

OBC.Batch.Seq.No:UK
Mr A B Sample
1 Sample Street
Sample Town
Sample County
AB1 2CD

12 March 2024

LF Equity Income Fund - Latest information about your Compensation Payment

Dear Mr Sample

We're writing to let you know the latest on a compensation payment expected from April 2024, in relation to your holding in the LF Equity Income Fund (previously known as the LF Woodford Equity Income Fund). **You do not need to take any action to receive this payment.**

We previously wrote to you with details about the LF Equity Income Fund Settlement scheme, including an opportunity for investors to vote on the proposals. This vote took place and the required majority of investors voted in favour of the proposed settlement scheme. This scheme has now been sanctioned (i.e. approved) through a Court hearing and is being implemented. This will enable payments to be made to investors in the fund.

Please note, no further timings have been made available. If any appeals are brought against the sanction of the scheme, this could delay the payments to scheme creditors (i.e. fund investors).

This scheme will apply to all investors, regardless of whether they voted or not for the proposed scheme. As some background, this was proposed by Link Fund Solutions, the Authorised Corporate Director (ACD) of the fund and allows for the winding up of the fund with a compensation payment. All the information about this scheme can be found here: <https://lfwoodfordfundscheme.com/>

Expected payment date - from April 2024

The settlement scheme is planning to pay compensation to all investors, with an initial payment expected from April 2024 onwards. It may take several weeks for this payment to be made to individual client accounts.

The payments will be made into your Fidelity account, enabling you to decide what to do with the money. For ISA and General Investment accounts, the money will be credited within the account as cash.

For Pension (SIPP) accounts, the money will be paid into your Cash Management account, not directly into your pension account. Please see FAQs overleaf for more information on your options.

The amount that will be paid per share held has not been published by the scheme, so at this stage, we cannot confirm the amount you are due to receive. Once the money has been credited, you'll be able to see how much you have been paid by logging into your account at www.fidelity.co.uk/clients and checking your transaction history.

How to get in touch

Please contact: Sample Advisers Ltd

Alternatively

Web: fidelity.co.uk/clients

Freephone: 0800 358 4060

Mon-Fri 8:30am-5:30pm

You'll need this reference if you call:

ABC0123456

We'll also issue a confirmation letter, which will detail how much you have been paid, shortly after the payment has been made. The amount will also be shown online and in your regular Statement & Valuation.

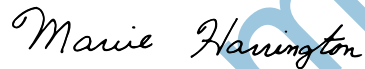
Next steps for the fund

The fund still retains some assets and the intention is for these to continue to be sold to realise further proceeds for investors, which is likely to take several months or years to complete. To date, there have been five capital distributions, in addition to this upcoming initial compensation payment and it is expected there will be further capital distribution payments, before the fund is able to be fully wound up. Therefore, you'll continue to see a holding in your Fidelity account, that remains unable to be sold.

For more information

You can find the latest news at www.fidelity.co.uk/funds/fund-updates/ or please contact us or your adviser. If you have specific queries about the Settlement scheme, please call their dedicated phone number set up by the settlement scheme on **020 3991 0224**.

Yours sincerely



Marie Harrington
Head of Client Services

Frequently Asked Questions

Why am I receiving this payment?

This is a compensation payment as part of a settlement scheme proposed by the Authorised Corporate Director (ACD) of the fund and which has been agreed by the scheme creditors (investors like yourself). Even if you did not vote or did not vote in favour of the proposed Settlement scheme, all investors benefit from this payment.

What can I do with the payment once received?

You will have several options. You can leave it as cash in your Fidelity account, switch it into a fund of your choice, invest into another Fidelity product or withdraw the amount to your bank account. If it was paid into the Cash Management account, you can choose to withdraw to your bank account or invest in another account, such as ISA, SIPP or General Investment Account as you choose.

Why is the compensation payment for my Pension (SIPP) account being credited into the Cash Management account and not directly into my Pension?

Following HMRC guidance, this compensation payment would be treated as a pension contribution and count towards your annual allowance and receive tax relief. As we are not aware of your personal tax situation, we wanted to give you the opportunity to decide what to do with the compensation payment. You can invest this money into your SIPP if you choose. For Personal Investing clients, you can instruct this online. For Advised clients, please speak to your adviser about how to do this.

Will this count towards my ISA Annual Allowance?

No - where the payment has been made into the ISA, it will not count towards your £20,000 ISA annual allowance.

Is there any tax implications from receiving this payment?

No - this is a tax free payment as it's classed as compensation payment, not a return of capital from the fund. There is also no Capital Gains Tax liable, as it's a payment separate from the fund itself.

Is it possible for me to now sell the remaining holdings in this fund?

No, because the LF Equity Income Fund is still being wound up. However, you will receive further capital distribution payments as the fund manager sells the underlying assets, and we'll write to you again with details of those payments as soon as information becomes available.