

# KEY INFORMATION DOCUMENT

**PURPOSE** This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## PRODUCT

**The Merchants Trust PLC (the "Company") – Ordinary Shares – ISIN GB0005800072.**

This key information document is produced by its alternative investment fund manager **Allianz Global Investors GmbH** (the "Manager"). The Manager is authorised by the **Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)**, Germany.

The Manager can be contacted by calling 0800 3894 696 or by visiting [www.merchantstrust.co.uk](http://www.merchantstrust.co.uk).

The Key Information Document has been approved for publication on 31.12.2017.

## WHAT IS THIS PRODUCT?

**TYPE** The Company is a closed-ended investment company whose shares are listed on the premium segment of the Official List of the UK Listing Authority and traded on the main market of London Stock Exchange. The Company's ordinary shares are therefore available to the general public.

### BID / OFFER SPREAD

Shares of the Company are bought and sold via markets. Typically at any given time on any given day, the price you pay for a share will be higher than the price at which you could sell it.

**OBJECTIVES** The Company'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. The benchmark against which performance is measured is the FTSE All-Share Index.

### GEARING

The Company has the ability to borrow and to charge its assets as security. The Company has incurred **gearing** which has varied between 15% and 30% of the net assets. In normal market conditions **gearing** will not exceed 35% of net assets. This will magnify any gains or losses made by the company.

**INTENDED RETAIL INVESTOR** The Company is aimed at retail investors with a basic knowledge and/or experience of financial products. Prospective investors should be capable of bearing a financial loss.

## WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

### RISK INDICATOR



The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 4 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level, and poor market conditions could impact our capacity to pay you. This product does not include any protection from future market performance so you could lose some or all of your investment.

### PERFORMANCE SCENARIOS

This table shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest 10,000 GBP. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the product.

The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

The figures shown include all the costs of the product itself, but may not include all the costs you pay to your adviser or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

INVESTMENT 10,000 GBP		1 YEAR	3 YEARS	5 YEARS
SCENARIOS				
Stress scenario	What you might get back after costs	4,159 GBP	4,847 GBP	3,815 GBP
	Average return each year	-58.41 %	-21.45 %	-17.53 %
Unfavourable scenario	What you might get back after costs	8,805 GBP	8,920 GBP	9,482 GBP
	Average return each year	-11.95 %	-3.74 %	-1.06 %
Moderate scenario	What you might get back after costs	10,877 GBP	12,858 GBP	15,199 GBP
	Average return each year	8.77 %	8.74 %	8.73 %
Favourable scenario	What you might get back after costs	13,418 GBP	18,509 GBP	24,332 GBP
	Average return each year	34.18 %	22.78 %	19.46 %

## WHAT HAPPENS IF THE COMPANY IS UNABLE TO PAY OUT?

As a shareholder of the Company which is a listed company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company is unable to pay out.

## WHAT ARE THE COSTS?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest 10,000 GBP. The figures are estimates and may change in the future.

### COSTS OVER TIME

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

INVESTMENT 10,000 GBP	IF YOU CASH IN AFTER 1 YEAR	IF YOU CASH IN AFTER 3 YEARS	IF YOU CASH IN AFTER 5 YEARS
SCENARIOS			
Total costs	22 GBP	77 GBP	152 GBP
Impact on return (RIY) per year	0.22 %	0.22 %	0.22 %

### COMPOSITION OF COSTS

The table below shows:  
 — the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and  
 — the meaning of the different cost categories.

THIS TABLE SHOWS THE IMPACT ON RETURN PER YEAR			
One-off costs	Entry costs	0.00 %	The impact of the costs you pay when entering your investment.
	Exit costs	0.00 %	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	-0.13 %	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	0.35 %	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance fees	0.00 %	not applicable
	Carried Interests	0.00 %	not applicable

Separate distribution charges may apply.

## HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?

### Recommended holding period: 5 years

The Company's ordinary shares are designed to be held over the long term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investments. The value of the ordinary shares and the income derived from them (if any) may go down as well as up. Although the ordinary shares are traded on the Main Market, it is possible that there may not be a liquid market in the shares and investors may have difficulty selling them. Accordingly, investors may be unable to realise their shares at the quoted market price (or at the prevailing net asset value per share), or at all.

## HOW CAN I COMPLAIN?

As a shareholder of the Company you do not have a right to complain to the Financial Ombudsman Service (FOS) about the management of the Company. Complaints about the Company or the key information document should be directed to:

Investor Services (Investment Trusts)  
Allianz Global Investors GmbH UK Branch  
199 Bishopsgate  
London EC2M 3TY  
Telephone Number: 0800 3894 696  
Email: [investment-trusts@allianzgi.com](mailto:investment-trusts@allianzgi.com)  
For more information please see the website  
<https://www.merchantstrust.co.uk/Complaints#>

## OTHER RELEVANT INFORMATION

The current annual and half year reports may be obtained in hard copy without charge from Allianz Global Investors and without any charge on the website [www.merchantstrust.co.uk](http://www.merchantstrust.co.uk).

More information and documentation with regards to the Trust is available on our website [www.merchantstrust.co.uk](http://www.merchantstrust.co.uk).

The costs, performance and risk calculations included in this key information document follow the methodology prescribed by EU rules.

Depending on how you buy these shares you may incur other costs, including broker commissions, platform fees and stamp duty. The distributor will provide you with additional documents where necessary.