21 June 2019

I wrote to you on 18 June setting out the FCA’s view on the LF Woodford Equity Income Fund (WEIF). The letter contained a substantial amount of information that we would not normally be able to disclose under the terms of the Financial Services and Markets Act. I am firmly committed to greater transparency, and in order to achieve that we followed the process of notifying the authorised fund manager of the WEIF, Link Fund Solutions (Link), that we would disclose certain information to you.

I am writing to inform you, again for the sake of transparency that Link have determined that they do not agree with one statement in the letter, namely that around 20% of the net asset value of WEIF was invested in unlisted securities in February 2019. In their view the c.20% figure relates to all fair-valued assets (for which there was not an active market price) including those that were designated for future listing. On this basis, the formal number for unlisted holdings as determined by the UCITS rules was below 20%.

We do not agree with this view, but in order to achieve fair transparency, I have agreed to report it to you. Our view based on our analysis to date is that, prior to any listings and transfers made between WEIF and the Woodford Patient Capital Trust, the relevant figure remains around 20%.

As we mentioned in the 18 June 2019 letter, the FCA is investigating these matters and has made no finding in relation to the position of WEIF in February 2019. Consistent with that, I would emphasise that all views expressed by the FCA are therefore preliminary and do not mean that we have a fixed view on the outcome of the investigation.

Yours sincerely,

Andrew Bailey
Chief Executive