

1 April 2026

## THE MERCHANTS TRUST PLC

LEI: 5299008VJFXCUD2EG312

### FINAL RESULTS FOR THE YEAR ENDED 31 JANUARY 2026

The following comprises extracts from the company's Annual Report for the year ended 31 January 2026. The full Annual Report is being made available to be viewed on or downloaded from the company's website at [www.merchantstrust.co.uk](http://www.merchantstrust.co.uk). Copies will be posted to shareholders shortly.

## MANAGEMENT REPORT

### Highlights:

- Merchants achieved an **18.9% absolute return\*** for the year and **31.1% over three years**.
- Total dividend for the year: **29.5p**, up **1.4%**. This marks the **44th consecutive year** of dividend increases.

\* Net Asset Value Total Return with debt at fair value (2025: 13.5%)  
Benchmark Total Return (FTSE All-Share Index) 21.1% (2025: 17.1%)

### Chairman's Statement

#### **A strong year for UK equities**

After a long period of negative sentiment and underperformance relative to many markets, during the Merchants financial year ended January 2026 the UK stock market experienced a notable resurgence, and delivered a very strong return of 21.1%. By comparison, the US market (as exemplified by the S&P 500 Index) rose a more modest 5.7% in sterling terms. The past year has provided something of a vindication for those who have maintained conviction that the UK market as a whole was undervalued and that there were well managed businesses with attractive valuations listed in the UK which could offer strong positive returns.

This resurgence in the UK stock market is welcomed by your board. In various reports to shareholders over the past few years, we have emphasised the need for patience and our manager has spoken of maintaining discipline in our investment style, confident that it would be rewarded in due course by strong returns. Our portfolio managers' investing approach is based on the belief that they can create a portfolio for shareholders of good companies which are undervalued and which can provide sustainable and growing income alongside capital growth. During this recent year, we have seen the beginning of a recognition of the genuine value available in UK equities, by both domestic and international investors, and capital has finally started to identify at least certain areas of the UK market. The Board is pleased to report that against this background Merchants has benefitted from the renewed interest in the market and delivered strong absolute returns while continuing to grow the dividend – something that has been central to our appeal to investors for over four decades.

#### **A twenty-year perspective**

It is always valuable to place any single year's performance in a longer-term context. Our investment manager at Allianz Global Investors, Simon Gergel, this year celebrates his twentieth as the lead manager of The Merchants Trust. A shareholder who invested at the beginning of his tenure in January 2006 would have seen significant share price appreciation and consistently growing dividends, which when combined, exceeded the value of their initial investment. In other words, Merchants shareholders today who have held their initial shares for twenty years effectively now have this shareholding for free! You can read more on this in the Portfolio Managers' Report on pages 13 to 14 of the Annual Report.

Such portfolio manager longevity is not unique, but it is unusual, and it is of enormous value in creating stability and consistency for the Company. The Board would like to thank Simon for the past twenty years' service to Merchants' shareholders, and recognise his insight, skill and dedication to managing the portfolio which has provided such strong long-term returns for the benefit of our shareholders.

### **Strong absolute returns in a polarised market**

Merchants delivered absolute returns of 18.9% during the financial year to 31 January 2026, with three-year cumulative returns of 31.1%.

We acknowledge that in a highly polarised market environment, where returns have generally been concentrated in a narrow band of stocks such as technology, defence and banks, Merchants' relative performance has lagged the exceptionally strong index return (21.1% over the year). Whilst we have to monitor short term performance against the index and hold the manager to account, we also expect there will be periods like this from time to time. The Board continues to support our manager's commitment to a consistent, value-oriented investment approach that avoids over concentration, speculative bubbles or growth or momentum style runs. The Portfolio Managers' Report provides a more detailed explanation of the drivers of relative performance against the index, and the Board remains confident that this disciplined value-led approach, generally avoiding highly rated 'growth' stocks will deliver sustainable, long-term capital growth and income to our shareholders.

### **Earnings and dividend**

Revenue earnings per share for the year were 30.6p, compared to 29.4p in the previous year. The Board is proposing a final dividend of 7.5p per share, payable on 27 May 2026 to shareholders on the register on 17 April 2026. The ex-dividend date is 16 April 2026 and the last date for election for the Dividend Reinvestment Plan (DRIP) will be 5 May 2026. This final dividend, together with the interim dividends already paid, will bring the total dividend for the year to 29.5p per share. This represents an increase of 1.4% on the previous year and marks the 44th consecutive year of dividend growth for Merchants, which therefore also retains its place in the AIC's prestigious list of 'Dividend Heroes' – those investment trusts which have consistently delivered a rising dividend stream to shareholders for over twenty years. The total dividend for the year is fully covered by revenue earnings, allowing reserves to be further rebuilt. At the end of the financial year, revenue reserves stood at 20.3p per ordinary share.

### **Discount/premium and share buybacks**

Shareholders will be aware that, like all investment trusts, Merchants' shares trade at either a premium or a discount to its Net Asset Value (NAV). The board has an active programme to consider the issuance of new shares when our shares trade at a premium to NAV and a programme of share buy backs when they trade at a discount to NAV.

After many years of issuance, during this year, Merchants' shares traded at an average discount of 5.7% to the net asset value per share. The discount ranged from a high of 8.7% in September 2025 to a low of 1.2% in April 2025. During the year, the board monitored this situation closely and Merchants performed a modest aggregate buyback of 792,017 shares at a total cost of £4.4 million to help reduce the discount when the UK market was particularly out of favour. Merchants ended the financial year with a discount of 5.4%, which compares favourably with many of our peers.

### **The resurgence of the UK market**

The UK market's performance over the past year should be viewed within the context of a significant global rotation in investor sentiment. UK and European equities led global markets in early 2025, with the outperformance in the first calendar quarter marking the strongest relative performance in 25 years. International equities in aggregate significantly outperformed the United States over the reporting period, with the MSCI All Country World ex-USA Index gaining 23.3% compared to the S&P 500's 5.7% return, and this represents a notable shift after years of US market dominance. This also reflects a fundamental shift away from the heavy concentration of returns in a small number of US technology stocks that has characterised recent years, as investors became increasingly nervous about the lofty valuations and concentrations of returns in a few companies, largely around the single central theme of AI.

Importantly though, despite this strong performance, our manager believes that the UK market continues to be significantly cheaper than its US counterpart. The valuation gap between the two markets has begun to narrow, but, as many market observers have noted, there remains a long way to go. The rotation towards value-oriented markets may have further to run, and this represents a compelling opportunity for Merchants.

The portfolio manager has long maintained that concerns about the UK's political and economic background are frequently overstated. In a market dominated by large multinational companies generating substantial revenues overseas, UK-specific issues often have less impact on underlying business performance than market pricing might suggest. This pattern was evident again over the past year. Despite the market's strong overall performance, sentiment weakened sharply in the run-up to – and immediate aftermath of – the UK's Autumn Budget, prompting a broad retreat from UK equities on a scale not seen for some time. For disciplined value investors such periods of indiscriminate selling can create compelling opportunities. As the portfolio managers highlight in their review, markets have become increasingly short-term and momentum-driven, a dynamic that can give rise to pronounced valuation anomalies. Our strategy is specifically designed to identify and capitalise on this mispricing.

Our portfolio managers have moved more of the portfolio into mid-cap stocks than has been the case before (though Merchants remains predominantly invested in large cap stocks). This move reflects his view of “a once in a generation opportunity”, with the mid-cap index now yielding more than large caps, something that hasn't happened within the past twenty years, and that is an unusual scenario given the typically more growth-oriented business models of mid-caps vs. more mature large-caps. This is an interesting signal of potential under-valuation. In the short term this has been an additional headwind to Merchants' relative performance against the index, as these mid-cap stocks in general have still not gained substantial investor attention. However, our manager remains convinced this is where the most significant value in the UK market currently lies, and therefore we are confident that this positioning is a strong one for the future success of the Merchants portfolio.

The UK government has taken steps to make the London Stock Exchange (LSE) more attractive. Recently introduced capital market reforms include simplified listing procedures, faster Initial Public Offering (IPO) timelines, and new initiatives to broaden retail investor participation. These reforms, described by the LSE as “the biggest in a generation”, are already showing some early signs of success. When combined with the global reassessment of the appeal of US assets, it suggests that investor interest in UK equities may be entering a new, more positive phase.

### **The Merchants Trust proposition: a compelling case for income and growth**

The Merchants Trust offers shareholders a distinctive proposition, built on several enduring strengths.

#### ***The dividend: 44 years of unbroken growth***

At the heart of Merchants' appeal is our dividend policy. Subject to shareholder approval of our proposed final dividend, we will have now achieved 44 consecutive years of dividend growth which is a remarkable testament to the quality and resilience of our portfolio companies. Merchants' yield is substantially higher than the broad market average, yet the dividend is typically fully covered by the income generated by our holdings. This is not a yield built on capital depletion; it is backed by genuine earnings growth.

#### ***A consistent and disciplined approach***

Merchants' investment philosophy is built on consistency and discipline. We adopt a value-oriented, long-term focused, and high-conviction approach to stock selection. The portfolio management team is highly experienced and backed by the considerable resources of Allianz Global Investors, ensuring world-class investment infrastructure, research, and risk management.

#### ***Scale and liquidity***

Merchants' portfolio now exceeds £1 billion in value, providing the scale and liquidity necessary to serve even the largest institutional investors. Our Ongoing Charge Figure (OCF) of 0.54% is highly competitive for an actively managed equity portfolio.

### **The investment trust advantage**

The investment trust structure provides The Merchants Trust with distinctive advantages that are particularly suited to a value-oriented strategy.

### ***A differentiated portfolio***

The permanent capital structure allows us to maintain a portfolio that could be difficult to fully replicate within an open-ended fund. Whilst the majority of our holdings are in large-cap stocks, Merchants also has a significant exposure to medium and smaller companies, which our manager believes are particularly undervalued. This part of the market is often overlooked by global investors and only modestly invested in by passive funds, creating opportunities for an active manager able to benefit from conviction. The takeovers of portfolio companies Dowlais and Assura during the year are clear examples of how this strategy can unlock value as external parties awaken to the significant value available. We also encourage the manager to invest selectively in international stocks – allowing access to themes under-represented in the UK market, or where there may simply be better opportunities available.

### ***Enhancing returns and income***

Merchants employs gearing – in the form of long-term, fixed-rate bonds and loan notes – as a tool to enhance both returns and income. When deployed prudently, gearing amplifies the returns available to shareholders. Merchants also maintains revenue reserves, which are used to smooth dividend payments, providing a predictable income stream even when underlying portfolio income fluctuates. Of course, this leverage can also exacerbate losses in a falling market but, over the long term, when the performance from the portfolio exceeds the cost of debt, the strategy is accretive to shareholder value.

### ***Steady and increasing dividend stream***

As already noted, we approach a 44-year record of consecutive dividend increases. This is a record we are proud of, both for ourselves, but also on behalf of the Board members, managers and support teams that have gone before us and contributed to this substantial achievement. It is another factor that would be largely impossible to replicate in an open-ended fund or exchange traded fund, particularly during periods like the pandemic, when market dividends were slashed. Investment trusts though can utilise revenue reserves, squirreling away small amounts of income in bountiful years, to enhance income when there is more of a drought of income from the portfolio's investments. It is this mechanism and a continual balancing act which has enabled us to achieve this outcome.

### **Governance and engagement**

The Board takes its responsibilities to shareholders seriously, including evaluating the performance of the Manager and the wider AIFM function. In February 2026, just after the financial year end, the Board travelled to Frankfurt to meet with members of the investment and infrastructure teams (including the central trading desk, economics & strategy research, marketing, cyber security and AI) at Allianz Global Investors. This engagement allows the Board to maintain close oversight of the investment process and the considerable resources supporting Merchants.

The Board is also committed to enhancing shareholder engagement. The Annual General Meeting will once again be held in a hybrid format, and Merchants has expanded its marketing efforts, including additional webinars, videos and other activity, with a planned expansion into a wider set of distribution channels, aiming to reach a wider audience of shareholders.

### **Annual General Meeting (AGM)**

The Annual General Meeting will be held at Grocers' Hall on 19 May 2026 at 12 noon. The Board encourages all shareholders to attend and participate. Held in a hybrid format, shareholders will be welcome to attend and vote either in person or to participate and vote electronically. Further details can be found in the Notice of Meeting on page 87 of the Annual Report.

### **Outlook: confident in the quality of the portfolio**

Looking ahead to the remainder of 2026 and beyond, the Board remains confident in the investment approach and quality of the portfolio and the prospects for Merchants. The portfolio managers continue to believe that,

despite the strong performance in 2025, many individual stocks remain significantly undervalued. The global reassessment of valuations, the recognition of the risks inherent in excessive concentration in a small number of US technology stocks, and the supportive policy environment in the UK all suggest that the conditions which have created the opportunity in UK equities may continue, although we have to be mindful of the potential impact from the evolving situation in the Middle East.

For a more detailed discussion of the market environment and portfolio positioning, I would refer you to the Portfolio Managers' Report starting on page 11 of the Annual Report.

2025/6 has been a year of strong absolute returns and of vindication for Merchants' investment philosophy. The Board is confident that The Merchants Trust remains an attractive proposition for investors seeking a combination of income, growth, and exposure to the large value opportunity available in the UK equity market.

We are grateful for the continued support of our shareholders and for the dedication of the investment team and we look forward to the year ahead with confidence and optimism.

*Colin Clark*  
*Chairman*  
*1 April 2026*

### **Risk policy**

The board operates a risk management policy to ensure that the level of risk taken in pursuit of the board's objectives and in implementing its strategy is understood. The principal risks identified by the board are listed below, together with the actions taken to mitigate them, and set out in the Risk Map on page 33 of the Annual Report.

A more detailed version of the chart is reviewed and updated by the audit committee at least twice yearly. This sets out risk types, key risks identified and their status, the controls and mitigation in place to address these risks, together with the evidence of controls and gives an assessment of the risk using a traffic-light system, as shown at the bottom of the chart, to confirm the outcome of the assessment of the risk.

The board has carried out a robust assessment of the principal and emerging risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity and emerging risks and how they monitor and manage them and disclose them in the Annual Report. The process by which the directors monitor risk is described in the Audit Committee Report on page 55 of the Annual Report.

### **Principal risks**

The principal risks are now considered to be risks relating to investment strategy and investment performance. Those identified as having the highest impact and the greatest likelihood are the following:

- **Geopolitical**
- **Climate**

Some principal risks have been assessed as being as likely to occur as last year.

- **Investment strategy:** for example, asset allocation or the level of gearing may lead to a failure to meet the company's objectives, such as income generation and dividend growth.
- **Investment performance:** for example, poor stock selection for the portfolio leads to a decline in the rating and attraction of the company.

## **Risk appetite**

The board identifies risks, considers controls and mitigation, the probability of the event, and assesses residual risk. It then evaluates whether its risk appetite is satisfied. The board confirms for the year ended 31 January 2026 that its assessment of risk is in line with its risk appetite for all key risks.

## **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (UK Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed, comprising FRS 102, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors each have a duty to make themselves aware of any 'relevant audit information' and ensure that the Auditor has been made aware of that information. A disclosure stating that each director has complied with that duty is given in the Directors' Report on page 44 of the Annual Report.

The directors are responsible for ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

The financial statements are published on [www.merchantstrust.co.uk](http://www.merchantstrust.co.uk), which is a website maintained by the company's investment manager, AllianzGI. The directors are responsible for the maintenance and integrity of the company's website. The work undertaken by the Auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Statement under Disclosure and Transparency Rule 4.1.12**

The directors at the date of approval of this report, each confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the company;

- the Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

For and on behalf of the board

Colin Clark  
Chairman  
1 April 2026

### **PORTFOLIO BREAKDOWN at 31 January 2026**

<b>Name</b>	<b>Principal activities</b>	<b>Value £'000s</b>	<b>% of listed holdings</b>	<b>Benchmark weighting</b>
<b>Lloyds Banking Group</b>	<i>Banks</i>	65,643	6.2	2.3
<b>GSK</b>	<i>Pharmaceuticals &amp; Biotechnology</i>	47,932	4.5	2.7
<b>Rio Tinto</b>	<i>Industrial Metals &amp; Mining</i>	39,411	3.7	2.5
<b>British American Tobacco</b>	<i>Tobacco</i>	38,290	3.6	3.3
<b>Shell</b>	<i>Oil, Gas &amp; Coal</i>	37,042	3.5	5.7
<b>Barclays</b>	<i>Banks</i>	31,360	3.0	2.4
<b>DCC</b>	<i>Industrial Support Services</i>	30,621	2.9	0.1
<b>Legal &amp; General</b>	<i>Life Insurance</i>	30,515	2.9	0.5
<b>BP</b>	<i>Oil, Gas &amp; Coal</i>	29,855	2.8	2.6
<b>National Grid</b>	<i>Gas, Water &amp; Multiutilities</i>	29,502	2.8	2.2
<b>Tate &amp; Lyle</b>	<i>Food Producers</i>	27,774	2.6	0.0
<b>Whitbread</b>	<i>Travel &amp; Leisure</i>	27,094	2.6	0.2
<b>Reckitt Benckiser Group</b>	<i>Personal Care, Drug &amp; Grocery Stores</i>	26,826	2.5	1.5
<b>SSE</b>	<i>Electricity</i>	26,631	2.5	1.0
<b>Inchcape</b>	<i>Retailers</i>	25,026	2.4	0.1
<b>Man Group</b>	<i>Investment Banking &amp; Brokerage</i>	23,781	2.3	0.1
<b>IG Group</b>	<i>Investment Banking &amp; Brokerage</i>	23,322	2.2	0.2
<b>Barratt Redrow</b>	<i>Household Goods &amp; Home Construction</i>	23,238	2.2	0.2
<b>RS Group</b>	<i>Industrial Support Services</i>	23,061	2.2	0.1

<b>Name</b>	<b>Principal activities</b>	<b>Value £'000s</b>	<b>% of listed holdings</b>	<b>Benchmark weighting</b>
<b>Primary Health Properties</b>	<i>Real Estate Investment Trusts</i>	22,632	2.1	0.1
<b>Land Securities Group</b>	<i>Real Estate Investment Trusts</i>	22,260	2.1	0.2
<b>Unilever</b>	<i>Personal Care, Drug &amp; Grocery Stores</i>	21,928	2.1	3.8
<b>Grafton Group</b>	<i>Industrial Support Services</i>	21,780	2.1	0.1
<b>Hikma Pharmaceuticals</b>	<i>Pharmaceuticals &amp; Biotechnology</i>	21,652	2.0	0.1
<b>Harbour Energy</b>	<i>Oil, Gas &amp; Coal</i>	17,759	1.7	0.0
<b>Atalaya Mining<sup>1</sup></b>	<i>Precious Metals &amp; Mining</i>	17,596	1.7	-
<b>Serco Group</b>	<i>Industrial Support Services</i>	17,100	1.6	0.1
<b>Sirius Real Estate</b>	<i>Real Estate Investment &amp; Services</i>	16,930	1.6	0.1
<b>Unite Group</b>	<i>Real Estate Investment Trusts</i>	16,725	1.6	0.1
<b>OSB Group</b>	<i>Finance &amp; Credit Services</i>	16,278	1.5	0.1
<b>Energiean</b>	<i>Oil, Gas &amp; Coal</i>	16,018	1.5	0.0
<b>Michelin<sup>1</sup></b>	<i>Automobiles &amp; Parts</i>	15,628	1.5	-
<b>B&amp;M</b>	<i>Retailers</i>	15,184	1.4	0.1
<b>Bellway</b>	<i>Household Goods &amp; Home Construction</i>	14,721	1.4	0.1
<b>Sodexo<sup>1</sup></b>	<i>Travel &amp; Leisure</i>	14,298	1.4	-
<b>Lancashire Holdings</b>	<i>Non-Life Insurance</i>	14,289	1.4	0.1
<b>Morgan Advanced</b>	<i>Electronic &amp; Electrical Equipment</i>	14,248	1.3	0.0
<b>Pets at Home Group</b>	<i>Retailers</i>	13,920	1.3	0.0
<b>Marshalls</b>	<i>Construction &amp; Materials</i>	12,741	1.2	0.0
<b>MONY Group</b>	<i>Software &amp; Computer Services</i>	12,539	1.2	0.0
<b>DFS Furniture</b>	<i>Retailers</i>	12,514	1.2	0.0
<b>Norcros</b>	<i>Construction &amp; Materials</i>	10,199	1.0	0.0
<b>SCOR<sup>1</sup></b>	<i>Non-Life Insurance</i>	9,254	0.9	-
<b>Conduit Holdings</b>	<i>Non-Life Insurance</i>	9,077	0.9	-
<b>Entain</b>	<i>Travel &amp; Leisure</i>	8,658	0.8	0.1
<b>Burberry Group</b>	<i>Personal Goods</i>	8,242	0.8	0.1

<b>Name</b>	<b>Principal activities</b>	<b>Value £'000s</b>	<b>% of listed holdings</b>	<b>Benchmark weighting</b>
<b>PZ Cussons</b>	<i>Personal Care, Drug &amp; Grocery Stores</i>	7,897	0.7	0.0
<b>SThree</b>	<i>Industrial Support Services</i>	7,302	0.7	0.0
<b>XP Power</b>	<i>Electronic &amp; Electrical Equipment</i>	5,783	0.5	0.0
<b>Begbies Traynor Group</b>	<i>Investment Banking &amp; Brokerage</i>	4,922	0.5	-
<b>CLS Holdings</b>	<i>Real Estate Investment &amp; Services</i>	4,507	0.4	0.0
<b>Duke Royalty</b>	<i>Finance &amp; Credit Services</i>	3,902	0.4	-
<b>Magnum Ice Cream</b>	<i>Food Producers</i>	959	0.1	-
<b>Total invested funds</b>		<b>1,056,366</b>	<b>100.0</b>	

<sup>1</sup> International stock

#### **Written call options**

As at 31 January 2026, the market value of the open option positions was £668,000 (2025: £(238,500)), resulting in an underlying exposure to 2.6% of the portfolio (valued at strike price).

## Income Statement

for the year ended 31 January 2026

	2026 Revenue	2026 Capital	2026 Total	2025 Revenue	2025 Capital	2025 Total
Gains on investments held at fair value through profit or loss	-	123,695	123,695	-	66,566	66,566
Losses on derivatives	-	(438)	(438)	-	(202)	(202)
(Losses) gains on foreign currencies	-	(91)	(91)	-	43	43
Income	50,245	-	50,245	48,482	-	48,482
Investment management fee	(1,212)	(2,251)	(3,463)	(1,160)	(2,153)	(3,313)
Administration expenses	(1,240)	(5)	(1,245)	(1,108)	(4)	(1,112)
<b>Profit before finance costs and taxation</b>	<b>47,793</b>	<b>120,910</b>	<b>168,703</b>	<b>46,214</b>	<b>64,250</b>	<b>110,464</b>
Finance costs: interest payable and similar charges	(2,098)	(3,816)	(5,914)	(2,009)	(3,648)	(5,657)
<b>Profit on ordinary activities before taxation</b>	<b>45,695</b>	<b>117,094</b>	<b>162,789</b>	<b>44,205</b>	<b>60,602</b>	<b>104,807</b>
Taxation	(381)	-	(381)	(534)	-	(534)
<b>Profit after taxation attributable to ordinary shareholders</b>	<b>45,314</b>	<b>117,094</b>	<b>162,408</b>	<b>43,671</b>	<b>60,602</b>	<b>104,273</b>
<b>Earnings per ordinary share (basic and diluted)</b>	<b>30.58p</b>	<b>79.01p</b>	<b>109.59p</b>	<b>29.43p</b>	<b>40.84p</b>	<b>70.27p</b>

Dividends in respect of the financial year ended 31 January 2026 total 29.50p (2025: 29.10p), amounting to £43,667,000 (2025: £43,184,000). Details are set out in Note 6 on page 73 of the Annual Report.

The total return column of this statement is the profit and loss account of the company. The supplementary revenue return and capital return columns are both prepared under the guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The net profit for the year disclosed above represents the company's total comprehensive income.

**Statement of Changes in Equity**  
for the year ended 31 January 2026

	Called up share capital £'000s	Share premium account £'000s	Capital redempti on £'000s	Capital reserve £'000s	Revenue reserve £'000s	Total £'000s
Net assets at 1 February 2025	37,106	228,726	293	555,757	27,940	849,822
Revenue profit	-	-	-	-	45,314	45,314
Dividends on ordinary shares	-	-	-	-	(43,340)	(43,340)
Capital profit	-	-	-	117,094	-	117,094
Shares repurchased into treasury during the year	-	-	-	(4,426)	-	(4,426)
<b>Net assets at 31 January 2026</b>	<b>37,106</b>	<b>228,726</b>	<b>293</b>	<b>668,425</b>	<b>29,914</b>	<b>964,464</b>
Net assets at 1 February 2024	37,081	228,174	293	495,155	26,819	787,522
Revenue profit	-	-	-	-	43,671	43,671
Dividends on ordinary shares	-	-	-	-	(42,576)	(42,576)
Unclaimed dividends	-	-	-	-	26	26
Capital profit	-	-	-	60,602	-	60,602
Shares issued during the year	25	552	-	-	-	577
<b>Net assets at 31 January 2025</b>	<b>37,106</b>	<b>228,726</b>	<b>293</b>	<b>555,757</b>	<b>27,940</b>	<b>849,822</b>

**Balance Sheet**  
at 31 January 2026

	2026 £'000s	2026 £'000s	2025 £'000s
<b>Fixed assets</b>			
Investments held at fair value through profit or loss		1,056,366	954,514
<b>Current assets</b>			
Other receivables	1,463		1,891
Cash at bank and in hand	26,079		15,604
	<b>27,542</b>		<b>17,495</b>
<b>Current liabilities</b>			
Other payables	(1,930)		(5,167)
Derivative financial instruments	(668)		(239)
	<b>(2,598)</b>		<b>(5,406)</b>
Net current assets		24,944	12,089
<b>Total assets less current liabilities</b>		<b>1,081,310</b>	<b>966,603</b>
Creditors: amounts falling due after more than one year		(116,846)	(116,781)
<b>Total net assets</b>		<b>964,464</b>	<b>849,822</b>
<b>Capital and reserves</b>			
Called up share capital		37,106	37,106
Share premium account		228,726	228,726
Capital redemption reserve		293	293
Capital reserve		668,425	555,757
Revenue reserve		29,914	27,940
<b>Equity shareholders' funds</b>		<b>964,464</b>	<b>849,822</b>
<b>Net asset value per ordinary share</b>		<b>653.3p</b>	<b>572.6p</b>

The financial statements of The Merchants Trust PLC on pages 64 to 67 of the Annual Report were approved and authorised for issue by the board of directors on 1 April 2026 and signed on its behalf by:

*Colin Clark*  
Chairman

**Cash Flow Statement**  
for the year ended 31 January 2026

	2026 £'000s	2025 £'000s
<b>Operating activities</b>		
Profit before finance costs and taxation <sup>1</sup>	168,703	110,464
Less: gains on investments held at fair value	(123,695)	(67,746)
Add: losses on derivatives	429	182
Proceeds from special dividend credited to capital <sup>2</sup>	-	565
Add (less): losses (gains) on foreign currency	91	(43)
Purchase of fixed asset investments held at fair value through profit or loss	(287,031)	(221,421)
Sales of fixed asset investments held at fair value through profit or loss	306,614	212,511
Transaction costs	(1,319)	(1,180)
Decrease in other receivables	388	72
Increase (decrease) in other payables	382	(184)
Less: overseas tax suffered	(381)	(534)
<b>Net cash inflow from operating activities</b>	<b>64,181</b>	<b>32,686</b>
<b>Financing activities</b>		
Interest paid	(5,806)	(5,845)
Issue costs in relation to the 5.91% Fixed Rate Notes 2040	-	(150)
Proceeds from 5.91% Fixed Rate Notes 2040 A	-	25,000
Proceeds from 5.91% Fixed Rate Notes 2040 B	-	25,000
Repayment of Revolving Credit Facility	-	(42,000)
Dividend paid on cumulative preference stock	(43)	(43)
Dividends paid on ordinary shares	(43,340)	(42,576)
Unclaimed dividends over 12 years	-	26
Shares repurchased into treasury during the year	(4,426)	-
Share issue proceeds	-	577
<b>Net cash outflow from financing activities</b>	<b>(53,615)</b>	<b>(40,011)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>10,566</b>	<b>(7,325)</b>
Cash and cash equivalents at the start of the year	15,604	22,886
Effect of changes in foreign exchange rates	(91)	43
Cash and cash equivalents at the end of the year	26,079	15,604
<b>Comprising:</b>		
Cash at bank and in hand	26,079	15,604

<sup>1</sup> Cash inflow from dividends was £47,898,000 (2025: £46,700,000) and cash inflow from interest was £403,515 (2025: £280,000).

<sup>2</sup> Tyman dividend paid in relation to the acquisition by Quanex Building Products.

## Notes

### **Note A**

The financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments held at fair value through profit or loss and in accordance with applicable United Kingdom law and UK Accounting Standards (UK GAAP), including Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and in line with the Statement of Recommended Practice ‘Financial Statements of Investment Trust Companies and Venture Capital Trusts’ issued by the Association of Investment Companies (AIC SORP) in July 2022.

### **Note B**

Earnings per ordinary share is based on a weighted number of Ordinary shares in issue of 148,198,321 (2025: 148,372,564).

### **Note C**

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of revenue and capital nature has been presented alongside the Income Statement. In accordance with the company’s Articles of Association, net capital returns may be distributed by way of dividend.

### **Note D**

The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the company consist mainly of securities, which are readily realisable and significantly exceed liabilities. Accordingly, the directors believe that the company has adequate financial resources, to continue in operational existence for the foreseeable future. The directors have also considered the risks and consequences of unanticipated shocks on the company, including geopolitical and macroeconomic events and have concluded that the company has the ability to continue in operation and meet its objectives for twelve months after the approval of the financial statements.

### **Note E**

As the company’s business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, financial assets are designated as held at fair value through profit or loss in accordance with FRS 102 Section 11: ‘Basic Financial Instruments’ and Section 12: ‘Other Financial Instruments’. The company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided on this basis to the board.

Investments held at fair value through profit or loss are initially recognised at fair value. After initial recognition, these continue to be measured at fair value, which for quoted investments is either the bid price or the last traded price depending on the convention of the exchange on which the investment is listed. Gains or losses on investments are recognised in the capital column of the Income Statement. Purchases and sales of the financial assets are recognised on the trade date, being the date which the company commits to purchase or sell the assets.

## Note F

					2026 £'000s	2025 £'000s
<b>Dividends paid on ordinary shares</b>						
Third interim dividend 7.3p paid 19 March 2025 (2024: 7.1p)					10,835	10,531
Final dividend 7.3p paid 29 May 2025 (2024: 7.1p)					10,835	10,531
First interim dividend 7.3p paid 22 August 2025 (2024: 7.2p)					10,835	10,679
Second interim dividend 7.3p paid 20 November 2025 (2024: 7.3p)					10,835	10,835
					<b>43,340</b>	<b>42,576</b>

Dividends payable at the year end are not recognised as a liability under FRS 102 Section 32 'Events After the End of the Reporting Period' (see page 69 – Statement of Accounting Policies). Details of these dividends are set out below.

					2026 £'000s	2025 £'000s
Third interim dividend 7.4p paid 19 March 2026 (2025: 7.3p)					10,925	10,835
Final proposed dividend 7.5p payable 27 May 2026 (2025: 7.3p)					11,072	10,835
					<b>21,997</b>	<b>21,670</b>

The declared final dividend accrued is based on the number of shares in issue at the year end. However, the dividend payable will be based on the number of shares in issue on the record date and will reflect any changes in the share capital between the year end and the record date.

All dividends disclosed in the tables above have been paid or are payable from the revenue reserves.

## Note G

### Post Balance Sheet events:

As at 30 March 2026, no further shares have been issued or brought back since the year end. The escalating conflict in the Middle East has impacted global economies and heightened stock market volatility. Since the year end, Merchants' NAV has decreased by 7.9% as at close of business on 30 March 2026.

## Note H

The full annual report will shortly be available to be viewed or downloaded from the company's website at [www.merchantstrust.co.uk](http://www.merchantstrust.co.uk). Neither the contents of the company's website nor the contents of any website accessible from hyperlinks on the company's website (or any other website) is incorporated into, or forms part of this announcement.

The financial information for the year ended 31 January 2026 has been extracted from the statutory accounts for that year. The auditor's report on these accounts was unqualified and did not contain a statement under either Section 498(2) or (3) of the Companies Act 2006. The annual report has not yet been delivered to the Registrar of Companies.

The financial information for the year ended 31 January 2025 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified and did not contain a statement under either Section 498(2) or (3) of the Companies Act 2006.