

# 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

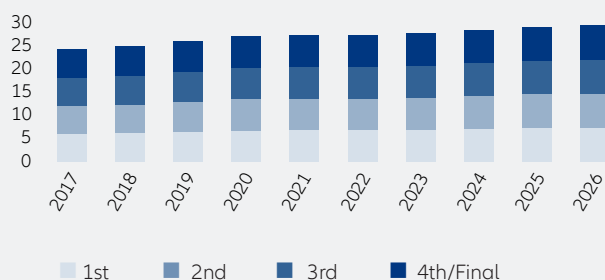
The Merchants Trust PLC was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it invested in the fixed interest securities of railway companies in the USA, Canada and South America, but now concentrates primarily on major UK 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
17.04.2026	27.05.2026	7.50p	Final*
06.02.2026	19.03.2026	7.40p	3rd Interim
10.10.2025	20.11.2025	7.30p	2nd Interim
11.07.2025	22.08.2025	7.30p	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>

\*proposed

## 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 <sup>1</sup>	0.54%
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 (31.01.2026). 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** £1,022.5m    **Shares in Issue** 147,632,870 (Ordinary 25p)    **Market Cap** £866.6m

Share Price  
**587.0p**

NAV per Share  
**624.8p**

Premium/-Discount  
**-6.0%**

Dividend Yield  
**5.0%**

Gearing  
**12.8%**

## Fund Manager's Review

March saw the US and Israel launch a sustained attack on Iran's government and military establishment and infrastructure, after killing the Supreme Leader and other senior military heads on 28<sup>th</sup> February. This triggered retaliatory strikes by Iran across the Gulf, and led to the near closure of the Strait of Hormuz, a vital artery for the global energy industry, but also a key route for important materials like fertilisers and helium. Rising tensions and trade disruptions led to a sharp increase in geopolitical risk and a spike in oil & gas prices.

Financial markets were quick to respond to the rising tensions, with both bonds and equities falling in value. The Bank of England and other central banks face a major dilemma. Higher energy prices and trade interruptions threaten higher inflation, whilst lower confidence and expectations of higher interest rates challenge growth forecasts. The UK bond markets moved to price out the further interest rate cuts that had been expected this year, and indeed to price in some rate increases from the Bank of England, with a similar pattern seen in other major economies. 10-year UK gilt yields rose sharply, from 4.2% to 4.9%, with a knock-on impact on mortgage rates and other borrowing costs.

Equity markets fell in response to the rising tensions. The FTSE All-Share Index fall of just under 7% was similar to the European market return, whilst the US stock market was down by around 5%. Within the market, there was a polarisation of sector returns. The only large sector to make significant gains was oil & gas, which rose nearly 20%. In contrast cyclical sectors that are sensitive to economic growth forecasts or rising interest rates were generally weak. Housebuilders fell by over 20% and real estate and retail were also very weak sectors. Some of the consumer goods companies were also quite weak. Medium sized and small companies, which tend to be more domestically focused and more cyclical, also underperformed, with a decline of just over 10%.

The portfolio underperformed the broader market, largely due to the higher exposure to medium sized companies and some of the more cyclical sectors. Merchants' Net Asset Value (NAV) total return was -9.1% compared to -6.7% from the benchmark, FTSE All-Share index. The portfolio has slightly more invested oil & gas than the broader market.

**“ Many of the more cyclical and domestic businesses in the UK were already trading on depressed valuations in February, and the price movements in March have pushed them to even cheaper levels.**

Whilst this was helpful in general, one of the holdings - Energean - lagged the sector, as its main producing asset is a gas field off the coast of Israel, which had to suspend production.

The main individual detractors to relative performance included the housebuilders Barratt Redrow and Bellway, as well as copper miner Atalaya Mining. Shell was also a detractor, even though the portfolio has a large holding and it performed well, as Shell represents an even bigger part of the index. On the positive side, Harbour Energy rallied with the oil sector. IG Group reported strong results and gave an optimistic outlook, with the shares rising 10%. Also, not owning Rolls-Royce was beneficial, as the shares underperformed on concerns about the implications for air travel.

We made a new investment in Breedon. Breedon produces aggregates, cement, asphalt and other heavy building materials in the UK, Ireland and Missouri in the USA. The company is benefitting from structural growth in infrastructure spending in Ireland and the USA, with significant recovery potential in the UK in infrastructure, housing and commercial markets. A weak year in the US in 2025 caused by unusual weather patterns, and challenging conditions in the UK, caused the shares to fall heavily, and enabled us to buy into the shares at an attractive level, with a strong asset base, significant cash generation and a high dividend yield. This purchase was partly funded by reducing exposure to UK housebuilders, which are more vulnerable to any domestic economic challenges.



### 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.

We also continued to build up the position in Bloomsbury Publishing, which was initiated in February, and took advantage of weakness in Reckitt, Hikma and a few other companies to build positions.

We sold the remaining position in PZ Cussons, the consumer goods company behind Carex soap, Original Source, Imperial Leather and other brands. Our investment case had been based on PZ Cussons crystallising value by exiting their African business, which has had historic challenges and was under review, to create a more focused group. However, the company announced it would retain most of its African operations, so we decided to sell, to concentrate on investments where we had higher conviction. We also made several other sales. We trimmed oil & gas positions as they rallied, and significantly reduced National Grid which has performed very well, and moved closer to fair value. We also took some profits on Serco and IG Group after strong gains.

The events in the Middle East in the last month, and disruption to the oil & gas markets, threaten a period of higher inflation, higher interest rates and lower economic growth than previously expected. Also, the UK economy is more sensitive to gas and oil prices than some other economies, like the USA. It is very hard to predict the duration and extent of this market disruption. But, any resolution to the situation in the Gulf region could lead to a rapid reappraisal of economic and market prospects.

As investors it is important to look beyond the short-term challenges and to focus on the longer-term qualities and potential of businesses. Many of the more cyclical and domestic businesses in the UK were already trading on depressed valuations in February, and the price movements in March have pushed them to even cheaper levels. We see many companies, with strong business franchises and solid cash flows, that look significantly undervalued on a medium-term basis. One interesting statistic is that on 1<sup>st</sup> April, the dividend yield on the index of medium sized companies in the UK was 4.1%\*, whereas the yield on the top 100 shares was 3.1%\*. Over most of the last 25 years, the yield on the large companies has been higher than that on the mid-caps, as the latter have tended to be more dynamic and higher growth.

So, this reversal indicates a potential major opportunity among medium sized companies. We are aiming to take advantage of this opportunity and have made considerable investments in medium and smaller companies in recent years. We are confident that these investments will deliver strong returns over the medium term.

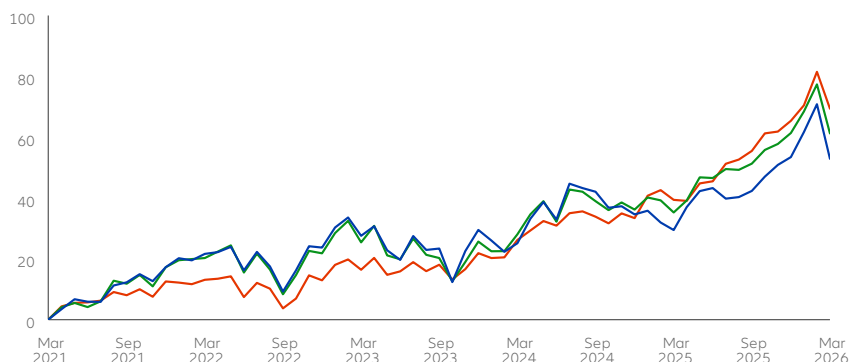
\* Source: Bloomberg

**Simon Gergel**  
**9 April 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 (%)



■ 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	-0.4	7.4	18.1	19.9	52.8
NAV (debt at fair value)	-0.3	6.3	18.9	28.3	60.8
Benchmark	2.4	8.9	21.5	45.6	69.3

### Discrete 12 Month Returns to 31 March (%)

	2026	2025	2024	2023	2022
Share Price	18.1	3.5	-1.9	4.9	21.6
NAV (debt at fair value)	18.9	5.6	2.1	4.3	20.2
Benchmark	21.5	10.5	8.4	2.9	13.0

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 31.03.26. 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.

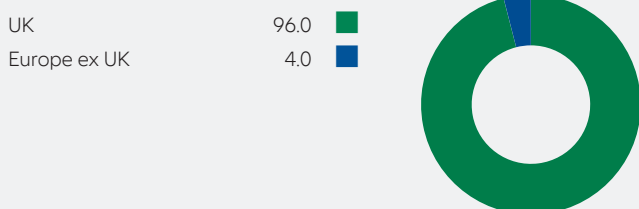
Past performance does not predict future returns. Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested. This investment trust charges 65% of its annual management fee to the capital account and 35% 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	22.3	<div style="width: 22.3%;"></div>
Industrials	16.5	<div style="width: 16.5%;"></div>
Consumer Discretionary	15.1	<div style="width: 15.1%;"></div>
Energy	11.6	<div style="width: 11.6%;"></div>
Consumer Staples	7.6	<div style="width: 7.6%;"></div>
Health Care	7.3	<div style="width: 7.3%;"></div>
Real Estate	6.9	<div style="width: 6.9%;"></div>
Materials	5.3	<div style="width: 5.3%;"></div>
Utilities	3.7	<div style="width: 3.7%;"></div>
Information Technology	1.3	<div style="width: 1.3%;"></div>
Cash	2.4	<div style="width: 2.4%;"></div>

### Geographic Breakdown\* (%)



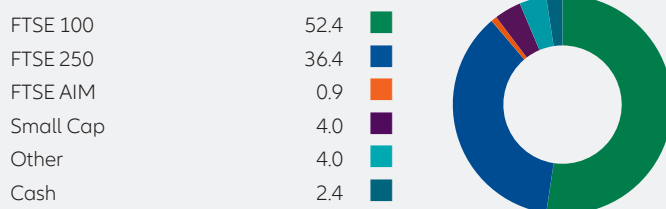
### Top Ten Holdings (%)

Lloyds Banking Group	5.2
GSK	4.9
Shell	4.4
Rio Tinto	4.0
BP	3.6
British American Tobacco	3.1
DCC	3.0
Legal & General	2.8
Barclays	2.7
Tate & Lyle	2.6

Total number of holdings\*\* 54

\*\*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

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](http://www.merchantstrust.co.uk)

**E-mail: [investment-trusts@allianzgi.com](mailto: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 31.03.26 unless otherwise stated.**

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