

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

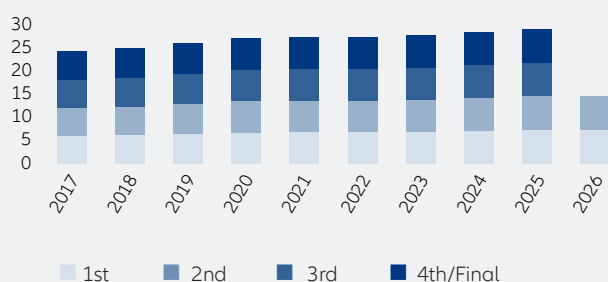
The Merchants Trust PLC was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it invested in the fixed interest securities of railway companies in the USA, Canada and South America, but now concentrates primarily on major UK 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 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
10.10.2025	20.11.2025	7.30p	2nd Interim
11.07.2025	22.08.2025	7.30p	1st Interim
22.04.2025	29.05.2025	7.30p	Final
07.02.2025	19.03.2025	7.30p	3rd 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	Nira Mistry 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 £1,019.9m **Shares in Issue** 147,632,870 (Ordinary 25p) **Market Cap** £865.1m

Share Price

586.0p

NAV per Share

620.1p

Premium/-Discount

-5.5%

Dividend Yield

5.0%

Gearing

14.0%

Fund Manager's Review

After months of speculation, Chancellor Rachel Reeves announced her budget on November 26th. Although she managed to avoid directly breaching election manifesto promises not to raise key taxes, there were several smaller tax increases announced, along with freezing tax thresholds, which will raise money to fund increased government spending and build a future spending buffer.

Financial markets reacted quite calmly on budget day, with government bond prices firming a little, and yields declining, as the Chancellor maintained her commitment to tight fiscal rules. Although the government talked about a pro-growth agenda, the key budget priorities seem to have been related to spending, although there were certain measures designed to reduce inflation in the short term, including removing some green energy costs from consumer bills. Within the details there were tax increases on specific industries or groups. This included taxes on the gambling industry and increased business rates for large retail stores and hotels.

Internationally, one major event was a US proposal for a peace treaty between Russia and Ukraine. However the terms of the treaty seemed very unlikely to be acceptable to Ukraine or Europe, and it may have been designed to deflect attention from domestic issues affecting President Trump.

The UK equity market was quite calm in November, producing a modest positive return. The US equity market was more volatile, with a sharp decline in the first three weeks, especially among technology stocks. This then reversed in the last week, following third quarter results from the largest company in the world, Nvidia. There had been concern that the boom in demand for data centres to support Artificial Intelligence might slow, but Nvidia reported exceptional demand for their chips.

Within the UK market, the strongest sectors were mostly among the less cyclical industries. The electricity sector was strong. The distributor and renewable generator SSE spiked up as an equity raising to fund its strong growth trajectory was well received. The tobacco sector also continued its strong run with a double digit return, whilst pharmaceuticals benefitted from a rally in AstraZeneca following Q3 results and the prior month's

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deal on drug pricing with the US administration.

The weakest sectors included aerospace & defence, which pulled back on the US plan for peace in Ukraine. The software & computer services sector was also weak on concerns that AI might bring new structural challenges to well-established business models, or lead to higher implementation costs. One of the triggers for this was an announcement that the property portal Rightmove would significantly increase its spending on AI and related services, to underpin its future growth.

Portfolio performance was ahead of the benchmark. Merchants' Net Asset Value (NAV) total return was 1.24% compared to 0.37% from the benchmark, FTSE All-Share index. SSE made a positive contribution, along with Lloyds Bank which benefitted from relief that banks avoided any new taxes in the budget. However, the biggest benefit to relative performance came from not owning the defence companies, Rolls Royce and BAE Systems, and the private equity investment company 3i, which fell back on concern about trading results in its largest investment, the retailer Action. The main negative impact to performance came from



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.

not owning AstraZeneca, as its rally boosted the index. Also, the hotel company Whitbread was impacted by the budget announcement on future business rates, and Harbour Energy was also weak.

We purchased one new investment, Hikma Pharmaceuticals. Hikma develops and manufactures a wide range of injectable and oral branded, generic and speciality pharmaceuticals, with a large US presence and a particularly strong position in the Middle East and North Africa, which gives it a competitive advantage. The company is highly profitable, cash generative and has an excellent long-term growth record, supported by a high level of investment and research & development. Despite a strong long-term record, the shares were lowly priced, with a near 4% dividend yield. Generic pharmaceutical companies have been out of favour with investors more broadly, and Hikma also disappointed the market by lowering its guidance for operating margins in the injectable business, to support growth, although the margin remains well above industry peers. This de-rating provided an opportunity to buy a strong, economically defensive business, at what we believe to be an unusually depressed valuation.

We sold the small remaining position in Close Brothers, for the reasons explained last month. We also took some profits in stocks such as Atalaya Mining, SSE, GSK, Inchcape and Man Group, partly to fund the Hikma purchase.

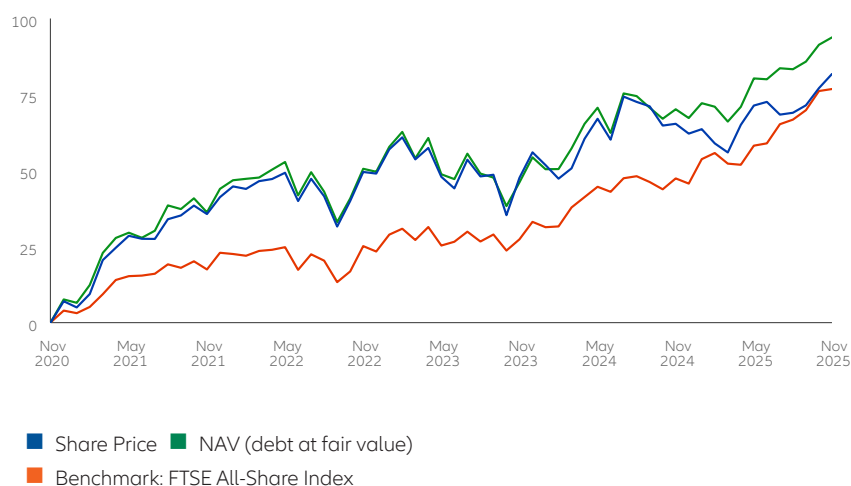
At the time of writing, it is too early to tell whether the budget might prove to be a clearing event for the negative sentiment, pervading over domestically exposed UK equities. Whilst the overall stock market return has been very strong in the UK in 2025, the mid cap index, which tends to be more exposed to the UK economy, has lagged by around 10% year to date. This is highly unusual, and we are finding exceptional value in this part of the market. These stocks could benefit materially from any sign that international or UK based investors are more comfortable with the outlook for the UK. The neutral or modestly positive reaction of the bond market to the budget could be a leading indicator.

**Simon Gergel
12 December 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 (%)



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	7.6	6.1	9.9	21.6	81.7
NAV (debt at fair value)	5.7	7.5	13.9	28.7	93.7
Benchmark	6.0	11.8	20.0	41.3	76.8

Discrete 12 Month Returns to 30 November (%)

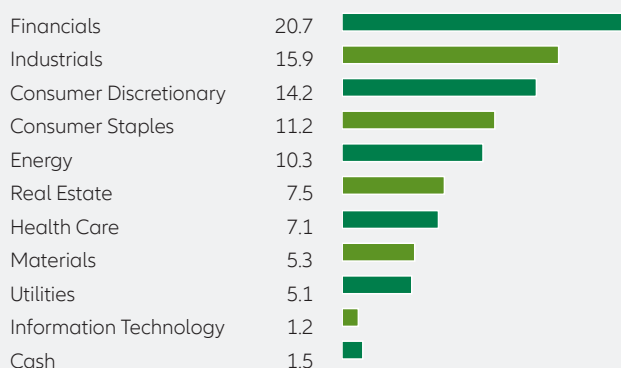
	2025	2024	2023	2022	2021
Share Price	9.9	12.0	-1.3	10.2	35.6
NAV (debt at fair value)	13.9	16.4	-3.0	10.5	36.2
Benchmark	20.0	15.7	1.8	6.5	17.4

Source: LSEG Datastream, percentage growth, total return (refer to the Alternative Performance Measures section of the Annual Report for full details of performance measures) to 30.11.25. Copyright 2025 © Datastream, a London Stock Exchange Group 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.

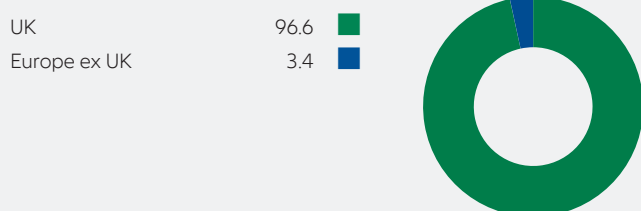
Past performance does not predict future returns. Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested. This investment trust charges 65% of its annual management fee to the capital account and 35% 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* (%)



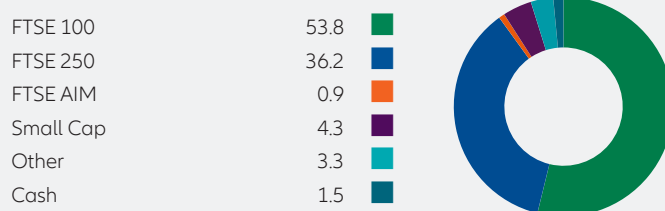
Top Ten Holdings (%)

Lloyds Banking Group	5.7
GSK	5.6
British American Tobacco	3.8
Rio Tinto	3.6
Shell	3.6
Barclays	3.2
BP	3.1
DCC	2.8
National Grid	2.7
Reckitt	2.5

Total number of holdings** 52

**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)

Mal Patel (Chairman of the Audit Committee)

Lisa Edgar

Neil Galloway (appointed 1 July 2025)

Karen McKellar (Senior Independent Director)

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 month-end 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 LSEG Datastream and Allianz Global Investors as at 30.11.25 unless otherwise stated.

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