

Link Fund Solutions Limited (“LFS”) Q & A in relation to the winding-up of the LF Woodford Equity Income Fund (the “Fund”)

1. Why did LFS suspend the Fund?

LFS as the Fund’s authorised corporate director, has responsibility for this decision. LFS discussed its decision with the Fund’s depositary, Northern Trust Global Services SE (UK Branch) (the “Depositary”), and have also been in close discussions throughout with the Financial Conduct Authority (the “FCA”).

As previously communicated to investors the decision to suspend dealings in the Fund was taken to protect all investors following an increased level of withdrawals.

The suspension was intended to give Woodford Investment Management Limited, (“Woodford”), the investment manager of the Fund, time to reposition the Fund’s portfolio into more liquid investments. This would have allowed the Fund, upon lifting of the suspension of dealings, to meet redemption requests, while reducing pressure to sell assets at low prices and therefore protecting the value of the Fund.

LFS had agreed with the Depositary and Woodford to seek to complete the repositioning by early December 2019, and that it would monitor progress to ensure that this date remained achievable.

Furthermore, it was agreed that it would not be possible to lift the suspension and re-open the Fund until the sale of the unlisted and less liquid assets was completed. Failure to fulfil this sale before the re-opening of the Fund would risk a further suspension and unequal treatment of investors, particularly for those who continued to remain invested in the Fund.

2. I thought the suspension was temporary, why have LFS now decided to wind-up the Fund?

Whilst progress has been made in relation to repositioning the Fund’s assets during the period of suspension, unfortunately this has not been sufficient to keep the Fund on track to re-open in December. Despite the progress made, it is

uncertain when this repositioning would be fully achieved and LFS has therefore concluded that it is in the best interests of investors for the Fund to be wound up on the basis of an 'orderly realisation' of the Fund's assets.

This will allow the return of money through interim payments to investors more quickly than if the Fund had remained suspended for a longer period of time. LFS will now take the necessary steps to request formal permission from the FCA to take this action, and it is expected that the winding-up of the Fund will commence in January 2020. It is not possible to commence the winding-up any earlier due to the need for three months' notice to be given to investors under the applicable European Directive implemented by FCA rules.

3. Why has the Fund fallen in value?

The net asset value of the Fund is published daily so investors can see how much their investment is worth. Any fall in the value of the Fund is a result of a fall in the value of the Fund's underlying assets, an investment risk which applies to any investor in any UCITS fund.

4. Why has LFS chosen to wind up the Fund, rather than, for example extending the period of suspension, appointing another investment manager and merging the Fund with another fund? What other alternatives were considered?

We have considered if any other options would be possible, including extending the period of suspension, appointing another investment manager and merging the Fund with another fund. However, we have concluded that they would not be in the best interests of investors or are not viable.

5. Why has BlackRock been appointed?

We have appointed BlackRock Advisors (UK) Limited ("BlackRock") as transition manager of a portfolio of the Fund's listed assets in preparation for the winding up of the Fund. BlackRock will seek to sell the assets in that portfolio and use the proceeds to purchase money market funds and FTSE 100 index instruments. This process will enable us to return part of investors' cash as soon as possible once the Fund begins the winding up process.

We believe that BlackRock is well placed to carry out this role due to its trading and capital markets expertise and experience. We believe that this will achieve a better outcome for investors.

6. Who are PJT Partners and what is their role?

During the period of suspension we appointed a third-party, PJT Partners as a specialist broker to assist in selling certain unquoted and less liquid assets. PJT will continue to work towards selling these assets.

7. What is Woodford's involvement in the management of the Fund going forward?

As of 15 October 2019, Woodford ceased to be the investment manager of the Fund.

8. Why is Woodford no longer managing the Fund?

We believe that BlackRock is well placed to carry out this role due to its trading and capital markets expertise and experience. We believe that this will achieve a better outcome for investors.

During the period of suspension we appointed a third-party, PJT Partners as a specialist broker to assist in selling certain unquoted and less liquid assets.

9. How will the Fund be managed

The Fund's assets have been split into two parts, one comprised of listed assets ("Portfolio A") and one comprised of the unlisted and certain highly illiquid listed assets ("Portfolio B")

BlackRock will seek to sell the assets in Portfolio A and use the proceeds to purchase money market funds and FTSE 100 index instruments. This process will enable us to return part of investors' cash as soon as possible once the Fund begins the winding up process

During the period of the suspension LFS appointed PJT Partners (UK) Limited ("Park Hill") as a specialist broker to assist us in selling the assets in Portfolio B. Park Hill will continue in this role.

10. What is an orderly realisation and what does it involve?

An orderly realisation of the assets of the Fund will involve the sale of the Fund's assets over a reasonable period of time – the aim is to avoid a "fire sale" (i.e. a sale in the short term, even if this results in a lower value being realised), and to

balance on the one hand the need to generate liquidity and on the other hand the need to secure a reasonable value of the assets.

Cash will be realised from the sale of the assets held by the Fund and, on an ongoing basis as and when sufficient cash becomes available in the Funds, all investors will receive a first capital distribution – this cash will be returned to shareholders on a pro-rata basis, in proportion to the size of each shareholder's investment in the relevant Fund. Distributions will then continue until all the assets of the Fund have been realised.

11. How long will the winding up process take?

One of the objectives of the orderly realisation process is to maximise returns for investors. That means that it is important for the assets to be realised at a time when the sale will achieve an appropriate level of return. Selling the shares in the less liquid assets, on a "fire sale" basis would significantly reduce the value of these assets.

It is anticipated that the first capital distribution will be paid to investors by the end of January 2020. The size of this first capital distribution will depend upon how quickly the value of the Fund's assets can be realised. We will write to you before this payment is made to provide further details.

It is not currently possible to predict when the orderly sale of these remaining assets will be fully complete and when the remaining capital distributions will be paid to you.

12. When are investors likely to hear further news?

We will provide you with regular updates in respect of the sale of the Fund's assets and of any matters we think should be brought to your attention. We will notify you when the Fund goes into wind-up.

13. What can investors expect to get back?

The amount you will receive will depend on the Fund's value and the amount raised by selling the Fund's assets. The Fund's value fluctuates in line with the market values of its underlying assets. If assets are sold for lower prices, you will receive less from the winding-up process and this also may be less than you originally invested.

14. How will capital distributions from the Fund be taxed?

The receipt of your proceeds in the wind-up will be deemed a disposal of your shares in the Fund for capital gains tax purposes and may give rise to a capital gains tax liability. This will, of course, depend upon your individual circumstances. If you are in any doubt as to the taxation consequences of your action you should contact your professional adviser.

15. Does the winding-up of the Fund affect investors/my SIPP or ISA status?

Investors will need to contact their professional advisers for specific tax advice.

16. Can investors sell or exchange shares in the Funds?

As we have taken the decision not to re-open the Fund dealings in the Fund remain suspended. Therefore, investors will not be able to buy or sell shares before or during the winding up period.

17. Will you continue to apply the Periodic Charge.

In the period leading up to the commencement of the winding up of the Fund, there will be no change to the amount of the periodic charge paid by the Fund to LFS. Out of the periodic charge we will pay BlackRock's fees for its services, as well as the fees of the Fund's Depositary, administrator, custodian and auditor. We will not take our fee for acting as ACD from the point of suspension and therefore if there is a surplus after paying all other fees we will return this to the Fund. Brokerage and legal costs, including the costs of Park Hill, will continue to be borne by the Fund. These costs will be greater during this period than they were typically in previous periods due to the requirement to sell all of the Fund's assets.

Once the winding up of the Fund commences, the periodic charge will no longer be taken. However, we anticipate there will be costs payable by the Fund associated with the sale of the Fund's assets after the winding up commences, including the fees of BlackRock and Park Hill. We will write to update you nearer the time to provide further information on these costs.

18. What about the Financial Services Compensation Scheme?

Broadly speaking, the Financial Services Compensation Scheme assists consumers when financial services firms which owe money to them are unable to pay (e.g. because the firms are insolvent or have ceased trading).

If investors want further information about the FSCS, they should refer to the information given to them at the time they invested in the Funds, or to the FSCS website (www.fscs.org.uk), for additional details about the compensation scheme and the circumstances in which compensation is payable.

Investors who invested in the Funds through an IFA should also consider speaking to their IFA for further information in the first instance.

19. Who can investors or IFAs contact if they have any other questions?

Investors or IFAs can contact LFS on 0333 300 0381 you can email us at equityincome@linkgroup.co.uk.