

20 April 2023

Dear Investor

**THIS LETTER IS IMPORTANT BUT IS FOR INFORMATION
ONLY AND NO ACTION IS REQUIRED**

LF Equity Income Fund (formerly named LF Woodford Equity Income Fund) (the "Fund" or "WEIF"), a sub-fund of LF Investment Fund (formerly named LF Woodford Investment Fund)"

We are writing to provide you with an update on the Financial Conduct Authority's (FCA) investigation into us, Link Fund Solutions Limited (LFSL), in respect of our role as authorised corporate director (ACD) of the Fund.

No action is required by you, but this letter provides an important update in relation to a potential redress payment.

Summary

As set out in further detail below, we have entered into a conditional agreement with the FCA to settle its investigation in respect of our role as ACD of the Fund (the **Settlement**). The Settlement is conditional on, amongst other things: (i) the completion of a sale by Link Group of its Fund Solutions business (including the business and assets of LFSL) to the Waystone Group (the **Sale**), as outlined below; and (ii) the English High Court sanctioning a scheme of arrangement addressing WEIF related redress and claims against LFSL (the **Scheme**), also outlined below.

The Settlement

The FCA's investigation raised concerns that, in respect of our role as ACD of the WEIF, we breached Principle 2 (an obligation to carry out activities with due skill, care and diligence), and Principle 6 (an obligation to treat all customers fairly) of the FCA's Principles for Businesses.

If the Sale completes and the Scheme becomes effective, the Settlement provides that we will pay a substantial contribution (**Redress Contribution**) to those investors who held investments in the WEIF at the time of its suspension. The maximum total redress as at today's date is up to £298 million (**Redress Total**).

Although it will not reach the full Redress Total, the parties expect LFSL's Redress Contribution will be substantial. The total to be paid under the Scheme by us will be all of our available resources after ensuring we remain solvent following completion of the Settlement and the Scheme. Although the FCA investigation regarding WEIF relates only to LFSL, if the above conditions are met, Link Group has voluntarily agreed to contribute the available consideration it will receive from the Waystone Group for the sale of certain of the rest of the Fund Solutions business. This will be an amount of up to approximately £60 million (subject to adjustments).

All parties believe that the terms of the Settlement, if it becomes unconditional, will materially enhance the amount of redress available, in comparison to the position had no settlement been reached.

We have entered into the Settlement expressly on the basis that there is no admission of liability and our rights in respect of the Settlement are expressly and entirely reserved unless and until the Scheme becomes fully effective. We believe the Settlement and the related Scheme to be in the best interests of investors in the Fund.

The Sale

Link Group, and certain of its subsidiaries, has entered into sale agreements with entities within the Waystone Group, agreeing to sell: (i) the business and certain assets of LFSL, excluding Woodford related liabilities; (ii) the business and certain assets of an Irish entity (Link Fund Manager Solutions (Ireland) Limited); and (iii) the shares of certain other subsidiaries of Link Group, for a total consideration value of between £110 million and £140 million.

As the Woodford related liabilities have not been transferred to Waystone, we will continue to act as ACD and investment manager of the Fund. We will continue to wind up the Fund in a manner and at a pace which seeks to achieve the best outcome for investors.

The Scheme

The Redress Contribution from LFSL will be paid under a Scheme. The details of such Scheme and any further action required by you will be set out in due course.

As part of the Settlement, the FCA has confirmed its intention to support the Scheme and intends to support its approval by WEIF investors.

Further updates

A copy of this letter and all previous letters to investors since the Fund's suspension can be found on our website at <https://equityincome.linkfundsolutions.co.uk/investor-communications/>. Our website also has a Frequently Asked Questions section, and these include further details regarding the Settlement, Sale and Scheme, as well as a reminder of the reasons for the Fund's suspension and wind up. We will continue to provide further updates to investors regarding the Scheme proposal as and when we are able to do so. We currently anticipate that, subject to the progress of completion of the Sale, we will be in a position to provide a further update to investors on the next steps in relation to the Scheme in July 2023, consistent with the current plan to circulate Scheme documentation to investors as early as possible in the fourth quarter of 2023. In the meantime, if you have any other questions, please contact us on 0333 300 0381 or alternatively email us at lfsinvestors@ntrs.com.

Yours sincerely



Karl Midl

Managing Director, for and on behalf of Link Fund Solutions Limited