

# LF Woodford Investment Fund

(formerly CF Woodford Investment Fund)

LF Woodford Equity Income Fund

(formerly CF Woodford Equity Income Fund)

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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## **AUTHORISED CORPORATE DIRECTOR (‘ACD’)**

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### **LINK FUND SOLUTIONS LIMITED**

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(Authorised and regulated by  
the Financial Conduct Authority)

## **DIRECTORS OF THE ACD**

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C. Addenbrooke  
N. Boyling  
B. Hammond  
P. Hugh-Smith  
K.J. Midl  
A.J. Stuart (appointed 15 November 2017)

## **INVESTMENT MANAGER**

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### **WOODFORD INVESTMENT MANAGEMENT LIMITED**

9400 Garsington Road  
Oxford OX4 2HN  
(Authorised and regulated by  
the Financial Conduct Authority)

## **DEPOSITARY**

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### **NORTHERN TRUST GLOBAL SERVICES LIMITED**

50 Bank Street  
Canary Wharf  
London E14 5NT  
(Authorised by the Prudential Regulation  
Authority and regulated by the Financial  
Conduct Authority and the Prudential Regulation Authority)

## **REGISTRAR AND ADMINISTRATOR**

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### **NORTHERN TRUST GLOBAL SERVICES LIMITED**

50 Bank Street  
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London E14 5NT  
Telephone Number: 0333 300 0381  
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(Authorised by the Prudential Regulation Authority and  
regulated by the Financial Conduct Authority)

## **INDEPENDENT AUDITOR**

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### **GRANT THORNTON UK LLP**

30 Finsbury Square  
London EC2P 2YU

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## ACD'S REPORT

for the year ended 31 December 2017

### Authorised Status

The LF Woodford Investment Fund (the "Company") is an investment company with variable capital incorporated under the OEIC Regulations. The Company is incorporated in England and Wales with registered number IC001010. The head office of the Company is at 6th Floor, 65 Gresham Street, London EC2V 7NQ. This is also the address for the service on the Company of notices or other documents required or authorised to be served on it.

The Company is an umbrella company authorised as a UCITS Scheme for the purposes of the COLL and, as at the date of this set of accounts, consists of one sub-fund, the LF Woodford Equity Income Fund. The Company was authorised by an order made by the Financial Conduct Authority with effect from the 7 May 2014. The operation of the Company is governed by the Regulations, the Instrument of Incorporation and its Prospectus.

The base currency for the Company is pounds sterling. The maximum size of the Company's capital is £100,000,000,000 and the minimum size is £1.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

### Important Information

With effect from 2 May 2017, the F Sterling Accumulation share class of the CF Woodford Equity Income Fund was made available for investment by the Group Self Invested Pension plan of the Investment Manager.

With effect from 16 October 2017, the address of the ACD has changed to 6th Floor, 65 Gresham Street, London EC2V 7NQ.

As a result of the completion of the acquisition of Capita Financial Managers Limited by Link Administration Holdings Limited on 3 November 2017, the name of the ACD has changed to Link Fund Solutions Limited. Additionally, the trading name of the ACD has changed from Capita Asset Services to Link Asset Services.

With effect from 18 December 2017 the new name of the ACD is reflected in the name of the company and its sub-funds as follows:

- CF Woodford Investment Fund to LF Woodford Investment Fund
- CF Woodford Equity Income Fund to LF Woodford Equity Income Fund

Full details of the changes can be found in the revised prospectus dated 18 December 2017.

### Remuneration Policy

Link Fund Solutions Limited ('LFSL') is committed to ensuring that its remuneration policies and practices are consistent with, and promote, sound and effective risk management. LFSL's remuneration policy is designed to ensure that excessive risk taking is not encouraged by or within LFSL including in respect of the risk profile of the funds it operates, to manage the potential for conflicts of interest in relation to remuneration (having regard, inter alia, to its formal conflicts of interest policy) and to enable LFSL to achieve and maintain a sound capital base.

LFSL acts as the operator of both UCITS funds and AIFs.

LFSL delegates portfolio management for the funds to various investment management firms. The portfolio managers' fees and expense for providing investment management services are paid by the ACD out of its own remuneration under the ACD agreement. The investment management firms make information on remuneration publicly available in accordance with the disclosure requirements of Pillar 3 of the Capital Requirements Directive. This disclosure is in respect of LFSL activities (including activities performed by its sister company Link Financial Administrators Limited (LFAL) or by employees of that entity), and excludes activities undertaken by third party investment management firms.

## ACD'S REPORT *continued*

for the year ended 31 December 2017

LFSL staff do not perform duties in respect of particular funds, nor are they remunerated by reference to the performance of any individual fund. Accordingly, the information below is for LFSL as a whole. No attempt has been made to attribute remuneration to the Company itself.

Information on LFSL's remuneration arrangements is collated annually, as part of its statutory accounts preparation processes. Accordingly, the information disclosed relates to the year ended 31 December 2017, being the most recent accounting period for which accounts have been prepared for LFSL prior to the production of these accounts. As at 31 December 2017, LFSL operated 95 UCITS and 59 AIFs, whose respective assets under management ('AuM') were £41,425 million and £16,780 million. This Company was valued at £8,257 million as at that date and represented 14.19% of LFSL's total AuM and 19.93% of its UCITS AuM.

The disclosure below represents that required under COLL 4.5.7R (7) for funds subject to UCITS obligations.

LFSL's remuneration arrangements include fixed salaries, contributory pension arrangements and certain other benefits, and the potential for discretionary bonuses. The amount available for payment of discretionary bonuses is dependent on satisfactory performance by the Company as a whole, rather than the performance of any individual fund. Subject to satisfactory Company performance, bonuses may then be paid to staff to reflect their contribution to the Company's success. The precise metrics used will vary by function, but consideration is given to both qualitative and quantitative measures.

None of LFSL's staff receives remuneration based on the performance of any individual fund.

Further details can be found at [www.linkfundsolutions.co.uk/assets/media/LFI\\_Explanation\\_of\\_Compliance\\_with\\_Remuneration Code.pdf](http://www.linkfundsolutions.co.uk/assets/media/LFI_Explanation_of_Compliance_with_Remuneration_Code.pdf).

There have been no material changes to the adopted remuneration policy since the previous annual long report was prepared.

	Number of beneficiaries	Fixed £ '000	Variable £ '000	Total £'000	Average Fixed £'000	Average Variable £'000	Average Total £'000
Total amount of remuneration paid by LFSL for the financial year ended to 31 December 2017	188	5,497	633	6,130	29	4	33
Total amount of remuneration paid to members of staff whose activities have a material impact on the risk profile of the funds for the financial year to 31 December 2017:							
Senior management (including all Board members)	6	551	132	683	92	22	114
Staff engaged in control functions	4	310	–	310	77	–	77
Risk takers and other identified staff	15	995	19	1,014	67	1	68
Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	–	–	–	–	–	–	–

## **ACD'S REPORT** *continued* for the year ended 31 December 2017

### **Securities Financing Transactions**

The Company has the ability to utilise Securities Financing Transactions (being transactions such as lending or borrowing of securities, repurchase or reverse repurchase transactions, buy-sell back or sell-buy back transactions, or margin lending transactions). No such transactions have been undertaken in the period covered by this report.

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Woodford Investment Fund  
*20 April 2018*

## DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

**N. BOYLING**

**LINK FUND SOLUTIONS LIMITED**

ACD of LF Woodford Equity Income Fund

*20 April 2018*



## STATEMENT OF ACD'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The ACD is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the COLL") requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net revenue/expense and of the net capital gains/losses on the scheme property of the Company for that year. In preparing those financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements in accordance with the requirements of the IA SORP; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the COLL. The ACD is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the ACD has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of that information.

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE LF WOODFORD INVESTMENT FUND ( THE "COMPANY" )

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

### **NORTHERN TRUST GLOBAL SERVICES LIMITED**

UK Trustee and Depositary Services

20 April 2018

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF WOODFORD INVESTMENT FUND

## Opinion

We have audited the financial statements of LF Woodford Investment Fund ("the Company") for the year ended 31 December 2017. These financial statements comprise the financial statements of the following sub-fund of the Company:

- LF Woodford Equity Income Fund (the "Fund")

The financial statements of the Fund comprise the statement of total return, statement of change in net assets attributable to shareholders, the balance sheet, notes to the financial statements and the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and the Fund as at 31 December 2017 and of the net revenue and net capital losses on the scheme property of the Company and the Fund for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014, the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Who we are reporting to

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes sourcebook. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company or the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF WOODFORD INVESTMENT FUND *continued*

## Other information

The Authorised Corporate Director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the ACD's Report (which comprises the information on the inside cover, the Authorised Status, the Important Information, the Investment Objective and Policy, the Investment Manager's Report, the Synthetic Risk and Reward Indicator, the Portfolio Statement and the Summary of Material Portfolio Changes) is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if in our opinion:

- proper accounting records for the Company or the Fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

## Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the ACD's Responsibilities on page 7, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to terminate the Fund, wind up the Company or to cease operations, or has no realistic alternative but to do so.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF WOODFORD INVESTMENT FUND *continued*

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### GRANT THORNTON UK LLP

Statutory Auditor, Chartered Accountants  
London, United Kingdom  
20 April 2018

# LF WOODFORD EQUITY INCOME FUND ACD'S REPORT

for the year ended 31 December 2017

## IMPORTANT INFORMATION

Refer to the 'Important Information' section for the Company on page 3.

## INVESTMENT OBJECTIVE AND POLICY

The aim of the LF Woodford Equity Income Fund ("the Fund") is to provide a reasonable level of income together with capital growth. This will be achieved by investing primarily in UK listed companies. The Fund may also invest in unlisted companies and overseas entities. The Fund may also invest in other transferable securities, money market instruments, warrants, collective investment schemes and deposits.

The Investment Manager may also make use of derivatives for investment purposes (gaining both long and short exposure to the underlying assets) and for efficient portfolio management. It is not anticipated that such use of derivatives will have a significant adverse effect on the risk profile of this Fund.

The full set of annual and interim Report and Financial Statements will remain available to all investors on our website ([www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk)) and also upon request at our head office, 6th Floor, 65 Gresham Street, London EC2V 7NQ.

## LINK FUND SOLUTIONS LIMITED

ACD of LF Woodford Investment Fund

20 April 2018

## LF WOODFORD EQUITY INCOME FUND INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2017

The portfolio delivered a positive return of +0.5% for A Sterling Accumulation Shares in 2017 but it fell short of our aspiration to deliver high single-digit annualised returns for the second year running. It also trailed the wider UK stock market. The road towards long-term outperformance in a volatile asset class is rarely a smooth one, but the extent of the difference between the performance of the portfolio and that of the market has been extreme in the late-stage, momentum-driven bull market conditions, which have become increasingly evident as the year has progressed. Sentiment appears to have taken over as the main driver of stock market behaviour, with fundamentals being temporarily ignored. Indeed, in this era of extraordinary monetary policy and 'easy money', global stock markets now exhibit bubble-like characteristics, with many investors seemingly forgetting about valuation risk in their desire to chase the market higher.

That is not to say there haven't been some stock specific problems in the portfolio this year – there have, with Provident Financial, in particular, suffering a significant operational setback in the summer from which it is still recovering. To put this into context, however, Provident Financial accounted for roughly a third of the underperformance against the index last year. Clearly, with the benefit of hindsight, performance from the Fund would have been significantly better if we had not held Provident Financial in the portfolio, but the data suggests that the impact of broader market behaviour has been a much more influential force than stock specifics.

Elsewhere, Allied Minds, an intellectual property commercialisation business, performed poorly following its decision to halt funding to seven of its subsidiary businesses. From our perspective, the long-term investment case in Allied Minds has been built around its more promising subsidiaries in which we have substantial confidence. These include Federated Wireless, Precision Biopsy, Scifluor Life Sciences and Spin Transfer Technologies, all of which are, in our view, significantly undervalued and offer very substantial long-term growth potential. So, although the recent share price performance of the parent business has been disappointing, we remain confident that it will deliver attractive returns and have retained the position within the portfolio. Indeed, in our view, Allied Minds has never been in better shape and yet its share price is pretty much as low as it ever has been in its reasonably short life thus far as a quoted business.

Meanwhile, the largest positive contributor to performance was AstraZeneca, which had a volatile summer, following the release of interim data from the Mystic clinical trial which is investigating two of the company's immuno-oncology assets in a lung cancer setting. The market seized upon the disappointing interim update from this high-profile trial, to send the shares down 15% on the day of the announcement. It is important to remember that this was an interim update on the trial, based on a 'progression free survival' endpoint which was not met. It is not a drug failure – in fact, the trial was designed to show an 'overall survival' benefit in patients and there are a number of reasons to remain confident of a more positive outcome from the trial when it completes later this year.

Elsewhere, among the positive performers were Burford Capital and Purplebricks. These are both young, dynamic businesses that are proving highly disruptive in their respective industries and their operational success has been rewarded by their share prices more than doubling this year. We are confident that both companies can continue to grow rapidly in the years ahead and, in the context of this growth, their shares continue to look profoundly undervalued.

Indeed, for the most part, the companies in which the Fund has invested have tended to perform well operationally, delivering exactly what we had hoped they would in terms of profits, earnings, cash and dividend growth. This operational progress has not, however, been rewarded with higher share prices simply because they are not winners in the stock market's popularity contest. Babcock International and Imperial Brands stand out here as prominent examples – both have delivered decent growth this year (8.6% dividend growth from Babcock, 10% from Imperial Brands) but their share prices were down 25% and 11% respectively (source: Bloomberg).

In terms of portfolio activity, the bulk of our new purchases over the year reflected our more positive view of the UK economy. We think that the market has become overly bearish on the prospects of domestically focused British companies, with the result that many are now trading at compelling valuations. In this regard, we added to the portfolio a number of attractively-valued, UK-focused companies with great growth prospects. These included housebuilders Barratt Developments, Taylor Wimpey and Countryside Properties and retail banking group Lloyds Banking.

## **LF WOODFORD EQUITY INCOME FUND** **INVESTMENT MANAGER'S REPORT** *continued* for the year ended 31 December 2017

We also increased the position in Provident Financial at a very depressed valuation level. The share price recovered somewhat from its substantial decline in August, but remains well short of where we think it should be trading. Our interactions with the company's management lead us to conclude that the business remains on a stable recovery trajectory and the opportunity for value recovery in the long-term is substantial.

Meanwhile, we added to several of the portfolio's holdings, such as Thin Film Electronics, Idex, Horizon Discovery, CityFibre Infrastructure and Next. Also, IP Group completed its merger with Touchstone Innovations during the quarter. This resulted in an increase in the portfolio's position in the former and its exit from the latter.

To fund some of the above additions we completely sold the portfolio's holding in GlaxoSmithKline. In part, the decision to exit the position was informed by the intense fight for capital within the portfolio. However, increasing concerns about the prospects for its HIV franchise, Viiv, which has for a long time been the company's main growth engine also weakened our conviction in the investment case. Meanwhile, despite management change, the prospect of a value-creating breakup looked more remote than ever.

We also sold the Fund's holding in British American Tobacco. We remain attracted to the company, but it has begun to look much more fully valued. Accordingly, we decided to take profits in order to deploy them in more compelling long-term valuation opportunities. A similar rationale led us to sell AbbVie and Cranswick.

As the era of easy money draws to a close, with the US Federal Reserve intent on steadily shrinking the size of its substantial balance sheet, the implications for global liquidity and the US dollar pose a hazard for financial markets that have been paying too little attention to risk. Meanwhile, the winds of change in China also threaten the consensus view that the outlook for global growth is benign and almost trouble free.

This may sound like a bleak assessment of the global growth outlook, but it should only be disturbing for those who are not prepared for it. The stock market consensus does not appear to be prepared for this outcome, but we are. We continue to believe that the fund is appropriately positioned for the prevailing economic and market environment. In turn, we are very confident that the portfolio will deliver attractive, positive long-term returns, even against a backdrop of a more challenging market environment more broadly.

### **WOODFORD INVESTMENT MANAGEMENT LTD**

Investment Manager  
24 January 2018



# LF WOODFORD EQUITY INCOME FUND

## FUND INFORMATION

for the year ended 31 December 2017

### RISK AND REWARD PROFILE



This indicator shows how much a fund may have risen and fallen in the past, and therefore how much a fund's returns may have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

This Fund has been classed as 5 because its volatility has been measured as above average.

The indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

**Currency Risk:** As the Fund invests in overseas securities movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

**Illiquid Asset Risk:** Investment in illiquid assets, where there is no active market, may be more difficult to buy and sell and their prices may also be subject to large short-term swings.

**Counterparty Risk:** As the Fund may enter into derivative agreements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

**Financial Techniques Impact:** The Fund invests in derivatives. Where derivatives are used for hedging, the risk of loss to the Fund may be increased where the value of the derivative and the value of the security or position which it is hedging are insufficiently correlated.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk)

# LF WOODFORD EQUITY INCOME FUND

## FUND INFORMATION *continued*

for the year ended 31 December 2017

## COMPARATIVE TABLES

## A Sterling Accumulation shares

	31 December 2017	31 December 2016	31 December 2015
CHANGE IN NET ASSETS PER SHARE	pence per share	pence per share	pence per share
Opening net asset value per share	126.40	122.76	105.86
Return before operating charges*	2.92	4.86	18.08
Operating charges	(1.31)	(1.22)	(1.18)
Return after operating charges	1.61	3.64	16.90
Distributions	(4.37)	(4.21)	(4.07)
Retained distributions on accumulation shares	4.37	4.21	4.07
Closing net asset value per share	128.01	126.40	122.76
* after direct transaction costs of: <sup>1</sup>	0.13	0.18	0.32
<b>PERFORMANCE</b>			
Return after charges	1.27%	2.97%	15.96%
<b>OTHER INFORMATION</b>			
Closing net asset value (£'000)	58,161	76,729	76,946
Closing number of shares	45,435,894	60,703,178	62,677,494
Operating charges	1.00%	1.00%	1.00%
Direct transaction costs <sup>1</sup>	0.10%	0.14%	0.27%
<b>PRICES</b>			
Highest share price	139.02	132.56	125.76
Lowest share price	123.73	110.82	105.70

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

## LF WOODFORD EQUITY INCOME FUND FUND INFORMATION *continued*

for the year ended 31 December 2017

### COMPARATIVE TABLES *continued*

#### A Sterling Income shares

CHANGE IN NET ASSETS PER SHARE	31 December 2017 pence per share	31 December 2016 pence per share	31 December 2015 pence per share
Opening net asset value per share	116.41	117.05	104.52
Return before operating charges*	2.79	4.48	17.65
Operating charges	(1.19)	(1.15)	(1.15)
Return after operating charges	1.60	3.33	16.50
Distributions on income shares	(3.98)	(3.97)	(3.97)
Closing net asset value per share	114.03	116.41	117.05
* after direct transaction costs of: <sup>1</sup>	0.12	0.17	0.31

#### PERFORMANCE

Return after charges	1.37%	2.84%	15.79%
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#### OTHER INFORMATION

Closing net asset value (£'000)	29,788	43,238	44,375
Closing number of shares	26,123,435	37,143,171	37,909,527
Operating charges	1.00%	1.00%	1.00%
Direct transaction costs <sup>1</sup>	0.10%	0.14%	0.27%

#### PRICES

Highest share price	127.06	123.94	120.86
Lowest share price	110.96	105.71	104.37

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# LF WOODFORD EQUITY INCOME FUND

## FUND INFORMATION *continued*

for the year ended 31 December 2017

COMPARATIVE TABLES *continued*

## C Sterling Accumulation shares

	31 December 2017	31 December 2016	31 December 2015
	pence per share	pence per share	pence per share
<b>CHANGE IN NET ASSETS PER SHARE</b>			
Opening net asset value per share	127.14	123.18	105.95
Return before operating charges*	2.92	4.88	18.12
Operating charges	(0.99)	(0.92)	(0.89)
Return after operating charges	1.93	3.96	17.23
Distributions	(4.40)	(4.24)	(4.08)
Retained distributions on accumulation shares	4.40	4.24	4.08
Closing net asset value per share	129.07	127.14	123.18
* after direct transaction costs of: <sup>1</sup>	0.13	0.18	0.32
<b>PERFORMANCE</b>			
Return after charges	1.52%	3.21%	16.26%
<b>OTHER INFORMATION</b>			
Closing net asset value (£'000)	2,133,934	2,252,771	1,717,154
Closing number of shares	1,653,251,857	1,771,895,634	1,394,064,879
Operating charges	0.75%	0.75%	0.75%
Direct transaction costs <sup>1</sup>	0.10%	0.14%	0.27%
<b>PRICES</b>			
Highest share price	139.99	133.24	126.15
Lowest share price	124.74	111.23	105.79

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# LF WOODFORD EQUITY INCOME FUND

## FUND INFORMATION *continued*

for the year ended 31 December 2017

COMPARATIVE TABLES *continued*

## C Sterling Income shares

CHANGE IN NET ASSETS PER SHARE	31 December 2017 pence per share	31 December 2016 pence per share	31 December 2015 pence per share
Opening net asset value per share	117.18	117.53	104.67
Return before operating charges*	2.80	4.51	17.70
Operating charges	(0.90)	(0.87)	(0.86)
Return after operating charges	1.90	3.64	16.84
Distributions on income shares	(4.01)	(3.99)	(3.98)
Closing net asset value per share	115.07	117.18	117.53
* after direct transaction costs of: <sup>1</sup>	0.12	0.17	0.31
<b>PERFORMANCE</b>			
Return after charges	1.62%	3.10%	16.09%
<b>OTHER INFORMATION</b>			
Closing net asset value (£'000)	1,244,835	1,647,647	1,263,674
Closing number of shares	1,081,785,070	1,406,102,020	1,075,193,839
Operating charges	0.75%	0.75%	0.75%
Direct transaction costs <sup>1</sup>	0.10%	0.14%	0.27%
<b>PRICES</b>			
Highest share price	128.06	124.66	121.33
Lowest share price	111.96	106.17	104.53

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# LF WOODFORD EQUITY INCOME FUND

## FUND INFORMATION *continued*

for the year ended 31 December 2017

COMPARATIVE TABLES *continued*

## Z Sterling Accumulation shares

CHANGE IN NET ASSETS PER SHARE	31 December 2017 pence per share	31 December 2016 pence per share	31 December 2015 pence per share
Opening net asset value per share	127.50	123.40	106.03
Return before operating charges*	2.93	4.90	18.14
Operating charges	(0.86)	(0.80)	(0.77)
Return after operating charges	2.07	4.10	17.37
Distributions	(4.42)	(4.25)	(4.08)
Retained distributions on accumulation shares	4.42	4.25	4.08
Closing net asset value per share	129.57	127.50	123.40
* after direct transaction costs of: <sup>1</sup>	0.13	0.18	0.32
<b>PERFORMANCE</b>			
Return after charges	1.62%	3.32%	16.38%
<b>OTHER INFORMATION</b>			
Closing net asset value (£'000)	3,210,940	3,595,718	3,064,671
Closing number of shares	2,478,116,625	2,820,152,154	2,483,526,095
Operating charges	0.65%	0.65%	0.65%
Direct transaction costs <sup>1</sup>	0.10%	0.14%	0.27%
<b>PRICES</b>			
Highest share price	140.46	133.58	126.37
Lowest share price	125.21	111.44	105.88

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

## LF WOODFORD EQUITY INCOME FUND FUND INFORMATION *continued*

for the year ended 31 December 2017

### COMPARATIVE TABLES *continued*

#### Z Sterling Income shares

CHANGE IN NET ASSETS PER SHARE	31 December 2017 pence per share	31 December 2016 pence per share	31 December 2015 pence per share
Opening net asset value per share	117.45	117.69	104.72
Return before operating charges*	2.81	4.51	17.70
Operating charges	(0.78)	(0.75)	(0.75)
Return after operating charges	2.03	3.76	16.95
Distributions on income shares	(4.02)	(4.00)	(3.98)
Closing net asset value per share	115.46	117.45	117.69
* after direct transaction costs of: <sup>1</sup>	0.12	0.17	0.31

#### PERFORMANCE

Return after charges	1.73%	3.20%	16.19%
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#### OTHER INFORMATION

Closing net asset value (£'000)	1,417,843	1,743,027	2,013,535
Closing number of shares	1,227,995,028	1,484,003,136	1,710,877,852
Operating charges	0.65%	0.65%	0.65%
Direct transaction costs <sup>1</sup>	0.10%	0.14%	0.27%

#### PRICES

Highest share price	128.42	124.92	121.48
Lowest share price	112.33	106.32	104.57

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

## LF WOODFORD EQUITY INCOME FUND FUND INFORMATION *continued*

for the year ended 31 December 2017

### COMPARATIVE TABLES *continued*

X Sterling Accumulation shares

	31 December 2017	31 December 2016	31 December 2015
	pence per share	pence per share	pence per share
<b>CHANGE IN NET ASSETS PER SHARE</b>			
Opening net asset value per share	124.96	121.97	105.70
Return before operating charges*	2.89	4.80	18.02
Operating charges	(1.94)	(1.81)	(1.75)
Return after operating charges	0.95	2.99	16.27
Distributions	(4.31)	(4.18)	(4.06)
Retained distributions on accumulation shares	4.31	4.18	4.60
Closing net asset value per share	125.91	124.96	121.97
* after direct transaction costs of: <sup>1</sup>	0.13	0.17	0.32
<b>PERFORMANCE</b>			
Return after charges	0.76%	2.45%	15.39%
<b>OTHER INFORMATION</b>			
Closing net asset value (£'000)	39,419	47,517	48,781
Closing number of shares	31,306,520	38,026,167	39,994,743
Operating charges	1.50%	1.50%	1.50%
Direct transaction costs <sup>1</sup>	0.10%	0.14%	0.27%
<b>PRICES</b>			
Highest share price	137.11	131.22	124.99
Lowest share price	121.74	110.04	105.53

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.



## LF WOODFORD EQUITY INCOME FUND FUND INFORMATION *continued*

for the year ended 31 December 2017

### COMPARATIVE TABLES *continued*

X Sterling Income shares

CHANGE IN NET ASSETS PER SHARE	31 December 2017 pence per share	31 December 2016 pence per share	31 December 2015 pence per share
Opening net asset value per share	115.14	116.35	104.38
Return before operating charges*	2.77	4.45	17.65
Operating charges	(1.76)	(1.72)	(1.73)
Return after operating charges	1.01	2.73	15.92
Distributions on income shares	(3.93)	(3.94)	(3.95)
Closing net asset value per share	112.22	115.14	116.35
* after direct transaction costs of: <sup>1</sup>	0.12	0.17	0.31
<b>PERFORMANCE</b>			
Return after charges	0.88%	2.35%	15.25%
<b>OTHER INFORMATION</b>			
Closing net asset value (£'000)	5,709	6,488	1,495
Closing number of shares	5,087,641	5,635,225	1,284,666
Operating charges	1.50%	1.50%	1.50%
Direct transaction costs <sup>1</sup>	0.10%	0.14%	0.27%
<b>PRICES</b>			
Highest share price	125.38	122.74	120.18
Lowest share price	109.24	105.01	104.21

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# LF WOODFORD EQUITY INCOME FUND

## FUND INFORMATION *continued*

for the year ended 31 December 2017

### COMPARATIVE TABLES *continued*

F Sterling Accumulation shares<sup>1</sup>

	31 December 2017 pence per share	14 October 2016 to 31 December 2016 pence per share <sup>2</sup>
<b>CHANGE IN NET ASSETS PER SHARE</b>		
Opening net asset value per share	98.46	100.00
Return before operating charges*	2.25	(1.54)
Operating charges	–	–
Return after operating charges	2.25	(1.54)
Distributions	(3.47)	(0.67)
Retained distributions on accumulation shares	3.47	0.67
Closing net asset value per share	100.71	98.46
* after direct transaction costs of: <sup>3</sup>	0.10	0.14

### PERFORMANCE

Return after charges	2.29%	(1.54)%
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### OTHER INFORMATION

Closing net asset value (£'000)	68,274	70,244
Closing number of shares	67,790,864	71,340,789
Operating charges	0.00%	0.00%
Direct transaction costs <sup>3</sup>	0.10%	0.14%

### PRICES

Highest share price	108.80	100.93
Lowest share price	97.12	94.62

<sup>1</sup> This class is only available for investment by the Woodford Feeder Fund (Ireland) and the Group Self Invested Pension Plan of the Investment Manager.

<sup>2</sup> Class F Sterling Accumulation shares launched on 14 October 2016.

<sup>3</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# LF WOODFORD EQUITY INCOME FUND

## FUND INFORMATION *continued*

for the year ended 31 December 2017

### Fund Performance to 31 December 2017

	1 year	3 years	Since launch <sup>1</sup>
LF Woodford Equity Income Fund	0.53%	19.94%	28.12%

<sup>1</sup> Launch date 2 June 2014.

The performance of the Fund is based on the published price per A Sterling Accumulation Share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Tables due to the above performance being calculated on the latest published price prior to the period end, rather than the period end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Tables on pages 52 to 60.

### RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not necessarily a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

# LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT

for the year ended 31 December 2017

Holding	Portfolio of investments	Value £'000	31 December 2017 %
	<b>UNITED KINGDOM 80.42% (78.33%)</b>		
	<b>BASIC MATERIALS 0.03% (0.04%)</b>		
	<b>Chemicals 0.03% (0.04%)</b>		
15,731,493	Itaconix <sup>1</sup>	2,360	0.03
	<b>INDUSTRIALS 10.46% (10.11%)</b>		
	<b>Construction &amp; Materials 1.57% (0.00%)</b>		
14,885,249	Eurocell	31,259	0.38
32,905,000	Forterra	97,810	1.19
		<b>129,069</b>	<b>1.57</b>
	<b>Industrial Engineering 0.93% (0.74%)</b>		
609,933	Industrial Heat Series 'A1' Preference <sup>2</sup>	8,496	0.10
5,170,422	Industrial Heat Series 'A2' Preference <sup>2</sup>	4,898	0.06
93,384	Industrial Heat Series 'A3' Preference <sup>2</sup>	394	0.01
47,613	Metalysis Preference <sup>2</sup>	1,981	0.02
167,786	Nexeon <sup>2</sup>	14,681	0.18
19,178,201	Xeros <sup>1</sup>	46,076	0.56
		<b>76,526</b>	<b>0.93</b>
	<b>Industrial Transportation 1.33% (0.00%)</b>		
70,500,000	Eddie Stobart Logistics <sup>1</sup>	109,275	1.33
	<b>Support Services 6.63% (9.37%)</b>		
18,158,934	Babcock International Group	128,202	1.56
73,799,182	BCA Marketplace	151,067	1.84
18,402,072	Capita	74,657	0.91
11,300,000	HomeServe	91,135	1.11
10,038,698	PayPoint	91,904	1.12
14,296,030	Utilitywise <sup>1</sup>	6,898	0.09
		<b>543,863</b>	<b>6.63</b>

# LF WOODFORD EQUITY INCOME FUND

## PORTFOLIO STATEMENT *continued*

for the year ended 31 December 2017

Holding	Portfolio of investments	31 December	
		Value £'000	2017 %
	<b>CONSUMER GOODS 15.87% (14.41%)</b>		
	<b>Food Producers 0.00% (0.26%)</b>		
	<b>Household Goods &amp; Home Construction 8.08% (0.00%)</b>		
35,848,280	Barratt Developments	231,401	2.82
31,051,670	Countryside Properties	109,612	1.33
6,170,000	Crest Nicholson	33,472	0.41
27,656,094	Eve Sleep <sup>1</sup>	35,400	0.43
93,355,165	Taylor Wimpey	192,872	2.35
28,022,000	Watkin Jones <sup>1</sup>	60,668	0.74
		<u>663,425</u>	<u>8.08</u>
	<b>Tobacco 7.00% (13.67%)</b>		
18,168,095	Imperial Brands	574,021	7.00
	<b>General Retailers 0.00% (0.24%)</b>		
	<b>Fixed Line Telecommunications 0.79% (0.24%)</b>		
110,181,674	CityFibre Infrastructure <sup>1</sup>	65,007	0.79
	<b>HEALTH CARE 20.14% (27.31%)</b>		
	<b>Health Care Equipment &amp; Services 3.58% (3.18%)</b>		
2,097,902	Cell Medica 'B' Preference <sup>2</sup>	15,000	0.18
2,156,310	Oxford Nanopore Technologies <sup>2</sup>	110,295	1.35
23,250,000	Oxford Science Innovation <sup>2</sup>	27,900	0.34
6,666,667	Phoenix Product Development <sup>2</sup>	100	–
22,173,913	Proton Partners International <sup>2</sup>	25,500	0.31
11,750,000	Sphere Medical Holdings <sup>1</sup>	47	–
44,983,887	Spire Healthcare Group	114,619	1.40
		<u>293,461</u>	<u>3.58</u>
	<b>Pharmaceuticals &amp; Biotechnology 16.56% (24.13%)</b>		
13,091,131	4D Pharma <sup>1</sup>	41,630	0.51
240,894,215	Abaco Capital <sup>1</sup>	3,493	0.04
42,741,947	Abzena <sup>1</sup>	12,823	0.16

# LF WOODFORD EQUITY INCOME FUND

## PORTFOLIO STATEMENT *continued*

for the year ended 31 December 2017

Holding	Portfolio of investments	Value £'000	31 December 2017 %
<b>HEALTH CARE 20.14% (27.31%) (continued)</b>			
<b>Pharmaceuticals &amp; Biotechnology 16.56% (24.13%) (continued)</b>			
40,934	AMO Pharmaceuticals Preference <sup>2</sup>	12,212	0.15
19,206,668	Arix Bioscience	37,069	0.45
11,007,357	AstraZeneca	558,733	6.81
4,487,179	Autolus <sup>2</sup>	9,963	0.12
104,469,131	Benchmark Holdings <sup>1</sup>	57,458	0.70
236,827	BenevolentAI <sup>2</sup>	160,287	1.95
19,053,690	BTG	145,094	1.77
55,225,647	Circassia Pharmaceuticals	55,640	0.68
36,918,214	e-therapeutics <sup>1</sup>	3,323	0.04
29,810,884	Horizon Discovery <sup>1</sup>	71,919	0.88
14,578,064	hVIVO <sup>1</sup>	7,581	0.09
24,737	Immunocore <sup>2</sup>	4,447	0.05
239,003	Immunocore 'A' Preference <sup>2</sup>	42,970	0.52
3,454,231	Kymab Series 'B' Preference <sup>2</sup>	10,865	0.13
1,162,655	Kymab Series 'C' Preference <sup>2</sup>	3,700	0.05
16,853,667	Mereo Biopharma <sup>1</sup>	53,932	0.66
12,085,111	Midatech Pharma <sup>1</sup>	4,230	0.05
13,729,478	NetScientific <sup>1</sup>	9,473	0.12
683,995	NovaBiotics <sup>2</sup>	3,673	0.04
9,635,768	Oxford Pharmascience Group <sup>2</sup>	–	–
614,125,763	ReNeuron Group <sup>1</sup>	11,054	0.13
3,424,047	Silence Therapeutics <sup>1</sup>	6,643	0.08
18,250,000	Synairgen <sup>1</sup>	1,962	0.02
232,236,642	Tissue Regenix <sup>1</sup>	20,901	0.25
105,269,591	Vernalis <sup>1</sup>	8,706	0.11
		<u>1,359,781</u>	<u>16.56</u>
<b>CONSUMER SERVICES 5.03% (3.10%)</b>			
<b>Support Services 1.01% (0.90%)</b>			
48,785,825	AA	83,180	1.01
<b>General Retailers 2.41% (1.31%)</b>			
14,875,000	Card Factory	43,271	0.53

# LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

for the year ended 31 December 2017

Holding	Portfolio of investments	Value £'000	31 December 2017 %
	<b>CONSUMER SERVICES 5.03% (3.10%) (continued)</b>		
	<b>General Retailers 2.41% (1.31%) (continued)</b>		
3,440,115	Next	154,840	1.88
		<u>198,111</u>	<u>2.41</u>
	<b>Media 0.32% (0.27%)</b>		
20,040,000	Time Out Group <sup>1</sup>	26,052	0.32
	<b>Travel &amp; Leisure 0.89% (0.43%)</b>		
19,113,948	Hostel World	72,824	0.89
	<b>Fixed Line Telecommunications 0.40% (0.00%)</b>		
10,022,369	Gigaclear 'A' <sup>2</sup>	32,572	0.40
	<b>Mobile Telecommunications 0.00% (0.19%)</b>		
	<b>UTILITIES 1.16% (1.07%)</b>		
	<b>Electricity 1.16% (1.07%)</b>		
35,480,733	Drax	95,691	1.16
	<b>FINANCIALS 27.61% (22.25%)</b>		
	<b>Banks 3.44% (0.00%)</b>		
417,537,106	Lloyds Banking	282,130	3.44
	<b>Life Insurance 4.93% (5.48%)</b>		
147,930,516	Legal & General Group	404,294	4.93
	<b>Real Estate Investment &amp; Services 4.89% (1.36%)</b>		
54,591,457	Purplebricks <sup>1</sup>	228,329	2.78
70,861,338	Raven Russia	34,722	0.42
81,929,824	Raven Russia Preference	98,726	1.20
5,000,000	Sabina Estates <sup>2</sup>	4,436	0.06

# LF WOODFORD EQUITY INCOME FUND

## PORTFOLIO STATEMENT *continued*

for the year ended 31 December 2017

Holding	Portfolio of investments	31 December	
		Value £'000	2017 %
	<b>FINANCIALS 27.61% (22.25%) (continued)</b>		
	<b>Real Estate Investment &amp; Services 4.89% (1.36%) (continued)</b>		
4,000	Sabina Estates Preference <sup>2</sup>	35,491	0.43
		<u>401,704</u>	<u>4.89</u>
	<b>Real Estate Investment Trusts 2.20% (1.68%)</b>		
54,467,934	NewRiver REIT	180,670	2.20
	<b>Financial Services 10.58% (12.50%)</b>		
12,750,000	Accelerated Digital Ventures 'A' <sup>2</sup>	12,750	0.16
600	Accelerated Digital Ventures 'B' <sup>2</sup>	–	–
2,143,362	AJ Bell <sup>2</sup>	19,076	0.23
47,419,137	Allied Minds	77,175	0.94
39,720,597	Atom Bank <sup>2</sup>	45,679	0.56
9,575,000	Cambridge Innovation Capital <sup>2</sup>	7,660	0.09
13,725,000	Draper Esprit <sup>1</sup>	52,841	0.64
138,855,264	IP Group	194,675	2.37
60,090,350	Mercia Technologies <sup>1</sup>	21,632	0.26
63,050,821	Non-Standard Finance	44,753	0.55
1,319,519	OMBU <sup>2</sup>	–	–
278,490	OMBU Preference <sup>2</sup>	20,999	0.26
22,397,389	Provident Financial	203,144	2.47
60,690,731	Redde <sup>1</sup>	106,057	1.29
332,197	Retail Money Market <sup>2</sup>	11,504	0.14
65,947,500	VPC Speciality Lending Investments	50,780	0.62
		<u>868,725</u>	<u>10.58</u>
	<b>Equity Investment Instruments 1.57% (0.83%)</b>		
4,130,325	Honeycomb Investment Trust	47,086	0.57
10,034,514	P2P Global Investments	81,631	1.00
		<u>128,717</u>	<u>1.57</u>



# LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

for the year ended 31 December 2017

Holding	Portfolio of investments	Value £'000	31 December 2017 %
	<b>FINANCIALS 27.61% (22.25%) (continued)</b>		
	Non-life Insurance 0.00% (0.40%)		
	<b>TECHNOLOGY 0.12% (0.04%)</b>		
	Software & Computer Services 0.12% (0.04%)		
113,205,556	Brave Bison Group <sup>1</sup>	962	0.01
115,223	Drayson Technologies 'C' Preference <sup>2</sup>	9,299	0.11
		<u>10,261</u>	<u>0.12</u>
	<b>CHANNEL ISLANDS 8.50% (4.82%)</b>		
	<b>INDUSTRIALS 2.97% (1.68%)</b>		
	Construction & Materials 0.78% (0.49%)		
74,653,994	Breedon Aggregates <sup>1</sup>	64,202	0.78
	<b>Industrial Transportation 2.19% (1.19%)</b>		
63,942,999	Stobart Group	179,680	2.19
	<b>HEALTH CARE 0.49% (0.46%)</b>		
	Health Care Equipment & Services 0.49% (0.46%)		
28,089,888	BPE J1 'B' Preference <sup>2</sup>	40,228	0.49
	<b>FINANCIALS 5.04% (2.68%)</b>		
	Real Estate Investment & Services 1.23% (1.01%)		
17,884,093	Phoenix Spree Deutschland	69,122	0.84
49,262,079	Sirius Real Estate	32,020	0.39
		<u>101,142</u>	<u>1.23</u>
	<b>Financial Services 3.45% (1.34%)</b>		
24,380,736	Burford Capital <sup>1</sup>	282,817	3.45
	<b>Equity Investment Instruments 0.36% (0.33%)</b>		
15,764,788	Crystal Amber <sup>1</sup>	29,480	0.36

# LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

for the year ended 31 December 2017

Holding	Portfolio of investments	31 December	
		Value £'000	2017 %
	IRELAND 5.02% (5.33%)		
	HEALTH CARE 4.26% (4.58%)		
	Health Care Equipment & Services 0.01% (0.01%)		
447,115	Brandon Point Enterprises Series 2 <sup>2</sup>	1,036	0.01
	Pharmaceuticals & Biotechnology 4.25% (4.57%)		
3,166,348	Alkermes	129,803	1.58
1,801,713	Carrick <sup>2</sup>	3,240	0.04
7,684,790	Prothena	216,072	2.63
		349,115	4.25
	FINANCIALS 0.76% (0.75%)		
	Financial Services 0.76% (0.75%)		
8,400,902	Malin	62,241	0.76
	CONTINENTAL EUROPE 1.96% (1.85%)		
	ISLE OF MAN 0.22% (0.00%)		
	INDUSTRIALS 0.22% (0.00%)		
	Electronic & Electrical Equipment 0.22% (0.00%)		
12,552,941	Strix <sup>1</sup>	18,202	0.22
	LUXEMBOURG 0.22% (0.44%)		
	BASIC MATERIALS 0.05% (0.00%)		
	Chemicals 0.05% (0.00%)		
985,360	Mafic Convertible Preference Shares 'B' <sup>2</sup>	4,317	0.05
	INDUSTRIALS 0.17% (0.44%)		
	General Industrials 0.17% (0.44%)		
79,468,062	RM2 International <sup>1</sup>	1,788	0.02
42,328,042	RM2 International Convertible Preference <sup>2</sup>	11,852	0.15
		13,640	0.17

# LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

for the year ended 31 December 2017

Holding	Portfolio of investments	31 December	
		Value £'000	2017 %
	NORWAY 1.25% (1.21%)		
	INDUSTRIALS 1.25% (1.21%)		
	Electronic & Electrical Equipment 0.00% (1.21%)		
	Industrial Goods & Services 1.25% (0.00%)		
108,420,610	Idex Corporation	50,599	0.62
234,225,378	Thin Film Electronics	51,801	0.63
31,000,000	Thin Film Electronics Warrants 22/03/2018 <sup>2</sup>	16	–
		<u>102,416</u>	<u>1.25</u>
	SWITZERLAND 0.27% (0.20%)		
	HEALTH CARE 0.27% (0.20%)		
	Health Care Equipment & Services 0.27% (0.20%)		
21,949,832	CeQur S.A. Series 'C' Preference <sup>2</sup>	22,483	0.27
	NORTH AMERICA 4.34% (9.66%)		
	BERMUDA 0.75% (2.30%)		
	FINANCIALS 0.75% (2.30%)		
	Financial Services 0.75% (0.62%)		
37,845,833	Oakley Capital Investments <sup>1</sup>	61,500	0.75
	Non-life Insurance 0.00% (1.68%)		
	UNITED STATES 3.59% (7.36%)		
	BASIC MATERIALS 0.23% (0.23%)		
	Chemicals 0.23% (0.23%)		
111,368,352	HaloSource <sup>1</sup>	1,114	0.01
4,052,800	Mafic S.A. <sup>2</sup>	17,762	0.22
		<u>18,876</u>	<u>0.23</u>
	HEALTH CARE 3.04% (6.61%)		
	Health Care Equipment & Services 0.49% (0.61%)		
1,026,410	Brandon Point Enterprises 'A' Preference <sup>2</sup>	2,378	0.03
20,298,778	Evoform <sup>2</sup>	601	0.01

# LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

for the year ended 31 December 2017

Holding	Portfolio of investments	31 December	
		Value £'000	2017 %
	<b>HEALTH CARE 3.04% (6.61%) (continued)</b>		
	<b>Health Care Equipment &amp; Services 0.49% (0.61%) (continued)</b>		
1,007,557	Evoform Series 'C' Preference <sup>2</sup>	455	0.01
59	Evoform Series 'D' Preference <sup>2</sup>	31,382	0.38
3,664,922	Viamet Pharmaceuticals <sup>2</sup>	5,126	0.06
		<u>39,942</u>	<u>0.49</u>
	<b>Pharmaceuticals &amp; Biotechnology 2.55% (6.00%)</b>		
18,316,679	Northwest Biotherapeutics	3,145	0.04
8,114,946	Theravance Biopharma	170,449	2.08
30,264,393	Verseon <sup>1</sup>	35,712	0.43
		<u>209,306</u>	<u>2.55</u>
	<b>TECHNOLOGY 0.32% (0.52%)</b>		
	<b>Technology 0.32% (0.52%)</b>		
40,998	Origin <sup>2</sup>	8,844	0.11
10,000	Origin Convertible Preference 'A' <sup>1,2</sup>	444	–
8	Origin Warrants <sup>2</sup>	474	0.01
2,348,561	Spin Transfer Technology <sup>2</sup>	16,495	0.20
		<u>26,257</u>	<u>0.32</u>
	<b>Forward FX Currency Contracts 0.00% (0.13%)</b>		
	Portfolio of investments	<u>8,228,599</u>	<u>100.24</u>
	Net other liabilities	<u>(19,696)</u>	<u>(0.24)</u>
	Net assets	<u>8,208,903</u>	<u>100.00</u>

Comparative figures shown in brackets relate to 31 December 2016.

The investments have been valued in accordance with note 1(F) and are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> AIM listed security

<sup>2</sup> Unlisted security

## LF WOODFORD EQUITY INCOME FUND SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2017

Total purchases for the year £'000 (Note 16)	2,794,252	Total sales for the year £'000 (Note 16)	3,890,036
Major Purchases	Cost £'000	Major Sales	Proceeds £'000
Lloyds Banking	324,717	GlaxoSmithKline	761,562
Barratt Developments	221,297	British American Tobacco	699,370
Taylor Wimpey	187,587	AstraZeneca	404,466
Provident Financial	114,975	AbbVie	380,861
Eddie Stobart Logistics	112,636	Legal & General Group	189,039
British Land	106,900	Capita	156,821
Micro Focus International	105,799	Lancashire Holdings	156,056
Countryside Properties	98,437	G4S	153,870
Next	80,289	Imperial Brands	113,898
AstraZeneca	80,142	British Land	112,657
Forterra	69,411	Micro Focus International	98,637
Card Factory	54,285	Equinti Group	88,658
Horizon Discovery	53,094	BenevolentAi	51,555
Imperial Brands	52,307	HomeServe	50,155
IP Group	47,214	Next	45,203
Honeycomb Investment Trust	44,108	Beazley	40,457
Watkin Jones	40,263	Lloyds Banking	38,751
AA	39,970	Babcock International Group	37,163
CityFibre Infrastructure	38,790	Softcat	36,610
Prothena	37,091	LondonMetric Property	30,689

The summary of material portfolio changes represents the 20 largest purchases and sales during the year.

## LF WOODFORD EQUITY INCOME FUND FINANCIAL STATEMENTS STATEMENT OF TOTAL RETURN

for the year ended 31 December 2017

	Notes	£'000	31 December 2017 £'000	£'000	31 December 2016 £'000
Income					
Net capital (losses)/gains	3		(98,807)		66,566
Revenue	4	323,098		310,932	
Expenses	5	(65,717)		(61,783)	
Interest payable and similar charges	7	<u>(463)</u>		<u>(160)</u>	
Net revenue before taxation		256,918		248,989	
Taxation	6	<u>(1,307)</u>		<u>(4,392)</u>	
Net revenue after taxation			<u>255,611</u>		<u>244,597</u>
Total return before distributions			156,804		311,163
Distributions	8		<u>(317,217)</u>		<u>(306,381)</u>
Change in net assets attributable to shareholders from investment activities			<u>(160,413)</u>		<u>4,782</u>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 December 2017

	£'000	31 December 2017 £'000	£'000	31 December 2016 £'000
Opening net assets attributable to shareholders		9,483,379		8,230,631
Amounts receivable on issue of shares	1,812,755		3,414,590	
Amounts payable on cancellation of shares	<u>(3,133,057)</u>		<u>(2,365,205)</u>	
		(1,320,302)		1,049,385
Dilution adjustment		3,289		6,331
Change in net assets attributable to shareholders from investment activities		(160,413)		4,782
Retained distribution on accumulation shares		<u>202,950</u>		<u>192,250</u>
Closing net assets attributable to shareholders		<u>8,208,903</u>		<u>9,483,379</u>

# LF WOODFORD EQUITY INCOME FUND FINANCIAL STATEMENTS *continued*

## BALANCE SHEET

for the year ended 31 December 2017

	Notes	31 December 2017 £'000	31 December 2016 £'000
<b>ASSETS</b>			
Fixed assets			
Investments		8,228,599	9,498,854
Current assets			
Debtors	10	30,997	56,792
Cash and bank balances	9	<u>42,309</u>	<u>45,184</u>
Total assets		<u>8,301,905</u>	<u>9,600,830</u>
<b>LIABILITIES</b>			
Investment liabilities			
Creditors		–	(4,056)
Bank overdrafts	9	(39,826)	(59,316)
Distributions payable		(18,217)	(27,218)
Other creditors	11	<u>(34,959)</u>	<u>(26,861)</u>
Total liabilities		<u>(93,002)</u>	<u>(117,451)</u>
Net assets attributable to shareholders		<u>8,208,903</u>	<u>9,483,379</u>

# LF WOODFORD EQUITY INCOME FUND

## FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

#### 1. Accounting Policies

The principal accounting policies, which have been applied to the current year, are set out below:

##### (A) BASIS OF ACCOUNTING

The financial statements have been prepared on a going concern basis under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice ('SORP') for UK Authorised Funds issued by the Investment Association (IA) in May 2014, as amended. The principal accounting policies which have been applied consistently are set out below.

##### (B) RECOGNITION OF REVENUE

Revenue from quoted equities and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Revenue from all equity investments is recognised when the dividend is declared.

Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

All other revenue is recognised on an accruals basis.

##### (C) TREATMENT OF EXPENSES

All expenses are transferred to capital for distribution purposes in line with the Fund's investment objective. This will increase the amount of revenue available for distribution; however, will erode capital and may constrain capital growth.

##### (D) ALLOCATION OF REVENUE AND EXPENSES TO MULTIPLE SHARE CLASSES

Any revenue or expense not directly attributable to a particular share class will normally be allocated pro-rata to the net assets of the relevant share classes unless a different allocation method is more appropriate.

All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

##### (E) DILUTION ADJUSTMENT

The actual cost of purchasing or selling assets and investments in a fund may vary due to dealing charges, taxes, and any spread between buying and selling prices of the underlying investments of a fund. These costs could have an adverse effect on the value of the Fund, known as "dilution". In order to mitigate the effect of dilution the ACD may at its discretion adjust the sale and purchase price of shares to take into account the possible effects of dilution to arrive at the price of shares. This practice is known as making a "dilution adjustment". The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in a fund. If the price of the Shares does contain a dilution adjustment, such dilution adjustment will be paid into the Fund and will become part of the property of the Fund thus mitigating the effects of dilution that would otherwise constrain the future growth of the Fund.

The ACD reserves the right to make a dilution adjustment every Dealing Day. The dilution adjustment is calculated using the estimated dealing costs of the Fund's underlying investments and taking into consideration any dealing spreads, commission and transfer taxes.



# LF WOODFORD EQUITY INCOME FUND

## FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 1. Accounting Policies (continued)

##### (F) BASIS OF VALUATION OF INVESTMENTS

All investments are valued at their fair value as at 12 noon (London time) on 29 December 2017, being the last business day of the financial year. The fair value for non-derivative securities is bid market price, excluding any accrued interest.

Where values cannot be readily determined, the securities are valued at the ACD's best assessment of their fair value.

Open forward currency contracts are valued based on the difference between the contract value and the market value adjusted by the prevailing spot rate and swap curve.

Unquoted investments in combination are a significant asset of the Fund. Such investments are held at fair value which requires significant estimation in concluding on their fair value. Whilst there is a robust and consistent valuation process undertaken by the ACD, it is recognised that in stating these assets at fair value there is a significant element of estimation uncertainty. Central to this uncertainty is the assumption that such assets will continue to progress in line with their stated business plan and will be held for the longer term until exit, generally where either the company is sold to an interested party or lists on an appropriate exchange. However, failure of any individual unquoted investment to progress in accordance with their business plan could result in material change to the fair valuation of that company.

On a monthly basis, unquoted holdings will be assessed by the ACD as part of the fair value pricing process and where a material event occurs that significantly impacts the existing valuation the circumstances of that event will be documented along with any valuation adjustment. In circumstances where matters are brought to the ACD's attention as part of intra monthly assessments, the impact on the unquoted holding's valuation is assessed and documented. Any intra month changes will be considered and adjustment if required will be made by the ACD.

In determining the fair value of the unquoted investments the ACD has done so in accordance with the following principles, which are consistent with the IPEVCV guidelines:

1. held at the price of a recent investment for an appropriate period where there is considered to have been no material change in fair value; or
2. where the basis in (1) is no longer considered appropriate, then the following factors will be considered in determining the fair value:
  - a. where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used; or
  - b. in the absence of (a) and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to an earnings multiple basis or, if appropriate, other valuation models such as Probability-Weighted Expected Return Method and adjusted recent transaction prices (which consider the company's performance against key milestones) are also used. These valuation methods may lead to a company being valued on a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector, but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability)
3. if the investment is in a fund then the valuation will be based on the net asset value of the fund (which invariably comprise of early stage unquoted investments), or on an adjusted basis to recognise the potential for a premium or discount to be applied to the share price.

# LF WOODFORD EQUITY INCOME FUND

## FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### **1. Accounting Policies (continued)**

##### **(F) BASIS OF VALUATION OF INVESTMENTS (continued)**

At the end of 2017, 4.16% of the NAV is unquoted investments which are valued in accordance with (1), 1.20% in accordance with (2a), 3.62% in accordance with (2b) and 0.43% in accordance with (3).

##### **(G) TAXATION**

Provision is made for taxation at current rates on the excess of taxable revenue over allowable expenses.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

##### **(H) FOREIGN EXCHANGE**

The base and functional currency of the Fund is pounds sterling. Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 12 noon (London time) on 29 December 2017, being the last business day of the financial year.

##### **(I) DERIVATIVE INSTRUMENTS**

Financial derivative instruments may be used by the Fund for investment purposes and efficient portfolio management, for example to hedge investment exposure or to adjust exposure in a cost effective manner. Derivative instruments held within the Fund will be accounted for and taxed in accordance with the SORP. Derivative transactions will be treated as either revenue or capital depending on the motives and circumstances on acquisition.

##### **(J) DIRECT TRANSACTION COSTS**

Direct transaction costs may consist of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Direct transaction costs do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. The average portfolio dealing spread is the difference between the bid and offer prices of investments at the balance sheet date, including the effect of foreign exchange expressed as a percentage of the value determined by reference to the offer price.

##### **(K) SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The area where the ACD considers the judgements and key estimation of uncertainty to be most significant involve assumptions or estimates applied in respect of the valuation of the unquoted investments which are believed to be reasonable at the date of the financial statements. In future, actual experience could differ from those estimates.

#### **2. Distribution Policies**

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. In order to conduct a controlled dividend flow, interim distributions will be at the ACD's discretion, up to a maximum of the distributable revenue for the year. All remaining revenue is distributed in accordance with the COLL.

## LF WOODFORD EQUITY INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 2. Distribution Policies (continued)

All expenses are transferred to capital for distribution purposes in line with the Fund's investment objective. This will increase the amount of revenue available for distribution; however, will erode capital and may constrain capital growth.

From 2017, in calculating the amount of distribution, tax relief on expenses charged to capital is applied and transferred between the revenue and capital property of the Fund. In calculating how much tax relief should be allocated, revenue expenses are matched first against taxable income arising in revenue, and tax deductible capital expenses are matched first against taxable income arising in capital.

The ordinary element of stock dividends is treated as revenue and forms part of the distribution. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of the distribution.

Distributions which have remained unclaimed by shareholders for over six years are credited to the capital property of the Fund.

#### 3. Net Capital (Losses)/Gains

The net capital (losses)/gains during the year comprise:

	31 December 2017 £'000	31 December 2016 £'000
Non-derivative securities	(173,720)	69,931
Forward currency contracts	85,526	(4,694)
Currency (losses)/gains	(10,610)	1,253
Transaction charges	(3)	76
Net capital (losses)/gains	<u>(98,807)</u>	<u>66,566</u>

#### 4. Revenue

	31 December 2017 £'000	31 December 2016 £'000
Bank interest	8	–
Franked property income distributions	158	–
Non-taxable dividends	265,046	224,989
Overseas dividends	32,154	68,435
Unfranked revenue	10,674	8,524
Unfranked property income distributions	<u>15,058</u>	<u>8,984</u>
Total revenue	<u>323,098</u>	<u>310,932</u>

# LF WOODFORD EQUITY INCOME FUND

## FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 5. Expenses

	31 December 2017 £'000	31 December 2016 £'000
Payable to the ACD or associates of the ACD:		
ACD's periodic charge	65,611	61,773
	65,611	61,773
Other expenses:		
Legal fees	106	10
	106	10
Total expenses:	65,717	61,783

Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the ACD's periodic charge. Fee payable to the auditor for the audit of the Company's financial statements for the year ended 31 December 2017 is £22,000 (31 December 2016: £20,000).

#### 6. Taxation

	31 December 2017 £'000	31 December 2016 £'000
<b>(A) ANALYSIS OF CHARGE FOR THE YEAR:</b>		
Overseas withholding tax	1,307	4,392
Total taxation	1,307	4,392
<b>(B) FACTORS AFFECTING TAXATION CHARGE FOR THE YEAR:</b>		
Net revenue before tax	256,918	248,988
Net revenue multiplied by the standard rate of corporation tax of 20% (2016: 20%)	51,384	49,798
Effects of:		
Unutilised Excess Management Expenses	8,193	8,887
Non-taxable dividends	(53,041)	(44,998)
Non-taxable overseas dividends	(6,328)	(13,233)
Overseas withholding tax	1,307	4,392
Taxation due to timing differences	(208)	(454)
Total tax charge (note 6a)	1,307	4,392

#### (C) DEFERRED TAX

There was no deferred tax change in the current and prior year.

## LF WOODFORD EQUITY INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 6. Taxation (continued)

##### (C) DEFERRED TAX (continued)

The Fund has not recognised a potential deferred tax asset of £26,869,000 (31 December 2016: £18,676,000) arising as a result of having unutilised management expenses and £43,000 (31 December 2016: £43,000) arising as a result of unutilised non trade loan relationships. These are not expected to be utilised in the foreseeable future unless the nature of the Fund's revenue or capital gains changes.

#### 7. Interest Payable and Similar Charges

	31 December 2017 £'000	31 December 2016 £'000
Interest Payable and Similar Charges	463	160

#### 8. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	31 December 2017 £'000	31 December 2016 £'000
First interim	74,838	88,845
Second interim	111,987	78,475
Third interim	69,200	67,292
Final	55,188	74,574
	311,213	309,186
Add: Revenue deducted on shares cancelled	13,376	11,475
Deduct: Revenue received on shares created	(7,372)	(14,280)
Net distribution for the year	317,217	306,381

Details of the distributions per share are set out in the table on pages 52 to 60.

##### Reconciliation between net revenue and distribution

Net revenue after taxation	255,611	244,597
Add: Expenses charged to capital	65,717	61,783
Add: Distribution brought forward	4	5
Tax relief on capital expenses	(4,112)	-
Less: Distribution carried forward	(3)	(4)
	317,217	306,381

## LF WOODFORD EQUITY INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 9. Cash and Bank Balances

	31 December 2017 £'000	31 December 2016 £'000
Cash and bank balances	42,309	45,184
	<u>42,309</u>	<u>45,184</u>
Bank Overdraft	(39,826)	(59,316)
	<u>(39,826)</u>	<u>(59,316)</u>

#### 10. Debtors

	31 December 2017 £'000	31 December 2016 £'000
Amount receivable for creation of shares	13,696	23,937
Currency deals awaiting settlement	10	3,769
Prepaid expenses	–	3
Accrued revenue:	–	
Non-taxable dividends	7,397	14,729
Taxable dividends	5,279	4,766
Unfranked property income distributions	2,860	2,335
	<u>15,536</u>	<u>21,830</u>
Taxation recoverable:		
CIS income tax recoverable	228	1,639
Overseas withholding tax	1,424	5,610
Property income distributions tax	103	4
	<u>1,755</u>	<u>7,253</u>
	<u>30,997</u>	<u>56,792</u>

## LF WOODFORD EQUITY INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 11. Other Creditors

	31 December 2017 £'000	31 December 2016 £'000
Amount payable for cancellation of shares	29,282	17,546
Purchases awaiting settlement	580	3,800
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	5,097	5,515
	<u>34,959</u>	<u>26,861</u>

#### 12. Related Party Transactions

ACD's periodic charge payable to Link Fund Solutions Limited ("the ACD"), is disclosed in note 5 and amounts due at the year end are disclosed in note 11 respectively.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 36 and amounts receivable and payable due at the year end are disclosed in notes 10 and 11 respectively.

Prior to 3 November 2017, Capita plc was considered a related party to the Fund, refer to the Important Information on page 3 for further details. As at 31 December 2017, the Fund held 18,402,072 shares in Capita plc valued at £74,657,206 (31 December 2016: 39,687,909 shares valued at £206,575,566).

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date, the following shareholder held in excess of 20% of the shares in issue of the Fund:

Hargreaves Lansdown Asset Management Limited 27.87% (31 December 2016: 35.80%)

#### 13. Contingent Assets/Liabilities and Commitments

The Fund had no contingent assets, outstanding unrecorded commitments or liabilities as at 31 December 2017 (31 December 2016: nil).

# LF WOODFORD EQUITY INCOME FUND

## FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 14. Shares in Issue

	A Sterling Accumulation Shares	A Sterling Income Shares	C Sterling Accumulation Shares	C Sterling Income Shares	Z Sterling Accumulation Shares
Annual Management Charge	1.00%	1.00%	0.75%	0.75%	0.65%
Opening shares in issue	60,703,178	37,143,171	1,771,895,634	1,406,102,020	2,820,152,154
Issues	8,045,478	3,889,080	463,290,133	291,939,538	463,782,167
Cancellations	(19,624,634)	(11,311,811)	(567,743,407)	(415,653,438)	(818,028,412)
Conversions	(3,688,128)	(3,597,005)	(14,190,503)	(200,603,050)	12,210,716
Closing shares in issue	45,435,894	26,123,435	1,653,251,857	1,081,785,070	2,478,116,625

  

	Z Sterling Income Shares	X Sterling Accumulation Shares	X Sterling Income Shares	F Sterling Accumulation Shares
Annual Management Charge	0.65%	1.50%	1.50%	0.00%
Opening shares in issue	1,484,003,136	38,026,167	5,635,225	71,340,789
Issues	170,735,614	4,918,061	1,137,707	9,308,691
Cancellations	(634,774,077)	(11,637,708)	(1,134,872)	(15,452,861)
Conversions	208,030,355	–	(550,419)	2,594,245
Closing shares in issue	1,227,995,028	31,306,520	5,087,641	67,790,864

The Fund currently has five share classes in issue: A-Class, C-Class, Z-Class, X-Class and F-Class. The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative tables on pages 16 to 24. The distributions per share class are given in the distribution tables on pages 52 to 60. All shares classes have no par value and have the same rights on winding up.

#### 15. Risk Management Policies

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes and investment purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:



## LF WOODFORD EQUITY INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 15. Risk Management Policies (continued)

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the Fund. The ACD requires that the appointed Investment Manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

##### (A) CREDIT RISK

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality. Refer to the Portfolio Statement for exposure to counterparties obtained through the use of derivatives.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taken at the outset of the transaction.

##### (B) INTEREST RATE RISK

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The majority of the Fund's financial assets are equity shares which neither pay interest nor have a maturity date. The Fund's financial liabilities are non-interest bearing which mature within one year.

##### (C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk.

At the year end date a portion of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

# LF WOODFORD EQUITY INCOME FUND

## FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 15. Risk Management Policies (continued)

##### (C) FOREIGN CURRENCY RISK (continued)

Foreign currency exposure as at 31 December 2017:

Currency	Forward Contracts £'000	Non Monetary exposures £'000	Monetary exposures £'000	Total £'000
Euro	–	102,168	–	102,168
Norwegian Krone	–	102,416	–	102,416
Sterling	–	7,298,751	(19,696)	7,279,055
Swiss Franc	–	22,483	–	22,483
US Dollar	–	702,781	–	702,781
	–	8,228,599	(19,696)	8,208,903

Foreign currency exposure as at 31 December 2016:

Currency	Forward Contracts £'000	Non Monetary exposures £'000	Monetary exposures £'000	Total £'000
Euro	(92,481)	101,877	–	9,396
Norwegian Krone	(106,987)	115,225	–	8,238
Sterling	1,327,338	8,048,880	(15,459)	9,360,759
Swiss Franc	(17,060)	18,930	4,040	5,910
US Dollar	(1,098,421)	1,197,497	–	99,076
	12,389	9,482,409	(11,419)	9,483,379

A 5% change in the Pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £46,492,000 (31 December 2016: £6,131,000) on the net assets of the Fund.

##### (D) LIQUIDITY RISK

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To maintain an appropriate liquidity risk profile for the Fund, the Investment Manager ensures that a substantial portion of the Fund's assets consist of readily realisable securities and cash. The ACD monitors this position on a daily basis to ensure that the liquidity profile of the Fund is aligned to shareholder activity. The ACD also considers the impact of market shocks on the ability of the Fund to meet shareholder redemptions in periods of constrained liquidity.

## LF WOODFORD EQUITY INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 15. Risk Management Policies (continued)

##### (D) LIQUIDITY RISK (continued)

All financial liabilities are payable in one year or less, or on demand.

##### (E) MARKET PRICE RISK

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements - stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and assets by £411,430,000 (31 December 2016: £474,740,000). A 5% decrease would have an equal and opposite effect.

##### (F) FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

##### (G) DERIVATIVE RISKS

Currently, the Fund uses only forward currency contracts as outlined in the foreign currency risk section. Over the past year, the Fund has used no other derivative instruments (Other than forward currency contracts, no derivatives were held in the prior period).

# LF WOODFORD EQUITY INCOME FUND

## FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 16. Portfolio Transaction Costs

	Purchase/ Sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
<b>31 December 2017</b>				
Ordinary shares	2,783,333	1,326	9,593	2,794,252
Purchases total	2,783,333	1,326	9,593	2,794,252
Transaction cost % of purchases total		0.05%	0.34%	
Transaction cost % of average NAV		0.01%	0.10%	
Ordinary shares	3,891,879	(1,833)	(10)	3,890,036
Sales total	3,891,879	(1,833)	(10)	3,890,036
Transaction cost % of sales total		0.05%	–	
Transaction cost % of average NAV		0.02%	–	
<b>31 December 2016</b>				
Ordinary shares	3,276,555	1,967	9,559	3,288,081
Purchases total	3,276,555	1,967	9,559	3,288,081
Transaction cost % of purchases total		0.06%	0.29%	
Transaction cost % of average NAV		0.02%	0.11%	
Ordinary shares	2,067,120	(1,308)	(10)	2,065,802
Sales total	2,067,120	(1,308)	(10)	2,065,802
Transaction cost % of sales total		0.06%	–	
Transaction cost % of average NAV		0.01%	–	

Average portfolio dealing spread at 31st December 2017 is 0.65% (31st December 2016: 0.62%).

## LF WOODFORD EQUITY INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2017

#### 17. Fair Value Hierarchy

Investments are categorised into the following levels based on their fair value measurement:

**Level 1:** The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

**Level 3:** Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

<b>31 December 2017</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>ASSETS</b>				
Ordinary shares	5,833,091	1,571,500	824,008	8,228,599

<b>31 December 2016</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>ASSETS</b>				
Ordinary shares	7,610,094	929,014	943,301	9,482,409
Forward currency contracts	–	16,445	–	16,445
	<u>7,610,094</u>	<u>945,459</u>	<u>943,301</u>	<u>9,498,854</u>
<b>LIABILITIES</b>				
Forward currency contracts	–	(4,056)	–	(4,056)

## LF WOODFORD EQUITY INCOME FUND DISTRIBUTION TABLES

for the year ended 31 December 2017 - in pence per share

### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

	First Interim	Second interim	Third Interim	Final
From	01 Jan 2017	01 Apr 2017	01 Jul 2017	01 Oct 2017
To	31 Mar 2017	30 Jun 2017	30 Sep 2017	31 Dec 2017

### A STERLING ACCUMULATION SHARES

	Net Revenue	Equalisation	Allocated 31 May 2017	Allocated 31 May 2016
First interim				
Group 1	0.9999	–	0.9999	1.2253
Group 2	0.4637	0.5362	0.9999	1.2253
	Net Revenue	Equalisation	Allocated 31 Aug 2017	Allocated 31 Aug 2016
Second interim				
Group 1	1.5110	–	1.5110	1.0802
Group 2	0.4977	1.0133	1.5110	1.0802
	Net Revenue	Equalisation	Allocated 30 Nov 2017	Allocated 30 Nov 2016
Third Interim				
Group 1	1.0022	–	1.0022	0.9165
Group 2	0.4887	0.5135	1.0022	0.9165
	Net Revenue	Equalisation	Allocated 28 Feb 2018	Allocated 28 Feb 2017
Final				
Group 1	0.8587	–	0.8587	0.9926
Group 2	0.5138	0.3449	0.8587	0.9926

## LF WOODFORD EQUITY INCOME FUND DISTRIBUTION TABLES *continued*

for the year ended 31 December 2017 - in pence per share

### A STERLING INCOME SHARES

	Net Revenue	Equalisation	Paid 31 May 2017	Paid 31 May 2016
First interim				
Group 1	0.9210	–	0.9210	1.1733
Group 2	0.5382	0.3828	0.9210	1.1733
	Net Revenue	Equalisation	Paid 31 Aug 2017	Paid 31 Aug 2016
Second interim				
Group 1	1.3810	–	1.3810	1.0136
Group 2	0.5663	0.8147	1.3810	1.0136
	Net Revenue	Equalisation	Paid 30 Nov 2017	Paid 30 Nov 2016
Third Interim				
Group 1	0.9056	–	0.9056	0.8667
Group 2	0.3151	0.5905	0.9056	0.8667
	Net Revenue	Equalisation	Paid 28 Feb 2018	Paid 28 Feb 2017
Final				
Group 1	0.7702	–	0.7702	0.9213
Group 2	0.3201	0.4501	0.7702	0.9213

## LF WOODFORD EQUITY INCOME FUND DISTRIBUTION TABLES *continued*

for the year ended 31 December 2017 - in pence per share

### C STERLING ACCUMULATION SHARES

	Net Revenue	Equalisation	Allocated 31 May 2017	Allocated 31 May 2016
First interim				
Group 1	1.0062	–	1.0062	1.2372
Group 2	0.5582	0.4480	1.0062	1.2372
	Net Revenue	Equalisation	Allocated 31 Aug 2017	Allocated 31 Aug 2016
Second interim				
Group 1	1.5215	–	1.5215	1.0825
Group 2	0.7555	0.7660	1.5215	1.0825
	Net Revenue	Equalisation	Allocated 30 Nov 2017	Allocated 30 Nov 2016
Third Interim				
Group 1	1.0099	–	1.0099	0.9214
Group 2	0.5383	0.4716	1.0099	0.9214
	Net Revenue	Equalisation	Allocated 28 Feb 2018	Allocated 28 Feb 2017
Final				
Group 1	0.8656	–	0.8656	0.9979
Group 2	0.4098	0.4558	0.8656	0.9979



## LF WOODFORD EQUITY INCOME FUND DISTRIBUTION TABLES *continued*

for the year ended 31 December 2017 - in pence per share

### C STERLING INCOME SHARES

	Net Revenue	Equalisation	Paid 31 May 2017	Paid 31 May 2016
First interim				
Group 1	0.9274	–	0.9274	1.1801
Group 2	0.5113	0.4161	0.9274	1.1801
	Net Revenue	Equalisation	Paid 31 Aug 2017	Paid 31 Aug 2016
Second interim				
Group 1	1.3916	–	1.3916	1.0230
Group 2	0.7270	0.6646	1.3916	1.0230
	Net Revenue	Equalisation	Paid 30 Nov 2017	Paid 30 Nov 2016
Third Interim				
Group 1	0.9132	–	0.9132	0.8623
Group 2	0.4559	0.4573	0.9132	0.8623
	Net Revenue	Equalisation	Paid 28 Feb 2018	Paid 28 Feb 2017
Final				
Group 1	0.7767	–	0.7767	0.9270
Group 2	0.3772	0.3995	0.7767	0.9270

## LF WOODFORD EQUITY INCOME FUND DISTRIBUTION TABLES *continued*

for the year ended 31 December 2017 - in pence per share

### Z STERLING ACCUMULATION SHARES

	Net Revenue	Equalisation	Allocated 31 May 2017	Allocated 31 May 2016
First interim				
Group 1	1.0092	–	1.0092	1.2430
Group 2	0.5548	0.4544	1.0092	1.2430
	Net Revenue	Equalisation	Allocated 31 Aug 2017	Allocated 31 Aug 2016
Second interim				
Group 1	1.5264	–	1.5264	1.0810
Group 2	0.8060	0.7204	1.5264	1.0810
	Net Revenue	Equalisation	Allocated 30 Nov 2017	Allocated 30 Nov 2016
Third Interim				
Group 1	1.0132	–	1.0132	0.9240
Group 2	0.5565	0.4567	1.0132	0.9240
	Net Revenue	Equalisation	Allocated 28 Feb 2018	Allocated 28 Feb 2017
Final				
Group 1	0.8689	–	0.8689	1.0007
Group 2	0.4273	0.4416	0.8689	1.0007

## LF WOODFORD EQUITY INCOME FUND DISTRIBUTION TABLES *continued*

for the year ended 31 December 2017 - in pence per share

### Z STERLING INCOME SHARES

	Net Revenue	Equalisation	Paid 31 May 2017	Paid 31 May 2016
First interim				
Group 1	0.9298	–	0.9298	1.1796
Group 2	0.4456	0.4842	0.9298	1.1796
	Net Revenue	Equalisation	Paid 31 Aug 2017	Paid 31 Aug 2016
Second interim				
Group 1	1.3956	–	1.3956	1.0256
Group 2	0.6648	0.7308	1.3956	1.0256
	Net Revenue	Equalisation	Paid 30 Nov 2017	Paid 30 Nov 2016
Third Interim				
Group 1	0.9159	–	0.9159	0.8634
Group 2	0.5085	0.4074	0.9159	0.8634
	Net Revenue	Equalisation	Paid 28 Feb 2018	Paid 28 Feb 2017
Final				
Group 1	0.7797	–	0.7797	0.9292
Group 2	0.3253	0.4544	0.7797	0.9292

## LF WOODFORD EQUITY INCOME FUND DISTRIBUTION TABLES *continued*

for the year ended 31 December 2017 - in pence per share

### X STERLING ACCUMULATION SHARES

	Net Revenue	Equalisation	Allocated 31 May 2017	Allocated 31 May 2016
First interim				
Group 1	0.9879	–	0.9879	1.2240
Group 2	0.5609	0.4270	0.9879	1.2240
	Net Revenue	Equalisation	Allocated 31 Aug 2017	Allocated 31 Aug 2016
Second interim				
Group 1	1.4912	–	1.4912	1.0719
Group 2	0.7212	0.7700	1.4912	1.0719
	Net Revenue	Equalisation	Allocated 30 Nov 2017	Allocated 30 Nov 2016
Third Interim				
Group 1	0.9877	–	0.9877	0.9070
Group 2	0.6193	0.3684	0.9877	0.9070
	Net Revenue	Equalisation	Allocated 28 Feb 2018	Allocated 28 Feb 2017
Final				
Group 1	0.8453	–	0.8453	0.9819
Group 2	0.3281	0.5172	0.8453	0.9819

## LF WOODFORD EQUITY INCOME FUND DISTRIBUTION TABLES *continued*

for the year ended 31 December 2017 - in pence per share

### X STERLING INCOME SHARES

	Net Revenue	Equalisation	Paid 31 May 2017	Paid 31 May 2016
First interim				
Group 1	0.9103	–	0.9103	1.1655
Group 2	0.6787	0.2316	0.9103	1.1655
	Net Revenue	Equalisation	Paid 31 Aug 2017	Paid 31 Aug 2016
Second interim				
Group 1	1.3637	–	1.3637	1.0131
Group 2	0.7617	0.6020	1.3637	1.0131
	Net Revenue	Equalisation	Paid 30 Nov 2017	Paid 30 Nov 2016
Third Interim				
Group 1	0.8933	–	0.8933	0.8519
Group 2	0.4824	0.4109	0.8933	0.8519
	Net Revenue	Equalisation	Paid 28 Feb 2018	Paid 28 Feb 2017
Final				
Group 1	0.7585	–	0.7585	0.9118
Group 2	0.5725	0.1860	0.7585	0.9118

## LF WOODFORD EQUITY INCOME FUND DISTRIBUTION TABLES *continued*

for the year ended 31 December 2017 - in pence per share

### F STERLING ACCUMULATION SHARES

	Net Revenue	Equalisation	Allocated 31 May 2017	Allocated <sup>1</sup> –
First interim				
Group 1	0.7801	–	0.7801	–
Group 2	0.5193	0.2608	0.7801	–
	Net Revenue	Equalisation	Allocated 31 Aug 2017	Allocated <sup>1</sup> –
Second interim				
Group 1	1.1879	–	1.1879	–
Group 2	0.7228	0.4651	1.1879	–
	Net Revenue	Equalisation	Allocated 30 Nov 2017	Allocated <sup>1</sup> –
Third Interim				
Group 1	0.8021	–	0.8021	–
Group 2	0.2551	0.5470	0.8021	–
	Net Revenue	Equalisation	Allocated 28 Feb 2018	Allocated 28 Feb 2017
Final				
Group 1	0.6983	–	0.6983	0.6681
Group 2	0.2375	0.4608	0.6983	0.6681

<sup>1</sup> Class F Sterling Accumulation shares launched 14 October 2016.

## GENERAL INFORMATION

### SHARE CAPITAL

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

### STRUCTURE OF LF WOODFORD INVESTMENT FUND

The Company is structured as an umbrella Company, in that different Sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Sub-fund or class, a revised Prospectus will be prepared setting out the relevant details on each Sub-fund or class.

The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. The only Sub-fund currently available is:

LF Woodford Equity Income Fund

In future, there may be other Sub-funds of the Company.

### VALUATION POINT

The valuation point of the Fund is 12.00 noon (London time) on each business day. Valuations may be made at other times with the Depositary's approval.

### BUYING AND SELLING SHARES

The ACD will accept orders to buy or sell shares on normal business days between 9.00am and 5.00pm (London time) and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: PO Box 3733, Royal Wootton Bassett, Swindon SN4 4BG or by telephone on 0333 300 0381.

### PRICES

The prices of shares for each class in each Fund will be posted on the website of the ACD: [linkfundsolutions.co.uk](http://linkfundsolutions.co.uk). Prices can also be obtained by telephoning the Administrator on 0333 300 0381 during their normal business hours.

### OTHER INFORMATION

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk), by following the link 'Fund Information'.

The Register of Shareholders can be inspected by shareholders during normal business hours at the registered office of Northern Trust Global Services Limited, 50 Bank Street Canary Wharf, London E14 5NT.

Shareholders who have any complaints about the operation of the fund should contact the Administrator in writing. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

## **GENERAL INFORMATION** *continued*

### **DATA PROTECTION ACT**

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.



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Part of **Link Group**