

The Merchants Trust PLC

Key information	
Total assets*	£594.4m
Gearing**	24%
No. of shares† (Ordinary 25p)	102,103,936
Net asset value†	459.8p
Net asset value (debt at market value)†	427.1p
Premium/-discount to NAV†	-9.63%
Premium/-discount to NAV (debt at market value)†	-2.7%
Share price *	415.5p
Net yield ††	4.4%
AITC sector	UK Income Growth
ISIN	GB0005800072
SEDOL	0580007
RIC	MRCH
Year end	31st January
Report and Accounts	Final posted in April, Interim posted in September
AGM	May
Dividends	February, May, August, November
Price information	Financial Times The Daily Telegraph www.allianzglobalinvestors.co.uk
Board of Directors	Hugh Stevenson (Chairman), Sir John Banham, Dick Barfield, Sir Bob Reid, Joe Scott Plummer
Investor services	020 7065 1407
Brochure request	0800 317 573

* Source: Datastream as at 30.11.05

† Source: Allianz Global Investors as at 30.11.05
Investment trusts are quoted companies listed on the London Stock Exchange. Their share price is determined by factors including demand, or lack of, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

In line with industry best practice, Net Asset Values (NAVs) are now shown that take into account the 'fair value' of debt. NAVs – namely available shareholders' funds divided by the number of shares in issue, with shareholders' funds calculated as the net value of all the company's assets having deducted liabilities – are now calculated after allowing for the valuation of debt at fair value or current market price, rather than at final repayment value. Most professional advisers and institutional investors already allow for fair value of debt when assessing NAV and discount information, so this change provides private investors with information which takes into account a more realistic impact of the cost of debt and thus a more realistic discount.

** Source: Datastream as at 30.11.05
Please also refer to Trust aim & characteristics, above right.

†† Source: Close WINS as at 30.11.05

Trust aim & characteristics

To provide an above average level of income and income growth together with long term growth of capital through a policy of investing mainly in higher yielding UK FTSE 100 companies.

**Merchants seeks to enhance returns for its shareholders through gearing, in the form of bank borrowings, to buy more investments. Gearing can boost the Trust's returns when investments perform well, though losses can be magnified when investments do badly. You should be aware that this Trust may be subject to sudden and large falls in value and you could suffer substantial capital loss.

Fund manager's review

November was another good month for UK equities with the FTSE 100 Index rising by 3.2%. The Index is now up about 13% so far this year. This latest move completely negates October's weakness and was partly prompted by further take-over activity. The Trust has done particularly well from the life assurance and real estate sectors, whilst the under-weighting in telecoms, particularly Vodafone, has been helpful. Looking at individual shares, Tate & Lyle and Lonmin have been particularly firm whilst Persimmon benefited considerably from its bid for Westbury. More negatively Scottish Power suffered from the breakdown of bid talks. Dividend growth, both overall and for the Trust, has continued in a very positive vein. This suggests there will be further good investment opportunities going into the New Year.

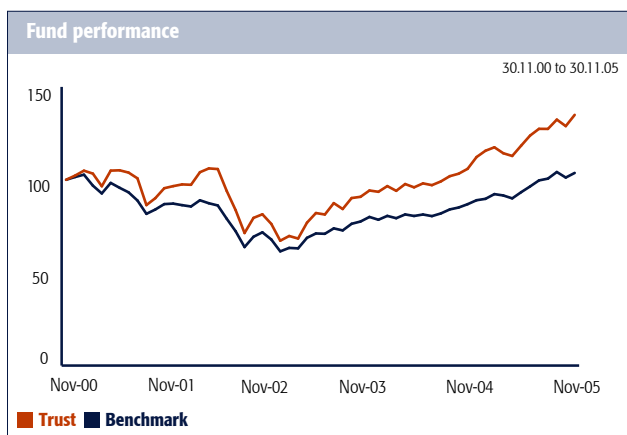


Nigel Lanning

Top 10 holdings

Name	%
BP	8.5
Royal Dutch Shell "B" Shares	7.5
HSBC	7.5
Glaxosmithkline	5.7
Royal Bank of Scotland Group	4.0
Lloyds TSB Group	3.6
HBOS	3.4
BT Group	3.0
Barclays	2.5
Vodafone Group	2.3
TOTAL	47.9

Source: Allianz Global Investors as at 30.11.05

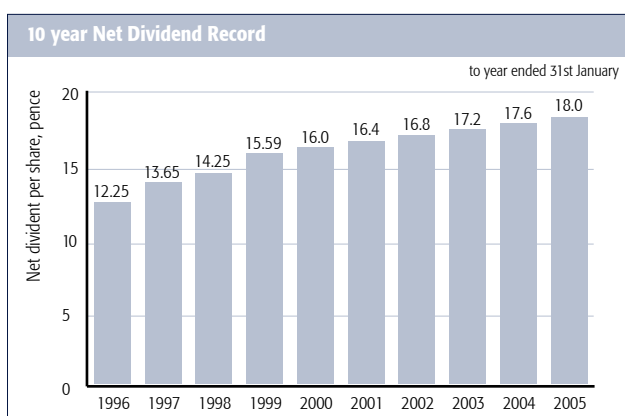


Source: Allianz Global Investors/ Russell/ Mellon. 30th November 2000 to 30th November 2005, Total Return, net income reinvested, calculation indexed. UK Sterling. Please remember that past performance is not a guide to future performance. The value of an investment and the income from it can fall as 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 a lower capital return.

Standardised past performance

From	30/09/00	30/09/01	30/09/02	30/09/03	30/09/04
To	30/09/01	30/09/02	30/09/03	30/09/04	30/09/05
Share price	-3.2%	-7.5%	14.7%	-12.9%	31.1%

Source: Allianz Global Investors/S&P Micropal. Discrete years, mid to mid, basic rate tax, based in UK sterling. Standardised past performance figures comply with the Financial Services Authority's regulations to enable investors to compare different products from different providers.



Source: Allianz Global Investors

History

The Trust was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it principally invested in the fixed interest securities of railway companies in the USA, Canada and South America, with the remainder held in Government securities and companies such as Castlemain Brewery in New South Wales. The Trust now concentrates primarily upon major UK companies with an above average rate of dividend yield.

Launch date: 1889. **Wind-up date:** None.

Share buybacks

230,000 shares have been repurchased for cancellation to date.