

# The *Merchants* Trust PLC

A history you can count on...

• QUARTERLY DIVIDENDS •  
PAYS  
QUARTERLY  
DIVIDENDS\* QUARTERLY  
• DIVIDENDS •



# 28 consecutive years of *dividend growth*\*...

The Merchants Trust PLC is the oldest and largest investment trust managed by RCM. Established in 1889, the Trust aims to provide investors with an above average level of income which increases over time.

## Earning a reputation for success

The Merchants Trust is designed for investors looking for income, but also for investors who believe that a focus on income is a good way of delivering a strong total return over the long term. Although income is not guaranteed and could go down as well as up, the Trust has paid increasingly higher dividends to its shareholders year-on-year for the last 28 years – from 4.2 pence per share in 1982 to 22.5 pence per share in 2010 – providing its shareholders with a growing source of income in the form of regular quarterly payments which has exceeded inflation over the same time period.

## The best of Britain

The Merchants Trust invests in a diversified portfolio of UK “blue chip” companies; well-established, well-known companies that we determine are well-run, with strong balance sheets, international exposure and, importantly, the potential to pay attractive dividends.

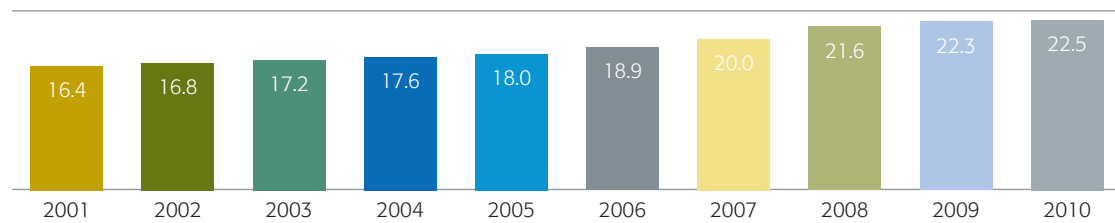
We believe that any investor seeking a higher income and considering shares in larger British companies should take a closer look at the potential economies of scale, diversification and other benefits of the Merchants Trust.



## The Merchants Trust PLC:

- 28 consecutive years of dividend growth<sup>1</sup>
- Navigated through all market conditions since 1889
- Benefits from RCM's dual research process
- Invests for both income and income growth
- Oldest and largest of the trusts managed by RCM

## 10 year net dividend per share history (pence)<sup>1</sup>



## Standardised past performance (%)<sup>2</sup>

	30.6.05	30.6.06	29.6.07	30.6.08	30.6.09
From	30.6.05	30.6.06	29.6.07	30.6.08	30.6.09
To	30.6.06	29.6.07	30.6.08	30.6.09	30.6.10
	17.28	8.25	-25.64	-24.63	15.02

<sup>1</sup>Source: The Merchants Trust Report and Accounts, to year-end 31.1.10. <sup>2</sup>Source: Lipper, percentage growth, share price mid to mid, capital return, to 30.6.10. Standardised past performance figures comply with the Financial Services Authority's regulations to enable investors to compare different products from different providers.

\*Income is not guaranteed and could go down as well as up. Past performance is no guide to the future.

# We research our investments as *thoroughly as you do...*

The Merchants Trust's manager, RCM, is renowned for the quality and scope of its research. Every stock undergoes rigorous, expert analysis before selection.

## **Award-winning resources**

The Merchants Trust benefits from RCM's significant resources and dual research process. As well as a team of over 60 investment analysts around the world specialising on specific industries, RCM's proprietary Grassroots<sup>SM</sup> Research tool provides a unique and far-reaching insight into potential investments for the Trust.

Furthermore, Merchants Trust manager Simon Gergel has first-hand access on a day-to-day basis to the best ideas of a comprehensive team of RCM fund managers and analysts within the UK, Europe and globally.

## **Experienced governance**

As an investment trust, the Merchants Trust is an independent company listed on the London Stock Exchange. Its experienced directors also sit on the boards of a number of large companies within a variety of industry sectors, providing valuable support and insight into the economic outlook.

We believe that RCM's investment expertise; the Trust's long and resilient history; its track record and focus on income; and the ongoing dedication and responsibility of the board of directors to you – the investor – combine to make the Merchants Trust a compelling proposition.

## **Gearing**

Investment trusts, such as Merchants, are able to employ gearing – which means borrowing money to buy more investments. This may mean that a trust's performance is boosted when markets are up. Conversely, losses are magnified when markets fall, which could lead to a substantial loss on your initial investment.



"Investors are increasingly calling for real returns on their income from savings and

investments. The Merchants Trust is an example of a long-established investment that has fulfilled its principal objective of delivering a regular quarterly payment which has grown over time, delivering above-inflation returns over the long run"

**Simon Gergel, Manager**



## **Why 250,000 interviews make us right for the job...**

Grassroots<sup>SM</sup> Research is one of the investment industry's most innovative research facilities and is unique to RCM. Grassroots<sup>SM</sup> combines in-house experts with a global network of more than 250 independent investigators and over 50,000 industry contacts. Since 1984, Grassroots<sup>SM</sup> has conducted over 250,000 interviews with businesses and consumers on hundreds of wide-ranging subjects, helping us to identify market trends before our competitors.

# The *Merchants* Trust PLC

The Merchants Trust is committed to the pursuit of above-average income and income growth. Investors looking for income, especially in today's environment of lower interest rates, may find the track record, experience and resilience of the Trust appealing.

## **RCM Advantage**

RCM is the global equity specialist within Allianz Global Investors. With offices strategically located in the US, Europe and Asia, RCM uses its global research platform to search out investment opportunities. RCM and its predecessors have been managing investment trusts since 1889, providing investors with access to investment markets around the world through professionally managed portfolios. Each trust benefits from the expertise of the RCM fund managers yet, as a company listed on the London Stock Exchange, it is independent and is overseen by its own Board of Directors.

## **CONTACT US**

If you have any queries regarding the trust, or if you would like to be added to our mailing list for Financial Reports or fact sheets, our Investor Services team can be contacted on:

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**website:**

**[www.merchantstrust.co.uk](http://www.merchantstrust.co.uk)**

## How to *invest*

The Merchants Trust PLC is a UK-based investment trust traded on the London Stock Exchange.

You can invest in the trust by purchasing shares through a stockbroker. Shares can also be held within an ISA and/or savings scheme and a number of suppliers offer this facility, including:

### **Alliance Trust Savings**

[www.alliancetrust.co.uk](http://www.alliancetrust.co.uk)

### **HSBC (InvestDirect)**

[www.hsbc.co.uk](http://www.hsbc.co.uk)

### **Halifax**

[www.halifax.co.uk/sharedealing](http://www.halifax.co.uk/sharedealing)

Note: We are not responsible for the content and information on these websites. Source: The Association of Investment Companies as at 31 May 2010. These websites are participants of the AIC's online initiative to increase the awareness of investment companies. Please note RCM (UK) Ltd does not make recommendations on where to buy investment trusts and is unable to provide financial advice. You are strongly advised that if you are unsure about the most suitable option for your needs that you should contact a financial adviser.

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. The Merchants Trust seeks to enhance returns for its shareholders through gearing, in the form of long-term, fixed rate debentures. Gearing can boost the Trust's returns when investments perform well, though losses can be magnified when investments lose value. Derivatives are used to manage the trust efficiently. The information contained herein including any expression of opinion is for information purposes only and is given on the understanding that it is not a recommendation and anyone who acts on it, or changes their opinion thereon, does so entirely at their own risk. The opinions expressed are based on information which we believe to be accurate and reliable, however, these opinions may change without notice. Past performance is not a reliable indicator of future performance. 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. The Merchants Trust PLC is incorporated in England and Wales. (Company registration no. 28276). Registered Office: 155 Bishopsgate, London, EC2M 3AD. The Company is a member of the Association of Investment Companies - Category: UK growth and income. Issued by RCM (UK) Limited. Registered office: 155 Bishopsgate, London, EC2M 3AD. Registered in England No. 2014586. Authorised and regulated by the Financial Services Authority ("FSA"), ref. 122219. The FSA's address is 25 The North Colonnade, Canary Wharf, London, E14 5HS, website [www.fsa.gov.uk](http://www.fsa.gov.uk).