

29 January 2020

Dear Investor

THIS LETTER IS IMPORTANT - PLEASE READ

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”).

We, Link Fund Solutions Limited, write further to our letter of 10 January 2020 to confirm that the Fund formally moved into wind-up on 18 January 2020 (the “Effective Date”) and to provide details of the first capital distribution payable from the proceeds of the sale of the assets of the Fund.

1. First capital distribution to investors

In the period up to 24 January 2020, £2,167,100,490, equivalent to 75.55% of the value of the assets of the Fund (as at 24 January 2020), has been generated by the Fund (including through the sale of assets) to enable the first capital distribution of cash to all investors on the register as at 24 January 2020. A separate letter has been sent, dated 27 January 2020, detailing the payment due to each named investor from this first capital distribution.

In previous letters, dated 15 October 2019 and 13 December 2019, we explained how the Fund’s assets were split into two portfolios to enable the assets to be sold in the most effective way (these letters are available at equityincome.linkfundsolutions.co.uk). BlackRock Advisors (UK) Limited (“BlackRock”) is assisting us with the repositioning and subsequent selling of the assets in Portfolio A.

We continue, with PJT Partners (UK) Limited (“Park Hill”), to explore opportunities for the sale of assets within Portfolio B.

As explained in our previous letter, we have taken into account any liabilities of the Fund including the estimated costs associated with the winding up process (including legal and audit fees – see section 2 below), the commitments and possible further funding which the Fund may have in respect of its investments and the estimated values for the regular and special income distributions of 31 December 2019 and 17 January 2020. These are detailed in Table 1 below, which shows the calculation of the amount of cash that is available for the Fund’s first capital distribution:

Table 1

	Value
Cash generated by the Fund, including from the sale of assets	£2,167,100,490
Less	
Regular income distribution as at 31 December 2019 (to be paid to investors on 28 February 2020)	£9,737,392
Special income distribution as at 17 January 2020 (to be paid to investors on 17 March 2020)	£451,444
Provision for costs of the Fund during wind up (including transaction fees, brokerage costs, legal fees and audit fees)	£5,340,000
Outstanding accrued costs incurred from 15 October 2019 to the Effective Date (including transaction fees, brokerage costs and legal fees)	£4,988,374
Estimated further funding and commitments in relation to investments of the Fund (this amount relates to known and possible funding requirements in relation to certain assets held by the Fund)	£22,500,000
Total cash available for first capital distribution from the Fund on or around 30 January 2020	£2,124,083,280

This first capital distribution from the fund of £2,124,083,280 will be paid to investors as an amount per share as follows:

Table 2

Share Class Name	Fund ISIN Code	Pence per share
A Sterling Accumulation	GB00BLRZQ513	57.9127p
A Sterling Income	GB00BLRZQ406	47.5873p
C Sterling Accumulation	GB00BLRZQ737	58.6631p
C Sterling Income	GB00BLRZQ620	48.2426p
F Sterling Accumulation	GB00BZ01L372	46.3633p
X Sterling Accumulation	GB00BLRZQ950	56.4549p
X Sterling Income	GB00BLRZQ844	46.4091p
Z Sterling Accumulation	GB00BLRZQC88	58.9936p
Z Sterling Income	GB00BLRZQB71	48.4932p

This first capital distribution will be reflected in the Net Asset Value of the fund on 30 January 2020, being the date on which named investors on the register should receive their payment. This means that the number of shares that you hold in the Fund will remain the same but the Net Asset Value of the Fund and the price per share will reduce to reflect the value paid out by way of the first capital distribution of the Fund on that date.

It is intended that further capital distributions will be made as and when suitable amounts of cash have been raised from the sale of the remaining assets of the Fund. At this stage we are unable to advise you of the exact timing and amount of these subsequent capital distributions as this is dependent upon assets being realised within the Fund. Investors should be aware that the assets that remain to be sold are the less liquid assets of the Fund and disposing of these assets may take longer than was the case for the sales to date. We will continue to keep you informed of the progress made on this matter as well as other developments in relation to the Fund.

2. Costs

In our letter dated 15 October 2019 we explained that it was necessary for the Fund's assets to be repositioned prior to the commencement of the Fund's winding up to enable as much of investors' cash to be returned as soon as possible (taking into account investors' best interests). BlackRock was appointed to assist us to perform this repositioning in relation to the majority of the Fund's listed assets (Portfolio A).

In the same letter we told investors that BlackRock's fees for its services of repositioning and realising assets in Portfolio A would be paid out of the periodic charge paid to LFS by the Fund (in the same way that LFS had paid Woodford Investment Management Limited ("WIM"), previously the Fund's investment manager). However, as BlackRock did not perform the same role as WIM we have decided that it would be more appropriate to charge BlackRock's fees directly to the Fund as allowable by and in accordance with the Fund's prospectus.

We have previously advised investors that there would be no increase to the overall costs paid by the Fund up to the period of the commencement of the winding up and that LFS would not take a fee for its services for that period.

Taking all of the above into account (including the rebating of the surplus from the periodic charge paid by the Fund to LFS), for the period between the Fund's suspension and the commencement of the wind up, LFS will ensure that the Fund will pay no more than an amount equal to the periodic charge plus an amount for brokerage. Brokerage is payable for the arrangement of the Fund's sale transactions and the amount paid by the Fund will be consistent with the brokerage costs incurred on the sale of the Fund's assets in the six-month period to 15 October 2019, the date at which investors were notified of the intention to wind up the Fund.

As shown in Table 1 above, from the Effective Date there will be further costs associated with the sale of the assets in Portfolio A and these will be charged to the Fund in addition to the brokerage costs associated with those sales, in accordance with the Fund's prospectus. We expect these costs together with audit fees and legal fees to amount to around 0.2% of the Fund's value at 17 January 2020; however, the exact amount will be dependent upon the value realised from the sale of the Fund's remaining assets.

Brokerage costs have also been incurred for the sale of assets in Portfolio B and there will be further brokerage costs relating to the sale of assets in that portfolio, including those payable to Park Hill. These brokerage costs will be offset against the future proceeds from the sale of assets in Portfolio B. We currently do not expect these costs to be proportionally greater than the costs previously incurred by the Fund from previous sales of similar unquoted and less liquid listed assets.

3. Tax considerations

Please be aware that the receipt of your proceeds from the winding up of the Fund will be deemed to be a part disposal of your shares in the Fund for capital gains tax purposes and may, depending on your personal circumstances, give rise to a capital gains tax liability. If you are in any doubt as to the taxation consequences of this action you should seek professional advice.

4. Performance of the Fund

Table 3 below shows the performance of the Fund compared against the performance of the comparator benchmark, as set out in the Fund's prospectus, for both the period since suspension and the period since the decision was taken to wind up the Fund in each case to 24 January 2020.

Table 3

	3 June 2019 (date the Fund was suspended) – 24 January 2020	15 October 2019 (date of the decision to wind up the Fund) – 24 January 2020
LF Equity Income Sterling Accumulation	-19.71%	-4.49%
Benchmark: FTSE All Share Total Return	9.65%	6.5%

The adverse performance figures in the table above are largely attributable to the revaluation and disposal of certain unquoted assets in Portfolio B. This includes material write downs in value of the Fund's unquoted assets in Portfolio B on 17 January 2020 to reflect the fair value of those assets based on LFS's view of market information and circumstances. We will continue to monitor the value of these assets and ensure that all sales are made in the best interests of investors.

Until the winding up of the Fund is completed we will calculate and publish the Net Asset Value per share on a regular basis for information purposes only (this will be calculated each Wednesday until notified otherwise). This information, which allows investors to track the performance of their investment, can be found at www.linkfundsolutions.co.uk by clicking on 'Fund Information' and then selecting 'LF Investment Fund'.

5. Further information

We will write to you to keep you informed of developments throughout the winding up process, including the dates of further capital distributions. In the meantime, if you do require any further information, please refer to the frequently asked questions and answers document on our website: equityincome.linkfundsolutions.co.uk. You may also contact our Customer Services Department on 0333 300 0381 between 9:00 am and 5:00 pm. (Monday to Friday) or alternatively e-mail equityincome@linkgroup.co.uk

Yours faithfully



Karl Midl
Managing Director - Link Fund Solutions Limited

