

The Merchants Trust PLC

As focused on dividends as you are

Allianz 
Global Investors

Aim

The Trust's objective is to provide an above average level of income, income growth and long-term growth of capital through a policy of investing mainly in higher yielding large UK companies.

History

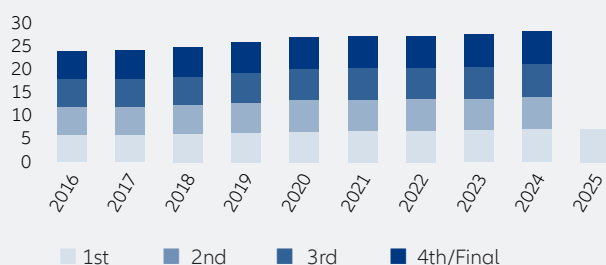
The Merchants Trust PLC was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it invested in the fixed interest securities of railway companies in the USA, Canada and South America, but now concentrates primarily on major UK companies with an above average rate of dividend yield.

Trust Benefits

Merchants has for many years focused on a simple proposition to deliver a high and rising income together with capital growth for its shareholders. Simon Gergel has been managing the trust for over 15 years, investing in a diversified portfolio of large, well-established and well-known UK companies. Although past performance is no guide to the future, Merchants has paid increasingly higher dividends to its shareholders year on year for the last 42 years.

Ten Year Dividend History

Dividend Record in Pence per Share
To Year End 31 January



Last Four Dividend Payments per Share

Record Date	Pay Date	Dividend	Type
12.07.2024	22.08.2024	7.20p	1st Interim
19.04.2024	22.05.2024	7.10p	Final
02.02.2024	14.03.2024	7.10p	3rd Interim
06.10.2023	10.11.2023	7.10p	2nd Interim

Past performance is not a reliable indicator of future results.

Key Information

Launch Date	16 February 1889
AIC Sector	UK Equity Income
Benchmark	FTSE All-Share
Annual Management Fee	0.35%
Performance Fee	No
Ongoing Charges ¹	0.55%
Year End	31 January
Annual Report	Annual published in April, Half-yearly published in September
AGM	May
NAV Frequency	Daily
Dividends	March, May, August, November
Price Information	Financial Times, The Daily Telegraph, www. merchantstrust.co.uk
Company Secretary	Kirsten Salt Kelly Nice
Investment Manager	Simon Gergel, CIO, UK Equities
Codes	RIC: MRCH.L SEDOL: 0580007

1. Source: AIC, as at the Trust's Financial Year End (31.01.2024). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses, which include the annual management fee, incurred in the running of the company but excluding financing costs.

This is a marketing communication. Please refer to the Key Information Document (KID) before making any final investment decisions.



A ranking, a rating or an award provides no indicator of future performance and is not constant over time.

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The RSMR rating is designed for use by professional advisers and intermediaries as part of their advice process. This rating is not a recommendation to buy. If you need further information or are in doubt then you should consult a professional adviser.

Total Assets £935.1m

Shares in Issue 148,324,887 (Ordinary 25p)

Market Cap £827.7m

Share Price
558.0p

NAV per Share
565.5p

Premium/-Discount
-1.3%

Dividend Yield
5.1%

Gearing
15.3%

Fund Manager's Review

As the UK moved into full general election mode ahead of the vote on July 4th, political attention shifted overseas. European elections in early June, saw strong gains for far-right parties. This was most notable in France, where the National Rally party performed so well, that President Macron decided to call an early national election in a high risk gambit to pull the country back to the political centre. At the end of the month, the first US presidential debate saw incumbent Joe Biden perform so poorly against Donald Trump, that some senior Democrats were speculating openly about a change to their party's contender for the next election. In contrast to the international news, the UK election campaign was far less eventful, with Labour maintaining a strong lead through to the actual result in the first week of July, although Nigel Farage taking over leadership of the Reform Party provided some fireworks.

In economic news, the headline Consumer Prices Index (CPI) inflation rate returned to the Bank of England's target of 2% for the first time in three years. This was not enough for the Bank's Monetary Policy Committee to cut interest rates for the first time this cycle, which would have been controversial during an election campaign, but commentary suggested a rate cut is becoming more likely.

Rising political risk weighed on European equity markets, particularly France, and French government bond prices were also under pressure. In contrast, the US stock market made further gains, led once again by technology shares. The UK stock market was subdued, with a small drop over the month, and weakness among medium sized companies in particular. There was a slightly defensive bias to the market, with gains in sectors such as utilities and tobacco but also media. The weakest sectors included more cyclical industries such as retailers and metals & mining.

Performance lagged behind the benchmark in June, following a couple of strong months. The Net Asset Value (NAV) total return for June was -4.9%, versus -1.2% from the benchmark index. In a nervous market, several large portfolio holdings reacted negatively to specific newsflow, and there was

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broader underperformance from other, typically cyclical stocks. Shares in the Mediterranean energy company Energean fell, as the company announced some asset sales. The share price reaction seemed excessive, as the disposals will focus the business on more attractive, longer life, gas producing assets and free up finance for further investment. The biopharma company GSK was weighed down by a negative court judgement in the ongoing Zantac litigation, although this judgement was only concerning the admittance of evidence to trial, rather than any more definitive news. Tate & Lyle shares also reacted negatively to an acquisition announcement. This deal will significantly increase Tate's scale in speciality food ingredients, making it clear world leader in the "mouthfeel" area. The market reaction may have reflected the headline price paid, but we believe there should be opportunities to raise the profitability in the acquired business.

There were fewer positive stock contributors to performance, but the recently purchased Dowlais, as well as British American Tobacco and Pets



Simon Gergel, Portfolio Manager

The Merchants Trust PLC is managed by Simon Gergel who is Chief Investment Officer, UK Equities at AllianzGI and has 32 years investment experience. Simon joined AllianzGI in April 2006 from HSBC Halbis Partners where he managed over £900m in high income funds as well as core institutional and life UK equity portfolios. Prior to joining HSBC, Simon worked for 14 years at Phillips & Drew Fund Management / UBS Asset Management.

at Home appreciated. Relative performance also benefitted from not owning Glencore or Diageo, which were both weak, and helped to pull back the index.

There was little change to the portfolio in June. We increased a couple of holdings where we felt the market had over-reacted to news, creating an opportunity. These were Legal & General, which held a capital markets event, and Tate & Lyle, after the acquisition announcement. These were funded by profit taking in Keller, IG and other shares after strong performance.

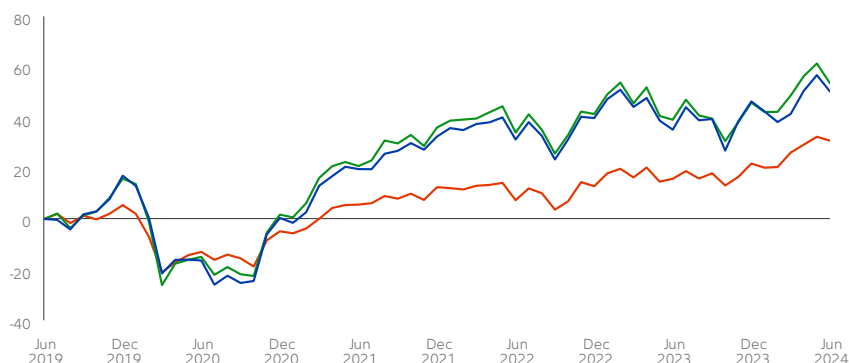
With the general election out of the way, the UK should be in for a period of political stability, really for the first time since the Brexit referendum in 2016, and just as political risk has been rising in much of Europe and the USA. Since 2016, the UK stock market has significantly de-rated compared to other markets and political risk was often cited as one of the two main concerns. The other main concern was the UK's economic performance. This too seems to be more secure now, as inflation has returned to target and first quarter GDP growth has accelerated to 0.7%. We think this creates the conditions for the UK stock market to start to regain investor support. A large number of share buy-backs and continuing takeover interest are further supportive factors. In addition, there remains a wide dispersion of valuations within the stock market, providing exceptional stock picking opportunities. We see considerable value in the investment portfolio, and it should be well positioned to deliver Merchants' income and capital growth targets.

Simon Gergel
18 July 2024

This is no recommendation or solicitation to buy or sell any particular security. Any security mentioned above will not necessarily be comprised in the portfolio by the time this document is disclosed or at any other subsequent date. Past performance does not predict future returns.

Performance Track Record

Five Year Performance (%)



■ Share Price ■ NAV (debt at fair value)
 ■ Benchmark: With effect from 1 February 2017 the benchmark changed from the FTSE 100 to the FTSE All-Share Index

Risk & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market.

Merchants seeks to enhance returns for its shareholders through gearing which can boost the Trust's returns when investments perform well, though losses can be magnified when investments lose value. You should be aware that this Trust may be subject to sudden and large falls in value and you could suffer substantial capital loss.

Derivatives may be used to manage the Trust efficiently.

Cumulative Returns (%)

	3M	6M	1Y	3Y	5Y
Share Price	6.3	2.7	11.1	25.6	50.3
NAV (debt at fair value)	3.3	5.2	10.3	27.0	53.6
Benchmark	3.7	7.4	13.0	23.9	30.9

Discrete 12 Month Returns to 30 June (%)

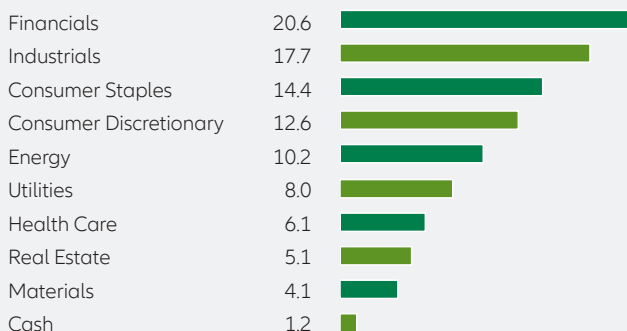
	2024	2023	2022	2021	2020
Share Price	11.1	3.0	9.7	43.1	-16.4
NAV (debt at fair value)	10.3	3.8	10.9	42.2	-15.0
Benchmark	13.0	7.9	1.6	21.5	-13.0

Source: Thomson Reuters Refinitiv DataStream, percentage growth, mid to mid, total return to 30.06.24. Copyright 2024 © DataStream, a Thomson Reuters company. All rights reserved. DataStream shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Past performance does not predict future returns. Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested. This investment trust charges 65% of its annual management fee to the capital account and 35% to revenue. This could lead to a higher level of income but capital growth will be constrained as a result.

Portfolio Breakdown

Sector Breakdown (%)



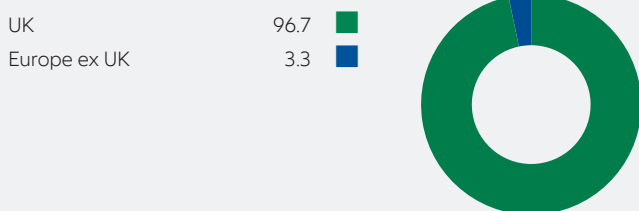
Top Ten Holdings (%)

GSK	4.7
Shell	4.4
British American Tobacco	4.4
Barclays	3.2
BP	3.2
Scottish & Southern Energy	3.1
IG Group	3.1
Rio Tinto	3.1
Inchcape	3.0
Lloyds Banking Group	3.0

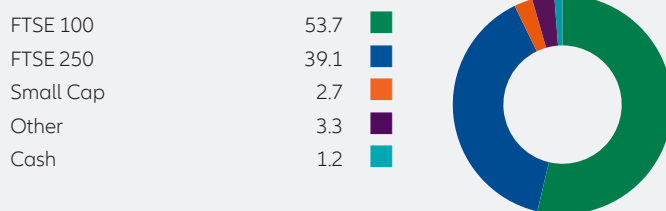
Total number of holdings** 52

**Excludes derivatives

Geographic Breakdown* (%)



Market Cap Breakdown (%)



The data shown is not constant over time and the allocation may change in the future. Totals may not sum to 100.0% due to rounding.

This is no recommendation or solicitation to buy or sell any particular security.

*Excludes Cash

Board of Directors

Colin Clark (Chairman)

Timon Drakesmith (Chairman of the Audit Committee)

Lisa Edgar

Karen McKellar (Senior Independent Director)

Mal Patel

Glossary

Share Price is the price of a single ordinary share, as determined by the stock market. The share price above is the mid-market price at market close.

Net Asset Value (NAV) per Share is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities.

The NAV figure above is based on the fair/market value cum income of the company's long-term debt and preference shares (known as debt at market value). This allows for the valuation of long-term debt and preference shares at fair value or current market price, rather than at final repayment value (known as debt at par).

Premium/Discount. Since investment company shares are traded on a stock market, the share price that you get may be higher or lower than the NAV. The difference is known as a premium or discount.

Dividend Yield is calculated using the latest full year dividend divided by the current share price.

Gearing is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders.

How to invest

You can buy shares in the Trust through:

- A third party provider - see 'How to Invest' on our website, where you will find links to a range of these platforms, many of which allow you to hold the shares within an ISA, Junior ISA, SIPP and/or savings scheme.
- A stockbroker.
- A financial adviser.

Contact us

If you have any queries regarding our investment trusts our Investor Services team can be contacted on:

0800 389 4696

www.merchantstrust.co.uk

E-mail: investment-trusts@allianzgi.com

You will find much more information about The Merchants Trust on our website.

Please note that we can only offer information and are unable to provide investment advice. You should contact your financial adviser before making any investment decision.



Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. We assume no obligation to update any forward-looking statement. The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been or will be made or concluded shall prevail. For further information contact the issuer at the address indicated below.

All data source Allianz Global Investors as at 30.06.24 unless otherwise stated.

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