

Link Fund Solutions Limited (“LFS”) - Questions & Answers in relation to the sale of assets held by the LF Equity Income Fund (the “Fund”)

We, Link Fund Solutions Limited, have written to investors informing them we have agreed to sell a significant portion of the Fund’s remaining assets.

In our previous letters, we explained how the Fund’s assets were split into two portfolios, with Portfolio A comprised of listed assets and Portfolio B comprised of the Fund’s unlisted and certain highly illiquid listed assets.

Since we took the decision to wind up the Fund we have been exploring how best to sell the Fund’s assets in a way that enables us to make capital distributions to investors and best protects investors’ interests.

We have reached agreement with Acacia Research Corporation (“Acacia”) for the sale of an agreed selection of up to 19 of the Fund’s healthcare assets in return for up to £223.9 million. The assets to be sold to Acacia are from Portfolio A and Portfolio B.

Under the terms of the agreement with Acacia, the formalities associated with the sale of these assets could, in some cases, take up to six months to complete and we will keep you informed of progress in relation to that process.

1. What specific assets are included in the agreement?

We cannot comment on individual asset sales until those sales are transacted. We are committed to protecting the interests of all investors, and every decision taken is to ensure the best interests of investors are served. We will continue to keep investors fully updated in relation to all material matters regarding the winding up of the Fund.

2. Does this mean that the Fund is close to being fully wound up?

This sale represents a significant proportion of the remaining fund. Under the terms of the agreement with Acacia, the formalities associated with the sale of these assets could, in some cases, take up to six months to complete. BlackRock Advisors (UK) Limited and PJT Partners (UK) Limited will continue to assist us with the sale of the Fund’s remaining assets, and until the winding up of the Fund is completed, LFS will calculate and publish the NAV per share on a regular basis for information purposes only (this will be calculated each Wednesday until notified otherwise).

3. What proportion of assets in the Fund does this account for?

LFS has reached agreement with Acacia for the sale of an agreed selection of up to 19 of the Fund’s healthcare assets in return for up to £223.9 million. The assets sold to Acacia are from Portfolio A and Portfolio B and make up 50.4% of the remaining value of the fund as of 3 June 2020.

4. Does this mean Portfolio A is now empty? How much is still left in Portfolio A?

A number of assets remain in both Portfolios, and BlackRock Advisors (UK) Limited and PJT Partners (UK) Limited will continue to assist LFS with the sale of the Fund’s remaining assets. LFS will continue to provide updates on the ongoing process.

5. Has Blackrock’s role ended?

BlackRock Advisors (UK) Limited and PJT Partners (UK) Limited will continue to assist us with the sale of the Fund’s remaining assets and we will continue to keep you updated on that ongoing process.

6. Can any inference be made from the £223.9m figure? I.e. how much will investors receive?

The next capital distribution will include a share of the proceeds of sales of the Fund's assets since the payment of the second capital distribution, plus any further asset sales between now and the calculation date of the next capital distribution. We are currently unable to confirm the exact dates and amounts in respect of these further capital distributions, but we will publish an update no later than 29 July 2020.

7. Does the sale represent value for investors?

We have previously made two capital distributions to investors totalling £2.267 billion (£2.124 billion on 30 January 2020 and £143.2 million on 25 March 2020). The Fund's current net asset value (NAV), as calculated on 3 June 2020 and which includes the amount receivable from the sale of assets to Acacia, is £444.219 million. It is possible that this amount may vary as the market prices attributable to the Fund's remaining assets may change prior to them being sold.

This agreement with Acacia will enable us to make further capital distributions to investors in due course. We are currently unable to confirm the exact dates and amounts in respect of these further capital distributions, but we will write to you with an update no later than 29 July 2020.

Our role is to protect the interests of investors, and every decision we have taken, at every point in this process, has been to ensure the best interests of investors are served.

8. Can you tell us the 19 companies that are part of this sale?

The shares are in up to 19 public and private life sciences companies. LFS cannot comment on the particular companies involved.

9. Do you have an update on the timings for the winding up of the Fund?

Under the terms of the agreement with Acacia, the formalities associated with the sale of these assets could, in some cases, take up to six months to complete. We are not providing a running commentary on every stage of the wind-up and asset sales process, as that would run strongly counter to the best interests of investors. Providing details on current holdings, for instance, would serve the interests of the buyers of those assets and short-sellers, and not the shareholders in the fund.

Until the winding up of the Fund is completed, we will calculate and publish the NAV per share on a regular basis for information purposes only (this will be calculated each Wednesday until notified otherwise). This information, which allows investors to track the performance of their investment, can be found at www.linkfundsolutions.co.uk by clicking on 'Fund Information' and then selecting 'LF Investment Fund'.

We will continue to keep investors updated regarding progress of the winding up of the Fund.

10. Which fees and charges continue to apply to the Fund?

We have not taken a fee for acting as ACD from the point of suspension. Continuing costs include transaction fees, brokerage costs, legal fees, and audit fees, as well as fees paid to BlackRock and Park Hill. For the period between the Fund's suspension and the commencement of the wind up, we ensured that the Fund paid no more than an amount equal to the periodic charge plus an amount for brokerage. Brokerage is payable for the arrangement of the Fund's sale transactions and the amount paid by the Fund will be consistent with the brokerage costs incurred on the sale of the Fund's assets in the six-month period to 15 October 2019, the date at which investors were notified of the intention to wind up the Fund.