

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

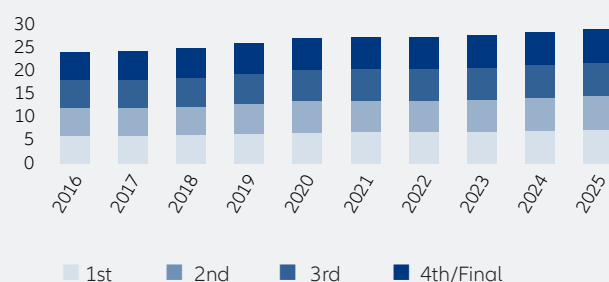
The Merchants Trust PLC was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it invested in the fixed interest securities of railway companies in the USA, Canada and South America, but now concentrates primarily on major UK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



A ranking, a rating or an award provides no indicator of future performance and is not constant over time. Citywire Fund Manager Awards Logo(s) are proprietary to Citywire Financial Publishers Ltd ("Citywire") and © Citywire 2020. All rights reserved. Citywire information is proprietary and confidential to Citywire Financial Publishers Ltd ("Citywire"), may not be copied and Citywire excludes any liability arising out its use. 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 £980.3m

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

Market Cap £841.6m

Share Price

567.0p

NAV per Share

591.7p

Premium/-Discount

-4.2%

Dividend Yield

5.1%

Gearing

14.0%

Fund Manager's Review

Financial markets continued to respond to trade and tariff policies being set in the White House. President Trump agreed to substantially reduce tariffs on China, at least temporarily, but threatened additional tariffs on the European Union and further raised tariffs on Aluminium and Steel imports. Credit rating agency Fitch became the last of the main agencies to downgrade US government debt from the top AAA rating, on concerns about the country's growing debt burden and a deterioration in governance standards.

In the UK, the Bank of England cut interest rates for the fourth time this cycle, to 4.25%, in a narrow vote by its Monetary Policy Committee. However, the inflation rate subsequently came in above expectations, with core CPI up 3.8% over twelve months, due to higher energy costs, increases in the National Living Wage and other factors.

Equity markets took comfort from the reining back of US tariffs on China, with major indices ending the month higher than the level before President Trump's "Liberation Day" on April 2nd. The US stock market was up over 6%, with technology stocks even stronger, although the US dollar fell for the fourth consecutive month on concerns about the US fiscal situation and trade policy.

The FTSE All-Share Index in the UK returned just over 4%, with medium and smaller companies leading the market. The best performing larger sectors included travel & leisure, aerospace & defence and banks. The weakest sectors included many economically defensive industries, such as beverages, tobacco and utilities.

Portfolio performance was ahead of the benchmark, benefitting from stock selection and a high exposure to medium sized companies. The Net Asset Value (NAV) total return was 5.48% compared to 4.14% from the benchmark, FTSE All-Share index. The largest contributor to outperformance was Burberry, which rallied over 40% as a confident results presentation gave investors more faith in the business turnaround. Pets at Home also rallied ahead of results, whilst portfolio performance benefitted from not owning AstraZeneca, which was weak and held back the index return. On the negative side, DCC underperformed, as final results disappointed investors, despite the company announcing a share

“ It is possible we are seeing the start of a reappraisal of the attractions of US assets, compared to those in the UK and Europe but it is too early to know

buy-back. Performance was also impacted by not owning Rolls Royce and Glencore, which rallied, and lifted the benchmark return.

The largest transaction was the sale of Bank of Ireland. The shares had performed well, benefitting from relatively benign operating conditions and a highly consolidated banking market in Ireland. However, the argument for holding an Irish bank compared to a domestic bank has weakened, as Eurozone interest rates have been reduced more aggressively than those in the UK, which could impact net interest margins. We reinvested about half the proceeds into UK banks, building up the Barclays and Lloyds positions.



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.

Elsewhere we continued to build a position in Serco, and we took advantage of share price weakness to add to Harbour Energy, DCC and Rio Tinto, amongst others. These additions were funded by reducing shares that had performed well recently, including Burberry, Pets at Home and IG Group. We also took some profits on Drax, as changing priorities and pressure on public finances, make it less likely that Drax will receive a government subsidy to build Bio-Energy Carbon Capture and Storage (BECCS).

The rally in May, meant that the UK stock market was up over 8% since the start of 2025, well ahead of the main US markets, and even more so in US dollar terms. The major European stock markets have also been strong. It is possible we are seeing the start of a reappraisal of the attractions of US assets, compared to those in the UK and Europe but it is too early to know.

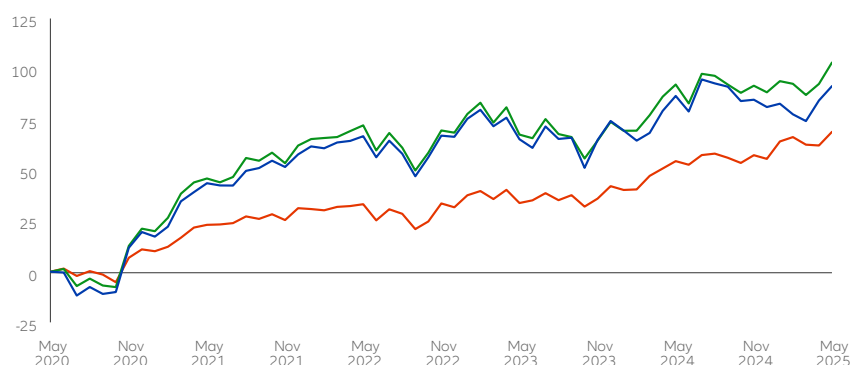
There remain risks to world trade and economic growth from policy decisions in the USA, which could yet impact financial assets. However, we do not try to take a view on the overall stock market direction. Rather, we focus on the underlying, fundamental attractions of individual companies and the value on offer in their shares. We see a plethora of opportunities to buy strong businesses trading well below our assessment of their intrinsic value and, in general, paying high dividend yields. Whilst we would anticipate bumps along the way, we believe that investing in a collection of such companies should allow Merchants to meet its long-term objectives.

Simon Gergel
31 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	7.8	3.6	2.6	14.8	91.6
NAV (debt at fair value)	5.4	6.0	5.6	18.0	103.2
Benchmark	1.5	7.3	9.4	26.8	69.0

Discrete 12 Month Returns to 31 May (%)

	2025	2024	2023	2022	2021
Share Price	2.6	12.9	-0.9	16.1	43.7
NAV (debt at fair value)	5.6	14.7	-2.7	18.0	46.0
Benchmark	9.4	15.4	0.4	8.3	23.1

Source: Thomson Reuters Refinitiv DataStream, percentage growth, mid to mid, total return to 31.05.25. 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	20.6
Consumer Discretionary	18.6
Industrials	14.2
Consumer Staples	11.0
Energy	9.9
Real Estate	7.4
Utilities	6.9
Health Care	5.1
Materials	4.2
Cash	2.1

Top Ten Holdings (%)

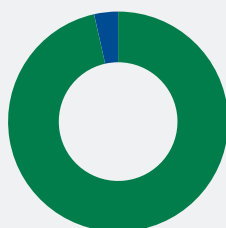
Company	Percentage (%)
GSK	5.1
British American Tobacco	4.7
Lloyds Banking Group	4.7
Shell	3.5
Barclays	3.0
BP	3.0
Rio Tinto	2.8
Scottish & Southern Energy	2.8
DCC	2.7
National Grid	2.5

Total number of holdings** 52

**Excludes derivatives

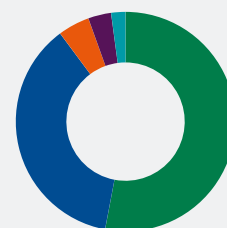
Geographic Breakdown* (%)

Region	Percentage (%)
UK	96.5
Europe ex UK	3.5



Market Cap Breakdown (%)

Market Cap	Percentage (%)
FTSE 100	53.0
FTSE 250	36.8
Small Cap	4.7
Other	3.4
Cash	2.1



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)

Mal Patel (Chairman of the Audit Committee)

Lisa Edgar

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 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 31.05.25 unless otherwise stated.

This is a marketing communication issued by Allianz Global Investors UK Limited, 199 Bishopsgate, London, EC2M 3TY, www.allianzglobalinvestors.co.uk. Allianz Global Investors UK Limited, company number 11516839, is authorised and regulated by the Financial Conduct Authority. Details about the extent of our regulation are available from us on request and on the Financial Conduct Authority's website (www.fca.org.uk). The duplication, publication, or transmission of the contents, irrespective of the form, is not permitted; except for the case of explicit permission by Allianz Global Investors UK Limited.

AdMaster 4568237