

29 July 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, are writing to provide you with an update regarding the winding up of the Fund and to inform you that we will soon be in a position to make a third capital distribution to investors from the winding up of the Fund.

Third capital distribution

As we explained in our previous letter, dated 5 June 2020, we reached 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.

Under the transaction with Acacia the portfolio of assets will individually transfer at different times over a period of up to six months. However, as the transaction is for the sale of a portfolio of the Fund’s shareholdings (rather than a series of sales of individual assets) investors are reminded that the transaction should be judged as a whole. You should be aware that reports relating to the values attributed to the transfer of single assets forming part of the portfolio can be misleading.

As the transfer of assets from the Fund to Acacia has now commenced, the Fund has received part of the purchase price in accordance with the terms of the sale agreement. Together with amounts received by the Fund for the sale of other assets not included in the transaction with Acacia, this means we will shortly be able to make a further distribution to investors.

As at 22 July 2020 the Fund holds c.£58m million of cash available to be distributed to investors. However, we anticipate that this amount will increase over the next three weeks as further amounts are received from Acacia and, therefore, it makes sense to make a single distribution of all those amounts rather than a series of smaller distributions over a short period of time.

We will, therefore, write to you again on or around 19 August 2020, detailing the total amount that will be available for this third capital distribution which will include the amounts received up to 19 August 2020 from Acacia detailed in the paragraph above, plus the proceeds of any further asset sales up to that date. You will then receive a further letter on or around 21 August 2020 which will provide details of how much you will receive as your share of the total capital distribution and confirmation of the date on which the payment will be made, with payment to follow shortly thereafter.

Future capital distributions

Further capital distributions will be made as and when suitable amounts of cash have been received from Acacia as the portfolio of assets continues to transfer over the coming months, and 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 future capital distributions as this is dependent upon the exact timings of the assets being transferred to Acacia and the sale of the Fund’s remaining assets. The assets that remain to be sold outside the portfolio transferring to Acacia 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.

Publication of the Fund's Net Asset Value ("NAV")

Since the commencement of the winding up of the Fund on 18 January 2020, we have published the NAV of the Fund on a weekly basis to keep investors informed of changes to the NAV arising from factors such as changes in the valuation of the Fund's remaining assets and fluctuations in exchange rates.

We have now sold the majority of the Fund's assets and those assets that the Fund continues to hold are mostly assets which, by their nature, are valued on a periodic basis rather than by reference to the price obtained from a listing on a stock exchange. Although the NAV will continue to change as a result of any changes to the valuation of the Fund's assets, because the Fund now holds mostly unlisted assets, its NAV will not tend to increase or decrease in value as often. We have therefore decided that, following the publication of the weekly indicative NAV on 26 August 2020, the Fund's NAV will thereafter be published on a monthly basis. The monthly NAV will be calculated and published on the final business day of each month, commencing on 30 September 2020. You will be able to find the Fund's current NAV and the monthly updates on our website at

<https://equityincome.linkfundsolutions.co.uk>

Publication of the Fund's annual accounts

We advised you on the 12 March 2020 that the annual accounting period of the Fund has been extended from 31 December 2019 to 31 March 2020 and will now, therefore, cover the period from 1 January 2019 to 31 March 2020. In the normal course of events the Fund's annual accounts would be published four months after the 31 March 2020 year end. However due to the impact of Covid-19 and the requirement for additional control steps in the audit sign-off process, we now anticipate, as permitted under FCA guidance, that the annual accounts will be published no later than 31 August 2020.

Further information

We will continue to write to you to keep you informed throughout the winding up process in relation to future capital distributions and other developments. In the meantime, if you require any further information, please refer to the frequently asked questions and answers document on our website, <https://equityincome.linkfundsolutions.co.uk>, where copies of this letter and all previous letters relating to the suspension and winding up of the Fund can also be found. If you have any questions regarding this letter, please contact us on 0333 300 0381 or alternatively email us at lfsinvestors@ntrs.com (please note that this is a different email address to that previously provided).

Yours faithfully



Karl Midl, Managing Director, Link Fund Solutions Limited.