

## 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.

# Key Information Document



ISIN: GB0005800072

## 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") acting through its UK branch. The Manager is authorised in Germany as an investment management company and is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). Allianz Global Investors GmbH, UK branch, is deemed authorised and regulated by the Financial Conduct Authority under the Temporary Permissions Regime. Details of the Temporary Permissions Regime, which allows EEA based firms to operate in the UK for a limited period while seeking full authorisation are available on the Financial Conduct Authority's website ([www.fca.org.uk](http://www.fca.org.uk)).

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 04.08.2021.

## What is this product?

### Type

The Company is a closed-ended investment trust 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.

### Objective

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 gear - borrow money - with the objective of enhancing future returns. The Board's policy is to maintain **gearing** (borrowing as a percentage of net assets) in the range of 10-25% (at the time of drawdown).

### 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



This risk indicator is based on past performance data and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile of the Company. The categorisation of the Company is not guaranteed and may change in the future. Even the lowest category 1 does not mean a risk-free investment.

We have classified this product as 5 out of 7, which is a medium-high risk class. The summary risk indicator only reflects historical

share price volatility of the Company's shares.

This product does not include any protection from future market performance so you could lose some or all of your investment. A more detailed description of risk factors that apply to this product is set out in the latest Annual Report.

### 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.

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

Scenarios		1 year	3 years	5 years
Stress scenario	What you might get back after costs	837 GBP	3,563 GBP	2,500 GBP
	Average return each year	-91.63 %	-29.11 %	-24.22 %
Unfavourable scenario	What you might get back after costs	7,948 GBP	7,317 GBP	7,212 GBP
	Average return each year	-20.52 %	-9.89 %	-6.33 %
Moderate scenario	What you might get back after costs	10,708 GBP	12,262 GBP	14,042 GBP
	Average return each year	7.08 %	7.03 %	7.03 %
Favourable scenario	What you might get back after costs	14,397 GBP	20,507 GBP	27,289 GBP
	Average return each year	43.97 %	27.05 %	22.24 %

### WHAT HAPPENS IF ALLIANZ GLOBAL INVESTORS GMBH IS UNABLE TO PAY OUT?

As the shares are not traded directly with the Company or the Manager but are traded on the London Stock Exchange, any default by the Manager will not materially affect the value of your shares. However, a default by the Company or any of the underlying holdings could affect the value of your investment. As the shares are listed on the London Stock Exchange, any direct holding of these shares is not covered by any investor compensation schemes in relation to either the Manager or the Company.

### 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

Scenarios	If you cash in after		
	1 year	3 years	5 years
Total costs	151 GBP	526 GBP	1,019 GBP
Impact on return (RIY) per year	1.51 %	1.51 %	1.51 %

#### 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

<b>One-off costs</b>	Entry costs	0.00 %	The impact of the costs you pay when entering your investment. Neither the Manager nor the Company makes any charges when you purchase or sell your investment. Stamp Duty Reserve Tax (SDRT) of 0.5% is payable if the shares are purchased on the secondary market.
	Exit costs	0.00 %	The impact of the costs of exiting your investment when it matures. Neither the Manager nor the Company makes any charges when you sell your investment.
<b>Ongoing costs</b>	Portfolio transaction costs	0.12 %	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	1.39 %	The impact of the management fee payable to the Company's investment manager (0.35%), Company's other administrative expenses (0.31%), the costs of borrowing money to invest, including interest (0.73%) but not any income or capital benefit of doing so.
<b>Incidental costs</b>	Performance fees	0.00 %	not applicable
	Carried Interests	0.00 %	not applicable

## 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?

If you have a complaint about the product or person advising you on or selling the product you will need to provide details to the person who advised you or sold you the product. 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 document is required to be updated every twelve months to reflect the current costs and will reflect the current market practice.

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

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 Company 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. The management fee rate for the Company has not changed in the past year.

As stated in the section "What are the risks and what could I get in return?" above, the scenarios of estimated future performance are based on evidence from the past on how the value of this investment varies, and are not an exact indicator of future performance. The scenarios are calculated using historical performance figures based on the last five years when markets have been particularly strong and might not be replicated in the future. When there has been steady and consistent growth over the relevant period of time it can make the performance scenario look overly optimistic; past performance is not a guide to future performance and future returns could be significantly worse than shown.