

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

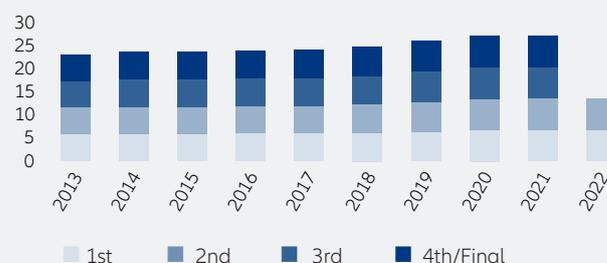
The Merchants Trust PLC was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it invested in the fixed interest securities of railway companies in the USA, Canada and South America, but now concentrates primarily on major UK 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 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 39 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
08.10.2021	11.11.2021	6.80p	2nd Interim
10.07.2021	20.08.2021	6.80p	1st Interim
23.04.2021	18.05.2021	6.80p	Final
05.02.2021	16.03.2021	6.80p	3rd Interim

Past performance is not a reliable indicator of future results.



Consideration of Environmental, Social and Governance (ESG) factors is fully integrated into The Merchants Trust's investment process. Visit www.merchantstrust.co.uk/Integrated-ESG/ for more information.

A ranking, a rating or an award provides no indicator of future performance and is not constant over time.

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 £777.5m

Shares in Issue 125,994,887 (Ordinary 25p)

Market Cap £676.6m

Share Price

537.0p

NAV per Share

527.0p

Premium/-Discount

1.9%

Dividend Yield

5.1%

Gearing

12.5%

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.

Fund Manager's Review

A year after the first positive vaccine trial results, the stock market was once again driven by developing news flow on the COVID Pandemic. Sharply rising cases across much of Continental Europe, led to a tightening of lockdown restrictions. There was also the emergence of a new Omicron strain, first detected in South Africa, which seemed to be potentially more infectious than the predominant Delta strain. This combination of events led to a return to a more nervous feeling in the stock market, with a notable drop just after the US Thanksgiving holiday.

The stock market fell by just over 2%, including dividends. The mix of sectors reflected greater concerns over foreign travel and general economic activity. The travel & leisure sector fell by almost 20%. Other notably weak sectors included financials, like life Insurance and banks. On the other hand, some of the more defensive sectors made good gains, including telecommunications, gas & water utilities and beverages.

The portfolio modestly outperformed the broader stock market, though the NAV total return for the month recorded a fall of 3.3% against the 2.2% fall in the index. The best individual contributors to relative performance came from companies that were not owned in the portfolio, where share prices were weak, such as AstraZeneca, which responded poorly to quarterly results, and Flutter Entertainment. But also investments in the defensive stocks, Imperial Brands and National Grid were helpful. The largest single negative contributor to relative performance came from not owning Diageo, which outperformed. But SThree and Entain were also weak.

“ We continue to see many attractive investment opportunities within UK equities, which remains one of the cheaper major markets

There was little change in the overall portfolio structure during November. We sold the last holding in Stock Spirits, following the recommended takeover. We also trimmed SThree and Man Group to manage position sizes down, after exceptional performance. In terms of purchases, we continued to build a position in the emerging markets fund manager Ashmore, and topped up holdings in PZ Cussons, Norcrocs and Vodafone where we saw good upside potential.

We continue to see many attractive investment opportunities within UK equities, which remains one of the cheaper major markets, and continues



Simon Gergel, Portfolio Manager

The Merchants Trust PLC is managed by Simon Gergel who is Chief Investment Officer at AllianzGI and has 32 years investment experience. He is pictured here with Matthew Tillett, Senior Portfolio Manager. 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.

to display a high level of polarisation. This creates opportunities for active stock pickers to identify strong companies trading at valuations below their fundamental worth. And it explains why the UK has seen many takeover approaches, from both the corporate and private equity domains.

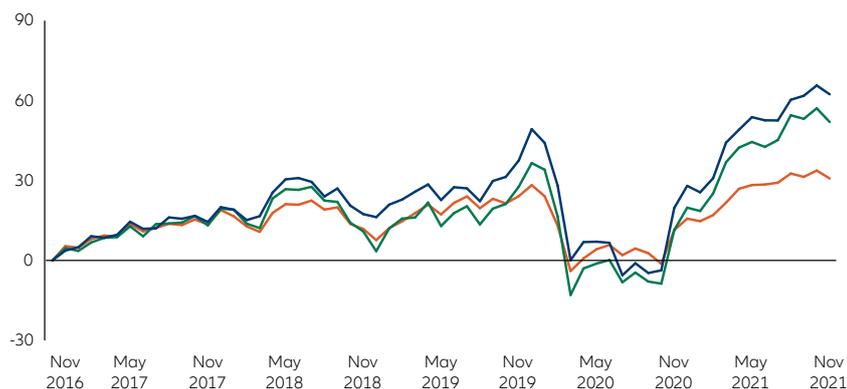
At the time of writing, there is increasing uncertainty, due to the emergence of the Omicron variant of the Covid-19 virus. However, society is better prepared to respond to this threat compared to earlier variants. A large proportion of the population in the developed world has been vaccinated or has developed some natural immunity to COVID-19. The technology has now been developed to create new, targeted vaccines quite quickly. And governments have a greater understanding of how to roll out social policies which slow down transmission whilst minimising the impact on the economy. Whilst we should always be alert to potential new risks, there are reasons to remain cautiously optimistic that the economy remains on a recovery path from the pandemic.

Simon Gergel
20 December 2021

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	1.3	5.6	35.6	38.3	62.4
NAV (debt at fair value)	-1.6	5.2	36.2	36.8	51.7
Benchmark	-1.4	1.9	17.4	16.9	30.7

Discrete 12 Month Returns to 30 November (%)

	2021	2020	2019	2018	2017
Share Price	35.6	-13.0	17.1	2.6	14.5
NAV (debt at fair value)	36.2	-12.7	15.1	-2.0	13.2
Benchmark	17.4	-10.3	11.0	-1.5	13.5

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 30.11.21. Copyright 2021 © 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.

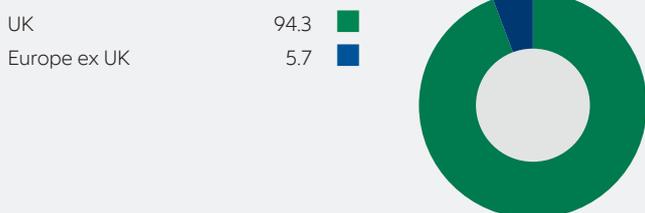
Past performance is not a reliable indicator of future returns. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount originally 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	22.5	
Consumer Discretionary	14.8	
Consumer Staples	14.1	
Industrials	13.4	
Utilities	9.9	
Energy	9.9	
Health Care	6.7	
Communication Services	3.2	
Materials	2.3	
Real Estate	1.6	
Cash	1.6	

Geographic Breakdown* (%)



Top Ten Holdings (%)

GlaxoSmithKline	5.4
British American Tobacco	4.4
Imperial Brands	4.2
BP	3.7
National Grid	3.5
WPP	3.4
Royal Dutch Shell - B Shares	3.4
Scottish & Southern Energy	3.4
BAE Systems	3.4
Legal & General	3.2

Total number of holdings** 46

**Excludes derivatives

Market Cap Breakdown (%)



The data shown is not constant over time and the allocation may change in the future. 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

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 Charges ¹	0.61%
Year End	31 January
Annual Financial Report	Final published in April, Half-yearly published in September
AGM	May
NAV Frequency	Daily
Dividends	February/March, May, August, November
Price Information	Financial Times, The Daily Telegraph, www.merchantstrust.co.uk
Company Secretary	Kirsten Salt
Investment Manager	Simon Gergel, CIO, UK Equities
Codes	RIC: MRCH.L SEDOL: 0580007

1. Source: AIC, as at the Trust's Financial Year End (31.01.2021). 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.

Board of Directors

Colin Clark (Chairman)
Timon Drakesmith (Chairman of the Audit Committee)
Karen McKellar
Mary Ann Sieghart
Sybella Stanley (Senior Independent Director)

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.



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 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.

All data source Allianz Global Investors as at 30.11.21 unless otherwise stated.

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