

Link Fund Solutions Limited
Scheme Meeting dated 13 December 2023
Transcript

Jamie Drummond-Smith ([00:00:01](#)):

Good morning and welcome to everyone who has joined us at this scheme meeting today. The purpose of this scheme meeting is to consider and vote upon the proposed scheme of arrangement between Link Fund Solutions Limited and certain investors in the LF Equity Income Fund, which was previously called the LF Woodford Equity Income Fund. During this scheme meeting we will refer to Link Fund Solutions Limited as LFSL, or the company, and the LF Equity Income Fund as the WEIF, or the fund.

([00:00:48](#)):

Please note that this scheme meeting is being recorded and a transcript of the recording will be made publicly available as soon as reasonably practical. However, the recording will be stopped if you request to consult without the company and its advisors present. I will nevertheless take some summary notes for the purpose of making my report to the Court. I shall let you know when it is possible for you to consult without the company and its advisors present.

([00:01:28](#)):

I will cover now today's attendees. My name is Jamie Drummond-Smith. This scheme meeting is being held in accordance with an order of the High Court in England made on the 12th of October 2023. I was appointed by that court order to be the independent chair of this meeting. A copy of the court order is available on the company's scheme website.

([00:01:59](#)):

My role today is to conduct this scheme meeting and to prepare a report of it for the Court. I have also acted as the independent chair of an investor's committee appointed to consider the terms of the scheme. However, I do not advise or work for the company or any other member of the company's group. You can see my curriculum vitae on the company's scheme website. Today I am joined by Alistair Reid who will be giving a company presentation about the scheme, and also by Tony Stuart. Alistair and Tony are each non-executive directors of LFSL. The company's advisors are present to assist the directors in answering certain questions that you may have during the question and answer part of this scheme meeting. The company's scheme advisors are PricewaterhouseCoopers, LLP. The company's legal advisors are Clifford Chance, LLP.

([00:03:13](#)):

Everyone who has joined this scheme meeting, whether online or by telephone, should be a scheme creditor or an authorised representative for a scheme creditor. A scheme creditor is any investor who holds a scheme claim as at the 12th of December 2023, referred to as the record date. A scheme claim is all liabilities that a suspension date investor is or may be owed by LFSL in connection with the WEIF up to the record date. A suspension date investor is any person who had a beneficial interest in any shares in the WEIF as at 12: 00 P.M. on the 3rd of June 2019.

([00:04:08](#)):

If a suspension date investor has transferred any of their beneficial interest in shares in the WEIF, any person who has that beneficial interest or any part of it as at the record date will be a scheme creditor. If you are not a scheme creditor or an authorised representative of a scheme creditor, you must have been specifically authorised by me, as chair of this scheme meeting, to be present. If you are not a

scheme creditor, authorised representative for a scheme creditor, or a person otherwise authorised by me, please log off or hang up now.

[\(00:04:57\):](#)

Today's agenda, the agenda for today's meeting is as follows. First, I will explain some housekeeping matters including how to vote, ask questions, make comments and find documents. Next, Alistair Reid will provide information about the scheme. Next, I will summarise the work of the Investors' Committee in my capacity as the chair of the Investors' Committee. Next, you will be able to ask any questions or make any comments to Alistair and Tony with the company's advisors present. Next, you'll be able to consult together in the scheme meeting without the company and its advisors present should you wish to do so. I will ask you if you wish to make use of this facility. Finally, I will make some closing remarks about the next steps in the scheme process.

[\(00:06:06\):](#)

Slide five, Housekeeping and How to Ask Questions and Make Comments. First, I would like to deal with some housekeeping matters. The company is holding this scheme meeting virtually only. You have joined this meeting by using the internet or by telephone. If you are joining online, you will be able to see our visual presentation. If it is not immediately visible, you need to click on the broadcast bar at the bottom of your screen to see it. Please ensure that you have clicked the play button and that the volume on your device is turned up.

[\(00:06:52\):](#)

If you have joined this meeting online and you want to ask a question or make a comment, you can ask that question or make that comment in one of two ways, either by typing into the chat field, which you should be able to see by clicking on the messaging icon at the top of the screen, or clicking the request to speak button, which is located either at the bottom or at the top of the broadcast window and follow the on-screen instructions to join the question queue.

[\(00:07:38\):](#)

During the question and answer part of the scheme meeting you will be invited to speak. When you are invited to speak, please state your name and if you are a proxy of a scheme creditor, the name of the scheme creditor you are representing prior to asking your question. If you have joined this meeting by telephone and want to ask a question or make a comment, you can do so by pressing star one on your phone and joining the queue.

[\(00:08:13\):](#)

During the question and answer part of the scheme meeting, I will announce your name when it is your turn to speak. At this point, you will hear a beep and your line will be unmuted. You will then be able to ask your question and share your comments.

[\(00:08:34\):](#)

As backup, you may telephone our meeting provider Lumi on 0333 300 1418 or 0808 143 3720. I will give those numbers again, either 0333 300 1418 or 0808 143 3720. These phone numbers are also visible at all times on the home screen under the heading, Oral Questions. I would like to remind anyone who wishes to ask a question or make a comment that the purpose of this scheme meeting is to consider and vote upon the proposed scheme of arrangement between LFSL and certain investors in the WEIF. The company and its advisors may choose not to address any questions or comments which are not relevant to the scheme. Only scheme creditors, authorised representatives for scheme creditors, or persons otherwise authorised by me may ask a question or make a comment online or by telephone.

Anyone asking a question by telephone will be asked to confirm their identity before being added to the queue to ask their question or make their comment.

[\(00:10:28\)](#):

How to vote, for online attendees, voting will be open throughout the scheme meeting. You can vote at any time until the vote is closed. To make it clear, voting is now open. The vote will close one hour after the end of this meeting. You can change your vote by clicking on one of the voting buttons again. Your vote will be recorded as the last vote you made before the vote has closed.

[\(00:11:05\)](#):

To vote online, you should click on the voting tab at the top of the screen. You should click on for, that's F-O-R, if you want to approve the scheme. You should click on against if you want to reject the scheme. You do not have to vote if you do not want to. If you want to register your abstention from voting, you can click on abstain. Once you click on one of the buttons, a message will appear to confirm your vote or abstention has been received.

[\(00:11:51\)](#):

Meeting officials will contact those individuals who requested to vote by phone immediately after the scheme meeting to obtain their votes. You do not have to vote today if you appointed me as chair of the scheme meeting as your proxy because in that case I will vote for you in accordance with the instructions you provided in your voting form. If you have appointed me to vote for you but now wish to change the vote that you gave in your voting form, you can do so by clicking on one of the voting buttons. If you do vote in this meeting, it will supersede any instructions that you have given me.

[\(00:12:40\)](#):

I inform you that as chair of this scheme meeting I have here instructions by proxy from 53,874 scheme creditors. However, this number and value of votes may change whilst the votes are being verified. The deadline for registering to vote on the scheme was the 4th of December 2023 at 5:00 P.M. London time. However, I will exercise my discretion to accept any votes that were registered after that time but before the vote closes one hour after the end of this meeting. I will report such additional votes to the Court. A notice of the result of the vote of this scheme meeting will be published by the 15th of December 2023.

[\(00:13:41\)](#):

The meeting resolution. The purpose of this scheme meeting is for you to vote on whether or not to approve the scheme. The full terms of the scheme are available on the documents section of the broadcast. It is also available on the scheme website. I will sign a copy of the scheme for identification purposes.

[\(00:14:08\)](#):

By voting to approve the scheme, you will also be allowing the Court to approve or impose changes to the scheme if those changes do not negatively affect your interests. The formal resolution is as follows and is also up on the screen, " We resolve to approve the scheme of arrangement pursuant to Part 26 of the Companies Act 2006 proposed for Link Fund Solutions Limited, as set out in the Scheme Document, with or subject to any modification, addition or condition approved or imposed by the Court, as it shall think fit, which would not directly or indirectly have a material adverse effect on the interests of scheme creditors as a whole under the Scheme."

[\(00:15:12\)](#):

That is the end of my introductory piece. I will now hand it over to Alastair who will tell you more about the scheme. Alastair.

Alistair Reid ([00:15:21](#)):

Thank you. Good morning and thank you for attending today. My name is Alistair Reid. I'm a non-executive director and chair of the board of LFSL. I'm joined by my colleague Tony Stuart, who is LFSL's senior independent non-executive director.

([00:15:41](#)):

In my presentation today, I will give you some background details about the company. I will draw your attention to the key terms of the scheme, and I will explain the potential advantages and disadvantages of the scheme. I will summarise the key points made in the documents that have been posted to LFSL's scheme website so you may already be aware of these points. However, if you have more detailed questions, they can be asked and addressed during the question and answer part of this scheme meeting.

([00:16:16](#)):

If we move on to the next slide that shows the background to both LFSL and the WEIF. With regard to LFSL, the company is an independent authorised corporate director referred to as an ACD for open-ended investment companies. It is authorised and regulated in the UK and has been since the 1st of December 2001. Its current regulator is the Financial Conduct Authority, shortened to the FCA.

([00:16:48](#)):

LFSL is an indirect subsidiary of Link Administration Holdings Limited, which I shall refer to as the parent. The parent is incorporated in Australia and listed on the Australian Stock Exchange.

([00:17:07](#)):

As regards to the WEIF, LFSL is the ACD of the WEIF. The WEIF was launched on the 2nd of June 2014. It was promoted to investors as a fund managed by Woodford Investment Management Limited, an investment management company which had Neil Woodford as one of its directors. The WEIF initially outperformed the market, however following a period of investment underperformance and sustained redemptions, it received redemption requests on the 31st of May 2019 and the 3rd of June 2019, which totaled 8.2% of its net asset value. Prior to the 3rd of June 2019, the WEIF had been able to meet all redemption requests by selling investments in the fund. However, on the 3rd of June 2019, LFSL concluded that the redemption requests had reached a level that could not be met without harming the interest of the investors who would remain in the fund. This would be because the fund would be left with less liquid assets.

([00:18:21](#)):

Accordingly, on the 3rd of June 2019, LFSL suspended the WEIF to protect all remaining investors. We refer to the 3rd of June 2019 as the suspension date. Northern Trust Global Investors SE UK branch, the depository for the WEIF, approved that suspension. The effect of that suspension has been that from 3rd of June 2019, investors in the WEIF have been prevented from redeeming their investments in the fund.

([00:18:57](#)):

Following the WEIF suspension, having considered all options, LFSL determined that it was in the best interest of all WEIF investors for the WEIF to be wound up. The FCA granted permission for the winding up. It was approved by the depository, and the winding up formally started on the 18th of January 2020.

([00:19:22](#)):

On the suspension date, the value of the fund was approximately 3.6 billion pounds. Since that date, investors in the WEIF have been paid approximately 2.56 billion pounds in capital distributions from the sale of investments in the funds. They have also received approximately 37.6 million of income.

[\(00:19:46\):](#)

I'd like to move on now to the next slide which shows a bit of information about the FCA investigation. Shortly after the suspension date in June 2019, the FCA started an investigation into the events that led up to the suspension of the WEIF. Following that investigation, the FCA concluded that first the investors who left the WEIF from the 1st of November 2018 onwards benefited disproportionately from the sale of the most liquid assets in the WEIF when compared to those investors who remained until the suspension date. The investors who remained in the WEIF at the suspension date are referred to as the suspension date investors.

[\(00:20:36\):](#)

Secondly, the suspension date investors were treated unfairly because they were left with a disproportionate share of the less liquid assets.

[\(00:20:46\):](#)

Third, LFSL had failed to comply with Principles 2 and 6 of the FCA's Principles for Business. Principle 2 provides that the firm must conduct its business with due skill, care and diligence. Principle 6 provides that firm may pay due regard to the interest of its customers and to treat them fairly.

[\(00:21:12\):](#)

As a result, the FCA alleged that those suspension date investors were owed redress of 298 million pounds. A summary of the FCA's conclusions, in a form agreed with the FCA, is provided on the company's scheme website.

[\(00:21:29\):](#)

I'd like now to move on to the next slide, which I will make important points about the FCA's investigation. First, it's important to note that other than Principles 2 and 6 of the FCA's Principles of Business, the FCA did not find that LFSL had breached its rules. It's also important to note that the FCA's current conclusions are not final nor binding on LFSL. LFSL strongly disputes the conclusions that LFSL breached any of the FCA's principles. If the scheme is not approved, LFSL will challenge the FCA conclusions about those principles.

[\(00:22:18\):](#)

The FCA has stated that the redress does not reflect any amount which may be owed as a result of potential wrongdoing by other parties. Importantly, the scheme does not prevent people making claims against third parties in relation to the failure of the fund.

[\(00:22:40\):](#)

LFSL acknowledges that some of you may claim that the scheme does not offer redress for all of your alleged losses, however no further redress is offered by LFSL because LFSL believes it has carried out all of its obligations in accordance with the FCA's principles as well as its rules. The FCA redress calculation covers the losses that the FCA considers flowed from LFSL's conduct. The FCA determined the redress is based on misconduct rather than losses caused by fluctuations in the market value of investments.

[\(00:23:25\):](#)

Consequently, the redress offered in the scheme does not cover any investment losses which may have come as a result of any poor financial performance of the investments held in the fund.

[\(00:23:41\):](#)

Lastly, all of LFSL's available assets are to be paid into the settlement fund and there's no more money available from LFSL.

[\(00:23:49\):](#)

I'd like to move on now to address the litigation claims. In addition to the FCA investigation, certain investors in the WEIF have started court proceedings against LFSL. We refer to these claims as the litigation claims. They argue that LFSL breached certain of the FCA's rules by failing to properly carry out its obligations as ACD of the WEIF. It's important to note that LFSL strongly disputes any liability, including those alleged in the litigation claims.

[\(00:24:32\):](#)

In addition, and importantly as I have said, other than Principles 2 and 6, the FCA conclusions did not include any findings in relation to breaches of the rules. This includes breaches which are alleged to provide causes of action in the litigation claims. This is explained plainly in the summary of the FCA conclusions available on the company's scheme website. I would add that the litigation claims are at a very early stage and the validity has not been proved and there may be a long process to do so. Even if they're proved to be valid, the amount of the claim, if any, is uncertain. There will therefore be a long process to prove their validity and amount, if any.

[\(00:25:23\):](#)

The served claims are currently paused until the 31st of January 2024. Firstly, to avoid incurring unnecessary further costs while LFSL proposes this scheme to relevant investors. And secondly, for the court appointment of January.

[\(00:25:42\):](#)

If the scheme becomes effective, the scheme creditors, that is investors who held shares in the WEIF on the suspension date of 3rd June 2019 and their transferees, will terminate the litigation claims against LFSL. This is necessary to ensure that LFSL can have greater certainty about the amount of its liabilities and fix at an earlier date the total amount available to pay compensation to the scheme creditors. The more certainty about the liabilities, the more money can be released to pay scheme creditors.

[\(00:26:23\):](#)

Second point I'd make is the scheme will not prevent scheme creditors from claiming against other parties involved in the WEIF. The scheme will only restrict scheme creditors from receiving payments from those other parties to the extent that LFSL would be liable to pay that other party.

[\(00:26:43\):](#)

For example, if you validly claim 100 pounds from another party and LFSL is not involved and responsible, you would get 100 pounds. But if that other party claimed 25 pounds from the LFSL, then you will only receive 75 pounds from that other party. The reason is the same as for termination of litigation claims. We must fix the liabilities of LFSL as soon as possible so we can be sure of the amount to distribute to investors as soon as possible.

[\(00:27:18\):](#)

Moving on now to the conditional settlement with the FCA. As I had explained earlier, LFSL considers that it has carried out all of its obligations as ACD of the WEIF in a manner that is consistent with the FCA's principles and rules. Accordingly, LFSL disputes the FCA's conclusions that it breached some of its principles for business. However, on the 19th of April 2023, LFSL and its parent agreed to a conditional settlement with the FCA.

[\(00:27:56\):](#)

Even though it disputes that it has any liability, LFSL agrees to the settlement because it believes that the settlement will produce the best outcome for investors. The alternative would involve incurring significant additional cost and time in challenging the FCA conclusions and/or defending the litigation claims.

[\(00:28:21\)](#):

If I could add a bit more detail than is on the slide, LFSL believes the scheme offers the best outcome for investors because all of our available assets will be made available to pay compensation to investors. Our parent will voluntarily contribute up to 60 million towards payment of compensation. Scheme creditors will receive up to 77% of the amount that the FCA independently determined to be the appropriate level of compensation. Scheme creditors will not have to take any specific steps to receive that payment and payment will start quickly. They will start as early as the first quarter of 2024.

[\(00:29:03\)](#):

The settlement agreement of the FCA is subject to two conditions. The first condition is that the settlement is put in place through a scheme arrangement. The second condition is that the sale of LFSL to the Waystone Group must be completed. Now, this condition was satisfied on the 9th of October 2023. Therefore, implementation of the scheme is the only remaining condition for the implementation of the agreement with the FCA and our parent.

[\(00:29:38\)](#):

Moving on to the next slide, we'll address what is a scheme. Before going further into detail about the scheme and the settlement, it may be helpful if I explained what a scheme is, so we all have the same understanding. A scheme, also known as a scheme of arrangement, is an agreement under the Companies Act 2006 between a company and some or all of its creditors.

[\(00:30:08\)](#):

For the Scheme to become effective, it must be approved first by the creditors affected by the Scheme, and secondly, by the Court. The Scheme is approved by creditors if more of the creditors vote for the Scheme than against it. And the creditors voting in favour of the Scheme hold 75% or more of the amount voted.

[\(00:30:33\)](#):

Only the Scheme creditors who actually vote are counted for the purposes of determining whether the Scheme has been approved or not.

[\(00:30:42\)](#):

If Scheme Creditors vote to approve the Scheme, LFSL will ask the Court to approve it on the 18th January 2024. Court will approve the scheme if the legal requirements for doing so have been met.

[\(00:30:59\)](#):

If the Court approves the Scheme, a copy of the Court order approving it will be delivered to the Registrar of Companies. If no appeal of that decision is made, the Scheme will be effective.

[\(00:31:10\)](#):

Once the Scheme becomes effective, LFSL and all of the investors affected by the Scheme are bound by it. That includes investors who voted against the Scheme, or who did not vote at all.

[\(00:31:24\)](#):

If we can move on now to look at who are the Scheme Creditors. The meeting chairman has explained this in detail at the start of the meeting, but just to remind you, the investors affected by this company Scheme are those who hold a Scheme Claim as at 12th December 2023, yesterday.

[\(00:31:53\):](#)

In very broad summary, if you had shares in the WEIF on the suspension date of 3rd June 2019, and you continue to hold that beneficial interest on, 12th the December 2023, you are a Scheme Creditor. You are also a Scheme Creditor if you are a transferee of that person that held the relevant interest yesterday.

[\(00:32:17\):](#)

Like to move on now, to address the Settlement Proposal. The purpose of the Scheme is to put in place the settlement agreed with the FCA and our Parents. In summary, that Settlement provides a second fund of up to £230 million will be made available to the WEIF to distribute proportionately among the holders of shares in the WEIF, according to the number and class of shares they hold.

[\(00:32:49\):](#)

In return for the Settlement Fund, Scheme Creditors will release LFSL, its Parent, each other member of the Link Group and their directors, partners, employees, consultants, and advisors, from any claims they may have relating to the WEIF.

[\(00:33:07\):](#)

The effect of the Scheme is that all disputes in respect to the FCA's conclusions and the litigation claims of the investors who hold shares in the WEIF on the suspension date, will be terminated.

[\(00:33:20\):](#)

I remind you that the reason is so LFSL has certainty about its potential liabilities. The more the uncertainty, the more we need to keep back money just in case. Whereas, the more certainty, the more money can be distributed.

[\(00:33:39\):](#)

LFSL is aware that certain investors of the WEIF are, or may be considering, whether to issue claims against other parties. If the Scheme is successful, it will not stop investors from bringing a claim against third parties. Though, as I had explained earlier, it may limit the amount payable by those parties to the extent that the other party would be able to recover payment from LFSL.

[\(00:34:07\):](#)

So we've explained the Settlement Proposal, I'd like to move on now to the Settlement Fund. Settlement Fund of up to £230 million will be made up of three key elements: the first is all of our available cash and assets, comprising the sales proceeds received from the sale of the assets and business to the Waystone Group, which is approximately £80 million, and other existing net cash and capital resources which at the time of the Deed of Settlement, totalled approximately £47 million. So at this stage, we have £127 million.

[\(00:34:53\):](#)

Second element to the Settlement Fund is all of LFSL's remaining rights under certain insurance policies. The insurers under these policies agreed that if the Scheme becomes effective, the amount available under these policies will be added to the Settlement Fund, and they amount to approximately £48 million. This pushes the Settlement Fund up to £175 million.

[\(00:35:17\):](#)

So the final element to the Settlement Fund is the contribution from the Parent, approximately £60 million. I will comment in more detail on this in a moment. So if the Scheme is approved, the Settlement Fund goes up to £235 million. However, £5 million has to be set aside from that amount to meet some expected costs. This means the Settlement Fund is up to £230 million.

[\(00:35:52\)](#):

LFSL will keep back a reserve to pay other costs until closure and for other actual and potential liabilities, to the extent that costs exceed the £5 million that has already been set aside, and to the extent that costs exceed the £2.5 million voluntary contribution from the Parent, to pay such costs.

[\(00:36:18\)](#):

This reserve, called the Reserve Amount, will not exceed £46.5 million.

[\(00:36:19\)](#):

Now, to add a bit more detail, LFSL's costs include the cost running the parts of LFSL until they have been fully wound down and closed. This will be completed after the Scheme has been completed. Secondly, the cost of winding down the WEIF and other funds where LFSL is the ACD. It will include costs rising in respect of the sale of the business and, lastly, the cost of putting the Scheme in place and carrying it out.

[\(00:37:04\)](#):

So in summary, there are four categories of costs: closing the business, closing the funds, doing the sale, and implementing the Scheme. Each of these costs are undisputed liabilities which means that LFSL is legally obliged to pay them.

[\(00:37:24\)](#):

The Reserve Amount will also be used to meet the cost, required by LFSL, to defend against any litigation from those investors which are not subject to the Scheme, and the Reserve Account will also be used to meet any taxes paid by LFSL.

[\(00:37:38\)](#):

The Reserve will be reviewed every six months by LFSL and the Scheme Supervisors. LFSL determines that the Reserve Amount can be reduced, that amount will be made available to pay Scheme Creditors. The wording is transferred to the Settlement Fund on the slide.

[\(00:38:03\)](#):

Turning to the Parent contribution, it should be noted that the contribution from the Parent is entirely voluntary and is only paid if the Scheme becomes effective. Although the FCA investigation regarding the WEIF relates only to LFSL, the Parent agreed to contribute available consideration, it will receive from the Waystone group, for the sale of other companies, to resolve the FCA's enforcement action and to facilitate the Settlement.

[\(00:38:34\)](#):

In addition, the Parent agreed, also, to contribute available net consideration it receives from separate sales of the Luxembourg and Swiss entities. So as long as this happens before the date on which the Scheme completes.

[\(00:38:52\)](#):

Finally, the Parent is also making another voluntary contribution, of up to £2.5 million, towards the costs of implementing the Scheme.

[\(00:39:03\)](#):

I'll make a point that is not on the slide, but it's important to note the Settlement Fund is separate to the WEIF. The WEIF will continue to be wound down and investors can expect to continue to receive distributions from the sale of the WEIF's assets, and the ordinary course of its wind down. The remaining net asset value of the WEIF is estimated to be approximately £36 million, as at 30th September 2023.

[\(00:39:33\)](#):

Moving on now to the next slide, we'll address what happens if the Scheme becomes effective.

[\(00:39:45\)](#):

The following things will happen if the Scheme goes ahead: first, a Settlement Fund of up to £230 million will be made available. Second, it will include a voluntary contribution from the Parent, of approximately £60 million. The Settlement Fund may also include contributions from the Parent if certain criteria for making payments are met after the sale of its Luxembourg and Swiss subsidiaries. Although, I emphasise, these contributions are not expected to be material. The Parent will pay LFSL a £2.5 million contribution to help pay for the Scheme. The means that LFSL will have as much available as possible to make up the Settlement Fund.

[\(00:40:37\)](#):

The Settlement Fund will include all of our available assets, which are expected to be greater if the Scheme moves ahead, than if it does not. Payments are expected to be made in the first quarter of 2024. Ultimately, Scheme Creditors will not need to bring litigation, they will not need to complete any paperwork, nor will they need to carry out any other steps to receive payment from the Settlement Fund. The only exception to this is if the WEIF is dissolved, or if it is not possible to make distributions through the WEIF, in which case other provisions will apply.

[\(00:41:18\)](#):

Lastly, all Scheme Creditors will be treated equally. The holders of shares in the WEIF will each receive the same percentage payments, because the Settlement Fund will be shared proportionately amongst those investors, according to the number and the class of shares they hold in the WEIF.

[\(00:41:38\)](#):

It's not on the slide, but I should repeat that Scheme Creditors rights to receive payments from third parties will be reduced if, and to the extent that, LFSL would be liable make a payment to that third party.

[\(00:41:54\)](#):

And lastly, Scheme Creditors will not be able to pursue any claims released in the Scheme against the FSCS, and I will address this point later.

[\(00:42:05\)](#):

Moving onto the next slide, what happens if the Scheme does not become effective? If you do not approve the Scheme, LFSL intends to defend itself both against the FCA's conclusions, re the breach of principles, and the litigation claims. Each of these may take years to resolve, and if LFSL is successful it may not be required to pay anything at all to investors. Even if LFSL is unsuccessful in its defence, any payments due to investors are not likely to be made for some years. In addition, it will have much less money available to pay to affected investors, because the Parent will not pay the Parental contribution of up to £60 million, nor will it pay the £2.5 million contribution to Scheme costs.

[\(00:43:05\)](#):

I emphasise again, these contributions are voluntary and the Parent will not pay them if the Scheme does not go ahead. The cost of defending the FCA's conclusions may be significant, and will reduce the

amount of money that the LFSL has available to pay in contribution. LFSL expects that the FCA will continue its enforcement case against LFSL, and the FCA may, subject to the LFSL financial position, seek to impose a financial penalty on it. As noted by the FCA in the 19th April 2023 announcement, the FCA's case includes a proposed financial penalty of £50 million which the FCA would not enforce if the Scheme is approved.

[\(00:43:54\):](#)

LFSL expects that the investors, who are party to the current litigation claims against LFSL, will continue that litigation, if they have sufficient funds to do, if the Scheme does not become effective. Without the Scheme, LFSL could test these litigation claims and may continue to do so for many years. The cost of that defence may be significant and will reduce the amount of money that LFSL has available to pay compensation, if any is awarded to the affected investors.

[\(00:44:27\):](#)

If the amount of compensation ultimately awarded is, or is expected to be, greater than LFSL's assets, LFSL may be left with no option but to enter into an insolvency proceeding. This will incur additional costs and reduce the amount of money that LFSL has available to pay to the investors.

[\(00:44:51\):](#)

Not on the slide, but if the Scheme does not become effective, investors may have access to the Financial Services Compensation Scheme, and we'll discuss that in more detail, shortly, in this presentation.

[\(00:45:04\):](#)

If we can move on to the next slide. We'll address the advantages of the Scheme.

[\(00:45:15\):](#)

LFSL's directors believe that investors are better off with the Scheme, than without it, for the following reasons: first, the Scheme will provide the maximum amount to be paid to relevant investors from LFSL. This is because all of our available assets would be put into the Settlement Fund. This amount will be greater than without the Scheme.

[\(00:45:41\):](#)

If the Settlement Fund is distributed in full, which we will make every effort to do, then together with the capital contributions made to investors, it is estimated that investors will receive about 80% of the Net Asset Value of the WEIF at the Suspension Date. This is expected to be more than would be available from LFSL without the Scheme.

[\(00:46:05\):](#)

First payments to investors would be made much earlier than if the Scheme is not implemented. First payments are intended to be made in the first quarter of 2024. If the Scheme does not go ahead, it may take many years for investors to receive any payments, and they may not receive anything at all. Another advantage of the Scheme is that the Parent will make a voluntary contribution of up to £60 million. As I mentioned before, the Settlement Fund may also include additional contributions from the Parent if certain criteria for making that payment are met after the sale of the Luxembourg and Swiss subsidiaries. But I repeat, that these contributions are not expected to be material.

[\(00:46:58\):](#)

The Parent is also making a voluntary contribution of up to £2.5 million towards the costs, and I repeat, these three Parental contributions are voluntary and will not be available without the Scheme, but only agreed after extensive negotiations with FCA.

[\(00:47:20\)](#):

Further advantage of the Scheme is that the Scheme provides a convenient and streamlined process for making payments to relevant investors. They will not need to complete any paperwork, or carry out any other steps in order to receive payments. The distribution will be made in the same way as it is now, save where it is not possible to do so.

[\(00:47:40\)](#):

Investors will be treated equally, in that they will each receive the same percentage payment according to the number and class of shares they hold.

[\(00:47:51\)](#):

The FCA will settle its enforcement case against LFSL and will not seek to impose a financial penalty. The costs of LFSL defending itself against the FCA's conclusions will fall away. The cost of LFSL defending itself against the litigation claims are expected to be significantly reduced. And these reduction costs will increase the amount that LFSL has available to pay to investors.

[\(00:48:22\)](#):

Finally, I remind you, the Scheme does not prevent Scheme Creditors from bringing claims against third parties. Having considered the advantages of the Scheme, I'd like to move on now to the consider the next slide, the disadvantages of the Scheme.

[\(00:48:40\)](#):

The possible disadvantages of the Scheme are: first, the Settlement Fund will be less than the redress amount of £298 million, that the FCA considers the investors who continue to hold investments in the WEIF on and after the suspension date are owed. However, it's important to note, there is no more money available from LFSL. All of its available assets are to be paid into Settlement Fund.

[\(00:49:10\)](#):

In addition, our Parents' contribution of up to £60 million in the Settlement Fund plus costs plus potential proceeds for Luxembourg and Swiss subsidiaries sales.

[\(00:49:25\)](#):

Second, Scheme creditors will no longer be able to bring claims against LFSL, Parent, and its subsidiaries (and each of their directors, partners, employees, advisors, and officers) in relation to the WEIF. As explained earlier, that is because we need to ensure LFSL can have greater certainty about the amount of its liabilities, and fix, at an earlier date, the total amount available to be in compensation to the Scheme Creditors.

[\(00:49:54\)](#):

The third disadvantage we have identified, is that Scheme Creditors rights to receive proceeds, from claims that they may make in respect of the WEIF against any other party will be reduced, to the extent that LFSL will be liable to pay a contribution to the other party. However, there is no restriction of their right to take action against those other parties.

[\(00:50:18\)](#):

Finally, Scheme Creditors will not be able to pursue the Scheme Claims, released in the Scheme, against the FSCS.

[\(00:50:25\)](#):

I shall address this further shortly. But first, let's move on to consider the position of the FCA.

[\(00:50:38\)](#):

Included on this slide are 3 quotes from the FCA. The FCA stated in an announcement, on 19th April, this year, that, "If approved, the Scheme offers investors substantially more than is otherwise available from LFS alone, and more than would be achieved by any other means, given the contribution by Link Group," (our Parent).

[\(00:51:02\)](#):

It added that it considered the "Scheme offers investors the best chance to obtain a better outcome than might be achieved by any other means, and they encourage investors to consider it.

[\(00:51:15\)](#):

LFSL has continued to be liaise closely with the FCA, as the terms of the Scheme have been developed. In its update on the 10th November, and its latest update on 27th November, the FCA has confirmed that it continues to consider "the Scheme to be the quickest and best way to return as much money to investors as possible, compared to other means." In this statement, the FCA also confirmed, the Scheme does not prevent people making claims against third parties in relation to the failure of the WEIF.

[\(00:51:49\)](#):

Accordingly, the FCA considers it in the interest of investors, to be given the opportunity to consider and vote on the Scheme. The FCA's updates are available on the FCA website, and on the company's Scheme website.

[\(00:52:08\)](#):

Moving on now to the position of the FOS and FSCS.

[\(00:52:17\)](#):

Some investors complained to the Financial Ombudsman Service, the FOS. The FOS is a free service provided to resolve complaints that customers may have against financial services businesses. The current position is that 104 complaints have been referred to the FOS, and 85 remain open, but none have been decided against LFSL.

[\(00:52:44\)](#):

All remaining FOS complaints are currently paused until a decision is reached on the Scheme. If this Scheme succeeds, all FOS claims against LFSL will be settled i.e. eliminated. This means there will be no basis for Scheme Creditors to bring or continue FOS complaints against LFSL. However, the Scheme will not prevent Scheme Creditors making or continuing complaints to the FOS against other relevant parties who may have been involved in the WEIF.

[\(00:53:18\)](#):

If the Scheme does not proceed, LFSL believes that it has carried out all of its obligations in accordance with the FCA's principles and rules. It will accordingly dispute any complaints that had been made, or continued to the FOS. Therefore, the outcome of FOS complaints is not certain.

[\(00:53:42\)](#):

If a FOS complaint was ultimately successful, and an award was made in an amount that LFSL could not afford to pay, we accept that there is a possibility, some Scheme Creditors could make a recovery from the Financial Services Compensation Scheme, the FSCS. However, as I will explain, it is important to note, that there are key thresholds that need to be met first.

[\(00:54:12\)](#):

You will be aware that the FSCS is the UK's compensation scheme for investors of authorised financial services firms. LFSL has been in discussions with the FSCS since June, this year. So for approximately five

or six months. The FSCS may pay compensation where it is satisfied that a "Protected Claim" has been made by an "Eligible Claimant" against a firm in "Default" and each of these terms has a technical meaning.

[\(00:54:49\)](#):

So there are three conditions to be met for a successful claim against the FSCS. It is a matter for the FSCS to determine whether any payments are, or will become due. However, the outcome of LFLS's discussions, has been that the FSCS has not made any determination in relation to the FCA's findings.

[\(00:55:15\)](#):

The FSCS has confirmed, it will assess and pay claims in accordance to those rules. However, as stated in the FCA's latest update, it is clear that any payment from the FSCS, if made, would take longer to reach investors than the payment proposed in the Scheme.

[\(00:55:38\)](#):

Last point in this slide, with the Scheme, relevant investors do not have to prove the three conditions above to qualify for a payment from the Settlement Fund.

[\(00:55:52\)](#):

I'm turning to the last slide in my section of this meeting, the next steps. On this slide, we have set out the key stages for putting the Scheme in place, and the expected timings for doing so.

[\(00:56:08\)](#):

The timing is driven by LFLS's belief that it will be desirable for all parties to have the Scheme in place as soon as reasonably practical. Following this meeting, which is the first red box on the left. If Scheme Creditors vote in favour of the Scheme, there will be a second Court hearing, (the Sanction Hearing) on 18th January 2024, at which LFLS will ask the court to approve the Scheme.

[\(00:56:37\)](#):

If the court approves the scheme, it will issue a court order confirming that approval, and that court order will then be filed to the Registrar of Companies. If no appeal of the Court's decision is made within 21 days of the sanction order being made, the Scheme will become effective.

[\(00:56:55\)](#):

Consequently, the first payments of the Scheme are still expected to be made in the first quarter of 2024. However, it is expected that further payments will be made once LFLS's other costs and actual and potential liabilities are known.

[\(00:57:16\)](#):

That concludes my presentation. Thank you for your time, and I hand you back to the Independent Chair to explain the role of the Investor Committee.

PART 1 OF 5 ENDS [00:30:04]

Jamie Drummond-Smith [\(00:57:29\)](#):

Thank you, Alistair. I realise for everyone hearing that was quite a complicated presentation, but as I said at the beginning of the meeting, a transcript of everything that has been said today will be provided as soon as practical, after this meeting.

[\(00:57:50\)](#):

If I now cover the position of the Investor's Committee, in terms of my role then as Chair of that committee, I'll take a moment to explain the work carried out by the Investor's Committee.

[\(00:58:03\)](#):

I was appointed by the company to be the Independent Chair of an Investor's Committee. I also had the benefit of Independent Legal Advice to assist me with discharging my duties, as Chair.

[\(00:58:15\)](#):

A total of 186 Investors expressed as interest in joining the Investor's Committee. In August 2023, I chose 9 of those Investors to join the committee. To be representative of the WEIF's different Investors, the Investors Committee was composed of 7 individuals, and 2 representatives of institutional funds. And it included investors who have bought a claim against LFSL as part of the litigation claims.

[\(00:58:51\)](#):

Following a presentation from LFSL, several opportunities to raise questions with LFSL, as well as the disclosure by LFSL of key documents to me and my Legal Advisors. Eight out of the nine members of the Investors Committee concluded that the Scheme provides a better outcome than the alternative described in the practice statement letter, issued in respect to the Scheme on the 7th September 2023. This conclusion was based on the information provided by LFSL and the FCA and the Investors Committee having considered the constituent elements of the Settlement Fund, of up to £230 million, to be received and ultimately distributed to Scheme Creditors, under the terms of the Scheme.

[\(00:59:42\)](#):

My report, as Chair of the Investors Committee, is available on the company's website, as is a video explaining what the committee did.

[\(00:59:56\)](#):

So we now come to the question and answer session.

[\(01:00:00\)](#):

And this will be broken down into two parts. I will now open this meeting for questions and comments. I will start by reading out questions or comments submitted to the company before the start of the scheme meeting. I will then read out the questions or comments submitted in the chat field online. I will then take questions or comments from anyone who is attending the meeting online who would like to speak. If you have joined the meeting online and you wish to verbally raise your question or comment, you may click the request to speak button, which is located either at the bottom of the broadcast window or at the top of the window if you are in full screen mode. Please follow the on-screen instructions to join the question queue.

[\(01:00:55\)](#):

When you're invited to speak, please state your name and if you're a proxy of a scheme creditor, the name of the scheme creditor you are representing prior to answering your question. After this, I will take questions from those who wish to submit their questions or comments by phone. If you've joined the meeting by phone and you wish to ask a question or make a comment, you may join the queue by dialing star one. When it is your turn, I will announce your name and you'll hear a beep before your phone is automatically unmuted and you can then ask your question or make your comment.

[\(01:01:35\)](#):

Also, if you would like an opportunity to consult together without the company and its advisors present in the meeting, please let me know by using the chat field clicking request to speak or by dialing star one. The company and its advisors will then excuse themselves after the first question and answer

session, sorry, question and answer session, and the recording of this meeting will be stopped. I will let you know when this has happened. As the independent chair of this scheme meeting, I will remain in the meeting to answer questions where I'm able and will take notes for my report to the court.

(01:02:18):

Company and its advisors will be on standby to rejoin the meeting should I or any scheme creditor request it. Scheme creditors and authorised representatives attending this meeting were given an opportunity to raise written questions in advance of this meeting by 5 p.m. on the 11th of December. No questions were raised for this meeting. I will now read out the questions or comments submitted in the chat field online, but if you do want to ask questions, now is your opportunity to do so, so please enter them in the chat function.

(01:02:59):

So I will now go to the first question. The first question is how can you condone this scheme of arrangement when the FCA is still to report on its investigation into this whole sorry affair and refuses to do so unless the scheme of arrangement goes ahead? This is tantamount to blackmail and yet another shoddy practice that investors have had to put up with. I suppose there is a question in that saying, how can you condone the scheme of arrangement? So if I pass to Alistair.

PART 2 OF 5 ENDS [01:00:04]

Alistair Reid (01:03:39):

My first comment is that LFSL cannot control what the FCA does. However, in an effort to maximise the information to creditors, we have agreed a statement which is on the FCA's website and on the company's scheme website, and I believe that statement is the one dated the 20th of October. So not being able to control the FCA, we've done everything we can to get the information that investors might need and it's available on the website. I don't believe I could really add anything more of value than that.

Jamie Drummond-Smith (01:04:14):

Okay.

Tony Stuart (01:04:17):

Think it's perhaps... Sorry, this is Tony Stuart speaking. I think it's important also to state that on the website we do actually summarise the arguments that the FCA has put forward. So it's set out there in a fair bit of detail.

Jamie Drummond-Smith (01:04:35):

Okay. I now have a number of questions from one individual, so I will ask a couple of them and then go to a couple of other people and then come back to the questions, but all the questions will be covered. So the next question is, does the scheme of arrangement in practical terms, i.e not in a strictly legal sense, negate the possibility of litigating against parties such as Northern Trust or Hargreaves Lansdown as per recent coverage setting out the litigator Damon Parker's thoughts on this matter or not?

Tim Lees (01:05:19):

I'll take that. This is Tim Lees at Clifford Chance. Whether a claim against the third party is viable depends on a number of facts including the terms you're able to agree with lawyers and their

assessment of the merits of that claim. So it's not something that LFSL is able to take position on. What I can say it's the scheme of care constructed to give people the maximum possible right to continue claims against third parties whilst allowing LFSL to make the maximum distribution at the earliest possible time as Alistair made clear in his presentation.

Jamie Drummond-Smith ([01:05:50](#)):

Thank you Tim. So the next question is, is there any reason legal or otherwise why I cannot record and publish this presentation? As I have already said, a transcript of this will be made available on the company's website as soon as practical.

([01:06:17](#)):

The next question is, whilst there is a Q&A part of the meeting, is there any reason why questions sent through writing into this messaging function cannot be sent outside the Q&A part of the Q&A session? I'm afraid I don't really understand that question. And so when I, as I'm now just going to go to a question asked by somebody else, perhaps if the person who asked that question can provide a bit more detail as to what they mean because I'm afraid I'm just struggling to understand the question.

([01:06:56](#)):

So I will now go to a question. How are you guaranteeing the integrity of the voting scheme? What mechanism is in place to ensure that votes cast cannot be changed by a third party or administrator prior to the announcement of the vote result? I'll answer that question in the first instance and then I will get other professionals to shake their heads if I've got this wrong. But the integrity of the voting scheme is being carried out by the company's financial advisors. They are then going to provide the company with a full explanation as to what work they have done in order to validate those votes in order that a report can be made to court as to the number of people who voted in favour, who voted against or abstained.

Tony Stuart ([01:08:09](#)):

Shall we hand this one over to PwC since they carried out the verification process?

Dan Schwarzmann ([01:08:16](#)):

Thank you very much indeed Tony. Thank you Jamie. It's Dan Schwarzmann here from PwC. Jamie, you described it correctly, PwC will also be providing yourself as the independent chair full details of our work so you can review our work when the verification exercise has been completed.

Jamie Drummond-Smith ([01:08:37](#)):

Thank you Dan. And I think just a final to go to the end of that question, clearly I will make a report to the court including the work that has been done by PwC and the court will make the ultimate decision in terms of the mechanism and what work has been carried out.

The next question is, is voting mandatory on this meeting if you have already voted? Would a vote on this meeting have any legal bearing or is it just a poll?

So, voting I think as has been said in the script, is not mandatory. You do not need to vote, you do not need to vote in order to enable yourself to have a claim. But the voting would have a legal bearing because voting, as I have said at the beginning of the meeting, is now open and will be open until one hour after the end of this meeting. And those votes will then be fed into the overall votes that have been received, will be fed into PwC's work, which will then come back to me and I would vote my proxies accordingly and other votes will also be counted.

[\(01:10:05\)](#):

If any of these answers are not satisfactory or have not answered the question, then please just put something in the chat function and we will come back to it. Happy to come back to it.

The next question was, was the one investors committee member who didn't think the scheme was the best value for investors, a person who is a litigation investor? So all I can say is it was one of the individual investors. It was not one of the institutional investors, but I am not aware. So it was not one of the individuals who declared that they were one of the litigation group, but they could have been without telling me, but I was not aware of it.

The next question I have, are the cash assets of approximately 36 million pounds in the WEIF in addition to the 230 million pound in the settlement fund.

Tony Stuart [\(01:11:14\)](#):

I'll take that one. It's Tony again. The assets which are remaining are relatively small in number and they were valued at 36 million pounds at the last valuation date. That was the end of September. They're not in cash. They're individual investments and as I say, there are a small number of them. As and when we're able to return those funds back in form of cash, we will do so, but they are in addition to the 230 million pound which is mentioned as part of the settlement fund.

Jamie Drummond-Smith [\(01:11:48\)](#):

Thank you. Thank you Tony. The next question is if the scheme is approved, all creditors claims against the LFSL will be resolved. How does that impact the current litigations and does that release the reserve amount set aside from settlement fund?

Tim Lees [\(01:12:10\)](#):

It's Tim Lees here at Clifford Chance. So you are right. Yes, if the scheme is approved, creditor claims against LFSL will be resolved. The ongoing litigations against LFSL by scheme creditors will be released. Reserve amounts have been retained for a number of costs and expenses that LFSL may face in the course of its winding down and also winding up once the scheme has been concluded. And that already takes account of the release of the scheme claims.

Jamie Drummond-Smith [\(01:12:47\)](#):

Thank you. There's a comment in a question next. It's still not absolutely clear whether voting for the scheme precludes investors from making a claim under the FSCS.

Tim Lees [\(01:13:01\)](#):

Tim Lees from Clifford Chance again. So yes, if the scheme succeeds, then claims against LFSL will be resolved. So there'll be no claim against LFSL, which could be the subject of an FSCS claim. That of course doesn't preclude claims necessarily against third parties. So in principle it may possible that those claims may be covered by the FSCS, but that's not something that's the subject of this scheme.

Jamie Drummond-Smith [\(01:13:23\)](#):

Thank you. The next question is please set out how many of the 53,874 proxy votes have been made en block for example, by discretionary manager. Sorry, I put my teeth back in again. For example, by discretionary managers of investments. In other words, how many people have submitted a vote?

Tim Lees ([01:13:56](#)):

Tim Lees at Clifford Chance again. Sorry, you keep hearing from me. We'll be, as the courts ordered, displaying the outcome of the scheme meeting by no later than 5:00pm on Friday the 15th December, and then full details of the vote including the different types of votes, how they've been cast, will be included in the evidence of the hearing.

Jamie Drummond-Smith ([01:14:18](#)):

Okay. So I think that answers two questions in one because I think there was another question asking very much for the same information in terms of what level of detail that will be given. So, sorry Tim, if I can ask you a question then. In terms of submitting the evidence for the sanction meeting, will that be available for members of the public to see?

Tim Lees (1:14:45): We will make that available.

Jamie Drummond-Smith:

So that will be made available. Thank you.

The next question is, please also set out how much the WEIF was said to be worth at the point of suspension. How much has been distributed to date and how much larger that figure is than the maximum £230 million included in the scheme. Alistair.

Alistair Reid ([01:15:15](#)):

I've already answered for the first part. Let me try and do mental arithmetic for the second. So on the suspension date, the value is 3.6 billion, three thousand, six hundred million. Since then, the payments, capital distributions, have been two thousand, five hundred and sixty million. There has been income of 37.5 million. As discussed, there's still 36 million in the WEIF. Sorry, the second part of the question is?

Jamie Drummond-Smith ([01:15:57](#)):

How much larger that figure is than the maximum 230 million pounds included in the scheme.

Alistair Reid ([01:16:02](#)):

In the scheme? Can you give me a second just to do the arithmetic and I can come back?

Jamie Drummond-Smith ([01:16:12](#)):

Yeah, that's absolutely fine. Whilst you're doing that, I will have a question for Tim Lees.

You have not fully answered the question so I'm repeating it and will continue to do so until it's fully and properly answered. Does the scheme of arrangement, in practical terms not in a strictly legal sense, negate possibility of litigating against parties such as Northern Trust or Hargreaves Lansdown as per recent press coverage, setting out the litigator Damon Parker's thoughts on this matter or not?

Ian Moulding ([01:16:53](#)):

It's Ian Moulding from Clifford Chance, one of Tim's partners. Whether or not, whether that means that third party claims are not practical is not a matter in which the company has any view, could have a view, it doesn't have the information to form a view. That's a matter for the claiming investors and their lawyers. Only they have the information on which to form such view because it depends on two things. The terms of any mandate in which their lawyers are prepared to act. And, secondly, it's of course

unknown whether the third parties would bring any contribution claims against LFSL and, if so, the extent of those contribution claims. I'm not sure the company can answer any further than that.

Jamie Drummond-Smith ([01:17:41](#)):

Thank you Ian. So there is a question here saying what legal liability would the parent company obviate by making a 60 million pound voluntary payment?

Tim Lees ([01:18:00](#)):

Tim Lees at Clifford Chance again here. The parent company, as I think the question self-implies, it's a voluntary payment. This isn't a legal liability that parent itself has unless the scheme continues. But if the scheme does go ahead, then the parent is indeed committed to pay the 60 million pounds plus the 2.5 million pound contribution towards the cost of the scheme.

Jamie Drummond-Smith ([01:18:28](#)):

I think also in terms of the information that the FCA gave to the investors committee, and I think as they've made clear in one of their announcements, it is a voluntary contribution and they make that point clearly.

Tim Lees ([01:18:42](#)):

No legal obligation on the parent to make any payment if the scheme doesn't continue.

Jamie Drummond-Smith ([01:18:50](#)):

So we have an answer going back to the question that was asked before.

Alistair Reid ([01:18:55](#)):

So the question was if you could re-read it?

Jamie Drummond-Smith ([01:19:04](#)):

Sorry Lumi, you have cleared the question. Could you put that question back again please? If you can. Unless anybody here noted it down.

Alistair Reid ([01:19:16](#)):

Can I try and answer what I think was being asked? So the suspension date value was 3.6 billion. 2.6 has been... All these figures are approximate. 2.6 has been paid out by other means, leaving approximately a billion short. LFSL is proposing 230 and therefore that would leave something like 700 plus million difference. However, we emphasise that that is not necessarily something relevant to the scheme because the FCA has not alleged that we're accountable for that gap.

Jamie Drummond-Smith ([01:20:08](#)):

Thank you again. For the person who asked that question, if that answer needs clarification, please put something back into the chat function.

I have two questions here and I am using the wording of the person who made the question.

So, the misinformation contamination by the FCA must surely make the vote outcome in favour of the scheme null and void as it has contaminated and undermined the legitimacy of the voting process. Is

that view correct? And if not, why not? And the awful and often misleading communications about the voting process and the awful operational management of the process, the lack of transparency and oversight and good governance of voting process must surely make the vote outcome if in favour of the scheme null and void. Is this view correct? And if not, why not?

So again, I will attempt to answer this question from my own information and then no doubt I'll be put right by someone around the table.

[\(01:21:17\)](#):

But in terms of the court has sanctioned the holding of this meeting and the process by which it will be held and that was made clear to the court at what is called the convening meeting. So that's the first meeting which allowed this meeting to be convened. The outcome of this meeting and the process that we have or the company has gone through will then be presented to the sanction meeting where the judge will make a view as to whether the process has been contaminated and undermined. And indeed whether the vote outcome in favour of the scheme is null and void. They will make that decision and at the end I will give details of that meeting, which will be held on the 18th of January to which so long as the court permits it, individuals will be allowed to attend and make their case if they so wish.

Tim Lees [\(01:22:21\)](#):

That's right, Jamie. It's Tim Lees from Clifford Chance again. Just to add to that, obviously LFSL doesn't accept that there's been any misinformation. Quite the contrary, it considers that it's made available all the information that investors need to properly consider the scheme. Of course, if anybody wants to challenge that view, then they're entitled to do so at the sanction hearing, the deadline for submitting grounds of opposition, is the 21st of December at 4 p.m. So grounds for opposition and supporting evidence required be submitted by that date to LFSL.

Jamie Drummond-Smith [\(01:22:56\)](#):

Thank you Tim. Very helpful. I think the next question, what level of detail will we be given regarding the outcome of the vote beyond for and against? I want all detail that could reasonably be made available. Will you supply that detail and if not, why not? I think that question has been answered and that information will be provided to the sanction meeting and will be available.

[\(01:23:28\)](#):

The next question I have is by what time will the vote outcome be known on the 15th of December?

Tim Lees [\(01:23:34\)](#):

The deadline for releasing it is 5 p.m. If we can release it sooner, we may do, but the deadline is 5 p.m.

Jamie Drummond-Smith [\(01:23:43\)](#):

Thank you. So 5 p.m. is the deadline on the 15th of December, but it will be released earlier if it can be.

[\(01:23:54\)](#):

Okay, I have quite a long question here and it's in several parts.

Paragraph thirty-four of the LFSL prospectus reads as follows between the dotted lines.

34. General

Complaints may be brought in writing to Northern Trust Global Services SE UK Branch 50 Bank Street, Canary Wharf, London. In the event that an unsatisfactory response is provided, you can refer your

complaint to the Financial Ombudsman Service at the Financial Ombudsman Service and then there the address Information about the financial Ombudsman can be found on the website at the ombudsman's website. In the event of the ACD being unable to meet its liabilities to shareholders, details about rights to compensation can be found at www.fscs.org.uk.

[\(01:24:52\)](#):

All notices, all documents required to be served on shareholders should be served by post to the address of such shareholder as evidenced on the register. All documents and remittances are sent at the risk of the shareholder. The address for service of the company of notices and other documents required or authorised to be served is at the sixth floor 65 Gresham Street, London.

[\(01:25:15\)](#):

Shares in the fund are not listed or dealt with or dealt in on any investment exchange. The Financial Services Compensation Scheme Limited has been established under the rules of the FCA as a rescue fund for certain clients of firms authorised and regulated by the FCA which have gone out of business. The ACD will supply you with further details of the scheme on written request to its operating address. Alternatively, you can visit the scheme's website at www.fscs.org.uk or by writing to the Financial Services Compensation Scheme with the address.

[\(01:25:57\)](#):

The question on the back of that is do you think what you are will be explaining today overrides this paragraph? And if you do, what is the legal basis of your view and what legal opinion have you received to support that view and will you publish it? And if you will not publish it, why not? So this is a question around the ability of investors to claim on the FSCS. And I think probably I will add that straight to Clifford Chance.

Tim Lees [\(01:26:28\)](#):

Yeah, I will take this again. It's Tim Lees at Clifford Chance. So I think the salient point, we've made this point in correspondence with the person who has asked this question. This scheme isn't about releasing the FSCS, it's about determining the amount the LFSL can pay and LFSL can't agree to pay on the disputed liability more than it has. The consequence of doing that be that liabilities that LFSL may have that could have been subject to an FSCS claim are going to be released in exchange for definitive claims under the scheme.

[\(01:27:02\)](#):

So the consequence of that then is that there just isn't anything for an FSCS claim to attach to. We're not going to be publishing legal advice. Again, as we've made clear in correspondence, there's no obligation to do so. Legal advice is legally privileged just the same way as advice scheme creditors may have received would be privileged to them. So there's no intention to publish that. But we don't consider any of this to be inconsistent with or overriding anything that's been said. It's just a consequence of fixing what's currently a dispute on an indeterminate claim that nobody has accepted, either LFSL or the FSCS at a determinate amount of making payment.

Jamie Drummond-Smith [\(01:27:46\)](#):

Tim, thank you. This is also a matter that the investors committee considered clearly in coming to its decision as to whether to vote for or against the scheme. It received, I wouldn't say a legal opinion, but certainly commentary from the investors committee legal advisors in respect to this, which said, I think very much as the company has said, there might be the possibility of claiming at the FSCS, if the thresholds for a claim against the FSCS are met, which includes the fact that the company would have to

be declared to be in default. And the alternative to the scheme as the company has put forward, is that they will fight the claims against it and indeed the FCA's investigation. And therefore, it was not clear as to when the firm might be declared to be in default, if indeed it would be. So that was the advice that came or the commentary that came to the committee.

[\(01:28:54\)](#):

The next question is, will you publish all the written correspondence and notes about all the verbal dialogue that has been between the FCA and Link in relation to the scheme of arrangement since the very first moment dialogue commenced until now? And if not, why not? And what is the legal basis for your view? Sorry, this is probably... Thank you.

Carlos Conceicao [\(01:29:15\)](#):

Hello, this is Carlos Conceicao and I'm a Clifford Chance partner. We'll not be publishing correspondence and notes about dialogue with the FCA. That's confidential. It's governed by several statutory confidentiality regimes, and so that is the basis for not publishing it.

Tim Lees [\(01:29:32\)](#):

What I would just add to that though is that LFSL has published the information that investors need to consider the scheme and has a duty of full and frank disclosure to the court which again it has satisfied. So you've got the information you require. Sorry, did that not come through? I'll say that again. LFSL, just to add to that, has published all of the information that investors need to consider the scheme and has to comply with the duty of full and frank disclosure to the court, notwithstanding the obligations of confidentiality it is subject to. Investors have...

PART 3 OF 5 ENDS [01:30:04]

Tim Lees [\(01:30:00\)](#):

[inaudible 01:30:00] consider the information [inaudible 01:30:09].

Jamie Drummond-Smith [\(01:30:09\)](#):

Thank you. Okay. The next one, is there a limit to how long the various Q&A sessions will last and if so, what is it? I will keep this meeting open as long as it needs to be, so long as the questions don't become repetitive.

The next question is, if it hasn't already been replied to, when will the letter from barrister, Damian Falkowski, to the investor advocate that was sent on Monday the 11th of December, be replied to? And please provide a verbal response to the questions and points that barrister Damian Falkowski included in his letter in this meeting.

Tim Lees [\(01:30:55\)](#):

This is Tim Lees again at Clifford Chance. I don't know by what time the investor advocate will respond to that question. That's a question for him. In terms of the points that Damian Falkowski has raised, as we've said deadlines for submitting grounds of opposition and evidence is 21st of December. And LFSL has to 9th of January to exchange and file evidence in reply. But in very brief terms, Damian Falkowski is outlining, or was asserting, the scheme is unlawful because it seems to vary creditor's statutory rights. LFSL disagrees with the proposition that a scheme cannot vary statutory rights. But again, if he wishes to make submissions to that effect, we shall respond to them in line with this timeline.

Jamie Drummond-Smith ([01:31:47](#)):

Tim, thank you. And just to be clear, the scheme advocate is not present today in this meeting. So, just Lumi I think you can clear the question on Damian Falkowski and I think you can clear the question on the legal liability of the parent company because I think we've answered this. I think we've also answered the next question in terms of you've not fully answered this question so I'm repeating it because I think that's just been answered.

([01:32:25](#)):

So the next question is, do you think you have engaged fully with all of the investors that have been victims of this scandal, seeing as the outcome of the vote will be overriding and there will be no come back, practically, once it is achieved?

Alistair Reid ([01:32:48](#)):

Should we um. We'll try and answer that with some statistics but we would be careful not to preempt the formal announcement that's coming out. But essentially, what was [inaudible 01:33:04], our efforts to engage with all of the investors have been extensive. Perhaps my colleague who has got the figures on the screen could give us some idea of the efforts that LFSL has made to communicate to investors.

Tony Stuart ([01:33:22](#)):

Obviously, we do not have details of all the ultimate investors because a lot of those invested through platforms. What we do have is information actually with the website that was launched on the 27th of July. And it's useful to know that over 100,000 unique users have visited, on average of two times each. Over 60,000 documents have been downloaded and the practice statement letter was itself downloaded over 22,000 times. So I think all of that proves that there has been extensive communication with the investors, either through the broadbands or sometimes directly.

Alistair Reid ([01:34:07](#)):

And I think we should also mention that we've done widespread advertising in main newspapers and we've done television advertising, and we have done-

Tony Stuart ([01:34:18](#)):

Online

Alistair Reid ([01:34:20](#)):

Thank you, I was going to use Facebook but it's not... And online advertising. So we've made extensive efforts through website and paperwork and platforms, adverts on the television and online to try and communicate fully with all investors and we're satisfied that that question has been answered.

Jamie Drummond-Smith ([01:34:42](#)):

And I understand the modern phrase is social media.

Alistair Reid ([01:34:45](#)):

I deal on paper but thank you anyway.

Jamie Drummond-Smith ([01:34:50](#)):

The next question is, and what authority does Link have to stop investors making a claim against the FSCS? I think that question has been answered. Also, with up to 230 million, what is happening with any interest?

Alistair Reid ([01:35:08](#)):

It will go to the fund. It will eventually go to the investors.

Jamie Drummond-Smith ([01:35:11](#)):

Okay, so the interest will be added to the fund amount. Can you please turn the gross values into a pence per share number? I think the number is around one penny per share, almost insignificant. What is the total we get paid per share already from the wind up, I think around 60p. Most people would have invested around one pound or more, so still looking at a 35% loss. Is there any redress against Woodford himself, as he invested in illiquid investments in excess of the permitted amount?

([01:35:49](#)):

So, but I think in terms of the pence per share number, that is on the scheme website. There is a breakdown of that on the scheme website.

Jeanette Best ([01:35:58](#)):

Explanatory Statement page 10.

Jamie Drummond-Smith ([01:36:00](#)):

And on the explanatory statement, page 10, is also a breakdown of the pence per share number. I think Alistair answered the question, well Alistair and Tony between them, in terms of putting the maths together in terms of around the overall return. I think to the final question, is there any redress against Woodford himself, as he invested in illiquid investments in excess of the permitted amount? I don't know whether that is being considered.

Tim Lees ([01:36:36](#)):

Again its Tim Lees at Clifford Chance. That's a question of claims against third parties, again, which is not the subject of this scheme.

Jamie Drummond-Smith ([01:36:43](#)):

Okay, that's fine. Thank you. So the next question is, is it one vote per creditor or one vote per unit held? So, the scheme, to be effective, has to be a majority in number of voters and 75% in value. So, in terms of the question, it actually needs to meet both thresholds in terms of the actual number of creditors who vote and also the value of the investments that they are voting.

The next question is, thank you for the answer to my question around release of the reserve fund. Realistically, therefore, when can we expect that reserve amount to be distributed to the creditors?

Tony Stuart ([01:37:48](#)):

We've already stated it's going to be in the first quarter of next year.

Alistair Reid ([01:37:51](#)):

No ... sorry not the reserve

Jamie Drummond-Smith ([01:37:51](#)):

Jamie Drummond-Smith ([01:37:52](#)):

... that's not the reserve fund

Alistair Reid ([01:37:58](#)):

[inaudible] We will find out in slices or in stages. I'll pass over to Clifford Chance to give more detail.

Tim Lees ([01:38:05](#)):

What we say in the explanatory statement is by December 2025 ... Dan, sorry ... Well OK I will answer then. By December 2025 LFSL expects that the Scheme will be substantially completed and distributions made by this date but we should add that is subject to significant uncertainty. We simply don't know exactly how the operation will go. Dan?

Dan Schwarzmann ([01:38:26](#)):

And I would just like to add to that. Thank you, Tim. It's Dan Schwarzmann from PwC. As prospective scheme supervisor, one of my tasks here is to... I can ask information from the company. I can request information in order to evaluate the reserve amount to consider whether the reserve amount should be reduced so that is what we will be doing [inaudible 01:38:43].

Jamie Drummond-Smith ([01:38:43](#)):

And this is something, again, that the investors committee pressed the company quite hard on in terms of... Sorry, in terms of the release of the reserve fund and the mechanism around the release of the reserve fund.

Alistair Reid ([01:39:02](#)):

Can I just summarise to make sure? My understanding is what we're saying is the directors want to distribute as much monies as soon as possible, but there is a longstop date of December '25. Is that the correct balance here, Dan?

Dan Schwarzmann ([01:39:16](#)):

Estimated. And our job-

Alistair Reid ([01:39:20](#)):

Is to make sure-

Dan Schwarzmann ([01:39:20](#)):

... [inaudible 01:39:21] and make sure the directors do do that.

Alistair Reid ([01:39:22](#)):

Yeah. Okay, thank you.

Jamie Drummond-Smith ([01:39:28](#)):

So the next question is, WEIF investors have been failed on several levels by Woodford and inappropriate investments / LFSL, by inadequate monitoring as ACD / by the FCA protecting the WEIF investors. Why should we accept this derisory offer which is settlement on the cheap, close the door on FSCS, when we may get a much better, much fairer compensation?

([01:39:54](#)):

I do think this question has been answered. I mean, clearly you have the opportunity to vote against the scheme and you can vote today. That vote is still open and will be open until an hour following this meeting. And I think in terms of the FSCS, the question has been answered, it's the company's view on the alternative to the scheme, is that it will fight claims and therefore it would not be clear when or if the thresholds of the claim on the FSCS would be met. Have I missed anything? No. Okay.

([01:40:59](#)):

So, there's a question here. Please also set out... Well, I think we actually answered this question. Please set out how much the WEIF would be said to be worth at the point of suspension. I think that question has been answered.

Alistair Reid ([01:41:13](#)):

Yes, 3.6.

Jamie Drummond-Smith ([01:41:15](#)):

Thank you. Okay. We'll have a voice question from Mr. Pyatt. So again, Lumi, could you please unmute Mr. Pyatt?

Alan Pyatt ([01:41:44](#)):

Hello. Can you hear me?

Jamie Drummond-Smith ([01:41:46](#)):

We can indeed, Mr. Pyatt. So, please, go ahead with your question.

Alan Pyatt ([01:41:53](#)):

Well, first off I'd like to say the system you're using... I have had awful trouble on the web so I've had to go onto the phone. I'm being told I've got the wrong type of browser et cetera. That isn't great. Okay. So, I was an investor unfortunately with WEIF for 11 months before it closed down and that isn't a large sum of money to some people but to others it's more. And I know people who've got five to six times that. My losses are at 41% and even with the offer for the SOA, it only goes down to 37. Now, the reason Link gave for closing the fund is they wanted to protect investors. So, since closure in the last four and whatever years, they have lost 940 million pound of capital losses from 3.6 to just under 2.6 million. And unfortunately, you've been using the FCA's calculation of 298 that nobody's ever challenged which is unfortunate. I was at the High Court on the 10th of October and wish we'd have known how it'd been calculated because a 18 year old child could do a better calculation.

([01:43:05](#)):

Unfortunately, you've used it and abused it against all of us investors and thrown lots of money around, and paying a lot of money away. What I'd like to know is why always rely on the FCA's 298 million when the average share price over the months the FCA used, comes out to be 1 pound 18 and everybody

keeps referring to, you'll get 77%, you'll get 80%, which unfortunately is not mathematically correct. So, how does Link say that we're getting so much money back when we're not?

Alistair Reid ([01:43:49](#)):

So, I think there are two or three components there. I'll try and unpack it [inaudible 01:43:58]. The first one I think relates to the total amount of total losses and I would just repeat that the FCA, having spent several years looking at an enormous amount of evidence and interviewing Link executives, has come to the conclusion that we didn't break any rules allegedly or any principles, and that we are responsible only for the losses caused by liquidity between November '18 and June of '19. And that is where the 298 million comes from. The FCA has said we are not responsible for investment losses and therefore we have taken the view that raising as much money as we can to get towards that 298 is the best route that we could do to get redress to investors. All the other parties involved is not something... And all the other parties and all the other losses involved, is not something that we can control or comment on. Anybody like to add more to that?

Jamie Drummond-Smith ([01:45:19](#)):

One of the calculations which Mr. Pyatt referred to, I think, is around a percentage and am I right in saying that the percentage is of the 298 million the FCA has identified as the loss of liquidity, the percentage of the return on that amount is the percentage that you have published?

Tony Stuart ([01:45:43](#)):

Yeah, the 230 million is effectively 77% of the 298 million. The figure of 80% is essentially a proportion of the 3.6 billion that is either being returned or is going to be returned to investors, subject to any fluctuations in the remaining assets in the fund.

Tim Lees ([01:46:07](#)):

I think, again, we should be really clear. We have been clear. The explanatory statement itself makes it clear that there's no dispute that investors got back less money than they put into the fund. The question is to what extent is LFSL responsible for that. LFSL says we complied with all the rules and principles [inaudible 01:46:29] not liable. FCA has come to the view that there is a 298 million of liability and the scheme settles it at the amount that is provided in the scheme.

Jamie Drummond-Smith ([01:46:40](#)):

Okay, Mr. Pyatt, you have-

Alan Pyatt ([01:46:44](#)):

Can you still hear me?

Jamie Drummond-Smith ([01:46:45](#)):

... one chance of another question.

Alan Pyatt ([01:46:50](#)):

Sorry, can you still hear me?

Jamie Drummond-Smith ([01:46:51](#)):

Yes we can still hear you.

Alan Pyatt ([01:46:56](#)):

Okay. So, unfortunately, I raised a previous question. I hadn't heard it because I've been waiting on this phone so long. Unfortunately, the narrative here that is being done by the media and yourselves is only looking at since closure. Now, the FCA have looked back before then and me and 500,000 other investors of which there are at least half a million of us [inaudible 01:47:21] entered into a retail fund, not the Woodford Patient Capital Fund, which was a lot riskier fund, a retail fund. And for 12 months, 18 months, he had a retail fund. Then it changed and you guys were ACD for that, and it all fell apart. But I don't understand why the SOA is only effective from the fund closure and hasn't gone back to 2017 when all the problems started. It'd be like financial crisis in 2008, all the bankers were doing what they were doing selling subprime mortgages and nobody was made culpable for it. And we've got the same system here now in the UK where you guys did a fire sale, told the market you're closing it and you sold assets, and of course we lost, we the investors, lost hundreds of millions of pounds.

Alistair Reid ([01:48:19](#)):

If I may-

Alan Pyatt ([01:48:19](#)):

[inaudible 01:48:20]-

Alistair Reid ([01:48:22](#)):

... sorry to interrupt, just to clarify. The FCA's investigation did go back to 2017, so all of the evidence they reviewed, all the executives they interviewed, it included investigation back to 2017. Therefore, and its conclusion is LFSL is only accountable for the period from November '18. That is why we've laid out the scheme as it is and that is why we said we'll divvy up... We disagree that we're liable but we'll divvy it up to get a satisfactory outcome for investors. But if there are other claims against other parties, we do not interfere with that.

Tim Lees ([01:49:08](#)):

And I think it is also important to note, as the FCA have noted, that their conclusion is that investors who sold their investments in the fund prior to suspension benefited disproportionately as the investors who remained in the fund after the suspension date. This is something the FCA's not just looked at for review on but it's more part of the reason that is [inaudible 01:49:35] conclusion they've reached on redress. Which again, LFSL doesn't accept but those conclusions have been made clear.

Alistair Reid ([01:49:44](#)):

And Mr. Pyatt as I said in my presentation, we understand there are potentially other losses but they are nothing to do with LFSL. The FCA has indicated what they believe LFSL might be responsible for (we dispute that), and therefore that's the basis of the scheme.

Jamie Drummond-Smith ([01:50:09](#)):

Ian, I know you want to make a comment. We've just had a comment that in terms of specifically Clifford Chance, they have said it's not coming through that clearly on audio. So, could you please speak slightly more slowly and slightly louder. Thank you.

Ian Moulding ([01:50:23](#)):

Yes, sorry, just to add if I may very briefly to the comments that have been made, its Ian Moulding from Clifford Chance. Insofar, Mr. Pyatt, as your question involved criticism of the sale process that occurred after June 2019, I would remind you, and this is made clear in all the documentation, that Link appointed reputable advisors both in relation to the quoted part of that portfolio but also the unquoted part of that portfolio to advise them on the sale process. I think that's something that you should bear in mind.

Alan Pyatt ([01:51:09](#)):

Yes. Well, unfortunately, as I said in court on the 10th of October, good people make good decisions with good information. And unfortunately, the FCA, Therese Chambers, said she'd release it if this is approved. We really should have it now. I know you guys can't change that but the FCA should've released it at least two or three weeks before they spoke so people could read through it, who wanted to, and see what was being said. And therefore, they'd make a better decision, so the decision they're making today is with the best knowledge that they've got and we're not saying what the FCA have said, hopefully will do at some stage. I might be dead and gone by that stage but at the end of the day, if the FCA are saying that you aren't culpable for the losses that were pre-closure, then who is? 'Cause you were ACD back then and Woodford was doing whatever he was doing. So, I'm at a loss. So, thank you for your time. Yeah, I've made my voting decision and let's see, yeah.

([01:52:15](#)):

And my last question is, you're releasing the results on the 15th which is Friday, how are they being released and to whom?

Tim Lees ([01:52:26](#)):

It will be published on... Just checking if you can hear me. Mr. Pyatt, can you hear me? So, I've heard comments that people can't. Can you hear me?

Alan Pyatt ([01:52:40](#)):

Yes.

Tim Lees ([01:52:41](#)):

Perfect. In accordance with the court's order, it will published on the company's website and sent to all of the registered holders, so the platforms for onward distribution to investors in the WEIF. We'll also put out a press release so it gets into the media as well.

Alan Pyatt ([01:53:04](#)):

Okay. Well, I've taken enough of the microphone. Thank you for your time and I'll let someone else have a question.

Jamie Drummond-Smith ([01:53:09](#)):

No, thank you very much indeed for your interest and your time and your questions, Mr. Pyatt.

([01:53:12](#)):

Do we have anybody else holding on the phone, Lumi, to ask a question? Okay, that's perfect. I don't want anybody waiting for too long on the phone. Okay.

[\(01:53:42\)](#):

It was mentioned that around 37 million pounds was distributed by LFSL to investors as income. It's not adversely impacted accumulation shareholders who did not receive any of that distribution and had no realistic chance of receiving that amount in full as part of the redemption of their share value.

Speaker 10 [\(01:54:02\)](#):

[inaudible 01:54:06]

Jamie Drummond-Smith [\(01:54:06\)](#):

Okay, I'm glad that makes sense to Alistair.

Alistair Reid [\(01:54:11\)](#):

I am reliably informed that the process is exactly the same as any distribution. If you're an income unit holder, you got the income. If you were an accumulation shareholder, you got it added to your accumulation value. Can I check the second part of the question? Yeah, I'll need to check the second part of the question. If you could ... which I'll come back to [inaudible 01:54:43]-

Jamie Drummond-Smith [\(01:54:43\)](#):

Okay.

Alistair Reid [\(01:54:43\)](#):

... Mr. Chairman.

Jamie Drummond-Smith [\(01:54:44\)](#):

That's fine. We have a couple of short questions. So, would you make available the slides of this online meeting and where can those be downloaded from? Will they be made available at the same time as the transcripts?

Tim Lees [\(01:54:56\)](#):

That's the plan, yes.

Jamie Drummond-Smith [\(01:54:58\)](#):

Okay. Perfect, thank you. So, they will be on the scheme website and for anybody who hasn't accessed the scheme website, it is LFWoodfordFundScheme.com.

[\(01:55:25\)](#):

There's a question, what about the parent company increasing the voluntary contribution? As part of the investors committee, I specifically actually met with the Chief Executive of Link Group who said that they had made a public announcement in Australia that they would make no further contribution to the scheme. And in fact, on a sort of slightly more informal basis, the investors in Australia couldn't work out why the parent company was making a voluntary contribution of 60 million pounds and therefore he did not see, having made a public announcement, that the parent company would provide any further funds. Tim, do you want to add anything?

Tim Lees [\(01:56:08\)](#):

No, I think you've covered that one well, Jamie.

Jamie Drummond-Smith ([01:56:11](#)):

Something I've done right today. Okay, thank you.

So, the voluntary contribution by the parent company will only be given if the scheme of arrangement goes ahead. Should that not be redefined as an incentive or possible bribe?

Tim Lees ([01:56:35](#)):

I'm happy to take this one its Tim Lees at Clifford Chance and it certainly is an incentive, and it's a key benefit of the scheme going ahead if you vote for it. But I don't think we'd agree with the characterization as a bribe. There's nothing underhand or secret about this. This is being done very, very publicly, very, very openly. And again, LFSL considers this to be one of the key benefits of the scheme.

Jamie Drummond-Smith ([01:57:01](#)):

And it also follows extensive negotiation with the FCA as well.

Tim Lees ([01:57:05](#)):

It does indeed.

Jamie Drummond-Smith ([01:57:05](#)):

Okay. Thank you. Okay, Alistair's coming back with the answer.

Alistair Reid ([01:57:14](#)):

I'm actually coming back with an answer that says we don't have the people around the table to be able to answer accurately the second part of that question. However, we will answer and therefore if the right way is for that person to actually give us a phone number or something-

Jamie Drummond-Smith ([01:57:26](#)):

We know who that person is, right.

Alistair Reid ([01:57:26](#)):

So we'll be able to answer this outside this meeting.

Jamie Drummond-Smith ([01:57:39](#)):

Yeah. So, Sangueta, we will contact you with the answer to that question.

Alistair Reid ([01:57:42](#)):

With apologies, we don't have the technicians around the table to answer it.

Jamie Drummond-Smith ([01:57:47](#)):

Okay. I'm now going to come to... Sorry. Okay, so there's a question here. For those people following on screen here, I'm going to the top question.

You have just stated the scheme of arrangement does not prohibit claims against third parties. Whilst that may be true in strictly legal terms, is there any basis to believe that claims against third parties would be rational or pragmatic in practice? And if not, why have you just attempted to deceive everybody by making a statement that is obviously very misleading as per the commentary in the press, from the Transparency Task Force, and Damon Parker of Harcus Parker? So I'm not sure what the statement was ...

Tim Lees ([01:58:44](#)):

... we answered this question haven't we, twice. Yeah, so not sure what more we can say on it.

Ian Moulding ([01:58:51](#)):

I mean, we've answered this question twice and two of us answered it in different ways and I don't think anyone would suggest... I don't think it's accurate and we would deny that there's any attempt to deceive anyone in relation to this issue.

Jamie Drummond-Smith ([01:59:05](#)):

Yeah. Okay. I have a very long question here which I will read the various parts and it's in respect of a press release from the Transparency Task Force.

Barrister Damian Falkowski is acting for the Transparency Task Force and his Woodford Campaign Group on a pro bono basis to challenge the appropriateness of the scheme of arrangement that the Financial Conduct Authority has been promoting. The Transparency Task Force and its Woodford Campaign Group fight against the Link Fund Solutions Ltd. scheme of arrangement [inaudible 01:59:58] that has been boosted by the pro bono assistance of Barrister Damian Falkowski.

([02:00:03](#)):

He has written to the scheme's investor advocate, drawing attention to the fact that the proposed scheme denies... sorry, denudes retail investors of their statutory protections enshrined in law. Under the Financial Services and Markets Act, these protections are to have investor complaints resolved by the Financial Ombudsman Service and compensation be settled by the Financial Services Compensation Scheme, even if the Financial Conduct Authority, authorised licence holder goes bust without payment.

([02:00:41](#)):

Paragraph 34 of the WEIF prospectus assured investors that they had FOS and FSCS rights. The prospectus did not explain that these rights could, after liquidation of the [inaudible], be de facto removed by a scheme of arrangement. That is what the FCA promoted scheme of arrangement is to do to these creditors who are also investors in the WEIF. The outcome is not permitted under FSMA where these protections are inviolable. It's like buying a car with seatbelts and airbags only to discover in hospital after the accident that both had been disabled without prior warning.

([02:01:20](#)):

At stake is the integrity of the state guarantee given to every UK investor that their investment is protected by FOS up to 415,000 pounds, at the FSCS up to 85,000 pounds, no ifs or buts. These guarantees underpin public confidence in the entire UK investment industry. This case will decide whether these statutory guarantees that over 300,000 Woodford retail investors received and relied upon are worth the paper they were printed upon. Comment from Andy Agathangelou, founder of TTF, sorry, the-

PART 4 OF 5 ENDS [02:00:04]

Tim Lees ([02:01:55](#)):

Transparency Task Force

Jamie Drummond-Smith ([02:01:59](#)):

... Transparency Task Force, put my teeth back in again, and co-founder of the Woodford Campaign Group. We always knew this scheme of arrangement was immoral, but because of Mr. Falkowski's input, we now see that it's unlawful, too. It's most regrettable that the FCA has embarked on a course of action that attacks investors' interest at the will of Parliament. Through FSMA, Parliament created FOS and FSCS to protect investors and the integrity of our investment market. Scheme of arrangements is a torpedo hit below the waterline, of any notion that the UK's investor protection scheme can be relied on.

([02:02:38](#)):

All previously held certainties have vanished. And even if the scheme isn't approved, the damage has already been done, because everybody knows that if the FCA is sufficiently desperate to avoid its own demise, it will jeopardise the integrity of the UK system to save itself, Wall Street, Frankfurt, Paris, and Tokyo. Sorry, Wall Street, Frankfurt, Paris, and Tokyo must love the FCA right now. Such behaviour from a conduct regulator makes you wonder how much of the FCA's radical and reckless approach to regulation Parliament is willing to tolerate.

([02:03:10](#)):

So here comes the question on the back of that. What consideration has LFSL and/or the FCA and/or the investor advocate given to the legal argument, the statement that the scheme of arrangement is unlawful, as referenced in the press release referred to above, on the basis that it attempts to remove statutory protections? And if so, what conclusions have you come to? What is the legal basis of that view? And why has no reference to this point been made in the material that has been published about the scheme of arrangements? And if it's not being considered, why not?

Tim Lees ([02:03:47](#)):

Thank you, Jamie, it's Tim Lees at Clifford Chance again. I think we actually responded to this point earlier substantively. If the argument is the scheme of arrangement is unlawful because it compromises statutory rights, we disagree with that as a matter of law. We think that's wrong. The reason it's not been referenced before is because nobody has made that argument. But of course, if Mr. Falkowski and his clients wish to raise that at the sanction hearing, the timeline is, again, outlined in the court's order. The deadline to submit the grounds of opposition and supporting evidence is the 21st of December. LFSL will respond in accordance with the court's order.

Jamie Drummond-Smith ([02:04:32](#)):

So, not being a lawyer, would I be correct in saying that it's actually the judge hearing, the sanction hearing will decide whether the process has been lawful or not?

Tim Lees ([02:04:43](#)):

That's right. Decide whether it has jurisdiction or should exercise that jurisdiction to compromise rights in the way that the scheme proposes.

Jamie Drummond-Smith ([02:04:54](#)):

So I think that the answer to the question is, the company believes that it is lawful, and disputes the fact of any claim that it is unlawful. Creditors have the ability to challenge that view so long as they challenge that by the 23rd?

Tim Lees ([02:05:10](#)):

The 21st of December [inaudible 02:05:12].

Jamie Drummond-Smith ([02:05:12](#)):

The 21st of December. And they can also attend the sanction hearing to be heard. Okay.

There are far more documents available to download here that have been brought to my attention than those received by post or else notified to me by the intermediary, the Fidelity platform, invested through into the WEIF. Why is this? Where should I be looking instead?

As I said, all the documents are on the scheme website, which is L for... What's the phonetic L?

Tim Lees ([02:05:54](#)):

Lima.

Jamie Drummond-Smith ([02:05:55](#)):

Lima. Lima Foxtrot Woodford scheme. com. Jeanette.

Jeanette Best ([02:06:04](#)):

Hi, Jeanette Best at Clifford Chance. On the broadcast website, we've also uploaded the FCA announcements and they are additional to the documents that are available on the website. But they were otherwise available through the FCA.

Jamie Drummond-Smith ([02:06:14](#)):

Through the FCA?

Jeanette Best ([02:06:14](#)):

Yeah.

Jamie Drummond-Smith ([02:06:17](#)):

Okay. That's helpful. But there is an awful lot of information, including two videos and a third video from myself on the investors committee. Those are all on the scheme website, if you wish to see them.

Alistair, you can go.

Alistair Reid ([02:06:33](#)):

Just to put a few words in the question of why is this? Just wondering whether we could explain our efforts to persuade platforms to get the documentation, communication, etc. out to the underlying investors.

Dan Schwarzmann ([02:06:49](#)):

Thank you very much. Thank you, Alistair. Dan Schwarzmann here from PwC. I think Jamie, you highlighted all the efforts that we made. One of the most extensive parts would be making sure the

documentation was received by the underlying investors, and as Tony mentioned before, we don't have direct see through to them because we have the platforms. So we communicated extensively with the platforms on many occasions, making them aware of all the key parts of the scheme and the documentation. Extensive effort went into the platforms, one of the ways of communicating with investors.

[\(02:07:26\)](#):

As was also highlighted earlier, there's extensive and immediate communications, press releases through television, and social media. So those were all the efforts made to get the attention of the investors of the scheme and in terms of the scheme documents, as you said, Alistair, extensive discussions, communications through the platforms.

Alistair Reid [\(02:07:56\)](#):

And am I correct in recollecting that the FCA also wrote to the platforms telling them to expect that information to be sent out among investors so that either we and/or the FCA made every effort to make sure that communications got through the platforms to the underlying investors?

Dan Schwarzmann [\(02:08:12\)](#):

Yes. Thank you Alistair. When we wrote to the platforms / communicated with the platforms, we did advise them that the documentation that was being made available, it was important that it got to the investors. And we asked them to confirm that had taken place so that we could update the company, update the FCA, and in certain circumstances the FCA, did get some platforms to confirm. Yes.

Jamie Drummond-Smith [\(02:08:33\)](#):

Okay, thank you. So Damon, you kindly said whilst this does answer my question, as the question's now been removed, I can't remember what the original question was, I think. But maybe people around the table will do. I believe it would be helpful to clarify to voters that the FCA not seeking 730 million that we lost to investors does not mean that investors cannot claim it from Link. The scheme is relevant to investors' potential to claim their losses. The scheme is relevant to investors' potential to claim their losses.

Alistair Reid [\(02:09:22\)](#):

It's a statement

Tim Lees [\(02:09:26\)](#):

And I think we would just note on that point that the explanatory statement again is very clear, that there are litigation claims that we will be compromised by the scheme. That's been made clear to the court and though those claims apparently only lead us to the amount. We have been clear that the claimant firms have indicated that they believe it is an amount that is significantly above what the FCA considers to be due.

Jamie Drummond-Smith [\(02:09:58\)](#):

Okay. Thank you. Again, we have a question through. Can anybody answering questions please keep audio levels high? So we have a question.

Why after four years has the FSCS not made any determination as to whether conditions have been met that they would enable it to pay compensation? Surely this should've happened by now, and if proven,

offered as an alternative route for private investors to seek compensation outside of the contrived scheme of arrangement. Again, I think that's probably a statement rather than a question, and I'm not sure the question as to whether the FSCS has made a determination or not is one for the company.

Alistair Reid ([02:10:46](#)):

Other than to say we tried for six months. June, as was in my script.

Jamie Drummond-Smith ([02:10:52](#)):

So attempt was made, but I think beyond that, am I saying anything incorrect?

Alistair Reid ([02:11:03](#)):

Sheer frustration.

Tim Lees ([02:11:04](#)):

All I think we can say is that the FSCS has a number of conditions that have to be satisfied before a claim can be paid. And, the FCA ran an investigation for four years and that has resulted in some findings which LFSL continues to dispute. So yes, four years is a long time, but I suppose we've also been clear the process would have a lot longer to run if the scheme doesn't go through.

Jamie Drummond-Smith ([02:11:34](#)):

Thank you.

Alistair stated that 100,000 individual visits were made to the website. What proportion of the total number of investors in the WEIF does that represent?

Tony Stuart ([02:11:51](#)):

The answer is we don't know specifically, but we have been working off the basis of a roundabout 250,000 individual investors as a rough approximation.

Jamie Drummond-Smith ([02:12:02](#)):

Thank you. So by my maths that's 40%?

Tony Stuart ([02:12:03](#)):

Correct. [inaudible 02:12:09].

Alistair Reid ([02:12:10](#)):

When you actually look at the real numbers rather than my rounded to 100,000, the latest information we had was visits were over 140,000.

Jamie Drummond-Smith ([02:12:17](#)):

Okay.

Alistair Reid ([02:12:17](#)):

So the percent-

Jamie Drummond-Smith ([02:12:23](#)):

Do we know whether that was by different individuals or is that 140,000 [inaudible 02:12:27]?

Alistair Reid ([02:12:26](#)):

Yes, I think it's a communication we're working to get out on Friday, yeah.

Tony Stuart ([02:12:33](#)):

It's certainly over 100,000 individual visits.

Jamie Drummond-Smith ([02:12:36](#)):

Okay. It is 140,000 individual visits.

Jamie Drummond-Smith ([02:12:40](#)):

Okay. The next question, should the scheme be approved, would the distribution payment to each investor be made in a lump sum or is a payment schedule being envisaged?

Alistair Reid ([02:12:52](#)):

If I understand the question, we will distribute between 183 million and 200 million, we hope by the end of quarter one. And then we've answered the question previously about slicing away at it under the supervision of the scheme supervisors, to get as much money out as possible, as soon as possible. Does that answer the question?

Jamie Drummond-Smith ([02:13:21](#)):

I think it does.

Jamie Drummond-Smith ([02:13:29](#)):

So there's a statement I think rather than a question here. Holding back distribution of income for accumulation shareholders in a suspended fund with no realistic chance of getting the full value eventually is discriminatory.

Alistair Reid ([02:13:41](#)):

And that's precisely the point that we said ... oh no ..

Nigel Boyling ([02:13:46](#)):

I will take that question, Nigel Boyling here from Link. The income has been paid out.

Jamie Drummond-Smith ([02:13:48](#)):

Nigel, you need to speak louder.

Nigel Boyling ([02:13:50](#)):

Sorry. The income has been paid to these shareholders up until the point of suspension. And that's in accordance with the [inaudible] account. Accumulation is the share class that's invested in, and that's the purpose of accumulation share, is that income is added to the accumulation on an ongoing basis.

Alistair Reid ([02:14:18](#)):

I'm not sure I understand that, but I think Nigel, what you mean-

Jamie Drummond-Smith ([02:14:25](#)):

I think, Sangeeta, I think it's quite a technical question, and we have your details. If it would be all right, I will ask the company to reply to you in writing or call you, if you want further [inaudible 02:14:40].

Tim Lees ([02:14:39](#)):

But I also think it's true to say that's not subject to the scheme of arrangement. So we will reply, but it's not a point for the scheme.

Jamie Drummond-Smith ([02:14:48](#)):

Not subject to the scheme. Okay. Thank you. Okay. So the URL of the website where the meeting will be published is Lima Foxtrot Whiskey Oscar Oscar Delta Foxtrot Oscar Oscar Delta Foxtrot Unicorn November Delta... S, what's S?

Alistair Reid ([02:15:22](#)):

Sugar?

Jamie Drummond-Smith ([02:15:24](#)):

Sugar. Sorry? Sierra, thank you. Charlie Hotel Echo Mike Echo .com. Is there anywhere-

Alistair Reid ([02:15:39](#)):

Can somebody put it on-

Jamie Drummond-Smith ([02:15:40](#)):

Can someone put it on the screen?

Tim Lees ([02:15:44](#)):

We've put the link onto our-

Jamie Drummond-Smith ([02:15:47](#)):

The link is on the homepage. That's very helpful to prevent me painfully going through a phonetic alphabet of the URL. So thank you very much. Where did you say that you could see the settlement of the share figure? It is not one P per share. It is more than that. And it is on the scheme website where you can look at on the homepage.

Tony Stuart ([02:16:12](#)):

It's on page 10.

Jamie Drummond-Smith ([02:16:12](#)):

It's on page 10 of the explanatory statement, which you can get to on the homepage here on documents. You go to documents and then you go to the explanatory statement and then you go to page 10. The table will be there.

If people made claims through the FSCS, and they have not been finalised, will a yes vote work these away? I think you probably mean the Financial Ombudsman Service-

Alistair Reid ([02:16:45](#)):

And the FSCS.

Jamie Drummond-Smith ([02:16:50](#)):

... and the FSCS.

Alistair Reid ([02:16:51](#)):

If I may do it in plain English, we are offering a payment through the scheme to replace claims to the FOS and FSCS with the benefit, hopefully, that payments through the scheme are more certain and will come much quicker.

Jamie Drummond-Smith ([02:17:13](#)):

Are we aware of individuals who've claimed on the FSCS?

Alistair Reid ([02:17:15](#)):

Yes. So FSCS [inaudible 02:17:16].

Tim Lees ([02:17:15](#)):

There are 85 from memory outstanding complaints with the FOS, which are all suspended, which are paused for the time being while the scheme is being [inaudible 02:17:32].

Jamie Drummond-Smith ([02:17:33](#)):

And I think that was in Alistair's script as well, which will be in the transcript of this meeting. And maybe on the slides, actually, I can't remember.

What, if any, redress do we have to dispute the treatment of accumulating shareholders in not receiving significant income distributions in full, especially if after today, the scheme of arrangement is approved? I think that question has already been answered in that the treatment of accumulating shareholders is not covered by the scheme.

Alistair Reid ([02:18:09](#)):

Conversely, it's better to say income payments from the WEIF will continue. Is that right? No? I'm getting too old, will you explain that just so I [inaudible 02:18:21]-

Nigel Boyling ([02:18:21](#)):

No further income distributions coming from the fund [inaudible 02:18:24] and all lasting fund distributions made in 2019.

Alistair Reid ([02:18:26](#)):

Okay, thank you.

Jamie Drummond-Smith ([02:18:38](#)):

Okay. I think I've found the answer to my question. Where did you say that you could see the settlement share figure? Did you say it was one P per share? I said no, on the FAQ, it says 5.068 pence per share. So that's-

Tim Lees ([02:18:51](#)):

One point we should be clear on is that the distribution per share depends on which category of share you hold. That's why you need to look at the table on page 10 at the explanatory statement.

Jamie Drummond-Smith ([02:19:01](#)):

Perfect. So page 10 of the explanatory statement breaks it down, gives you further detail, because it depends on the class of share that you hold.

Hargreaves Lansdown published figures close to 300,000 on its platform alone. Surely the total would be nearer 500,000, in which case maybe four-fifths of the investors have not seen the scheme documents?

Alistair Reid ([02:19:31](#)):

I'm puzzled, I'm not aware of Hargreaves Lansdown publishing figures close to 300,000.

Tim Lees ([02:19:39](#)):

I wonder if there's a confusion with those who've invested in Hargreaves Lansdown's funds of funds, which there will be a material number, those who have invested in the WEIF via the Hargreaves Lansdown platform [inaudible 02:19:59]. That number 500,000 looks too high.

Jamie Drummond-Smith ([02:20:10](#)):

So we think that number is too high. I mean, I think if the asker of the question wants to call in and show where they got that information from, we may be able to carry out some more work to validate that.

Tony Stuart ([02:20:25](#)):

I think it's worthwhile pointing out as well that in terms of the number of votes that we have and 50,000 by comparison with other schemes, that is in percentage terms quite a high number. Dan you could perhaps enlighten us little more on that.

Dan Schwarzmann ([02:20:40](#)):

I suppose, yeah, two comments I'd make, hello, it's Dan Schwarzmann here from PwC. First of all, just to reconfirm what Tim said, we have got to look at the investors through the WEIF, that's the important bit. I think that number that's been quoted isn't through the WEIF. And just to your comment, Tony, yes, we've done some analysis compared to investors voting on this scheme compared to other retail schemes. Despite the difficulty of not having direct contact with the investors, because we have to go through platforms, we are pleased with the responses we've had in and the visits to the website we've had. So [inaudible 02:21:27] that interaction we are pleased with.

Jamie Drummond-Smith ([02:21:32](#)):

And again, there will be a report which will come to me in terms of the work that has been done. I mean, obviously, the difficulties, as I understand it, are some of the platforms are that the information that we have in respect of some of the investors is different from the platforms holding the investors. So we may have a different email address which makes it more difficult to track things down. So as Dan has

said, contacting everybody through the platforms has not been as straightforward as I think everybody would have wished. But the belief of the company is that it has carried out everything it possibly can do to reach as many of the investors as possible.

(02:22:18):

So, the final question I have on the deck at the moment is who do you think the scheme of arrangement benefits most, the investors of LFSL and the FCA, whereby they draw line neatly under everything and it all goes away?

I think it is fair to say that is a matter of opinion. And I think the scheme is here and being voted on by investors and therefore, it is ultimately they who decide whether this scheme goes ahead together with the court, of course, as well, and therefore, individual investors and institutional investors are making their own choice on the terms of the scheme as proposed. I have no further questions which have been submitted. We have-

Alistair Reid (02:23:26):

Sorry, just before moving on, I was asking, can I possibly just make a summary statement of the company's position?

Jamie Drummond-Smith (02:23:31):

Well, I'm going to ask for any final questions first.

Alistair Reid (02:23:34):

Sorry.

Jamie Drummond-Smith (02:23:34):

And [inaudible] then you can do that. So, I will give 60 seconds, one minute, to people if they want to ask a further question on the platform.

Let's confirm we have no questions from the one telephone participant we still have.

Okay. There are no further questions as of now. And therefore, I am closing the questions online. So these are all of the questions that have been submitted online in the chat field. I will now take questions, sorry, now taking questions, so we'll move on. And we've had all the questions from online attendees who clicked the request to speak button. So, would anybody who wishes to request for scheme creditors to consult together without the company and its advisors present, if you want to take that facility, please speak now on the online chat function.

Lumi, you have nothing have come up? Okay.

(02:25:32):

So there have been no requests by scheme creditors to consult together without the company and its advisors present. So the telephone lines, request to speak function, and chat field are now closed for questions and comments. I will now make some final remarks before you will have a final opportunity to vote.

A notice of the result of the vote of this scheme meeting will be published by the 15th of December 2023, at the latest by 5:00 PM. As the independent chair of this meeting, I am required to report the proceedings of this meeting to the court at the hearing where the company will ask the court to approve the scheme.

[\(02:26:16\)](#):

The date of that hearing is 18th of January 2024, and you are entitled to attend it, subject to any limitations to attendance requested by the court. If you wish to attend the hearing, you should contact the investor advocate at, and it is up on the screen, we only have one telephone attendee. But it's JosephbannisterIA, in capitals, the investor advocate, @dacbeachcroft.com. But it is on your screen and so if you wish to contact Joe Bannister, then please do so on that email address. This is the end of our presentation today. However, the meeting will remain open on silent for the next one hour in order to give scheme creditors a final opportunity to vote or change their vote.

[\(02:27:14\)](#):

During this period, meeting officials will contact those individuals who requested to vote by phone and obtain their votes. May I ask those individuals, and I think it's one individual in fact, who have requested to be able to vote by telephone please hang up so that you're able to be contacted. Oh, we've got two telephone people. So if the people on the telephone could please dial off. And then the meeting will remain open on silent for one hour. So after one hour, the vote in this meeting will automatically close. So the meeting will close at 13:30. Thank you, everybody, it's been a long meeting today. Thank you for your interest, for all your questions. I hope that we have, and the company and its advisors have attempted to answer those questions in the best fashion that they possibly can.

[\(02:28:13\)](#):

It is fantastic that so many of you have taken the time to listen and ask questions and challenge. So that has been incredibly helpful. On that note, thank you very much, everybody.

PART 5 OF 5 ENDS [02:28:29]