

30 September 2020

Dear Investor

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

LF Equity Income Fund (formerly named LF Woodford Equity Income Fund) (the “Fund”), a sub-fund of LF Investment Fund (formerly named LF Woodford Investment Fund) (the “Company”)

As authorised corporate director (“ACD”) of the Fund, we are writing to provide you with an update on the progress of the Fund’s wind up, and to provide additional information (including a reminder on the background to the Fund’s suspension and wind up) to accompany the Company’s accounts which have been published today. A copy of the accounts, which cover the period 1 January 2019 to 31 March 2020, can be found on our website at <https://equityincome.linkfundsolutions.co.uk/investor-documentation/> (the “Company’s Report and Accounts”).

We appreciate that this has been a difficult time for investors and we would like to reassure you that we have taken all possible steps to protect investors’ interests in returning cash to you at the earliest opportunity whilst protecting value in the Fund’s investments. In this letter we will explain how investors’ interests have been, and will continue to be, our primary concern as we complete the wind up of the Fund.

All of the previous letters to investors since the Fund’s suspension can also be found on our website at <https://equityincome.linkfundsolutions.co.uk/investor-communications/>

Reason for the Fund’s suspension

We decided to suspend the dealing of shares in the Fund on 3 June 2019 following an increased level of redemption requests. That decision was taken by us as the Fund’s ACD after consulting Woodford Investment Management Limited (“Woodford”), the Fund’s investment manager at the time, and considering all relevant circumstances relating to the Fund’s assets.

Prior to its suspension, the Fund had been able to meet all redemption requests by selling assets it held. However, on 3 June 2019, we concluded that redemptions had reached a level where the Fund would no longer be able to continue to meet redemption requests without prejudicing the interests of investors.

Under the Financial Conduct Authority’s (“FCA”) rules, we were required to reach agreement with Northern Trust Global Services SE, UK Branch, the Fund’s Depository (the “Depository”), that suspending dealing in the Fund was in the interests of all investors. The Depository’s agreement was obtained and the FCA was duly notified of the decision to suspend.

The reason for the suspension was to protect all investors’ interests and to provide Woodford with a period within which it could reposition the Fund’s portfolio by selling unquoted and less liquid stocks, and re-investing the proceeds in more liquid investments. This was intended to enable the Fund to re-open and to meet any further redemption requests without prejudicing the interests of those investors that wished to remain invested in the Fund.

Reason for the Fund's wind up

Following the Fund's suspension, we agreed with the Depositary and Woodford that we would seek to complete the repositioning of the Fund's portfolio by no later than early December 2019 to enable the Fund to re-open. We also agreed that it would not be possible to lift the suspension and re-open the Fund until the sale of its unlisted and less liquid listed assets was completed. To have re-opened the Fund before the re-positioning was complete would have risked another suspension and the potential unequal treatment of investors, in particular for those who chose to remain invested in the Fund.

We closely monitored the repositioning of the Fund, but concluded on 15 October 2020 that there had been insufficient progress to provide enough certainty about when and whether the Fund could re-open. We therefore decided, following consultation with the Depositary, and having considered all viable alternatives, that it was in the interests of all investors in the Fund not to re-open it and instead to proceed to wind up the Fund through an orderly realisation of its assets and to return cash to investors through a series of capital repayments.

In October 2019 the FCA gave formal permission for the Fund's wind up to begin on 18 January 2020. This was the earliest date possible to start the wind up because of a requirement under an applicable European Directive to provide investors with three months' notice of our intention to do so.

Realisation of assets in Portfolio A

In our letter to investors dated 15 October 2019 we explained that the Fund's assets would be split into two portfolios, 'A' and 'B'. Portfolio A consisted of listed assets and we appointed BlackRock Advisors (UK) Limited ("BlackRock") to sell those assets.

BlackRock was tasked with liquidating Portfolio A in a way that protected value for investors. Between 16 October 2019 and 17 January 2020, the date of the last formal valuation of the Fund before the wind-up began, BlackRock sold assets and re-invested the cash proceeds into investment vehicles (including money market funds, term deposits and UK Government Gilts). During this period, in order to ensure that the Fund's objective of being invested primarily in UK listed companies was still met, BlackRock entered into FTSE 100 index futures contracts on behalf of the Fund. Investment in this type of financial instrument ensured that investors retained an exposure to the share market before wind up commenced.

The wind up of the Fund commenced on 18 January 2020 and from this date, to enable an orderly realisation of the Fund's assets, it was no longer required to adhere to its investment objective and investment in the FTSE 100 index futures ceased. BlackRock continued to sell, in a controlled manner, the remaining Portfolio A assets and all Portfolio A assets have now been sold.

BlackRock has, therefore, completed its role in relation to the sale of the Fund's listed assets and is not currently performing any role in relation to the wind up of the Fund.

Portfolio B and the transaction with Acacia

Portfolio B was made up of the unlisted and certain less liquid listed assets. After completing the necessary due diligence, we appointed PJT Partners (UK) Limited ("PJT Park Hill") as a specialist broker to assist us in selling the assets in Portfolio B.

Following its appointment, PJT Park Hill undertook an extensive programme of marketing the assets in Portfolio B. Although there were some expressions of interest in a range of those assets from potential buyers, we rejected any offers which we did not believe were in the interests of investors. This was consistent with our approach of avoiding a fire sale of assets.

However, with PJT Park Hill's assistance, in June 2020 we were able to reach an agreement with Acacia Research Corporation ("Acacia") for the sale of an agreed selection of up to 19 of the Fund's healthcare assets in return for up to £223.9 million. We explained the nature of that portfolio transaction in our investor letters of 5 June and 29 July 2020 and a significant number of the assets comprising the transaction have now transferred. We are working to complete the transfers of the remaining assets included in the deal with

Acacia by 30 November 2020. Once the Acacia transaction has been fully completed we expect to be able to make the fourth capital distribution to investors.

We also continue to work with PJT Park Hill on finding buyers for the Fund's remaining assets, which are listed in the 'Remaining portfolio' section below.

Capital repayments to date

To date we have made three capital repayments to investors after realising a total of £2.45 billion from the sale of the Fund's assets:

<i>Date of payment</i>	Distribution	Amount
30 January 2020	First capital distribution	£2,124,083,198
25 March 2020	Second capital distribution	£143,174,760
26 August 2020	Third capital distribution	£183,155,421
	Total	£2,450,413,379

Remaining portfolio

As of 1 September 2020, the value of the Fund's remaining assets is £288 million.

This is made up of assets included in the Acacia transaction but not yet transferred (£91.87million) and shareholdings in: Atom Bank plc, Benevolent AI, Cambridge Innovation Capital, CeQur SA, Drayson HoldCo2, Halosource Corp, Mafic SA, Metalysis Limited, Nexxon Limited, Ombu Group, Origin Inc., Rutherford Healthcare plc, RM2 Inter National SA, Sabina Estates Limited, Safe Harbour Holdings plc, Sphere Medical Holdings and Utilitywise plc.

The total value of these remaining assets may change and, therefore, the amount received from their sale may be higher or lower than their current valuations.

Fees

Before the Fund went into wind up (i.e. during the period from 1 January 2019 to 17 January 2020), we were, as disclosed in the Fund's prospectus, permitted to make a charge to the Fund, referred to as the Periodic Charge, in consideration for us carrying out our duties and responsibilities as the Fund's ACD. You will see this referred to as to as an 'Annual Management Charge' in the Company's Report and Accounts. From the Periodic Charge we paid amounts to certain service providers, including, but not limited to, those detailed in the table below:

<i>Provider</i>	<i>Services</i>
Northern Trust Global Services SE, UK Branch (the "Depositary")	The Fund's depositary is responsible for monitoring the Fund's cashflow and has certain regulatory obligations in relation to processes carried out by the ACD.
Northern Trust Company London Branch (the "Custodian")	The Custodian is responsible for the safekeeping of the Fund's property.
Woodford Investment Management Limited (the Fund's investment manager until 15 October 2019)	As the Fund's investment manager, Woodford provided discretionary investment management services in relation to the Fund.

Northern Trust Global Services SE, UK Branch (the “Administrator”)	The Administrator provides fund administration, registrar and fund accounting services in relation to the Fund.
Grant Thornton UK LLP (the “Auditor”)	The Auditor provides an opinion on the annual report and accounts of the Company.

The Periodic Charge was calculated and applied to the Fund until 17 January 2020, the last valuation date before the Fund went into wind up. The table below explains how the Periodic Charge was applied over the period covered by the Company’s Report and Accounts:

<i>Period</i>	<i>Amount charged</i>	<i>Description</i>
1 January 2019 to 14 October 2019 (the date the decision was taken to wind up the Fund)	£21.472 million	£21.111 million was paid to the service providers detailed in the table above. We retained £360,951 for our ACD services for the period 1 January 2019 to 3 June 2019. From 3 June 2019 onwards (the date of the Fund’s suspension) we waived our fee for ACD services.
15 October 2019 to 17 January 2020	£5.439 million.	During this period the ACD, the Depositary, Custodian and Administrator waived their fees from 15 October 2019. This resulted in £4.893 million of the amount charged being rebated back to the Fund.
		Woodford was removed as the Fund’s investment manager with effect from 15 October 2019 and no further fees were paid to Woodford out of the Periodic Charge from that date.
18 January 2020 (the date that the Fund went into wind up) to 31 March 2020.	n/a	There was no Periodic Charge applied to the Fund during this period. There will be no further Periodic Charge applied to the Fund.

The Auditor to the Fund continues to provide services and shall receive its fees relating to the Company's Report and Accounts period from 1 January 2019 to 31 March 2020 from the Periodic Charge. Future audit fees will be paid directly from the Fund and are included in the future liabilities payable as shown in the Company's Report and Accounts.

As a result of our decision to waive our ACD fee from 3 June 2019, there being no requirement to pay Woodford for investment management services from 15 October 2019 and the Depositary, Custodian and Administrator each waiving its fee from 15 October 2019, the Company's Report and Accounts show a rebate of £4.893 million (shown as Rebate from ACD). While the amount is listed as being due to the Fund as at the reporting date of 31 March 2020, the full amount was actually paid by us back to the Fund on 18 May 2020.

Although there has been no Periodic Charge applied to the Fund since it went into wind up on 18 January 2020, some costs have been payable by the Fund as advised in our letters dated 15 October 2019 and 29 January 2020. Costs that are payable directly from the Fund relating to its orderly wind up have been included in the Company's Report and Accounts and are set out in the table below:

Service provider	Amount	Description				
BlackRock (for the period 15 October 2019 to 17 January 2020)	£7.761 million	<p>In our letter dated 15 October 2019 we explained that BlackRock was appointed to assist us to reposition Portfolio A before the commencement of the Fund's wind up. This was to enable as much cash to be returned to investors as soon as possible (taking into account investors' best interests). These BlackRock fees relate to that exercise.</p> <p>In our letter dated 29 January 2020 we advised investors that, for the period between the Fund's suspension and the commencement of the wind up, we would ensure that the Fund would pay no more than an amount equal to the Periodic Charge plus an amount for brokerage.</p>				
Less additional ACD rebate to the Fund	(£1.174 million)					
Net amount paid for services provided by BlackRock for the period 15 October 2019 to 17 January 2020	£6.587 million					
		<p>We can confirm that this was the case on the following basis:</p> <table border="1"> <thead> <tr> <th>Accrual / rebate</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Amount of Periodic Charge that would have been paid by the Fund had the ACD, Depositary, Custodian and Administrator not waived their fees from 15 October 2019</td> <td>£4.893 million</td> </tr> </tbody> </table>	Accrual / rebate	Amount	Amount of Periodic Charge that would have been paid by the Fund had the ACD, Depositary, Custodian and Administrator not waived their fees from 15 October 2019	£4.893 million
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Amount of Periodic Charge that would have been paid by the Fund had the ACD, Depositary, Custodian and Administrator not waived their fees from 15 October 2019	£4.893 million					

		Brokerage costs that would have been incurred on transactions in the period. (Brokerage is an amount payable for the arrangement of the Fund's sale transactions.)	£1.694 million
		Total	£6.587 million
BlackRock (for the period since 18 January 2020)	£3.281 million	These BlackRock fees related to the sale of assets from Portfolio A. They are a cost of the Fund's wind up and have therefore been charged directly to the Fund as permitted under the Fund's prospectus.	
PJT Park Hill	£3.162 million	These brokerage fees relate to the sale of assets from Portfolio B and includes an amount of around £2.8 million payable upon completion of the Acacia transaction. Such fees are a cost of the Fund's wind up and will be deducted from the proceeds of sale of assets from Portfolio B. Brokerage fees would have been payable on the sale of any unquoted assets before suspension and following suspension if the Fund had reopened. These amounts represent standard brokerage rates for the sale of assets of the kind comprising Portfolio B.	
Debevoise & Plimpton LLP	£2.489 million	The sale of the unquoted and certain illiquid quoted assets held by the Fund required specialist legal support. These legal fees are a cost of the Fund's wind up and have therefore been charged directly to the Fund as permitted under the Fund's prospectus. Legal fees associated with the sale of unquoted assets are chargeable to the Fund under the Fund's prospectus. Legal fees would have been payable on the sale of any unquoted assets before suspension and following suspension if the Fund had re-opened. These amounts represent competitive rates for such services.	

Due to the winding-up of the Company and its sub-fund starting on 18 January 2020, the Company's Report and Accounts for the period to 31 March 2020 have been prepared on a break-up basis (i.e. recognising that the Fund's assets are being sold as part of the process of it being wound up). This means that all known current and future liabilities payable by the Fund in completing the winding up of the Fund are captured.

Further updates

You are reminded that we have now sold the majority of the Fund's assets and it may take some time to sell those that remain. We will ensure that future sales of the Fund's remaining assets will be completed in a way that best protects your interests as an investor in the Fund. It is expected that some of these assets will not be realised until mid to late 2021. This means that we are unable at this time to provide a specific date by which the Fund's wind up will be complete and all cash returned to investors.

We will continue to make capital distributions to investors as the Fund's assets are sold. We will seek to make a fourth capital distribution shortly after the transfers of the remaining assets to Acacia are complete and we will write to you again on or before 30 November 2020 with a further update.

In the meantime, the Fund's Net Asset Value ("NAV") will continue to be calculated and published on a monthly basis on our website at <https://equityincome.linkfundsolutions.co.uk>.

If you require any further information, please refer to the frequently asked questions and answers document on our website: <https://equityincome.linkfundsolutions.co.uk>. If you have any other questions, please contact us on 0333 300 0381 or alternatively email us [at lfsinvestors@ntrs.com](mailto:lfsinvestors@ntrs.com).

Yours sincerely



Karl Midl

Managing Director, Link Fund Solutions Limited