

23 September 2019

The views expressed in this article are those of the author at the date of publication and not necessarily those of Woodford Investment Management Ltd.



Suspension extension

Link Fund Solutions Limited (Link), the Authorised Corporate Director of the LF Woodford Equity Income Fund has formally reviewed the suspension of the fund. Link previously indicated that it was anticipated that the suspension of dealing is likely to last until early December 2019 while the portfolio of assets held by the fund is re-positioned. Link have decided that it remains in the interests of all investors for the suspension of dealings to continue.

[Read the announcement](#)

We are very sorry for the continued suspension and understand the concern it will be causing investors. We remain fully committed to getting the fund into a position that delivers the best possible outcomes for our investors – for those who wish to withdraw their money from the fund when it reopens and for those who wish to stay.

Progress is being made to reposition the fund into a much more liquid portfolio. To date, 84% of the proceeds from share sales made to reposition the portfolio since the suspension have been reinvested in FTSE 100 companies. As the [fund's interim report to 30 June 2019](#) highlights, these include new investments into FTSE 100 companies, British American Tobacco, BT and IAG.

Performance

During the latest 28-day period, which covers much of September, the fund has underperformed in relative and absolute terms. A primary reason for the underperformance was the downward revaluation of Benevolent AI, a UK-based healthcare company that uses artificial intelligence for drug development.

On 17 September, the company announced that it had raised \$90 million from Temasek, a Singapore-based investment company. The funding round valued the company at a lower level and this has subsequently impacted the overall net asset value (NAV) of the fund. Nevertheless, the deal brings on board a new, high quality, long-term institutional investor whose funding will be used to grow Benevolent's pipeline of internal drug development programmes and collaborations with strategic partners across its key therapeutic areas. Earlier this year, Benevolent announced revenue enhancing tie-ups with AstraZeneca and Novartis. The change in valuation was reflected in the fund's closing NAV as at 12 September 2019.

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Neil continues to reposition the portfolio founded on a belief that the global economic environment is not as robust as equity markets are implying. Identifying situations where price and value diverge has been at the centre of Neil's investment approach over his entire career – and is underpinning the strategy that he believes is appropriate for the economic and market environment that confronts us.

Questions & answers

Will you continue to charge a management fee?

The company will continue to charge a management fee as we focus on repositioning the portfolio, to cover the infrastructure and resource costs associated with running an actively managed fund.

Are transfers between platforms allowed?

Transfers between platforms across all share classes, but not share class conversions, are now allowed (as of 10 July 2019). This includes where the receiving platform does not currently have access to the share class being transferred (they will be able to open a new account in that class to support the transfer). This is intended to facilitate cross-platform transfers where there is no change to the beneficial owner. This supports investors by providing them with the freedom to move their investments between platforms.

Important note: the total cost of owning the fund can vary between platforms, even where two platforms offer the same share class. You may wish to consider the different platform fees and any potential discounts on offer before deciding to transfer. Please contact your platform or your IFA for further details.

Is the fund still pricing daily?

We will be publishing [price data for information purposes](#), during the period in which investor trading in the fund is suspended. The last price at which the fund traded was as at midday Friday, 31 May 2019. Any orders placed after that dealing cut-off point have been rejected. All affected investors have been informed accordingly. When the suspension is lifted, investors will be required to submit their new dealing instructions.

Is Neil a forced seller?

No. While investor trading in the fund is suspended, Neil has the time and space to deliver on his strategy to place the unquoted parts of the portfolio with interested buyers.

What are the risks?

- The value of the fund and any income from it may go down as well as up, so you may get back less than you invested
- Past performance cannot be relied upon as a guide to future performance
- The ongoing charges figure is charged to capital, so the income of the fund may be higher but capital growth may be restricted or capital may be eroded
- The fund may invest in other transferable securities, money market instruments, warrants, collective investment schemes and deposits – some of these security types could increase the fund's volatility and increase the level of indirect charges to which the fund is exposed
- The fund may invest in overseas securities and be exposed to currencies other than pound sterling – as a result, exchange rate movements may cause the sterling value of investments to decrease or increase
- The fund may invest in unquoted securities, which may be less liquid and more difficult to value, because they are generally not publicly traded – the lack of an open market may also make it more difficult to establish fair value

Important information

Before investing, you should read the Key Investor Information Document (KIID) for the fund, and the Prospectus which, along with our terms and conditions, can be obtained from the [downloads page](#) or from our registered office. If you have a financial adviser, you should seek their advice before investing. Woodford Investment Management Ltd is not authorised to provide investment advice.

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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.

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.

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