

The Merchants Trust PLC

Factsheet

30 April 2013

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

April saw the eleventh consecutive month of gains on the UK stock market, which has not happened in the last 50 years. This came despite a background of generally disappointing economic statistics around the world, falling commodity prices (notably gold) and many disappointing company earnings reports. The market rally continues the theme of markets being driven by financial repression, or money looking for a decent yield with bond yields at historically low levels.

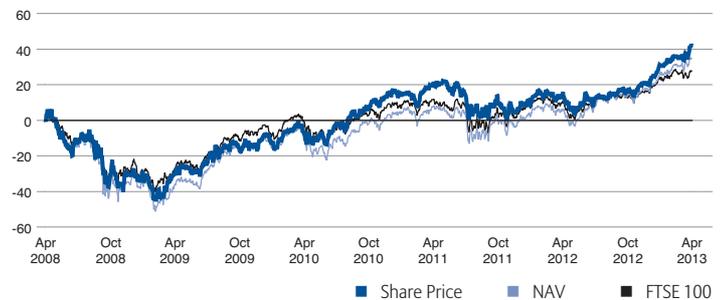
The FTSE 100 Index produced a positive return, with medium sized companies performing in line with larger peers. Despite the market's continued strength, the underlying mood was nervous. Gains were led by defensive sectors such as mobile telecommunications, utilities and pharmaceuticals with cyclical sectors such as metals & mining, oil services and chemicals underperforming.

The Trust's NAV increased 2.79% compared with 0.56% for the benchmark. The Trust's equity portfolio outperformed significantly, benefitting from a relatively defensive bias. Key positive factors were strong performances from GlaxoSmithKline, Pennon and UBM, whilst a low mining weighting was also beneficial. There were fewer negative performance contributors although Premier Farnell and DMGT underperformed and not owning Lloyds Bank also held back the total return.

Investment activity was largely limited to profit taking on strong performers such as GlaxoSmithKline and National Grid and adding to attractive companies that had pulled back, such as Carnival Corporation, UBM and Marks & Spencer.

Our overall economic outlook remains cautious as we believe a prolonged period of low growth is likely to be necessary to work off high debt excesses in the government and personal sectors. However we are mindful of risks to this scenario from accelerating inflation or even slower growth. Despite this view, many defensive shares no longer offer good value in our opinion. We are finding investment opportunities in modestly cyclical businesses with strong market positions, robust balance sheets, solid cash-flow and favourable valuations.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	9.0	23.1	25.4	53.3	42.2
NAV	6.9	18.2	27.7	46.6	34.3
FTSE 100	3.7	13.2	16.4	28.9	27.5

Discrete Performance (%)

From To	30.04.08 30.04.09	30.04.09 30.04.10	30.04.10 29.04.11	29.04.11 30.04.12	30.04.12 30.04.13
Share Price	-29.8	32.2	29.6	-5.7	25.4
NAV	-36.1	43.5	17.5	-2.3	27.7
FTSE 100	-27.2	35.9	12.9	-2.0	16.4

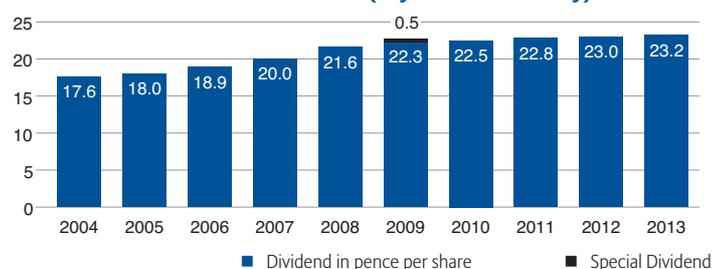
Source: Lipper, percentage growth, mid to mid, total return to 30.04.13. Benchmark: FTSE 100 Index.

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.

Copyright 2013 © 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.

Dividend History

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



Past performance is not a reliable indicator of future results.

All data source Allianz Global Investors as at 30.04.13 unless otherwise stated.

Allianz Global Investors, 155 Bishopsgate, London EC2M 3AD

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:	£618.6m
Gearing (net):	21.3%
Shares in Issue:	103,213,464 (Ordinary 25p)
Share Price ¹ :	444.0p
Net Asset Value ² :	480.8p (459.0p – debt at market value)
Premium/-Discount to NAV ³ :	-7.6% (-3.3% – debt at market value)
NAV Frequency	Daily
Dividend Yield ³ :	5.23%

1. Source: Lipper as at 30.04.13, market close mid price.

2. Source: Datastream as at 30.04.13. Calculated using the latest full year dividend divided by the current share price.

3. 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. In line with current industry best practice NAVs are now shown that take into account the 'fair value' of debt. This means NAVs are calculated after allowing for the valuation of debt at fair value or current market price, rather than at final repayment value. NAVs with debt at market value provide a more realistic impact of the cost of debt, and thus a more realistic discount. It is the capital NAV that is shown, which excludes any income.

Key Information

Launch Date:	16 February 1889
AIC Sector:	UK Growth and Income
Benchmark:	FTSE 100 Index
Annual Management Charge:	0.35%
Performance Fee:	No
On-going Charges ⁴ :	0.64%
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), Henry Staunton (Senior Independent Director), Paul Yates

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

4. Source: AIC, as at the Trust's Financial Year End (30.01.2013). On-going 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, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

Merchants seeks to enhance returns for its shareholders through gearing in the form of long-term debentures. Gearing 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 are used to manage the trust efficiently. Covered call options are written to supplement the income generation of the portfolio. This may lead to an opportunity cost if options are exercised.

Sector Breakdown (%)

Financials	18.0	
Consumer Services	16.8	
Oil & Gas	15.5	
Industrials	11.1	
Utilities	10.5	
Consumer Goods	8.5	
Telecommunications	8.2	
Health Care	7.8	
Basic Materials	2.4	
Cash	1.2	

Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	8.9	British American Tobacco	4.1
GlaxoSmithKline	7.8	Scottish & Southern Energy	3.5
BP	6.4	BAE Systems	3.2
HSBC	5.4	National Grid	2.8
Vodafone	5.0	Resolution	2.7
Total Number of Holdings	49*		

*excludes derivatives

Net Dividends (Financial Year to Date)

	Pay Date	Record Date	Payment
1st quarterly dividend	15.08.12	13.07.12	5.8p per share
2nd quarterly dividend	12.11.12	05.10.12	5.8p per share
3rd quarterly dividend	27.02.13	01.02.13	5.8p per share
4th quarterly dividend	15.05.13	12.04.13	5.8p 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 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:

0800 389 4696

e-mail: investment-trusts@allianzgi.com

website: www.merchantstrust.co.uk

All data source Allianz Global Investors as at 30.04.13 unless otherwise stated.

Allianz Global Investors is the marketing name of RCM (UK) Ltd. Issued by RCM (UK) Ltd (Registered in England No 2014586), authorised and regulated by the Financial Conduct Authority (ref 122219). Registered office at 155 Bishopsgate, London EC2M 3AD. This is a marketing communication.

Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested. The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been, or will be, made or concluded, shall prevail.