informed RCM

The Merchants Trust PLC

Half-yearly financial report for the six months ended 31 July 2008

Investment Objective

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.

Benchmark

The Trust's investment performance is assessed by comparison with other investment trusts within the UK Growth and Income sector. In addition, it is benchmarked against the FTSE 100 Index, reflecting the emphasis within the portfolio, as well as the FTSE 350 Higher Yield Index, reflecting the Trust's higher yield objective.

Trust Performance

Revenue	**For the six months ended 31 July**		
	2008	**2007**	**% change**
Revenue	£18.36m	£15.79m	16.3
Available for Ordinary Dividend	£15.91m	£13.26m	20.0
Earnings per Ordinary Share	15.47p	12.78p	21.0
Dividend declared per Ordinary Share	11.10p	10.80p	2.8

Assets	**At 31 July 2008**	**At 31 January 2008**	**% change**
Total Net Assets	£439m	£506m	–13.2
Ordinary Share price	379.0p	425.0p	–10.8
Net Asset Value per Ordinary Share	427.1p	492.3p	–13.2
Discount of Ordinary Share price to Net Asset Value	11.3%	13.7%	n/a
Net Asset Value per Ordinary Share[1]	408.4p	470.2p	–13.1
Discount of Ordinary Share price to Net Asset Value[1]	7.2%	9.6%	n/a

[1] with debt at market value

FTSE 100 Index (Capital Return)	–8.0
FTSE 350 Higher Yield Index (Capital Return)	–11.2

The discount represents the difference between the share price and the Net Asset Value per share, expressed as a percentage of the Net Asset Value per share.

Half-yearly financial report for the six months ended 31 July 2008

Highlights

- Net dividends declared in the first six months of 2008/09 are 11.1p per share, an increase of 2.8%.
- Ordinary shares yield 6.1% at 358.5p, compared with 4.4% on the FTSE 100 Index at the close of business on 15 September 2008.
- The Net Asset Value per share fell by 13.2% compared with a fall of 11.2% in the FTSE 350 Higher Yield Index and 8.0% in the FTSE 100 Index.

Interim management report

Net Revenue: In the first six months of the current year, net revenue has risen by 21.0% to 15.47p per share. As in previous years, we expect the increase in dividends from the Company's portfolio to have been weighted towards the first half of the current financial year.

Interim dividends: The Board has declared a second quarterly dividend of 5.6p per share, payable on 13 November 2008 to shareholders on the register at close of business on 10 October 2008. This compares with 5.4p for the equivalent period last year, an increase of 3.7%. The total distribution declared for the first half of 2008/9 is 11.1p net, an increase of 2.8% when compared with the same period last year.

Net asset value: The net asset value per ordinary share was 427.1p at 31 July 2008. This represents a decrease of 13.2% when compared with the equivalent figure at 31 January 2008 - the end of the last financial year. Before taking account of the impact of the Trust's borrowings, the underlying fall in the Trust's total assets, excluding expenses allocated to capital, was 9.4%. Over the same period the FTSE 100 Index fell by 8.0%, whilst the FTSE 350 Higher Yield Index fell by 11.2% (Capital Return).

Material events and transactions: In the six month period ended 31 July 2008 the following material events and transactions have taken place.

At the Annual General Meeting of the Company held on 13 May 2008, all the resolutions put to shareholders were passed. At the conclusion of the AGM, Sir Bob Reid retired from the Board.

The third quarterly dividend of 5.4p per share was paid on 13 February to shareholders on the register on 25 January 2008.

A final dividend of 5.4p per share was paid on 14 May 2008 to shareholders on the register on 11 April 2008. The total payment for the year ended 31 January 2008 was 21.6p.

There were no buy backs of shares and no related party transactions in the period.

Since the period end, the first quarterly dividend for the year ending 31 January 2009 of 5.5p per share was paid on 19 August 2008 to shareholders on the register on 18 July 2008.

Principal Risks and Uncertainties: The principal risks and uncertainties facing the Company over the next six months are broadly unchanged from those described in the Annual Financial Report for the year ended 31 January 2008. These are set out in the Business Review beginning on page 16 of that Report, together with commentary on the Board's approach to mitigating the risks and uncertainties, under the following headings: Investment Activity and Strategy; Portfolio and Market; Accounting, Legal and Regulatory; Corporate Governance and Shareholder Relations; Operational; and Financial.

Continuing stresses in the global financial system, and the resulting contraction in available credit, are likely to have a negative impact on economic growth in the short-term. The likely reduction in economic activity is expected to adversely affect the climate for business investment and consumer expenditure, which may have a negative impact on some companies in the portfolio and on valuations.

Prospects: The combination of the credit crunch and high commodity costs threatens a serious slowdown or recession in many developed economies. Emerging market growth rates are also likely to slow. In the UK the outlook for consumer spending is weak and unemployment is rising, albeit from a low base. However the corporate sector generally has a strong financial position from which to weather the downturn.

Whilst the outlook for the economy is challenging, the stock market, acting as a discounting mechanism, has already moved to reflect much of the impending impact on corporate profits. It is also important to differentiate between the performance of the domestic economy and the impact on quoted companies. The FTSE 100 Index has a large exposure to industries ranging from oil and mining to pharmaceuticals and telecommunications that are relatively insulated from the pressures on UK consumers. Valuations in the market are more attractive than for some time with many higher yielding companies, in particular, offering good long term value. Outside of the financial and consumer sectors, dividends should continue to grow. At the time of writing, the yield on the FTSE 100 Index is not far below the 10 year gilt yield, a level that has historically been supportive for equity investment.

Whilst we are maintaining a balanced portfolio approach with significant investments in many large, financially strong and relatively resilient businesses, we are able to use these positions selectively to finance purchases of more cyclical businesses if we can find really attractive opportunities. In particular, we are looking to invest in companies with strong, defendable business franchises, robust financial ratios and good long term prospects where the share price is already pricing in a severe slowdown, leaving significant upside potential.

The outlook will remain very uncertain until the capital and funding problems in the global banking system are resolved.

Responsibility statement: The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports'; and
- the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7 R of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- the interim management report includes a fair review of the information concerning related parties transactions as required by Disclosure and Transparency Rule 4.2.8 R.

The half-yearly financial report was approved by the Board on 16 September 2008 and the above responsibility statement was signed on its behalf by the Chairman.

Hugh Stevenson | Chairman
155 Bishopsgate London EC2M 3AD
16 September 2008

Fund Managers' Report

Economic and market background

The economic environment has been challenging, with an unusual coincidence of a credit crunch restricting the availability of finance and booming commodity prices putting pressure on consumers' disposable incomes. Rising inflation, particularly in food and energy prices, has limited central banks' ability to respond to slowing growth by cutting interest rates, with the European Central Bank actually raising rates in July. Economic conditions have generally deteriorated around the world with the fallout broadening from the US to the UK, Spain, Ireland and increasingly the rest of Europe. Asia has not been immune, with Japanese growth forecasts coming down sharply and even emerging markets starting to see some signs of a slowdown.

In the UK, the consumer has been at the sharp end of these trends. Despite two 0.25% interest rate cuts to 5% by the Bank of England's Monetary Policy Committee, the restricted availability of mortgages led to a sharp drop in housing transactions with house prices under pressure. Consumer confidence weakened and trading statements highlighted a sharp deterioration in conditions amongst many retailers, newspaper publishers, car dealers and pub companies.

The stock market fell back, with the FTSE 100 Index posting a total return of -5.6%, despite a rally between mid-March and mid-May. Within the market the rise in the energy and other commodity prices lifted the mining, oil and electricity sectors, although this trend reversed somewhat in the last few weeks. Pharmaceuticals also posted a strong performance as their defensive characteristics and low valuations were appreciated. On the flipside, many high yielding sectors continued to underperform, with the total return on the FTSE 350 Higher Yield Index down 7.9%. Financial and consumer stocks were particularly weak with banks, real estate, house builders, retailers and media companies posting significant falls. Telecoms companies also underperformed as both BT and Vodafone disappointed the market's expectations.

Perhaps the most significant corporate development has been the recapitalisation of the UK banking sector with rights issues and dividend cuts announced by Royal Bank of Scotland, HBOS and Bradford & Bingley, a fundraising at Barclays and the takeover of Alliance & Leicester at a depressed price. Volatility in the market has been exceptional, particularly within the banks sector where some prices fell below rights issue prices, raising questions about the viability of the UK rights issue mechanism. Dividend cuts have also been seen at a number of indebted, consumer facing companies, although elsewhere dividend growth has generally been healthy.

Performance

In a difficult period for high yield shares the performance of the investment portfolio was behind the FTSE 100 Index but closer to the FTSE 350 Higher Yield Index. The main negatives were the high exposure to mortgage banks which were weak, and limited exposure to natural resources companies, which rallied. Positives included the takeover bid for FKI and strong performance from International Personal Finance and Compass Group.

Portfolio Changes

As we explained in the annual financial report, in this volatile environment we are maintaining the principles of diversification and focusing on the fundamental value of the companies in the portfolio. There is a bias to large, resilient businesses with strong balance sheets and companies offering solid growth at sensible prices. However we also have exposure to cyclical companies where there are long term attractions despite the shorter term uncertainties.

During the period, we responded to signs of a deepening economic slowdown by repositioning the portfolio more defensively. We reduced exposure to the banks sector, selling Lloyds and reducing HSBC, two of the higher priced banks. We also sold the remaining position in DIY retailer Kingfisher, trimmed Marshalls (a paving and landscaping products manufacturer) and sold the only real estate stock in the portfolio – Segro (formerly Slough Estates). Conversely we have increased positions in companies whose businesses are expected to prove relatively resilient, such as defence company BAE Systems, utilities Centrica, Scottish & Southern Energy and National Grid, food and beverage stocks Dairy Crest and Britvic and telecoms companies BT and Vodafone.

The stresses in the banking sector prompted us to switch from Royal Bank of Scotland to HBOS and to sell Alliance & Leicester and reinvest the proceeds into Barclays. We also added to the HBOS position at the time of its rights issue (whilst selling Bradford & Bingley just after the period end).

There were several new additions to the portfolio. Food and personal care company Unilever and pharmaceutical company Astrazeneca both have only limited exposure to slowing economic growth and were attractively priced. We purchased Arriva, the UK and European bus and rail company which is benefiting from greater demand for public transport due to rising congestion and higher petrol prices. We also bought Man Group, one of the largest managers of hedge funds in the world which is benefiting from the growth in alternative investment strategies and a consolidation of assets into the leading players in the industry. Man Group's recent decision to raise its dividend payout ratio to reflect its stong balance sheet and limited internal needs for funds took the dividend yield up to an attractive level.

Whilst most purchases have been in economically resilient businesses, the enormous volatility in the market has created opportunities to buy selectively into high quality, cyclical businesses that have been pushed down to extremely attractive valuations. Whilst the short term prospects for these companies may be challenging we believe the shares will produce good medium and long term returns from this level and we purchased modest positions. We bought the media business Informa which subsequently attracted takeover interest from the private equity industry. Another purchase was Home Retail Group, the owner of Argos and Homebase, which has net cash on the balance sheet. The Argos chain which accounts for the bulk of profits has a strong, growing internet presence and a value offering which has helped it weather previous downturns. Finally we bought Inchcape the car distributor and retailer. Whilst UK car retailing is very cyclical, Inchcape's long standing exclusive agreements with Toyota to distribute cars in Hong Kong and Singapore, together with its presence with other brands and in other markets such as Australia and Russia gives it diversity and growth opportunities not reflected in the depressed valuation.

Declining global economic growth expectations could undermine the tight supply / demand balance for certain commodities. We took advantage of the continued strong run in resources sectors to take some profits in mining and oil shares; reducing Rio Tinto, Anglo American and BP and selling Lonmin. We also switched part of the proceeds into a new holding in BHP Billiton to reduce the exposure to South Africa.

The other complete sales were Smiths Group, a diversified engineering company which had been significantly re-rated and no longer offered good value, and Resolution and FKI which were subject to takeover bids. In the case of FKI, we took shares in the acquiring company Melrose whose management team has an excellent record of making money from restructuring businesses. Elsewhere, significant sales included reducing Rexam and GlaxoSmithKline after periods of strong performance, the latter partly to finance the purchase of Astrazeneca. We trimmed Diageo, Severn Trent and Close Brothers on relative value considerations. The volatility in the market also provided opportunities to add to existing holdings at depressed prices, with such trades including Aviva, Brit Insurance and GKN.

Simon Gergel | RCM (UK) Limited

Twenty Largest Equity Holdings as at 31 July 2008

	Valuation £'000s	% of Total Assets[1]	Sector
Royal Dutch Shell	47,134	8.53	Oil & Gas Producers
GlaxoSmithKline	44,441	8.04	Pharmaceuticals & Biotechnology
BP	41,304	7.48	Oil & Gas Producers
Vodafone	39,156	7.09	Mobile Telecommunications
HSBC	36,905	6.68	Banking
HBOS	23,359	4.23	Banking
BAE Systems	18,540	3.36	Aerospace & Defence
Scottish & Southern Energy	17,302	3.13	Electricity
Aviva	17,128	3.10	Life Insurance
Rio Tinto	16,284	2.95	Mining
Anglo American	15,458	2.80	Mining
Reed Elsevier	15,057	2.73	Media
Royal Bank of Scotland	14,724	2.66	Banking
British American Tobacco	14,611	2.64	Tobacco
BT	14,399	2.61	Fixed Line Telecommunications
Centrica	14,173	2.57	Gas, Water & Multiutilities
National Grid	11,915	2.16	Gas, Water & Multiutilities
Compass Group	10,241	1.85	Travel & Leisure
Barclays	10,208	1.85	Banking
BHP Billiton	9,718	1.76	Mining
	432,057	**78.22**	

[1]Total Assets are stated net of current liabilities.

Portfolio Analysis as at 31 July 2008

	UK %	Other %	Total %
Listed equities	98.9	–	98.9
Net current assets	1.1	–	1.1
Total Assets	**100.0**	**–**	**100.0**

Income Statement

	For the six months ended 31 July 2008			For the six months ended 31 July 2007			For the year ended 31 January 2008		
	Revenue £'000s	Capital £'000s	Total Return £'000s	Revenue £'000s	Capital £'000s	Total Return £'000s	Revenue £'000s	Capital £'000s	Total Return £'000s
			(Note 2)			(Note 2)			(Note 2)
Net losses (gains) on investments at fair value	–	(68,062)	(68,062)	–	3,849	3,849	–	(72,107)	(72,107)
Income from investments	18,209	–	18,209	15,560	–	15,560	28,121	–	28,121
Other income	148	–	148	228	–	228	374	–	374
Investment management fee	(376)	(698)	(1,074)	(517)	(961)	(1,478)	(899)	(1,670)	(2,569)
Administration expenses	(394)	(1)	(395)	(335)	(1)	(336)	(586)	(2)	(588)
Net return before finance costs and taxation	**17,587**	**(68,761)**	**(51,174)**	**14,936**	**2,887**	**17,823**	**27,010**	**(73,779)**	**(46,769)**
Finance costs: interest payable and similar charges	(1,682)	(3,083)	(4,765)	(1,681)	(3,081)	(4,762)	(3,342)	(6,117)	(9,459)
Net return on ordinary activities before taxation	**15,905**	**(71,844)**	**(55,939)**	**13,255**	**(194)**	**13,061**	**23,668**	**(79,896)**	**(56,228)**
Taxation	–	–	–	–	–	–	(18)	–	(18)
Net return attributable to Ordinary Shareholders	**15,905**	**(71,844)**	**(55,939)**	**13,255**	**(194)**	**13,061**	**23,650**	**(79,896)**	**(56,246)**
Net return per Ordinary Share (Note 1) (basic and diluted)	**15.47p**	**(69.88)p**	**(54.41)p**	**12.78p**	**(0.19)p**	**12.59p**	**22.86p**	**(77.23)p**	**(54.37)p**

Balance Sheet

	As at 31 July 2008 £'000s	As at 31 July 2007 £'000s	As at 31 January 2008 £'000s
Investments held at fair value through profit or loss	546,500	696,876	608,451
Net current assets	6,015	5,808	11,150
Total Assets Less Current Liabilities	**552,515**	**702,684**	**619,601**
Creditors – amounts falling due after one year	(113,371)	(113,513)	(113,414)
Total Net Assets	**439,144**	**589,171**	**506,187**
Called up Share Capital	25,703	25,837	25,703
Share Premium Account	7,527	7,527	7,527
Capital Redemption Reserve	293	159	293
Capital Reserves: Realised	436,336	420,713	431,359
Unrealised	(60,177)	109,495	16,644
Revenue Reserve	29,462	25,440	24,661
Equity Shareholders' Funds	**439,144**	**589,171**	**506,187**
Net Asset Value per Ordinary Share	**427.1p**[1]	**570.1p**[2]	**492.3p**[3]

1. The net asset value is based on 102,813,464 Ordinary Shares in issue at 31 July 2008.
2. The net asset value is based on 103,346,877 Ordinary Shares in issue at 31 July 2007.
3. The net asset value is based on 102,813,464 Ordinary Shares in issue at 31 January 2008.

Reconciliation of Movements in Shareholders' Funds

	Called up Share Capital £'000s	Share Premium Account £'000s	Capital Redemption Reserve £'000s	Capital Reserve Realised £'000s	Capital Reserve Unrealised £'000s	Revenue Reserve £'000s	Total £'000s
Six months ended 31 July 2008							
Net Assets at 31 January 2008	25,703	7,527	293	431,359	16,644	24,661	506,187
Revenue Return	–	–	–	–	–	15,905	15,905
Dividends on Ordinary Shares	–	–	–	–	–	(11,104)	(11,104)
Capital Return	–	–	–	4,977	(76,821)	–	(71,844)
Net Assets at 31 July 2008	**25,703**	**7,527**	**293**	**436,336**	**(60,177)**	**29,462**	**439,144**
Six months ended 31 July 2007							
Net Assets at 31 January 2007	25,940	7,527	56	401,296	131,247	22,769	588,835
Revenue Return	–	–	–	–	–	13,255	13,255
Dividends on Ordinary Shares	–	–	–	–	–	(10,584)	(10,584)
Capital Return	–	–	–	21,558	(21,752)	–	(194)
Shares repurchased during the period	(103)	–	103	(2,141)	–	–	(2,141)
Net Assets at 31 July 2007	**25,837**	**7,527**	**159**	**420,713**	**109,495**	**25,440**	**589,171**
Year ended 31 January 2008							
Net Assets at 31 January 2007	25,940	7,527	56	401,296	131,247	22,769	588,835
Revenue Return	–	–	–	–	–	23,650	23,650
Dividends on Ordinary Shares	–	–	–	–	–	(21,758)	(21,758)
Capital Return	–	–	–	34,707	(114,603)	–	(79,896)
Shares repurchased during the year	(237)	–	237	(4,644)	–	–	(4,644)
Net Assets at 31 January 2008	**25,703**	**7,527**	**293**	**431,359**	**16,644**	**24,661**	**506,187**

Cash Flow Statement

	Six months to 31 July 2008 £'000s	Six months to 31 July 2007 £'000s	Year to 31 January 2008 £'000s
Net cash inflow from operating activities	**15,496**	**13,820**	**33,678**
Return on investment and servicing of finance			
Interest paid	(4,797)	(4,793)	(9,553)
Dividends paid on Preference Stock	(21)	(21)	(43)
Net cash outflow from servicing of finance	**(4,818)**	**(4,814)**	**(9,596)**
Capital expenditure and financial investment			
Purchases of fixed asset investments	(89,801)	(99,124)	(188,448)
Sales of fixed asset investments	91,090	99,873	189,711
Net cash inflow from capital expenditure and financial investment	**1,289**	**749**	**1,263**
Equity dividends paid	(11,104)	(10,584)	(21,758)
Net cash inflow (outflow) before financing	**863**	**(829)**	**3,587**
Purchase of Ordinary Shares for cancellation	–	(2,144)	(4,644)
Net cash outflow from financing	**–**	**(2,144)**	**(4,644)**
Increase (Decrease) in cash	**863**	**(2,973)**	**(1,057)**
Reconciliation of Return on Ordinary Activities before Taxation to Net Cash Flow from Operating Activities			
Net total return before finance costs and taxation	(51,174)	17,823	(46,769)
Special dividends credited to capital	–	–	8,181
Net losses (gains) on investments at fair value	68,062	(3,849)	72,107
	16,888	**13,974**	**33,519**
(Increase) Decrease in debtors	(1,369)	(200)	224
(Decrease) Increase in creditors	(23)	46	(65)
Net cash inflow from operating activities	**15,496**	**13,820**	**33,678**
Reconciliation of net cash flow to movement in net debt			
Net cash inflow (outflow)	863	(2,973)	(1,057)
Decrease in long term loans	42	35	134
Movement in net funds	**905**	**(2,938)**	**(923)**
Net debt brought forward	(107,468)	(106,545)	(106,545)
Net debt carried forward	**(106,563)**	**(109,483)**	**(107,468)**

Notes

Note 1

The returns per Ordinary Share are based on a weighted average number of shares in issue during the period of 102,813,464 shares (31 July 2007 – 103,739,616 shares; 31 January 2008 – 103,451,633 shares).

Note 2

The total return column of this statement is the profit and loss account of the Company.

All revenue and capital items derive from continuing operations. No operations were acquired or discontinued in the period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the Income Statement.

Included in the cost of investments are transaction costs on purchases which amounted to £520,561 (31 July 2007 – £611,882; 31 January 2008 – £1,176,671) and transaction costs on sales which amounted to £125,291 (31 July 2007 – £147,407; 31 January 2008 – £291,295).

Note 3

Investments are designated as held at fair value through profit or loss in accordance with FRS 26 'Financial Instruments: Recognition and Measurement'. Listed investments are valued at bid market prices.

Note 4

In accordance with FRS 21 'Events after the Balance Sheet Date', the final dividend payable on Ordinary Shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid.

Dividends paid on Ordinary Shares in respect of earnings for each period are as follows:

	Six months to 31 July 2008 £'000s	**Six months to 31 July 2007 £'000s**	**Year to 31 January 2008 £'000s**
First Interim dividend 5.40p paid 16 August 2007	–	–	5,597
Second Interim dividend 5.40p paid 15 November 2007	–	–	5,577
Third Interim dividend 5.40p paid 13 February 2008 (2007 – 5.10p)	5,552	5,292	5,292
Final dividend 5.40p paid 14 May 2008 (2007 – 5.10p)	5,552	5,292	5,292
	11,104	**10,584**	**21,758**

Note 4 (continued)

Dividends payable at the period end are not recognised as a liability under FRS 21 'Events after the Balance Sheet Date'. Details of these dividends are set out below.

	Six months to 31 July 2008 £'000s	Six months to 31 July 2007 £'000s	Year to 31 January 2008 £'000s
Third Interim dividend 5.40p paid 13 February 2008	–	–	5,552
Final dividend 5.40p paid 14 May 2008	–	–	5,552
First Interim dividend 5.50p paid 19 August 2008 (2007 – 5.40p)	5,654	5,603	–
Second Interim dividend 5.60p payable 13 November 2008 (2007 – 5.40p)	5,758	5,581	–
	11,412	**11,184**	**11,104**

The second interim dividend noted above is based on the number of shares at the period end. However, the dividend subsequently paid will be based on the number of shares in issue on the record date and will reflect any purchase or cancellation of shares by the Company settled subsequent to the period end.

Note 5

The half-yearly financial report has been neither audited nor reviewed by the Company's auditors. The financial information for the year ended 31 January 2008 has been extracted from the statutory financial statements for that year which have been delivered to the Registrar of Companies. The accounting policies and presentation are consistent with those applied in the latest published annual financial report. The auditors' report on those financial statements was unqualified and did not contain a statement under either Section 237(2) or Section 237(3) of the Companies Act 1985.

In accordance with recently introduced changes to the UK's disclosure requirements for listed companies, the Company is now required to make limited additional and updated disclosures, mainly relating to the first and third quarters of the financial year. These Interim Management Statements are released via the Regulatory News Service and posted on the Company's website www.merchantstrust.co.uk before 19 June and 19 December each year.

Investor Information

Directors

H A Stevenson (Chairman), Sir James Sassoon (Chairman – Audit Committee), R A Barfield, M J E McKeon, P J Scott Plummer and H E Staunton.

Managers

RCM (UK) Limited, 155 Bishopsgate, London EC2M 3AD. Telephone: 020 7859 9000. Represented by Simon Gergel

Allianz Global Investors is the marketing name of RCM (UK) Limited, which is authorised and regulated by the Financial Services Authority.

Secretary and Registered Office

Kirsten Salt BA (Hons) ACIS 155 Bishopsgate, London EC2M 3AD. Telephone: 020 7065 1513. Registered Number: 28276.

Registrars

Capita Registrars. The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Telephone (if calling from within the UK): 0870 162 3100. Telephone (if calling from overseas): +44 20 8639 2157. Email: ssd@capitaregistrars.com

Results

Half year announced in September. Full year announced in March. Annual Financial Report posted to shareholders in April. Annual General Meeting held in May.

Ordinary Dividends 2008/2009

	Dividend	Payment Date
First interim	5.50p	19 August 2008
Second interim	5.60p	13 November 2008
Third interim		February 2009
Final		May 2009

Website

Further information about the Company is available on the website: www.merchantstrust.co.uk.

Net Asset Value

The Net Asset Value of the Ordinary Shares is calculated weekly and the top ten holdings are announced monthly. They are published through the London Stock Exchange Regulatory News Service. The Company's share price is published in the Daily Telegraph and Financial Times.

The net asset values and share prices are also available from Allianz Global Investors, via Investor Services on 0800 317 573 or on the Managers' website: www.allianzglobalinvestors.co.uk.

Shareholders' Enquiries

Capita Registrars maintain the share register. In the event of queries regarding shareholdings, lost certificates, registered details, etc., shareholders should contact the registrars. Changes of name or address must be notified to the registrars in writing.

Any general enquiries about the Company should be directed to the Company Secretary, at the Registered Office.

AIC Membership

The Company is a member of the Association of Investment Companies. Category: UK Growth & Income.

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