

## Link Fund Solutions Limited (“LFS”) Questions & Answers in relation to the notice to investors dated 31 March 2021 in relation to the winding up of the LF Equity Income Fund (the “Fund”)

### 1. How have the capital distributions made to date impacted the share classes I’m invested in.

As detailed on our letter to investors dated 31 March 2021, you can expect the Fund’s NAV and price per share to continue to fall (eventually to zero) as future capital distributions are made and all remaining value is transferred from the Fund to investors in the form of cash.

The table at the end of this questions and answers sheet titled, “**Changes to the Fund’s net asset value (“NAV”) and price per share**”, shows how the four capital distributions to investors made to date have impacted the Fund’s NAV and share class prices.

In addition to the changes resulting from capital distributions, the Fund’s NAV has also been impacted by changes in the valuations, and disposals, of the Fund’s assets. (This is why the NAV and price per share following a distribution, as shown in the table above, is not equal to the NAV and price per share prior to the distribution less the amount distributed). An example of this is the material write down in value of the Fund’s unquoted assets on 17 January 2020 (see investor letter dated 29 January 2020 at <https://equityincome.linkfundsolutions.co.uk/investor-communications/>).

### 2. Can you please comment on the recent media coverage about the poor performance of the Fund since the winding up process commenced?

We are aware of recent media reports which have incorrectly presented falls in the Fund’s NAV since the commencement of its winding up as a measurement of its ‘performance’ over that period. These reports are misleading and arise from a failure to understand that winding up a fund through an orderly sale of its assets while at the same time making regular capital distributions will naturally result in a fall in that fund’s NAV. Our letter to investors of 31 March 2021 which can be found at <https://equityincome.linkfundsolutions.co.uk/investor-communications/>, includes further details on this.

### 3. How will future capital distributions from the Fund be taxed?

The receipt of proceeds from the wind-up will be deemed a disposal of your shares in the Fund for capital gains tax purposes and may give rise to a capital gains tax liability. This will, of course, depend upon your individual circumstances. If you are in any doubt as to the taxation consequences of this action you should contact your professional adviser.

### 4. How are the managers balancing the need to return investors’ money with the potential to wait longer to get a better price for the assets?

One of the objectives of the orderly realisation process is to maximise returns for investors. This means that it is important for the assets to be realised at a time when the sale will achieve an appropriate level of return. Selling the shares in the less liquid assets, on a “fire sale” basis would significantly reduce the value of these assets.

During the winding up of the Fund, any remaining less liquid assets of the Fund (including the unlisted assets) will continue to be sold over time in an orderly manner.

## 5. How long will the winding up process take?

Further capital distributions will be made as and when suitable amounts of cash have been raised from sales of the Fund's assets. At this stage we are unable to advise you of the exact timings and amounts of future capital distributions as these are dependent upon the sale of these assets. You are reminded that the assets that remain to be sold are the less liquid assets of the Fund and it is expected that some of these assets will not be sold until late 2021.

## 6. How often will the Funds Net Asset Value be calculated and where can I find the relevant information

Investors are reminded that following payment of the fourth distribution we will continue to calculate the Fund's NAV on the final business day of each month and publish it shortly thereafter. You will be able to find the Fund's current NAV and future updates on our website at <https://equityincome.linkfundsolutions.co.uk>.

## Changes to the Fund's net asset value ("NAV") and price per share

The number of shares you hold in the Fund has not changed since the Fund's suspension and will not do so until the winding up of the Fund is complete. Only after the winding up process has been completed and all value in the Fund has been distributed to investors as cash will your shares be cancelled. However, the Fund's NAV and, as a result, the price per share has reduced over the period to reflect the £2.54bn paid out to investors through the four capital distributions. You can expect the Fund's NAV and price per share to continue to fall (eventually to zero) as future capital distributions are made and all remaining value is transferred from the Fund to investors in the form of cash. To illustrate this point, the table below shows how the four capital distributions to investors made to date have impacted the Fund's overall NAV and the price per share in each class.

	<i>First capital distribution 30/01/2020</i>	<i>Second capital distribution 25/03/2020</i>	<i>Third capital distribution 26/08/2020</i>	<i>Fourth capital distribution 11/12/2020</i>
<i>Fund's NAV at valuation point immediately preceding distribution</i>	£ 2,876,400,845.08	£675,134,944.44	£470,373,114.30	£290,559,793.40
<i>Total Amount distributed to investors</i>	£ 2,124,083,198.50	£143,174,760.14	£183,155,421.28	£ 98,478,354.49
<i>Fund's NAV at next valuation point following distribution</i>	£754,219,819.12	£546,018,370.49	£285,373,706.68	£192,570,229.67
<b>A Sterling Income</b>	<i>First capital distribution 30/01/2020</i>	<i>Second capital distribution 25/03/2020</i>	<i>Third capital distribution 26/08/2020</i>	<i>Fourth capital distribution 11/12/2020</i>
<i>Price per share at valuation point immediately preceding distribution</i>	64.44p	15.13p	10.54p	6.51p
<i>Amount distributed to investor as an amount per share</i>	47.5873p	3.2077p	4.1033p	2.2062p
<i>Price per share at next valuation point following distribution</i>	16.90p	12.23p	6.39p	4.31p
<b>A Sterling Accumulation</b>	<i>First capital distribution 30/01/2020</i>	<i>Second capital distribution 25/03/2020</i>	<i>Third capital distribution 26/08/2020</i>	<i>Fourth capital distribution 11/12/2020</i>
<i>Price per share at valuation point immediately preceding distribution</i>	78.42p	18.41p	12.82p	7.92p
<i>Amount distributed to investor as an amount per share</i>	57.9127p	3.9037p	4.9936p	2.6850p
<i>Price per share at next valuation point following distribution</i>	20.56p	14.89p	7.78p	5.25p
<b>C Sterling Income</b>	<i>First capital distribution 30/01/2020</i>	<i>Second capital distribution 25/03/2020</i>	<i>Third capital distribution 26/08/2020</i>	<i>Fourth capital distribution 11/12/2020</i>
<i>Price per share at valuation point immediately preceding distribution</i>	65.33p	15.33p	10.68p	6.60p

<i>Amount distributed to investor as an amount per share</i>	48.2426p	3.2518p	4.1598p	2.2366p
<i>Price per share at next valuation point following distribution</i>	17.13p	12.40p	6.48p	4.37p
<b>C Sterling Accumulation</b>	<i>First capital distribution 30/01/2020</i>	<i>Second capital distribution 25/03/2020</i>	<i>Third capital distribution 26/08/2020</i>	<i>Fourth capital distribution 11/12/2020</i>
<i>Price per share at valuation point immediately preceding distribution</i>	79.44p	18.65p	12.99p	8.02p
<i>Amount distributed to investor as an amount per share</i>	58.6631p	3.9542p	5.0584p	2.7198p
<i>Price per share at next valuation point following distribution</i>	20.83p	15.08p	7.88p	5.32p
<b>X Sterling Income</b>	<i>First capital distribution 30/01/2020</i>	<i>Second capital distribution 25/03/2020</i>	<i>Third capital distribution 26/08/2020</i>	<i>Fourth capital distribution 11/12/2020</i>
<i>Price per share at valuation point immediately preceding distribution</i>	62.85p	14.76p	10.28p	6.35p
<i>Amount distributed to investor as an amount per share</i>	46.4029p	3.1290p	4.0028p	2.1523p
<i>Price per share at next valuation point following distribution</i>	16.49p	11.93p	6.24p	4.21p
<b>X Sterling Accumulation</b>	<i>First capital distribution 30/01/2020</i>	<i>Second capital distribution 25/03/2020</i>	<i>Third capital distribution 26/08/2020</i>	<i>Fourth capital distribution 11/12/2020</i>
<i>Price per share at valuation point immediately preceding distribution</i>	76.45p	17.94p	12.50p	7.72p
<i>Amount distributed to investor as an amount per share</i>	56.4549p	3.8054p	4.8679p	2.6173p
<i>Price per share at next valuation point following distribution</i>	20.05p	14.51p	7.58p	5.12p
<b>Z Sterling Income</b>	<i>First capital distribution 30/01/2020</i>	<i>Second capital distribution 25/03/2020</i>	<i>Third capital distribution 26/08/2020</i>	<i>Fourth capital distribution 11/12/2020</i>
<i>Price per share at valuation point immediately preceding distribution</i>	65.67p	15.41p	10.74p	6.63p
<i>Amount distributed to investor as an amount per share</i>	48.4932p	3.2687p	4.1815p	2.2483p
<i>Price per share at next valuation point following distribution</i>	17.22p	12.47p	6.52p	4.40p
<b>Z Sterling Accumulation</b>	<i>First capital distribution 30/01/2020</i>	<i>Second capital distribution 25/03/2020</i>	<i>Third capital distribution 26/08/2020</i>	<i>Fourth capital distribution 11/12/2020</i>
<i>Price per share at valuation point immediately preceding</i>	79.89p	18.75p	13.06p	8.07p

<i>distribution</i>				
<i>Amount distributed to investor as an amount per share</i>	58.9936p	3.9765p	5.0869p	2.7351p
<i>Price per share at next valuation point following distribution</i>	20.95p	15.16p	7.93p	5.35p
<b>F Sterling Accumulation</b>	<i>First capital distribution 30/01/2020</i>	<i>Second capital distribution 25/03/2020</i>	<i>Third capital distribution 26/08/2020</i>	<i>Fourth capital distribution 11/12/2020</i>
<i>Price per share at valuation point immediately preceding distribution</i>	62.78p	14.74p	10.27p	6.34p
<i>Amount distributed to investor as an amount per share</i>	46.3633p	3.1251p	3.9979p	2.1496p
<i>Price per share at next valuation point following distribution</i>	16.46p	11.92p	6.23p	4.20p