

As focused on dividends as you are

The Merchants Trust PLC

Factsheet

30 November 2015

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.

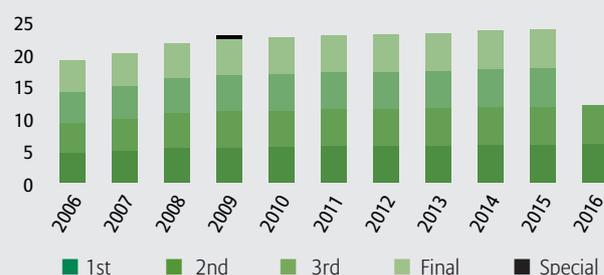
Morningstar Rating™



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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
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
30.01.2015	25.02.2015	6.00p	3rd Quarterly

Past performance is not a reliable indicator of future results.

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

Total Assets £632.1m **Shares in Issue** 108,728,464 (Ordinary 25p)

Share Price

437.8p

Source: Lipper

NAV per Share

444.0p

Premium/-Discount

-1.4%

Dividend Yield

5.48

Gearing

19.9%

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.

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All data source Allianz Global Investors as at 30.11.15 unless otherwise stated.

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Fund Manager's Review

November was a relatively quiet month for the equity market ahead of important interest rate decisions due in December from the European Central Bank and the US Federal Reserve Board. There was a heightened focus on security and defence, following terrorist atrocities in Paris and the shooting down of a Russian fighter jet in Turkey. In addition, the announcement of the UK Strategic Defence and Security Review reaffirmed the UK's commitment to spending 2% of national output on defence spending.

The stock market ended the month with a total return of 0.3% on the FTSE 100 Index. Industrial, technology and telecommunications sectors led the market with strong gains, whilst the worst performing sectors included mining, food retail, real estate and electricity.

There was an interesting deal announced within the inter-dealer broker market, which benefitted our investment in ICAP, with the shares rallying by 16% over the month. ICAP agreed to sell their voice broking and related businesses to Tullett Prebon in exchange for a majority stake in the enlarged Tullett Prebon group, with most of the new shares being distributed directly to ICAP shareholders. There are several benefits from this deal. ICAP were paid an attractive price for their business, reflecting its strong market position and technology platforms. Consolidation of voice broking is welcome, as this business has been under structural pressure

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since the financial crisis. The merger should drive significant synergy benefits, which will accrue to shareholders in both companies, as well as capital benefits for ICAP. Finally, the new ICAP will be predominantly focused on electronic trading platforms, risk and information services, and financial technology investments. These are good quality businesses with typically high profit margins and attractive growth opportunities.

The portfolio's equity performance was modestly ahead of the FTSE 100 Index in the month, before the effects of gearing, which resulted in the Trust's NAV returning 0.27%. The biggest positive contributions came from Inmarsat and BAE Systems, which were the two best performing stocks in the FTSE 100 Index. Inmarsat posted robust financial results and also benefitted, in particular, from rising hopes for new data services to airline customers. BAE benefitted from expectations for rising defence spending, as well as seeing only a modest impact from the much anticipated slowdown in Eurofighter production. Other strong performers included ICAP, William Hill and Pennon.

The biggest negative impact came from the oil and engineering services firm Amec Foster Wheeler, which had a profit warning and announced a halving of its final dividend next year. Industrial distributor Brammer also warned over trading and fell sharply. In addition, the Fund was impacted by not owning AstraZeneca or Vodafone which both outperformed.



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.

There were two significant trades in the portfolio. We sold Amec Foster Wheeler after their profit warning. Whilst industry conditions have clearly been difficult for some time, the latest downgrade to expectations undermined our confidence in the quality and resilience of the business. It also called into question the strength of the balance sheet.

We bought one new company, Equiniti, after its IPO on the stock exchange. Equiniti is a technology based, white collar, outsourcing company specialising in the administration of share registers, pension plans and a number of related services, primarily for FTSE 100, FTSE 250 companies and UK public sector bodies. It has a long standing customer base and a strong competitive position. The shares were priced very attractively with a high free cash flow yield and a reasonable dividend yield in 2016.

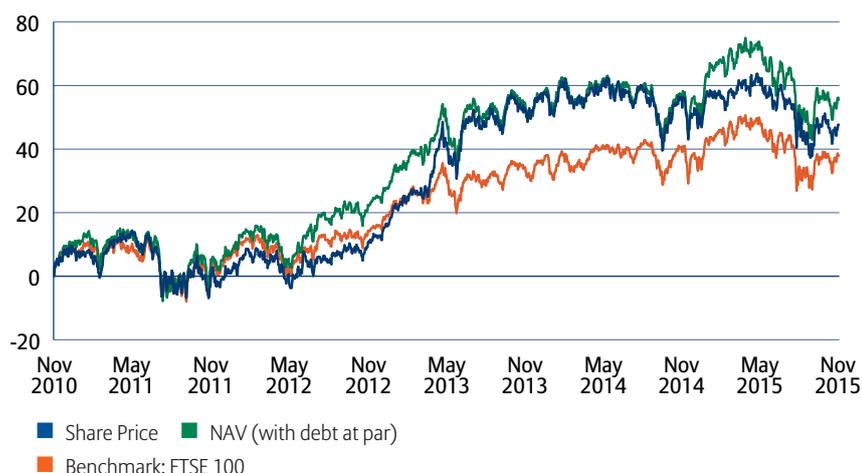
The UK stock market has now moved broadly sideways since early 2013. Over that period we have seen a strong revaluation of companies that have defensive and growth characteristics. Many such businesses now look fully valued and we have limited exposure within the portfolio to sectors like household goods, personal goods and tobacco. However we see value in several "mega-caps", which have lagged behind the market over this period, particularly the oil majors BP and Shell as well as GlaxoSmithKline and HSBC. We also see good opportunities amongst recovery situations, where the stock market often underprices businesses with good long term prospects but shorter term uncertainty.

Simon Gergel
8 December 2015

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 (%)



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	-1.8	-8.9	-5.5	33.2	47.8
NAV	1.2	-9.7	-1.1	27.3	55.5
Benchmark	2.5	-7.3	-1.9	20.7	37.9

Discrete 12 Month Returns (%) to 30 November

	2011	2012	2013	2014	2015
Share Price	0.4	10.5	37.3	2.6	-5.5
NAV	5.3	16.1	26.2	1.9	-1.1
Benchmark	3.2	10.7	17.5	4.7	-1.9

Source: Lipper, percentage growth, mid to mid, total return to 30.11.15. Copyright 2015 © 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.

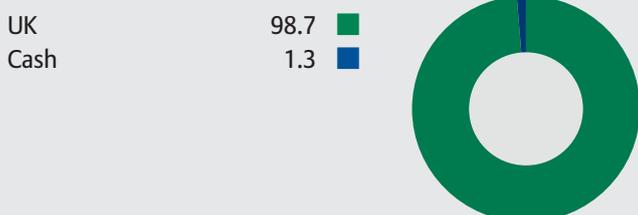
Past performance is not a reliable indicator of future returns. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount 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 (%)



Geographic Breakdown (%)



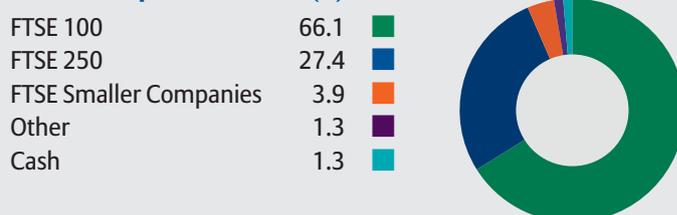
Top Ten Holdings (%)

GlaxoSmithKline	6.8
Royal Dutch Shell "B" Shares	6.6
HSBC	6.4
BP	4.9
UBM	4.5
Lloyds Banking Group	3.7
BAE Systems	3.3
Inmarsat	3.3
National Grid	2.5
Pennon Group	2.5

Total number of holdings* 47

*Excludes derivatives

Market Cap Breakdown (%)



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.



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