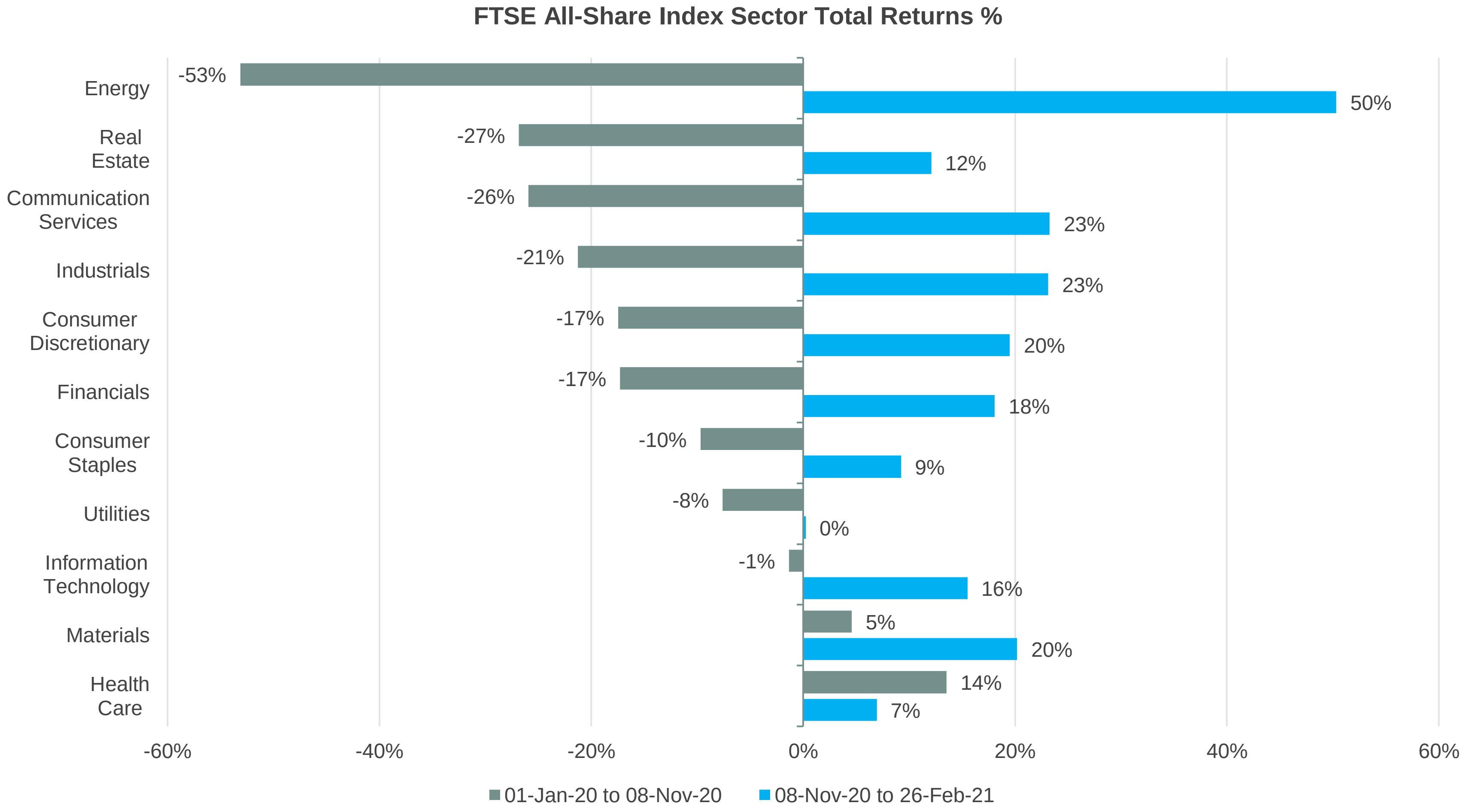
An encouraging start

Sharp sector rotation following vaccine announcements



Source: Bloomberg, 01 January 2020 to 26 February 2021 on a capital return basis.

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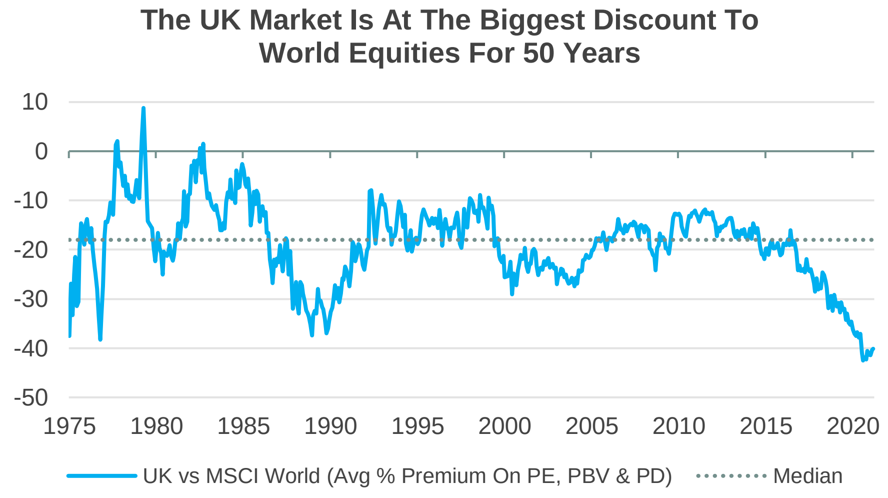
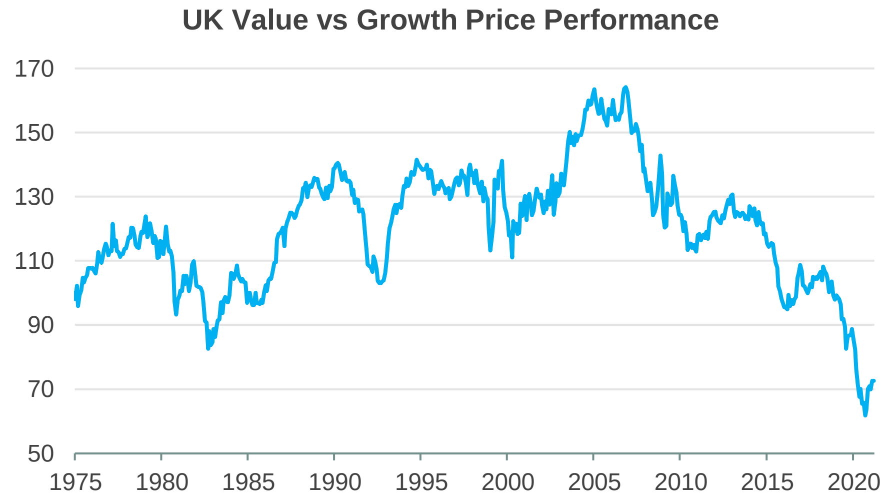
Is the rotation to value sustainable?

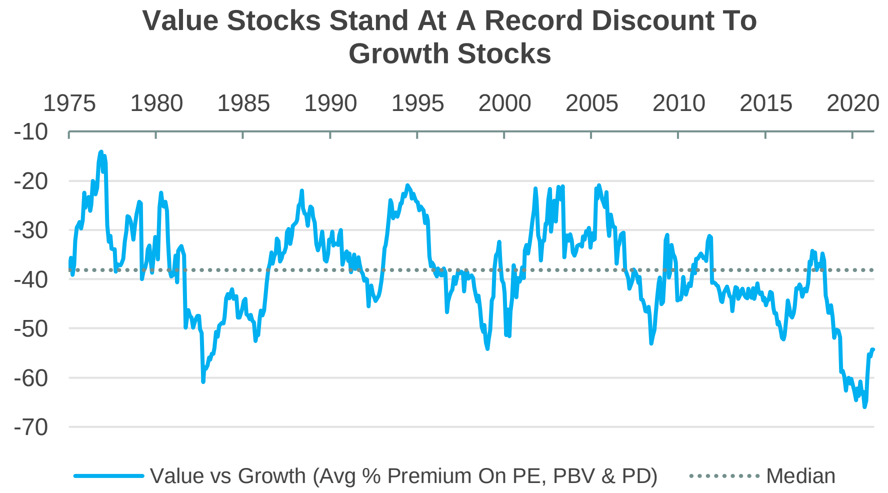
We believe this rotation can be sustained for three main reasons:

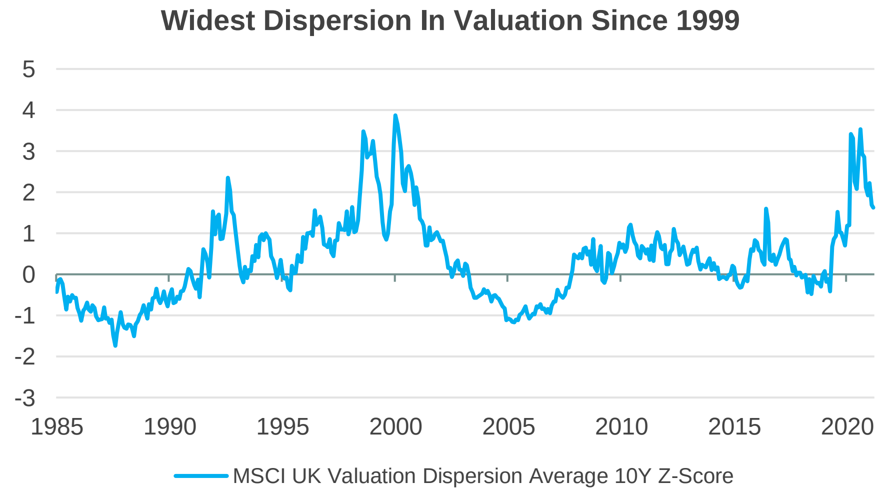
1. Extreme dispersion in valuations (UK, value vs. growth)
2. Repositioning from growth to value has barely started
3. Reflation/Inflation will favour value

Extreme dispersion in valuations



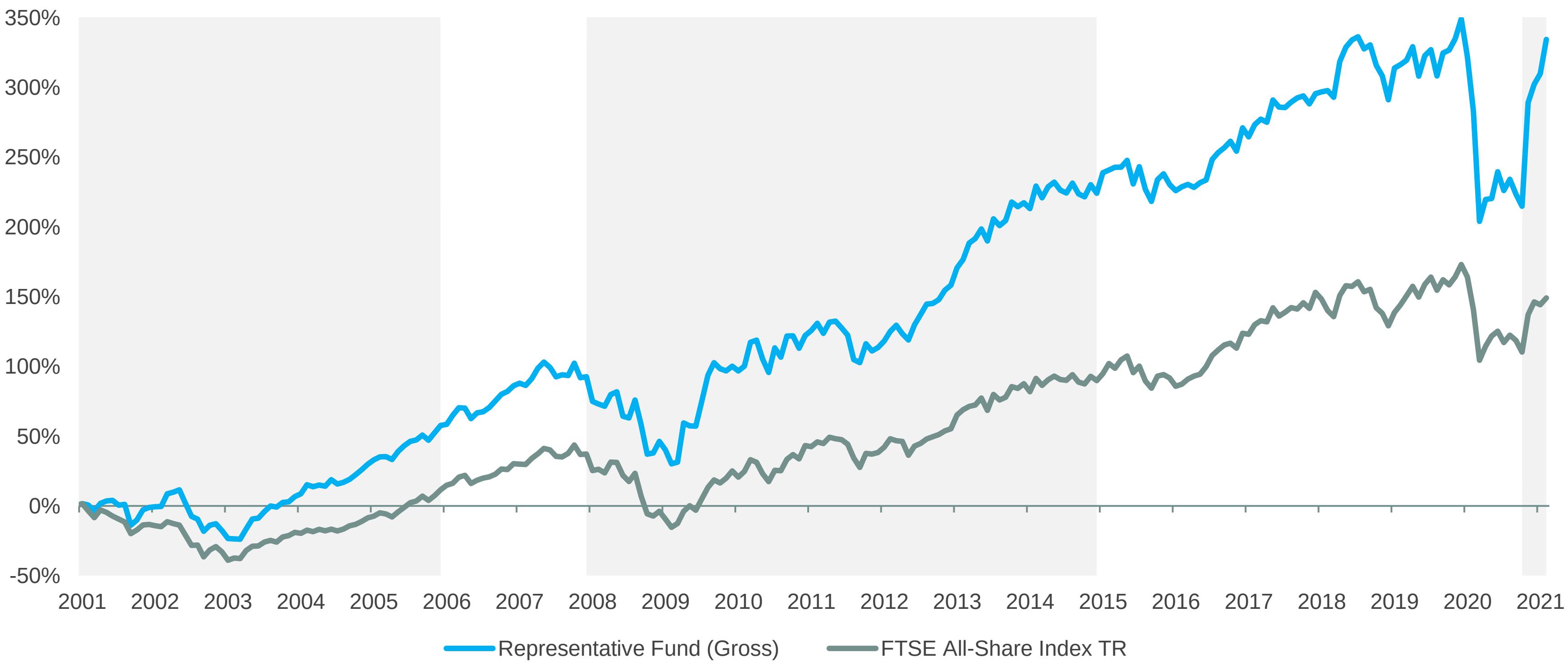






Morgan Stanley, 26 February 2021

Historically performance following wide dispersion in valuations has been significant and enduring



	31-Dec-00 to 31-Dec-05	31-Dec-07 to 31-Dec-14	30-Oct-20 to 26-Feb-21
Representative Fund (Gross)	57.7%	68.3%	37.3%
FTSE All-Share Index	11.6%	38.4%	18.5%

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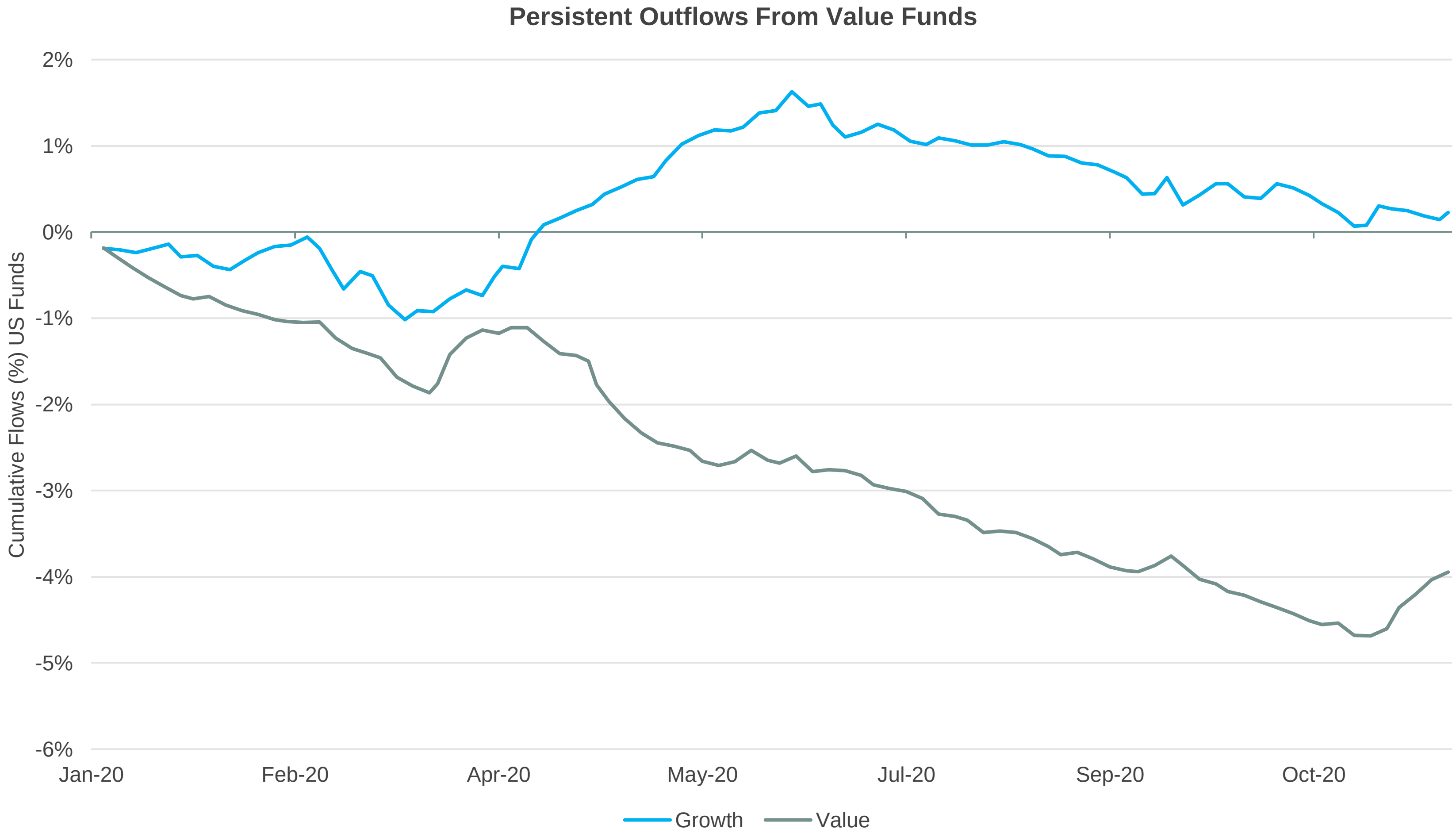
Source: RWC / Bloomberg. Data is shown for the period 29 December 2000 to 26 February 2021 gross of fees and net of fees where indicated. Equity index used is FTSE All Share (TR).

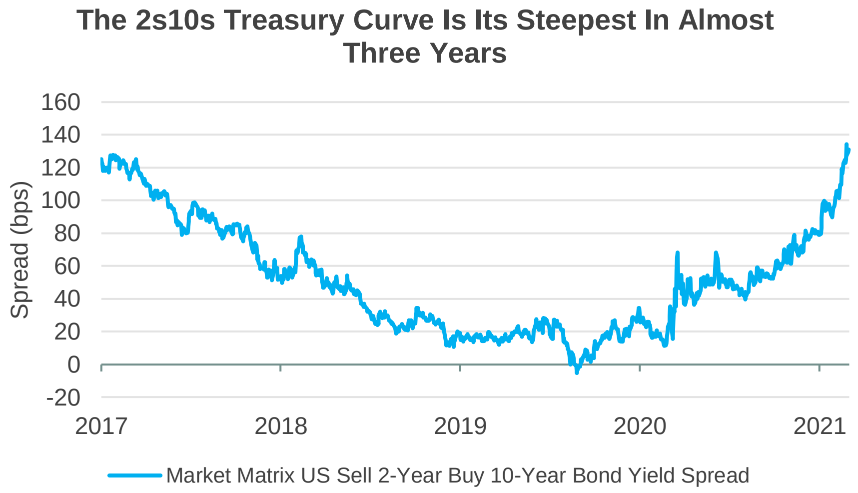
Note that Nick Purves has been responsible for the SJP Equity Income Fund since its inception on 29 December 2000 during that time he has been employed by both Schroders and RWC. The account moved across to RWC on 17 October 2010.

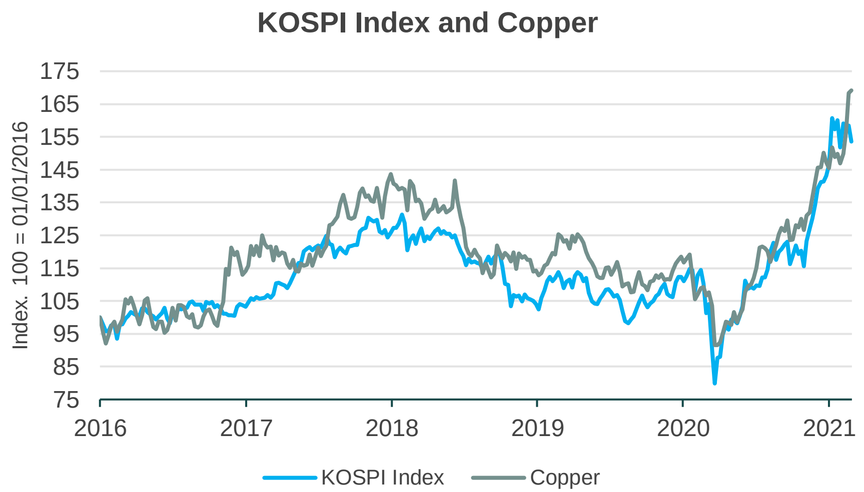
Lopsided positioning

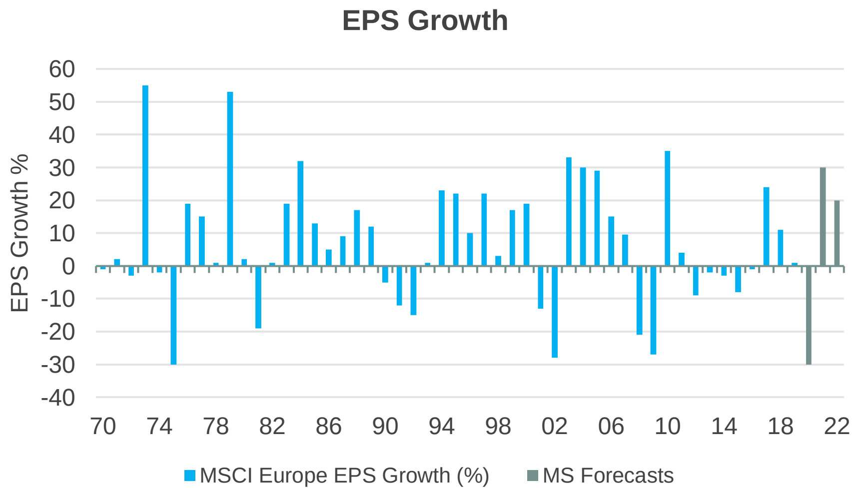


EPFR Financial Intelligence, 30 November 2020

2021 likely to see a global economic recovery







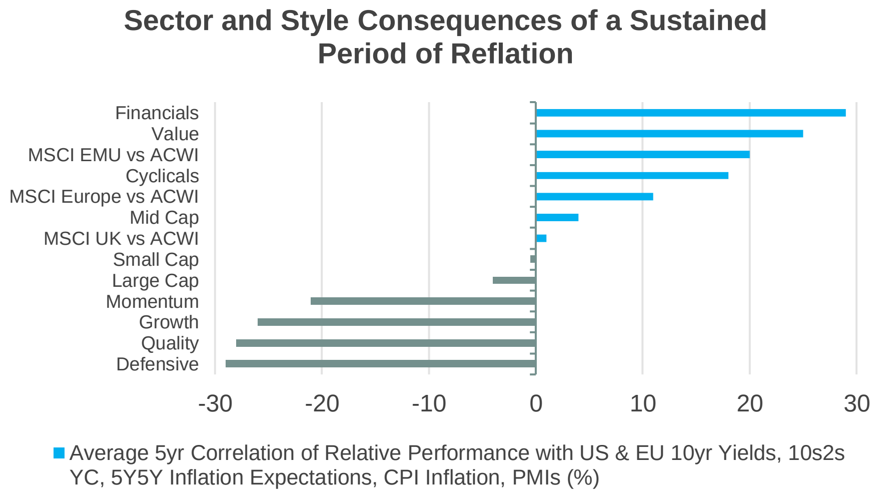
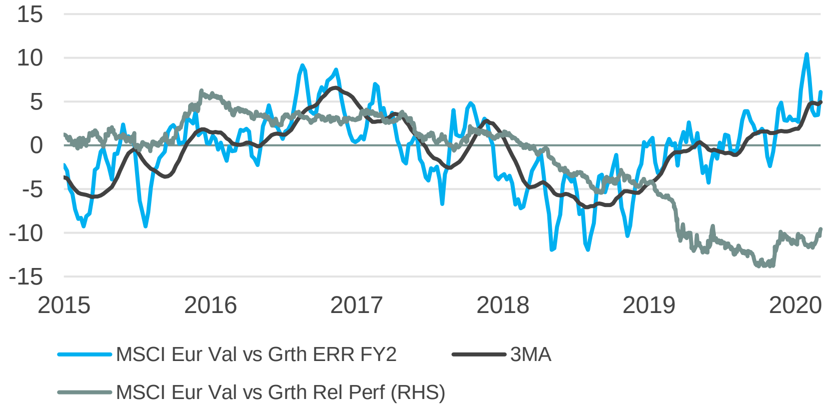


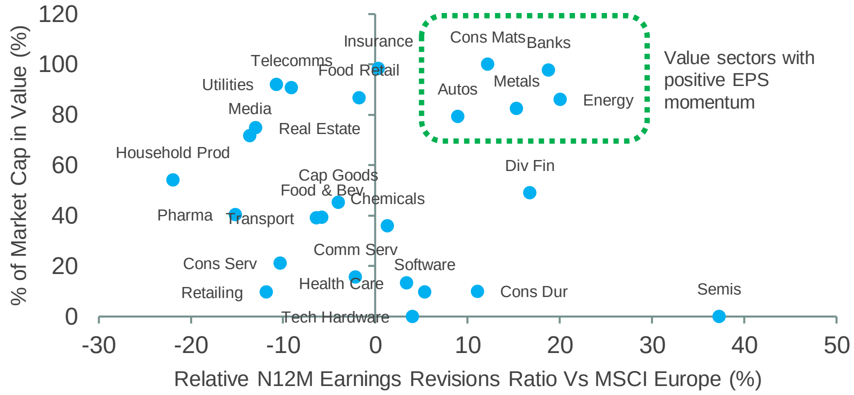
Chart 1 and 2. Bloomberg, 26 February 2021
Chart 3 and 4. Morgan Stanley, 27 November 2020

Value sectors experiencing strongest earnings revisions

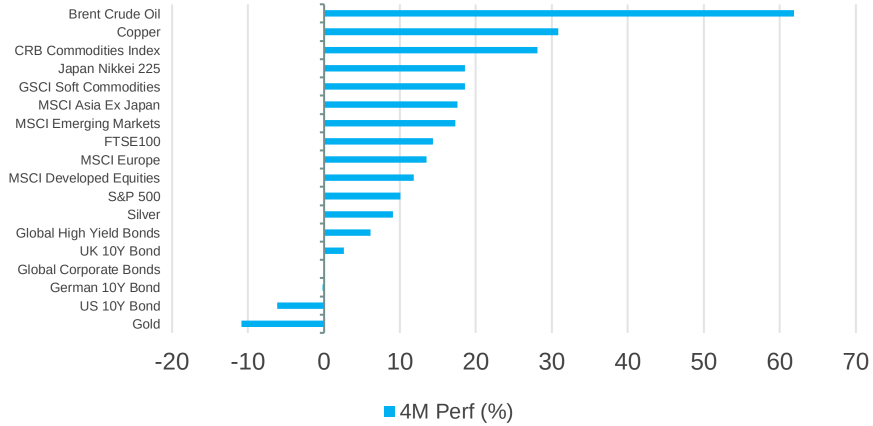
Value vs Growth is Seeing Strong Positive Earnings Revisions



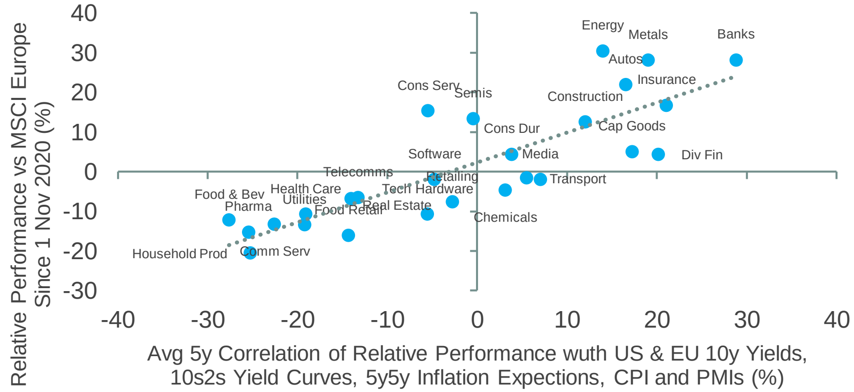
Driven by Strength in Energy, Banks, Construction Materials, Mining and Autos



European and UK Performance L4M



Recent Sector Performance Has Benn Supportive for 'Reflation Beneficiaries'



Morgan Stanley, 26 February 2021

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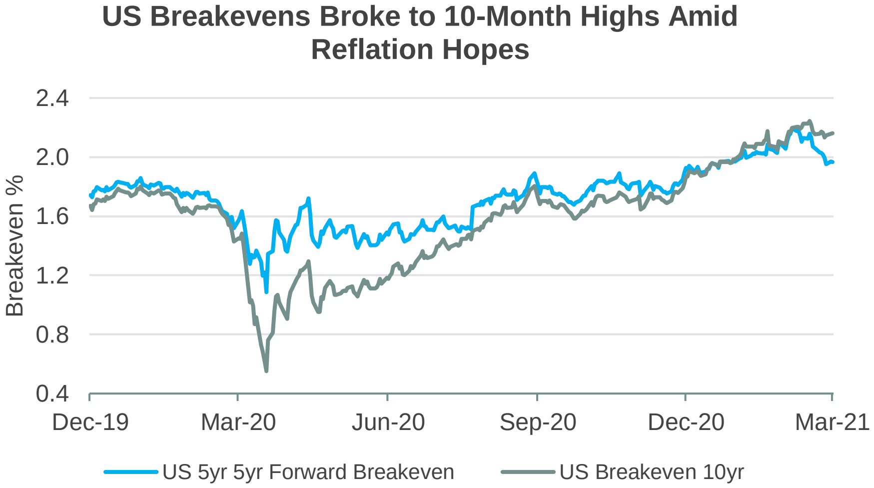
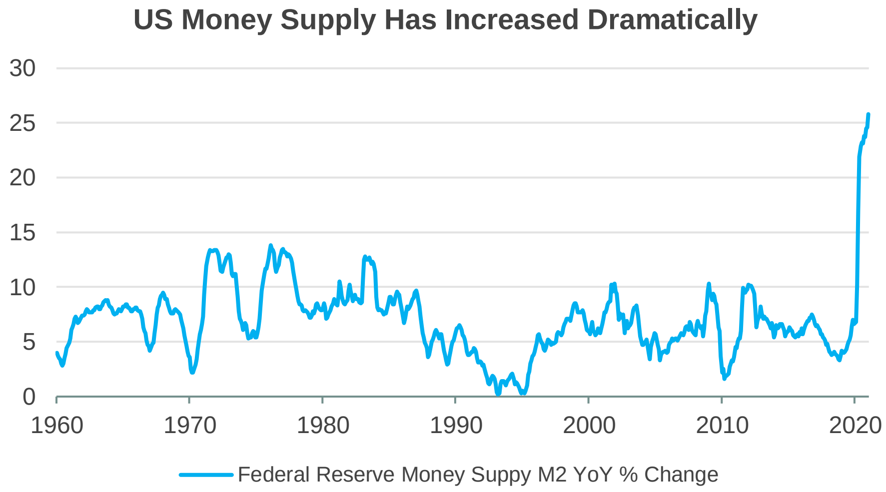
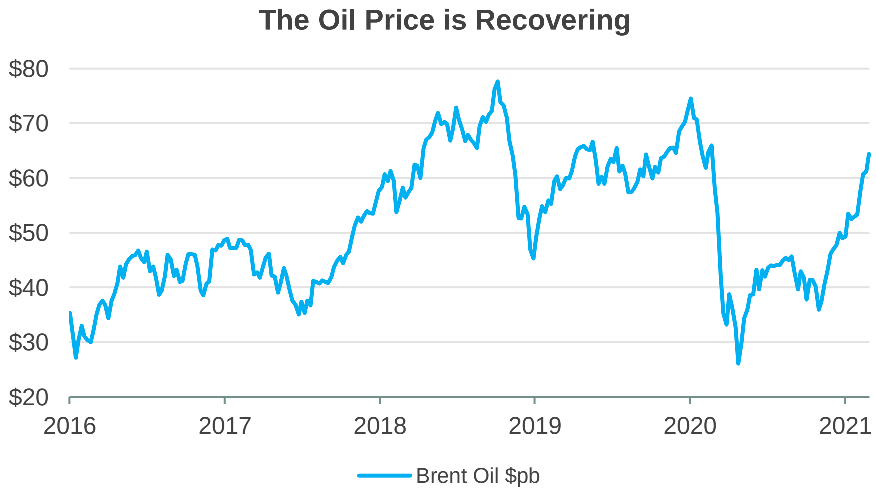
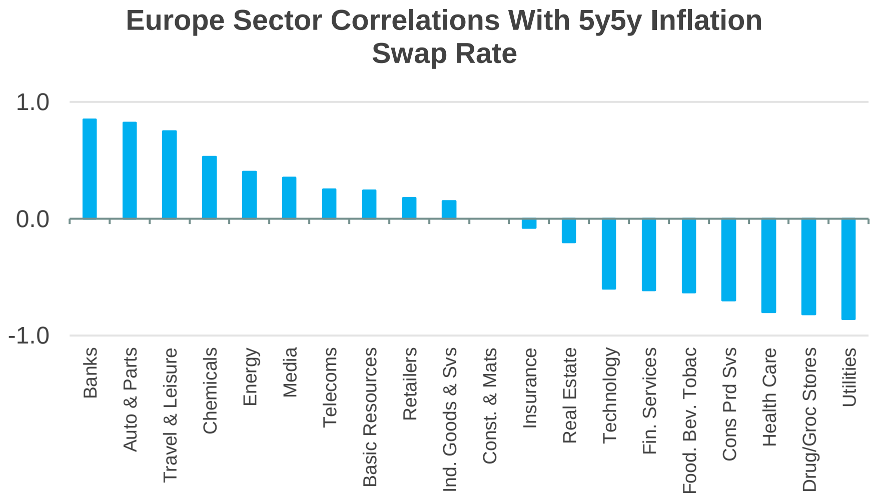
2021 could see an increase in inflation



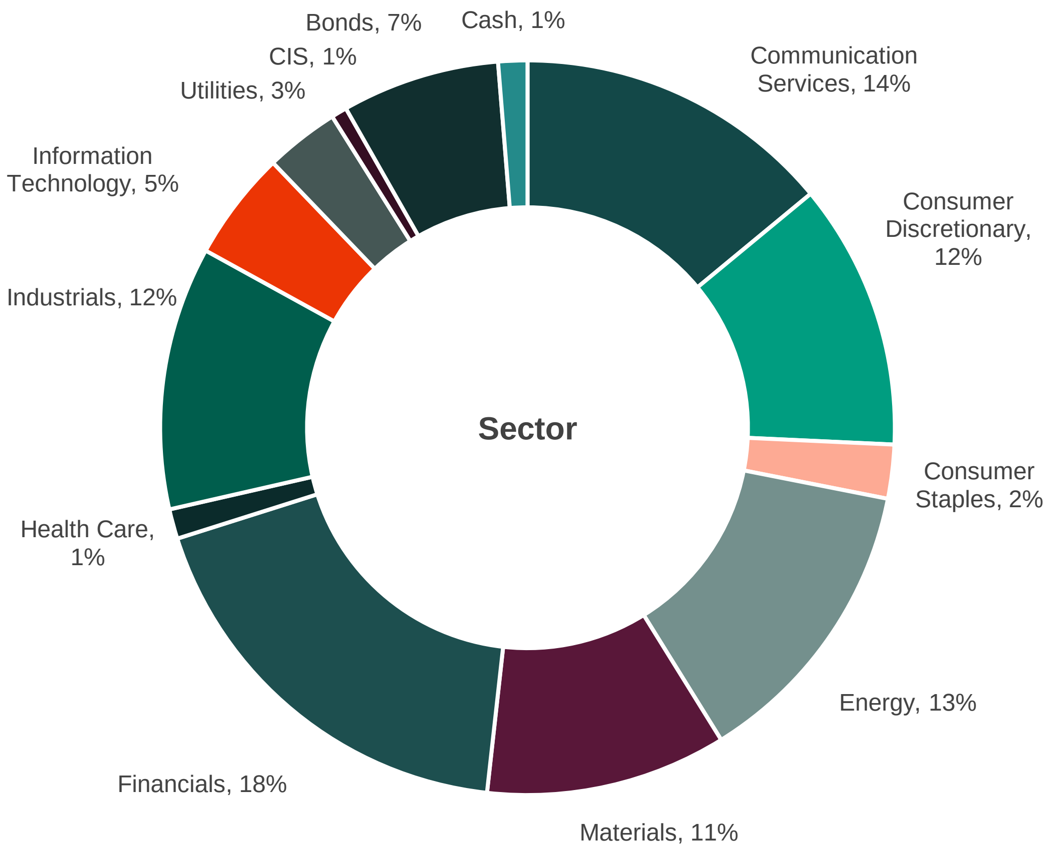






Bloomberg, 26 February 2021

Temple Bar Investment Trust is well positioned to benefit from reflation/inflation



Source: RWC Partners as at 26 February 2021
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BP

Company Targets

- Get to net zero by 2050 or sooner and help the world get to net zero
- Aim 1 scope 1 & 2 net zero 2050 or sooner (-20% 2025, -35% 2030, -100% 2050)
- Aim 2 scope 3 net zero absolute basis 2050 or sooner (-20% 2025, -35% 2030, -100% 2050) on oil / gas produced
- Aim 3 halve carbon intensity of products marketed 2050 or sooner
- Aim 4 reduce by 50% methane intensity of operations
- Aim 5 increase investment to $5bn pa 2030 in non oil and gas business

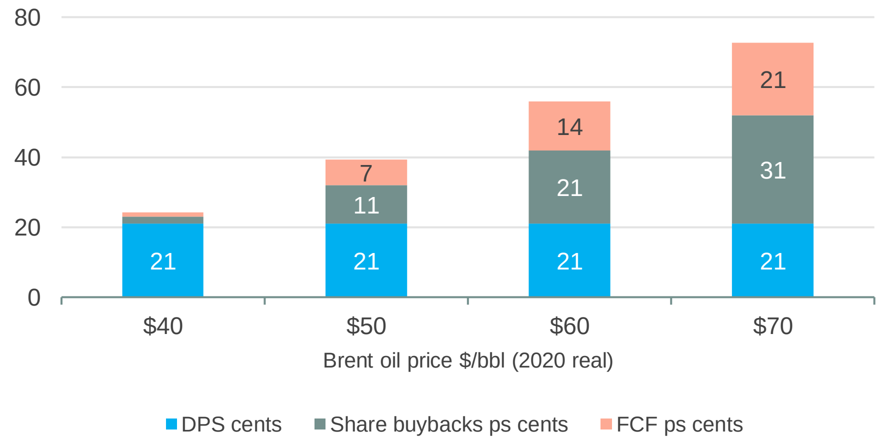
Energy Outlook

		2020	2035	2050	2035e	2050e
			2.0d	2.0d	1.5d	1.5d
CO_2 emissions from energy use	Gt	34	23	9	17	2
Fossil fuels share of primary energy	%	85	65	40	50	20
Oil consumption	mb/d	100	80	50	70	25
Natural gas consumption	Bcm	4000	4500	3800	3200	2500
Abated natural gas	%			40%		70%

Financial Targets

- 2021 to 2025 5% CAGR EBIDA growth pre effect of disposals, grow EBIDA after disposals
- Reduce cash costs $3bn to $4bn by 2023
- 2021 to 2025 post dividend cash balance point $40 per barrel
- By 2025 >20% capital employed in new energy transition
- Strong investment grade balance sheet
- 21c annual dividend per share
- >60% surplus cash flow to buy back equity
- Assumes $50 to $60 Brent (2020 real)

Free Cash Flow Sensitivity* 2021 to 2025 Average



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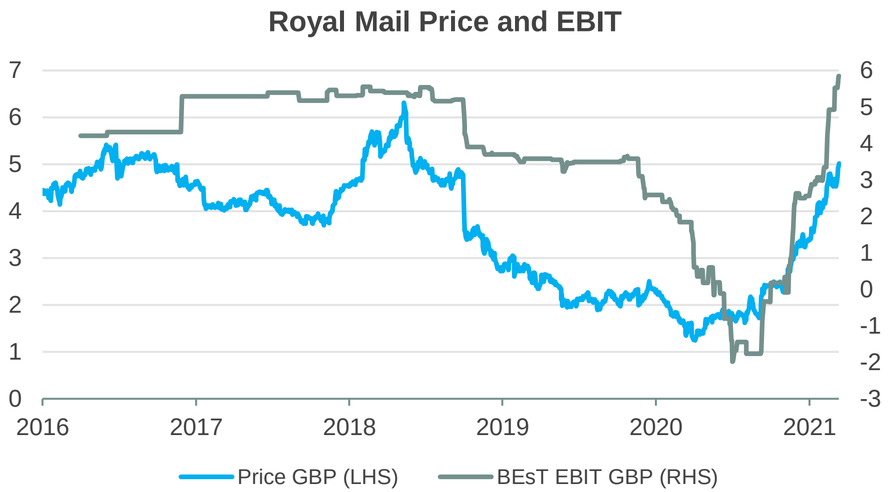
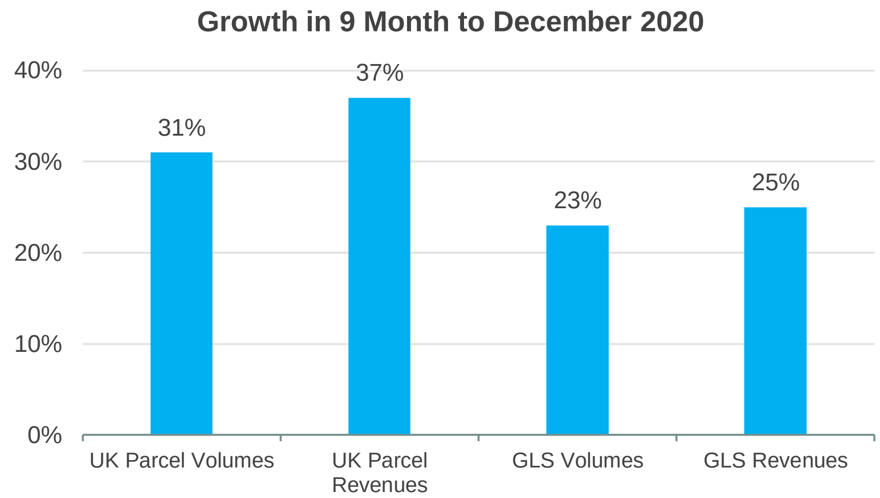
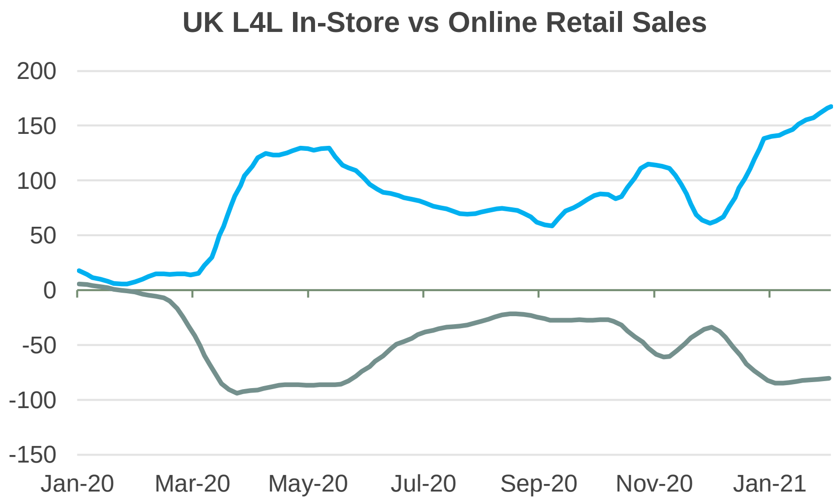
*FCF sensitivity is around $3.2bn per +/-$10 per barrel
Sources: Company Reports & Accounts, 26 February 2021

Royal Mail





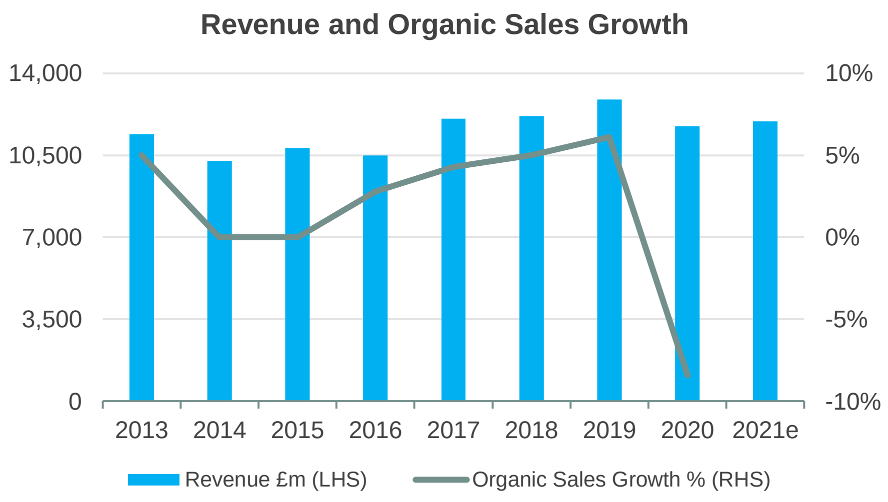


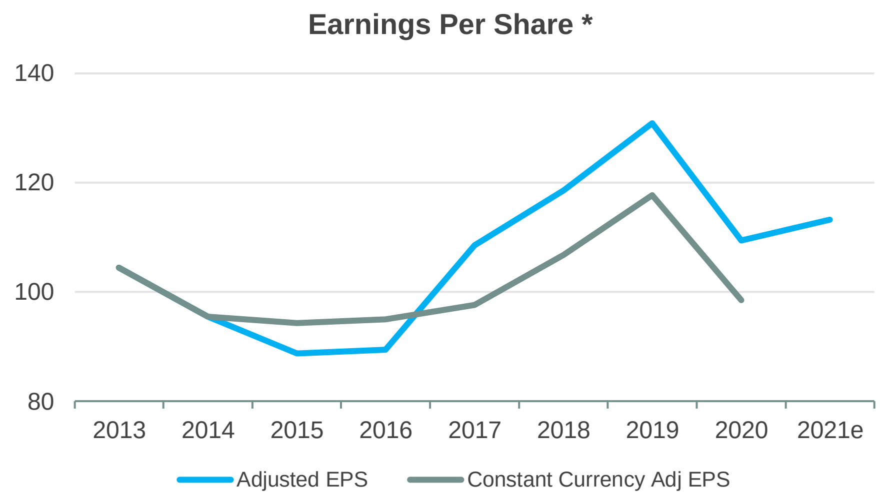
Royal Mail Valuation

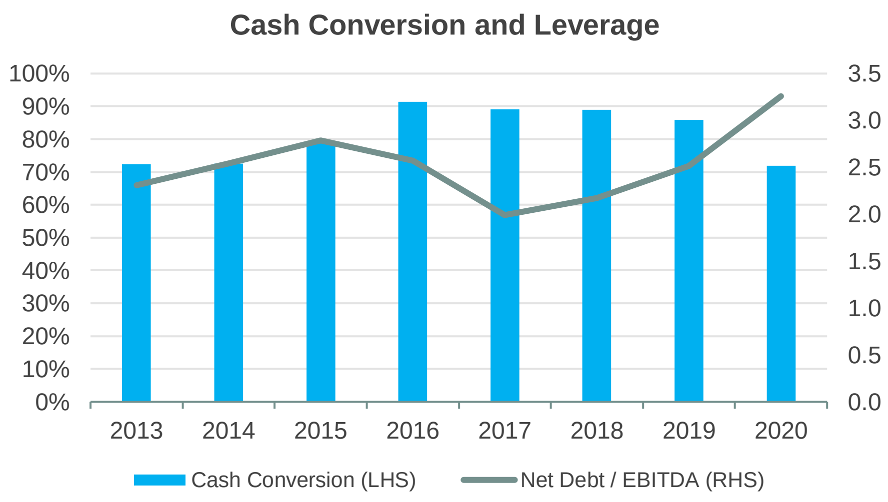
Metric	Scenario 1	Scenario 2	Scenario 3
FY22e GLS operating profit	349.0	349.0	349.0
–Applied multiple	12.0x	12.0x	12.0x
GLS value	4,188.0	4,188.0	4,188.0
FY25e UKPIL revenue	8,929.5	8,929.5	8,929.5
FY25e UKPIL margin	4.0%	6.0%	8.0%
FY25e UKPIL operating profit	357.2	535.8	714.4
Applied multiple	8.0x	8.0x	8.0x
FY25e UKPIL value	2,857.4	4,286.1	5,714.9
Discount UKPIL value back 3 years at 10%	2,146.8	3,220.2	4,293.7
Combined group FY22e value	6,334.8	7,408.2	8,481.6
FY22e net debt	-365.8	-365.8	-365.8
Combined group equity value	5,969.0	7,042.4	8,115.9
Share count	1,000	1,000	1,000
Fair value per share	597p	704p	811p
Current share price	491p	491p	491p
Upside	21.6%	43.5%	65.4%
Average fair value	704p		
Upside/downside	43.5%		

Bloomberg, RWC, JP Morgan, 12 March 2021

Diageo - (relatively) stable but low growth and over valued







- Pre COVID organic sales growth 3% pa, split evenly volume and price / mix
- Margins have been steady, fluctuating between 28% and 32%
- Adjusted earnings per share growth around 4% pa, however, this was after the benefit of a 10% decline in sterling
- Adjusting for fall in sterling reduces earnings growth rate to around 2% pa
- Company has undertaken some M&A however this has not been significant; debt levels fairly constant at around 2.5x ebitda
- Average cash flow conversion rate around 85%, good although not spectacular
- Shares trade on a current year p/e of 26x, FCF yield of around 3.3%

(*) Earnings Per Share shown in GBX

Sources: Company Reports & Accounts, 13 January 2021

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  - Portfolio transition now complete
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  - Vaccine announcements led to significant rotation to value
  - Trust share price +64% since 1 November*
- …to a compelling long-term opportunity
  - UK equities are still trading at the greatest discount to global equities for fifty years
  - UK value stocks remain at the greatest ever discount to growth stocks
  - Possibility of economic recovery in 2021, which should favour cyclicals and financials
  - The trust is well-positioned for a continued rotation to value

* Source: Bloomberg, 01 November 2020 to 19 March 2021 on a capital return basis.

Appendix

Temple Bar Investment Trust portfolio

Security	Weight
Royal Mail	6.5%
BP	5.4%
Anglo American	5.2%
Royal Dutch Shell	4.9%
NatWest Group	4.6%
Standard Chartered	4.2%
ITV	3.9%
Marks & Spencer Group	3.9%
Aviva	3.7%
easyJet	3.4%

Source: RWC Partners as at 26 February 2021
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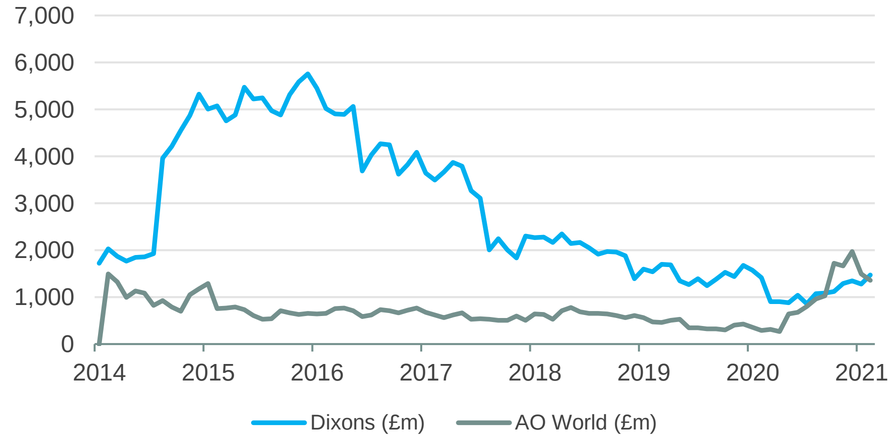
Dixons Carphone

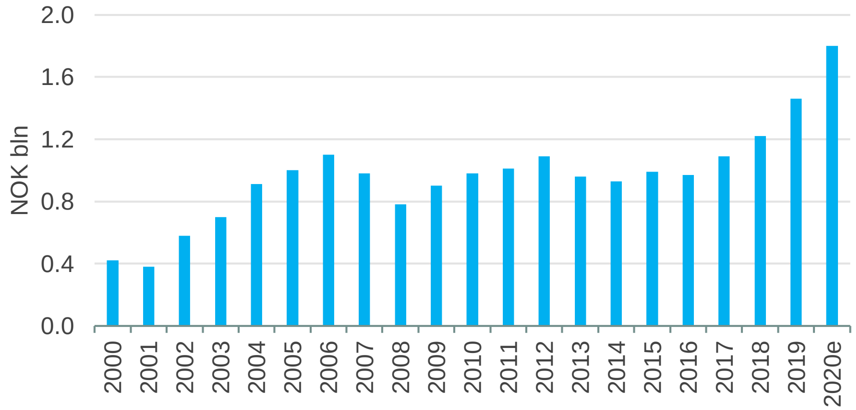
Profits to Increase Rapidly as Mobile Losses Fall Away

£m	FY 19/20	FY 20/21e	FY 21/22e	FY 22/23e
EBIT	210	250	274	349
UK Electricals	160	196	170	184
Nordics	126	152	146	148
Greece	21	13	13	17
UK Mobile	-97	-111	-55	0
Interest	-98	-105	-100	-94
IFRS 16 Financing	-70	-73	-71	-69
Other	-28	-32	-29	-25
Pre Tax Profit	112	145	175	255
EPS (GBp)	6.0	9.6	11.7	17.1

Dixons Same Market Cap as AO World



Elkjop Profits Have Grown Fourfold Since Acquisition



- UK Electricals performing well – market share 26%; up in each of last 4 years
- Carphone Warehouse in run off; losses cease in 2022/23
- Group margin target >3.5% 2022/23; £350m EBIT on £10bn sales, EPS 17p
- 50% business is on line; at AO World valuation implies negative value for store sales
- Potential IPO Nordics business; P/E 14x suggests £1.3bn valuation; UK valued at 3.5x EBIT
- Little / no financial debt expected at year end April 2021
- Fair value c.200p

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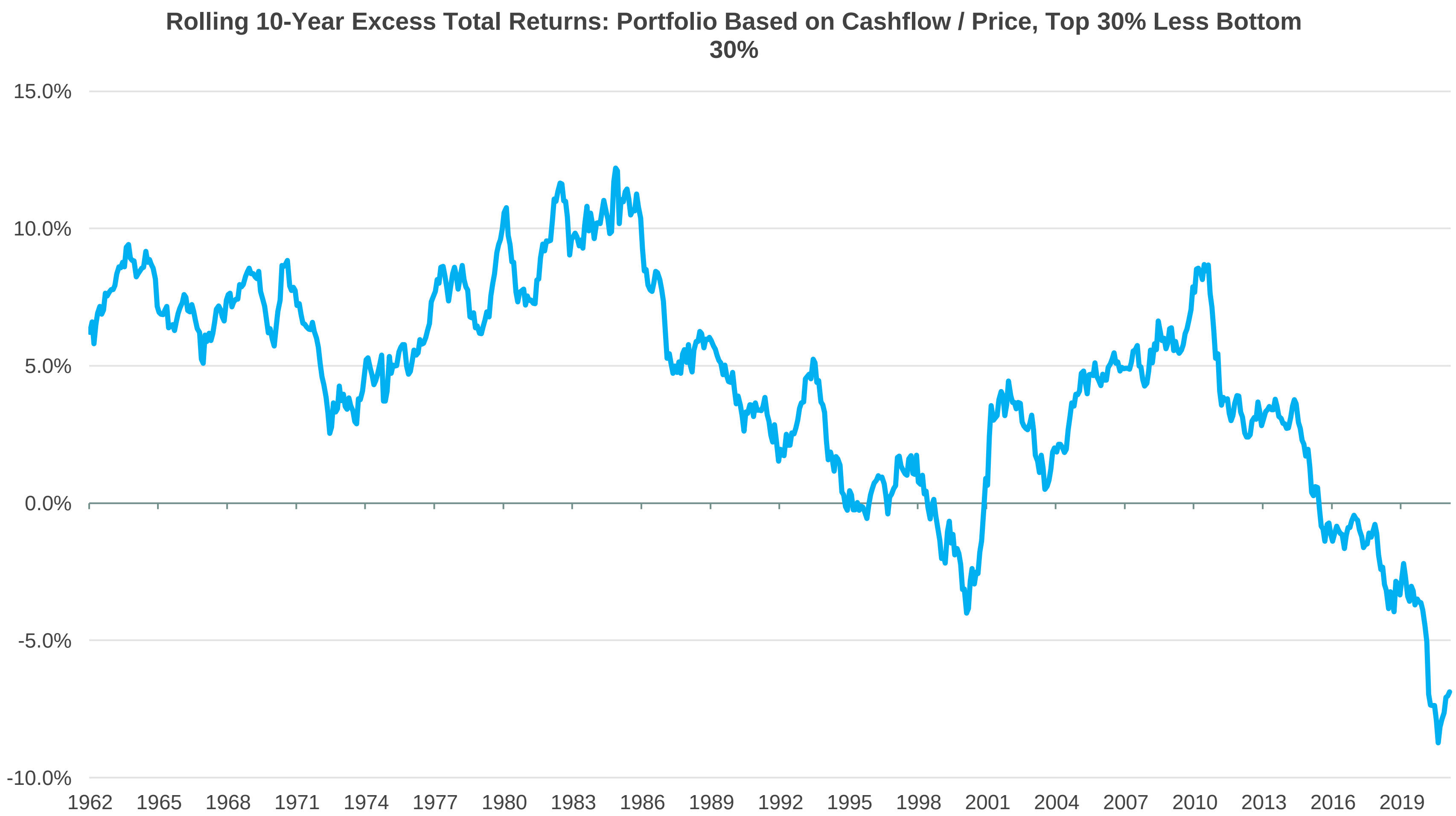
Sources: RWC, Morgan Stanley, 3 March 2021

Value works in the long-run



Kenneth R. French, 26 February 2020.

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