

The Merchants Trust PLC

Interim Management Statement

For the quarter ending 31 October 2008

This interim management statement relates to the quarter from 1 August 2008 to 31 October 2008 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 2008

	£	%
Royal Dutch Shell	49,297,314	10.86
GlaxoSmithKline	39,129,930	8.62
BP	36,663,355	8.08
Vodafone Group	35,516,484	7.83
HSBC	33,528,000	7.39
BAE Systems	16,552,685	3.65
Scottish & Southern Energy	13,888,850	3.06
Astrazeneca	13,807,500	3.04
Centrica	13,732,950	3.03
British American Tobacco	13,587,930	2.99
	49,297,314	10.86
Total Gross Assets	453,838,087	

Material events and transactions

The second quarterly dividend of 5.6p per share was declared on 16 September 2008 and will be paid on 13 November to shareholders on the register on 10 October 2008.

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 102,813,464.

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 2008

	% change					
	3 m	6m	1yr	3yr	5yrs	10yrs
Share price*	-22.7	-30.9	-39.7	-17.1	14.1	21.2
Net Asset Value*	-23.7	-34.3	-43.7	-20.1	12.6	20.7
Benchmark# *	-18.3	-26.7	-32.3	-8.4	21.5	9.7

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

FTSE 100 Total Return

Source: Datastream

Financial position at 31 October 2008 and 7 November 2008

	31 October	7 November
Total assets ¹	£447,342,296	£448,505,678
Net assets	£330,313,692	£331,477,074
Share price	288.0p	306.0p
Net asset value ²	310.7p	311.0p
Discount ³	7.3%	1.6%
Net gearing ⁴	32.4%	29.8%
Yield	7.6%	7.2%

¹Total assets are stated net of current liabilities.

²Capital net asset values are calculated and announced weekly.

³ The 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.

⁴ Net gearing is borrowings net of cash.

Company Information

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

12 November 2008