

**30 October 2019**

Dear Investors

**THIS LETTER IS IMPORTANT - PLEASE READ**

**LF Woodford Income Focus Fund (a sub-fund of LF Woodford Investment Funds II, an Investment Company with Variable Capital) (the "Fund")**

As explained in our letter to you dated 16 October 2019, we, Link Fund Solutions Limited ("LFS") in our capacity as authorised corporate director of the Fund, concluded on 15 October 2019 that it was in the best interests of all investors to suspend the issue, cancellation, sale and redemption of shares in the Fund. We are now writing to provide you with an update of developments since that decision was taken.

**Background to the decision to suspend dealings in the Fund**

The suspension of dealing in the Fund is intended to protect investors from an increased level of redemptions that we anticipated would follow from the news that Woodford Investment Management Limited ("Woodford") had informed us that it would resign from its role as the Fund's investment manager. We expected that redemptions in the Fund would reach a level whereby it may not have been possible to continue to meet redemption requests without prejudicing the interests of remaining and redeeming investors. This is because as a "forced seller" of its assets to meet redemptions, the values received by the Fund for such assets might be adversely impacted and the Fund might not receive full value from such sales. This may affect the value that investors in the fund receive for their shares.

Please see our letter to you, dated 16 October, and *Questions & Answers* relating to the suspension at <https://incomefocus.linkfundsolutions.co.uk> for further details. A copy of this letter will also be available on that website.

**An update on developments since the Fund was suspended**

Since the Fund was suspended we have been considering various options available to us, which include:

- (a) the appointment of an alternative investment manager to replace Woodford. This remains an option and we are currently considering indications of interest from several investment managers. We have also asked a leading independent investment research firm to help us to identify any other investment managers that may be suitable to assume the role of investment manager of the Fund. We will look to conclude this process in the coming weeks and decide whether this is a viable option

- (b) Facilitating a scheme of arrangement or similar into another fund. If pursued this will involve transferring the Fund's assets into another UCITS fund in exchange for investors receiving shares in that fund. The new or receiving fund will offer a similar investment objective and policy and be subject to the same regulatory supervision. If it is decided to pursue this option investors will be given the chance to vote on our proposal. We are considering which funds and managers may be suitable for this option and have also engaged the investment research firm referred to above to assist us with this process.

The above options have the advantage of providing an element of continuity and certainty for investors. However, if neither of the options above is viable, or it is otherwise thought to be in the best interests of investors to do so, then we will look to wind-up the Fund through a process of an orderly realisation of the Fund's assets. This will result in the Fund's assets being sold in a manner that seeks to best protect value and the proceeds of those sales will then be distributed to investors.

Whilst we are considering options for the Fund, Woodford continues to work collaboratively with us in its capacity as the investment manager of the Fund which continues to be managed in accordance with its investment objective and strategy as set out in the Fund's prospectus. As authorised corporate director of the Fund we continue to ensure the Fund is managed in accordance with applicable regulations.

### **Fund Performance since suspension**

The table below shows how the Fund has performed since dealing in it was suspended on 15 October 2019.

	<i>% change for the period 15 October 2019 – 29 October 2019</i>
LF Woodford Income Focus Fund	+ 1.39%
Benchmark: FTSE All-Share Total Return Index	+ 1.10%

During the period of suspension we will continue to calculate and publish the net asset value per share on a daily basis for information purposes only. This information can be found on the LFS website at [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk) (please click on the "Fund Information" section and select "LF Woodford Investment Funds II" under "Select Fund Group").

### **Next steps**

What we decide to do next with the Fund will be determined by which viable option we consider is in the best interests of investors. All changes which require approval of the Financial Conduct Authority ("FCA") as required by FCA rules, will be reviewed by Northern Trust Global Services SE (UK branch), the Fund's depositary ("Depositary") who will also undertake any necessary due diligence.

Suspension will cease as soon as possible following LFS's determination of the course of action that is in the best interests of investors. LFS and the Depositary will formally review the suspension at least every 28 days since the decision to suspend the Fund and we will inform the FCA of the outcome of that review and any change to the information given to shareholders. This means we will write to you with a further update no later than 13 November 2019.

We will keep all shareholders updated in relation to the suspension, including its likely duration, and our determination of the best outcome for investors as noted above. In the event that LFS does elect to resume dealing in the shares of the Fund we will write to all shareholders informing them of this fact.

This letter is for information only and no action is required.

If you have any questions regarding this suspension of dealing please contact us on 0333 300 0381 or alternatively email us at [incomefocus@linkgroup.co.uk](mailto:incomefocus@linkgroup.co.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Karl Midl', with a stylized flourish at the end.

Karl Midl  
Director – Link Fund Solutions Limited