

Key Information

Total Assets*	£515.5m
Gearing**	28%
No. of Shares [†] (Ordinary 25p)	102,103,936
Net Asset Value [†]	394.2p
Net Asset Value (debt at Market Value) [†]	369.1p
Discount to NAV [†]	14.3%
Discount to NAV (debt at Market Value) [†]	8.5%
Share price*	337.7p
Net yield ^{††}	5.3%
Year end	31st January

* Source: Datastream as at 29.04.05

[†] Source: Allianz Global Investors as at 29.04.05

Investment trusts are quoted companies listed on the London Stock Exchange. Their share price is determined by factors including demand, or lack of, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

In line with industry best practice, Net Asset Values (NAVs) are now shown that take into account the 'fair value' of debt. NAVs – namely available shareholders' funds divided by the number of shares in issue, with shareholders' funds calculated as the net value of all the company's assets having deducted liabilities – are now calculated after allowing for the valuation of debt at fair value or current market price, rather than at final repayment value. Most professional advisers and institutional investors already allow for fair value of debt when assessing NAV and discount information, so this change provides private investors with information which takes into account a more realistic impact of the cost of debt and thus a more realistic discount.

**Source: Datastream as at 29.04.05

Please also refer to Trust Aim & Characteristics, opposite

^{††}Source: Close WINS as at 29.04.05

INCOME ✓

GROWTH ✓

Investment Scheme Availability

ISA ✓

SS ✓

PEP ✓

Fund Manager



Nigel Lanning

The Merchants Trust PLC

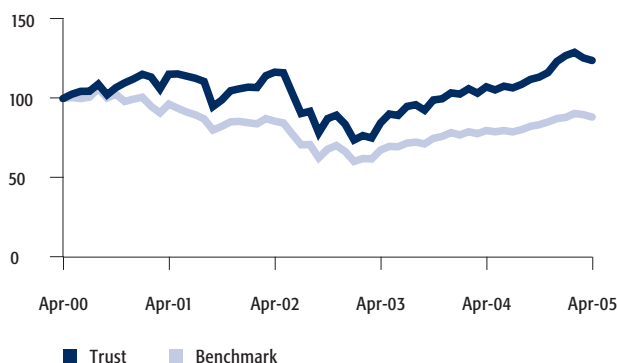
Fund Manager's Review

The UK equity market drifted back in April in the face of a range of more subdued economic statistics in a number of major countries. Nevertheless, company results have remained good and strong cashflows have led to a stream of positive dividend announcements. With some of the more cyclical sectors and shares slipping back, the Trust's portfolio has performed well principally through over-weighting sectors such as utilities and tobacco. Also with midcaps suffering a setback, the Trust's emphasis on established blue chips has been helpful. At a stock-specific level the bid for Allied Domecq has had a positive impact whereas the recovery in pharmaceuticals has only borne fruit through the holding in Glaxo. The current scene includes a range of potentially attractive high yielding investments amongst UK equities.

There are now 55 holdings in the portfolio[†].

Fund Performance

01.05.00 to 29.04.05



Source: Russell/Mellon/Allianz Global Investors. 28th April 00 to 29th April 05, Total Return, net income reinvested, calculation indexed, UK Sterling. Please remember that past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise as a result of market or currency 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. This could lead to a higher level of income but a lower capital return.

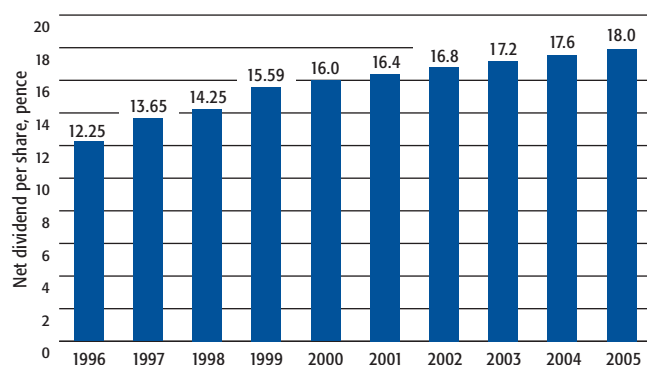
Standardised Past Performance

From to	01/04/00 31/03/01	01/04/01 31/03/02	01/04/02 31/03/03	01/04/03 31/03/04	01/04/04 31/03/05
Share Price	13.6%	20.0%	-40.6%	41.8%	18.5%

Source: Allianz Global Investors/S&P Micropal. Discrete years, mid to mid, basic rate tax, based in UK sterling. These Standardised Past Performance figures are produced for the purposes of these fact sheets and are intended for existing and potential investors. The above performance table differs in its presentation from Fund Performance, and complies with the Financial Services Authority's regulations to enable investors to compare different products from different providers.

10 year Net Dividend Record

to year ended 31st January



Source: Allianz Global Investors.

Top 10 Holdings

	%
BP	8.23
HSBC	6.86
Shell Transport & Trading	6.82
GlaxoSmithKline	5.61
Royal Bank of Scotland	4.85
HBOS	3.97
Lloyds TSB	3.90
BT	3.17
Vodafone	2.85
Barclays	2.64
TOTAL	48.90

Source: Allianz Global Investors as at 29.04.05

Trust Aim & Characteristics

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.

**Merchants seeks to enhance returns for its shareholders through gearing, in the form of bank borrowings, to buy more investments. Gearing can boost the Trust's returns when investments perform well,

though losses can be magnified when investments do badly. You should be aware that this Trust may be subject to sudden and large falls in value and you could suffer substantial capital loss.

AITC Sector

UK Income Growth.

Share Buyback

To 29th April 2005, 0.23m shares have been repurchased for cancellation to enhance shareholder value.

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 principally 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 Castlemain Brewery in New South Wales. The Trust now concentrates primarily upon major UK companies with an above average rate of dividend yield.

Launch Date: February 1889.

Wind-up Date: None.

Price Information

Financial Times and The Daily Telegraph
www.allianzglobalinvestors.co.uk

Trust Codes

ISIN – GB0005800072

Sedol – 0580007

RIC – MRCH

Shareholder Communications

Report and Accounts – Final posted in April, and Interim posted in September.
Annual General Meeting – May.
Dividends – February, May, August and November.

Board of Directors

Hugh Stevenson (Chairman), Sir John Banham, Dick Barfield, Sir Bob Reid, Joe Scott Plummer.

Contacts

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