

As focused on dividends as you are

The Merchants Trust PLC

Factsheet

29 February 2016

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.

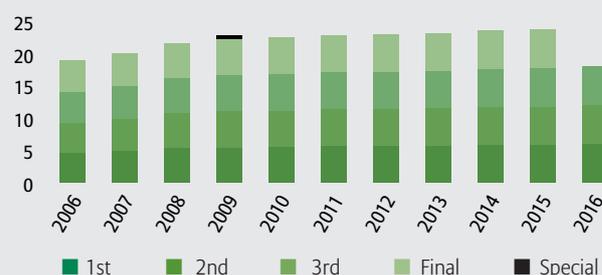
Morningstar Rating™



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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 |
|-------------|------------|----------|---------------|
| 29.01.2016 | 24.02.2016 | 6.00p | 3rd Quarterly |
| 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 |

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 £604.9m **Shares in Issue** 108,728,464 (Ordinary 25p)

Share Price

404.0p

Source: Lipper

NAV per Share

425.2p

Premium/-Discount

-5.0%

Dividend Yield

5.9%

Gearing

21.9%

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 29.02.16 unless otherwise stated.

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

Fund Manager's Review

In February, David Cameron set the date for the UK's Brexit referendum on 23rd June, setting up four months of debate, uncertainty and political infighting. Ahead of this announcement the pound weakened significantly. Royal Dutch Shell completed the large acquisition of BG during the month, with the oil price close to its lowest level for many years.

January's volatility in equity markets continued into February, with concerns about bank balance sheets, US corporate credit defaults and weakening global growth momentum. However, as in January, the UK stock market bounced back later in the month. Over the whole of February, the FTSE 100 index produced a positive total return of 0.8%, identical to the return on the medium sized FTSE 250 index.

There was a wide divergence of sector returns. Mining shares bounced 25% and aerospace & defence, food producers and oil & gas were also strong, with Royal Dutch Shell gaining 10% as they completed the BG deal. Conversely, real estate, life insurance, electricity and banks were weak performers.

The Trust's NAV returned 0.54% over the month. The biggest positive impact on performance came from UBM, which rallied after annual results confirmed robust underlying trading. Strong performances from Antofagasta, Brammer and Hostelworld were also positive factors. On the negative side, Inmarsat was weak, on concerns about rising capital expenditure to fund their growth initiatives. Pennon and ICAP were also weak, whilst Glencore, which the Trust does not own, rose by almost 50% as commodities rallied.

“ Stock market volatility is creating opportunities for long-term investors. Whilst there may be continued volatility ahead of the EU referendum, UK and Western world economies are gradually recovering from the last recession.

Whilst there were no major changes to the structure of the portfolio, we took advantage of the divergence of stock returns to take some profits on strong performers and reinvest into shares offering better value after underperformance. We reduced defensive companies like National Grid and Pennon as well as William Hill, UBM and Greene King. These sales funded additions in financials; Prudential, Equiniti and Hansteen, cyclicals; Kier and Marks & Spencer as well as the food ingredients company Tate & Lyle.

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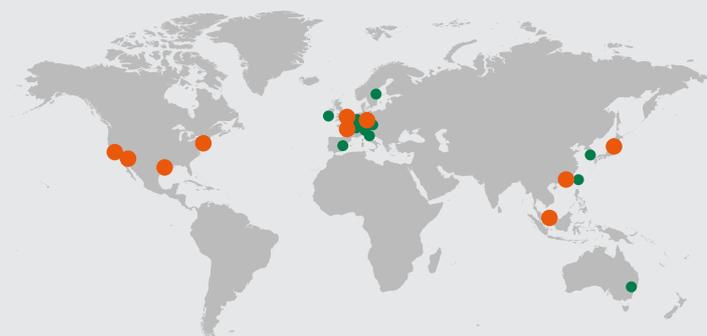
Simon Gergel, Portfolio Manager

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.

EU referendum, UK and Western world economies are gradually recovering from the last recession. With the stock market at lower levels, we can find attractively priced, strong businesses, offering attractive dividend yields, which should generate attractive shareholder returns in the years ahead. Financial and cyclical stocks, in particular, seem to be lowly valued.

Simon Gergel
7 March 2016

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.



- Global centres of investment expertise
- Investment and client service offices

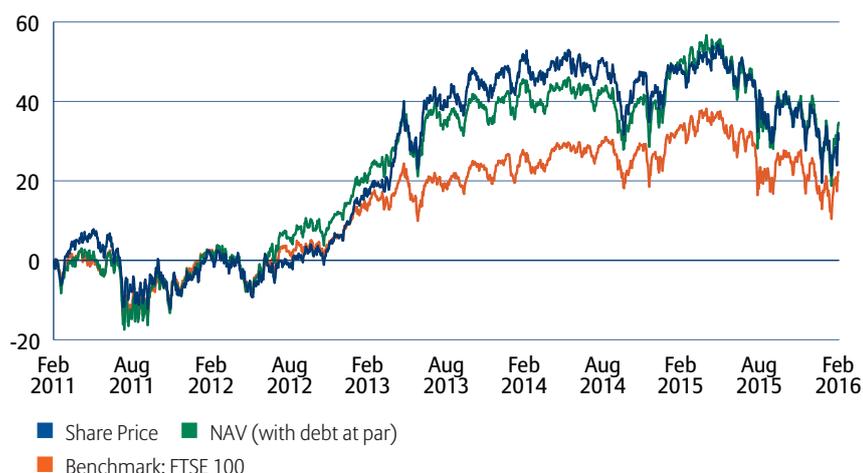
About Allianz Global Investors

Allianz Global Investors is a diversified active investment company managing €442 billion (as at 31.12.15) in assets worldwide. AllianzGI employs more than 500 investment professionals in 24 cities in 18 countries and uses specialised in-house researchers around the world to carry out in-depth analysis across economic and industrial sectors. These analysts conduct over 5,000 meetings each year with companies that represent potential investments, feeding back their insights to the portfolio managers and their teams.

Portfolio managers also benefit from GrassrootsSM Research, a global network of over 300 independent, experienced journalists and field force researchers, and over 50,000 industry contacts to identify stock and sector trends before our competitors do.

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 | -6.3 | -8.0 | -11.4 | 11.1 | 30.5 |
| NAV | -3.3 | -2.1 | -10.4 | 10.9 | 34.7 |
| Benchmark | -3.4 | -0.9 | -8.7 | 7.0 | 22.2 |

Discrete 12 Month Returns (%) to 29 February

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------|------|------|------|------|-------|
| Share Price | 0.2 | 17.2 | 29.2 | -2.9 | -11.4 |
| NAV | 0.8 | 20.5 | 19.6 | 3.4 | -10.4 |
| Benchmark | 1.6 | 12.4 | 11.0 | 5.6 | -8.7 |

Source: Lipper, percentage growth, mid to mid, total return to 29.02.16. Copyright 2016 © 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.

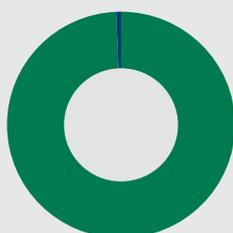
Portfolio Breakdown

Sector Breakdown (%)



Geographic Breakdown (%)

| | |
|------|------|
| UK | 99.3 |
| Cash | 0.7 |



Top Ten Holdings (%)

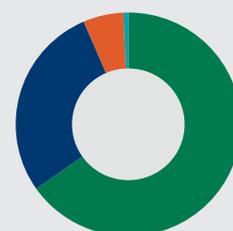
| | |
|------------------------------|-----|
| GlaxoSmithKline | 7.3 |
| Royal Dutch Shell "B" Shares | 6.9 |
| HSBC | 5.8 |
| UBM | 5.3 |
| BP | 4.6 |
| Lloyds Banking Group | 3.8 |
| BAE Systems | 3.4 |
| Inmarsat | 3.0 |
| Tate & Lyle | 2.8 |
| Centrica | 2.5 |

Total number of holdings* 45

*Excludes derivatives

Market Cap Breakdown (%)

| | |
|------------------------|------|
| FTSE 100 | 65.2 |
| FTSE 250 | 28.3 |
| FTSE Smaller Companies | 5.8 |
| Cash | 0.7 |



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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All data source Allianz Global Investors as at 29.02.16 unless otherwise stated.

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