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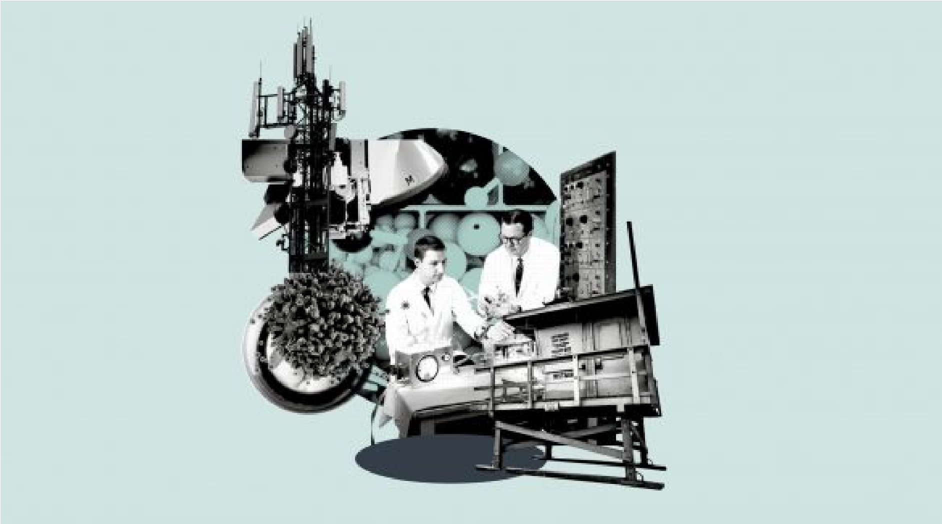
WOODFORD PATIENT CAPITAL TRUST PLC INTERIM RESULTS 2018

Mitchell Fraser-Jones, 20 September 2018



Today marks the release of the Woodford Patient Capital Trust's interim results for 2018. You can find a copy of the report here, and we have published Neil's portfolio manager's review below.

Manager's Review from Neil Woodford

When we launched WPCT just over three years ago, my mission was to deliver shareholder value by investing in great ideas and help to turn those ideas into great businesses – great in terms of quality and in terms of scale. I am pleased to report on a period during which the success of this mission is becoming increasingly clear.

I will explain positive developments at three particular businesses, all of which are meaningful and long-standing constituents of the Patient Capital portfolio, as evidence to support this assertion, there are many other companies that could demonstrate correspondingly good progress.

Firstly, Autolus, which is a clinical-stage biotechnology business at the forefront of a revolution in cancer treatment. The company was founded in 2014 by Syncona, an evergreen healthcare investor that introduced us to the company shortly after the Company's launch. Following more than six months of due diligence, we led the company's series B funding round in March 2016 and the position has been held in the WPCT portfolio ever since.

The business focuses on developing and commercialising a novel class of immuno-oncology treatments known as CAR-T (chimeric antigen receptor T-cells) therapies, which harness the power of a patient's immune system to combat cancers. We believe that Autolus has a compelling technological advantage over other CAR-T businesses, which have been attracting a lot of attention from larger healthcare players in a string of recent acquisitions. By using dual-targeting CAR-Ts – engineering an immune cell to recognise two cancer cell-specific features, not just one – the treatment is less likely to result in the cancer escaping and reoccurring, one of the most common reasons for the current CAR-T therapies to fail.

During the period under review, the company announced its intention to list on NASDAQ. A public listing can represent a natural next step and a meaningful milestone for any early-stage company as it progresses towards commercialisation. For Autolus, a listing provided the opportunity to raise additional capital for further business and pipeline development, while also increasing its profile within the biotechnology sector.

The IPO completed in June 2018, at the top of the guided price range and at a premium of 73 per cent to the price of the company's previous funding round in September 2017. Since listing, the shares have traded positively, standing, at the time of writing, almost 40 per cent higher than the IPO price. We believe this is a very positive development for Autolus and for the Company. We are not surprised to see such a positive reception from the wider investment community, given the progress the company has already made with its technology and the significant opportunity that lies ahead for the business. At the same time, we believe there is considerable further upside potential should Autolus continue to develop its assets positively through clinical trials. We expect further news in this regard towards the end of this year.

Secondly, Proton Partners, which was introduced to the portfolio in August 2015, was formed with the ambition of becoming the first commercial provider of proton beam therapy in the UK. Unlike conventional cancer treatments, proton beam therapy uses protons to target and kill cancer cells with the significant advantage of little or no damage to surrounding tissue. The UK has lagged behind many other nations in incorporating this potentially ground-breaking treatment into cancer services, and several media stories have covered patients who had to travel overseas to receive the therapy. Proton Partners has set about changing this, by developing its Rutherford Cancer Centres to offer proton beam therapy along with radiotherapy, chemotherapy, imaging and wellbeing services, in Newport, Reading, Northumberland and Liverpool. It is also developing its first international proton centre in Abu Dhabi, as part of the Gulf International Cancer Center.

In April 2018, the company reached a significant milestone in treating its first patient with proton beam therapy at its Newport centre in South Wales – this was also the first such treatment undertaken in the UK. In August 2018, with proton beam therapy up and running in South Wales, it opened the doors at its second centre in Northumberland. Proton Partners is on track to fulfil its goal of having its network of unique cancer centres within 90 minutes of 80 per cent of the UK's population by 2023.

Thirdly, Benevolent AI, the healthcare artificial intelligence (AI) company, is also making excellent progress. In April 2018, it completed one of the largest funding rounds ever within the AI pharmaceutical sector at a pre-money valuation of US$2 billion. The funds will be used to scale its drug development activities, broaden the disease areas on which it focuses and to extend its AI capabilities to other science-based industries like advanced materials, agriculture and energy storage. Meanwhile, Baroness Joanna Shields, the former UK Minister for Internet Security and Safety and special advisor to the government on the digital economy, joined as the group's CEO. Such a high-profile appointment reflects the rapid growth of this exciting and highly disruptive technology business, and it enables the company to strengthen its position as a market leader in developing and applying artificial intelligence for scientific discovery.

Clearly not all investments we've made have developed as positively as the examples provided above. That is the nature of investing in earlier-stage, higher-risk businesses.

One example of a business that suffered a setback during the first half of 2018 is the US biotechnology business Prothena. In April 2018, the company announced that its Pronto trial, investigating NEOD001 in AL amyloidosis, was unsuccessful. As I said at the time, and in the annual report, this was a disappointing outcome, due to a much bigger and more significant placebo effect being observed than anything seen in prior trials would have suggested.

We continue to work with Prothena and its management team on its strategy beyond NEOD001. The initial share price reaction, which took the market capitalisation of Prothena to below the value of the cash on its balance sheet, implies that there is no future value to be expected from the business. We believe this is wrong. The company still has an early and mid-stage clinical pipeline. It has a technology platform and a world-leading specialism in misfolding proteins, which are implicated in a number of different neurological disorders. This research platform has been validated by two major pharmaceutical companies – Roche (which is partnering Prothena in PRX002 in Parkinson's disease, currently in phase II trials) and Celgene (which has recently collaborated with Prothena on three earlier stage pre-clinical assets). The company also has its own, unpartnered assets about to enter the clinic and, with around US$500 million on its balance sheet, it is very well funded. We therefore remain positive on Prothena's ability to contribute to the Company's future performance.

The Company has faced some challenges, but the portfolio is in extremely good shape, as evidenced by the positive progress being delivered by several of the larger holdings, which are maturing rapidly. The investment case for investing in early-stage science is as strong as ever and we look forward to more positive outcomes like Autolus in the months and years ahead, as our portfolio of young businesses continues to mature and fulfil its potential.

Download the full interim report to 30 June 2018

What are the risks?

- Young businesses have a different risk profile to mature blue-chip companies – risks are much more stock-specific, which implies a lower correlation with equity markets and the wider economy
- Long-term outcomes are more binary – extremely attractive rewards for success but some

businesses will inevitably fail to fulfil their potential and this may expose investors to the risk of capital losses

- As it can take years for young businesses to fulfil their potential, this investment requires patience
- The value of the trust as well as any income it pays will fluctuate which may partly be the result of exchange rate changes
- The price of shares in the trust is determined by market supply and demand, and this may be different to the net asset value of the trust
- The trust may invest in overseas securities and be exposed to currencies other than pound sterling
- The trust may invest in unquoted securities, which may be less liquid and more difficult to realise than publicly traded securities

Important information

We do not give investment advice so you need to decide if an investment is suitable for you. If you are unsure whether to invest, you should contact a financial adviser. The trust currently intends to conduct its affairs so that its securities can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The securities are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Woodford Investment Management Ltd is authorised and regulated by the Financial Conduct Authority (firm reference number 745433). Incorporated in England and Wales, company number 10118169. Registered address 9400 Garsington Road, Oxford OX4 2HN.

Woodford Patient Capital Trust plc is incorporated in England and Wales, company number 09405653. Registered as an investment company under section 833 of the Companies Act 2006. Registered address Beaufort House, 51 New North Road, Exeter, EX4 4EP.

The Woodford Funds (Ireland) ICAV (the "Fund") has appointed as Swiss Representative Oligo Swiss Fund Services SA, Av. Villamont 17, 1005 Lausanne, Switzerland. The Fund's Swiss paying agent is Neue Helvetische Bank AG. All fund documentation including, Prospectus, Key Investor Information Documents, Instrument of Incorporation and financial reports may be obtained free of charge from the Swiss Representative in Lausanne. The place of performance and jurisdiction for all shares distributed in or from Switzerland is at the registered office of the Swiss Representative. Fund prices can be found at www.fundinfo.com.