

As focused on dividends as you are

The Merchants Trust PLC

Factsheet

31 January 2016

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 UK FTSE 100 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. Today the Trust is managed by Simon Gergel and invests 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 33 years.

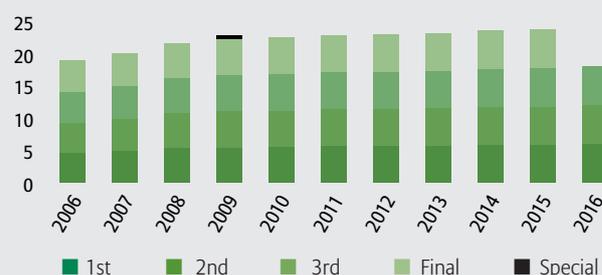
Morningstar Rating™



Morningstar, Inc. All rights reserved. The information given here: (1) is protected by copyright for Morningstar and/or its content providers; (2) may

Ten Year Dividend History

Net Dividend Record in Pence per Share to year end 31 January



Last Four Net Dividend Payments per Share

Record Date	Pay Date	Dividend	Type
29.01.2016	24.02.2016	6.00p	3rd Quarterly
09.10.2015	12.11.2015	6.00p	2nd Quarterly
17.07.2015	14.08.2015	6.00p	1st Quarterly
24.04.2015	22.05.2015	6.00p	Final

Past performance is not a reliable indicator of future results.

not be reproduced or distributed; and (3) is not guaranteed to be accurate, complete or up-to-date. Neither Morningstar nor its content providers shall be liable for any losses or damage that result from use of this information.

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

Total Assets £603.2m **Shares in Issue** 108,728,464 (Ordinary 25p)

Share Price

414.0p

Source: Lipper

NAV per Share

425.7p

Premium/-Discount

-2.7%

Dividend Yield

5.8%

Gearing

22.7%

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 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.

Allianz 
Global Investors

All data source Allianz Global Investors as at 31.01.16 unless otherwise stated.

Allianz Global Investors GmbH, UK Branch, 199 Bishopsgate, London EC2M 3TY

Fund Manager's Review

January was a difficult month for financial markets, with stock markets falling sharply for the first three weeks before staging a strong recovery in the last few days. A large number of potential issues were cited by investors, all of which could be factors in explaining the volatility. To name just three, there were concerns over slowing growth in China, the turn in the US interest rate cycle and the fall in the price of oil, leading to liquidation of investments by sovereign wealth funds in oil producing countries.

Towards the end of the month, the Japanese Central Bank announced a surprise move to introduce negative interest rates on certain deposits. This stimulus, together with a sharp recovery in the oil price, helped markets to rally, paring back their losses.

Overall, the FTSE 100 Index gave a total return of -2.5%. Medium sized companies underperformed, with a return of -5.3% for the FTSE 250 Index. The best performing sectors included food retail, as Tesco rallied after relatively strong Christmas trading, and defensive sectors like tobacco, personal goods, telecoms and utilities. Oil & gas producers also had a strong month, with oil shares picking up significantly once the oil price started to bounce after 20 January. The worst performing sectors were generally cyclical, including banks, financial services, life insurance and mining.

The Trust portfolio underperformed the broader stock market and the Trust's NAV returned -3.1%. A modest exposure to some of the more defensive sectors was the most notable feature. The biggest positive stock contributions came from GlaxoSmithKline,

“ As we enter the new financial year for the Merchants Trust, the stock market is trading near its lowest level for three years, offering good value in aggregate.

which outperformed, and from underweight positions in Shire and Barclays which both underperformed. The biggest negatives were copper miner Antofagasta, which fell back with the weak copper price, and not owning BG or Unilever which both outperformed.

We consolidated some higher conviction positions within the portfolio. We added to Marks & Spencer which has fallen back significantly after a difficult Christmas for clothing and now offers exceptional value. We also added to IG Group and Tate & Lyle after encouraging updates from both companies. Conversely, we sold the remaining positions in Britvic and Smiths Group. Britvic has been re-rated to a full valuation, where we see less scope for future outperformance. Smiths Group owns a collection of strong companies but there is a challenging outlook for their



Simon Gergel, Portfolio Manager

The Merchants Trust PLC is managed by Simon Gergel who is Chief Investment Officer at AllianzGI and has 27 years investment experience. He is pictured here with Matthew Tillet, UK equity 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.

largest business, supplying engineering seals to the oil and process industries.

As we enter the new financial year for The Merchants Trust, the stock market is trading near its lowest level for three years, offering good value in aggregate. However, within the market there is a wide disparity between perceived safe havens, such as food producers, beverages and regulated utilities, which are trading on high valuations, and cyclical areas such as oil & gas, mining and banks, which are trading at low or even distressed levels. We see little value in the defensive areas but see good investment opportunities amongst the oil and gas majors, and selectively, within mining and banks. We are also finding value in recovery sectors such as UK construction, industrial property, recruitment and certain emerging market related stocks.

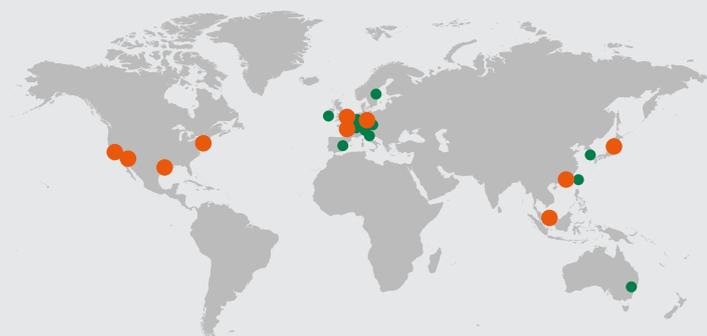
Simon Gergel
2 February 2016

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.

About Allianz Global Investors

Allianz Global Investors is a diversified active investment company managing €427 billion (as at 30.09.15) in assets worldwide. AllianzGI employs more than 500 investment professionals in 24 cities in 18 countries and uses specialised in-house researchers around the world to carry out in-depth analysis across economic and industrial sectors. These analysts conduct over 5,000 meetings each year with companies that represent potential investments, feeding back their insights to the portfolio managers and their teams.

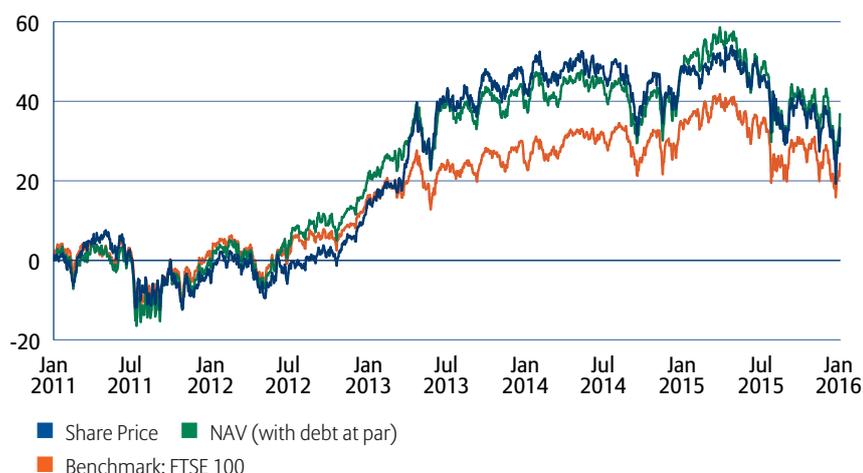
Portfolio managers also benefit from GrassrootsSM Research, a global network of over 300 independent, experienced journalists and field force researchers, and over 50,000 industry contacts to identify stock and sector trends before our competitors do.



- Global centres of investment expertise
- Investment and client service offices

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	-4.5	-8.7	-9.8	16.7	33.4
NAV	-3.0	-7.9	-7.3	13.2	36.8
Benchmark	-3.8	-7.6	-6.5	8.0	24.4

Discrete 12 Month Returns (%) to 31 January

	2012	2013	2014	2015	2016
Share Price	-5.4	20.8	25.2	3.4	-9.8
NAV	-1.6	22.9	14.8	6.3	-7.3
Benchmark	0.4	14.8	7.5	7.4	-6.5

Source: Lipper, percentage growth, mid to mid, total return to 31.01.16. Copyright 2016 © Lipper, a Thomson Reuters company. All rights reserved. Lipper 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	25.2	
Consumer Services	19.2	
Industrials	13.8	
Oil & Gas	11.3	
Utilities	10.4	
Health Care	7.5	
Consumer Goods	7.1	
Telecommunications	3.4	
Basic Materials	2.1	

Geographic Breakdown (%)

UK 100.0



Top Ten Holdings (%)

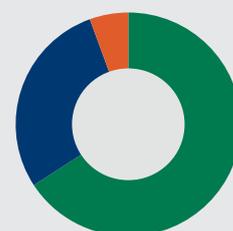
GlaxoSmithKline	7.4
Royal Dutch Shell "B" Shares	6.3
HSBC	6.1
BP	4.9
UBM	4.8
Lloyds Banking Group	3.4
BAE Systems	3.4
Inmarsat	3.4
National Grid	2.8
Tate & Lyle	2.7

Total number of holdings* 45

*Excludes derivatives

Market Cap Breakdown (%)

FTSE 100	65.8	
FTSE 250	28.6	
FTSE Smaller Companies	5.6	



Key Information

Launch Date	16 February 1889
AIC Sector	UK Equity Income
Benchmark	FTSE 100
Annual Management Charge	0.35%
Performance Fee	No
Ongoing Charges ¹	0.59%
Year End	31 January
Annual Financial Report	Final posted in April, Half-yearly posted in September
AGM	May
NAV Frequency	Daily
Dividends	February, 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 (31.01.2015). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses incurred in the running of the company but excluding financing costs.

Board of Directors

Left to right: Sybella Stanley, Simon Fraser (Chairman), Paul Yates, Mary Ann Sieghart, Mike McKeon (Chairman of the Audit Committee and Senior Independent Director)



How to invest

The Trust is a UK public limited company traded openly on the stock market and you can purchase shares through a stock broker. Shares in the Trust can be held within an ISA, JISA, SIPP and/or savings scheme. A number of providers offer this facility, a list of which is available on our website.

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.



Allianz 
Global Investors

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 31.01.16 unless otherwise stated.

This is a marketing communication issued by Allianz Global Investors GmbH, an investment company with limited liability, incorporated in Germany, with its registered office at Bockenheimer Landstrasse 42-44, D-60323 Frankfurt/M, registered with the local court Frankfurt/M under HRB 9340, authorised by Bundesanstalt für Finanzdienstleistungsaufsicht (www.bafin.de). Allianz Global Investors GmbH has established a branch in the United Kingdom, Allianz Global Investors GmbH, UK branch, which is subject to limited regulation by the Financial Conduct Authority (www.fca.org.uk). Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.