

The Merchants Trust PLC

Annual General Meeting

9 May 2012

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Information advantage

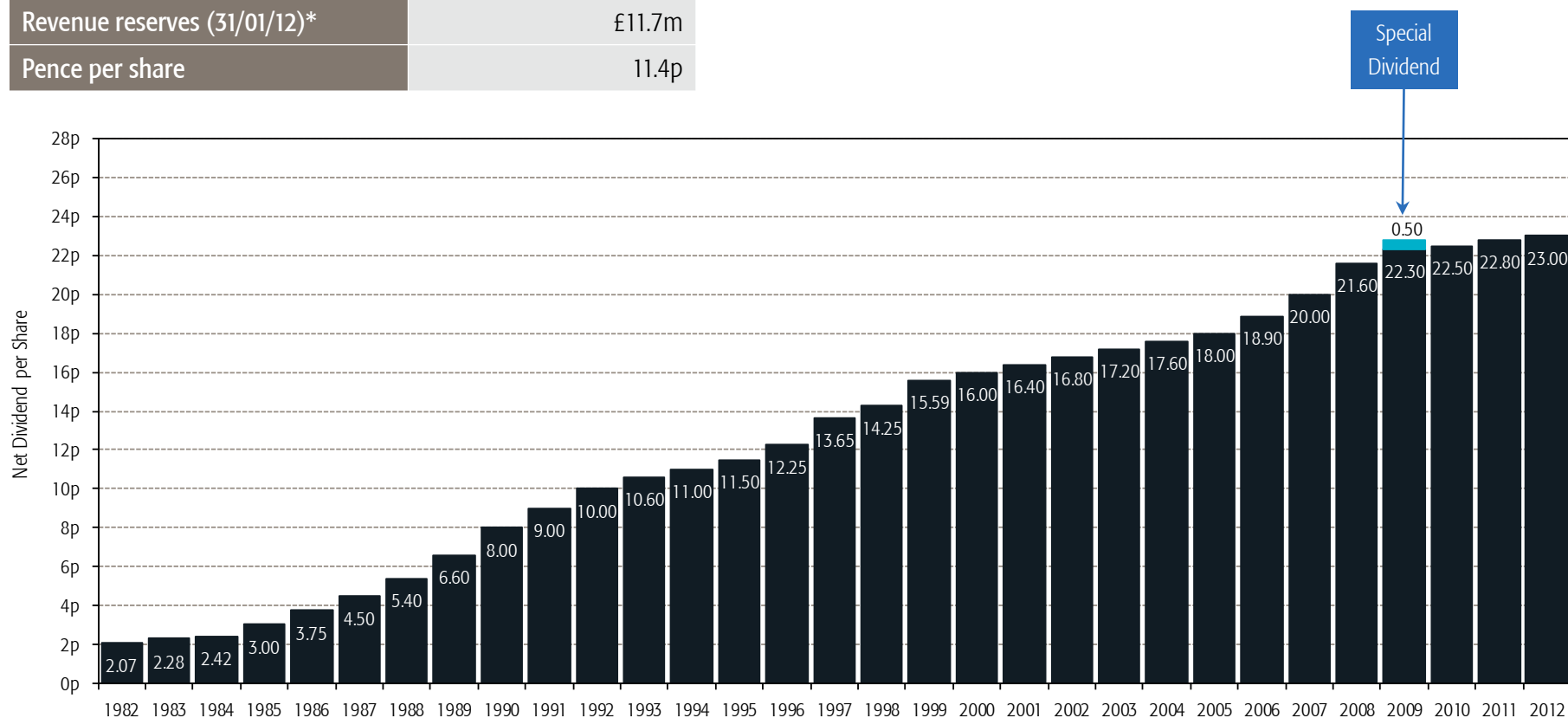
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30 years of uninterrupted dividend growth

Year to January	2011	2012
Ordinary dividend	22.8p	23.0p

Revenue reserves available to smooth dividends

Revenue reserves (31/01/12)*	£11.7m
Pence per share	11.4p



Source: RCM. *Excludes dividends declared but not paid at year end.

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Highlights of 2011/12 performance

Positives

- 30th year of consecutive dividend growth
- UK Equity portfolio outperformed FTSE 100 benchmark by 1.5%
- Call overwriting generated additional income and total return
- Revenue reserve depletion reduced

Negatives

- Gearing reduced NAV return in flat market
- Falling bond yields raised the market value of debt

Equity performance driven by large defensive holdings and limited mining/banking exposure

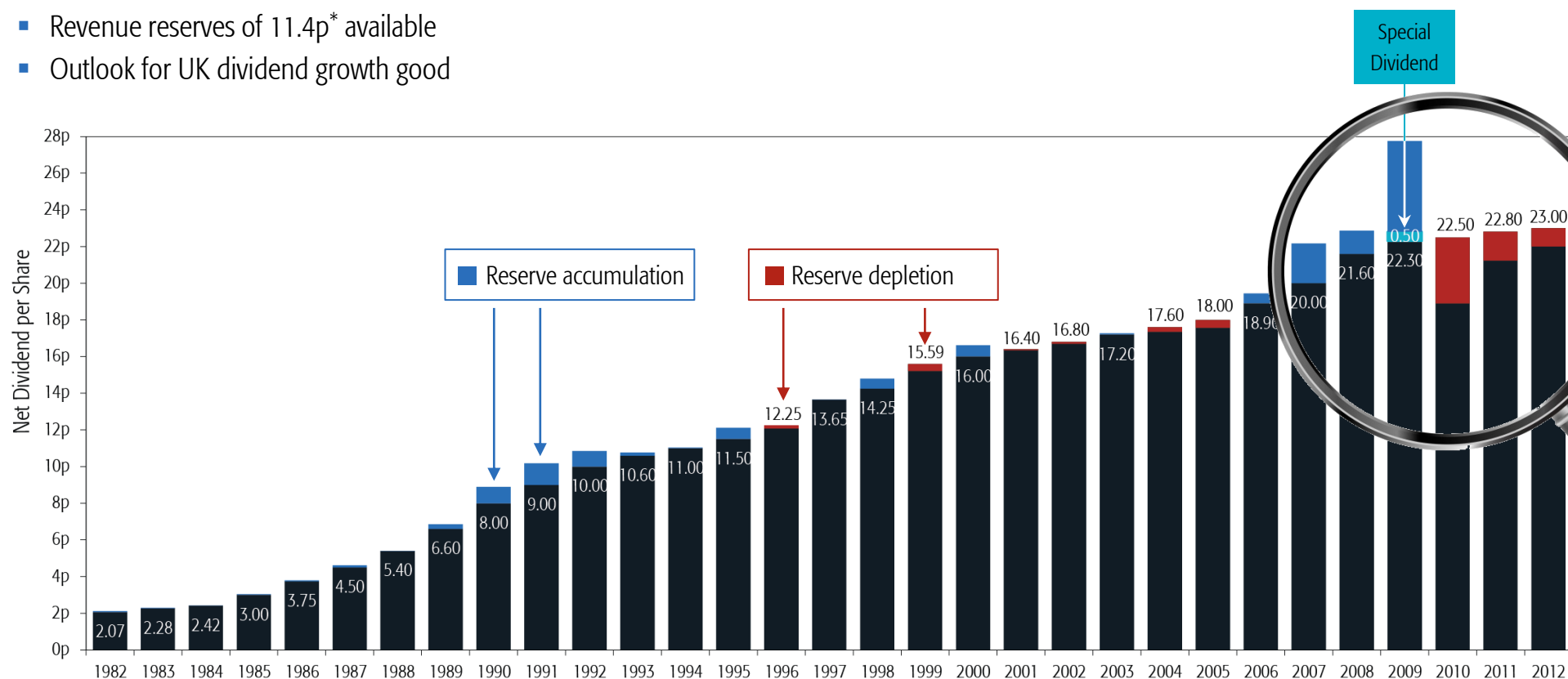
Positive Contribution	Over/Under Weight
GlaxoSmithKline	+
Lloyds Banking Group	-
Xstrata	-
Unilever	+
Rio Tinto	-
SSE	+
Anglo American	-
National Grid	+
Barclays	-
Bunzl	+

Negative Contribution	Over/Under Weight
Man Group	+
Inmarsat	+
Hays	+
Diageo	-
SABMiller	-
Mothercare	+
Premier Farnell	+
DMGT	+
UBM	+
Autonomy	-

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Dividend Sustainability & Growth

- Reserves built up in good years to offset pressures in difficult years
- Reserve depletion on improving trend
- Revenue reserves of 11.4p* available
- Outlook for UK dividend growth good

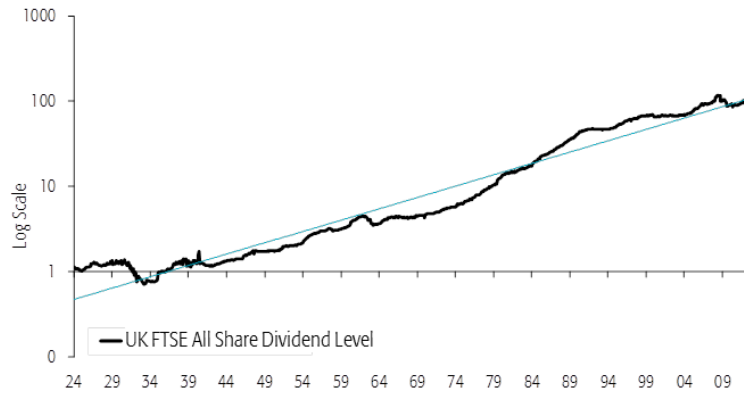


Source: RCM. *Excludes dividends declared but not paid at year end.

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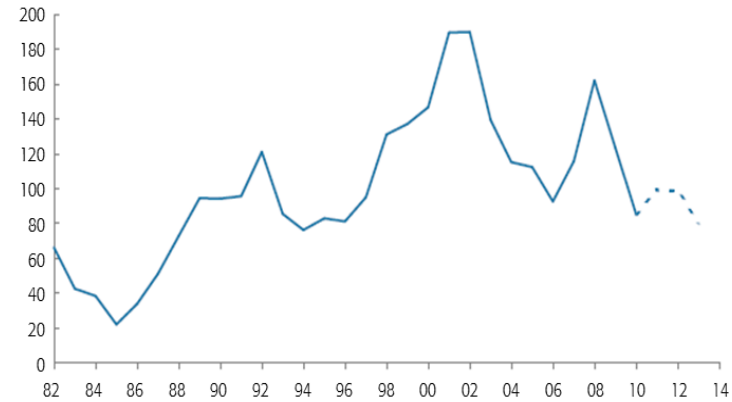
Outlook for UK dividend growth is good

UK FTSE All Share Dividend Level



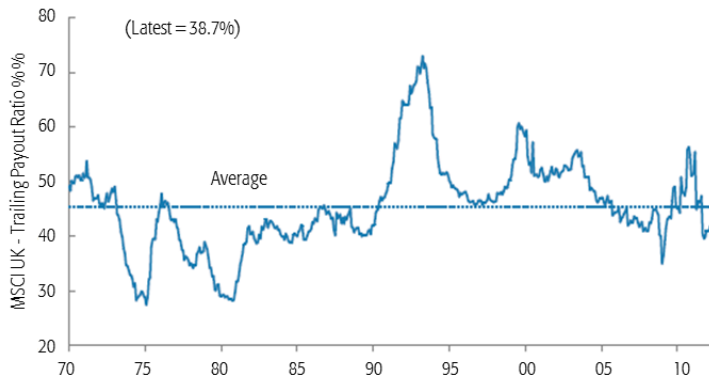
Source: FTSE, Datastream, Morgan Stanley Research.

Net Debt to EBITDA



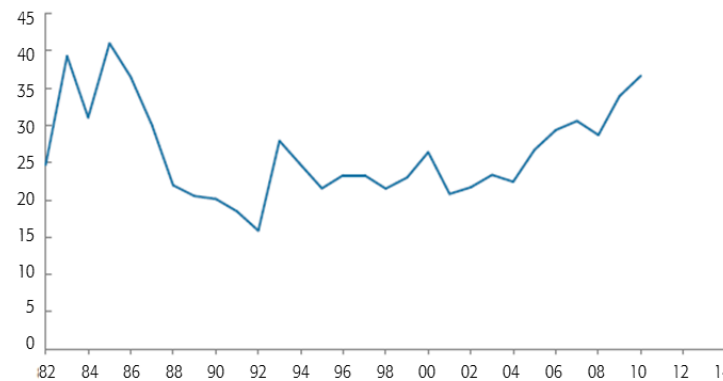
Note: Data excludes financials sector
Dotted lines = Factset estimates
Source: MSCI, Worldscope, Factset estimates, Morgan Stanley Research

Payout ratio continues to edge lower relative to historical average



Source: MSCI, Factset, Morgan Stanley Research.

% of Companies with net cash on their balance sheet



Note: Data excludes financials sector
Source: MSCI, Worldscope, Morgan Stanley Research

- We have seen the deepest dividend cuts for a generation
- Payout ratio is now low
- Balance sheets are strong
- Dividends grew 15% 2011, forecast 8% 2012

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Valuation summary

	31 January 2011	31 January 2012	Change (%)	30 April 2012	Change (%)
Total Assets	£552m	£526m	-4.7	£521m	-1.0
Net Assets Value Per Share (Debt at Book Value)	427.1p	402.1p	-5.9	405.0p	+0.7
Net Assets Value Per Share (Debt at Market Value)	407.3p	366.2p	-10.1	371.9p	+1.6
Share Price	407p	363p	-10.8	375.4p	+3.4
Premium/(Discount) (Debt at Book Value)	(4.7%)	(9.7%)	-	(7.3%)	
Premium/(Discount) (Debt at Market Value)	(0.1%)	(0.9%)	-	0.9%	

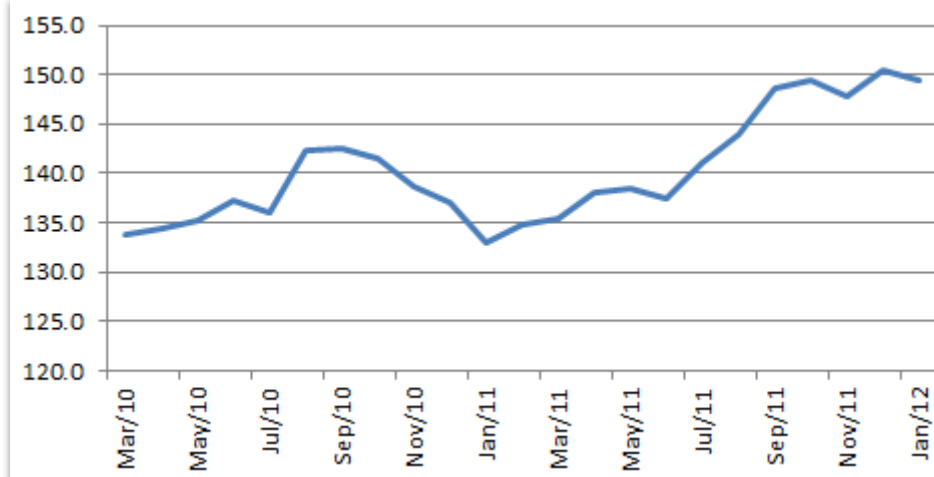
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Borrowings

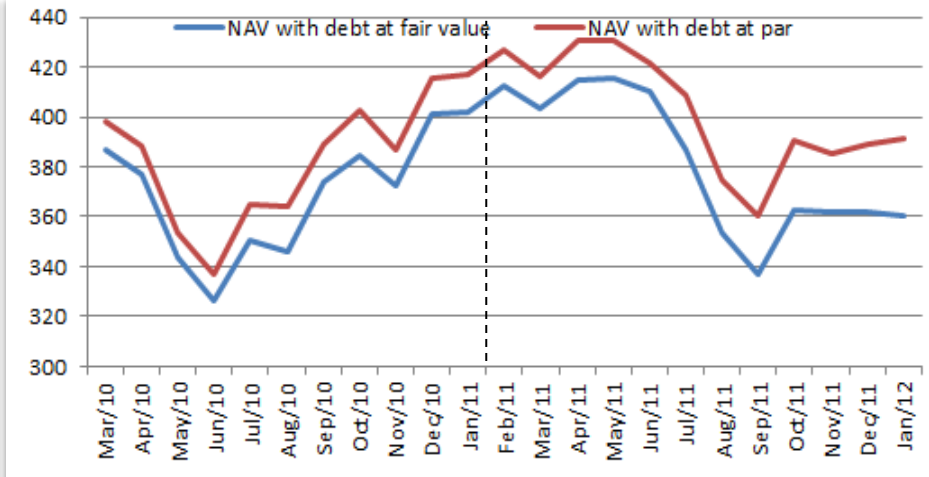
	31 Jan 2011		31 Jan 2012	
	(£m)	%	(£m)	%
Total Assets	552	100	526	100
Borrowings	111	20	111	21
Shareholder Funds	441	80	415	79

Average Maturity	11 years
Average Interest Charge	8.5%

Debt at fair value (£m)



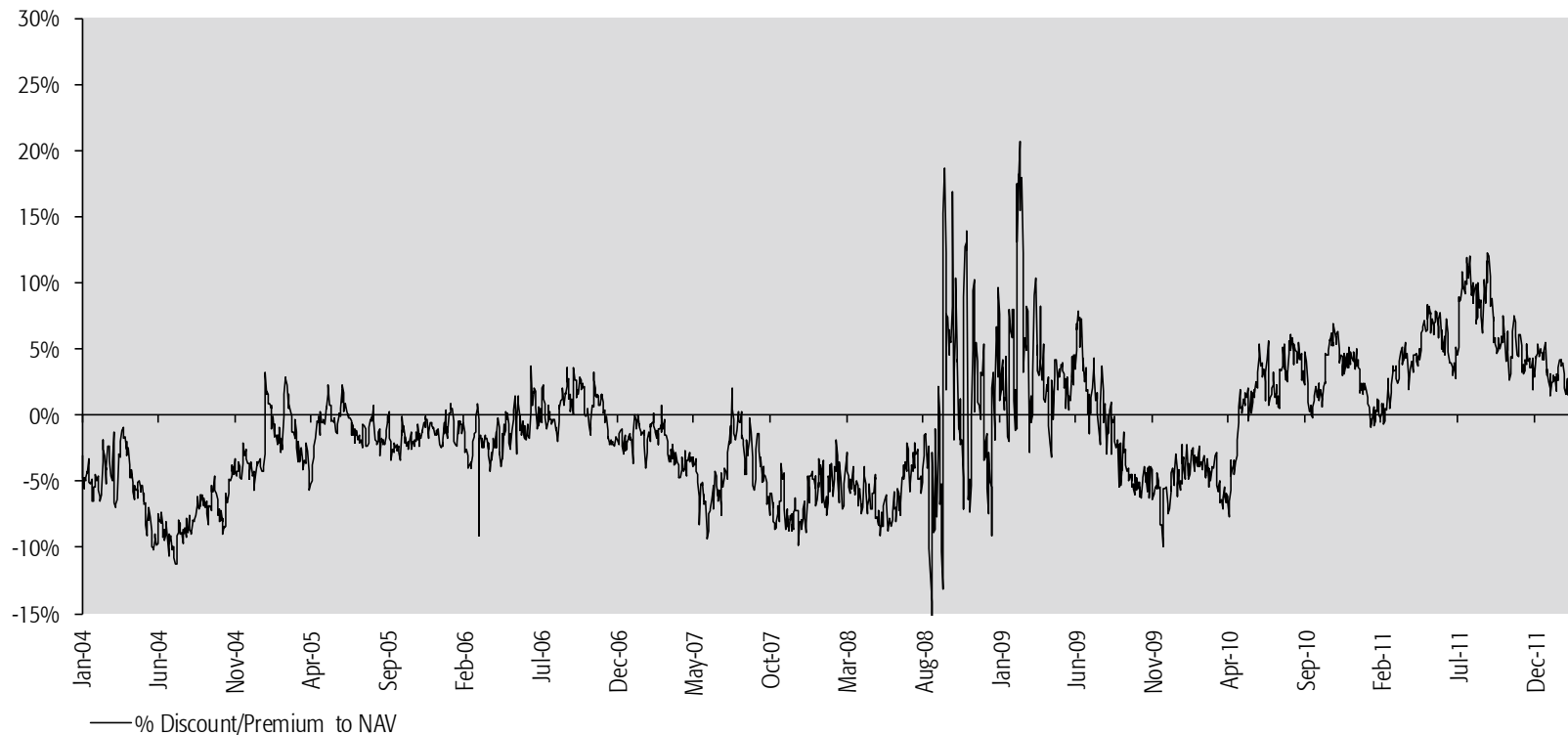
NAV's (p) with debt at fair value and par



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% Discount/Premium to NAV (Fair Value)

29/01/04 to 10/04/12



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Key portfolio changes – financial year to 31 January 2012

New Additions	31 Jan 2011
Carnival	WPP
London & Stamford Properties	Melrose
Mothercare	British Land
Sainsbury (J)	Brit Insurance
Close Brothers	Home Retail Group
	Pendragon
	Lloyds Banking Group

- 5 additions, 7 disposals, 46 holdings at year end
- Buying undervalued recovery potential and selective consumer exposure
- Selling fully valued cyclicals post recovery/takeover and high risk businesses

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Current economic and market outlook

- Medium term economic growth will be muted as debt burden is paid down
- US economy showing improvement but greater austerity to come
- Peripheral Europe struggling with economic/political pressures
- Corporates generally in better shape, balance sheets repaired
- Equities offer long term value especially vs. gilts
- Markets likely to remain volatile as risks persist
- Underperformance of cyclicals creating selective opportunities

Groundhog Day



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Portfolio themes

- Large core holdings in well financed global, “mega” caps with strong franchises and good yields



- Exposure to emerging market consumer spending growth



- Media sector exposed to corporate operational expenditure with attractive valuations



- Consumer stocks – conditions should ease, valuations too low



- Favour high quality, growth stocks on reasonable valuations



- Management turnaround and recovery situations attractive



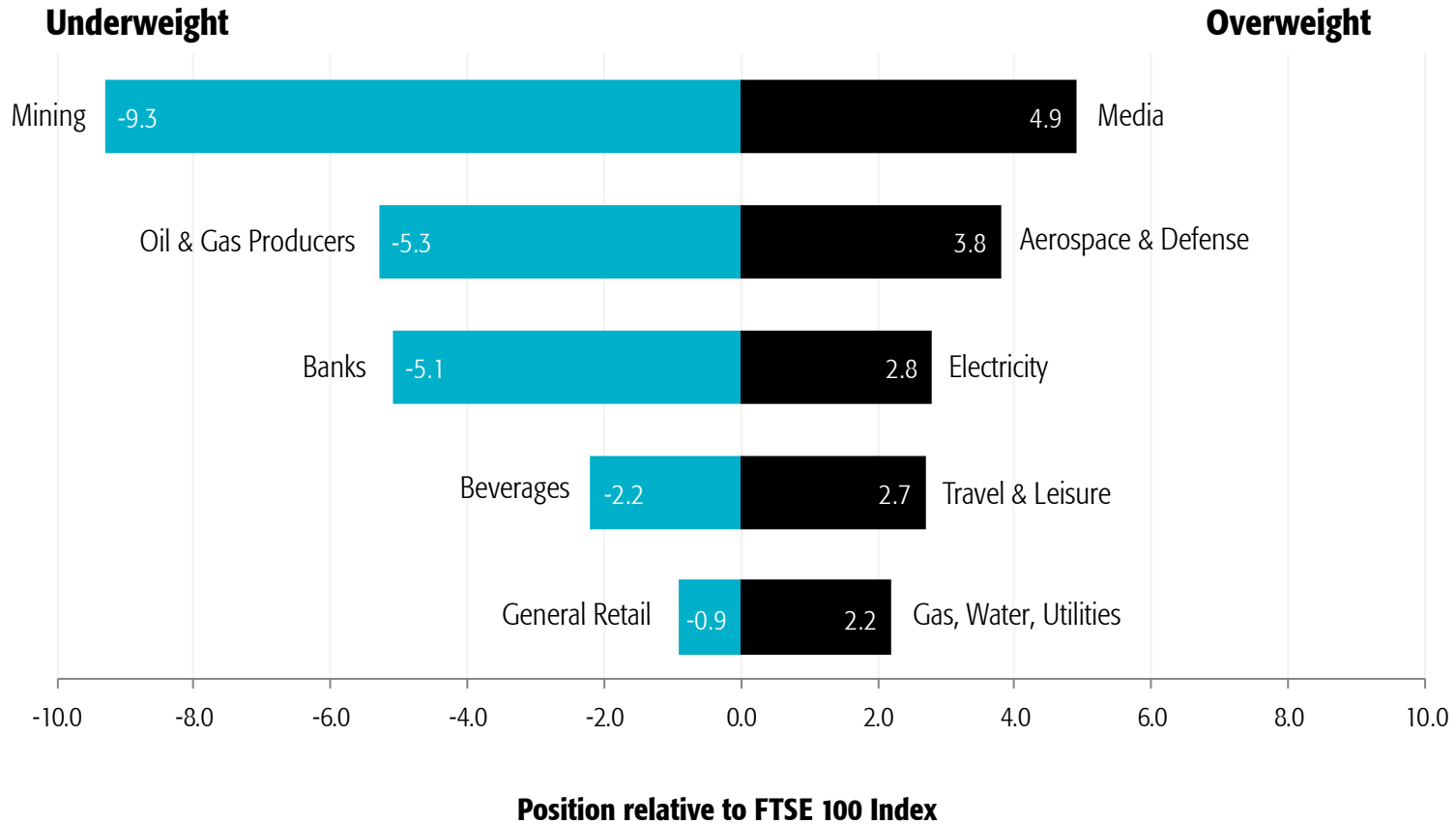
- Defence companies oversold, aviation outlook improving



- Limited exposure to mining (muted recovery) and banks (low dividends)

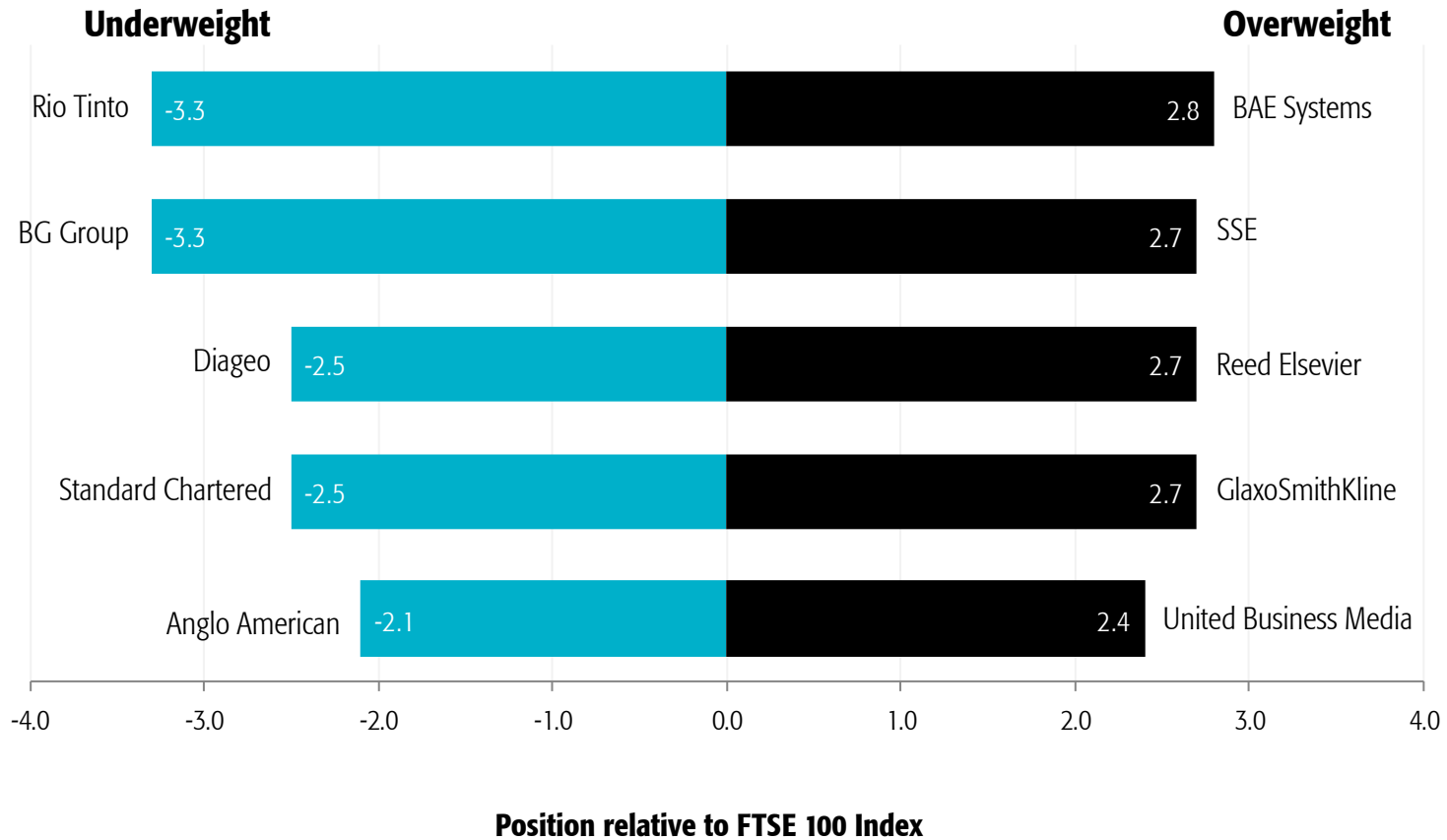
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Sector views



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Stock views



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Conclusion

- 30 years of dividend growth
- 6% yield underpinned by reserves and rising income
- Defensively biased but not constrained portfolio
- Investment opportunities available despite difficult economic background

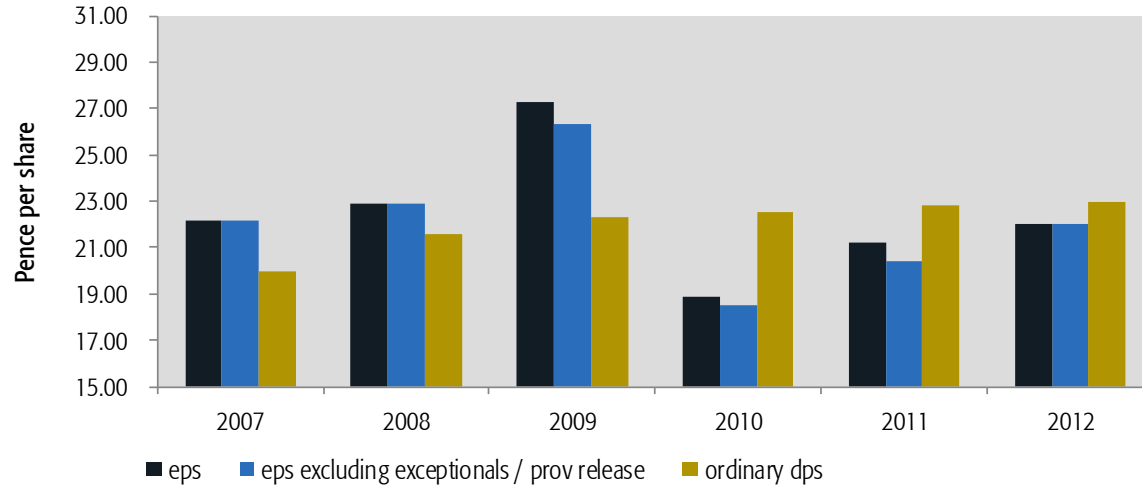
Appendix



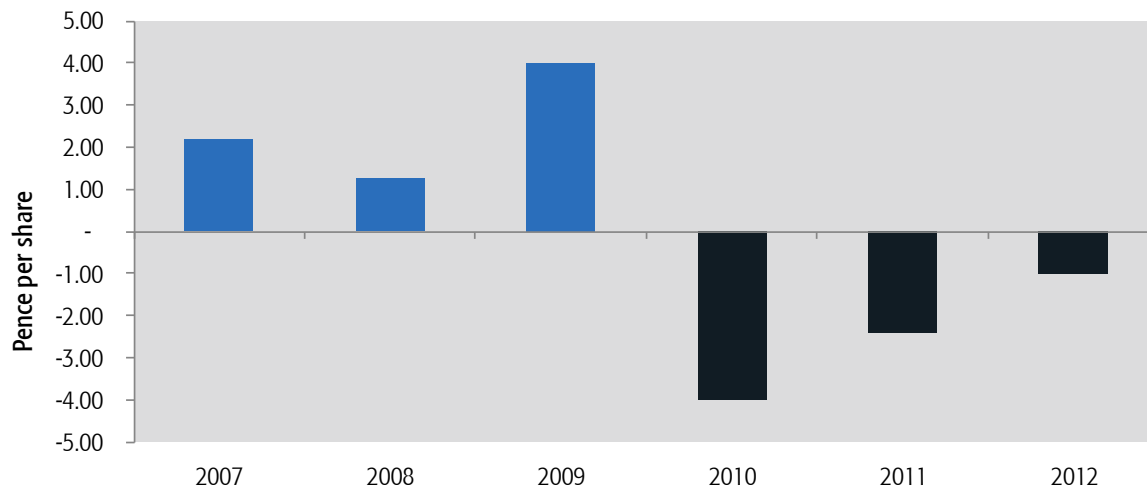
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Revenue reserve depletion on an improving trend

Earnings and dividends per share



Reserve accumulation/Depletion ex exceptionals



- 2007 – 2009 eps ahead of dps
- 2009 – 2011 eps benefitted from 1 off factors (e.g. VAT reclaims)
- 2007 – 2009 significant reserve accumulation
- 2010 – 2012 reserve depletion on improving trend
- 2012 revenue reserves of 11.4p remaining*

Source: RCM. * Excludes dividends declared but not paid at year end.

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Proxy Voting Figures –
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9 May 2012

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Annual General Meeting, 9 May 2012

Resolution 1 - to receive and adopt the Annual Financial Report

For	Discretion	Against	Withheld
32,677,217	280,841	73,074	196,062

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Annual General Meeting, 9 May 2012

Resolution 2 - to declare and approve a final dividend

For	Discretion	Against	Withheld
32,785,301	280,841	71,000	90,052

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Annual General Meeting, 9 May 2012

Resolution 3 - to re-elect Simon Fraser as a Director

For	Discretion	Against	Withheld
32,051,137	269,193	417,444	489,420

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Annual General Meeting, 9 May 2012

Resolution 4 - to re-elect Mike McKeon as a Director

For	Discretion	Against	Withheld
31,892,628	270,353	462,868	601,345

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Annual General Meeting, 9 May 2012

Resolution 5 - to re-elect Henry Staunton as a Director

For	Discretion	Against	Withheld
32,023,334	270,353	338,179	595,328

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Resolution 6 - to re-elect Paul Yates as a Director

For	Discretion	Against	Withheld
32,020,271	270,353	314,318	622,252

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Resolution 7 - to approve the Directors' Remuneration Report

For	Discretion	Against	Withheld
30,520,793	266,634	1,586,090	853,677

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Resolution 8 - to re-appoint PricewaterhouseCoopers LLP as Auditors

For	Discretion	Against	Withheld
32,267,881	282,674	342,652	333,987

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Annual General Meeting, 9 May 2012

Resolution 9 - to authorise the Directors to determine the remuneration of the Auditors

For	Discretion	Against	Withheld
32,309,675	287,797	178,274	451,448

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Resolution 10 - to authorise the Directors to allot Shares

For	Discretion	Against	Withheld
31,870,515	377,489	511,511	467,679

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Resolution 11 - to disapply pre-emption rights

For	Discretion	Against	Withheld
30,362,186	390,813	1,206,782	1,267,413

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Annual General Meeting, 9 May 2012

Resolution 12 - to authorise the Company to make market purchases of Ordinary Shares

For	Discretion	Against	Withheld
32,130,401	395,874	451,830	249,089

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Presentation to the
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