

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

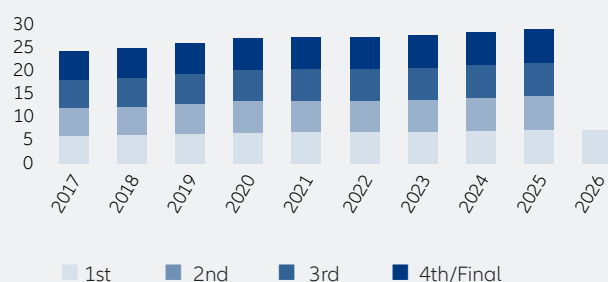
The Merchants Trust PLC was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it invested in the fixed interest securities of railway companies in the USA, Canada and South America, but now concentrates primarily on major UK 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
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
11.10.2024	15.11.2024	7.30p	2nd 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 £980.6m

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

Market Cap £816.3m

Share Price

550.0p

NAV per Share

592.4p

Premium/-Discount

-7.1%

Dividend Yield

5.3%

Gearing

13.4%

Fund Manager's Review

July saw the second round of erratic tariff decisions from the US Administration, after several months of uncertainty. President Trump agreed a deal with the EU which included 15% tariffs, compared to the 10% rate in the UK, but tariffs varied considerably elsewhere. Canada was hit by a 35% tariff, seemingly for foreign policy reasons. Despite all the noise, financial markets generally rose quite steadily during the month, led by a resurgent US technology sector. Markets may have been driven by the removal of uncertainty, and a recognition that things could have been worse, but underneath the steady index moves, there was considerable stock dispersion.

In the UK many companies reported second quarter results ahead of the August holiday season. There were mixed trends, particularly in the domestic housing and consumer areas, as tax increases and inflationary pressures took effect, before lower interest rates could ease the pressures. Economic statistics were also mixed, but generally painted a picture of subdued growth, with the International Labour Organisation (ILO) unemployment rate ticking up to 4.7% (for May).

The UK stock market followed the lead of the US, rising by around 4%, but concerns about the domestic environment led to a significant outperformance of a narrow group of larger companies over the broad range of medium sized firms. Internationally exposed, large-cap sectors like tobacco, pharmaceuticals and oil & gas led the market, whilst housebuilders, real estate and retailers posted declines.

The portfolio's performance lagged the market, both due to its higher exposure to medium-sized domestic companies and due to several shares falling sharply on trading disappointments. The Net Asset Value (NAV) total return was 2.04% compared to 3.96% from the benchmark, FTSE All-Share index. Even though the overall market was resilient, poor news was punished hard, almost irrespective of the valuation of shares. Two of the largest impacts on performance came from building companies. The housebuilder Barratt Redrow warned that planning delays would reduce the number of homes they could build in the next financial year, whilst materials producer Marshalls, warned of challenging conditions in their landscaping division. Despite these issues, we see excellent value in these,

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and several other building companies, as the housing industry should benefit in due course from falling mortgage costs and major structural shortage and ageing of housing. Relative performance also suffered from not owning AstraZeneca, which recovered some of its recent weakness on robust trading.

There were fewer positive performers, but British American Tobacco continued a strong rally, and the gambling company Entain benefitted further from the rapid growth in its US joint venture. Not owning London Stock Exchange Group and BAE Systems was also helpful to relative performance.

We continue to find new investment opportunities within a polarised stock market, and there were several changes to the portfolio. We took the difficult decision to sell marketing services company WPP, after a period of poor performance. Although the company trades on a depressed valuation, the restructuring of the business looks set to continue for some time, under the new Chief Executive Officer, and there are several structural challenges the company needs to address. So, we decided to focus resources on investments where we have higher conviction.

We added three new companies to the portfolio. RS group is a distributor of a huge range of industrial and electronic products to over 1m customers worldwide, specialising in high service, low volume orders to meet critical needs, like factory maintenance and R&D. The shares have



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.

fallen heavily in the last three years, as industrial production has been subdued post a Covid boom. This has created an opportunity to buy a strong business at an attractive valuation, as it is being reinvigorated by a relatively new but experienced management team.

Sodexo, a French company, is a leader in food services and facilities management, serving more than 100m people in over 40 countries. The business is economically defensive and should deliver steady growth. At time of purchase, the shares were paying a 5% dividend yield, well covered by cash generation, and the valuation was at a substantial discount to its historic averages, as well as to its peers.

The third new purchase was a modest investment in a small company, Begbies Traynor, which is the leading insolvency practitioner in the UK, by number of assignments. Executive Chairman, Ric Traynor, has built this company successfully over a decade or more, by small acquisitions and talent recruitment. It is now a national group, with a large property services division, alongside the insolvency and corporate advisory business. We have followed the company for many years, noting its strong profit and dividend growth record. The company is somewhat counter-cyclical, as insolvencies typically pick up during tough economic conditions. As such, Begbies provides a helpful portfolio diversification. It was also trading at an unusually modest valuation after the shares have gone sideways for several years.

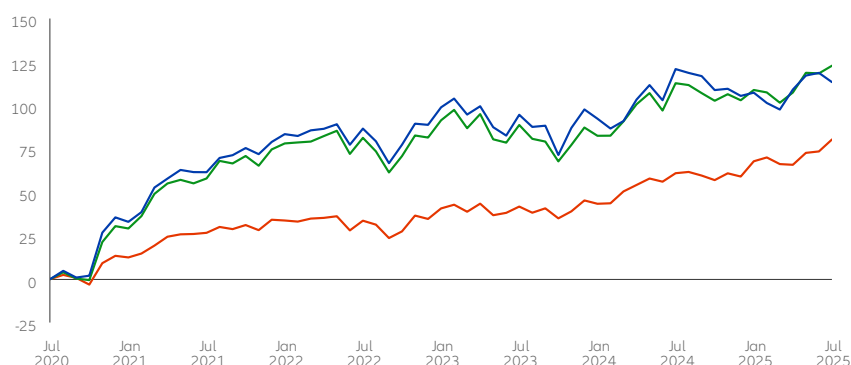
Our investment philosophy is based upon buying shares in sound companies that we believe are significantly undervalued, and benefitting from both a stream of dividends and a re-valuation of the shares, over time, towards fair value. This approach can be challenging when the stock market is driven by specific themes or a focus on earnings momentum, and when intrinsic valuation seems not to matter. Ironically though, it is those conditions that create the greatest opportunities that can be exploited by disciplined and patient investors. We believe that this is one of those periods, where there is excessive focus among market traders and investors on earnings momentum, at the expense of intrinsic value. Whilst we have to continue to be humble and challenge each investment regularly, we believe there is considerable potential value in the portfolio. We believe the portfolio can deliver a high yield, dividend growth and a strong capital return, in line with Merchants' objectives.

**Simon Gergel
12 August 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: 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	2.0	2.9	-3.4	14.3	113.4
NAV (debt at fair value)	7.4	6.7	4.7	22.9	122.8
Benchmark	8.8	7.5	12.1	35.0	80.4

Discrete 12 Month Returns to 31 July (%)

	2025	2024	2023	2022	2021
Share Price	-3.4	13.5	4.3	15.5	61.5
NAV (debt at fair value)	4.7	12.7	4.1	14.8	57.9
Benchmark	12.1	13.5	6.1	5.5	26.6

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 31.07.25. 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 (%)

Sector	Percentage (%)
Financials	22.2
Industrials	16.0
Consumer Discretionary	15.2
Consumer Staples	12.4
Energy	11.0
Real Estate	7.6
Utilities	5.5
Health Care	4.8
Materials	4.5
Cash	0.8

Top Ten Holdings (%)

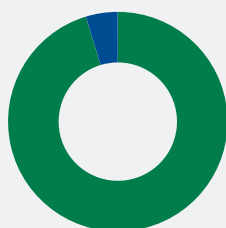
Company	Percentage (%)
British American Tobacco	4.8
GSK	4.7
Lloyds Banking Group	4.7
Shell	3.9
Barclays	3.4
BP	3.3
Rio Tinto	3.1
Scottish & Southern Energy	2.9
DCC	2.8
Tate & Lyle	2.6

Total number of holdings** 52

**Excludes derivatives

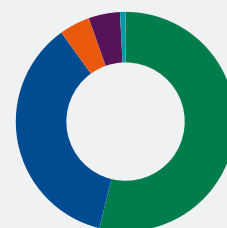
Geographic Breakdown* (%)

Region	Percentage (%)
UK	95.3
Europe ex UK	4.7



Market Cap Breakdown (%)

Market Cap	Percentage (%)
FTSE 100	53.8
FTSE 250	36.2
Small Cap	4.5
Other	4.6
Cash	0.8



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 31.07.25 unless otherwise stated.

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