

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

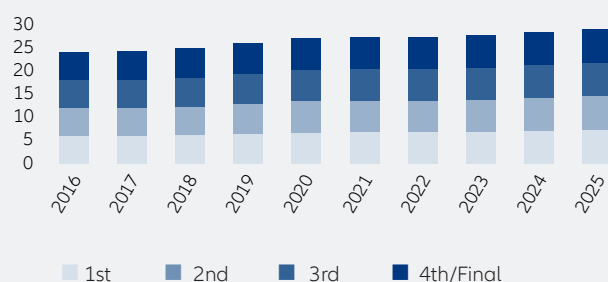
The Merchants Trust PLC was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it invested in the fixed interest securities of railway companies in the USA, Canada and South America, but now concentrates primarily on major UK 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 43 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
22.04.2025	29.05.2025	7.30p	Final
07.02.2025	19.03.2025	7.30p	3rd Interim
11.10.2024	15.11.2024	7.30p	2nd Interim
12.07.2024	22.08.2024	7.20p	1st Interim

Past performance is not a reliable indicator of future results.

†Chart for indicative purposes only. Details of past dividends can be found on the website: <https://www.merchantstrust.co.uk/en-gb/performance-and-updates/dividends>

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 Charge ¹	0.52%
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 (31.01.2025). 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 £931.2m

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

Market Cap £810.4m

Share Price

546.0p

NAV per Share

557.7p

Premium/-Discount

-2.1%

Dividend Yield

5.3%

Gearing

15.4%

Fund Manager's Review

Benjamin Franklin said, "It takes many good deeds to build a good reputation and only one bad one to lose it". Whilst the United States' position as having the world's reserve currency and US Treasury Bills' status as "risk free" assets have not yet been seriously undermined by the events of April, President Trump's extraordinary tariff proposals and attempts to remove the chairman of the Federal Reserve, could do lasting damage to the US's reputation.

Financial markets were, once again, driven by events in the US. On 2 April, the self-proclaimed "Liberation Day", President Trump unveiled a range of swinging tariffs on other countries' goods, ranging from 10% to over 40%. This led to heightened anxiety amongst governments and companies and extreme volatility in financial markets. Frantic negotiations took place in the subsequent days and China responded with reciprocal tariffs in an escalating trade war. Under considerable pressure, especially from the US Treasury market, President Trump deferred many of the tariffs for up to 90 days and excluded certain goods pending trade discussions. However, JHHoChina and the US ended the month with reciprocal tariffs of well over 100%. President Trump also threatened to try to remove the chairman of the Federal Reserve Bank, as he was frustrated by interest rate policy. However, he later backed away from this threat.

Stock markets initially fell heavily, led by the US, with both the S&P 500 index and the technology heavy Nasdaq Composite, falling by around 20% from their peaks in February. Bonds were also volatile. However, there was an exceptional recovery later in April, as the 90 day pause meant the worst fears on tariffs receded. Over the whole month, the S&P index was down less than 1% and the Nasdaq was up nearly 1%, in US dollar terms, although the Dollar weakened by over 3% against the Pound and 5% against the Euro.

The UK stock market was broadly flat over the month, recovering from a very sharp drop in the first week. Medium sized companies outperformed the top 100 by over 3%, in a slight reversal of trends earlier in the year. UK Government bonds rose with gilt yields falling. Gilt yields are sensitive to

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inflation expectations which have come down. Tariffs could lead to lower economic growth in the UK and potentially lower inflation, if goods that are no longer imported in the US are diverted to the UK, suppressing prices. April also saw a sharp drop in oil and gas prices which also lowers the inflationary risk.

The best performing sectors in the UK stock market were those exposed to the domestic consumer and other beneficiaries of falling interest rates, including retail, house builders, utilities and real estate. The weakest sectors were more exposed to global trade, such as oil & gas and metals & mining. Pharmaceuticals were also weak on concerns about potential US drug pricing policy.

Portfolio performance was well ahead of the benchmark index. The Net Asset Value (NAV) total return was 2.92% compared to -0.25 % from the benchmark, FTSE All-Share index. A high allocation to medium sized companies was helpful along with stock selection gains, especially among companies exposed to the domestic consumer or falling interest rates. The largest individual contributor was B&M which reported a reassuring trading update against pessimistic market expectations. IG Group shares benefitted from heightened market volatility. Elsewhere, not owning AstraZeneca, HSBC and being underweight in Shell were also helpful for relative performance. There were fewer detractors to performance, but Harbour Energy was weak, as the whole energy sector responded to



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.

falling commodity prices. Man Group shares also fell, as disappointing fund performance outweighed positive fund flows. Not owning BAE Systems and 3i also held back performance.

We added one new company to the portfolio, Serco and sold two others, Imperial Brands and Next plc. Serco, a leading provider of outsourcing services to governments in the UK, Europe, the US and Australia, in particular. Serco operates largely in the areas of justice, immigration and defence. Serco have a good record of improving profitability in recent years, after fundamentally restructuring its business around a decade ago. It benefits from structural themes of cash strapped governments looking for efficiencies and technology improvements via outsourcing and growing defence budgets, with defence soon to represent around half of profits. The shares were modestly valued and we did not think they reflected Serco's growth prospects or its growing US exposure, where profitability is higher.

The two sales were both examples of companies that had performed well and reached fair value, prompting us to sell to finance better opportunities. Since we started buying Imperial Brands seven years ago it has produced a total return of over 90%, mostly from dividends, compared to around 33% on the FTSE All-Share Index. Many of the shares were actually bought at much lower prices, from where returns have been considerably higher. Strong operational performance and a substantial re-rating took the valuation to fair value, for a business that still has structural pressures in the long term.

Next plc is an exceptional UK retailer, with a leading position in online sales for their own, and third party, brands. Since coming out of the Covid pandemic, Next has delivered strong growth in the online business and developed additional services for third party brands, adding new revenue streams. This has led to a significant re-rating in the shares. Although we see a positive growth trajectory for the business, we have sold the shares on valuation grounds.

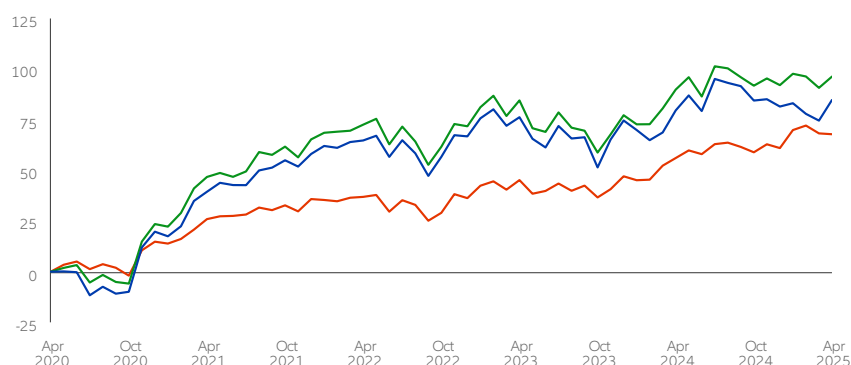
We remain excited about the opportunities we see in the UK equity market, which has been under pressure for several years. It is possible that recent events cause investors to reassess the relative attractions of the lowly priced UK stock market, compared to the US market, which has seen the bulk of equity inflows in recent years.

**Simon Gergel
20 May 2025**

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	0.9	0.1	2.9	12.1	84.8
NAV (debt at fair value)	-0.7	2.3	3.3	13.7	96.3
Benchmark	-1.2	5.6	7.5	22.6	67.9

Discrete 12 Month Returns to 30 April (%)

	2025	2024	2023	2022	2021
Share Price	2.9	1.9	7.0	18.2	39.5
NAV (debt at fair value)	3.3	2.9	6.9	17.6	46.8
Benchmark	7.5	7.5	6.0	8.7	25.9

Source: Thomson Reuters Refinitiv DataStream, percentage growth, mid to mid, total return to 30.04.25. 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 (%)

Sector	Percentage (%)
Financials	20.9
Consumer Discretionary	18.4
Industrials	14.2
Consumer Staples	11.3
Energy	9.6
Utilities	7.7
Real Estate	7.6
Health Care	5.3
Materials	3.9
Cash	1.1

Top Ten Holdings (%)

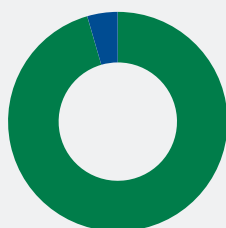
Company	Percentage (%)
GSK	5.2
British American Tobacco	4.8
Lloyds Banking Group	4.4
Shell	3.5
BP	3.0
DCC	2.8
Scottish & Southern Energy	2.8
Rio Tinto	2.8
National Grid	2.7
Tate & Lyle	2.6

Total number of holdings** 53

**Excludes derivatives

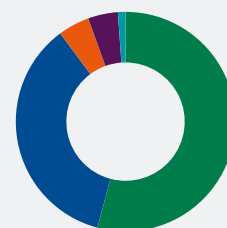
Geographic Breakdown* (%)

Region	Percentage (%)
UK	95.5
Europe ex UK	4.5



Market Cap Breakdown (%)

Market Cap	Percentage (%)
FTSE 100	54.1
FTSE 250	35.7
Small Cap	4.6
Other	4.4
Cash	1.1



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 30.04.25 unless otherwise stated.

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