

4 December 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 authorised corporate director ("ACD") of the Fund, we, Link Fund Solutions Limited ("LFS"), are writing to you to provide an update to our letter of 13 November 2019. This letter is for information only and no action is required.

Background to the decision to suspend dealings in the Fund

As set out in our previous letter, dealings in the Fund were suspended on 15 October 2019 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 both 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 might have affected the value that redeeming investors in the Fund received for their shares as well as the value of shares held by investors remaining in the Fund.

We wrote to you on 30 October and 13 November 2019 with explanations of what we have been doing since the Fund was suspended. Copies of those letters and *Questions & Answers* relating to the Fund's suspension are available at <https://incomefocus.linkfundsolutions.co.uk>.

An update on developments since our previous letter

Since our letter to you dated 13 November 2019, we have continued to undertake detailed consideration and analysis of the various options available to us in respect of the future of the Fund. We are now in the final stages of that process. This includes assessing the viability of the two options previously outlined that would enable us to re-open the Fund in a way that best protects investors' interests. To remind you, these options were either to appoint an alternative investment manager to replace Woodford as our delegate or to transfer the Fund's assets into another UCITS fund in exchange for investors receiving shares in that fund through a scheme of arrangement. The review, of whether either of these options is in the best interests of investors - which includes us being sufficiently assured about the long-term viability of the Fund and that any costs associated with the re-opening are fair and proportionate - is continuing and will be concluded soon.

As explained previously, if neither of the two options for re-opening the Fund can be pursued in a way that is in investors' best interests then we will make an application to the Financial Conduct Authority ("FCA") for approval 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 way that seeks to best protect value and the proceeds of those sales will then be distributed to investors.

We will write to you again as soon as our review is complete and in any event this will be no later than 30 December 2019.

Continuation of the Fund's suspension

As the exceptional circumstances that led to the Fund's suspension continue to prevail we have, in conjunction with Northern Trust Global Services SE, UK Branch, the Fund's depository ("Depository"), concluded that it remains in the best interests of all investors in the Fund to continue the suspension of the issue, cancellation, sale and redemption of shares. This will also enable us to conclude our review of the options for the Fund. The FCA has been informed.

In the meantime, Woodford continues to work collaboratively with us in its capacity as the investment manager of the Fund and continues to manage the Fund in accordance with its investment objective and strategy as set out in the Fund's prospectus. As ACD 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><u>% change for the period 15 October 2019 – [3] December 2019</u></i>
<u>LF Woodford Income Focus Fund</u>	<u>-1.99%</u>
<u>Benchmark: FTSE All-Share Total Return Index</u>	<u>0.21%</u>

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 (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 option we consider is in the best interests of investors. The options being considered may need the approval of the FCA as required by its rules and, where this is the case, the necessary approval will be sought. The Depository 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 30 December 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.

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.

Yours sincerely



Karl Midl

Director – Link Fund Solutions Limited