

Alternative Investment Fund Managers Directive: Information Document

Allianz Global Investors UK Limited (the “AIFM”) is required to manage The Merchants Trust PLC (the “AIF”) in accordance with the legislation, regulations and rules of the UK implementing the EU’s Alternative Investment Fund Managers Directive 2011/61/EU (the “AIFMD”) as they form part of UK law by virtue of the European Union (Withdrawal) Act 2018 following the UK’s withdrawal from the EU (the “UK AIFMD”).

Accordingly, under UK AIFMD and the FCA Rules in FUND 3.2.2 R, certain information is required to be provided to prospective investors in the AIF prior to their investment in the AIF. The following table provides the required information or, where applicable, directs investors to where such information is located within the publicly available materials of the AIF.

Information to be disclosed	AIFMD Article / FCA Handbook reference	Information
General Fund Information		
Investment strategy and objectives of the AIF	Art 23(1)(a) / FUND ¹ 3.2.2R (1)(a)	See the “Our Strategy” section of the Strategic Report in the Annual Report.
Information on where master AIF is established and where the underlying funds are established	Art 23(1)(a) / FUND 3.2.2R (1)(b) and (c)	Not applicable.
Types of assets in which the AIF may invest and the techniques it may employ and all associated risks	Art 23(1)(a) / FUND 3.2.2R (1)(d) and (e)	See the “Why invest in The Merchants Trust” and “Investment Policy” and “Risk Report” sections of the Strategic Report in the Annual Report, which contains a description and details of control and mitigation against the principal risks identified; and Note 15 in the Notes to the Financial Statements in the Annual Report.
Applicable investment restrictions	Art 23(1)(a) / FUND 3.2.2R (1)(f)	See the “Our Strategy” section of the Strategic Report in the Annual Report.
Circumstances in which the AIF may use leverage, restrictions on using leverage and any collateral and asset reuse arrangements, the types and sources of leverage permitted and the associated risks	Art 23(1)(a) / FUND 3.2.2R (1)(g) to (i)	Under the Articles of Association of the AIF, the maximum level of leverage permitted (without an ordinary resolution of the AIF and such consent or sanction by the holders of the 3.65% cumulative preference stock as is required for modification of their rights) is an amount equal to the adjusted aggregate of the amount paid up or credited as paid up on the share capital of the AIF, and the total of the capital and reserves (including any share premium account and capital redemption reserve fund) but excluding (a) the unrealised appreciation on investments, (b) sums set aside for taxation (other than for taxation, if any, provided on unrealised capital gains), (c) amounts attributable to outside shareholders in subsidiaries of the company, (d) any amount attributable to goodwill or other intangible assets (other than goodwill arising on consolidation) and (e) any

¹ The FCA’s Investment Funds sourcebook.

		<p>balance on revenue account, all as shown in a consolidation of the then latest audited balance sheets of the AIF, but adjusted in respect of any variation in the paid up share capital or share premium account of the AIF since the date of its latest audited balance sheet.</p> <p>The AIF may use leverage within guidelines laid down by the Board of Directors. In normal market conditions gearing will not exceed 35% of net assets. The Board's policy is to maintain gearing (borrowing as a percentage of net assets) in the range of 10- 25% (measured at the time that any increase in total borrowing facilities is agreed). There are no arrangements in place regarding collateral or asset reuse arrangements, with the exception that cash margins are posted with a clearing broker for covered call overwriting options. Total exposure is limited to 15% of the AIF's portfolio value and all options positions are covered by shares owned by the AIF.</p> <p>For detail of associated risks in relation to the use of leverage, see "Leverage and Risk Policies under AIFMD" in the Investor Information section of the Annual Report.</p>
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	Art 23(1)(a) / FUND 3.2.2R (1)(j)	<p>The AIFM is required under the AIFMD to set limits on leverage. These limits are agreed with the Board of Directors.</p> <p>Leverage is calculated on a different basis to commonly used gearing ratios and includes market and credit exposure gained by any method, including borrowings. Limits are set intentionally above the levels that the AIFM would normally expect to employ on behalf of the AIF.</p> <p>The maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF is expressed as a ratio of fund exposure to the net asset of the fund. Under both the gross method and the commitment method, the leverage limit is set at a ratio of 2:1.</p>
Procedures by which the AIF may change its investment strategy or investment policy, or both	Art 23(1)(b) / FUND 3.2.2R (2)	<p>Any material change to the investment policy of the AIF will be made only by ordinary resolution of shareholders of the AIF and in accordance with the provisions of the UK Listing Rules.</p> <p>Any change to the investment strategy or investment policy of the AIF which does not amount to a material change to the investment policy may be made by decision of the Board of Directors without the approval of Shareholders.</p>
Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not	Art 23(1)(c) / FUND 3.2.2R (3)	<p>On investment in the AIF, an investor agrees to be bound by the rights, obligations and restrictions set out in the Articles of Association of the AIF and under applicable company law. The Articles of Association set out, among other issues, provisions relating to the transfer of shares, the voting rights of investors, and the appointment and</p>

<p>of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established</p>		<p>removal of directors. The AIF is established under English law and listed on the London Stock Exchange in accordance with the UK Listing Rules.</p> <p>Investment in the AIF is governed by English law and the courts of England and Wales have jurisdiction in relation to claims made by investors against parties domiciled in England or Wales or such jurisdiction as otherwise determined in accordance with the English common law.</p>
<p>Identity of the AIFM, the AIF's depositary, auditor and any other service providers and description of their duties and the investors' rights</p>	<p>Art 23(1)(d) / FUND 3.2.2R (4)</p>	<p>The AIFM of the AIF is Allianz Global Investors UK Limited, with its registered office at 199 Bishopsgate, London EC2M 3TY. The AIFM is responsible for the management and administration of the AIF and for the provision of company secretarial services. Investors will not have direct contractual access to the AIFM.</p> <p>The AIFM retains overall responsibility for risk management of the AIF and all such activities shall at all times remain subject to the overall policies, supervision and review of the Board of Directors. In conducting its risk management role, the AIFM's Risk Team may be provided with services from within the global risk management function of the Allianz Global Investors group of companies (of which the AIFM is a member).</p> <p>The depositary of the AIF is HSBC Bank Plc, having its registered office at 8 Canada Square, London E14 5HQ. Investors will not have direct contractual access to the depositary.</p> <p>The auditor of the AIF is BDO LLP, 55 Baker St, Marylebone, London W1U 7EU, United Kingdom. Investors will not have direct contractual access to the auditor.</p> <p>The registrar of the AIF is Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. The registrar is responsible for holding the share register. Investors will not have direct contractual access to the registrar.</p> <p>The corporate broker and financial adviser of the AIF is J.P. Morgan Cazenove, 25 Bank Street, London, E14 5JP. Investors will not have direct contractual access to the corporate broker and financial adviser.</p>
<p>Description of how the AIFM is protected against potential professional liability risks</p>	<p>Art 23(1)(e) / FUND 3.2.2R (5)</p>	<p>The AIFM has provided additional capital to cover the professional liability risks associated with the management of the AIF. This capital equates to at least 0.01 percent of the portfolio value of the managed AIF; the amount is reviewed annually and adjusted if necessary.</p>
<p>Description of any delegated management functions by the AIFM and of any safekeeping</p>	<p>Art 23(1)(f) / FUND 3.2.2R</p>	<p>In conducting its risk management role, the AIFM's Risk Team may be provided with services from within the global risk management function of the</p>

function delegated by the depositary, identity of the delegate and description of any conflicts of interest that may arise from such delegations	(6)(a), (c) and (d)	Allianz Global Investors group of companies, but the AIFM retains overall responsibility for risk management of the AIF (see details above). For details of delegations of any safekeeping function by the depositary, please see below.
Description of the AIF's valuation procedure and the pricing methodology for valuing assets	Art 23(1)(g) / FUND 3.2.2R (7)	See the "Statement of Accounting Policies" section of the Annual Report.
Description of the AIF's liquidity risk management, including the redemption rights both in normal and in exceptional circumstances, and the existing redemption arrangements with investors	Art 23(1)(h) / FUND 3.2.2R (8)	See Note 15(b) ("Liquidity Risk") to the Financial Statements in the Annual Report. Redemption rights and redemption arrangements are not applicable to this AIF.
Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors	Art 23(1)(i) / FUND 3.2.2R (9)	See the "Notes to the Financial Statements" in the Annual Report.
Description of how the AIFM ensures a fair treatment of investors and a description of any preferential treatment or the right to obtain preferential treatment obtained by any investor	Art 23(1)(j) / FUND 3.2.2R (10); FUND 3.2.2R (11) (a) to (c)	<p>The AIFM is committed to treating AIF investors fairly. The AIFM bases its management of investment funds on the principle of equal treatment by ensuring that no specific investment funds or investors in investment funds receive preferential treatment to the detriment of others. The decision-making processes and organisational structures of the AIFM have been designed accordingly.</p> <p>The AIFM has numerous in-house guidelines and processes in place to ensure that all investors are treated fairly at all times. Pursuant to the guidelines governing the avoidance of conflicts of interest, the interests of investors always take precedence over the interests of the AIFM, its staff or any affiliated companies in any instances of potential conflict. If actual or potential conflicts of interests arise between individual investors or groups of investors, the AIFM has conflict management processes and procedures in place to ensure that such conflicts are fairly handled. In exceptional cases where a conflict proves to be insoluble or unavoidable, the AIFM, acting on behalf of the AIF, shall ensure transparent disclosure to investors.</p> <p>The procedures for ensuring fair treatment of all investors include extensive regulations governing the execution of trades (e.g. order aggregation, allocation of securities to portfolios, regulations governing participation in new issues, intra-portfolio transactions, appropriation of trading commissions, execution price monitoring) and the</p>

		<p>management of portfolios (e.g. monitoring consistent performance among all portfolios that pursue the same strategy or avoiding transactions that may constitute market abuse).</p> <p>In addition, all members of staff at the AIFM are bound by compliance regulations that govern the AIFM's requirements of its staff in respect of integrity and ethical standards and list all relevant legal and regulatory requirements.</p> <p>The Compliance department is an independent body that monitors the procedures in place to ensure fair treatment of all investors. It continuously monitors the proper handling of conflicts of interests and the fair treatment of investors.</p> <p>For details of pre-emption rights, please see the resolutions set out in the "Notice of Meeting" section of the Annual Report.</p>
Latest annual report	Art 23(1)(k) / FUND 3.2.2R (14)	See https://www.merchantstrust.co.uk/en-gb/information/documents
Procedure and conditions for the issue and sale of interests in the Fund	Art 23(1)(l) / FUND 3.2.2R (12)	See the "Investor Information" section of the Annual Report.
Latest net asset value of the AIF or the latest market price of the unit or share of the AIF	Art 23(1)(m) / FUND 3.2.2R (13)	See http://www.merchantstrust.co.uk
Historical performance of the AIF, where available	Art 23(1)(n) / FUND 3.2.2R (15)	See https://www.merchantstrust.co.uk/en-gb/performance-and-updates/performance-commentary-and-portfolio
Identity of the prime broker and a description of any material arrangements of the AIF with its prime brokers and the way the conflicts of interest in relation thereto are managed	Art 23(1)(o) / FUND 3.2.2R (16)(a) and (b)	Not applicable.
Information about any transfer of liability to the prime broker that may exist	Art 23(1)(o) / FUND 3.2.2R (16)(d)	Not applicable.
Description of how any changes to liquidity or leverage provisions of the AIF will be disclosed to investors	Art 23(1)(p) / FUND 3.2.2R (17)	Either by direct correspondence with shareholders or by an announcement through a Regulatory Information Service provider.
Conflicts of interest		
Conflicts of interest of the AIFM	Art 12(1)(d), Art 14(2) /	There are no specific conflicts of interest of the AIFM identified in relation to the AIF. However, there are generic potential conflicts of interest which may arise. Please see above for more

	SYSC ² 10.1.24R; SYSC 10.1.26R	details on how the AIFM manages any potential or actual conflicts of interest.
Net asset value		
The net asset value per unit or share of the AIF	Art 19(3) / FUND 3.9.5R; FUND 3.9.6R	See http://www.merchantstrust.co.uk
Depositary		
Any arrangement made by the depositary to contractually discharge itself of liability and any changes with respect to depositary liability	Art 23(2) / FUND 3.2.3R	<p>In general, the depositary may not contractually discharge itself of liability for the functions entrusted to the depositary by virtue of the UK AIFMD.</p> <p>However, the depositary may contractually discharge itself of liability for the safe-keeping functions in relation to financial instruments in certain circumstances. These circumstances include (a) where a loss of a financial instrument has arisen as a result of an external event beyond the reasonable control of the depositary, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary, and (b) where a delegate or any sub-delegate is not subject to effective prudential regulation and supervision in a particular jurisdiction, there is in such country no other local entities that meet such requirements but the use of a local entity is required by the law of such country, and various contractual requirements for discharge of liability have been satisfied.</p> <p>Additionally, the depositary's liability is subject to certain contractual limitations, including (without limitation) the ability for the depositary to rely on proper instructions.</p> <p>The relationship between the depositary and its authorised delegates as regards the contractual allocation of liability between them from time to time is not one to which the AIFM or the AIF will necessarily be party.</p>
Delegation of functions of the depositary	Art 21(11) / FUND 3.2.2R (6)(b)	<p>The depositary is entitled to delegate its safekeeping functions in relation to financial instruments and other assets, provided that the requirements for such delegation by the depositary as provided for in Directive 2011/61/EU on Alternative Investment Fund Managers and other applicable laws have been complied with. This will generally be subject to the depositary providing prior notice to the AIF and/or the AIFM.</p> <p>The depositary will be required to exercise all due skill, care and diligence in the selection of any delegate, and to continue to exercise due skill,</p>

² The FCA's Senior Management Arrangements, Systems and Controls sourcebook.

		<p>care and diligence in its periodic review and monitoring of that delegate.</p> <p>The depositary has delegated the safekeeping of all assets held within the AIF's investment portfolio to HSBC Bank plc, with company number 00014259 and registered head office at 8 Canada Square, London E14 5HQ.</p>
Discharge of liability of the depositary for loss by a third party to whom custody of financial instruments has been delegated	Art 21(14)(b) ³	The liability of the depositary shall not be discharged by delegation of its safe-keeping functions except where liability has been transferred and discharged in accordance with the UK AIFMD.
Provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets	Art 23(1)(o) / FUND 3.2.2R (16)(d)	Generally, neither the depositary nor any delegate will have the right to re-use any property held by the depositary or such delegate. However, if the AIF appoints a prime broker and that prime broker is the same legal entity as a delegate of the depositary, such prime broker may have a right to re-use property if agreed between the AIF and/or the AIFM and such prime broker. The contract with the depositary also provides for the agreement of terms relating to the transfer of assets according to the instructions of a prime broker.

Securities Financing Transactions Regulation

In accordance with Article 14(1) of Regulation (EU) 2015/2365, as such regulation forms part of the domestic law of the United Kingdom by virtue of section 3 of the European Union (Withdrawal) Act 2018 (the "UK SFTR"), the Manager is required to provide prospective investors with information relating to "securities financing transactions" and "total return swaps" (as defined under UK SFTR) that the AIF is authorised to use and include a clear statement that such transactions and instruments are used. Pursuant to the UK SFTR, we hereby confirm that the AIF is not invested in any "securities financing transactions" and "total return swaps" (as defined under the UK SFTR).

³ Implemented in the UK by Regulation 32(2)(b) of the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773).