

8 April 2010

LONDON

28 years of uninterrupted dividend growth from The Merchants Trust

- Average annual dividend growth of 9.1%¹ over 28 years - significantly above inflation
- Total return per share, including dividends paid, of 29.2% compared with return on the FTSE 350 Higher Yield Index of 24.7%
- Yield of 6.2%¹

The Merchants Trust, managed by Simon Gergel of RCM, today announces strong results both in absolute and relative terms over the Trust's financial year to 31 January 2010. As the oldest investment trust managed by RCM, The Merchants Trust has once again increased its total year-on-year dividend, providing 28 years of uninterrupted dividend growth for investors.

A key objective of the Trust is to maintain high and growing dividends. Over the last 28 years the Trust has paid out dividends, with an average yearly increase of 9.1%¹, substantially above the rate of inflation. Additionally The Merchants Trust's revenue reserves provide scope for a degree of smoothing in the event of dividend cuts in the portfolio, with revenue reserves equivalent to 62%¹ of the total payment.

Simon White, Head of Investment Trusts at RCM said: "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 inflation-beating returns over the long run."

Over the last 12 months, the Trust has enjoyed a total NAV return of 63.5%², compared to a return on the benchmark of 48.2%².

Over the last ten financial years to 31 January 2010, The Merchants Trust NAV total return has been 4.67% per annum compared to a total return from the FTSE 100 of 1.45% per annum.

Simon Gergel, manager of The Merchants Trust, comments: "The last 18 months have offered some of the most challenging conditions in equity markets but the outlook is now far healthier. The developed world, aided by significant stimuli, has moved out of recession. Corporate profits, cash flows and balance sheets have improved and there are now prospects for dividend growth. Despite this, the economic challenges and risks remain significant. Governments and central banks have a difficult balance to strike between the current need for loose monetary and fiscal policy to stimulate the recovery, versus the need to raise taxes and control budget deficits. Despite this we believe that the developed world

will continue to recover, and that with few capacity constraints, the risk of inflation remains low. However we expect growth to be below trend for several years as governments and consumers seek to reduce their levels of indebtedness.

“As a result of this we continue to seek companies with exposure to emerging market consumers including British American Tobacco, WPP, International Personal Finance and Unilever. In line with the Trust’s objectives to generate growth in dividends, we expect to continue to purchase high quality growth stocks on modest valuations with reasonable dividend yields, such as Reckitt Benckiser and Bunzl. As certain high yielding, depressed asset classes begin to recover we will hold companies with exposure to these areas, including Aviva, Legal and General and Hammerson. Taking into consideration these factors Merchants has a more defensive allocation than the benchmark by overweighting defensive and underweighting cyclical sectors. However ultimately the portfolio stands to benefit from an increase in domestic and global economic activity.”

All data source The Merchants Trust Final Results for the financial year ended 31/ 01/10, except where stated.

1 - Source: Edison Investment Research, to 08/04/10. Commissioned by The Merchants Trust.

2 - Source: Edison Investment Research, to 05/04/10. Commissioned by The Merchants Trust.

- Ends -

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Notes to Editors:

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 and currency fluctuations and you may not get back the amount originally invested. 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. An investment trust’s shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

Awards

- RCM named winner of Active North American Equity at Pensions & Investment Provider awards 2009. RCM US Large Cap Select Growth is managed by Scott Migliori, Co-CIO for US Equities, RCM.
- RCM named No.1 leading fund management firm for SRI Research by Thomson Reuters Extel 2009.

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- Global CIO of RCM, Andreas Utermann, named CIO of the Year by Funds Europe magazine 2008.
- Winner of European Investment Trust of the Year by Investment Week magazine, 2008, for the RCM-managed Charter European Trust.

About RCM (all data source: RCM as at 30/09/09)

RCM is a global asset manager operating from six international offices - San Francisco, London, Frankfurt, Hong Kong, Tokyo and Sydney – with assets under management of over \$130 billion worldwide. The firm provides a range of investment management solutions to institutions and individual clients. At RCM we believe that by generating and exploiting an information advantage, we will be able to deliver superior and consistent investment results for the benefit of our clients - a philosophy we call RCM informed. RCM is a company of Allianz Global Investors, a pre-eminent global asset management group committed to helping clients achieve sustainable success. As a company of Allianz Global Investors, RCM offers a distinctive investment philosophy and culture, while benefiting from the scale and substantial resources of our parent; including business support, industry best-practices and financial investment. This enhances our ability to attract and retain talent, and provide superior insight and investment performance.

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