RNS Number : 2584W
Henderson Intl. Income Trust PLC
07 February 2025

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Legal Entity Identifier: 2138006N35XWGK2YUK38

7 February 2025

Henderson International Income Trust plc ("HINT")

Combination with JPMorgan Global Growth & Income plc ("JGGI")

Introduction

The boards of JGGI and HINT are pleased to announce that heads of terms have been agreed for a combination of the two companies. The combination will be undertaken through a scheme of reconstruction of HINT under s.110 of the Insolvency Act 1986 (the "**Scheme**"), under which HINT's assets will be rolled into JGGI in exchange for the issue of new JGGI shares to HINT shareholders (the "**Transaction**"). No cash option is proposed in light of the strong rating and liquidity of JGGI's shares, and the similarity of the investment strategies, with both companies offering exposure to global equities and an attractive level of income.

The current investment manager of JGGI, J.P.Morgan Asset Management ("**JPMAM**"), will continue to manage the enlarged JGGI, investing in accordance with JGGI's existing investment objective and policy.

The Transaction will result in a company with net assets of approximately £3.4 billion, and an estimated ongoing charges ratio of 0.42 per cent. The respective boards and JPMAM believe that the outlook for the enlarged JGGI remains compelling. JGGI provides investors with award-winning, global exposure employing a repeatable, style-agnostic investment approach that has delivered market leading performance under different market conditions and in both growth and value environments.

Benefits of the Transaction

The combination is expected to result in substantial benefits for both JGGI and HINT shareholders:

- **Strong investment performance**: JGGI has generated NAV total return per share of 22.4 per cent., 49.2 per cent., 116.0 per cent., and 269.8 per cent. over the one, three, five and 10 years to 31 January 2025, which compares to HINT's NAV total return per share of 9.6 per cent., 17.8 per cent., 43.0 per cent., and 116.5 per cent. over the same period[1].
- **Improved share rating**: HINT's shareholders would benefit from an immediate uplift in value of over 14 per cent. given the relative ratings of the two trusts, with JGGI trading on a premium of 2.1 per cent. (average of 0.9 per cent. over the last 12 months) and HINT on a discount of 10.8 per cent. (average of 12.1 per cent. over the last 12 months)[1].
- **Scale**: The Enlarged JGGI is expected to have net assets in excess of £3.4 billion (on the basis of the companies' respective net asset values as at 31 January 2025), further enhancing its position as the largest investment trust in the AIC Global Equity Income sector.
- **Liquidity**: The scale of the Enlarged JGGI should further improve secondary market liquidity for both groups of shareholders. The average daily volume in JGGI shares for the 12 months to 31 January 2025 was £6.5 million, providing a significant enhancement to liquidity for HINT shareholders.
- **Consistent dividends**: JGGI's dividend policy is to make quarterly distributions with the intention of paying dividends totalling at least 4 per cent. of its NAV per share as at the end of the preceding financial year funded by distributable reserves where necessary. This policy provides JPMAM with the flexibility to adapt the portfolio to meet different market environments, which aligns favourably with HINT's recently enhanced investment and distribution policy. It has resulted in an annualised dividend growth rate of 7.2 per cent. since the start of the 2018 financial year, as compared to HINT's annualised dividend growth rate of 6.4 per cent. over the same period.
- **Contribution to costs**: HINT and JGGI shareholders will be insulated from a significant proportion of the costs of the Transaction as a result of the JPMorgan Cost Contribution (as described further below).
- **Reduced management fee**: HINT's shareholders will benefit from significantly lower management fees as part of the Enlarged JGGI. The incremental management fee payable by the Enlarged JGGI will be 0.30 per cent. of NAV per annum, resulting in an expected blended management fee of 0.38 per cent. per annum on the Enlarged JGGI's NAV, which compares to the existing HINT management fee of 0.575 per cent. of NAV.
- **Lower ongoing charges**: HINT and JGGI shareholders will benefit from an estimated annual ongoing charge of 0.42 per cent., a significant reduction to HINT's ongoing charge of 0.77 per cent.
- **Combined shareholder base**: There is significant overlap between HINT's and JGGI's top 20 shareholders, with over 85 per cent. of HINT's shareholders also being shareholders of JGGI. This will allow shareholders the opportunity to consolidate their investments into a larger, more liquid investment trust.

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- **Track record of consolidating investment trusts**: JGGI has an established track record of combining investment trusts. JGGI completed a merger with The Scottish Investment Trust plc in August 2022, JPMorgan Elect plc in December 2022 and JPMorgan Multi-Asset Growth & Income plc in March 2024.

The Transaction

The Transaction will be effected by way of a scheme of reconstruction of HINT under section 110 of the Insolvency Act 1986, resulting in the voluntary liquidation of HINT and the transfer of HINT's assets to JGGI in consideration for the issue of new ordinary shares of JGGI ("**New JGGI Shares**") to existing HINT shareholders. The number of New JGGI Shares issued to HINT shareholders will be determined on a Formula Asset Value ("**FAV**") for FAV basis. It is expected that HINT's existing €30m fixed rate senior unsecured notes ("**HINT FRNs**") will transfer to JGGI in connection with the Scheme.The Scheme is subject to the consent of the HINT FRN holders in addition to the JGGI bond holders and JGGI note holders.

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. The Transaction will be subject to, *inter alia*, the approval of both HINT and JGGI shareholders, in addition to necessary tax clearances.

The New JGGI Shares will be issued on the basis of the ratio between the JGGI FAV per share and the HINT FAV per share. The "**JGGI FAV**" will be the JGGI NAV (including current year income) as at the calculation date, adjusted for: (i) the costs of the proposals not accrued in the JGGI NAV; (ii) any dividends declared but not paid, if appropriate; and (iii) an adjustment necessary to reflect the benefit of the JPMorgan Cost Contribution. The "**HINT FAV**" will be the HINT NAV (including current year income) as at the calculation date, adjusted for: (i) the costs of the proposals not accrued in the HINT NAV; (ii) any dividends declared but not paid (including any final pre-liquidation dividend required to be paid to maintain Investment Trust status); (iii) the liquidator's retention; (iv) any adjustment to the fair value of fixed rate debt of HINT to ensure an alignment of the basis of the fair valuation of the fixed rate debt of both JGGI and HINT; and (v) an adjustment necessary to reflect the benefit of the JPMorgan Cost Contribution.

JPMAM has agreed to make a contribution to the costs of the Transaction in the form of a fee waiver for an amount equal to the direct costs of the Transaction incurred by both JGGI and HINT ("**Direct Transaction Costs**"), subject to the Scheme being implemented (the "**JPMorgan Cost Contribution**"). For the avoidance of doubt, the following costs shall not constitute Direct Transaction Costs for the purposes of calculating the JPMorgan Cost Contribution: (i) any costs of the realignment and/or realisation of the HINT Portfolio, which costs shall be borne solely by HINT; (ii) any costs associated with the termination of HINT's existing management arrangements which shall be borne solely by HINT; (iii) any realignment costs, stamp duty, SDRT or other transaction tax incurred by JGGI for the acquisition of assets from HINT, which costs shall be borne solely by the enlarged JGGI, but which, for the avoidance of doubt, will not be reflected in the JGGI FAV; (iv) certain costs relating to the necessary approvals for the transfer of the HINT FRNs, which shall be borne by each of HINT and JGGI, as appropriate; and (v) listing fees in respect of the listing of the New JGGI Shares issued in connection with the Scheme, which costs shall be borne by the enlarged JGGI, but which, for the avoidance of doubt, will not be reflected in the JGGI FAV.

JGGI's Dividend Policy

JGGI has a policy ofpaying an annual dividend to shareholders of at least 4 per cent. of NAV, supported by both income and capital returns which JPMAM believesprovides flexibility to its portfolio management team to invest in the most attractive investment opportunities to maximise total returns. No changes are proposed to JGGI's dividend policy as a result of the Scheme. As at 30 June 2024, JGGI had distributable reserves of £1.8bn which may be used to fund distributions to shareholders.

JGGI's Rating, Issuance and Buybacks

Since 2017, JGGI shares have traded at an average premium to NAV of 1.3 per cent. JGGI has issued over £670 million of shares over the last three years through regular tap issuance and a placing in February 2024. In 2024, JGGI issued £440 million of shares, representing approximately 50 per cent. of issuance across the entire investment company sector. JGGI is committed to its well-established, publicly-stated discount policy of repurchasing its shares with the aim of maintaining an average discount of around 5 per cent. or less calculated with debt at par value. The policy has resulted in JGGI repurchasing approximately £4.9 million of shares during 2024 at an average discount of 2.3 per cent., with such shares subsequently being reissued from Treasury at a premium to NAV.

Board Structure

Following completion of the Transaction, it is expected that the Board of the enlarged JGGI will consist of seven directors, with six from the current board of JGGI and one director from the board of HINT. It is expected that the JGGI Board will revert to six directors with the director from the board of HINT stepping down within 12 months, following a transitionary period.

Timetable

It is intended that the documentation in connection with the Transaction will be posted to each of JGGI's and HINT's shareholders in April/May 2025 with a view to convening general meetings in May/June 2025. The Transaction is expected to conclude by July 2025.

Richard Hills, Chair of Henderson International Income Trust, commented:

"*The board is delighted to propose the combination of Henderson International Income Trust and JPMorgan Global Growth & Income. The board believes that the proposed combination will provide shareholders with access to a larger, more liquid vehicle with an outstanding track record and a history of growing dividends whilst focusing on the most attractive investment opportunities. The combination will create a vehicle of significant scale with a highly competitive management fee. Having consulted a number of our largest shareholders who have indicated their support, we believe the combination is very attractive for shareholders as a whole.*"

James Macpherson, Chair of JPMorgan Global Growth & Income, commented:

"Investment trusts are in the spotlight at present, and there are growing calls from investors for consolidation, with the emphasis on the need for larger, more liquid vehicles that offer highly competitive cost structures. The proposed combination with Henderson International Income Trust provides synergies for both sets of shareholders, reinforcing the Company's position as one of the industry's largest investment companies, with enlarged net assets of £3.4 billion, and the fourth lowest ongoing charge[2] at 0.42 per cent. Added to that, JGGI's long-term performance track record gives my fellow Directors and me great confidence in the team's ability to navigate whatever challenges the future holds[3] and we remain open to further consolidation opportunities."

Notes:
1 - based on the respective published net asset values of JGGI and HINT as at and up to 31 January 2025.
2 - Source: The Association of Investment Companies
3 - past performance cannot be relied on as a guide to future performance.

For more information please use the contact details below.

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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 Henderson International Income Trust Limited is Sally Porter of Janus Henderson Secretarial Services UK Limited. Upon the publication of this announcement, this information is considered to be in the public domain.

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