

**20 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 are writing to you to provide an update to our letter of 4 December 2019. This letter is for information only and no action is required.

As we have notified you previously, 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.

**Appointment of Standard Life Investments Limited, part of Aberdeen Standard Investments ("ASI") as investment manager of the Fund**

Since our letter to you dated 4 December we have now concluded our detailed review and analysis of the various options available to us in respect of the future of the Fund. After careful consideration of all the options we are pleased to confirm that the decision has been taken to appoint ASI as investment manager of the Fund. We have taken this decision as we believe ASI is best placed to seek to add value for investors. ASI has confirmed to us that it will employ its significant investment resources to manage the Fund for the long-term benefit of existing investors. ASI has also given us assurances that it intends to actively seek to grow the assets in the Fund and to attract additional investment. We therefore consider that the appointment of ASI gives us sufficient assurance of the long term viability of the Fund to enable us to re-open the Fund no later than February 2020 and is therefore in the best interests of all investors i.e. those who wish to retain their holding in the Fund and those who wish to redeem their holding.

We enclose with this letter a press release from ASI which gives some more information about the new investment manager.

**What happens next?**

ASI will replace Woodford as the investment manager of the Fund and will be appointed by LFS with effect from 31 December 2019. ASI will need a period of time to re-position the Fund's investments into a portfolio that is constructed in the way that ASI considers is best positioned to add value for investors. As the Fund is re-positioned we will be reviewing with ASI whether the Fund's income yield target as stated in the Prospectus remains achievable. We will notify you of any proposed changes in accordance with regulatory requirements. The Fund will therefore remain suspended while this takes place. We will write to you again on or around 13 January 2020 to update you on progress and to notify you of the exact date on which it is intended to resume dealing in the Fund.

## Change of Fund name

The name of the Fund will, subject to the required regulatory process, be amended to reflect the fact that ASI will now be the investment manager of the Fund. The name of the Company, the umbrella fund of which the Fund is a sub-fund, will also be amended.

Consequently, as soon as practicable and once regulatory permission has been received, the name of the Fund will change from “LF Woodford Income Focus Fund” to “LF ASI Income Focus Fund”, and the name of the Company will change from “LF Woodford Investment Fund II” to “LF ASI Investment Fund”. We will notify you when these changes take place. New scheme documents with the updated names and new investment manager will also then be issued.

## Costs

There will be no change to the amount of the periodic charge paid to the ACD, as disclosed within the Fund’s Prospectus. Out of the periodic charge we will pay ASI’s fees for acting as investment manager, as well as the fees of the Fund’s Depositary, administrator, custodian, auditor and other necessary expenses in relation to the operation of the Fund.

However, and with immediate effect, LFS has agreed that it will waive its fee for acting as ACD until 31 May 2020. ASI has agreed to waive its investment management fee from the date of its appointment until 31 May 2020. Northern Trust Global Services SE, UK Branch has also agreed to waive its fees for acting as Depositary, administrator and custodian from the date of the appointment of ASI until 31 May 2020. Based upon the current Net Asset Value of the Fund we estimate that the combined total of fees being waived will result in the equivalent of a c.0.50% per annum reduction in the periodic charge of each share class for the period from today’s date until 31 May 2020.

It should also be noted that there will be some additional portfolio transaction costs incurred by the Fund as a result of selling and buying assets to re-position the Fund.

## 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 to 18 December 2019</i>
LF Woodford Income Focus Fund	+5.63%
Benchmark: FTSE All-Share Total Return Index	+5.67%

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”).

**Continuation of the Fund's suspension**

As stated above during the period that ASI is re-positioning the Fund's investment portfolio we have, in conjunction with Northern Trust Global Services SE, UK Branch, the Fund's Depositary, 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. The Financial Conduct Authority ("FCA") has also been informed.

**Next steps**

As stated earlier in this letter it is intended that the Fund's suspension will cease as soon as ASI has completed the re-positioning of the Fund's investments. LFS and the Depositary will continue to 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, as stated above, that we will write to you with a further update on or around 13 January 2020.

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



Karl Midl  
Managing Director – Link Fund Solutions Limited

PRESS RELEASE



For immediate release

**20 December 2019**

## **ASI APPOINTED MANAGER OF LF WOODFORD INCOME FOCUS FUND**

Aberdeen Standard Investments (ASI) is delighted to have been appointed by Link Fund Solutions Limited as Investment Manager of the LF Woodford Income Focus Fund. Subject to regulatory approval the Fund will be renamed LF ASI Income Focus Fund.

The £267.6 million Fund will be managed by Charles Luke and Thomas Moore, who are two highly experienced UK Equity Income fund managers. Charles and Thomas will be supported by the 16-strong UK equity team which is led by Andrew Millington.

ASI's priority is to reposition the portfolio as efficiently and effectively as possible for the existing shareholders. The aim is to re-open the Fund no later than February. ASI, LFS and Northern Trust Global Services SE (Depositary, administrator and custodian for the Fund) have all agreed to waive their fees until 31 May 2020. The Fund will be open on the same terms to new shareholders also looking for exposure to a UK equity income portfolio.

### **Investment approach**

The LF ASI Income Focus Fund will be a high conviction portfolio of around 30 liquid UK equity holdings, drawing on the best income ideas from ASI's 16-strong UK equity research team. As active equity investors, the team believes company fundamentals ultimately drive share prices but are often valued inefficiently in the shorter term. We believe that fundamental research is the key to delivering insights that allow us to exploit these inefficiencies and identify the best investment opportunities for client portfolios. The team maintains full coverage of the FTSE 350 and conducts over 750 company meetings annually.

Constructive engagement with the companies we invest in on Environmental Social and Governance considerations is at the heart of our investment process. We believe this approach can mitigate risks and enhance returns for our clients, as companies with robust ESG practices will have more sustainable business models and tend to enjoy long-term financial benefits.

### **Investment Governance Oversight**

Risk management is an integral part of ASI's equity management process, and portfolios are formally reviewed on a regular basis as part of a rigorous and well established management and peer review process within the investment teams. Over and above that, ASI's stand-alone Investment Governance and Oversight Team (IGO) provides and scrutinises detailed portfolio specific risk analytics, as well as performing liquidity analysis, on all portfolios. Operational and investment risk monitoring is undertaken independently within our Risk Division. This cumulative and coherent framework brings a clear focus on ensuring client objectives are met, and will be applied in full to the LF ASI Income Focus Fund from outset.

### **Kristy Barr, UK Distribution Director at Aberdeen Standard Investments, comments:**

*"As the UK's largest active asset manager we have a very strong focus on our UK equity franchise and this income strategy is a fantastic enhancement to our offering. The excellent long-term track records of Thomas and Charles as well as the robustness of our research and risk processes gives us the confidence that we can deliver the expected investment outcome for the existing shareholders as well as others looking for long-term income and capital growth."*

**Andrew Millington, Head of UK Equities at Aberdeen Standard Investments, comments:** *"The team and I are honoured to have been given the opportunity to act as Investment Manager of the LF ASI Income Focus Fund. We recognise the issues that may have weighed on the minds of investors in the Fund over the past months and we are resolute in our determination to turn things around for them. We will reposition the Fund into a focused portfolio of our favoured, liquid UK equity income names aiming to generate sustainable long-term income growth for its investors. The scale of our UK equity business means we will manage turnover of stocks to minimise costs and set the Fund on the right track for 2020 and beyond."*

**- Ends -**

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## Notes to editors

- Aberdeen Standard Investments is a leading global asset manager dedicated to creating long-term value for our clients, and is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.
- With over 1,000 investment professionals we manage £525.7 billion\* of assets worldwide. We have clients in 80 countries supported by 50 relationship offices. This ensures we are close to our clients and the markets in which they invest.
- We are high-conviction; long-term investors who believe teamwork and collaboration are the key to delivering repeatable, superior investment performance. We are resolute in our commitment to active asset management.
- Aberdeen Standard Investments is the asset management business of Standard Life Aberdeen plc, one of the world's largest investment companies.
- Standard Life Aberdeen plc is headquartered in Scotland. It has around 1.2 million shareholders and is listed on the London Stock Exchange. The Standard Life Aberdeen group was formed by the merger of Standard Life plc and Aberdeen Asset Management PLC on 14 August 2017.

\*as at 30 June 2019

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

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