

Woodford Investment Management

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Woodford Equity Income fund remains frozen indefinitely

Fallen star fund manager Neil Woodford's flagship Equity Income fund will remain frozen for at least another month.

After the £3.7bn fund was suspended on 3 June due to being unable to handle a surge of withdrawals, the initial 28-day suspension expired overnight and it was confirmed that the suspension will remain in place indefinitely.

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Link Fund Solutions, the authorised corporate director of the Woodford Equity Income fund, said that its decision to continue with the gating of the fund was to "ensure investors' interests are protected".

Even though investors cannot access their money, Woodford Investment Management has refused to stop charging its management fee, making an estimated £65,000 per day.

As the Equity Income fund's high proportion of illiquid companies had made it difficult for the manager to handle the wave of redemptions, Woodford said the continuation of the suspension "affords Neil and the team the required time to execute the changes to the portfolio that we have outlined previously".

More focus on larger stocks

The fund is selling assets "in a timely and orderly way" to avoid being forced to sell assets at distressed prices, the company said, adding that the suspension will be lifted "when the fund's repositioning is complete, with less exposure to illiquid stocks".

Woodford, who also released a video to answer potential investor questions, is creating a "much more liquid portfolio, but one that reflects the same investment strategy...focused on undervalued companies, but the majority of them will be FTSE 100 and FTSE 250 index constituents".

Link will continue to review the situation at least every 28 days until it decides the fund can be reopened.

Performance of Woodford Equity Income during the four weeks of its suspension has remained sub-par, with the fund down 4% based in the indicative price provided by Link, compared to a 3% rise for the FTSE All Share.

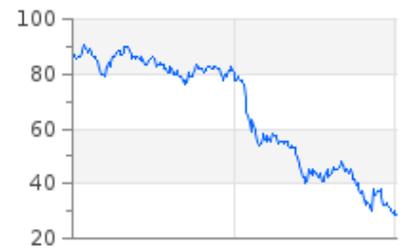
Selling pressure

The continued underperformance was, said Ryan Hughes of AJ Bell, "perhaps indicating how the selling pressure is impacting the price of the small and illiquid holdings, despite Woodford's most recent comments otherwise".

Price: 28.535

Market Cap: £259.28 m

1 Year Share Price Graph



November 2018 May 2019 November 20

Share Information

Code: WPCT

Listing: LSE

52 week	High	Low
	91	28.275

Sector: Financial Services

Website: woodfordfunds.com

Company Synopsis:

Established in 2014, Woodford Investment Management is the opportunity for Neil Woodford, one of the UK's most highly-regarded fund managers, to distil his 30 years of experience and learning into a business founded on his own principles. Our business is grounded in the belief that core principles are fundamental to how we manage money and behave as a business.

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He added: "After the shock of the initial suspension, it is imperative now that Woodford communicates clearly with investors as to the progress made and also how long the suspension is likely to remain in place. While this is difficult given liquidity is a moving target, investors deserve to be kept fully informed as the portfolio is repositioned."

It also was revealed at the start of the week that the fund had sold its entire stake in Raven Property Group (LON:RAV), worth about £26mln.

Following disposals in recent weeks of BCA Marketplace PLC (LON:BCA), Newriver REIT PLC (LON:NRR) and Time Out Group Plc (LON:TMO), analysts reckon Woodford has sold around £325mln of stock since the gating of the fund.

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