

The Merchants Trust PLC

As focused on dividends as you are



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

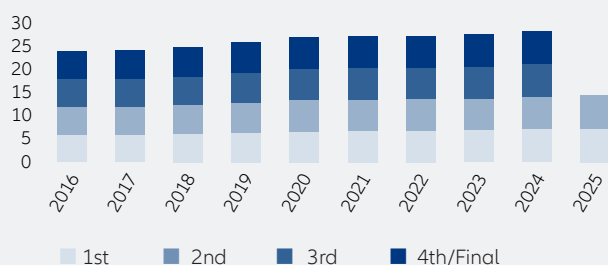
The Merchants Trust PLC was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it invested in the fixed interest securities of railway companies in the USA, Canada and South America, but now concentrates primarily on major UK 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
11.10.2024	15.11.2024	7.30p	2nd Interim
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

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	Kelly Nice Kirsten Salt
Investment Manager	Simon Gergel, CIO, UK Equities
Codes	RIC: MRCH.L SEDOL: 0580007

1. The Ongoing Charge does not represent an additional cost that shareholders of the Company must pay. The Company's share price already reflects the market's assessment of its value taking into consideration publicly disclosed information, including operating expenses and other costs which are disclosed in the Accounts. The investment platform or stockbroker used, or the company/person selling you or advising you about this product may charge you other costs. If so, they will provide you with the relevant information about these costs. 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.



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Total Assets £949.8m

Shares in Issue 148,424,887 (Ordinary 25p)

Market Cap £834.1m

Share Price

562.0p

NAV per Share

574.3p

Premium/-Discount

-2.1%

Dividend Yield

5.1%

Gearing

14.2%

Fund Manager's Review

In the US elections on 5 November, Donald Trump won a decisive victory in the presidential race, with his Republican party also winning both houses of Congress. The US equity market rallied strongly, on enthusiasm that a second Trump presidency may be positive for economic growth and investment markets. The rally probably also reflected relief, at an end to uncertainty and a clear, uncontested result. The S&P 500 Index and the Nasdaq Composite Index both gained around 6%. US bonds initially sold off, on fears of higher inflation, which could follow any imposition of tariffs, but this weakness reversed by the end of the month.

The UK stock market was more muted, rising by a little over 2%, with Europe's Eurostoxx 600 Index up around 1%. Within the UK market, there were mixed sector trends. Among the larger industry groups, the best performers included the defensive tobacco sector and the more cyclical travel & leisure and investment banking sectors. The weakest sectors included housebuilders and retailers, on generally more subdued economic newsflow, but also pharmaceuticals.

The Net Asset Value (NAV) total return was 1.84% compared to 2.49% from the benchmark, FTSE All-Share Index. Investment performance was modestly behind the index, with some large individual movers in both directions. DCC is one of the top 10 holdings in the portfolio. The company announced a significant change in strategy; to focus on the energy business, sell the healthcare business and consider options for the technology business. This was welcomed by the stock market, with the shares trading well below the sum of the parts in most brokers' models. DCC shares rose by 18%. Other strong performers included the automotive engineering group Dowlais, which moved up by 20%, as its industry peer TI Fluids was bid for. The reinsurer SCOR continued its strong recovery, helped by third quarter results. Relative performance also benefitted from not owning AstraZeneca, as the company's leading executive in China was detained by the authorities, investigating certain alleged behaviours by the company.

“ We continue to see excellent value in many UK-listed businesses, and we remain excited about the opportunities to generate income and capital growth

On the negative side, Pets at Home shares fell by over 20%, as it reported slightly disappointing trading in its retail operation, although the valuable veterinary business continued to grow rapidly and generate strong cash flows. We believed this to be an over-reaction by the stock market, and we added to the holding. Bellway shares were weak, in a subdued housebuilding sector, whilst not owning the venture capital business 3i held back performance, as those shares rallied and lifted the index.



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.

We sold out of the small position in US-listed Quanex Building Products, which had been received as part of the consideration in the Tyman takeover bid. Although we could see long term upside in that company, we preferred to reinvest the proceeds among the many UK-listed companies where we can see considerable upside. These included Pets at Home, as mentioned above, Dowlais, Grafton and Close Brothers. We also reduced the large positions in Barclays, DCC and Drax, which had performed well, in line with our usual portfolio construction discipline.

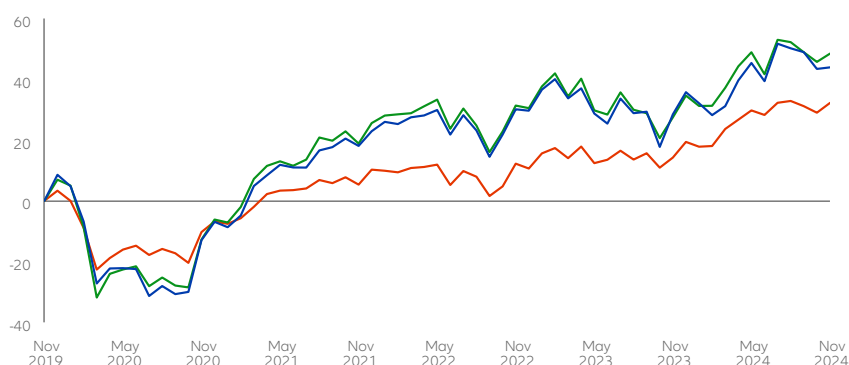
Although the UK stock market has performed reasonably this year, it has moved broadly sideways over the last six months, whilst the US market has continued to rally. This sideways move comes, despite an ending to political uncertainty in the UK and against a background of numerous takeover bids for UK companies and a high level of share buy-backs, all of which should support the market. We continue to see excellent value in many UK-listed businesses, and we remain excited about the opportunities to generate income and capital growth from the portfolio, in line with Merchants' objectives.

Simon Gergel
12 December 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.

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	-4.2	-1.0	12.0	21.9	43.9
NAV (debt at fair value)	-2.5	-0.3	16.5	24.9	48.4
Benchmark	-0.5	1.9	15.7	25.5	32.2

Discrete 12 Month Returns to 30 November (%)

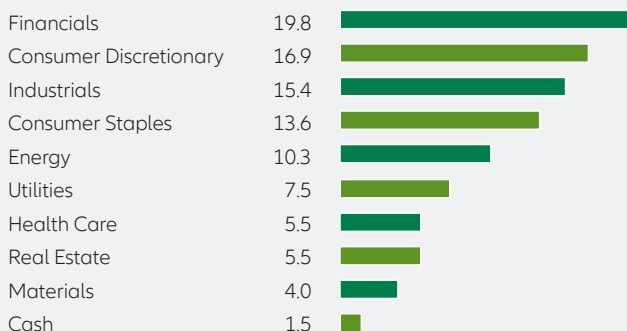
	2024	2023	2022	2021	2020
Share Price	12.0	-1.3	10.2	35.6	-13.0
NAV (debt at fair value)	16.5	-3.0	10.5	36.2	-12.7
Benchmark	15.7	1.8	6.5	17.4	-10.3

Source: Thomson Reuters Refinitiv DataStream, percentage growth, mid to mid, total return to 30.11.24. 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.

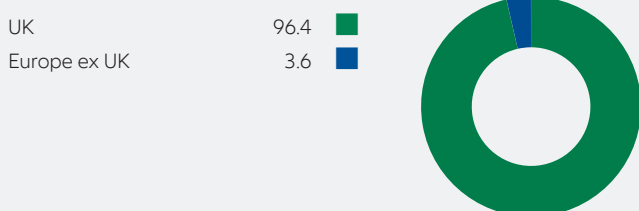
Past performance does not predict future returns. Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested. This investment trust charges 65% of its annual management fee to the capital account and 35%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

Portfolio Breakdown

Sector Breakdown (%)



Geographic Breakdown* (%)



Top Ten Holdings (%)

British American Tobacco	4.6
GSK	4.2
Shell	3.5
WPP	3.4
Barclays	3.1
Tate & Lyle	3.1
DCC	3.1
Rio Tinto	3.0
Lloyds Banking Group	3.0
Inchcape	2.8

Total number of holdings** 53

**Excludes derivatives

Market Cap Breakdown (%)



This is for guidance only and not indicative of future allocation. 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.



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 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 30.11.24 unless otherwise stated.

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