

The Merchants Trust PLC

Interim Management Statement

For the quarter ended 31 October 2010

This interim management statement relates to the quarter from 1 August 2010 to 31 October 2010 and contains information for that period unless otherwise stated. This statement is produced to provide information in accordance with the UK Listing Authority's Disclosure and Transparency Rules.

Investment objective

The objective of The Merchants Trust is 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.

Portfolio

Top ten holdings at 31 October 2010

	£	%
Royal Dutch Shell	48,829,351	8.95
GlaxoSmithKline	38,311,495	7.03
HSBC	33,309,644	6.11
Vodafone Group	30,374,700	5.57
BP	28,517,814	5.23
BAE Systems	20,216,441	3.71
AstraZeneca	19,925,527	3.65
Scottish & Southern Energy	19,658,650	3.60
BHP Billiton	19,633,745	3.60
British American Tobacco	18,662,181	3.42
Total Gross Assets	545,328,885	

Material events and transactions

The second quarterly dividend of 5.7p per share was declared on 15 September 2010 and will be paid on 11 November to shareholders on the register on 8 October 2010.

There were no changes to the Company's share capital over the period. The number of ordinary shares in issue at the beginning and end of the period is 103,213,464.

The Company is not aware of any significant events or transactions which have occurred between 31 October and the date of this report which would have a material impact.

Financial Performance to 31 October 2010

	% change					
	3 m	6m	1yr	3yr	5yrs	10yrs
Share price*	10.9	15.7	30.3	-6.2	28.8	83.6
Net Asset Value*	11.9	6.9	20.1	-16.0	19.2	52.9
Benchmark# *	8.8	3.9	16.5	-5.1	28.5	24.2

* Total return with net dividends reinvested and net of fees.

FTSE 100 Total Return

Source: Datastream

Financial position at 31 October 2010 and 8 November 2010

	31 October	8 November
Total assets ¹	£538,807,729	£551,662,528
Net assets	£421,748,021	£434,602,819
Share price	388.0p	399.0p
Net asset value ²	408.6p	421.1p
Discount ³	5.0%	5.2%
Net gearing ⁴	25.5%	25.3%
Yield	5.9%	5.7%

¹Total assets are stated net of current liabilities.

²Capital and income net asset values are calculated and announced daily.

³The discount is the difference between the share price and the NAV (debt at book value) per share expressed as a percentage of the NAV per share.

⁴Net gearing is borrowings net of cash.

Company Information

Launch date	1889
EPIC	MRCH
Year end	31 January
Report and Accounts	Final posted April, Half-yearly posted September
AGM	May
Dividends paid	February, May, August and November
Price Information	Financial Times, The Daily Telegraph, www.merchantstrust.co.uk www.rcm.co.uk

Investor information

Further up to date information, including Net Asset Values and share prices, and the latest available fact sheets and portfolio information, is provided on the Manager's website, which can be accessed via www.merchantstrust.co.uk or www.rcm.co.uk. Investor services can be contacted on 020 7065 1407 and information can also be obtained from the Manager's helpline on 0800 317 573.

10 November 2010