To: RNS
From: The Scottish Investment Trust PLC
LEI: 549300ZL6XSHQ48U8H53
Date: 20 October 2021

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR THE REPUBLIC OF SOUTH AFRICA OR ANY JURISDICTION FOR WHICH THE SAME COULD BE UNLAWFUL. THE INFORMATION CONTAINED HEREIN DOES NOT CONSTITUTE AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION, INCLUDING IN THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR THE REPUBLIC OF SOUTH AFRICA

Result of Review and Combination with JPMorgan Global Growth & Income PLC

The Board of The Scottish Investment Trust PLC (the "**Company**" or “**SCIN**”) has concluded its review of the investment management arrangements of the Company as announced on 2 June 2021. As part of the review, the Board invited proposals from established fund management groups with the experience of managing listed closed-ended funds designed to deliver, over the longer term, above index returns through a diversified global portfolio of attractively valued companies with good earnings prospects and sustainable dividend growth. These proposals were reviewed alongside the Company’s current management arrangements.

A large number of proposals was received, and each one was carefully evaluated by the Board, with assistance from Stanhope Consulting, against a wide range of criteria. As part of this thorough exercise, consideration was given in turn to retaining the Company’s internal investment management structure; to appointing an external third party manager; and to effecting a combination with another investment trust. The Board would like to thank all of those who participated in the process, including the incumbent management team.

The Board was particularly impressed by the investment strategy that J.P. Morgan Asset Management (“**JPMorgan**”) deploys for the benefit of JPMorgan Global Growth & Income PLC (“**JGGI**”), and has concluded that the benefits of a combination with JGGI to form an enlarged company with net assets in excess of £1.2 billion would represent the most compelling outcome for SCIN shareholders. The Board has therefore agreed heads of terms with JGGI and JPMorgan for a combination of the assets of the Company with JGGI by means of a section 110 scheme of reconstruction (the “**Scheme**”) of the Company (the “**Transaction**”).

Implementation of the Transaction will result in all SCIN shareholders owning shares in JGGI. JGGI and SCIN were both established in 1887, and the combination of the two companies will combine the proud histories of each. JGGI seeks to generate superior total returns from world stock markets, through investing in a diversified, but high conviction, portfolio of appropriately 50 - 90 stocks. Portfolio construction is driven by bottom-up stock selection, underpinned by fundamental research, rather than geographical or sector allocation. The investment strategy is style-agnostic, straddling the conventional classifications of value and growth. The investment management team comprises Helge Skibeli, Rajesh Tanna and Tim Woodhouse, supported by over 80 in-house research analysts located globally.

Benefits of the Transaction

The Board believes that a combination with JGGI represents an attractive transaction for the Company and its shareholders for the following reasons:

- **Strong investment performance:** Over the 5 years ended 30 September 2021, the NAV total return of JGGI has been 14.0% p.a. representing outperformance of 1.7% p.a. against the MSCI AC World Index in Sterling[i].
- **Style-agnostic:** The investment strategy is agnostic as between value and growth, focusing purely on the best total return opportunities.
- **Deeply resourced capability:** JPMorgan is one of the leading global asset managers with AUM of US$2.7 trillion as at 30 September 2021, and the JGGI investment management team is supported by over 80 in-house research analysts located globally.[ii]
- **Attractive dividend:** JGGI has a distribution policy which targets aggregate dividends in each financial year representing at least 4% of JGGI's net asset value at the end of the preceding financial year[iii]. The expected dividends of 16.96 pence per JGGI share in respect of the 12 months commencing 1 July 2021 represented a yield of 3.8% based on the closing JGGI share price of 449.0 pence on 19 October 2021.[iv]
- **Scale:** The combined company will have net assets in excess of £1.2 billion, creating a leading investment vehicle for global equity investing that delivers an attractive dividend yield. The scale of the combined company will improve secondary market liquidity for the Company's shareholders and achieve cost efficiencies.
- **Low ongoing charges:** JGGI will benefit from a new scaled annual management fee ("**AMC**") agreed between JGGI and JPMorgan[v], which will result in an initial weighted average AMC of 0.49% of net assets and forecast Ongoing Charges of 0.57% for the next twelve months.
- **Leading investment trust platform:** JPMorgan is one of the leading managers of closed-ended vehicles in the UK, managing 20 investment companies with an aggregate market cap in excess of £12.5 billion[vi]. JGGI benefits from JPMorgan's extensive investment company management and marketing resources.
- **Contribution from J.P. Morgan Asset Management:** JPMorgan has agreed to make a costs contribution equivalent to the management fees payable by the enlarged vehicle in respect of the eight month period immediately following completion of the combination.
- **Expected substantial uplift for SCIN shareholdings:** SCIN shareholders are expected to benefit from an immediate re-rating of their investment on completion of the Transaction[vii]. At close on 18 October 2021, JGGI's shares were valued at a 2.7% premium to NAV (cum income, debt at fair). In contrast, SCIN shares traded at an average discount to NAV (cum income, debt at fair) of 10.4% in the 3 months preceding the announcement of the Company's strategic review.[viii]

The Transaction

The Transaction will be effected by way of a scheme of reconstruction of the Company under section 110 of the Insolvency Act 1986, resulting in the voluntary liquidation of the Company. 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 Transaction. However, the Transaction will be subject to other regulatory and tax approvals.

SCIN's shareholders will receive new JGGI shares on a formula asset value ("FAV")-to-FAV basis. FAVs will be calculated using the net asset values of each company, adjusted for their respective allocations of costs and for declared but unpaid dividends and, in the case of SCIN, excluding the Company's property, pension scheme and wholly owned subsidiary (S.I.T. Savings Limited ("**SIT Savings**")) and taking account of the liquidator's retention.

Allocation of costs will be determined by pooling the costs incurred by the two companies in connection with the transaction, offsetting the aggregate amount by the fee contribution from JPMorgan detailed below, and then apportioning the net costs *pro rata* by reference to the companies' respective FAVs, subject to a maximum figure to be allocated to JGGI. Direct transactional costs incurred by either company in excess of an agreed cap will be disregarded for the purposes of pooling costs, and will instead be met solely by the relevant company.

JPMorgan has agreed to make a contribution to the costs of the Transaction in an amount equivalent to eight months of management fee payable by the enlarged vehicle, calculated by reference to JGGI's new management fee arrangements (as mentioned above) and the estimated value of the net assets of the enlarged JGGI (determined by reference to the FAVs of each company).

The Company's property at 6 Albyn Place, Edinburgh, The Scottish Investment Trust pension scheme and the Company's wholly-owned subsidiary (SIT Savings) will not transfer to JGGI, but will instead remain with the liquidator, along with sufficient assets to meet SCIN's liabilities. It is anticipated that members of the defined benefit pension scheme, which has been closed to new members since 2015, will have their benefits under the pension scheme fully secured through a buy-in and buy-out with an insurer. Sufficient capital shall remain with the liquidator to ensure that this can be achieved. As part of the liquidation process, the property will be sold and SIT Savings will be liquidated. Following the completion of these processes, any excess of funds remaining in the liquidation pool after all liabilities have been settled will be returned to SCIN shareholders. It is intended that SCIN's secured notes due 2030 should be novated to JGGI on conclusion of the Scheme.

The Transaction will be subject to, *inter alia*, approval by the shareholders and debt holders of each of the Company and JGGI, and will be conditional upon benefits under the pension scheme being secured through a buy-in.

On completion of the Transaction, the board of JGGI will be enlarged by members of the SCIN board joining the board of JGGI. As previously envisaged, the board of JGGI will continue to be chaired by Nigel Wightman until his upcoming retirement at the 2021 AGM (on 27 October 2021), when he will be succeeded by Tristan Hillgarth.

In order to manage the realisation and realignment of the Company's portfolio in advance of the Transaction, the Company intends to appoint JPMorgan as AIFM of the Company, and to adopt a substantially identical investment policy and investment strategy to JGGI. This appointment and change of strategy (together referred to as the "**Investment Management Change**") is expected to occur by mid-January 2022, and will be subject to approval by SCIN shareholders in a general meeting. JPMorgan will be entitled to receive a management fee payable by the Company quarterly at a rate equivalent to 0.55% per annum on net assets during this transitional period.

Circulars convening general meetings to approve the Investment Management Change and the Transaction will be sent to the Company's shareholders in due course, together with a prospectus published by JGGI containing details of the JGGI shares to be issued in connection with the Transaction. The Investment Management Change is expected to take effect by mid-January 2022, and the Transaction is anticipated to conclude in Q1 2022.

James Will, the Company's chairman, said

"The Board undertook a lengthy and robust review process and considered a wide range of options for the Company. Ultimately, the proposal to combine The Scottish Investment Trust with JPMorgan Global Growth & Income was considered the most compelling outcome for shareholders, allowing for the creation of a company with an enlarged net asset base of in excess of £1.2 billion. Our two companies were both launched in 1887, and this combination will reflect both of their proud histories within a single vehicle with relevance for the investment market place today. JGGI offers a style-

agnostic total return approach that has delivered index-beating performance, and it distributes an attractive level of dividend to investors. The Board would like to place on record its deep gratitude for the dedication and professionalism of the employees of The Scottish Investment Trust, including during the period of the review."

Enquiries:

The Scottish Investment Trust PLC
James Will (Chairman) — Contact via Investec or TB Cardew

Investec Bank plc (Corporate Broker)
Tom Skinner — T: 020 7597 4000
David Yovichic

TB Cardew (PR Adviser to The Scottish Investment Trust PLC)
Ed Orlebar/Tania Wild — T: 07738 724 630 / 07425 536 903
Email: thescottish@tbcardew.com

Important Information

This announcement contains information that is inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended (the Market Abuse Regulation). The person responsible for arranging for the release of this announcement on behalf of the Company is Nicola Board of Maitland Administration Services Limited, Company Secretary.

---

[i] Sources: JPMorgan, Thomson Reuters

[ii] Source: JPMorgan

[iii] Where the target dividend is likely to result in a dividend yield that is materially out of line with the wider market, the Board may choose to set the target dividend at a different level that is more in line with the wider market and other global income trusts and funds. The dividend is paid at a level not linked to revenue and therefore is likely to be predominantly uncovered.

[iv] For the avoidance of doubt, SCIN shareholders will not qualify for any JGGI dividend declared prior to the Scheme becoming effective, but new JGGI shares issued to SCIN shareholders pursuant to the Scheme will rank fully for all dividends declared by JGGI on or after the date of their issue.

[v] 0.55% p.a. on the first £750 million of net assets; 0.40% p.a. on the following £750 million of net assets; 0.30% p.a. above. There will be no performance fee.

[vi] Source: AIC. As at 31 August 2021.

[vii] The degree of any uplift is uncertain at the present date and is contingent on a number of variables. These variables include, among other things, the prevailing premium or discount of JGGI shares on completion of the Transaction, the share rating of SCIN's shares immediately prior to implementation of the Transaction, the costs of the Transaction and the relative NAV performances of SCIN and JGGI during the period to the FAV calculation dates. There can be no guarantee that there will be any uplift for the Company's shareholders.

[viii] Sources: Bloomberg, Morningstar