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27 October 2022

JPMorgan Global Growth & Income plc

Legal Entity Identifier: 5493007C3I0O5PJKR078

Proposed merger with JPMorgan Elect plc

Introduction

The Board of JPMorgan Global Growth & Income plc ("**JGGI**" or the "**Company**") is pleased to announce that it has signed Heads of Terms with the Board of JPMorgan Elect plc ("**JPE**") in respect of a proposed merger with JPE to be effected by way of a section 110 scheme of reconstruction by JPE and a transfer of assets to JGGI (the "**Scheme**").

JGGI shall continue to be managed by JPMorgan Funds Limited ("**JPMorgan**") and the Company shall continue to implement its existing investment strategy and dividend policy.

(The above proposals are referred to herein as the "**Proposals**".)

The Board of JGGI believes that the Proposals will enable JGGI shareholders to benefit from the greater economies of scale that are expected to result from the enlarged asset base, including greater liquidity in JGGI shares and cost efficiencies.

The Proposals will be subject to the approval by the shareholders of both JGGI and JPE in addition to regulatory and tax approvals. It is expected that the Scheme and Proposals will be completed by the end of the current calendar year.

Summary of the Scheme

The Proposals will be effected by way of a scheme of reconstruction of JPE under section 110 of the Insolvency Act 1986, resulting in the voluntary liquidation of JPE and transfer of assets to JGGI. In accordance with customary practice for such transactions involving investment trusts, the City Code on Takeovers and Mergers is not expected to apply to the Proposals. However, the Proposals will be subject to other regulatory and tax approvals. The Proposals will also be subject to, *inter alia*, approval by the shareholders of each of JPE and JGGI.

JPE has three share classes: Managed Growth, Managed Income and Managed Cash, each with distinct pools of capital and investment policies. Pursuant to the Scheme, each JPE share class will be treated as follows:

• Managed Growth: assets as held in this portfolio (the "**Managed Growth Assets**") include a less liquid component. Therefore, the Managed Growth Assets held at the Scheme effective date will be transferred to JGGI as part of the Scheme, with a JGGI C Share class ("**C Shares**") created and C Shares offered as consideration for the Managed Growth assets. The JGGI investment policy will need to be supplemented in respect of the C Shares in order to hold the Managed Growth assets rolling across. The C Share class portfolio will be realised over time on an orderly basis and transitioned in line with the current JGGI investment policy. Once the C Share portfolio has been reinvested in line with JGGI's ordinary share investment policy the C Shares will be converted into New Ordinary Shares on a Net Asset Value ("**NAV**") for NAV basis.

• Managed Income: assets held in this portfolio will be realised as soon as practicable prior to the Scheme effective date and transitioned into assets in line with JGGI's current investment policy. These assets will then be transferred to the Company under the Scheme, with Managed Income shareholders receiving new ordinary shares to be issued by the Company (the "**New Ordinary Shares**").

• Managed Cash: assets held in this portfolio will be realised as soon as practicable prior to the Scheme effective date and transitioned into assets in line with JGGI's current investment policy. These assets will then be transferred to the Company under the Scheme, with Managed Cash shareholders receiving New Ordinary Shares.

In relation to the Managed Growth shares, each Managed Growth shareholder will receive one C Share for each Managed Growth share held at the Scheme record date. In relation to the Managed Income and Managed Cash shares, the Scheme will be implemented on a Formula Asset Value ("**FAV**") for FAV basis with Managed Income and Managed Cash shareholders receiving new ordinary shares in JGGI on implementation of the Scheme. The FAV of JGGI and each of JPE's share classes will be calculated using the net asset values of each company and share class, adjusted for their respective allocations of costs and a liquidator's retention.

Benefits of the Scheme

Both Boards believe that the Scheme has a strong rationale, which includes the following benefits:

• **Scale**: The Proposal will be the second combination that JGGI has undertaken in the past twelve months and the enlarged company will have net assets in excess of £1.7 billion (based on valuations as at 25 October 2022), creating a leading investment vehicle for global equity investing that delivers an attractive dividend yield. The scale of the combined company should improve secondary market liquidity for the Company's Shareholders and will allow for potential cost efficiencies;

• **Lower management fee**: JGGI will benefit from lower costs following implementation of the Proposals as JGGI's tiered management fee will have the effect of reducing the weighted average fee given the further growth in NAV. By way of illustration, based on valuations as at 25 October 2022, following implementation of the Proposals the initial weighted average management fee would be 0.46% of NAV;

• **Lower ongoing charges**: existing and new shareholders in JGGI will benefit from a lower ongoing expense ratio with the Company's fixed costs spread over a larger asset base;

- **Shareholder diversification**: JGGI's shareholder base will become further diversified, having introduced a number of new long-term investors to the register; and

- **Contribution from JPMorgan**: JPMorgan has agreed to make a cost contribution in respect of the Proposals, reducing the effective implementation costs for both companies.

Costs of the Proposals

Each company intends to bear its own costs incurred in relation to the Proposals which will be reflected in the FAV for each company and share class. JPMorgan has agreed to make a contribution to the costs of the Scheme equal to eight months of the incremental management fee payable to JPMorgan by the Company, calculated on the NAV of the assets transferring to the Company pursuant to the Scheme (the "**JPMorgan Contribution**"). An adjustment will be made to the respective FAV of each company to reflect the JPMorgan Contribution, which will be split 65 per cent. to JPE and 35 per cent. to JGGI to reflect the expected costs to be incurred by each Company in relation to the Proposals. All costs borne by JPE shareholders will be split amongst each share class based on the NAV of each share class.

Board structure

It is intended that, following completion of the Scheme, one director of JPE will be appointed as a non-executive director of the Company, such that the Board will initially consist of seven directors in total.

Expected timetable

It is currently envisaged that a circular and notice of the general meeting setting out the details of the Scheme will be sent to the Company's shareholders by the end of November 2022. The Proposals are anticipated to conclude by the end of the current calendar year.

The Chairman of JGGI, Tristan Hillgarth, commented:

"Building on the success of the Company's combination with the Scottish Investment Trust PLC in August of this year, these proposals will add further scale and cost synergies that will allow both groups of shareholders to benefit from the greater scale of the trust. The Company will continue to benefit from the strength and depth of the JPMorgan management team and an investment strategy and process that has delivered strong results for shareholders."

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Important Information

This announcement contains information that is inside information for the purposes of the Market Abuse Regulation (EU) No. 596/2014. The person responsible for arranging for the release of this announcement on behalf of JPMorgan Global Growth & Income plc is Divya Amin of JPMorgan Funds Limited.