

PRESS RELEASE

Statement issued by Woodford Investment Management in response to the FCA's Decision Notice

5 August 2025

We strongly disagree with the FCA's decision to pursue enforcement action against Neil Woodford and Woodford Investment Management (WIM) and intend to challenge it. Both decisions are subject to an appeal to the Upper Tribunal and have no effect pending the determination of the case by the Tribunal.

The FCA found that Mr. Woodford, during a period of extreme redemptions, did not manage the Fund's liquidity appropriately despite managing the Fund in accordance with Link Fund Solution's liquidity framework. Central to the FCA's findings is a determination that Link's framework was defective. Link had developed the framework as the Fund's authorised corporate director (ACD), and it was imposed on WIM in line with Link's regulatory responsibilities. The framework was fully visible to the FCA, who had never objected to it.

The FCA, at a senior level, was fully sighted on the Fund's liquidity: Link provided regular reports and stress tests and was fully transparent about how the Fund's liquidity risk was being managed. There was never an indication that the FCA considered the management of the Fund's liquidity to be inappropriate or unreasonable. Furthermore, as acknowledged in Link's Final Notice, Link was responsible for supervising WIM and ensuring that the Fund's liquidity risk was managed appropriately. Importantly, the FCA's then Chief Executive Officer, Andrew Bailey, confirmed, during a Treasury Select Committee (TSC) hearing, held shortly after WEIF was suspended, that the responsibility for liquidity rested with Link. His comments were echoed in internal FCA discussions, in which the FCA's Head of Asset Management confirmed that WIM and Mr Woodford were not the responsible parties and stated, "*the COLL rules apply squarely with Link. They do not apply to Woodford. If we don't like that framework, we should change it.*"

In managing the Fund's liquidity, WIM took specific account of the possibility that Kent County Council (KCC) might redeem in June 2019. Link had advanced notice of the potential redemption, but at no time indicated to WIM that this might prompt the Fund's suspension. WIM continued to manage the Fund's liquidity within the acceptable boundaries of Link's framework, believing that it had a credible plan to meet redemptions. Senior staff within the FCA expressed that same belief internally to Andrew Bailey, days before the suspension.

Six years later, the Regulator now finds that Mr. Woodford had a defective understanding of his responsibilities as he failed to challenge and test the ACD's liquidity framework. The FCA finds him personally responsible for the (now considered) defective elements of the ACD's liquidity framework, which the Regulator had full visibility of at the time.

The FCA's case focuses narrowly on the events leading up to suspension, ignoring the true cause of the investor losses: Link's decision to liquidate the Fund in October 2019. In the four months of the suspension, Mr. Woodford was actively restructuring the Fund. By the time Link announced the liquidation, the Fund had over £1.6 billion of assets that could be liquidated within a week. Mr. Woodford executed an orderly restructuring plan, which had been agreed with Link – one that could have supported a managed reopening of the Fund. Instead, Link chose to liquidate the Fund against WIM's advice and without prior discussion or notice. WIM and Mr. Woodford immediately wrote to the FCA, stressing that liquidation would not be in the best interests of investors. Still, the Regulator declined to intervene, stating that liquidation was Link's decision alone.

What followed was, in our view, a disorderly fire sale of assets by Link. This was precisely the outcome that Fund suspensions are supposed to avoid and was exactly what Andrew Bailey, in his oral evidence to the TSC, had warned would be the worst possible outcome for investors: "*a disorderly fire sale of assets ... would destroy value for [investors], so in our view, suspension is what we regard as a sensible safety valve*". It appears that the FCA has never investigated the decision to liquidate the Fund or how the liquidation was conducted.

Mr. Woodford has been sanctioned in spite of managing the Fund within a framework designed to ensure sufficient liquidity. In five years of managing WEIF, neither Link nor the FCA raised concerns or initiated discussions with him regarding liquidity management. Yet the FCA now argues that he should have independently identified and addressed flaws in the framework designed and imposed by Link, which was accepted by the FCA.

Portfolio managers may be concerned by the implications of this decision. Staying in compliance with risk management tools developed and implemented by their authorised Fund operator is not enough. They are expected to personally test and challenge the approach of their ACD in respect of matters for which the latter is responsible and about which the Regulator is aware.

We are surprised by Mr. Smart's statement, which is inaccurate. It is not true that Mr. Woodford does not accept that he had any role in managing the liquidity of the fund, and that was not his position during interview. Mr. Woodford has always accepted that he was responsible for managing the fund's liquidity within the framework that was applied at the time. What Mr. Woodford does not accept is that his responsibilities extended to challenging and testing a framework that was developed and imposed by the fund's ACD. Similarly, Mr. Smart's statement that Mr. Woodford did not make sensible decisions when managing the fund's investments, or take his senior role seriously, is not an accurate reflection of the FCA's own case.

The enforcement action does not reflect a balanced assessment of evidence. For these reasons, and many others, WIM and Mr. Woodford will challenge the FCA's findings before the Upper Tribunal. They have great sympathy for their investors who were impacted by the suspension, and who suffered financial loss when the Fund was liquidated. However, they continue to believe that any loss suffered was avoidable and was a product of bad decisions made by Link after the suspension, which were overseen by the Regulator.

We believe that the appeal process will shed much-needed light on the events leading to and following the Fund's suspension, including the Regulator's role in those events, and we welcome the opportunity to set the record straight.

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