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27 October 2022

JPMorgan Elect plc

Proposed merger with JPMorgan Global Growth & Income plc

The Board of JPMorgan Elect plc ("**JPE**") announces that it has signed Heads of Terms with the Board of JPMorgan Global Growth & Income plc (**"JGGI"**) in respect of a proposed merger of the two companies. The merger will be effected by way of a scheme of reconstruction of JPE (the "**Scheme**"), consisting of the winding-up of JPE, transfer of certain assets from JPE to JGGI and the issue of JGGI shares to JPE's shareholders (the "**Proposals**").

It is expected that the Scheme and Proposals will be completed by the end of the current calendar year.

Details of the Proposals

The merger, if approved by shareholders of both JPE and JGGI, will be implemented through a scheme of reconstruction under section 110 of the Insolvency Act, resulting in the voluntary liquidation (**"Liquidation"**) of JPE. 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.

Each JPE share class at Liquidation will be treated as follows:

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

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

- 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.

JPE has been advised that the exchange of JPE shares for New Ordinary Shares and C Shares under the Scheme should constitute a scheme of reconstruction for the purposes of the UK taxation of chargeable gains, and that such exchange should not constitute a disposal of such JPE shares for the purposes of the UK taxation of chargeable gains.

JPE shareholders are being offered a final opportunity to elect to convert between share classes during the conversion period that began on 14 October 2022 and closes on 15 November 2022 (the **“Conversion Period”**). During the Conversion Period, Managed Cash shareholders will also have the opportunity to elect to have all or part of their holdings of Managed Cash shares repurchased for cash prior to completion of the Scheme (the **“Redemption Opportunity”**). Those JPE shareholders who hold Managed Growth and/or Managed Income shares are now permitted during the Conversion Period to elect to have such Managed Growth and/or Managed Income shares converted into Managed Cash shares and then immediately repurchased for cash pursuant to the Redemption Opportunity.

Further details on the Conversion Period and Redemption Opportunity are included at the end of this announcement.

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 merger 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 per cent. 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 JPE investors to the register;

- **Strong investment performance:** Over the five years ended 25 October 2022, the NAV total return of JGGI has been 11.2 per cent. p.a. representing outperformance of 2.8 per cent. p.a. against the MSCI AC World Index in Sterling;

- **Attractive dividend:** JGGI has a distribution policy which targets aggregate dividends in each financial year representing at least 4 per cent. of JGGI's NAV at the end of the preceding financial year. JGGI has announced that in relation to the year commencing 1 July 2022, it intends to pay dividends totalling 17 pence per JGGI share (being 4.25 pence per share per quarter), which is in line with its target annual dividend equivalent to 3.9 per cent. of the unaudited NAV (cum income with debt at fair value) as at 25 October 2022; and

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

Costs of the Proposals and Formula Asset Values ("FAVs")

Each party 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 ongoing management fee payable to JPMorgan by JGGI, calculated on the NAV of assets transferring to JGGI 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.

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 FAV for FAV basis with Managed Cash and Managed Income shareholders receiving New Ordinary Shares in JGGI on implementation of the Scheme. The FAV of JGGI and JPE's Managed Cash and Managed Income share classes will be calculated using the NAVs of each company and share class, adjusted for their respective allocations of costs and a liquidator's retention. The Managed Growth share class will have its NAV adjusted for its allocation of cost and a liquidator's retention before conversion to JGGI C Shares.

Board structure

It is intended that, following completion of the Scheme, one director of JPE will be appointed as a non-executive director of JGGI in order to provide continuity of oversight for JPE shareholders, such that the Board of JGGI will initially consist of seven directors in total.

Dividends

JPE shareholders (except those Managed Cash shareholders where there is unlikely to be any significant net income to distribute in that share class) are expected to receive a dividend on their existing shares payable prior to the point of Liquidation, and accordingly those who are issued New Ordinary Shares will not be entitled to receive the second interim dividend of JGGI, expected to be declared in November 2022 and paid in January 2023. JPE shareholders who are issued C Shares will be paid a dividend based on the net income of that share class prior to the conversion into ordinary shares.

Final Conversion and Redemption Opportunity

- The final Conversion Period will run from 14 October 2022 to 15 November 2022.

- For the avoidance of doubt, JPE shareholders will be entitled to either:
    - Convert their shareholding between share classes as usual
    - Update their conversion application if made prior to today in order to reflect a decision based on information provided in this announcement

- Have Managed Cash shares repurchased for cash prior to the Scheme becoming effective, including Managed Cash shares acquired as a result of electing to convert Managed Growth and/or Managed Income shares into Managed Cash shares in this Conversion Period.

- JPE shareholders should note that the Board has discretion under JPE's Articles of Association to set a maximum number of shares of any class that may be converted in respect of any Conversion Period.

- The options for conversion will be amended to:

Certificated Shareholders

Managed Growth and/or Managed Income shareholders that intend to elect for the new option to convert Managed Growth and/or Managed Income shares into Managed Cash shares, should return the relevant certificate with a supporting letter explaining their intention as this new option is not stated on the reverse of the certificate.

CREST Shareholders

Security	Participant ID	Member ID
Managed Growth to Income	5RA17	RAGWTINC
Managed Growth to Cash	5RA17	RAGWTCSH
Managed Growth to Cash and Ord. Redemption	**5RA17**	**RAGWTRED**
Managed Income to Growth	5RA19	RAINCGWT
Managed Income to Cash	5RA19	RAINCCSH
Managed Income to Cash and Ord. Redemption	**5RA19**	**RAINCRED**
Managed Cash to Growth	5RA24	RACSHGWT
Managed Cash to Income	5RA24	RACSHINC
Managed Cash Ord. Redemption **(currently in Cash class)**	5RA30	RACHSREP
Those JPE shareholders who hold Managed Growth and/or Managed Income shares in CREST who now wish to take up the new Redemption Opportunity but have already submitted their CREST instruction will need to submit an ESA message to withdraw their existing election against 5RA17 and/or 5RA19 and the relevant Member ID to settle in CREST by no later than 10.00 a.m. on the second business day prior to the election deadline.		

Expected timetable

It is currently envisaged that a circular and notices of general meetings and class meetings setting out the details of the Scheme will be sent to JPE shareholders, and that a prospectus will be published by JGGI in respect of the Scheme, by the end of November 2022. The Scheme and the Proposals are anticipated to be completed by the end of the current calendar year.

For further information:

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