

LF Woodford Investment Fund

LF Woodford Equity Income Fund

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018



AUTHORISED CORPORATE DIRECTOR (‘ACD’)

LINK FUND SOLUTIONS LIMITED

Head Office:
6th Floor
65 Gresham Street
London EC2V 7NQ
Telephone: 0870 607 2555
Fax: 0870 607 2550
Email: investorservices@linkgroup.co.uk
(Authorised and regulated by
the Financial Conduct Authority)

DIRECTORS OF THE ACD

C. Addenbrooke
N. Boyling
B. Hammond
P. Hugh-Smith
K.J. Midl
A.J. Stuart

INVESTMENT MANAGER

WOODFORD INVESTMENT MANAGEMENT LIMITED

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

DEPOSITARY

NORTHERN TRUST GLOBAL SERVICES SE UK BRANCH

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

NORTHERN TRUST GLOBAL SERVICES SE UK BRANCH

50 Bank Street
Canary Wharf
London E14 5NT
Telephone Number: 0333 300 0381
Fax Number: 0207 643 3776
Email: WoodfordInvestorServices@ntrs.com
(Authorised by the Prudential Regulation Authority and regulated
by the Financial Conduct Authority)

INDEPENDENT AUDITOR

GRANT THORNTON UK LLP

30 Finsbury Square
London EC2A 1AG

CONTENTS

LF WOODFORD INVESTMENT FUND

ACD's Report	2
Authorised Status	2
Remuneration Policy	2
Securities Financing Transactions	4
Director's Statement	5
Statement of ACD's Responsibilities in Relation to the Financial Statements	6
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')	7
Independent Auditor's Report to the Shareholders of LF Woodford Investment Fund	8

LF WOODFORD EQUITY INCOME FUND

ACD's Report	11
Investment Objective and Policy	11
Investment Manager's Report	12
Fund Information	15
Portfolio Statement	26
Summary of Material Portfolio Changes	36

FINANCIAL STATEMENTS

Statement of Total Return	37
Statement of Change in Net Assets Attributable to Shareholders	37
Balance Sheet	38
Notes to the Financial Statements	39
Distribution Tables	54
General Information	63

ACD'S REPORT

for the year ended 31 December 2018

Authorised Status

The LF Woodford Investment Fund ('the Company') is an investment company with variable capital incorporated in England and Wales with registered number 1C001010 and authorised by the Financial Conduct Authority with effect from 7 May 2014. The Company has an unlimited duration. The head office of the Company is at 6th Floor, 65 Gresham Street, London EC2V 7NQ. This is also the address for service on the Company of notices or other documents required or authorised to be served on it.

The Company and its sub-fund is a UCITS scheme and the base currency of the Company and its sub-fund is pounds sterling.

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.

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 Fund Administrators Limited ('LFAL') or by employees of that entity), and excludes activities undertaken by third party investment management firms. 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 financial statements preparation processes. However, following the acquisition by Link Administration Holdings Limited on 3 November 2017, LFSL changed its accounting reference date to 30 June to align with that of its new parent, and its most recent accounting period was therefore for the six months to 30 June 2018. To provide investors with transparency and comparability, this report includes remuneration disclosures for both this shortened accounting period and the previous one, for the calendar year ended 31 December 2017. As at 30 June 2018, LFSL operated 96 UCITS and 59 AIFs (31.12.17: 95 UCITS and 59 AIFs), whose respective assets under management ('AuM') were £39,632 million and £17,801 million (31.12.17: £41,425 million and £16,780 million). This Company was valued at £6,166 million as at 30 June 2018 and represented 10.74% of LFSL's total AuM and 15.56% of its UCITS AuM (31.12.17: this Company was valued at £8,257 million and represented 14.19% of LFSL's total AuM and 19.93% of its UCITS AuM).

ACD'S REPORT *continued*

for the year ended 31 December 2018

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

2018	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial period from 1 January 2018 to 30 June 2018	149	3,249	924	4,173
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 period from 1 January 2018 to 30 June 2018:				
Senior management (including all Board members)	6	356	348	704
Staff engaged in control functions	4	182	59	241
Risk takers and other identified staff	15	561	205	766
Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	-	-	-	-

2017	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial year to 31 December 2017	188	5,497	633	6,130
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
Staff engaged in control functions	4	310	-	310
Risk takers and other identified staff	15	995	19	1,014
Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	-	-	-	-

LFSL's remuneration arrangement 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).

ACD'S REPORT *continued* for the year ended 31 December 2018

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

30 April 2019

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

30 April 2019

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

The Collective Investment Schemes sourcebook published by the Financial Conduct Authority ('the COLL Rules') requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Company, comprising its sub-fund, and of the net revenue and net capital gains/losses on the property of the Company's sub-fund for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

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 SE UK BRANCH

UK Trustee and Depositary Services

30 April 2019

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 2018. 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, the 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 2018 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.

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.

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.

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

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 Authorised Corporate Director's Report (which comprises the information on the inside cover, the Authorised Status, 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 6, 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.

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. This description forms part of our auditor's report.

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

Use of our report

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.

GRANT THORNTON UK LLP

Statutory Auditor, Chartered Accountants
London, United Kingdom
30 April 2019

LF WOODFORD EQUITY INCOME FUND

ACD'S REPORT

for the year ended 31 December 2018

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.

LINK FUND SOLUTIONS LIMITED

ACD of LF Woodford Investment Fund

30 April 2019

LF WOODFORD EQUITY INCOME FUND INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2018

The portfolio endured another challenging year in 2018 in performance terms, delivering a total return of -16.7% compared to a return of -9.5%¹ from the FTSE All Share Index.

The year commenced with financial markets in a similar frame of mind to that which had prevailed in 2017, with momentum playing a dominant role in share price movements. This is a behaviour that we have seen before in the late-stages of a bull market and it inevitably poses a problem for our fundamentally-anchored investment approach.

In the UK, this momentum manifested itself in a narrow fixation on resource-related companies and other large Asian-exposed businesses, seen as beneficiaries of a reflationary global growth scenario that we simply did not believe in. Furthermore, it came despite increasing evidence of problems in many emerging market economies, most prominently, China. The Fund has very little exposure to these parts of the market because of macroeconomic concerns and on valuation grounds. This lack of exposure to sectors such as Basic Materials, Oil & Gas and large financial groups such as HSBC, explains a significant proportion of the Fund's under-performance in the first half of the year.

As the year progressed, macroeconomic evidence in contradiction to the market's reflationary biases continued to mount, to the extent that momentum started to falter. The portfolio increasingly benefited from avoiding areas of valuation excess and the stocks most vulnerable to the deteriorating global economic environment. However, one other performance factor has remained a headwind to performance.

Over the course of the last two years, we have seen a very attractive investment opportunity emerging in domestically-exposed stocks, such as housebuilders, construction, property and logistics businesses. These have been increasingly out-of-favour since the UK voted to leave the European Union in June 2016. As the negotiations with Europe have progressed, uncertainty about the path of the UK's future relationship with Europe has increased. Within the UK stock market, a significant gap has, in turn, opened up between the performance and valuation of international-facing stocks and domestically-exposed stocks. The Fund has progressively increased its exposure to the latter, selectively focusing on stocks which are pricing in an overly bleak scenario for the UK's economic future.

The market's persistent antipathy towards UK-exposed stocks means this part of the strategy has not yet paid off. Indeed, these stocks were the primary cause of the portfolio's continued underperformance in the second half of 2018. The companies themselves have done very little wrong during this period – some of them have delivered excellent operational results – but this has counted for nothing given the continued negativity towards UK-exposed stocks.

By way of example, we point to the current valuation of the housebuilder, Taylor Wimpey, which released a strong set of full year financial results in February. It has reiterated its commitment to a £600m dividend return this year, which compares to a market cap of £5.8bn (source: Bloomberg as at 31 March 2019). That's a yield of more than 10%, which means the share price could double from here and still look cheap. The same or similar applies to the share prices of many housebuilders and other companies that derive the majority of their revenues in the UK economy and that are held in the portfolio.

¹ Source: FE Analytics. The Investment Manager uses the FTSE All Share Index shown above for comparison only. No benchmark is required to be disclosed per the Prospectus.

LF WOODFORD EQUITY INCOME FUND INVESTMENT MANAGER'S REPORT *continued* for the year ended 31 December 2018

Elsewhere, US biotechnology business, Prothena, was a significant detractor, following the announcement in April of the failure of its Pronto clinical trial, which was investigating NEOD001 in AL amyloidosis. The study identified a much bigger and more significant placebo effect than suggested by any previous trials. This was an extremely disappointing and surprising outcome and its shares fell heavily on the announcement. However, there is much more to Prothena than NEOD001. The company still has an attractive, albeit earlier-stage, pipeline of clinical assets, along with a technology platform and a world-leading specialism in misfolding proteins. Its research platform has been validated by ongoing partnerships with Roche and Celgene, and it also has its own, unpartnered assets and a very strong balance sheet. The shares remain well below the level at which they started the year and substantially below what we consider to be the long-term intrinsic value of this business. Indeed, they ended the year trading at a level below that of the value of cash on Prothena's balance sheet.

More positively, litigation finance business Burford Capital, continued to deliver strong growth, which was rewarded with a progressively higher share price. Its financial results were consistently well ahead of all estimates, and the company continues to demonstrate an explosion in demand for its services globally, which we expect to continue. The business raised more capital during the year and, alongside a new strategic relationship with a long-term sovereign investor, it is very well funded to capitalise on the growth opportunity that lies ahead in an industry that it dominates.

Meanwhile, the portfolio also enjoyed a positive contribution from some of its earlier-stage unquoted investments. Autolus is a clinical-stage biotechnology business at the forefront of a revolution in cancer treatment. It focuses on developing and commercialising a novel class of immuno-oncology treatments known as CAR-T (Chimeric Antigen Receptor T-cells) therapies, which harness the power of a patient's immune system to combat cancers. We first invested in the business in 2016, believing that it has a compelling technological advantage over other CAR-T businesses through its dual-targeting therapies, which engineer immune cells to recognise two cancer-specific features, meaning that there is less chance for the cancer to escape and recur. The business listed on the Nasdaq stock exchange in June 2018 at a significantly higher valuation and the shares have subsequently performed well, albeit over a short period thus far. Towards the end of 2018, Autolus released promising updates regarding its lead programme, AUTO3. This latest data lends even more credibility and excitement to the investment case and, with further updates due over the course of 2019, we believe there is much more to come from this exciting young company.

Meanwhile, disruptive new energy technology business, Industrial Heat, also delivered a positive contribution to performance. Over the course of the last eighteen months, there have been developments within its portfolio of technologies that have shown increasing promise. Hence, with the company raising capital from other investors to continue the path to commercialisation, the valuation of the company was adjusted to reflect this progress.

In terms of portfolio activity, much of our purchases were aimed towards further exploiting the opportunity that has emerged in domestically-focused businesses. For example, we added materially to the holdings in housebuilders Crest Nicholson, Barratt Developments and Countryside Properties as the year progressed, alongside construction company Eurocell and property business NewRiver REIT. We also participated in the rights issue of Provident Financial, as it continues to recover from the operational problems that have beset it in recent years.

In order to take advantage of the opportunities above, we reassessed the relative attractiveness of several long-held portfolio positions. Consequently, AstraZeneca, Next, Drax and Lloyds Banking were all sold as the year progressed. These are all still attractive businesses from a fundamental perspective, but we are keen to position the portfolio towards stocks where the gap between current share price and long-term intrinsic value appears the widest.

LF WOODFORD EQUITY INCOME FUND

INVESTMENT MANAGER'S REPORT *continued*

for the year ended 31 December 2018

Turning to the investment strategy and outlook, although the UK stock market has remained preoccupied by the ebbs and flows of the Brexit debate, the UK economy has continued to produce strong data. Towards the end of 2018, we saw further positive numbers on wage growth and employment, backed up by more good news on inflation. With the lowest unemployment since the 1970s, strong growth in employment and hours worked, combined with the fastest real wage growth since the financial crisis, we enter 2019 with strong economic momentum in the UK.

Meanwhile, the rest of the world economy is gradually looking less robust. China is very visibly slowing, emerging economies continue to struggle with dollar strength and higher dollar borrowing costs, and Europe has slowed significantly. The weak oil price that was evident in the final months of 2018 is, from our perspective a reflection of this backdrop, with much weaker demand growth than the consensus had expected, as well as more robust supply growth. The US economy is still visibly strong but the waning influence of fiscal stimulus, allied to the lagged effects of much tighter monetary policy, are beginning to challenge policymakers and financial markets. Bond investors appear to be pricing in a much more challenging economic environment and the correction that appears to have started in the equity market is another warning of more troubling times ahead.

Our strategy remains focused on avoiding the considerable risks that have built up in equity markets over the last decade of QE-fuelled exuberance and capturing the opportunity that exists in the few parts of the market that have been left behind. This results in a portfolio which has a strong but selective bias towards profoundly undervalued companies that are exposed to the slings and arrows of the UK economy.

Elsewhere, the portfolio also continues to be positioned to capture an exciting long-term opportunity across a range of earlier-stage businesses exposed to the themes of healthcare innovation and disruptive technology more broadly.

WOODFORD INVESTMENT MANAGEMENT LTD

Investment Manager

18 January 2019

LF WOODFORD EQUITY INCOME FUND

FUND INFORMATION

for the year ended 31 December 2018

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.

This 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.

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.

Use of Derivatives: 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.

Smaller and Unlisted Companies: The Fund invests in listed smaller companies and private companies not available to be bought or sold on the stock market. Both are often more difficult to buy or sell, sometimes significantly harder, when compared to larger more established companies. Unlisted companies and some smaller companies can also be more difficult to value due to less available information on them and can involve a significant amount of estimation. As a result, smaller and unlisted companies may cause large short term swings (both up and down) in the value of the Fund.

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, by following the link 'Fund Information'.

LF WOODFORD EQUITY INCOME FUND

FUND INFORMATION *continued*

for the year ended 31 December 2018

COMPARATIVE TABLES

A Sterling Accumulation shares

CHANGE IN NET ASSETS PER SHARE	31 December 2018 pence per share	31 December 2017 pence per share	31 December 2016 pence per share
Opening net asset value per share	128.01	126.40	122.76
Return before operating charges*	(19.34)	2.92	4.86
Operating charges	(1.19)	(1.31)	(1.22)
Return after operating charges	(20.53)	1.61	3.64
Distributions	(4.48)	(4.37)	(4.21)
Retained distributions on accumulation shares	4.48	4.37	4.21
Closing net asset value per share	107.48	128.01	126.40
* after direct transaction costs of: ¹	–	0.13	0.18

PERFORMANCE

Return after charges	(16.04)%	1.27%	2.97%
----------------------	----------	-------	-------

OTHER INFORMATION

Closing net asset value (£'000)	29,667	58,161	76,729
Closing number of shares	27,601,544	45,435,894	60,703,178
Operating charges	1.00%	1.00%	1.00%
Direct transaction costs ¹	–%	0.10%	0.14%

PRICES

Highest share price	128.58	139.02	132.56
Lowest share price	105.03	123.73	110.82

¹ 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 2018

COMPARATIVE TABLES *continued*

A Sterling Income shares

CHANGE IN NET ASSETS PER SHARE	31 December 2018 pence per share	31 December 2017 pence per share	31 December 2016 pence per share
Opening net asset value per share	114.03	116.41	117.05
Return before operating charges*	(16.99)	2.79	4.48
Operating charges	(1.05)	(1.19)	(1.15)
Return after operating charges	(18.04)	1.60	3.33
Distributions on income shares	(3.94)	(3.98)	(3.97)
Closing net asset value per share	92.05	114.03	116.41
* after direct transaction costs of: ¹	–	0.12	0.17

PERFORMANCE

Return after charges	(15.82)%	1.37%	2.84%
----------------------	----------	-------	-------

OTHER INFORMATION

Closing net asset value (£'000)	11,681	29,788	43,238
Closing number of shares	12,689,586	26,123,435	37,143,171
Operating charges	1.00%	1.00%	1.00%
Direct transaction costs ¹	–%	0.10%	0.14%

PRICES

Highest share price	114.54	127.06	123.94
Lowest share price	91.22	110.96	105.71

¹ 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 2018

COMPARATIVE TABLES *continued*

C Sterling Accumulation shares

CHANGE IN NET ASSETS PER SHARE	31 December 2018 pence per share	31 December 2017 pence per share	31 December 2016 pence per share
Opening net asset value per share	129.07	127.14	123.18
Return before operating charges*	(19.52)	2.92	4.88
Operating charges	(0.90)	(0.99)	(0.92)
Return after operating charges	(20.42)	1.93	3.96
Distributions	(4.53)	(4.40)	(4.24)
Retained distributions on accumulation shares	4.53	4.40	4.24
Closing net asset value per share	108.65	129.07	127.14
* after direct transaction costs of: ¹	–	0.13	0.18

PERFORMANCE

Return after charges	(15.82)%	1.52%	3.21%
----------------------	----------	-------	-------

OTHER INFORMATION

Closing net asset value (£'000)	1,207,228	2,133,934	2,252,771
Closing number of shares	1,111,066,148	1,653,251,857	1,771,895,634
Operating charges	0.75%	0.75%	0.75%
Direct transaction costs ¹	–%	0.10%	0.14%

PRICES

Highest share price	129.66	139.99	133.24
Lowest share price	106.17	124.74	111.23

¹ 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 2018

COMPARATIVE TABLES *continued*

C Sterling Income shares

CHANGE IN NET ASSETS PER SHARE	31 December 2018 pence per share	31 December 2017 pence per share	31 December 2016 pence per share
Opening net asset value per share	115.07	117.18	117.53
Return before operating charges*	(17.16)	2.80	4.51
Operating charges	(0.80)	(0.90)	(0.87)
Return after operating charges	(17.96)	1.90	3.64
Distributions on income shares	(3.98)	(4.01)	(3.99)
Closing net asset value per share	93.13	115.07	117.18
* after direct transaction costs of: ¹	–	0.12	0.17

PERFORMANCE

Return after charges	(15.61)%	1.62%	3.10%
----------------------	----------	-------	-------

OTHER INFORMATION

Closing net asset value (£'000)	526,044	1,244,835	1,647,647
Closing number of shares	564,826,559	1,081,785,070	1,406,102,020
Operating charges	0.75%	0.75%	0.75%
Direct transaction costs ¹	–%	0.10%	0.14%

PRICES

Highest share price	115.60	128.06	124.66
Lowest share price	92.28	111.96	106.17

¹ 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 2018

COMPARATIVE TABLES *continued*

Z Sterling Accumulation shares

CHANGE IN NET ASSETS PER SHARE	31 December 2018 pence per share	31 December 2017 pence per share	31 December 2016 pence per share
Opening net asset value per share	129.57	127.50	123.40
Return before operating charges*	(19.60)	2.93	4.90
Operating charges	(0.79)	(0.86)	(0.80)
Return after operating charges	(20.39)	2.07	4.10
Distributions	(4.55)	(4.42)	(4.25)
Retained distributions on accumulation shares	4.55	4.42	4.25
Closing net asset value per share	109.18	129.57	127.50
* after direct transaction costs of: ¹	–	0.13	0.18
PERFORMANCE			
Return after charges	(15.74)%	1.62%	3.32%
OTHER INFORMATION			
Closing net asset value (£'000)	2,015,331	3,210,940	3,595,718
Closing number of shares	1,845,897,189	2,478,116,625	2,820,152,154
Operating charges	0.65%	0.65%	0.65%
Direct transaction costs ¹	–%	0.10%	0.14%
PRICES			
Highest share price	130.16	140.46	133.58
Lowest share price	106.68	125.21	111.44

¹ 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 2018

COMPARATIVE TABLES *continued*

Z Sterling Income shares

	31 December 2018	31 December 2017	31 December 2016
CHANGE IN NET ASSETS PER SHARE	pence per share	pence per share	pence per share
Opening net asset value per share	115.46	117.45	117.69
Return before operating charges*	(17.23)	2.81	4.51
Operating charges	(0.69)	(0.78)	(0.75)
Return after operating charges	(17.92)	2.03	3.76
Distributions on income shares	(4.00)	(4.02)	(4.00)
Closing net asset value per share	93.54	115.46	117.45
* after direct transaction costs of: ¹	–	0.12	0.17
PERFORMANCE			
Return after charges	(15.52)%	1.73%	3.20%
OTHER INFORMATION			
Closing net asset value (£'000)	857,962	1,417,843	1,743,027
Closing number of shares	917,196,155	1,227,995,028	1,484,003,136
Operating charges	0.65%	0.65%	0.65%
Direct transaction costs ¹	–%	0.10%	0.14%
PRICES			
Highest share price	115.99	128.42	124.92
Lowest share price	92.69	112.33	106.32

¹ 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 2018

COMPARATIVE TABLES *continued*

X Sterling Accumulation shares

CHANGE IN NET ASSETS PER SHARE	31 December 2018 pence per share	31 December 2017 pence per share	31 December 2016 pence per share
Opening net asset value per share	125.91	124.96	121.97
Return before operating charges*	(18.96)	2.89	4.80
Operating charges	(1.75)	(1.94)	(1.81)
Return after operating charges	(20.71)	0.95	2.99
Distributions	(4.40)	(4.31)	(4.18)
Retained distributions on accumulation shares	4.40	4.31	4.18
Closing net asset value per share	105.20	125.91	124.96
* after direct transaction costs of: ¹	–	0.13	0.17
PERFORMANCE			
Return after charges	(16.45)%	0.76%	2.45%
OTHER INFORMATION			
Closing net asset value (£'000)	21,971	39,419	47,517
Closing number of shares	20,885,815	31,306,520	38,026,167
Operating charges	1.50%	1.50%	1.50%
Direct transaction costs ¹	–%	0.10%	0.14%
PRICES			
Highest share price	126.47	137.11	131.22
Lowest share price	102.81	121.74	110.04

¹ 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 2018

COMPARATIVE TABLES *continued*

X Sterling Income shares

	31 December 2018	31 December 2017	31 December 2016
	pence per share	pence per share	pence per share
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	112.22	115.14	116.35
Return before operating charges*	(16.67)	2.77	4.45
Operating charges	(1.54)	(1.76)	(1.72)
Return after operating charges	(18.21)	1.01	2.73
Distributions on income shares	(3.87)	(3.93)	(3.94)
Closing net asset value per share	90.14	112.22	115.14
* after direct transaction costs of: ¹	–	0.12	0.17
PERFORMANCE			
Return after charges	(16.23)%	0.88%	2.35%
OTHER INFORMATION			
Closing net asset value (£'000)	3,167	5,709	6,488
Closing number of shares	3,513,738	5,087,641	5,635,225
Operating charges	1.50%	1.50%	1.50%
Direct transaction costs ¹	–%	0.10%	0.14%
PRICES			
Highest share price	112.72	125.38	122.74
Lowest share price	89.33	109.24	105.01

¹ 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 2018

COMPARATIVE TABLES *continued*

F Sterling Accumulation shares¹

	31 December 2018 pence per share	31 December 2017 pence per share	14 October 2016 to 31 December 2016 pence per share ²
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	100.71	98.46	100.00
Return before operating charges*	(15.37)	2.25	(1.54)
Operating charges	–	–	–
Return after operating charges	(15.37)	2.25	(1.54)
Distributions	(3.54)	(3.47)	(0.67)
Retained distributions on accumulation shares	3.54	3.47	0.67
Closing net asset value per share	85.34	100.71	98.46
* after direct transaction costs of: ³	–	0.10	0.14

PERFORMANCE

Return after charges	(15.26)%	2.29%	(1.54)%
----------------------	----------	-------	---------

OTHER INFORMATION

Closing net asset value (£'000)	5,267	68,274	70,244
Closing number of shares	6,171,261	67,790,864	71,340,789
Operating charges	0.00%	0.00%	0.00%
Direct transaction costs ³	–%	0.10%	0.14%

PRICES

Highest share price	101.18	108.80	100.93
Lowest share price	83.39	97.12	94.62

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

² Class F Sterling Accumulation shares launched on 14 October 2016.

³ 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 2018

Fund Performance to 31 December 2018

	1 year	3 years	Since launch ¹
LF Woodford Equity Income Fund	(16.69)%	(13.78)%	6.74%

¹ 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 54 to 62.

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

as at 31 December 2018

Holding		Portfolio of investments		Value	31 December
				£'000	2018
					%
		UNITED KINGDOM 72.79% (80.42%)			
		BASIC MATERIALS 0.04% (0.03%)			
		Chemicals 0.04% (0.03%)			
51,696,852	Itaconix ¹			2,068	0.04
		INDUSTRIALS 7.26% (10.46%)			
		Construction & Materials 1.46% (1.57%)			
17,042,249	Eurocell			35,789	0.76
8,007,000	Kier			32,588	0.70
				68,377	1.46
		Industrial Engineering 0.41% (0.93%)			
47,613	Metalysis Preference ²			1,630	0.03
144,000	Nexeon ²			7,268	0.15
23,786	Nexeon Limited ²			1,201	0.03
48,960,201	Xeros ¹			9,302	0.20
				19,401	0.41
		Industrial Transportation 1.62% (1.33%)			
75,567,224	Eddie Stobart Logistics ¹			75,567	1.62
		Support Services 3.77% (6.63%)			
45,362,431	BCA Marketplace			99,798	2.13
9,389,698	PayPoint			75,399	1.61
14,296,030	Utilitywise ³			1,145	0.03
				176,342	3.77

LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

as at 31 December 2018

Holding	Portfolio of investments	Value £'000	31 December 2018 %
CONSUMER GOODS 20.73% (15.87%)			
Household Goods & Home Construction 13.63% (8.08%)			
64,927,047	Barratt Developments	300,223	6.42
36,941,223	Countryside Properties	112,006	2.39
18,727,730	Crest Nicholson	61,464	1.31
27,826,094	Eve Sleep ¹	2,782	0.06
80,851,991	Taylor Wimpey	110,161	2.36
25,105,000	Watkin Jones ¹	50,838	1.09
		<u>637,474</u>	<u>13.63</u>
Tobacco 7.10% (7.00%)			
13,972,936	Imperial Brands	332,137	7.10
		<u>332,137</u>	<u>7.10</u>
Fixed Line Telecommunications 0.00% (0.79%)			
HEALTH CARE 17.86% (20.14%)			
Health Care Equipment & Services 4.27% (3.58%)			
2,097,902	Cell Medica 'B' Preference ²	7,112	0.15
2,156,310	Oxford Nanopore Technologies ²	111,589	2.38
9,635,768	Oxford Pharmascience ²	96	–
12,416,667	Oxford Science Innovation ²	14,900	0.32
6,666,667	Propelair Common Stock ²	250	0.01
22,173,913	Proton Partners International ^{2,4}	44,348	0.95
13,918,497	Sensyne Health ¹	21,574	0.46
11,750,000	Sphere Medical Holdings ²	40	–
		<u>199,909</u>	<u>4.27</u>

LF WOODFORD EQUITY INCOME FUND

PORTFOLIO STATEMENT *continued*

as at 31 December 2018

Holding	Portfolio of investments	31 December	
		Value £'000	2018 %
	HEALTH CARE 17.86% (20.14%) (continued)		
	Pharmaceuticals & Biotechnology 13.59% (16.56%)		
13,091,131	4D Pharma ¹	13,418	0.29
40,934	AMO Pharmaceuticals Preference ²	16,735	0.36
22,317,779	Arix Bioscience	36,824	0.79
6,312,380	Autolus Therapeutics ADR	157,711	3.37
64,469,131	Benchmark Holdings ¹	36,103	0.77
236,827	BenevolentAI ^{2,4}	193,995	4.15
62,125,647	Circassia Pharmaceuticals	29,820	0.64
36,918,214	e-therapeutics ¹	2,289	0.05
17,870,773	Horizon Discovery ¹	30,112	0.64
15,635,064	hVIVO ¹	4,221	0.09
24,737	Immunocore ²	4,193	0.09
239,003	Immunocore 'A' Preference ²	40,511	0.87
3,454,231	Kymab Series 'B' Preference ²	11,498	0.25
1,162,655	Kymab Series 'C' Preference ²	3,916	0.08
16,853,667	Mereo Biopharma ¹	29,662	0.63
12,085,111	Midatech Pharma ¹	665	0.01
15,634,240	NetScientific ¹	782	0.02
683,995	NovaBiotics ²	1,915	0.04
6,141,257	ReNeuron ¹	2,948	0.06
3,424,047	Silence Therapeutics ¹	1,739	0.04
20,341,293	Synairgen ¹	2,543	0.05
234,212,642	Tissue Regenix ¹	14,053	0.30
		<u>635,653</u>	<u>13.59</u>
	CONSUMER SERVICES 1.45% (5.03%)		
	Support Services 0.65% (1.01%)		
40,665,825	AA	30,499	0.65
	General Retailers 0.48% (2.41%)		
13,075,000	Card Factory	22,594	0.48
	Media 0.32% (0.32%)		
21,640,000	Time Out ¹	14,932	0.32

LF WOODFORD EQUITY INCOME FUND

PORTFOLIO STATEMENT *continued*

as at 31 December 2018

Holding	Portfolio of investments	31 December	
		Value £'000	2018 %
	CONSUMER SERVICES 1.45% (5.03%) (continued)		
	Travel & Leisure 0.00% (0.89%)		
	Fixed Line Telecommunications 0.00% (0.40%)		
	UTILITIES 0.00% (1.16%)		
	Electricity 0.00% (1.16%)		
	FINANCIALS 25.40% (27.61%)		
	Banks 0.00% (3.44%)		
	Life Insurance 0.00% (4.93%)		
	Real Estate Investment & Services 4.55% (4.89%)		
60,427,800	Purplebricks ¹	89,433	1.91
61,169,497	Raven Property	29,423	0.63
81,929,824	Raven Property Preference	94,219	2.01
		<u>213,075</u>	<u>4.55</u>
	Real Estate Investment Trusts 2.70% (2.20%)		
59,935,217	NewRiver REIT	126,463	2.70
	Financial Services 14.84% (10.58%)		
12,750,000	Accelerated Digital Ventures 'A' ^{2,4}	12,750	0.27
600	Accelerated Digital Ventures 'B' ^{2,4}	–	–
47,736,637	Allied Minds	31,840	0.68
39,720,597	Atom Bank ²	45,679	0.98
9,575,000	Cambridge Innovation Capital ²	8,158	0.18
139,355,264	IP Group	150,782	3.22
60,090,350	Mercia Technologies ¹	17,426	0.37
48,841,383	Non-Standard Finance	32,235	0.69
39,596,664	Provident Financial	227,681	4.87
60,770,731	Redde ¹	102,946	2.20
332,197	Retail Money Market ²	14,268	0.31
65,957,500	VPC Speciality Lending Investments	50,260	1.07
		<u>694,025</u>	<u>14.84</u>

LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

as at 31 December 2018

Holding		Portfolio of investments	Value £'000	31 December 2018 %
		FINANCIALS 25.40% (27.61%) (continued)		
		Equity Investment Instruments 3.31% (1.57%)		
7,009,634		Honeycomb Investment Trust	77,807	1.67
9,582,963		P2P Global Investments	76,855	1.64
			<u>154,662</u>	<u>3.31</u>
		TECHNOLOGY 0.05% (0.12%)		
		Software & Computer Services 0.05% (0.12%)		
113,205,556		Brave Bison ¹	2,377	0.05
8,131,847		Drayson Technologies ²	–	–
			<u>2,377</u>	<u>0.05</u>
		CHANNEL ISLANDS 13.82% (8.50%)		
		INDUSTRIALS 4.45% (2.97%)		
		Construction & Materials 0.00% (0.78%)		
		Industrial Engineering 2.46% (0.00%)		
609,933		Industrial Heat Series 'A1' Preference ^{5,6}	32,512	0.69
5,170,422		Industrial Heat Series 'A2' Preference ^{5,6}	73,742	1.58
93,384		Industrial Heat Series 'A3' Preference ^{5,6}	1,656	0.04
476,794		Industrial Heat Series 'A4' Preference ^{5,6}	6,903	0.15
640,710		Industrial Heat Series 'B1' Preference ²	–	–
			<u>114,813</u>	<u>2.46</u>
		Industrial Transportation 1.99% (2.19%)		
65,254,416		Stobart	93,184	1.99

LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

as at 31 December 2018

Holding	Portfolio of investments	31 December	
		Value £'000	2018 %
	HEALTH CARE 0.00% (0.49%)		
	Health Care Equipment & Services 0.00% (0.49%)		
	FINANCIALS 9.37% (5.04%)		
	Real Estate Investment & Services 1.83% (1.23%)		
5,000,000	Sabina Estates ²	4,753	0.10
3,000	Sabina Estates Preference 1 ⁵	26,906	0.58
1,000	Sabina Estates Preference 2 ⁵	8,968	0.19
1,000	Sabina Estates Preference 3 ⁵	8,968	0.19
1,000	Sabina Estates Preference 4 ⁵	8,969	0.19
3,000	Sabina Estates Preference 5 ⁵	26,906	0.58
		85,470	1.83
	Financial Services 6.79% (3.45%)		
16,458,640	Burford Capital ¹	272,555	5.83
2,300,973	OMBU ²	–	–
168,773	OMBU Preference 1 ⁵	15,033	0.32
74,807	OMBU Preference 2 ⁵	6,519	0.14
34,910	OMBU Preference 4 ⁵	2,919	0.06
103,571	OMBU Preference 8 ⁵	10,357	0.22
103,571	OMBU Preference 9 ⁵	10,357	0.22
		317,740	6.79
	Equity Investment Instruments 0.71% (0.36%)		
16,564,788	Crystal Amber ¹	33,130	0.71
	Non-equity Investment Instruments 0.04% (0.00%)		
1,597,275	Safe Harbour ¹	2,076	0.04

LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

as at 31 December 2018

Holding	Portfolio of investments	31 December	
		Value £'000	2018 %
	IRELAND 3.67% (5.02%)		
	HEALTH CARE 2.84% (4.26%)		
	Health Care Equipment & Services 1.40% (0.01%)		
1,026,410	Brandon Point Enterprises 'A' Preference ²	15	–
447,115	Brandon Point Enterprises Series 2 ²	6	–
28,089,888	Marlin J1 Limited ²	65,451	1.40
		<u>65,472</u>	<u>1.40</u>
	Pharmaceuticals & Biotechnology 1.44% (4.25%)		
1,801,713	Carrick ²	3,429	0.07
7,948,790	Prothena	64,061	1.37
		<u>67,490</u>	<u>1.44</u>
	FINANCIALS 0.83% (0.76%)		
	Financial Services 0.83% (0.76%)		
8,957,652	Malin	38,722	0.83
		<u>38,722</u>	<u>0.83</u>
	CONTINENTAL EUROPE 2.41% (1.96%)		
	ISLE OF MAN 0.00% (0.22%)		
	INDUSTRIALS 0.00% (0.22%)		
	Electronic & Electrical Equipment 0.00% (0.22%)		
	LUXEMBOURG 0.75% (0.22%)		
	BASIC MATERIALS 0.50% (0.05%)		
	Chemicals 0.50% (0.05%)		
985,360	Mafic Convertible Preference Shares 'B' ²	4,569	0.10
4,052,800	Mafic S.A. ²	18,797	0.40
		<u>23,366</u>	<u>0.50</u>
	INDUSTRIALS 0.25% (0.17%)		
	General Industrials 0.25% (0.17%)		
20,001,629	RM2 international ¹	11,601	0.25
		<u>11,601</u>	<u>0.25</u>

LF WOODFORD EQUITY INCOME FUND

PORTFOLIO STATEMENT *continued*

as at 31 December 2018

Holding	Portfolio of investments	Value £'000	31 December 2018 %
	NORWAY 0.97% (1.25%)		
	INDUSTRIALS 0.97% (1.25%)		
	Industrial Goods & Services 0.97% (1.25%)		
108,420,610	Ilex Corporation	29,543	0.63
234,225,378	Thin Film Electronics	15,745	0.34
		<u>45,288</u>	<u>0.97</u>
	SWITZERLAND 0.69% (0.27%)		
	HEALTH CARE 0.69% (0.27%)		
	Health Care Equipment & Services 0.69% (0.27%)		
21,949,832	CeQur S.A. Series 'C' Preference ²	32,413	0.69
	NORTH AMERICA 7.86% (4.34%)		
	BERMUDA 1.33% (0.75%)		
	FINANCIALS 1.33% (0.75%)		
	Financial Services 1.33% (0.75%)		
35,845,833	Oakley Capital Investments ¹	62,372	1.33
	BRITISH VIRGIN ISLANDS 0.02% (0.00%)		
	BASIC MATERIALS 0.02% (0.00%)		
	Chemicals 0.02% (0.00%)		
67,436,226	HaloSource ¹	641	0.01
76,157,453	HaloSource Reg S ¹	190	0.01
		<u>831</u>	<u>0.02</u>
	UNITED STATES 6.51% (3.59%)		
	BASIC MATERIALS 0.00% (0.23%)		
	Chemicals 0.00% (0.23%)		

LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

as at 31 December 2018

Holding	Portfolio of investments	Value £'000	31 December 2018 %
	HEALTH CARE 6.33% (3.04%)		
	Health Care Equipment & Services 0.61% (0.49%)		
7,323,079	Evfem Biosciences	23,975	0.52
1,702,127	Evfem Biosciences Warrants 25/04/2025 ²	13	–
1,475,000	Evfem Biosciences Warrants 31/12/2049 ²	23	–
3,664,922	Viamet Pharmaceuticals ²	4,291	0.09
		<u>28,302</u>	<u>0.61</u>
	Pharmaceuticals & Biotechnology 5.72% (2.55%)		
1,150,000	Nightstar Therapeutics ADR	10,367	0.22
18,316,679	Northwest Biotherapeutics	2,948	0.06
984,000	NuCana ADR	11,128	0.24
10,731,089	Theravance Biopharma	214,992	4.60
28,889,393	Verseon ¹	28,312	0.60
		<u>267,747</u>	<u>5.72</u>
	TECHNOLOGY 0.18% (0.32%)		
	Technology 0.18% (0.32%)		
40,998	Origin ²	117	–
10,000	Origin Convertible Preference 'A' ²	384	0.01
8	Origin Warrants ²	–	–
2,348,561	Spin Transfer Technology ²	7,800	0.17
		<u>8,301</u>	<u>0.18</u>
	Forward FX Currency Contracts⁷ -0.27% (0.00%)		
\$1,032,175,000	Sold USD for £796,062,000 for settlement on 31/01/2019	(11,148)	(0.24)
€156,831,000	Sold EUR for £139,211,000 for settlement on 31/01/2019	(1,584)	(0.03)
£122,764,000	Sold GBP for \$155,325,000 for settlement on 31/01/2019	(1,292)	(0.03)
CHF35,559,000	Sold CHF for £27,590,000 for settlement on 31/01/2019	(751)	(0.02)
£35,852,000	Sold GBP for kr391,810,000 for settlement on 31/01/2019	(504)	(0.01)
£29,413,000	Sold GBP for €32,906,000 for settlement on 31/01/2019	128	–

LF WOODFORD EQUITY INCOME FUND PORTFOLIO STATEMENT *continued*

as at 31 December 2018

Holding	Portfolio of investments	Value £'000	31 December 2018 %
	Forward FX Currency Contracts ⁷ -0.27% (0.00%) (continued)		
£58,481,000	Sold GBP for \$75,838,000 for settlement on 31/01/2019	828	0.02
kr845,485,000	Sold NOK for £78,273,000 for settlement on 31/01/2019	1,995	0.04
		<u>(12,328)</u>	<u>(0.27)</u>
	Portfolio of investments ⁸	<u>4,691,545</u>	<u>100.28</u>
	Net other liabilities	<u>(13,227)</u>	<u>(0.28)</u>
	Net assets	<u>4,678,318</u>	<u>100.00</u>
<p>Comparative figures shown in brackets relate to 31 December 2017.</p> <p>The investments have been valued in accordance with note 1F and are ordinary shares listed on a regulated market unless stated otherwise.</p> <p>¹ AIM quoted security ² Unquoted security ³ Delisted security ⁴ Recently issued security under COLL5.2.8R (3)(e) with an undertaking that application will be made to be admitted to an eligible market and such admission secured within a year of issue ⁵ Quoted on The International Stock Exchange (TISE) ⁶ Dealing is currently suspended in the shares on TISE ⁷ Held with Northern Trust Company ⁸ Includes investment liabilities</p> <p>Definition: ADR - American Depositary Receipt</p>			

LF WOODFORD EQUITY INCOME FUND SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2018

Total purchases for the year £'000 (Note 16)	1,526,841	Total sales for the year £'000 (Note 16)	3,764,592
Major Purchases	Cost £'000	Major Sales	Proceeds £'000
Barratt Developments	202,402	AstraZeneca	523,083
Imperial Brands	108,344	Legal & General Group	396,426
Provident Financial	102,507	Lloyds Banking	315,323
British American Tobacco	84,625	Imperial Brands	215,242
Taylor Wimpey	78,583	Next	170,188
Kier	68,848	BTG	157,435
Autolus Therapeutics	61,560	Babcock International	151,166
Crest Nicholson	57,850	Burford Capital	143,253
Theravance Biopharma	55,099	Alkermes	131,692
ITV	54,487	Drax	112,791

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

LF WOODFORD EQUITY INCOME FUND FINANCIAL STATEMENTS STATEMENT OF TOTAL RETURN

for the year ended 31 December 2018

	Notes	31 December 2018		31 December 2017	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	3		(1,260,683)		(98,807)
Revenue	4	236,019		323,098	
Expenses	5	(43,413)		(65,717)	
Interest payable and similar charges	7	<u>(657)</u>		<u>(463)</u>	
Net revenue before taxation		191,949		256,918	
Taxation	6	<u>—</u>		<u>(1,307)</u>	
Net revenue after taxation			<u>191,949</u>		<u>255,611</u>
Total return before distributions			<u>(1,068,734)</u>		<u>156,804</u>
Distributions	8		<u>(230,155)</u>		<u>(317,217)</u>
Change in net assets attributable to shareholders from investment activities			<u>(1,298,889)</u>		<u>(160,413)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 December 2018

	31 December 2018		31 December 2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		8,208,903		9,483,379
Amounts receivable on issue of shares	612,709		1,812,755	
Amounts payable on redemption of shares	<u>(3,005,231)</u>		<u>(3,133,057)</u>	
		(2,392,522)		(1,320,302)
Dilution adjustment ¹		7,811		3,289
Change in net assets attributable to shareholders from investment activities		(1,298,889)		(160,413)
Retained distribution on accumulation shares		<u>153,015</u>		<u>202,950</u>
Closing net assets attributable to shareholders		<u>4,678,318</u>		<u>8,208,903</u>

¹ See note 1E

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
ASSETS			
Fixed assets			
Investments		4,706,824	8,228,599
Current assets			
Debtors	9	14,570	30,997
Cash and bank balances	10	<u>58,750</u>	<u>42,309</u>
Total assets		<u>4,780,144</u>	<u>8,301,905</u>
LIABILITIES			
Investment liabilities			
		(15,279)	–
Creditors			
Bank overdrafts	10	(52,752)	(39,826)
Distributions payable	11	(19,651)	(18,217)
Other creditors	11	<u>(14,144)</u>	<u>(34,959)</u>
Total liabilities		<u>(101,826)</u>	<u>(93,002)</u>
Net assets attributable to shareholders		<u>4,678,318</u>	<u>8,208,903</u>

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

1. Accounting Policies

The principal accounting policies, which have been applied in both the current and prior 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.

(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 2018

1. Accounting Policies (continued)

(F) BASIS OF VALUATION OF INVESTMENTS

All investments are valued at their fair value as at close of business (London time) on 31 December 2018, being the last business day of the financial year.

Quoted investments are valued at fair value which generally is the bid price, unless there is no active market in which case those investments are, for valuation purposes, treated as if they were unquoted investments and valued using the process described below.

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's Fair Value Pricing Committee, 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 (including an independent valuation assessment completed by IHSMarkit from publicly available information and that supplied by the investee companies), 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 International Private Equity and Venture Capital Valuation ('IPEVC') guidelines issued in December 2015:

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, unless the rights attributable to the shares impact the overall capital structure and rights of existing investors; or

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

1. Accounting Policies (continued)

(F) BASIS OF VALUATION OF INVESTMENTS (continued)

- 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: (i) Probability-Weighted Expected Return Method (PWERM), which considers on a probability weighted basis the future outcomes for the investment; (ii) Option Priced Modelling (OPM) is used to value early stage companies where outcomes are uncertain; and (iii) Adjusted recent transaction prices (which consider the company's performance against key milestones and the complexity of the capital structure) 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 when compared to the market sector (which the investment would reside were it listed) 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.

At the end of 2018, 11.71% (31 December 2017: 4.16%) of the NAV is unquoted investments which are valued in accordance with (1), 0.48% (31 December 2017: 1.20%) in accordance with (2a), 6.52% (31 December 2017: 3.62%) in accordance with (2b) and 1.01% (31 December 2017: 0.43%) in accordance with (3).

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

(G) TAXATION

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

Deferred tax is provided 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 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 the year end, 31 December 2018, 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.

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

1. Accounting Policies (continued)

(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 as disclosed in note 1f. 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.

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.

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

The net capital losses during the year comprise:

	31 December 2018	31 December 2017
	£'000	£'000
Non-derivative securities	(1,208,297)	(173,720)
Forward currency contracts	(50,551)	85,526
Transaction charges	(91)	(3)
Currency losses	(1,744)	(10,610)
Net capital losses	(1,260,683)	(98,807)

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

4. Revenue

	31 December 2018 £'000	31 December 2017 £'000
Bank interest	5	8
Franked property income distributions	–	158
Non-taxable dividends	178,564	265,046
Overseas dividends	28,637	32,154
Unfranked revenue	14,378	10,674
Franked stock dividends	2,126	–
Unfranked property income distributions	<u>12,309</u>	<u>15,058</u>
Total revenue	<u>236,019</u>	<u>323,098</u>

5. Expenses

	31 December 2018 £'000	31 December 2017 £'000
Payable to the ACD or associates of the ACD:		
ACD's periodic charge	<u>43,327</u>	<u>65,611</u>
Other expenses:		
Administration fees	85	–
Legal fees	1	106
	<u>86</u>	<u>106</u>
Total expenses	<u>43,413</u>	<u>65,717</u>

Expenses due to the Depositary, Custodian, Administrator, Auditor and the Financial Conduct Authority 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 2018 is £72,000 (£60,000 + VAT) (31 December 2017: £26,400 (£22,000 + VAT)).

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

6. Taxation

	31 December 2018 £'000	31 December 2017 £'000
(A) ANALYSIS OF CHARGE FOR THE YEAR:		
Overseas withholding tax	–	1,307
Total taxation	–	1,307
(B) FACTORS AFFECTING TAXATION CHARGE FOR THE YEAR:		
Net revenue before tax	191,949	256,918
<p>The tax assessed for the period is lower than the special rate of the corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:</p>		
Net revenue multiplied by the special rate of corporation tax of 20% (2017: 20%)	38,390	51,384
Effects of:		
Unutilised Excess Management Expenses	3,422	8,193
Non-taxable dividends	(35,713)	(53,041)
Non-taxable overseas dividends	(6,930)	(6,328)
Overseas withholding tax	–	1,307
Taxation due to timing differences	831	(208)
Total tax charge (note 6A)	–	1,307

(C) DEFERRED TAX

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

The Fund has not recognised a potential deferred tax asset of £30,291,000 (31 December 2017: £26,869,000) arising as a result of having unutilised management expenses and £43,000 (31 December 2017: £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.

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

7. Interest Payable and Similar Charges

	31 December 2018 £'000	31 December 2017 £'000
Interest payable and similar charges	657	463

8. Distributions

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

	31 December 2018 £'000	31 December 2017 £'000
First interim	38,369	74,838
Second interim	88,726	111,987
Third interim	28,314	69,200
Final	65,080	55,188
	220,489	311,213
Add: Revenue deducted on redemption of shares	12,005	13,376
Deduct: Revenue received on shares created	(2,339)	(7,372)
Net distribution for the year	230,155	317,217

Details of the distributions per share are set out in the table on pages 54 to 62.

Reconciliation between net revenue and distribution:

Net revenue after taxation	191,949	255,611
Add: Expenses charged to capital	43,413	65,717
Add: Distribution brought forward	3	4
Tax relief on capital expenses	(5,207)	(4,112)
Less: Distribution carried forward	(3)	(3)
Net distribution for the year	230,155	317,217

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

9. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Amount receivable for issue of shares	3,110	13,696
Sales awaiting settlement	–	10
Accrued revenue:		
Non-taxable dividends	6,895	7,397
Taxable dividends	1,393	5,279
Unfranked property income distributions	<u>2,589</u>	<u>2,860</u>
	<u>10,877</u>	<u>15,536</u>
Taxation recoverable:		
CIS income tax recoverable	–	228
Overseas withholding tax	583	1,424
Property income distributions tax	<u>–</u>	<u>103</u>
	<u>583</u>	<u>1,755</u>
Total debtors	<u>14,570</u>	<u>30,997</u>

10. Cash and Bank Balances

	31 December 2018 £'000	31 December 2017 £'000
Cash and bank balances	<u>58,750</u>	<u>42,309</u>
Bank overdraft	<u>(52,752)</u>	<u>(39,826)</u>

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

11. Creditors

	31 December 2018 £'000	31 December 2017 £'000
Distribution payable	19,651	18,217
Other creditors:		
Amount payable for redemption of shares	10,701	29,282
Purchases awaiting settlement	503	580
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	2,818	4,902
Other expenses	122	195
Total other creditors	14,144	34,959

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.

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 37 and amounts receivable and payable due at the year end are disclosed in notes 9 and 11, respectively.

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 30.51% (31 December 2017: 27.87%)

13. Contingent Assets/Liabilities and Commitments

The Fund had no contingent assets, outstanding unrecorded commitments or liabilities as at 31 December 2018 (31 December 2017: nil).

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

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	45,435,894	26,123,435	1,653,251,857	1,081,785,070	2,478,116,625
Issues	1,305,724	609,642	184,279,399	95,691,307	169,936,845
Redemptions	(19,240,972)	(14,015,872)	(724,343,116)	(585,329,797)	(802,283,373)
Conversions	100,898	(27,619)	(2,121,992)	(27,320,021)	127,092
Closing shares in issue	27,601,544	12,689,586	1,111,066,148	564,826,559	1,845,897,189

	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	1,227,995,028	31,306,520	5,087,641	67,790,864
Issues	76,376,813	1,625,222	14,426	1,658,603
Redemptions	(416,576,701)	(12,045,927)	(1,588,329)	(63,278,206)
Conversions	29,401,015	–	–	–
Closing shares in issue	917,196,155	20,885,815	3,513,738	6,171,261

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 efficient portfolio management (including 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:

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.

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

15. Risk Management Policies (continued)

(A) CREDIT RISK (continued)

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.

There were forward currency contracts held at the balance sheet date. Exposure to a counterparty is calculated using the positive mark-to-market value of the Over The Counter derivative instruments. Details of individual contracts are disclosed separately in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward Contracts 31 December 2018 £'000	Forward Contracts 31 December 2017 £'000
Northern Trust Company	2,951	-
	2,951	-

(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.

As the Fund seeks to obtain its return from investing mainly in equities and has no significant exposure to interest rate risk, no interest rate risk table or sensitivity analysis has been presented.

(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 2018

15. Risk Management Policies (continued)

(C) FOREIGN CURRENCY RISK (continued)

Foreign currency exposure as at 31 December 2018:

Currency	Forward Contracts £'000	Non Monetary exposures £'000	Monetary exposures £'000	Total £'000
Euro	(111,253)	124,192	–	12,939
Norwegian Krone	(40,930)	45,289	–	4,359
Sterling	794,627	3,764,940	(13,227)	4,546,340
Swiss Franc	(28,342)	32,413	–	4,071
US Dollar	(626,430)	737,039	–	110,609
	(12,328)	4,703,873	(13,227)	4,678,318

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

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 £6,599,000 (31 December 2017: £46,492,000) 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.

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

15. Risk Management Policies (continued)

(D) LIQUIDITY RISK (continued)

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.

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, excluding forward currency contracts, would have the effect of increasing the return and assets by £235,194,000 (31 December 2017: £411,430,000). 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 RISK

Over the past year, the Fund has used no other derivative instruments other than forward currency contracts (31 December 2017: same).

(H) LEVERAGE

Currently, the Fund uses only forward currency contracts as outlined in the foreign currency risk section (31 December 2017: same).

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

16. Portfolio Transaction Costs

	Purchase/ Sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
31 December 2018				
Ordinary shares	1,521,385	661	4,795	1,526,841
Purchases total	1,521,385	661	4,795	1,526,841
Transaction cost % of purchases total		0.04%	0.32%	
Transaction cost % of average NAV		0.01%	0.08%	
Ordinary shares	3,767,112	(2,516)	(4)	3,764,592
Sales total	3,767,112	(2,516)	(4)	3,764,592
Transaction cost % of sales total		0.07%	–	
Transaction cost % of average NAV		0.04%	–	

	Purchase/ Sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
31 December 2017				
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%	–	

Average portfolio dealing spread at 31 December 2018 is 1.09% (31 December 2017: 0.65%).

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2018

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).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31 December 2018				
ASSETS				
Ordinary shares	2,839,242	939,802	924,793	4,703,837
Warrants	–	–	36	36
Forward currency contracts	–	2,951	–	2,951
	<u>2,839,242</u>	<u>942,753</u>	<u>924,829</u>	<u>4,706,824</u>
LIABILITIES				
Forward currency contracts	–	(15,279)	–	(15,279)
31 December 2017				
ASSETS				
Ordinary shares	<u>5,833,091</u>	<u>1,571,500</u>	<u>824,008</u>	<u>8,228,599</u>

18. Post Balance Sheet Events

Subsequent to the year end, on 6 March 2019, the Fund acquired 81,639,238 ordinary shares in Woodford Patient Capital Trust at a price of 96.67 pence per share, for a total value of £78,920,651. Payment for 75,432,424 of the ordinary shares was made by way of exchange of a portfolio of unquoted assets (Atom Bank; Carrick; Cell Medica; Ratesetter; and Spin Memory) and 6,206,814 ordinary shares for cash. This transaction is the start of a strategy to switch the Fund's unquoted exposure from individual unquoted holdings to shares in Woodford Patient Capital Trust.

On 13 February 2019, Utilitywise was delisted from AIM. On the 26 February 2019, Proton Partners listed on the NEX exchange. In addition, on 21 March 2019, Benevolent AI listed on TISE.

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLES

for the year ended 31 December 2018 - 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 2018	01 Apr 2018	01 Jul 2018	01 Oct 2018
To	31 Mar 2018	30 Jun 2018	30 Sep 2018	31 Dec 2018

A STERLING ACCUMULATION SHARES

	Net Revenue	Equalisation	Allocated 31 May 2018	Allocated 31 May 2017
First interim				
Group 1	0.6715	–	0.6715	0.9999
Group 2	0.3073	0.3642	0.6715	0.9999
	Net Revenue	Equalisation	Allocated 31 Aug 2018	Allocated 31 Aug 2017
Second interim				
Group 1	1.7153	–	1.7153	1.5110
Group 2	0.6313	1.0840	1.7153	1.5110
	Net Revenue	Equalisation	Allocated 30 Nov 2018	Allocated 30 Nov 2017
Third Interim				
Group 1	0.6047	–	0.6047	1.0022
Group 2	0.4335	0.1712	0.6047	1.0022
	Net Revenue	Equalisation	Allocated 28 Feb 2019	Allocated 28 Feb 2018
Final				
Group 1	1.4897	–	1.4897	0.8587
Group 2	0.7014	0.7883	1.4897	0.8587

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLES *continued*

for the year ended 31 December 2018 - in pence per share

A STERLING INCOME SHARES

	Net Revenue	Equalisation	Paid 31 May 2018	Paid 31 May 2017
First interim				
Group 1	0.5982	–	0.5982	0.9210
Group 2	0.5505	0.0477	0.5982	0.9210
	Net Revenue	Equalisation	Paid 31 Aug 2018	Paid 31 Aug 2017
Second interim				
Group 1	1.5192	–	1.5192	1.3810
Group 2	0.7777	0.7415	1.5192	1.3810
	Net Revenue	Equalisation	Paid 30 Nov 2018	Paid 30 Nov 2017
Third Interim				
Group 1	0.5260	–	0.5260	0.9056
Group 2	0.3665	0.1595	0.5260	0.9056
	Net Revenue	Equalisation	Paid 28 Feb 2019	Paid 28 Feb 2018
Final				
Group 1	1.2939	–	1.2939	0.7702
Group 2	0.4997	0.7942	1.2939	0.7702

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLES *continued*

for the year ended 31 December 2018 - in pence per share

C STERLING ACCUMULATION SHARES

	Net Revenue	Equalisation	Allocated 31 May 2018	Allocated 31 May 2017
First interim				
Group 1	0.6772	–	0.6772	1.0062
Group 2	0.4144	0.2628	0.6772	1.0062
	Net Revenue	Equalisation	Allocated 31 Aug 2018	Allocated 31 Aug 2017
Second interim				
Group 1	1.7314	–	1.7314	1.5215
Group 2	1.0212	0.7102	1.7314	1.5215
	Net Revenue	Equalisation	Allocated 30 Nov 2018	Allocated 30 Nov 2017
Third Interim				
Group 1	0.6111	–	0.6111	1.0099
Group 2	0.4391	0.1720	0.6111	1.0099
	Net Revenue	Equalisation	Allocated 28 Feb 2019	Allocated 28 Feb 2018
Final				
Group 1	1.5053	–	1.5053	0.8656
Group 2	0.6527	0.8526	1.5053	0.8656

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLES *continued*

for the year ended 31 December 2018 - in pence per share

C STERLING INCOME SHARES

	Net Revenue	Equalisation	Paid 31 May 2018	Paid 31 May 2017
First interim				
Group 1	0.6039	–	0.6039	0.9274
Group 2	0.3412	0.2627	0.6039	0.9274
	Net Revenue	Equalisation	Paid 31 Aug 2018	Paid 31 Aug 2017
Second interim				
Group 1	1.5347	–	1.5347	1.3916
Group 2	0.9351	0.5996	1.5347	1.3916
	Net Revenue	Equalisation	Paid 30 Nov 2018	Paid 30 Nov 2017
Third Interim				
Group 1	0.5321	–	0.5321	0.9132
Group 2	0.3818	0.1503	0.5321	0.9132
	Net Revenue	Equalisation	Paid 28 Feb 2019	Paid 28 Feb 2018
Final				
Group 1	1.3085	–	1.3085	0.7767
Group 2	0.4896	0.8189	1.3085	0.7767

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLES *continued*

for the year ended 31 December 2018 - in pence per share

Z STERLING ACCUMULATION SHARES

	Net Revenue	Equalisation	Allocated 31 May 2018	Allocated 31 May 2017
First interim				
Group 1	0.6799	–	0.6799	1.0092
Group 2	0.4017	0.2782	0.6799	1.0092
	Net Revenue	Equalisation	Allocated 31 Aug 2018	Allocated 31 Aug 2017
Second interim				
Group 1	1.7386	–	1.7386	1.5264
Group 2	1.0705	0.6681	1.7386	1.5264
	Net Revenue	Equalisation	Allocated 30 Nov 2018	Allocated 30 Nov 2017
Third Interim				
Group 1	0.6147	–	0.6147	1.0132
Group 2	0.4320	0.1827	0.6147	1.0132
	Net Revenue	Equalisation	Allocated 28 Feb 2019	Allocated 28 Feb 2018
Final				
Group 1	1.5123	–	1.5123	0.8689
Group 2	0.5393	0.9730	1.5123	0.8689

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLES *continued*

for the year ended 31 December 2018 - in pence per share

Z STERLING INCOME SHARES

	Net Revenue	Equalisation	Paid 31 May 2018	Paid 31 May 2017
First interim				
Group 1	0.6057	–	0.6057	0.9298
Group 2	0.4880	0.1177	0.6057	0.9298
	Net Revenue	Equalisation	Paid 31 Aug 2018	Paid 31 Aug 2017
Second interim				
Group 1	1.5404	–	1.5404	1.3956
Group 2	0.8746	0.6658	1.5404	1.3956
	Net Revenue	Equalisation	Paid 30 Nov 2018	Paid 30 Nov 2017
Third Interim				
Group 1	0.5362	–	0.5362	0.9159
Group 2	0.3583	0.1779	0.5362	0.9159
	Net Revenue	Equalisation	Paid 28 Feb 2019	Paid 28 Feb 2018
Final				
Group 1	1.3139	–	1.3139	0.7797
Group 2	0.5280	0.7859	1.3139	0.7797

LF WOODFORD EQUITY INCOME FUND FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLES *continued*

for the year ended 31 December 2018 - in pence per share

X STERLING ACCUMULATION SHARES

	Net Revenue	Equalisation	Allocated 31 May 2018	Allocated 31 May 2017
First interim				
Group 1	0.6601	–	0.6601	0.9879
Group 2	0.4255	0.2346	0.6601	0.9879
	Net Revenue	Equalisation	Allocated 31 Aug 2018	Allocated 31 Aug 2017
Second interim				
Group 1	1.6842	–	1.6842	1.4912
Group 2	1.0238	0.6604	1.6842	1.4912
	Net Revenue	Equalisation	Allocated 30 Nov 2018	Allocated 30 Nov 2017
Third Interim				
Group 1	0.5932	–	0.5932	0.9877
Group 2	0.4766	0.1166	0.5932	0.9877
	Net Revenue	Equalisation	Allocated 28 Feb 2019	Allocated 28 Feb 2018
Final				
Group 1	1.4593	–	1.4593	0.8453
Group 2	0.4308	1.0285	1.4593	0.8453

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLES *continued*

for the year ended 31 December 2018 - in pence per share

X STERLING INCOME SHARES

	Net Revenue	Equalisation	Paid 31 May 2018	Paid 31 May 2017
First interim				
Group 1	0.5882	–	0.5882	0.9103
Group 2	0.5672	0.0210	0.5882	0.9103
	Net Revenue	Equalisation	Paid 31 Aug 2018	Paid 31 Aug 2017
Second interim				
Group 1	1.4932	–	1.4932	1.3637
Group 2	1.3185	0.1747	1.4932	1.3637
	Net Revenue	Equalisation	Paid 30 Nov 2018	Paid 30 Nov 2017
Third Interim				
Group 1	0.5176	–	0.5176	0.8933
Group 2	0.5176	0.0000	0.5176	0.8933
	Net Revenue	Equalisation	Paid 28 Feb 2019	Paid 28 Feb 2018
Final				
Group 1	1.2681	–	1.2681	0.7585
Group 2	1.2681	0.0000	1.2681	0.7585

LF WOODFORD EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLES *continued*

for the year ended 31 December 2018 - in pence per share

F STERLING ACCUMULATION SHARES

	Net Revenue	Equalisation	Allocated 31 May 2018	Allocated 31 May 2017
First interim				
Group 1	0.5289	–	0.5289	0.7801
Group 2	0.3660	0.1629	0.5289	0.7801
	Net Revenue	Equalisation	Allocated 31 Aug 2018	Allocated 31 Aug 2017
Second interim				
Group 1	1.3544	–	1.3544	1.1879
Group 2	0.9567	0.3977	1.3544	1.1879
	Net Revenue	Equalisation	Allocated 30 Nov 2018	Allocated 30 Nov 2017
Third Interim				
Group 1	0.4773	–	0.4773	0.8021
Group 2	0.3885	0.0888	0.4773	0.8021
	Net Revenue	Equalisation	Allocated 28 Feb 2019	Allocated 28 Feb 2018
Final				
Group 1	1.1813	–	1.1813	0.6983
Group 2	0.4491	0.7322	1.1813	0.6983

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 Financial Conduct Authority and the agreement of the Depositary. 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 all shares are published on the website of the ACD: linkfundsolutions.co.uk. The prices of shares may also be obtained by calling 0333 300 0381 during the ACD's 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, by following the link 'Fund Information'.

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.

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.

LINK Asset
Services

 65 Gresham Street London EC2V 7NQ

 T 0870 607 2555

 F 0870 607 2550

 www.linkfundsolutions.co.uk

Part of **Link Group**