



The Mercantile Investment Trust plc

The home of tomorrow's UK market leaders

Half Year Report & Financial Statements
for the six months ended 31st July 2023

Key Features

Objective

The Mercantile Investment Trust plc (the 'Company') aims to achieve long term capital growth from a portfolio of UK medium and smaller companies.

Investment Policy

- To emphasise capital growth from medium and smaller companies.
- To achieve long term dividend growth at least in line with inflation.
- To use long-term gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 10% net cash to 20% geared.
- To invest no more than 15% of gross assets in other UK listed closed-ended investment funds (including investment trusts).

Benchmark

The FTSE All-Share Index, excluding constituents of the FTSE 100 Index and investment trusts, with net dividends reinvested.

Capital Structure

At 31st July 2023 the Company's share capital comprised 944,492,180 ordinary shares of 2.5p each, including 154,646,518 shares held in Treasury.

At 31st July 2023, the Company had in issue a £3.85 million 4.25% perpetual debenture and a £175 million 6.125% debenture repayable on 25th February 2030. In addition, the Company has £150 million of long term debt raised through the issue of three fixed rate, senior unsecured privately placed notes (the 'Notes'). The Notes are: £55 million maturing in 2041 with a fixed coupon of 1.98%; £50 million maturing in 2051 with a fixed coupon of 2.05%; and £45 million maturing in 2061 with a fixed coupon of 1.77%.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager and Company Secretary. JPMF is approved by the Financial Conduct Authority and delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Investment Manager'). The Portfolio Managers are Guy Anderson and Anthony Lynch, who are employees of JPMAM.

Website

The Company's website, which can be found at www.mercantileit.co.uk, includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

Email Updates

To sign up to receive email updates from the Company, delivering regular news and views, as well as the latest performance statistics, please visit www.Mercantile-Registration.co.uk or scan the QR code on pages 3 and 10.

Contact the Company

General enquiries about the Company should be directed to the Company Secretary at invtrusts.cosec@jpmorgan.com

FINANCIAL CALENDAR

Financial year end	31st January
Final results announced	March/April
Half year end	31st July
Half year results announced	October
Dividends on ordinary shares paid to shareholders	*1st August, 1st November, 1st February, 1st May
Interest on 4.25% perpetual debenture paid	1st June, 1st December
Interest on 6.125% debenture paid	25th February, 25th August
Annual General Meeting	May
*or nearest following business day.	



Our investment horizon is geared to the long term - the next three to five years and beyond. There are plenty of UK companies facing challenges in the near term from political and economic turmoil and prevailing consumer weakness. We look through a longer lens, identifying stocks trading at compelling valuations and thus providing great investment opportunities for the long-term investor.

Our disciplined investment approach seeks to ensure that the companies we pick are both resilient and high quality businesses that can deliver long-term success."

Guy Anderson, Portfolio Manager,
The Mercantile Investment Trust plc

Why invest in The Mercantile Investment Trust plc?

The home of tomorrow's UK market leaders

Some of the UK's most attractive investment opportunities lie outside the FTSE 100, in the mid and small cap markets. It's here that investors can find the true innovators and disruptors that will drive the UK's future growth. The Mercantile Investment Trust draws on almost 140 years' of experience to tap into the long-term growth potential of the most exciting medium and smaller sized companies, focusing on identifying those with a certain spark that could ignite long-term success.

- **Discover the home of tomorrow's UK market leaders:** share in the return potential of this often overlooked area of the UK market.
- **Dynamic market access:** medium and smaller sized companies provide strong investment opportunities for long-term investors.
- **Nimble business models:** medium and smaller sized companies have greater ability than large organisations to adapt and change to reflect evolving market dynamics and new sector opportunities.
- **Track record of outperformance:** in a segment of the market that demands rigorous scrutiny, The Mercantile Investment Trust's expert and dedicated team has delivered benchmark-beating returns over a five and ten year time period.
- **Steady income generator:** thanks to its focus on quality companies with strong cash flows, The Mercantile Investment Trust has the ability to generate an attractive, regular income for shareholders, and aims to achieve long-term dividend growth at least in line with inflation.
- **Heritage:** as one of the largest UK equity investment trusts, and with a history stretching back almost 140 years, The Mercantile Investment Trust has a long and successful track record of championing the growth potential of quality UK medium and smaller sized companies.
- **Top-class investment team:** as the flagship investment trust of J.P. Morgan Asset Management, one of the world's leading asset managers, The Mercantile Investment Trust benefits from the insights of an experienced management team with the passion and specialist skill required to find the most attractive stocks outside the FTSE 100.

Stay in touch: receive the latest Mercantile news

To keep investors informed, J.P. Morgan Asset Management offers regular email updates on the Company's progress. **Mercantile News** delivers topical and relevant news and views directly to your inbox. The updates could be particularly helpful to investors holding shares through an investment platform who may not otherwise have a direct line of communication with the Company. By signing up you will receive updates on the Company including:

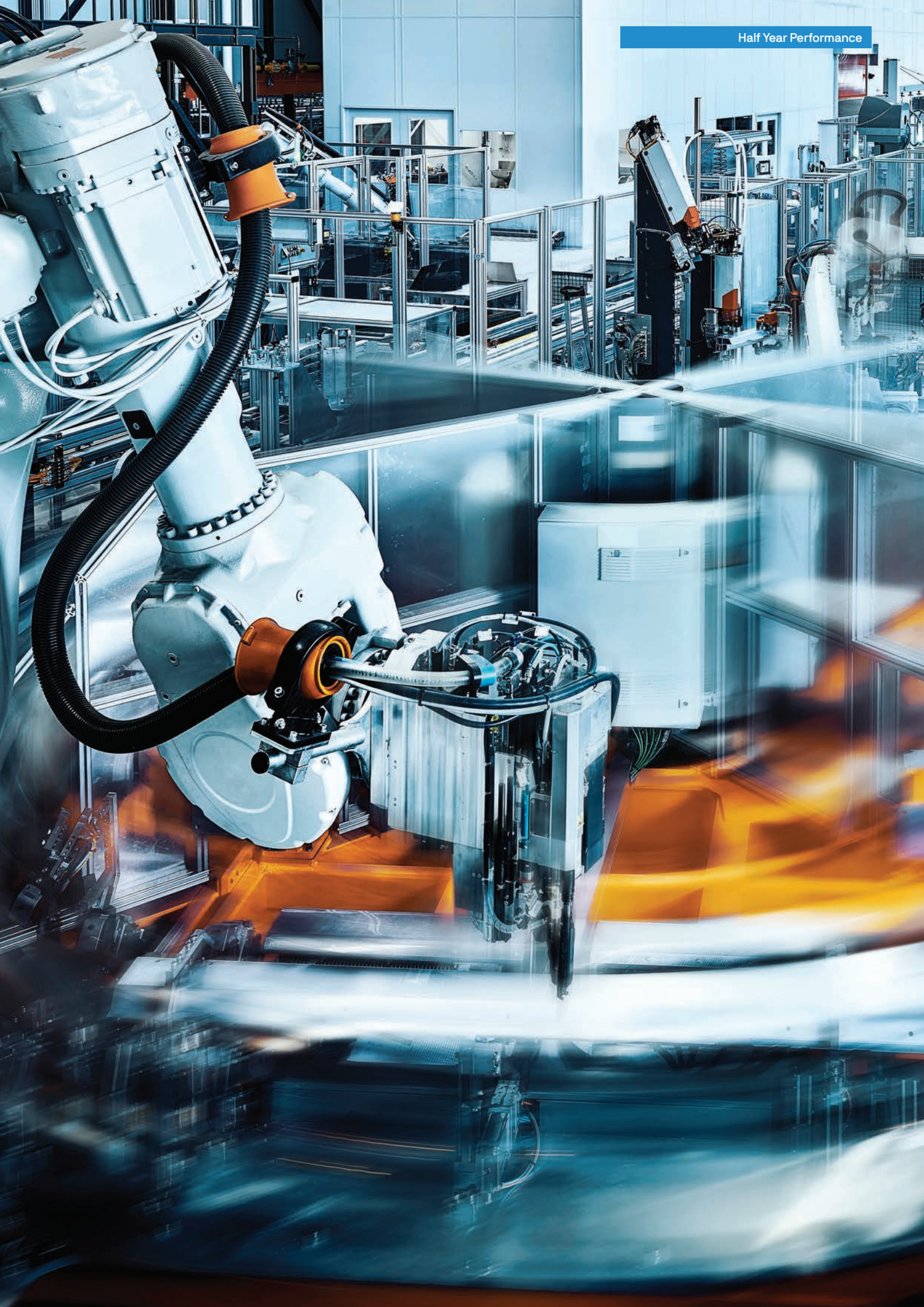
- Performance analysis
- Insights and updates from the Portfolio Managers
- Links to annual and half year reports
- News and views, including press coverage and notification of future events

Scan this QR code on your smartphone camera or opt in via <http://tinyurl.com/MRC-Sign-Up> to sign-up to receive regular updates on The Mercantile Investment Trust plc.



Contents

Half Year Performance	
Financial Highlights	6
Chairman's Statement	
Chairman's Statement	9
Investment Review	
Portfolio Managers' Report	13
List of Investments	15
Portfolio Analysis	17
Financial Statements	
Condensed Statement of Comprehensive Income	19
Condensed Statement of Changes in Equity	20
Condensed Statement of Financial Position	21
Condensed Statement of Cash Flows	22
Notes to the Condensed Financial Statements	24
Interim Management Report	
Interim Management Report	28
Shareholder information	
Glossary of Terms and Alternative Performance Measures ('APMs') (unaudited)	30
Where to buy The Mercantile Investment Trust	32
Share Fraud Warning	33
Information About the Company	34



Financial Highlights

Total returns (including dividends reinvested)

	6 months	3 Years Cumulative	5 Years Cumulative	10 Years Cumulative
Return on net assets with debt at fair value ^{1,APM}	+0.9%	+30.8%	+13.1%	+95.7%
Return on net assets with debt at par value ^{2,APM}	-0.3%	+19.8%	+5.5%	+85.6%
Return to shareholders ^{3,APM}	-1.3%	+21.9%	+8.3%	+96.1%
Benchmark return ⁴	-1.3%	+28.0%	+2.9%	+64.1%

¹ J.P. Morgan/Morningstar, using cum income net asset value per share, with debt at fair value.

² J.P. Morgan/Morningstar, using cum income net asset value per share, with debt at par value.

³ Source: Morningstar.

⁴ Source: FTSE Russell. The Company's benchmark is the FTSE All-Share Index, excluding constituents of the FTSE 100 Index and investment trusts, with net dividends reinvested.

^{APM} Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 30 and 31.

Financial Highlights

Summary of results

	31st July 2023	31st January 2023	% change excluding dividends reinvested	% change including dividends reinvested
Net asset value per share:				
– with debt at fair value ^{1,APM}	237.1p	239.8p	–1.1%	+0.9%
– with debt at par value ^{APM}	230.5p	236.1p	–2.4%	–0.3%
Share price	202.0p	209.5p	–3.6%	–1.3%
Share price discount to net asset value per share:				
– with debt at fair value ^{APM}	14.8%	12.6%		
– with debt at par value ^{APM}	12.4%	11.3%		
Shareholders' funds (£'000)	1,820,585	1,865,676		
Number of shares in issue (excluding shares held in Treasury)	789,845,662	790,080,662		
Gearing ^{APM}	11.3%	9.5%		
Ongoing charges ^{APM}	0.47%	0.46%		

¹ The current replacement or market value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the 'Debt at Fair Value'. The fair value of the Company's debentures and senior unsecured privately placed loan notes have been calculated using discounted cash flow techniques, using the yield from similarly dated gilts plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread.

^{APM} Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 30 and 31.



Chairman's Statement

Market Background

The six months ended 31st July 2023 remained challenging for investors. The now familiar theme of high inflation and rising interest rates continued to play out, albeit at differing paces across the major developed economies. While inflation pressures in the US and Europe subsided quite swiftly after last year's energy and commodity price shocks, UK inflation remained stubbornly high, prompting the Bank of England ('BoE') to tighten monetary policy more aggressively than expected. However, with most UK households on fixed rate mortgage deals that will only expire gradually over time, the full impact of higher rates is yet to register in household budgets.

Central bank actions also generated some new and different fears to keep investors awake at night, at least for a short while. Rapidly rising rates triggered a funding and liquidity crisis that brought down several US regional banks and necessitated the takeover of Credit Suisse by its rival UBS. This fuelled concerns about the stability of the entire global financial system, although swift action by the US and Swiss authorities ensured these concerns were short-lived.

Elsewhere, investors were wrong-footed by developments in China. The Chinese economy was expected to rebound strongly following its sudden reopening late last year, but weak export demand, sluggish domestic consumption and ongoing problems in the property sector meant the recovery soon lost momentum. Many investors are now questioning whether China is entering a new era characterised by much slower growth.

Investors' imagination was captured by the launch of ChatGPT, a chatbot programme that uses artificial intelligence ('AI') to answer users' questions and undertake simple tasks. Excitement about AI's potential to accelerate the pace of technological change and increase productivity sparked a rally in a select group of mainly US, tech-driven growth stocks. It also boosted the share prices of several of the Company's portfolio holdings with exposure to AI themes, as the Portfolio Managers explain in their report beginning on page 13.

Performance

In fact, the portfolio as a whole performed relatively well over the six months to 31st July 2023. The Company produced a net asset total return, based on debt being valued at fair of +0.9%. With the debt valued at par, the return was -0.3%. This compares with the total return of -1.3% from our benchmark index. Over the six months, the discount of the share price to net asset value (with debt being valued at fair value) widened, from 12.6% to 14.8%, resulting in a total return to shareholders for the period of -1.3%.

When assessing the Company's performance, shareholders should bear in mind that the Portfolio Managers invest for the long-term, so it is more meaningful to judge performance over a longer timeframe. On this basis, the Company continues to do well in absolute terms and also remains ahead of its benchmark over five and ten years to 31st July 2023.

Returns and Dividends

The Company's revenue account also remains healthy. The revenue return in the first half of the Company's current financial year increased to 5.33 pence per share, up from 3.74 pence per share for the corresponding period last year, an increase of over 40%. The large increase in dividend receipts in this half-year period was primarily due to the resumption of dividend payments from companies that had previously suspended or reduced them during the pandemic. This was supplemented by a significant increase in interest income from cash held in liquidity funds, owing to higher interest rates in the period relative to the prior year.

A first quarterly interim dividend of 1.45 pence was paid on 1st August 2023 and a second quarterly interim dividend of 1.45 pence per share has been declared by the Board, payable on 1st November 2023 to shareholders on the register at the close of business on 29th September 2023. This brings the total dividend for the year to date to 2.90 pence (2022: 2.70 pence). The Board currently intends to pay a third quarterly interim dividend of 1.45 pence in early February 2024.

The level of the fourth quarterly interim dividend will depend on income received by the Company for the full financial year. As has been stated previously, the Company aims to provide shareholders with long term dividend growth at least in line with the rate of inflation over a five to ten year period.



Angus Gordon Lennox
Chairman

Chairman's Statement

Discount and Share Repurchases

A continuation of unfavourable market conditions has resulted in wide discounts remaining a general theme for investment companies across many asset classes, in particular in the alternative assets sectors. Over the six-month reporting period, the discount at which the Company's shares trade to NAV has widened marginally, closing the half year period at 14.8%.

The Board seeks to manage imbalances between the supply and demand of the Company's shares, with the intention of reducing the volatility of the discount or premium, in normal market conditions. The Board oversees the Company's marketing campaign which aims to generate increased awareness of the Company and subsequent demand for its shares, therefore benefiting current shareholders by contributing to a better rating for their shares. Furthermore, the Board has the authority to repurchase and issue the Company's shares. Over the review period, the Board utilised the Company's buy back authority, buying a total of 235,000 shares at a cost of £463,000. These shares were purchased at an average discount to NAV of 15.2%, producing a modest accretion to the NAV for continuing shareholders.

Gearing and Debt

The Company ended the six-month reporting period with gearing at 11.3% (compared to 9.5% at end January 2023). Gearing is regularly discussed by the Board and the Portfolio Managers and is implemented via the use of long-dated, fixed-rate financing, from several sources, consistent with the Board's aim to ensure the debt available to the Company comes from diversified sources, with different tenures and cost structures. The Company has in place a £3.85 million perpetual debenture and a £175 million debenture repayable on 25th February 2030, together with £150 million of long-term debt raised in September 2021 through the issue of three, fixed rate, senior unsecured privately placed notes (the 'Notes'). The Notes mature between 2041 and 2061 and were secured at a blended rate of 1.94%, at a time when interest rates were near their lows.

With inflation and long-term interest rates significantly higher than they have been for decades, the Company's borrowing profile is currently very attractive, and should benefit shareholders, as it provides ample opportunity to enhance future returns, at relatively low cost.

Stewardship

Effective investment stewardship can materially contribute to helping build stronger portfolios over the long term and therefore enhance returns. The Company's Investment Manager has a well-established approach to investment stewardship, both to understand how companies consider issues related to Environmental, Social and Governance ('ESG') factors and also to seek to influence their behaviour and encourage best practices. Regular engagement with investee companies by JPMAM's portfolio managers, research analysts and investment stewardship specialists and exercising its voice as a long-term investor through proxy voting have been vital components of JPMAM's active management heritage. The Board supports the Investment Manager's approach to investment stewardship and its commitment to its stewardship responsibilities.

As part of the evolving regulatory environment which JPMAM sits within, it has published its first Task Force on Climate-related Financial Disclosures ('TCFD') Report for the Company in respect of the 12 months ended 31st December 2022. The report discloses the portfolio's climate-related risks and opportunities according to the Financial Conduct Authority's ESG Sourcebook and the TCFD Recommendations. The report is available on the Company's website at www.mercantileit.co.uk.

This is the first report under the new guidelines and disclosure requirements and the Board will continue to monitor the situation as these requirements evolve.

Stay Informed

The Company delivers email updates on The Mercantile's progress with regular news and views, as well as the latest performance. If you have not already signed up to receive these communications, you can opt in via <http://tinyurl.com/MRC-Sign-Up>, or by scanning the QR code on this page.



Scan this QR code on your smartphone camera to sign-up to receive regular updates on The Mercantile.

Chairman's Statement

Outlook

There are reasons to be optimistic about the UK's economic and market outlook. Most importantly, inflation pressures are now clearly abating, and UK rates are also probably at or near their peak. It seems most likely rates will remain at or near their current levels, while the Bank of England assesses the medium-term inflation outlook. However, it is reassuring to consider that the Bank now has ample scope to loosen the monetary screws if the anticipated slowdown in economic activity gathers unwanted momentum and threatens to tip the economy into recession.

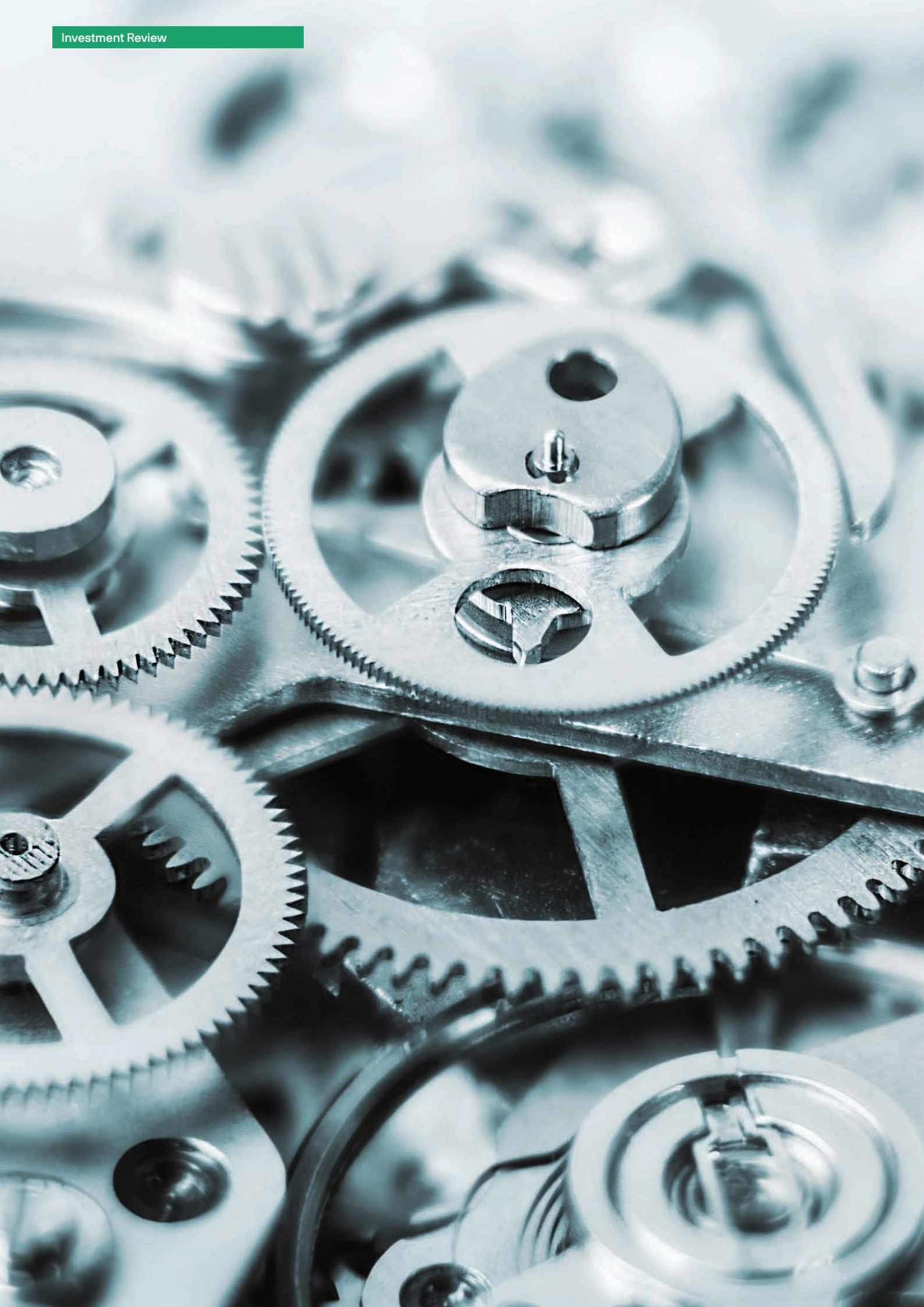
The Board shares the Portfolio Managers' view that UK equities, and UK mid and small cap shares in particular, represent good value at current levels, both relative to historic levels and compared to other developed markets. This means there are many attractive investment opportunities and for the patient investor we should in time once again see excellent investment returns. The Company's strong long-term performance track record, combined with the good operational performance of the portfolio's holdings gives the Board great confidence in the Portfolio Managers' ability to identify and capitalise on these opportunities, just as they have done in the past. This bodes very well for the Company's prospects for capital and dividend growth for the long-term investor.

Thank you for your ongoing support.

Angus Gordon Lennox

Chairman

16th October 2023



Portfolio Managers' Report

Setting the scene: Inflation and central banks

Having staged the beginnings of a recovery towards the end of 2022 and into January 2023, the UK market was unable to sustain its upward momentum through the first six months of the Company's financial year. Share prices were stable to lower during this period, and our target market of UK medium and smaller companies (the 'Benchmark') fared no better, declining by 1.3%.

There have been several drivers of market performance over the course of the year to date, including March's unwelcome spectre of a US regional banking crisis. However, the critical factor driving financial markets has continued to be the path of inflation, alongside the actions of the Bank of England and other major central banks, and the impact of these upon expectations of future economic growth.

The UK has suffered worse than most in this regard, as high inflation has proven to be stickier than in most countries, although this has been due in part to delayed transmission mechanisms into the real economy, which will naturally work through the system over time. This poses a quandary for the Bank of England, and thus at least in part explains their recent, if belated, zeal to re-establish credibility by tightening monetary policy at the fastest pace since the late 1980s.

Economies around the world have thus far been more resilient than anticipated at the start of 2023, when an imminent recession was widely predicted. However, the past year's dramatic monetary tightening in the UK and other major economies is now beginning to bite, and recent leading economic indicators have generally been downbeat, raising valid questions about the outlook for the global economy.

Mercantile performance

Against this backdrop, for the six months to 31st July 2023, the Company delivered a return on net assets of -0.3%, with debt valued at par, and +0.9% with debt at fair value, in both cases ahead of the Benchmark's -1.3% return. The Company's outperformance was driven by stock selection. Gearing, which averaged 10.2% over the review period, had a negligible impact. This recent performance extends the Company's track record of outperformance over the long-term. In the ten years to end July 2023, its NAV rose by an annualised average of +6.4% with debt valued at par, and +6.9% with debt at fair value, ahead of the benchmark return of +5.1%.

Performance in this half-year was aided by our substantial holdings in the software and computer services sector, in companies such as **Softcat** and **Bytes Technology**, which have benefitted from robust corporate demand for IT infrastructure. These companies have also seen gains in market share and there is scope for revenue to accelerate further as customers begin to adopt generative AI solutions. The investment banking and brokerage services sector also contributed positively to relative performance. For example, private equity group **3i** continued to deliver better than expected sales growth thanks to its exposure to Action, a retailer that accounts for c.60% of 3i's NAV, while the fund-raising performance of **Intermediate Capital**, an alternative asset manager, remained strong, despite a well-reported industry-wide softening in demand for such strategies.

Conversely, the greatest detractors from performance were in the media and personal goods sectors. Our investment in **Future**, the specialist media platform, came under further pressure as audience figures and thus revenue – particularly in their important consumer technology products offering – declined, leading to a reduction in expected earnings. In addition, fears around the potential impact of AI, combined with a management transition, have placed further downward pressure on the company's share price. However, we remain shareholders, and with the new CEO now in place, we are monitoring progress closely. Our longstanding holding in **Watches of Switzerland**, a luxury watch retailer, also detracted from returns. While operations have remained resilient, the level of growth has moderated, leading to a debate over its long-range earnings and growth targets. A recent move by Rolex into distribution, via the succession-driven acquisition of Bucherer, has further exacerbated market concerns, and it will take time to rebuild investor confidence in the growth opportunity ahead.

While there has not been any material change to the overall shape of the portfolio, or indeed to the level of gearing, through the first half of this financial year, there have, of course, been various stock-specific changes. For instance, we have increased the size of our position in **Hill & Smith**, an infrastructure engineer with a significant presence in this sector. This increased exposure comes in response to the company's improving growth opportunity, driven primarily by increases to



Guy Anderson
Portfolio Manager

Managing Director and portfolio manager within the J.P. Morgan Asset Management International Equity Group, specialising in UK equities and is Head of UK Mid and Small Caps. Prior to joining the firm in 2012, Guy was an investment analyst at Breedon European Capital and at Pendragon Capital, having started his career at Oliver Wyman. He obtained an M.Eng (Hons) in Engineering from Oxford University. Guy is a CFA charterholder.



Anthony Lynch
Portfolio Manager

Executive Director and portfolio manager within the J.P. Morgan Asset Management International Equity Group, specialising in UK equities, with a particular focus on mid and small caps. Anthony joined in 2009 as an analyst having obtained a B.A. (Hons) in Economics from Durham University. Anthony is a CFA charterholder.

Portfolio Managers' Report

US infrastructure spending. We also added to our investment in **Bytes Technology**, the aforementioned value-added technology reseller. We made new investments in **Bodycote**, an industrial engineer which should benefit from the continued post-pandemic recovery of the aerospace industry, and in **Moneysupermarket.com**, a price comparison business seeing increased demand due to higher insurance prices. These purchases were partly funded by reductions in the size of positions in **Watches of Switzerland** and **RS Group**, a distributor of electronics and industrial products. We also exited a longstanding and profitable investment in **Spirax-Sarco**, a supplier of specialist industrial machinery, now a FTSE100 company.

Outlook for the coming months

In the near-term, we expect that financial markets will continue to be heavily influenced by the inter-connected forces of inflation, monetary policy, and the impact of these upon economic growth expectations. These projections have all oscillated even more than usual in recent months, as economic forecasters have swung from expecting a UK recession this year, towards predicting a soft landing. Their assessment has shifted again more recently in light of the recent deterioration in leading economic indicators. Consensus forecasts now suggest that the UK will avoid slipping into recession in 2023, but most foresee a marked slowdown in economic activity over coming months, and only a shallow recovery in 2024.

While this may sound gloomy, there are some reasons for cautious optimism. Through a period of painful inflation and a genuine squeeze on consumer finances, consumption has remained more resilient than anticipated. The housing market is certainly a concern as higher mortgage rates gradually feed through to borrowers once their fixed rate deals expire, but aggregate debt levels are not excessively high, and the BoE has scope to reduce rates if it becomes clear that monetary tightening has been excessive. Furthermore, with inflation moderating, the average UK consumer is now experiencing real wage growth for the first time in nearly two years. If employment levels can be sustained, this should provide some support to the domestic economy. Furthermore, the uncertain outlook is evidently reflected in valuations, as the UK market is trading at a steep discount to both its own history and relative to other developed markets. Yet portfolio companies have, for the most part, been performing well at an operational level, as demonstrated by a gradual, but notable, increase in earnings estimates over the year-to-date.

The market's historically low valuations, combined with the solid fundamentals of many UK companies, leave us excited by the investment opportunities in our market. As an indication of our relatively positive view of the market's prospects, the portfolio remains just over 10% geared. It is our intention to maintain our focus on identifying the best of these opportunities – structurally robust businesses that operate in growing end markets and possess the ability to invest capital at high returns – as we believe these companies continue to offer the surest prospect of delivering compelling returns and outperformance for our shareholders over the long-term, just as they have done in the past.

Guy Anderson
Anthony Lynch
Portfolio Managers

16th October 2023

List of Investments

List of investments

As at 31st July 2023

Company	Valuation £'000	Company	Valuation £'000
Industrials		Financials	
Inchcape	73,665	Intermediate Capital	81,461
Rotork	53,816	3i	59,310
Diploma	51,343	Man	44,159
IMI	50,010	OSB	39,658
Serco	31,687	Beazley	32,880
Balfour Beatty	31,621	Grafton	30,832
RS	31,344	Close Brothers	22,240
QinetiQ	29,159	Alpha FX ¹	20,070
Oxford Instruments	26,400	Paragon Banking	18,462
Hays	24,610	TBC Bank	17,928
Vesuvius	22,974	XPS Pensions	6,702
Chemring	22,640	Mortgage Advice Bureau ¹	3,744
Bodycote	21,452		377,446
Page	21,408	Technology	
Weir	20,552	Softcat	73,500
Morgan Sindall	18,945	Bytes Technology	49,536
Morgan Advanced Materials	18,476	Computacenter	27,181
SThree	14,452	Auto Trader	24,871
Judges Scientific ¹	10,406	Moneysupermarket.com	20,334
Mears	7,098	Big Technologies ¹	18,034
Vp	3,830		213,456
	585,888	Consumer Staples	
Consumer Discretionary		Cranswick	45,036
Bellway	66,923	Greggs	35,880
Games Workshop	64,020	Tate & Lyle	35,062
Dunelm	57,500	Premier Foods	31,066
Watches of Switzerland	56,889		147,044
WH Smith	51,474	Basic Materials	
4imprint	36,367	Hill & Smith	38,338
JET2 ¹	34,170	Central Asia Metals ¹	5,502
Redrow	32,209	Tennants Consolidated ^{2,3}	6,210
Pets at Home	29,430		50,050
SSP	25,663	Telecommunications	
Future	20,459	Telecom Plus	38,272
Hollywood Bowl	16,576		38,272
Howden Joinery	14,740	Energy	
Bloomsbury Publishing	9,844	Harbour Energy	15,723
Next Fifteen Communications ¹	8,120	Hunting	11,628
	524,384	Serica Energy ¹	9,568
			36,919

List of Investments

List of investments (continued)

As at 31st July 2023

Company	Valuation £'000
Health Care	
Hikma Pharmaceuticals	25,474
Ergomed ¹	6,516
	31,990
Real Estate	
LondonMetric Property	20,317
	20,317
Total investments⁴	2,025,766

¹ AIM listed investment.

² Unquoted investment.

³ Includes a fixed interest investment.

⁴ The portfolio comprises investments in equity shares and a fixed interest investment.

Portfolio Analysis

Listed equity market capitalisation

	31st July 2023 % ¹	31st January 2023 % ¹
UK FTSE 250	80.3	79.3
UK FTSE 100	10.8	10.7
UK AIM	5.8	5.8
UK FTSE Small & Fledgling	2.8	3.9
UK Unquoted	0.3	0.3
Total	100.0	100.0

¹ Based on total investments of £2,026m (31st January 2023: £2,043m).

Source: J.P. Morgan.

Sector

	31st July 2023		31st January 2023	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Industrials	28.9	22.3	31.4	22.4
Consumer Discretionary	25.9	24.2	26.5	21.7
Financials	18.6	16.0	18.4	17.4
Technology	10.5	4.7	8.2	4.5
Consumer Staples	7.3	5.2	6.9	5.1
Basic Materials	2.5	2.8	1.7	3.4
Telecommunications	1.9	1.1	2.3	1.3
Energy	1.8	2.9	2.6	3.1
Health Care	1.6	5.1	1.4	5.3
Real Estate	1.0	13.9	0.6	13.7
Utilities	—	1.8	—	2.1
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £2,026m (31st January 2023: £2,043m).

Source: J.P. Morgan.



Condensed Statement of Comprehensive Income

	(Unaudited) Six months ended 31st July 2023			(Unaudited) Six months ended 31st July 2022			(Audited) Year ended 31st January 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments held at fair value through profit or loss	—	(43,465)	(43,465)	—	(311,635)	(311,635)	—	(317,548)	(317,548)
Net foreign currency gains	—	1	1	—	1	1	—	64	64
Income from investments	43,140	—	43,140	33,460	—	33,460	61,589	—	61,589
Interest receivable and similar income	3,017	—	3,017	588	—	588	3,149	—	3,149
Gross return/(loss)	46,157	(43,464)	2,693	34,048	(311,634)	(277,586)	64,738	(317,484)	(252,746)
Management fee	(1,042)	(2,430)	(3,472)	(1,101)	(2,568)	(3,669)	(2,072)	(4,835)	(6,907)
Other administrative expenses	(785)	—	(785)	(632)	—	(632)	(1,413)	—	(1,413)
Net return/(loss) before finance costs and taxation	44,330	(45,894)	(1,564)	32,315	(314,202)	(281,887)	61,253	(322,319)	(261,066)
Finance costs	(2,088)	(4,873)	(6,961)	(2,595)	(6,056)	(8,651)	(4,245)	(9,906)	(14,151)
Net return/(loss) before taxation	42,242	(50,767)	(8,525)	29,720	(320,258)	(290,538)	57,008	(332,225)	(275,217)
Taxation charge (note 3)	(154)	—	(154)	(140)	—	(140)	(128)	—	(128)
Net return/(loss) after taxation	42,088	(50,767)	(8,679)	29,580	(320,258)	(290,678)	56,880	(332,225)	(275,345)
Return/(loss) per share (note 4)	5.33p	(6.43)p	(1.10)p	3.74p	(40.47)p	(36.73)p	7.19p	(42.02)p	(34.83)p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

The return/(loss) per share represents the profit/(loss) per share for the period/year and also the total comprehensive income per share.

Condensed Statement of Changes in Equity

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves ¹ £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 31st July 2023 (Unaudited)						
At 31st January 2023	23,612	23,459	13,158	1,741,531	63,916	1,865,676
Repurchase of shares into Treasury	—	—	—	(463)	—	(463)
Net (loss)/return	—	—	—	(50,767)	42,088	(8,679)
Dividends paid in the period (note 5)	—	—	—	—	(35,949)	(35,949)
At 31st July 2023	23,612	23,459	13,158	1,690,301	70,055	1,820,585
Six months ended 31st July 2022 (Unaudited)						
At 31st January 2022	23,612	23,459	13,158	2,076,379	61,603	2,198,211
Repurchase of shares into Treasury	—	—	—	(2,287)	—	(2,287)
Net (loss)/return	—	—	—	(320,258)	29,580	(290,678)
Dividends paid in the period (note 5)	—	—	—	—	(33,235)	(33,235)
At 31st July 2022	23,612	23,459	13,158	1,753,834	57,948	1,872,011
Year ended 31st January 2023 (audited)						
At 31st January 2022	23,612	23,459	13,158	2,076,379	61,603	2,198,211
Repurchase of shares into Treasury	—	—	—	(2,623)	—	(2,623)
Net (loss)/return	—	—	—	(332,225)	56,880	(275,345)
Dividends paid in the year (note 5)	—	—	—	—	(54,567)	(54,567)
At 31st January 2023	23,612	23,459	13,158	1,741,531	63,916	1,865,676

¹ These reserves form the distributable reserves of the Company and can be used to fund distributions to investors via dividend payments.

Condensed Statement of Financial Position

	(Unaudited) 31st July 2023 £'000	(Unaudited) 31st July 2022 £'000	(Audited) 31st January 2023 £'000
Fixed assets			
Investments held at fair value through profit or loss	2,025,766	2,019,988	2,042,758
Current assets			
Debtors	20,692	30,360	2,737
Cash and short term deposits	252	251	386
Cash equivalents: liquidity fund	113,883	165,810	157,220
	134,827	196,421	160,343
Current liabilities			
Creditors: amounts falling due within one year	(12,119)	(16,621)	(9,599)
Net current assets	122,708	179,800	150,744
Total assets less current liabilities	2,148,474	2,199,788	2,193,502
Creditors: amounts falling due after more than one year	(327,889)	(327,777)	(327,826)
Net assets	1,820,585	1,872,011	1,865,676
Capital and reserves			
Called up share capital	23,612	23,612	23,612
Share premium	23,459	23,459	23,459
Capital redemption reserve	13,158	13,158	13,158
Capital reserves	1,690,301	1,753,834	1,741,531
Revenue reserve	70,055	57,948	63,916
Total shareholders' funds	1,820,585	1,872,011	1,865,676
Net asset value per share (note 6)	230.5p	236.9p	236.1p

Registered in England, Company registration number 20537

Condensed Statement of Cash Flows

	(Unaudited) Six months ended 31st July 2023 £'000	(Unaudited) Six months ended 31st July 2022 ¹ £'000	(Audited) Year ended 31st January 2023 ¹ £'000
Cash flows from operating activities			
Net loss before finance costs and taxation	(1,564)	(281,887)	(261,066)
Adjustment for:			
Net losses on investments held at fair value through profit or loss	43,465	311,635	317,548
Net foreign currency gains	(1)	(1)	(64)
Dividend income	(43,140)	(33,460)	(61,589)
Interest income	(3,017)	(588)	(3,149)
Realised loss/(gain) on foreign exchange transactions	2	(2)	46
Decrease/(increase) in accrued income and other debtors	44	(25)	9
Increase in accrued expenses	71	27	93
	(4,140)	(4,301)	(8,172)
Dividends received	36,503	29,687	62,063
Interest received	3,017	420	3,149
Overseas tax recovered	55	84	604
Net cash inflow from operating activities	35,435	25,890	57,644
Purchases of investments	(202,081)	(237,596)	(507,308)
Sales of investments	166,486	354,694	612,839
Settlement of foreign currency contracts	—	3	—
Net cash (outflow)/inflow from investing activities	(35,595)	117,101	105,531
Dividends paid	(35,949)	(33,235)	(54,567)
Repurchase of shares into Treasury	(462)	(2,285)	(2,623)
Interest paid	(6,900)	(7,071)	(14,058)
Net cash outflow from financing activities	(43,311)	(42,591)	(71,248)
(Decrease)/increase in cash and cash equivalents	(43,471)	100,400	91,927
Cash and cash equivalents at start of period/year	157,606	65,661	65,661
Unrealised gain on foreign currency cash and cash equivalents	—	—	18
Cash and cash equivalents at end of period/year	114,135	166,061	157,606
Cash and cash equivalents consist of:			
Cash and short term deposits	252	251	386
Cash held in JPMorgan Sterling Liquidity Fund	113,883	165,810	157,220
Total	114,135	166,061	157,606

¹ The presentation of the Cash Flow Statement, as permitted under FRS 102, has been changed so as to present the reconciliation of 'net return/(loss) before finance costs and taxation' to 'net cash inflow from operating activities' on the face of the Cash Flow Statement. Previously, this was shown by way of a note. Other than consequential changes in presentation of certain cash flow items, there is no change to the cash flows as presented in previous periods.

Condensed Statement of Cash Flows continued

Analysis of changes in net debt

	As at 31st January 2023 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st July 2023 £'000
Cash	386	(134)	—	252
Cash equivalents	157,220	(43,337)	—	113,883
	157,606	(43,471)	—	114,135
Borrowings				
Debentures falling due after more than five years	(178,157)	—	(48)	(178,205)
Private Placement due after more than five years	(149,669)	—	(15)	(149,684)
	(327,826)	—	(63)	(327,889)
Total net debt	(170,220)	(43,471)	(63)	(213,754)

Notes to the Condensed Financial Statements

For the six months ended 31st July 2023

1. Financial statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st January 2023 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies and include the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The condensed financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' of the United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the revised 'SORP') issued by the Association of Investment Companies in July 2022.

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 31st July 2023.

All of the Company's operations are of a continuing nature.

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 31st January 2023.

3. Taxation

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. The tax charge comprises overseas withholding tax.

4. Return/(loss) per share

	(Unaudited) Six months ended 31st July 2023 £'000	(Unaudited) Six months ended 31st July 2022 £'000	(Audited) Year ended 31st January 2023 £'000
Return/(loss) per share is based on the following:			
Revenue return	42,088	29,580	56,880
Capital loss	(50,767)	(320,258)	(332,225)
Total loss	(8,679)	(290,678)	(275,345)
Weighted average number of shares in issue	790,059,889	791,268,518	790,696,064
Revenue return per share	5.33p	3.74p	7.19p
Capital loss per share	(6.43)p	(40.47)p	(42.02)p
Total loss per share	(1.10)p	(36.73)p	(34.83)p

Notes to the Condensed Financial Statements

5. Dividends paid

	(Unaudited) Six months ended 31st July 2023 £'000	(Unaudited) Six months ended 31st July 2022 £'000	(Audited) Year ended 31st January 2023 £'000
2023 fourth quarterly dividend of 3.10p (2022: 2.85p) paid to shareholders in May	24,493	22,558	22,558
2024 first quarterly dividend of 1.45p (2023: 1.35p) paid to shareholders in August ¹	11,456	10,677	10,677
2023 second quarterly dividend of 1.45p paid to shareholders in November	n/a	n/a	10,666
2023 third quarterly dividend of 1.45p paid to shareholders in February	n/a	n/a	10,666
Total dividends paid in the period	35,949	33,235	54,567

¹ The Company irrevocably transfers the funds to its Registrar in the month prior to which the dividend is paid to shareholders.

All dividends paid in the period/year have been funded from the revenue reserve.

The first 2024 quarterly dividend of 1.45p (2023: 1.35p) per share, amounting to £11,456,000 (2023: £10,677,000) was paid on 1st August 2023 in respect of the six months ended 31st July 2023.

A second 2024 quarterly dividend of 1.45p (2023: 1.35p) per share, amounting to £11,453,000 (2023: £10,669,000), has been declared payable in respect of the six months ended 31st July 2023.

6. Net asset value per share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the period/year end are shown below. These were calculated using 789,845,662 (July 2022: 790,270,662, January 2023: 790,080,662) Ordinary shares in issue at the period/year end (excluding Treasury shares).

	(Unaudited) Six months ended 31st July 2023 Net asset value attributable £'000 pence		(Unaudited) Six months ended 31st July 2022 Net asset value attributable £'000 pence		(Audited) Year ended 31st January 2023 Net asset value attributable £'000 pence	
Net asset value – debt at par	1,820,585	230.5	1,872,011	236.9	1,865,676	236.1
Add: amortised cost of £175 million 6.125% debenture stock 25th February 2030	174,355	22.1	174,258	22.1	174,307	22.1
Less: Fair value of £175 million 6.125% debenture stock 25th February 2030	(189,830)	(24.0)	(221,403)	(28.0)	(201,864)	(25.5)
Add: amortised cost of £3.85 million 4.25% perpetual debenture stock	3,850	0.5	3,850	0.5	3,850	0.5
Less: fair value of £3.85 million 4.25% perpetual debenture stock	(3,225)	(0.4)	(5,336)	(0.7)	(3,791)	(0.5)
Add: amortised cost of senior unsecured privately placed loan notes	149,684	18.9	149,669	18.9	149,669	18.9
Less: fair value of senior unsecured privately placed loan notes	(82,592)	(10.5)	(116,867)	(14.8)	(93,602)	(11.8)
Net asset value – debt at fair value	1,872,827	237.1	1,856,182	234.9	1,894,245	239.8

Notes to the Condensed Financial Statements

7. Fair valuation of investments

The fair value hierarchy analysis for investments held at fair value at the period end is as follows:

	(Unaudited) Six months ended 31st July 2023		(Unaudited) Six months ended 31st July 2022		(Audited) Year ended 31st January 2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	2,019,556	—	2,014,848	—	2,037,584	—
Level 3 ¹	6,210	—	5,140	—	5,174	—
Total	2,025,766	—	2,019,988	—	2,042,758	—

¹ Consists only of the holding of unquoted stock and fixed income preference shares in Tennants Consolidated.

A reconciliation of the fair value measurements using valuation techniques using non-observable data is set out below.

	Six month ended 31st July 2023 (Unaudited)			Six month ended 31st July 2022 (Unaudited)			Year ended 31st January 2023 (Audited)		
	Equity Investments £'000	Fixed Interest Investment £'000	Total £'000	Equity Investments £'000	Fixed Interest Investment £'000	Total £'000	Equity Investments £'000	Fixed Interest Investment £'000	Total £'000
Level 3									
Opening balance	5,080	94	5,174	5,046	94	5,140	5,046	94	5,140
Change in fair value of unquoted investment during the period/year	1,036	—	1,036	—	—	—	34	—	34
Closing balance	6,116	94	6,210	5,046	94	5,140	5,080	94	5,174



Interim Management Report

The Company is required to make the following disclosures in its half year report.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment and strategy; accounting, legal and regulatory; corporate governance and shareholder relations; operational and cybercrime; and financial. Information on each of these areas is given in the Directors' Report within the Annual Report and Financial Statements for the year ended 31st January 2023.

Related parties transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Going concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least 12 months from the date of the approval of this half year financial report. For these reasons, they consider there is sufficient evidence to continue to adopt the going concern basis in preparing the accounts.

Directors' responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the half year financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of affairs of the Company, and of the assets, liabilities, financial position and net return of the Company as at 31st July 2023 as required by the UK Listing Authority Disclosure Guidance and Transparency Rules ('DTRs') 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the DTRs.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- notify the Company's shareholders in writing about the use, if any, of disclosure exemptions in FRS102 in the preparation of the financial statements;

and the Directors confirm that they have done so.

For and on behalf of the Board

Angus Gordon Lennox
Chairman

16th October 2023



Glossary of Terms and Alternative Performance Measures ('APMS') (unaudited)

Return to shareholders (APM)

Total return to the shareholders, on a last traded price to last traded price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

Total return calculation	Page	Six months ended 31st July 2023	
Opening share price (p)	7	209.5p	(a)
Closing share price (p)	7	202.0p	(b)
Total dividend adjustment factor ¹		1.023775	(c)
Adjusted closing share price (d = b x c)		206.8	(d)
Total return to shareholders (e = d / a - 1)		-1.3%	(e)

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

Return on net assets with debt at par value (APM)

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	Page	Six months ended 31st July 2023	
Opening cum-income NAV per share with debt at par value (p)	7	236.1	(a)
Closing cum-income NAV per share with debt at par value (p)	7	230.5	(b)
Total dividend adjustment factor ¹		1.020758	(c)
Adjusted closing cum-income NAV per share with debt at par value (p) (d = b x c)		235.3	(d)
Total return on net assets with debt at par value (e = d / a - 1)		-0.3%	(e)

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

Return on net assets with debt at fair value (APM)

The Company's debt (debentures and senior unsecured privately placed loan notes) is valued in the Statement of Financial Position (within Creditors: amounts falling due after more than one year) at amortised cost of £327,889,000, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as 'Debt at Par Value'.

The current replacement or market value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the 'Debt at Fair Value'. The difference between fair and par values of the debt is subtracted from the NAV to derive the NAV with debt at fair value. The fair values of the £3.85 million perpetual debenture, the £175 million debenture and the £150 million senior unsecured privately placed loan notes have been calculated using discounted cash flow techniques, using the yield from similar dated gilts plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread.

Total return calculation	Page	Six months ended 31st July 2023	
Opening cum-income NAV per share with debt at fair value (p)	7	239.8	(a)
Closing cum-income NAV per share with debt at fair value (p)	7	237.1	(b)
Total dividend adjustment factor ¹		1.020233	(c)
Adjusted closing cum-income NAV per share with debt at fair value (p) (d = b x c)		241.9	(d)
Total return on net assets with debt at fair value (e = d / a - 1)		0.9%	(e)

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

Glossary of Terms and Alternative Performance Measures ('APMS') (unaudited)

Benchmark return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/(net cash) (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

		Six months ended 31st July 2023 £'000	Year ended 31st January 2023 £'000	
Gearing calculation	Page			
Investments held at fair value through profit or loss	21	2,025,766	2,042,758	(a)
Net assets	21	1,820,585	1,865,676	(b)
Gearing (c = a / b - 1)		11.3%	9.5%	(c)

Ongoing charges ratio (APM)

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily cum-income net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

The figure as at 31st July 2023 is an estimated annualised figure based on the numbers for the six months ended 31st July 2023.

		Six months ended 31st July 2023 £'000	Year ended 31st January 2022 £'000	
	Page			
Management Fee	19	6,944	6,907	
Other administrative expenses	19	1,570	1,413	
Total management fee and other administrative expenses		8,514	8,320	(a)
Average daily cum-income net assets		1,808,356	1,811,935	(b)
Ongoing charges (c = a / b)		0.47%	0.46%	(c)

Cum-income NAV/ex-income NAV

Cum-income NAV includes all current year income, less the value of any dividends paid in respect of the period together with the value of any dividends which have been declared and marked as ex-dividend, but not yet paid. Ex-income NAV excludes the current year income.

Share price discount/premium to NAV per share (APM)

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount.

The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust company's shares to trade at a discount than at a premium.

Where to Buy The Mercantile Investment Trust

You can invest in The Mercantile Investment Trust through the following:

1. Via a third party provider

Third party providers include:

AJ Bell	Hargreaves Lansdown
Barclays Smart investor	iDealing
Bestinvest	IG
Charles Stanley Direct	Interactive investor
Close Brothers A.M. Self Directed Service	IWeb
Fidelity Personal Investing	ShareDeal active
Freetrade	Willis Owen
Halifax Share Dealing	X-O.co.uk

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites are third party sites and the Company does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

2. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you to find an investment that suits your individual circumstances.

An adviser will let you know the fee for their service before you go ahead. You can find an adviser at www.unbiased.co.uk.

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit www.fca.org.uk.

3. Dividend reinvestment plan

The Company operates a dividend reinvestment plan. For further information please contact the Registrars, platform provider or a professional adviser.

Share Fraud Warning

Investment and pension scams are often sophisticated and difficult to spot



Be a **ScamSmart** Investor

Be a ScamSmart investor and spot the warning signs

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they're only making the offer available to you or even ask you to not tell anyone else about it



How to avoid investment and pension scams

1 Reject unexpected offers

Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.

2 Check the FCA Warning List

Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.

3 Get impartial advice

Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk



Be ScamSmart and visit
www.fca.org.uk/scamsmart

Information About the Company

History

The Mercantile Investment & General Trust Company Limited was formed in December 1884 with issued capital of £500,000. The Company merged with three other investment trusts in 1960 under a scheme of arrangement and changed its name to The Mercantile Investment Trust Limited. In 1982 the Company became The Fleming Mercantile Investment Trust plc. In April 2008, the Company adopted its present name, The Mercantile Investment Trust plc.

A publication entitled 'The Mercantile Investment Trust plc 125 years' is available from the Company Secretary.

Directors

Angus Gordon Lennox (Chairman)
Rachel Beagles
Julia Goh
Heather Hopkins
Graham Kitchen
Damien Maltarp

Company numbers

Company Registration number: 20537
London Stock Exchange number: 0579403
ISIN: GB0005794036
Bloomberg ticker: MRC LN
LEI: 549300BGX3CJIHLP2H42

Market information

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times and on the Company's website at www.mercantileit.co.uk.

Website

www.mercantileit.co.uk

Share transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf.

Manager and Company Secretary

JPMorgan Funds Limited

Company's registered office

60 Victoria Embankment
London EC4Y 0JP
Telephone: 0800 20 40 20 or +44 1268 44 44 70
email: invtrusts.cosec@jpmorgan.com

Please contact Alison Vincent for Company Secretarial and administrative matters.

Depository

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

The Depository has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

aic

The Association of
Investment Companies

A member of the AIC

Registrars

Equiniti Limited
Reference 1101
Aspect House
Spencer Way
Lancing
West Sussex BN99 6DA
Telephone number: +44 (0)371 384 2945

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. If calling from outside of the UK, please ensure the country code is used.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1101. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk

Independent auditors

BDO LLP
Chartered Accountants and Statutory Auditors
55 Baker Street
London W1U 7EU

Brokers

Cavendish Financial PLC
One Bartholomew Close
London EC1A 7BL
Winterflood Securities Limited
The Atrium Building
Cannon Bridge House
London EC4R 2GA

Financial Conduct Authority ('FCA') regulation of 'non-mainstream pooled investments' and MiFID II 'complex instruments'

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust. The Company's shares are not classified as 'complex instruments' under the FCA's revised 'appropriateness' criteria adopted in the implementation of MiFID II.

Consumer Duty Value Assessment

JPMF has conducted an annual Value Assessment on the Company in line with Financial Conduct Authority ('FCA') rules set out in the Consumer Duty regulation. The Assessment focuses on the nature of the product, including benefits received and its quality, limitations that are part of the product, expected total costs to clients and target market considerations. Within this, the assessment considers quality of services, performance of the trust (against both benchmark and peers), total fees (including management fees and entry and exit fees as applicable to the Company), and also considers whether vulnerable consumers are able to receive fair value from the product. JPMF has concluded that the Company is providing value based on the above assessment.

CONTACT

60 Victoria Embankment

London

EC4Y 0JP

Freephone: 0800 20 40 20

Calls from outside the UK: +44 1268 44 44 70

Website www.mercantileit.co.uk

