

The Merchants Trust PLC

Factsheet

30 April 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 Trust 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, with the remainder held in Government securities and companies such as Castlemaine Brewery in Australia. The Trust now concentrates primarily on major UK companies with an above average rate of dividend yield.

Fund Manager's Review



Simon Gergel

Attention in the UK in April was focused on the forthcoming General Election. Opinion polls showed little to choose between the Conservative and Labour parties. Despite this uncertainty, the Stock market rose over the month. Share prices were led by oil and mining related industries as commodity prices bounced back up from depressed levels. The Brent oil price rose by over 20% from

\$55 to \$67 with the first signs that US oil production growth has slowed after sharp cuts in the number of active drilling rigs. The weakest sectors included consumer areas like food retail, travel & leisure and beverages as well as healthcare and pharmaceuticals.

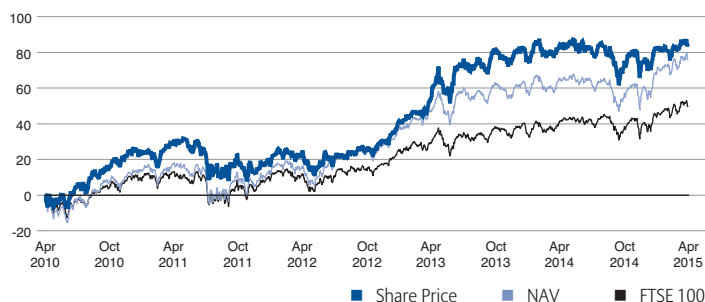
The biggest corporate news was the agreed bid for BG group from Royal Dutch Shell, taking advantage of the depressed valuations in the sector. BG will cement Shell's leading position in the global LNG market and gives them a significant stake in attractive Brazilian assets. Cost synergies and the ability to optimise the overall portfolio and reduce aggregate capital expenditure should more than offset the issuance of new Shell shares. The Trust has a large investment in Shell and we are supportive of the rationale for this deal.

Kier, the construction services company, also announced a rights issue to buy Mouchel. This brings them a leading position in highways maintenance where there is significant growth in spending, to complement Kier's existing position in local authority road maintenance and construction.

The Trust's NAV (+3.64%) outperformed its benchmark (+3.15%). Investment performance was dominated by specific stock considerations. On the positive side the Trust benefitted from strong gains at the mid-caps UBM, Inmarsat and Sthree. On the other hand not owning BG was the main negative factor as the shares rallied by over 40%. The cruise company Carnival also retreated, as oil prices rose, giving back some of its previous strength.

We bought a new position in Antofagasta, a low cost copper producer. Copper is an attractive commodity as supply is limited and increasingly expensive to develop whilst demand is broadly spread. Over time supply constraints should lead to a price recovery from depressed levels. The company has one of strongest balance sheets in the sector and is reasonably priced. We reduced the BHP Billiton position where the commodity exposure is less favourable. Elsewhere the remaining position in Hammerson was sold for a good profit after the retail property company had been significantly revalued since our purchase.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	1.6	5.5	0.5	51.3	85.0
NAV	5.3	12.0	6.9	53.5	76.2
FTSE 100	4.5	8.3	6.4	35.5	50.0

Discrete Performance (%)

From To	30.04.10 29.04.11	29.04.11 30.04.12	30.04.12 30.04.13	30.04.13 30.04.14	30.04.14 30.04.15
Share Price	29.6	-5.7	25.4	20.1	0.5
NAV	17.5	-2.3	27.7	12.5	6.9
FTSE 100	12.9	-2.0	16.4	9.3	6.4

Source: Lipper, percentage growth, mid to mid, total return to 30.04.15. Benchmark: FTSE 100 Index.

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.

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Fund Manager's Review (continued)

Looking forward, the surprise General Election result, with the Conservatives winning an overall majority, provides greater certainty over the likely direction of economic policy which should reassure financial markets. However a commitment to an EU referendum may impact investment into the UK from abroad. The multi-national nature of many of the Trust's investments should mitigate this risk.

All data source Allianz Global Investors as at 30.04.15 unless otherwise stated.

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

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.

Allianz 
Global Investors

Capital Structure

Total Assets:	£696.2m
Gearing (net) ¹ :	16.9%
Shares in Issue:	108,728,464 (Ordinary 25p)
Share Price ¹ :	486.0p
Net Asset Value ² :	526.3p ³ (499.1p ⁴ – debt at market value)
Premium/-Discount to NAV:	-7.7% (-2.6% – debt at market value)
NAV Frequency	Daily
Dividend Yield ⁵ :	4.90%

¹Gearing in form of two long-term debentures.

1. Source: Lipper as at 30.04.15, market close mid price.

2. A trust's Net Asset Value (NAV) 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.

3. Capital net asset value per ordinary share based on the par value of the company's long term debt and preference shares.

4. Capital net asset value per ordinary share based on the fair/market value of the company's long term debt and preference shares. This allows for the valuation of debt at fair value or current market price, rather than at final repayment value.

5. Source: Datastream as at 30.04.15. Calculated using the latest full year dividend divided by the current share price.

Key Information

Launch Date:	16 February 1889
AIC Sector:	UK Equity Income
Benchmark:	FTSE 100 Index
Annual Management Charge:	0.35%
Performance Fee:	No
Ongoing Charges ⁶ :	0.59%
Year end:	31 January
Annual Financial Report:	Final posted in April, Half-yearly posted in September
AGM:	May
Dividends:	February, May, August, November
Price Information:	Financial Times, The Daily Telegraph, www.merchantstrust.co.uk

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

Company Secretary	Kirsten Salt	
Investment Manager	Simon Gergel, CIO, UK Equities	
Codes:	RIC:	MRCH.L
	SEDOL:	0580007

6. 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.

Risks & 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.

Sector Breakdown (%)

Financials	20.3
Consumer Services	17.7
Oil & Gas	15.4
Industrials	12.8
Consumer Goods	9.7
Utilities	9.0
Health Care	5.8
Telecommunications	3.7
Basic Materials	3.4
Cash	2.2

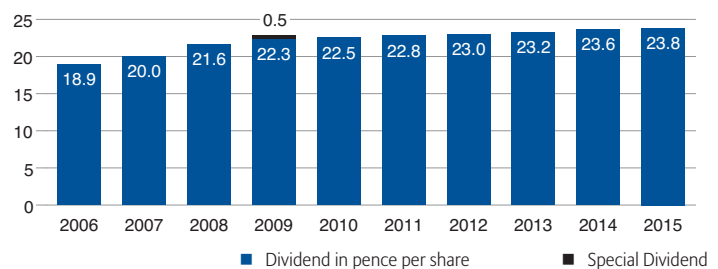
Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	7.5	British American Tobacco	4.2
HSBC	6.3	Inmarsat	3.7
GlaxoSmithKline	5.7	Scottish & Southern Energy	3.0
BP	5.3	Standard Life	2.8
UBM	4.5	BAE Systems	2.4
Total Number of Holdings	46*		

*excludes derivatives

Dividend History

Ten Year Net Dividend Record in Pence (to year end 31 January)



Past performance is not a reliable indicator of future results.

Net Dividends

	Pay Date	Record Date	Payment
Final dividend	22.05.15	24.04.15	6.0p per share
3rd quarterly dividend	25.02.15	30.01.15	6.0p per share
2nd quarterly dividend	11.11.14	10.10.14	5.9p per share
1st quarterly dividend	14.08.14	12.07.14	5.9p per share

How to Invest

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

Contact Us

If you have any queries regarding our investment trusts our Investor Services team can be contacted on:

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All data source Allianz Global Investors as at 30.04.15 unless otherwise stated.

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