

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

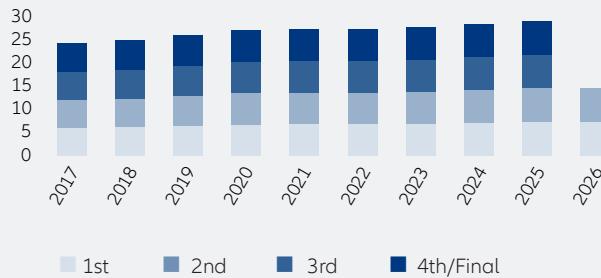
The Merchants Trust PLC was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it invested in the fixed interest securities of railway companies in the USA, Canada and South America, but now concentrates primarily on major UK 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.merchanttrust.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.merchanttrust.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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2022

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Total Assets £1,042.6m

Shares in Issue 147,632,870 (Ordinary 25p)

Market Cap £879.9m

Share Price
596.0p

NAV per Share
636.2p

Premium/-Discount
-6.3%

Dividend Yield
4.9%

Gearing
13.0%

Fund Manager's Review

The UK Stock market continued its steady rally in December, with the market producing an impressive total return of around 24% for the calendar year, despite a sharp fall in April. The UK considerably outperformed the major US indices, when translated into a common currency, with the S&P 500 Index only up around 10% in sterling terms.

The Bank of England cut interest rates again, for the 6th time this cycle to 3.75%, down from its 2023-2024 peak of 5.25%. The 5-4 vote of the Monetary Policy Committee was close, but they cited falling inflation, subdued economic growth and building slack in the labour market. GDP growth was modestly negative in October, whilst CPI inflation fell back to 3.2% in November.

The stock market gained around 2% in the month, although leadership was narrow. There were large gains in the mining sector, on the back of strong copper and precious metal prices, whilst the banking sector continued to rally as investors focused on their strong cash generation and benign credit conditions. On the flipside, the beverages sector fell further, reflecting weak trading in the US spirits market in particular. The tobacco and oil & gas sectors were also negative.

Portfolio performance was slightly ahead of the index return. Merchants' Net Asset Value (NAV) total return was 2.28% compared to 2.19% from the benchmark, FTSE All-Share index. IG Group rose strongly on a positive first half trading update, which provided further evidence that the business is returning to steady customer growth under the relatively new management team. The copper miner Atalaya continued to rally in a strong sector, and Man Group shares also rose on the back of gains in some of their key investment strategies. On the other hand, the distributor DCC underperformed, despite a large return of capital through a tender offer. Also, not owning HSBC and Rolls Royce held back relative performance as both stocks were strong and lifted the market index.

The Magnum Ice Cream Company demerged from Unilever, which now represents a modest position in the portfolio. Magnum is the clear world leader in ice cream as well as the biggest company in most of the large individual markets. It owns four of the top 5 global brands – Walls, Magnum, Ben & Jerry's and Cornetto. There are significant scale

“ On Jan 1st, the FTSE broke through the 10,000 level for the first time. There is nothing magical about this number, but it could improve sentiment towards the UK

economies in the ice cream business due to the cost and complexity of distributing frozen products to a vast number of corner shops, supermarkets and other locations. Magnum owns around 3m freezer cabinets, significantly more than peers. The management team believe that being a standalone business, with a pure focus on ice cream, will enable the company to revitalise Magnum's growth, after losing some market share in recent years.



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.

There were no major changes to the portfolio in December, but we continued to build up the position in Hikma and added to Sodexo, Whitbread, Unite and a few other companies offering good value. These purchases were funded mostly by profit taking in GSK (Glaxo), IG, Serco and Atalaya.

The UK stock market rally of 2025 has gone almost unnoticed by most of the media. Attention has understandably been focused on modest domestic economic growth and uncertainty around the recent budget, as well as global issues, such as the war in Ukraine, President Trump's trade policy and the rapid growth of AI. On Jan 1st, the FTSE broke through the 10,000 level for the first time. There is nothing magical about this number, but it could improve sentiment towards the UK.

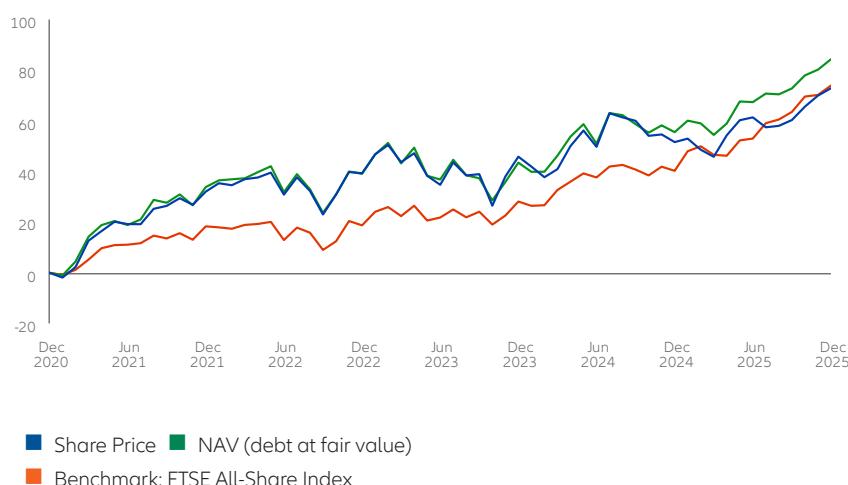
Despite the strong rise in the UK market, it remains one of the cheapest major stock markets in the world. But the standout feature has been the underperformance of medium sized companies or mid-caps. As we mentioned last month, mid-caps have underperformed the top 100 stocks by over 10% this year, partly due to concerns about the domestic economy. That has created many opportunities in this part of the market. With interest rates and mortgage rates now coming down, and with the budget out of the way, we could start to see a pick-up in activity, particularly in the important housing industry. Any return of confidence could boost sentiment from overly depressed levels.

**Simon Gergel
13 January 2026**

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	7.8	7.1	14.0	24.1	72.8
NAV (debt at fair value)	6.6	10.1	18.5	32.5	84.2
Benchmark	6.4	13.7	24.0	46.5	73.9

Discrete 12 Month Returns to 31 December (%)

	2025	2024	2023	2022	2021
Share Price	14.0	3.9	4.7	5.5	32.0
NAV (debt at fair value)	18.5	8.4	3.2	3.9	33.8
Benchmark	24.0	9.5	7.9	0.3	18.3

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 31.12.25. 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.

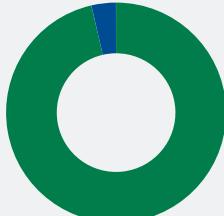
Portfolio Breakdown

Sector Breakdown (%)

Financials	21.6	
Industrials	15.7	
Consumer Discretionary	14.3	
Consumer Staples	10.7	
Energy	9.2	
Real Estate	7.7	
Health Care	6.9	
Materials	5.6	
Utilities	4.9	
Information Technology	1.2	
Cash	2.3	

Geographic Breakdown* (%)

UK	96.4	
Europe ex UK	3.6	



Top Ten Holdings (%)

Lloyds Banking Group	5.7
GSK	5.0
Rio Tinto	3.9
British American Tobacco	3.5
Barclays	3.5
Shell	3.5
DCC	2.8
BP	2.7
National Grid	2.6
Reckitt	2.5

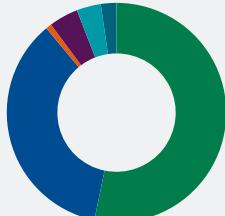
Total number of holdings**

53

**Excludes derivatives

Market Cap Breakdown (%)

FTSE 100	53.3	
FTSE 250	35.7	
FTSE AIM	0.8	
Small Cap	4.3	
Other	3.6	
Cash	2.3	



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 31.12.25 unless otherwise stated.

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