

23 June 2020

THE MERCHANTS TRUST PLC
Year ending 31 January 2021

First interim dividend

The board has declared a first interim dividend of 6.8p per share, payable on 19 August 2020 to holders on the register at the close of business on 10 July 2020. This dividend is in line with the fourth interim dividend paid last year, and represents an increase of 1.5% on the first dividend paid last year.

A key objective of the company is to pay an increasing dividend each year. There have been a large number of dividend cuts in the stock market, including within the investment portfolio, due to the coronavirus pandemic. Taking these into account, the income received by the company will be significantly lower both this year and probably next year compared to the last financial year.

The company has more than one year's total dividend payment in revenue reserves, which the board is prepared to use to cover any shortfalls. The great advantage of investment trusts is that they can put away money in good times for use in bad times. The board has prudently built up the company's revenue reserves and considers that these are exactly the kind of times in which reserves should be called upon.

A Dividend Reinvestment Plan (DRIP) is available for this dividend and the relevant Election Date is 24 July 2020.