

# 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.

Yield 2.9%

Ordinary shares in issue 156.4m

Code/ISIN JGGI

Primary exchange LSE

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](mailto:investmenttrusts@edisongroup.com)

[Edison profile page](#)

**JPMorgan Global Growth & Income  
is a research client of Edison  
Investment Research Limited**

## 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'.

---

## General disclaimer and copyright

This report has been commissioned by JPMorgan Global Growth & Income and prepared and issued by Edison, in consideration of a fee payable by JPMorgan Global Growth & Income. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2021 Edison Investment Research Limited (Edison).

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960  
Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700  
280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026  
1185 Avenue of the Americas  
3rd Floor, New York, NY 10036  
United States of America

Sydney +61 (0)2 8249 8342  
Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia