

The Merchants Trust PLC

As focused on dividends as you are



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 large UK companies.

History

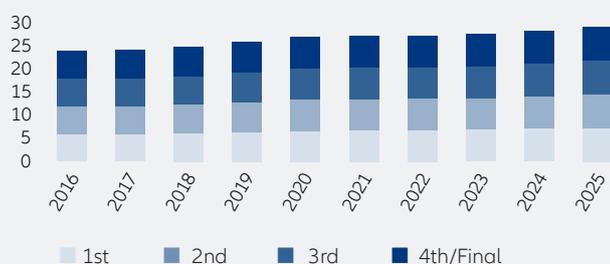
The Merchants Trust PLC was incorporated in February 1889, making it the oldest of the investment trusts in the Allianz Global Investors stable. Initially it invested in the fixed interest securities of railway companies in the USA, Canada and South America, but now concentrates primarily on major UK 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. Simon Gergel has been managing the trust for over 15 years, investing 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 43 years.

Ten Year Dividend History

Dividend Record in Pence per Share
To Year End 31 January



Last Four Dividend Payments per Share

Record Date	Pay Date	Dividend	Type
22.04.2025	29.05.2025	7.30p	Final*
07.02.2025	19.03.2025	7.30p	3rd Interim
11.10.2024	15.11.2024	7.30p	2nd Interim
12.07.2024	22.08.2024	7.20p	1st Interim

Past performance is not a reliable indicator of future results.

Key Information

Launch Date	16 February 1889
AIC Sector	UK Equity Income
Benchmark	FTSE All-Share
Annual Management Fee	0.35%
Performance Fee	No
Ongoing Charge ¹	0.52%
Year End	31 January
Annual Report	Annual published in April, Half-yearly published in September
AGM	May
NAV Frequency	Daily
Dividends	March, May, August, November
Price Information	Financial Times, The Daily Telegraph, www. merchantstrust.co.uk
Company Secretary	Kelly Nice Kirsten Salt
Investment Manager	Simon Gergel, CIO, UK Equities
Codes	RIC: MRCH.L SEDOL: 0580007

1. The Ongoing Charge does not represent an additional cost that shareholders of the Company must pay. The Company's share price already reflects the market's assessment of its value taking into consideration publicly disclosed information, including operating expenses and other costs which are disclosed in the Accounts. The investment platform or stockbroker used, or the company/person selling you or advising you about this product may charge you other costs. If so, they will provide you with the relevant information about these costs. Source: AIC, as at the Trust's Financial Year End (31.01.2025). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses, which include the annual management fee, incurred in the running of the company but excluding financing costs.

This is a marketing communication. Please refer to the Key Information Document (KID) before making any final investment decisions.



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Total Assets £922.4m

Shares in Issue 148,424,887 (Ordinary 25p)

Market Cap £776.3m

Share Price

523.0p

NAV per Share

552.7p

Premium/-Discount

-5.4%

Dividend Yield

5.6%

Gearing

14.1%

Fund Manager's Review

Investors had to play a guessing game in March. Guessing what President Trump might say regarding geopolitical events, economic policy tariffs and guessing what this means for economic activity and financial markets. Investors were particularly concerned about "Liberation Day" 2 April where President Trump had warned of imposing 25% tariffs on the whole automotive industry. Uncertainty over policy is likely to put many investment decisions on hold, impacting economic growth expectations.

The German parliament voted to exempt a huge increase in defence spending from strict debt ceiling rules and to set up a €500bn defence and infrastructure fund. In the UK, Chancellor Rachel Reeves announced politically sensitive benefits cuts in her Spring statement, along with a diversion of part of the foreign aid budget to defence spending. Along with other tax tweaks, this was just enough to keep the UK within her fiscal rules.

Investors were nervous about the implications of tariffs and policy uncertainty. Equity indices generally fell back, led by the US and in particular, the technology heavy Nasdaq Composite Index. The UK stock market was down by around 2%, with continued high dispersion between individual share price movements. There was a slightly defensive feel to the market, with sectors like telecommunications, oil & gas, tobacco, and utilities outperforming, as well as life insurance. Many cyclical sectors underperformed, with notable weakness in travel & leisure and several of the industrial sectors.

Portfolio performance was in line with the benchmark. The Net Asset Value (NAV) total return was -2.85% compared to -2.25% from the benchmark, FTSE All-Share index. For the second month in a row, the real estate company Assura supported performance, as the board announced they would be minded to recommend a potential takeover from a private equity buyer. British American Tobacco was also strong, and the portfolio benefitted from not owning AstraZeneca and Glencore, which underperformed. On the negative side, Burberry underperformed, on general concerns about US consumer spending. Entain and Energean

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were weak, whilst an underweight position in Shell also held back relative returns.

Volatility in stock markets can create investment opportunities. We try to look through short-term noise, to seek out companies where we see significant upside on a medium term view. We introduced two new holdings in March and sold two others.

We bought Sirius Real Estate, a property company, specialising in large multi-let sites with a mixture of light industrial, office, workspace, and storage tenants, in Germany and the UK. Sirius has an excellent record of buying properties with substantial vacancies, repurposing the space and filling voids to drive rental growth and also a higher valuation of the sites. Merchants Trust has invested in this company before, selling out five years ago, at a slightly higher share price than the recent reinvestment price. In the intervening years, the company has made excellent progress, acquiring and growing a UK division, building the book value per share by over 50% from 2020 to 2024, consistently growing the rental income and raising the dividend by nearly 70%. We bought the shares at an unusual discount to asset value, with a 6% dividend yield due to depressed sentiment and specific concerns about the outlook for German manufacturing activity. The German government's announcement of



Simon Gergel, Portfolio Manager

The Merchants Trust PLC is managed by Simon Gergel who is Chief Investment Officer, UK Equities at AllianzGI and has 32 years investment experience. 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.

increased defence spending, provided some reassurance on the outlook for industrial activity.

The second new investment was Michelin. This French-listed company is a leading global manufacturer of tyres. The tyre industry is predominantly a replacement market, thus less cyclical than the general automotive sector, and Michelin has a strong record of revenue growth at attractive profit margins. The company benefits from important structural trends. Higher performance cars and heavier electric vehicles are increasing the demand for higher specification, premium tyres. The company is also growing into speciality tyres, such as those on off-road vehicles in aerospace, mining, and construction. The valuation of the shares was low and it offered a 5% dividend yield.

The two companies sold were both holdings that had performed well. Whilst they are different situations, they approached our assessment of fair value, so were a useful source of cash to fund higher conviction investments.

Haleon is the world consumer health leader, with brands like Sensodyne and Panadol. When it demerged from GSK in 2022, we decided to increase the portfolio exposure, as we saw significant potential value. We added to the position when they fell heavily on concerns about potential litigation regarding the stomach acid drug Zantac, which seemed overblown. Since then, the Zantac litigation risk has dissipated and the company has delivered solid revenue and profits. This led to a strong appreciation of the shares, to a well-deserved premium rating, vindicating GSK's decision to demerge the company.

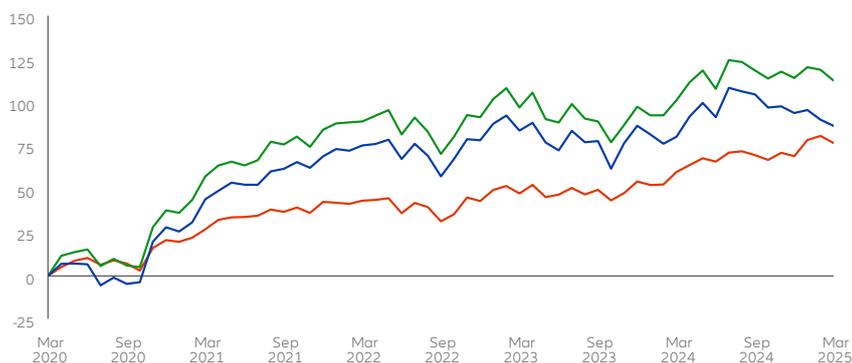
Keller was the second complete sale. Keller is a specialist geotechnical engineering firm. Although Keller has a long record of revenue growth, its profitability has been very volatile, with a mixed record of contract delivery. Michael Speakman, CEO and his team, have done a good job of improving commercial practices and operational performance. This led to a sharp improvement in profits, supported by a strong US construction market. The share price more than doubled from mid-2023 until this year. Whilst Keller's headline multiple remains very low, this is now based on high expectations.

Simon Gergel
11 April 2025

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.

Performance Track Record

Five Year Performance (%)



- Share Price ■ NAV (debt at fair value)
- Benchmark: With effect from 1 February 2017 the benchmark changed from the FTSE 100 to the FTSE All-Share Index

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	-3.8	-8.9	3.5	6.5	86.4
NAV (debt at fair value)	-0.7	-2.7	5.6	12.4	112.5
Benchmark	4.5	4.1	10.5	23.3	76.5

Discrete 12 Month Returns to 31 March (%)

	2025	2024	2023	2022	2021
Share Price	3.5	-1.9	4.9	21.6	44.1
NAV (debt at fair value)	5.6	2.1	4.3	20.2	57.2
Benchmark	10.5	8.4	2.9	13.0	26.7

Source: Thomson Reuters Refinitiv DataStream, percentage growth, mid to mid, total return to 31.03.25. Copyright 2024 © DataStream, a Thomson Reuters company. All rights reserved. DataStream shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

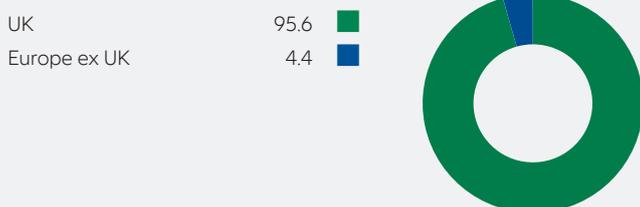
Past performance does not predict future returns. Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested. This investment trust charges 65% of its annual management fee to the capital account and 35% to revenue. This could lead to a higher level of income but capital growth will be constrained as a result.

Portfolio Breakdown

Sector Breakdown (%)

Financials	20.3	<div style="width: 20.3%;"></div>
Consumer Discretionary	16.9	<div style="width: 16.9%;"></div>
Industrials	12.9	<div style="width: 12.9%;"></div>
Consumer Staples	11.5	<div style="width: 11.5%;"></div>
Energy	11.1	<div style="width: 11.1%;"></div>
Utilities	7.3	<div style="width: 7.3%;"></div>
Real Estate	7.0	<div style="width: 7.0%;"></div>
Health Care	5.3	<div style="width: 5.3%;"></div>
Materials	4.0	<div style="width: 4.0%;"></div>
Cash	3.7	<div style="width: 3.7%;"></div>

Geographic Breakdown* (%)



Top Ten Holdings (%)

GSK	5.2
British American Tobacco	4.8
Lloyds Banking Group	4.4
Shell	4.1
BP	3.6
DCC	3.0
Rio Tinto	2.9
Scottish & Southern Energy	2.7
National Grid	2.6
Barclays	2.6

Total number of holdings** 55

**Excludes derivatives

Market Cap Breakdown (%)



This is for guidance only and not indicative of future allocation. Totals may not sum to 100.0% due to rounding.

This is no recommendation or solicitation to buy or sell any particular security.

*Excludes Cash

Board of Directors

Colin Clark (Chairman)

Timon Drakesmith (Chairman of the Audit Committee)

Lisa Edgar

Karen McKellar (Senior Independent Director)

Mal Patel

Glossary

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 cum income 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.

How to invest

You can buy shares in the Trust through:

- A third party provider - see 'How to Invest' on our website, where you will find links to a range of these platforms, many of which allow you to hold the shares within an ISA, Junior ISA, SIPP and/or savings scheme.
- A stockbroker.
- A financial adviser.

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.



Past performance does not predict future returns. 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 statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. We assume no obligation to update any forward-looking statement. 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. For further information contact the issuer at the address indicated below.

All data source Allianz Global Investors as at 31.03.25 unless otherwise stated.

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