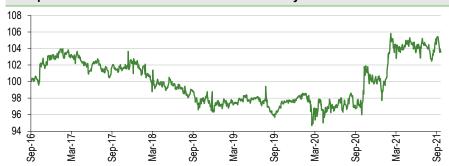


JPMorgan Global Growth & Income

Merger with SCIN will double size and cut charge

The board of JPMorgan Global Growth & Income (JGGI) has announced that it has signed heads of terms with the board of Scottish Investment Trust (SCIN) in respect of a proposed combination. Following the transaction, JGGI's assets would total at least £1.2bn. This announcement follows a review of SCIN's investment management arrangements undertaken by its board after a period of underperformance, which was due at least in part to its contrarian and value bias. SCIN's board selected JGGI because of its style-agnostic investment strategy, which focuses on stocks with both attractive growth and value attributes. The decision is no doubt also a reflection of JGGI's strong performance; it has delivered strong absolute returns and outperformed its benchmark over both the short and long term. JGGI's dividend policy, which pays a dividend equal to 4% of NAV at the end of the previous financial year, will remain unchanged. The fund estimates that the ongoing charge will fall by 11bp. Subject to approval by both JGGI and SCIN shareholders, and the debt holders of both trusts, the transaction is expected to complete in Q122.

NAV performance relative to benchmark over five years



Refinitiv, Edison Investment Research. Note: Total returns in sterling.

Key points of the announcement

- This announcement improves the investment case for JGGI, as it will be a larger trust, which should be more liquid, with lower costs than previously.
- Investors are likely to continue to be attracted to JGGI given its managers' proven stock selection skills, and its competitive and regular dividend and global focus, which offers investors diversification away from the UK stock market.
- JGGI will continue to be managed by JPMorgan Funds under its existing investment strategy. JPMorgan has agreed to make a contribution to the costs of the transaction equivalent to eight months of the management fee payable by the enlarged vehicle.
- JGGI's board has agreed a revised management fee arrangement with JPMorgan, replacing the existing fee structure with a tiered management fee: 0.55% on net assets up to £750m, 0.40% on net assets between £750m and £1.5bn and 0.30% on net assets above £1.5bn. No performance fee will be paid. The revised fee arrangements will be implemented from 1 January 2022.

Investment trusts Global equity income

22 October 2021

 Price
 449.0p

 Market cap
 £702.3m

 AUM
 £717.0m

 NAV*
 433.4p

 Premium to NAV
 3.6%

*Including income. At 19 October 2021.

2.9% Ordinary shares in issue 156 4m Code/ISIN **JGGI** Primary exchange LSF AIC sector Global Equity Income 52-week high/low 452.0p 338.0p NAV* high/low 439.9p 325.4p *Including income.

Gearing

Net cash at 18 October 2021

0.1%

Fund objective

JPMorgan Global Growth & Income aims to provide superior total returns and outperform the MSCI AC World index (in sterling terms) over the long term by investing in companies based around the world, drawing on an investment process underpinned by fundamental research. JGGI makes quarterly distributions, set at the beginning of each financial year, with the intention of paying a dividend equal to at least 4% of NAV at the end of the preceding financial year.

Analysts

Joanne Collins +44 (0)20 3077 5700 Sarah Godfrey +44 (0)20 3681 2519

investmenttrusts@edisongroup.com

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Next steps

Shareholders of both JGGI and SCIN will receive circulars and notices of the respective trusts' general meetings, setting out the details of the transaction in due course. If the deal is approved, SCIN shareholders will receive new ordinary shares in JGGI on completion of the transaction.

JPMorgan has agreed to be appointed as SCIN's alternative investment fund manager prior to the implementation of the transaction and will realign and thereafter manage SCIN's investment portfolio substantially in line with the investment policy and strategy of JGGI until the transaction is completed.

On completion of the transaction, JGGI's board will have representation from both JGGI and SCIN. As set out in JGGI's annual report for the year ending 30 June 2021, JGGI will continue to be chaired by Nigel Wightman until his retirement at the 2021 AGM scheduled for 27 October 2021, when he will be succeeded by Tristan Hillgarth.

SCIN's property at 6 Albyn Place, Edinburgh, The Scottish Investment Trust pension scheme and SCIN's wholly owned subsidiary (SIT Savings) will not transfer to JGGI, but will instead remain with SCIN's liquidator, along with sufficient assets to meet SCIN's liabilities.

This merger would unify two of the oldest investment trusts in the sector; both trusts were incorporated in 1887. If approved, following the completion of the transaction, JGGI intends to hold its AGMs in London and Edinburgh on alternate years, 'to reflect both the English and Scottish heritage of the combined entity'.



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