Woodford Patient Capital Trust plc

Annual Report
For the year ended 31 December 2018

Contents

The investment objective of Woodford Patient Capital Trust plc (WPCT or the Company) is to achieve long-term capital growth through investing in a diversified portfolio with a focus on UK companies, both quoted and unquoted. As these companies evolve, the geographical profile of the portfolio may change to become more global in nature for reasons such as an overseas listing or as the result of changes to capital value of a non-UK company.

The Company will aim to deliver a return in excess of 10 per cent per annum over the longer term*.

* This is a target only, not a profit forecast, and there can be no assurance that it will be met.

Many of the Company's biggest holdings have reached significant milestones on the road to commercial success.

Building conviction

The portfolio may become more concentrated on particular investments as value emerges, resulting in some holdings potentially becoming very significant as a proportion of the Company's portfolio.

Stock market listings
Some of the Company's holdings have already hit milestones to IPO – and others are expected to follow.

Low cost
Annual costs of 0.2 per cent – no fee paid to Portfolio Manager unless cumulative returns exceed 10 per cent per annum.

At 31 December	2018 £'000	2017 £'000
Net assets	807,200	755,295

31 December Net asset value and share price	2018 pence	2017 pence
Net asset value per share	97.61	91.33
Share price	82.10	84.45

31 December Net asset value and share price performance	2018 %	2017 %
Increase/(decrease) in net asset value per share	6.9	(2.0)
Decrease in share price	(2.8)	(7.2)
Share price discount to net asset value	(15.9)	(7.5)

31 December	2018	2017
Ongoing charges ratio*	0.2	0.2

* Ongoing charges ratio – calculated as a percentage of average shareholders' funds and using expenses, excluding finance costs, performance fees and taxation in accordance with the Association of Investment Companies (AIC) guidelines.

Last year, I commented on tangible signs that many of the companies in the Woodford Patient Capital Trust (WPCT) portfolio were making good progress and that we hoped to see this reflected in financial performance in the forthcoming year.

The progress made by some of WPCT's larger unquoted holdings has resulted, in part, in the increase in net asset value (NAV) during the period of 6.9 per cent. However, this was tempered by the performance of some of the smaller and medium-sized quoted holdings in the portfolio where progress has often not been reflected in the share price.

As the top companies in our portfolio move through points of inflexion in forthcoming years, we would expect this to be more strongly reflected in the NAV. The share price traded at an average 11.3 per cent discount to its NAV and during the year the Board kept this regularly under review.

WPCT has a unique portfolio of companies, developed over a long period, where the Portfolio Manager has a deep insight into the evolution of the businesses. Many of these companies are now in the commercialisation phase. For example, Proton Partners, the UK's first high-energy proton beam therapy provider, treated 25 patients in its Cancer Centre in Newport last year and opened two further centres in Northumberland and Reading. Autolus successfully listed on NASDAQ and its CAR-T cell technology is in a strong position to drive advances in the battle against cancer. Meanwhile, one of the Company's largest holdings, Industrial Heat, raised capital from external investors having shown positive progress and it is anticipating reaching a key milestone in the year ahead. Companies within the portfolio are also attracting high-calibre individuals, typified by the senior appointments at Immunocore (see page 15).

The Portfolio Manager continues to update investors with developments in the portfolio and we also held a capital markets investor day in the summer to increase awareness. WPCT re-entered the FTSE250 in December and continues to attract support from a wide variety of investors for whom it represents a unique, long-term portfolio of disruptive high-potential businesses. We also welcomed a number of new institutional shareholders with whom I met.

In February 2019, following more than a year of discussions with external parties (including legal counsel) and commissioning independent valuation reports, WPCT acquired a portfolio of five unquoted assets from the LF Woodford Equity Income Fund. The transaction was completed by issuing WPCT shares at the prevailing NAV (plus costs) of the Company, being at a premium to the share price, resulting in no dilution to shareholders. It is a positive transaction for shareholders, and we have increased positions in portfolio companies in which the Portfolio Manager has conviction. The assets included Atom Bank, which brings some balance in risk and sector to the top of the portfolio having represented approximately half of the transaction.

It has been a particularly busy year and I would like to thank the Board for giving so generously of its time. The Board is evolving, and steps have been taken to enlarge the scope of the Audit Committee, enabling it to spend even more time with the Portfolio Manager on its strategy and the portfolio. I would also like to wish Alan Hodson well as he is stepping down in the summer to spend more time on charitable endeavours.

The objective of WPCT remains the same. The portfolio is well established with strength and depth, while there have been solid signs of progress this year. The Portfolio Manager has previously stated that performance should be judged on a three-to-five-year view. The valuation of some of the Company's largest investments are sensitive to achieving key milestones and we have seen, as with Prothena, the detrimental impact this can have on the portfolio when they are missed. However, Autolus's stock market listing highlights the impact success can have and the Portfolio Manager believes that many more of the portfolio companies are set to deliver this year. The Board will be monitoring performance closely at what is an important stage of the Company's life cycle.

Susan Searle
Chairman

4 April 2019

Against a backdrop of widespread equity market declines, WPCT delivered a positive NAV return of 6.9 per cent in 2018. The overall performance of a portfolio is always the product of many moving parts. In the year under review, however, returns were dominated by events at three companies, and one broader theme that has persisted throughout the Company's short life thus far.

Firstly, the stock specifics. As we reported in last year's annual report and the interim report, the Company suffered a setback during April 2018 when Prothena announced that its Pronto trial, investigating its lead asset, NEOD001, in AL amyloidosis, had been unsuccessful. This was a very disappointing outcome for the company and its investors, which stemmed from a much bigger and more significant placebo effect than anything seen in prior trials would have suggested. More detail can be found on Woodford's website.

More positively, events at two unquoted companies provided some encouraging momentum to the Company's NAV as the year unfolded. In June, the initial public offering (IPO) of Autolus, a clinical-stage biotechnology business at the forefront of a revolution in cancer treatment, saw this business transition from an unquoted holding to a quoted one at a materially higher valuation. The IPO completed at the top of the guided price range and at a premium of 73 per cent to the price of the company's previous funding round in September 2017. Since listing, the shares have traded positively, albeit with some volatility, standing by year end more than 90 per cent higher than the IPO price of $17 per share.

We believe this is a very positive development for Autolus and, therefore, for the Company. The listing provided the opportunity to raise additional capital for further pipeline development, while also increasing its profile within the biotechnology sector. We are not surprised to see such a positive reception from the wider investment community, given the progress the company has already made with its technology and the significant opportunity that lies ahead. We believe there is considerable further upside potential should Autolus continue to develop its assets positively through clinical trials. Further news in this regard was provided towards the end of the year, with promising data from two ongoing clinical trials in its lead programme AUTO-3, presented at the American Society of Hematology (ASH) annual meeting in December.

Meanwhile, in September, Industrial Heat also saw a meaningful valuation uplift. The company has built a platform of new energy technologies focused on harnessing hitherto poorly understood or neglected energy science, including cold fusion. We are fully cognisant of the scepticism that has surrounded the theory and history of this branch of science. However, we believe the potential disruptive implications of a new, substantially more efficient source of energy deem the various fields of neglected energy science worthy of further investigation. We funded Industrial Heat in 2015 to engage credible world-leading institutions to rigorously assess the progress of its technologies.

Following some disappointing initial developments, the investment was written down in 2016. Since then, however, progress within the portfolio of technologies has shown increasing promise. Hence, with the company last year raising capital from other investors to continue the path to commercialisation, the valuation of the company was adjusted up to reflect this progress. Although this is positive progress for Industrial Heat and the Company, it remains early days in the development and commercialisation of these technologies.

More broadly, we have been pleased with the operational progress being delivered by the majority of companies in the portfolio. Within the unquoted element of the portfolio, this has been reflected in valuation changes – during 2018, 20 unquoted holdings (including Industrial Heat) were revalued upwards, with 16 positions revalued downwards and 18 unchanged. The portfolio's success stories are gradually beginning to account for a larger proportion of assets, so this has meant that the contribution from the positive uplifts was significantly greater than the contribution from the negatives. This is consistent with what we have been expecting – not everything will work, but the rewards for success are asymmetric to the impact of disappointment.

This pattern, however, was not replicated in the quoted part of the portfolio. The operational performance of the quoted portfolio was broadly similar to that of the unquoted portfolio. It was by no means all positive, but collectively, we have seen many more operational steps forward than steps back from the portfolio of quoted businesses.

The share price performance of the quoted portfolio, however, was starkly different. This is not a reflection of what has happened to those businesses; the decline in share prices was further evidence of the market's aversion to early-stage investment opportunities in the current environment. This situation has worsened since the Company launched in 2015, but I continue to believe that it won't take much in the way of genuine commercial success from these businesses for the market and other investors (such as private equity and sovereign wealth) to wake up to the astonishing value on offer.

Ironically, several of the more mature companies in the portfolio are now at a stage where a stock market listing would appear appropriate. Indeed, several of them are well beyond the stage at which, historically, an introduction to public markets would typically have occurred. We have encouraged these businesses to remain private for as long as possible. We are only comfortable exposing these businesses to the slings and arrows of a stock market listing if we are confident that it can be done in a manner that will not compromise their ability to fulfil the potential that we have always seen in them.

Nevertheless, that process is underway for several of the portfolio's largest holdings. For example, Proton Partners announced a listing on London's NEX Exchange Growth Market in February 2019, which is another important stepping stone for that company's long-term growth strategy. We look forward to sharing further news with you in this regard, as the year progresses.

At the same time, our attention is, of course, also on nurturing the next wave of global disruptors. Further down the portfolio list, there are several businesses that have made steady progress on the road towards commercialisation since we first backed them. The likes of Inivata (a leader in liquid biopsy), Federated Wireless (mobile spectrum sharing technology) and Carrick Therapeutics (targeted cancer therapies) are hot on the heels of the larger positions in the portfolio, both in terms of the disruption they can bring to their respective industries, and in terms of the value they can continue to create.

Irrespective of their stage of development, we are doing everything we can to ensure positive outcomes for the companies in which WPCT has invested. In turn, we are doing everything we can to ensure positive outcomes for the shareholders of this Company. Many things are beyond our control, and beyond the control of the companies in which we have invested. There will always be things that don't go to plan within a portfolio like this, but with an appropriate balance of patience, support and determination, there is usually a path forward. Collectively, this represents a path towards long-term value creation, and it is a path upon which WPCT is progressing positively.

We look forward to the future with great confidence and would like to thank shareholders for the continued support.

Neil Woodford
Head of Investment

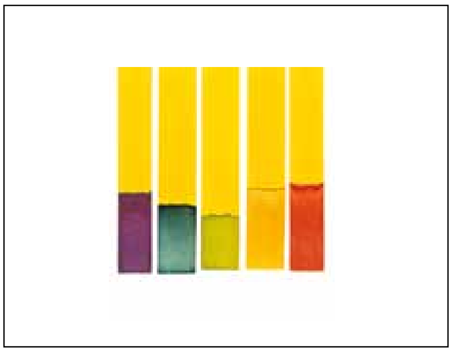
4 April 2019

Many of the holdings in the portfolio have made good progress and operational milestones are being met. On the following pages, we examine in more detail a selection of companies in the portfolio and the progress they made in 2018.

Autolus
CeQur
Evofem
Federated Wireless
Genomics
Immunocore
Industrial Heat
Kymab
Mission Therapeutics
Oxford Nanopore
Proton Partners
Seedrs
Sensyne Health
Spin Memory
Ultrahaptics

Autolus

Autolus is at the forefront of a revolutionary immuno-oncology treatment, dubbed the 'living medicine', that is offering new hope to patients suffering from blood-related cancers such as leukemia, lymphoma and myeloma. In June it listed on the Nasdaq Stock Exchange. It is investing in a full-scale commercial manufacturing centre in Rockville to be opened in 2021 and is building out its existing facility in Enfield, UK, opening in 2020.



CeQur

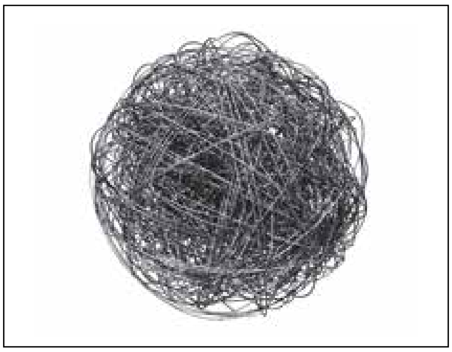
CeQur is developing a portfolio of simple-to-use, injection-free wearable devices that deliver insulin to diabetics and can be worn for multiple days. In July, the company acquired an approved mealtime insulin delivery device from Johnson and Johnson, PaQ Meal, which it is planning to commercialise in 2019.

Evofem

In December, Evofem announced that its phase 3 clinical trial of Amphora for the prevention of pregnancy successfully met its primary endpoint. The company believes the results "solidify Amphora's position as the most substantial birth control innovation in 20 years”. The prescription contraceptive market is estimated to be worth $5.5bn. The company will submit the Amphora new drug application to the US Food and Drug Administration (FDA) in 2019 and, if approved, plans commercialisation from January 2020.

Federated Wireless

In July, the Federal Communications Commission (FCC) in the US issued a public notice that signals the start of commercial developments in shared spectrum. This has formalised the path for commercialisation and Federated Wireless is now well positioned to see its large customers offering commercial services.



Genomics

Genomics brings together vast swathes of genomic data to improve the drug discovery process, making it faster, more cost-efficient and increasing the likelihood of success. In August, the company successfully completed a funding round and secured a collaboration with global pharmaceutical company Vertex.

Immunocore

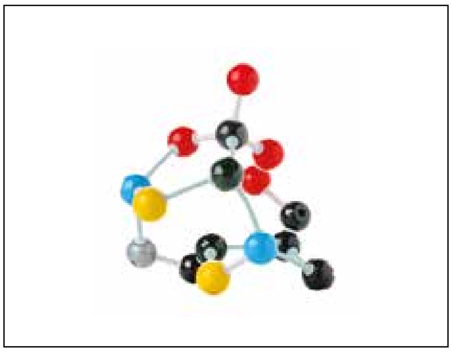
In June, Immunocore presented positive data on its lead drug candidate for the treatment of metastatic uveal melanoma, while in November it entered into a partnership with Genentech, part of the Roche Group. More recently, it made two key appointments who will lead the company through the next, scale-up phase of its development. Bahija Jallal is the company's new chief executive, having joined from AstraZeneca's biologics research and development unit, MedImmune, where she was President. Meanwhile, David Berman joined as Head of R&D having overseen AstraZeneca's Immuno-oncology (IO) Franchise.

Industrial Heat

The NAV of WPCT saw a material uplift as a result of developments at Industrial Heat, which has built a platform of new energy technologies. Over the course of the past 12 months, there have been developments within Industrial Heat's portfolio of technologies that have shown increasing promise. With the company raising capital from other investors to continue the path to commercialisation, the valuation of the company was adjusted to reflect this progress.

Kymab

Kymab, which is also backed by the Wellcome Trust and the Bill & Melinda Gates Foundation, is developing monoclonal antibody treatments – a type of therapeutic drug – to counter illnesses such as atopic dermatitis and cancer. In July, it announced that its potential atopic dermatitis treatment called KY1005 was moving to a phase 2 trial following positive results from the phase 1 study in healthy volunteers.



Mission Therapeutics

It is estimated that 50m people are living with dementia and Alzheimer's disease. This number is expected to double every 20 years and, in November, Mission Therapeutics announced a major collaboration with AbbVie, one of the world's biggest global pharmaceutical companies, in the research and preclinical treatment of Alzheimer's and Parkinson's disease.

Oxford Nanopore

Oxford Nanopore is developing a new generation of DNA sequencers, some of which are small, portable and affordable. These are also the world's only sequencers that can deliver DNA analysis in real-time. In June, full-year results highlighted that its orders had increased by 240 per cent on the previous year, while in the autumn it was boosted by an equity investment of £50m from Amgen, a world leader in using strategic human genetics to deliver new medicines to patients.

Proton Partners

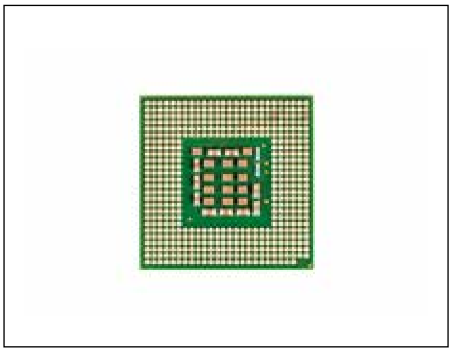
The UK's first high-energy proton beam therapy provider announced in June that it had treated its first patient with proton beam therapy at its Newport centre – also a first for the UK. In December, it announced that it would be treating patients referred through NHS Wales at its Newport centre. In August, the company opened its second cancer centre in Northumberland and in October its third centre was opened in Reading.

Seedrs

Seedrs, the crowdfunding platform, has now invested more than £500m into campaigns funded on the platform since launch (including £195m invested in 186 successful pitches during 2018). The company has also launched its auto-invest product – another operational milestone for the business.

Sensyne Health

The company analyses NHS patient data using artificial intelligence algorithms to help healthcare companies discover new medicines. Founded by Lord Drayson, the former science minister, the company (formerly known as Drayson Health) successfully listed on the London Stock Exchange in August. It now has six NHS trusts using its digital applications – two of which have come onboard since the IPO. The company recently signed a non-exclusive agreement with Jefferson Health, one of the largest healthcare providers in Pennsylvania and a three-year research alliance with Oxford University's Big Data Institute.



Spin Memory

In November, Spin Memory (formerly known as Spin Transfer Technologies) secured a $52m Series B funding round and commercial agreements with Arm, the world's leading semiconductor IP company, and with Nasdaq-listed Applied Materials, a leading equipment supplier to the semi-conductor industry.

Ultrahaptics

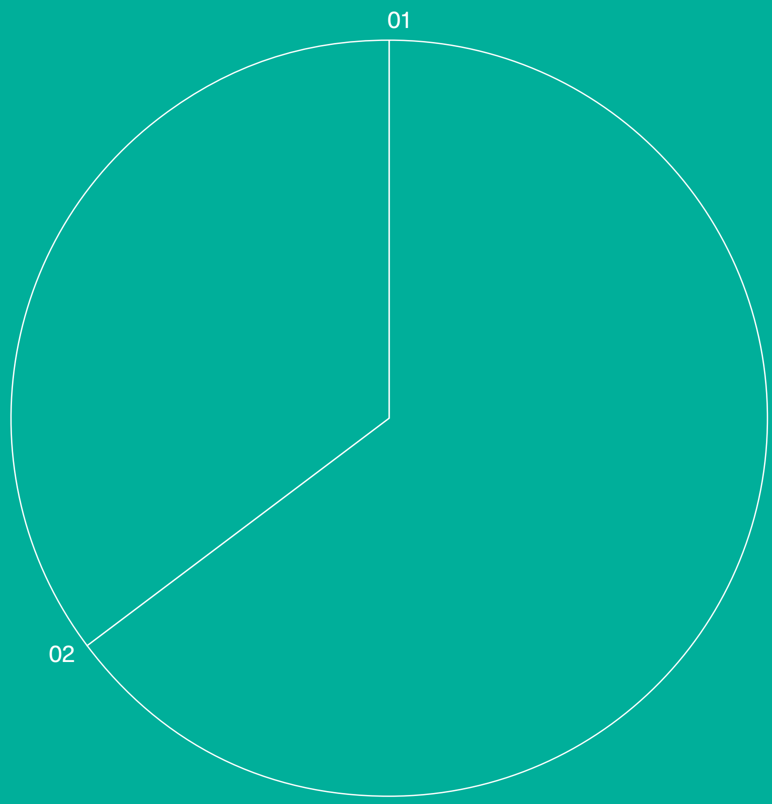
Towards the end of the year, Ultrahaptics completed a £35m financing round. The money will support both the company's commercial and R&D activities through its global expansion within virtual and augmented reality markets. The company, originally a University of Bristol spin-out, has developed a unique technology that uses high-frequency ultrasound to enable the sensation of touch to be felt in mid-air. It has an array of commercial partners including Nike, Dell, Intel and IBM.

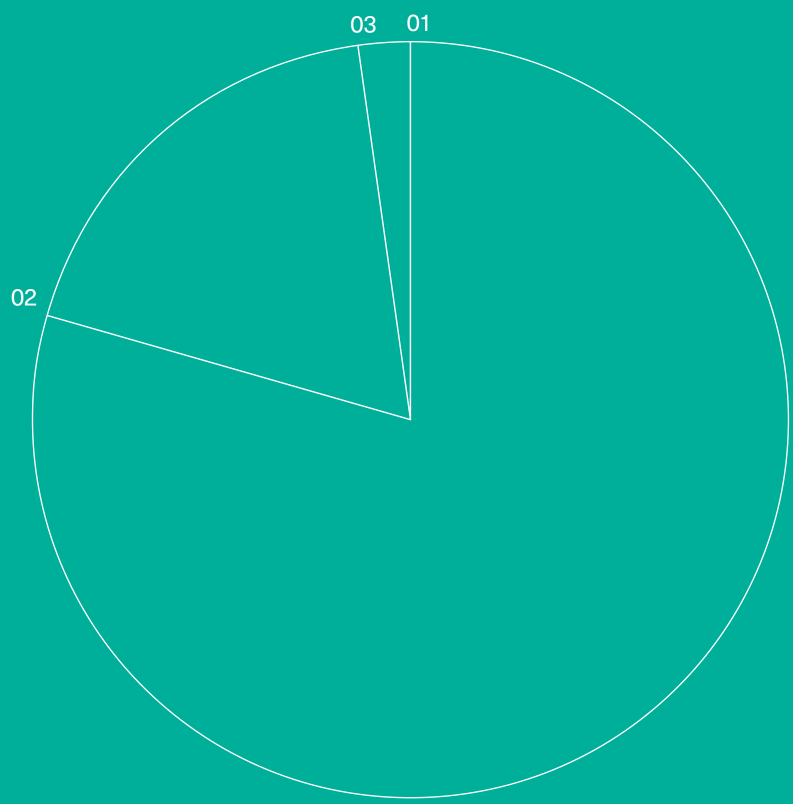
Please find below the composition of the WPCT portfolio and its maturity stage.

		%
01	Unquoted	65.16
02	Quoted	34.84
	Total	100.00

Maturity stage		%
01	Early Stage	79.56
02	Early Growth	18.37
03	Mid\Large	2.07
	Total	100.00

Source: Woodford based on gross asset value





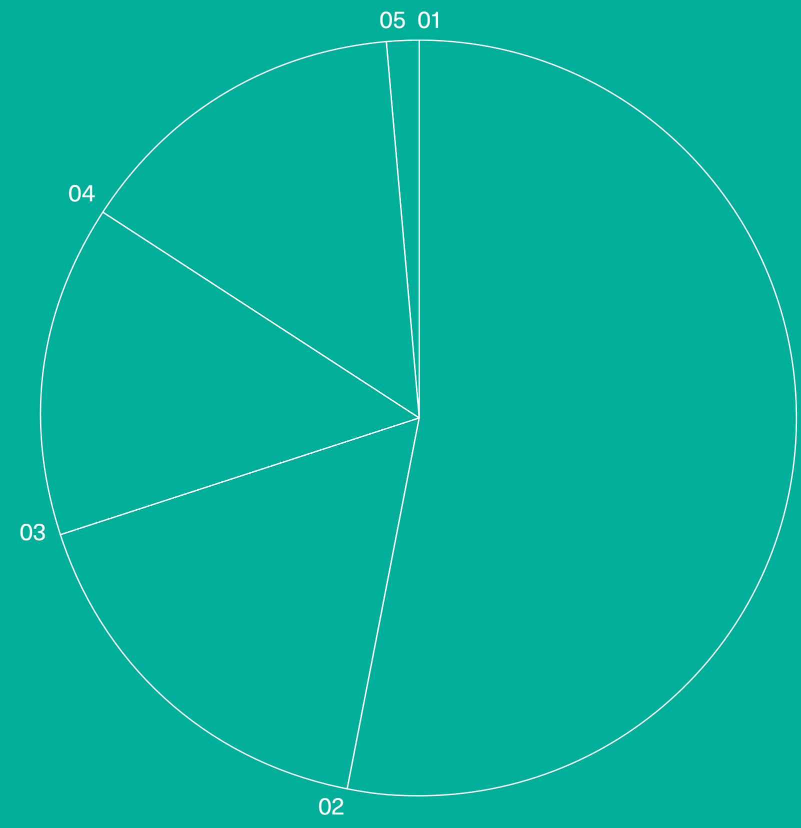
And by industry and geography.

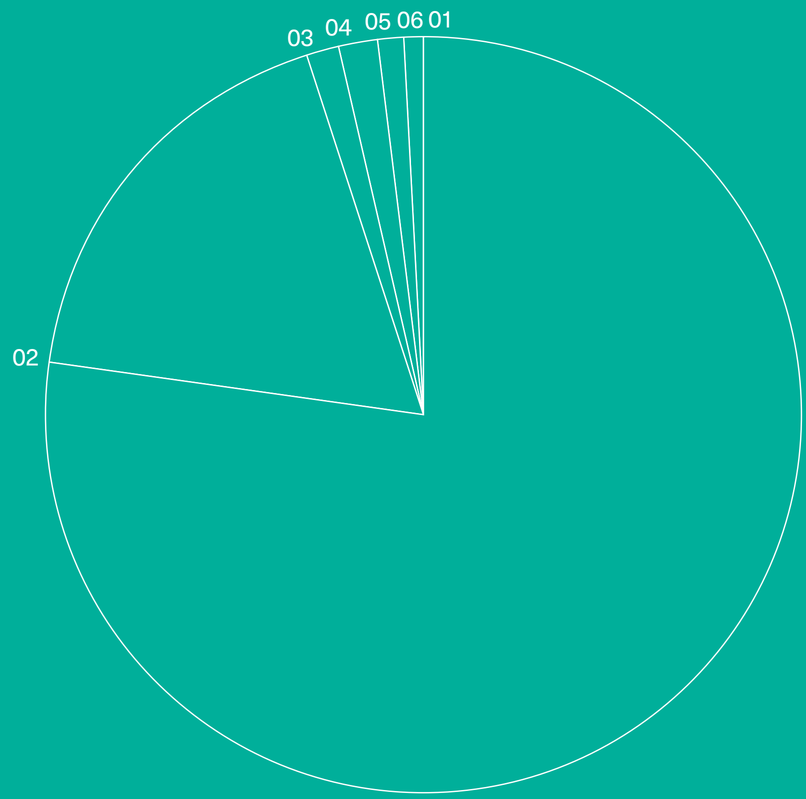
Industry		%
01	Health Care	53.28
02	Financials	16.80
03	Industrials	14.32
04	Technology	14.26
05	Consumer Goods	1.34
	Total	100.00

Geographical allocation		%
01	United Kingdom	77.26
02	United States	17.95
03	Switzerland	1.43
04	Luxembourg	1.43
05	Norway	1.19
06	Ireland	0.74
	Total	100.00

Geographic split based on stock market listing for quoted companies and by country of domicile for unquoted.

Source: Woodford based on gross asset value





Name	Industry	Portfolio weight (%)	Holding (%)*
Autolus	Health Care	10.93	10.2
Benevolent AI (Unquoted)	Technology	8.89	5.8
Oxford Nanopore (Unquoted)	Health Care	7.54	4.8
Proton Partners International (Unquoted)	Health Care	6.66	24.1
Industrial Heat A2	Industrials	6.25	10.0
Immunocore A (Unquoted)	Health Care	5.11	7.0
Oxford Sciences Innovation (Unquoted)	Financials	4.19	5.6
Atom Bank (Unquoted)	Financials	3.55	7.6
Industrial Heat A1	Industrials	2.76	1.2
Kymab B Pref (Unquoted)	Health Care	2.38	9.4
Prothena	Health Care	2.07	6.2
Mission Therapeutics (Unquoted)	Health Care	1.95	15.4
Mereo BioPharma	Health Care	1.84	13.9
Cell Medica C Pref (Unquoted)	Health Care	1.72	14.1
Purplebricks	Financials	1.68	3.6
Sensyne Health	Health Care	1.66	7.9
Precision Biopsy (Unquoted)	Health Care	1.49	21.7
CeQur (Unquoted)	Health Care	1.43	8.1
AMO Pharma (Unquoted)	Health Care	1.15	20.1
Arix Bioscience	Financials	1.11	4.8
Ultrahaptics Pref (Unquoted)	Technology	1.06	11.8
Federated Wireless (Unquoted)	Technology	1.02	9.8
SciFluor Life Sciences (Unquoted)	Health Care	0.98	8.9
Carrick Therapeutics (Unquoted)	Health Care	0.95	14.1
Mafic B (Unquoted)	Industrials	0.95	13.6
Genomics (Unquoted)	Health Care	0.87	10.5
Idex	Technology	0.84	5.0
Accelerated Digital Ventures A (Unquoted)	Financials	0.82	16.0
Inivata (Unquoted)	Health Care	0.79	15.7
Seedrs (Unquoted)	Financials	0.79	19.3
Kind Consumer C (Unquoted)	Consumer Goods	0.75	6.1
Malin	Financials	0.74	3.5
Ombu Pref 1	Financials	0.73	0.7
Ombu Pref 3	Financials	0.70	0.7
Lignia Wood Pref (Unquoted)	Industrials	0.68	35.6
Xeros	Industrials	0.63	11.5
Kind Consumer E (Unquoted)	Consumer Goods	0.60	19.7
Industrial Heat B1 (Unquoted)	Industrials	0.59	0.9
Inivata B (Unquoted)	Health Care	0.56	8.6
Reaction Engines (Unquoted)	Technology	0.52	3.0
RateSetter (Unquoted)	Financials	0.51	1.8
Ultrahaptics Pref (Unquoted)	Technology	0.50	4.8
Mafic (Unquoted)	Industrials	0.49	7.0
Evofem Biosciences	Health Care	0.48	6.7
Mercia Technologies	Financials	0.46	4.9
ABLS Capital (Unquoted)	Health Care	0.42	47.5
Spin Memory B1 (Unquoted)	Technology	0.35	3.2
Thin Film Electronics	Industrials	0.35	4.2
Sphere Medical Conv Pref (Unquoted)	Health Care	0.33	46.6
PsiOxus (Unquoted)	Health Care	0.30	2.2
Ombu Pref 7	Financials	0.29	0.3
Nexeon (Unquoted)	Industrials	0.29	4.4
4D Pharma	Health Care	0.29	4.1
Federated Wireless Pref B (Unquoted)	Technology	0.28	2.7
Seedrs Pref (Unquoted)	Financials	0.28	6.9
Metalysis (Unquoted)	Industrials	0.28	7.6

* Holding percentage in underlying portfolio company's equity.

Name	Industry	Portfolio weight (%)	Holding (%)*
OxSyBio (Unquoted)	Health Care	0.28	19.2
Dementia Discovery Fund (Unquoted)	Health Care	0.27	5.9
ReNeuron	Health Care	0.24	15.2
RM2 International	Industrials	0.24	9.4
Ombu Pref 2	Financials	0.22	0.2
Cambridge Innovation Capital (Unquoted)	Financials	0.22	1.3
Lignia Wood A (Unquoted)	Industrials	0.21	10.9
Ultrahaptics (Unquoted)	Technology	0.20	3.3
Yoyo Wallet B1 (Unquoted)	Technology	0.19	6.6
Wath Pref (Unquoted)	Industrials	0.18	41.5
American Financial Exchange (Unquoted)	Financials	0.17	1.5
Ombu Pref 5	Financials	0.17	0.2
Ombu Pref 6	Financials	0.17	0.2
Econic B Pref (Unquoted)	Industrials	0.17	6.1
Sphere Medical Pref (Unquoted)	Health Care	0.16	33.0
Industrial Heat A3	Industrials	0.14	0.2
Yoyo Wallet B2 (Unquoted)	Technology	0.14	3.8
Bodle Technologies (Unquoted)	Technology	0.10	7.4
Metaboards (Unquoted)	Technology	0.10	7.6
Ultromics (Unquoted)	Health Care	0.10	3.8
Northwest Biotherapeutics	Health Care	0.10	1.2
Novabiotics Pref (Unquoted)	Health Care	0.09	2.2
NetScientific	Health Care	0.08	14.4
Spin Memory B2 (Unquoted)	Technology	0.06	0.6
Econic C Pref (Unquoted)	Industrials	0.05	1.8
Nexeon (Unquoted)	Industrials	0.05	0.7
Origin Pref (Unquoted)	Health Care	0.04	5.5
Halosource	Industrials	0.03	7.4
Sphere Medical (Unquoted)	Health Care	0.01	8.6
Lignia Wood (Unquoted)	Industrials	0.01	0.3
Kind Consumer (Unquoted)	Consumer Goods	0.00**	5.3
Origin (Unquoted)	Health Care	0.00**	2.1
Midatech Pharma	Health Care	0.00**	0.0
Kind Consumer B (Unquoted)	Consumer Goods	0.00**	0.8
Accelerated Digital Ventures B1 (Unquoted)	Financials	0.00**	0.0
Wath (Unquoted)	Industrials	0.00**	0.0

* Holding percentage in underlying portfolio company's equity.
** Stated as zero as rounded down.

The strategic report on pages 2 to 28 has been prepared to help shareholders assess how the Company has performed and to understand its objectives and policies. The business review section of the strategic report discloses the Company's risks and uncertainties as identified by the Board, the key performance indicators used by the Board to measure the Company's performance, the strategies used to implement the Company's objectives, and the Company's environmental, social and ethical policy.

Principal activity

The Company carries on business as an investment trust with a view to achieving the Company's investment objective. Investment companies are a way for investors to make a single investment that gives a share in a much larger portfolio. A type of collective investment, they allow investors to spread risk and diversify into investment opportunities that may not otherwise be easily accessible to them. More information can be found on the AIC website, via the following link: http://www.theaic.co.uk/guide-to-investment-companies.

Investment objective

The Company's investment objective is to achieve long-term capital growth through investing in a diversified portfolio with a focus on UK companies, both quoted and unquoted. As these companies evolve, the geographical profile of the portfolio may change to become more global in nature for reasons such as an overseas listing or as the result of changes to capital values of a non-UK company versus a UK company.

The Company will aim to deliver a return in excess of 10 per cent per annum over the longer term*.

* This is a target only, not a profit forecast, and there can be no assurance that it will be met.

Investment policy

Asset allocation and risk diversification

The Company invests in a diversified portfolio with a focus on UK companies (either incorporated in the UK or traded on a UK exchange), both quoted and unquoted. As these companies evolve, the geographical profile of the portfolio may also change to become more global in nature for reasons such as an overseas listing or as the result of changes to the capital value of a non-UK company.

The Company invests in:

– early-stage companies, which are likely to include both quoted and unquoted companies; and
– mid- and large-capitalisation quoted, mature companies.

The actual portfolio composition at any one time will reflect the opportunities available to the Portfolio Manager, the performance of the underlying investee companies and the maturity of the portfolio.

The Company's portfolio will typically consist of 50-100 holdings. The Company may become a significant shareholder in any of the underlying portfolio companies.

The Company's portfolio is constructed on the basis of an assessment of the fundamental value of individual securities and is not structured on the basis of sector weightings. The Company's portfolio is diversified across a number of sectors and, while there are no specific limits placed on exposure to any one sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

Investment restrictions

The Company is subject to the following investment restrictions:

- investment in unquoted companies will be limited to 80 per cent of gross assets at the time of investment;
- the Company's portfolio shall be invested in a minimum of 40 holdings;
- the Company shall not invest more than 10 per cent of its NAV at the time of initial investment in an investee company save that the Portfolio Manager may make further investments into an investee company subject to an aggregate investment limit in any investee company of 20 per cent of NAV at the time of investment;
- the Company may invest in other investment funds, including listed closed-ended investment funds, to gain investment exposure, but such investment will be unleveraged and (other than in relation to investment in money market funds for the purposes of cash management) limited, in aggregate, to 10 per cent of NAV at the time of investment; and
- with respect to cash deposits, the Company shall not have exposure of more than 10 per cent of NAV, at the time of investment, to any one issuer.

Borrowing

The Company employs gearing of up to 20 per cent of NAV, calculated at the time of borrowing, for the purpose of capital flexibility, including for investment purposes.

The Board oversees the level of gearing in the Company, and will review the position with the Portfolio Manager on a regular basis.

Hedging

The Portfolio Manager's policy is to leave currency exposures unhedged unless the investment view points to sterling appreciation in the medium-to-long term. If such a view is held, the Portfolio Manager may introduce hedges against specific currencies to protect the sterling value of the portfolio's overseas holdings.

The Board will oversee the use of hedging in the Company, and will review the position with the Portfolio Manager on a regular basis.

Cash management

While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of debt securities and cash equivalent instruments. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash position instead of being fully or near fully invested.

Unquoted securities valuation policy

The pricing of unquoted securities, in line with Financial Conduct Authority regulations, is solely the responsibility of the appointed Alternative Investment Fund Manager (AIFM), Link Fund Solutions Limited. Link provides independent oversight of pricing and conducts its own Fair Value Pricing Committee (FVPC) with the support of an independent valuation firm it employs (IHSMarkit).

Link's Fair Value Pricing Policy provides an objective, consistent and transparent basis for estimating the fair value of unquoted equity securities in accordance with Financial Reporting Standard (FRS) 102 as well as International Private Equity and Venture Capital Valuation Guidelines.

An in-depth valuation of each investment is performed independently by IHSMarkit using information publicly available, in addition to that supplied by the Company's investee companies. A valuation occurs: (i) at the time of initial investment, (ii) with a semi-annual frequency thereafter and (iii) as required where a 'triggering event' has occurred.

A triggering event may include any of the following:

- a subsequent round of financing (whether pro rata or otherwise) by the relevant investee company.
- a significant or material milestone achieved by the relevant investee company.
- a secondary transaction involving the relevant investee company on which sufficient information is available.
- a change in the makeup of the management of the relevant investee company.
- a material change in the recent financial performance or expected future financial performance of the relevant investee company.
- a material change in the market environment in which the relevant investee company operates; or
- a significant movement in market indices or economic indicators.

Once a valuation review has been established, fair value will be assumed to be representative of fair value each business day until a valuation change is enacted by the AIFM, who is the decision-maker on valuations and enacts the price change. Where the AIFM considers such an adjustment to be material the AIFM will inform the Board of the nature and reasons for the adjustment, with appropriate commentary from the Portfolio Manager.

Business model

The management of the Company's assets and the Company's administration has been outsourced to third-party service providers. The Board has oversight of the key elements of the Company's strategy, including the following:

- the Company's level of gearing. The Company has a maximum limit of 20 per cent of NAV at the time of borrowing.
- the Company's investment policy, which determines the diversity of the Company's portfolio.
- the appointment, amendment or removal of the Company's third-party service providers.
- an effective system of oversight over the Company's risk management and corporate governance.
- the Board regularly reviews the premium/discount to NAV.

In order to effectively undertake its duties, the Board may seek expert legal advice. It also can call upon the advice of the Company Secretary.

Premium/discount management

The Board monitors the discount at which the Company's ordinary shares trade in relation to the Company's underlying NAV and takes action accordingly. During the period under review, the Company's ordinary shares consistently traded at a discount to its underlying NAV. There are various demands on capital that will include new investments, follow-on investments and a reduction of debt. The choice as to whether this capital is used to manage the discount will depend on, amongst other things, the shape of the portfolio, the financial cycle and the performance of the company's share price and NAV. As the portfolio matures, the Board will keep the use of cash under review.

As a means of controlling the discount at which the shares may, from time to time, trade, the Board may seek shareholder authority to buy back ordinary shares. The Directors have not bought back any shares under the authority granted at the annual general meeting (AGM) held on 12 June 2018. At the forthcoming AGM, the Board is seeking to renew this authority.

Board diversity

The Board consists of six non-executive Directors, three of whom are female. The Board acknowledges the benefits of greater diversity and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. The following objectives for the appointment of Directors have been established:

– all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and
– long lists of potential non-executive Directors should include diverse candidates of appropriate merit.

Corporate and operational structure

Alternative Investment Fund Manager's Directive (AIFMD)

In accordance with the AIFMD, the Company has appointed Link Fund Solutions Limited to act as its AIFM. The AIFM has in turn appointed Woodford Investment Management Ltd to act as its Portfolio Manager, to manage the Company's assets. The AIFM monitors the Portfolio Manager of the Company and ensures that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. In addition, the Company has appointed The Northern Trust Company (as a delegate of the depositary) to provide custody services to the Company as required by the AIFMD.

Operational and portfolio management

In addition to the above, the Company has outsourced its operations to the following service providers:

– Link Company Matters Limited has been appointed to act as the Company Secretary;
– Northern Trust Global Services Limited (Northern Trust) has been appointed to act as the Company's investment accountant and administrator;
– Link Market Services Limited has been appointed as the Company's registrar; and
– Winterflood Investment Trusts (a division of Winterflood Securities Limited) has been appointed to act as the Company's corporate broker and financial adviser.

Environment, social, human rights, community and employee issues

The Board has high standards on all issues that concern the environment, social matters, human rights, community and employees. The Company has no employees and all of its Board members are non-executive. There are therefore no disclosures to be made in respect of employees. The Board has delegated the Company's day-to-day operations and investment decisions to third-party service providers.

The Portfolio Manager considers, among other things, the environment, social and human rights, employee and community implications of the companies within which it invests the Company's assets and has regular meetings with members of the investment management team who provide detailed feedback on the affairs of the Company's underlying holdings. The Portfolio Manager can request that action is taken to bear pressure on the companies in which the Portfolio Manager invests on behalf of the Company to ensure the highest standards are maintained. The Portfolio Manager aims to exercise its votes at the shareholders' meetings of the Company's underlying holdings in every situation it can. In addition, the Portfolio Manager meets regularly with the management of many of the Company's underlying holdings and encourages high standards with regard to each company's approach to social, environmental, human rights, community and employee matters.

The Board has carried out a robust assessment of its risks and controls during the period under review, including those that would threaten its business model, future performance, solvency or liquidity. The process involves the maintenance of a risk register, which identifies the risks facing the Company and assesses each risk on a scale, classifying the likelihood of the risk and the potential impact of each risk to the Company. This helps the Audit Committee and the Board focus on any identified risk of particular concern and aids the development of the Board's risk appetite. In developing the risk management process, the Board took into consideration the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council (FRC).

The Board has established controls to mitigate against risks faced by the Company, which are reviewed on a regular basis to ascertain the effectiveness of each control.

The Company's operations are undertaken by third-party service providers who have established controls to mitigate against risks identified by the Board. The controls and operations of each service provider are subject to a detailed analysis of their operations, which includes testing their key systems to identify any weaknesses, by independent auditors on at least an annual basis. The findings of each review are detailed in Assurance Reports, copies of which are provided to the Audit Committee for its review, so that it can gain a greater understanding of the risk management processes and how they apply to the Company's business.

The principal risks and uncertainties faced by the Company in respect of the year ended 31 December 2018 are set out below. The risks arising from the Company's financial instruments are set out in note 22 of the financial statements, on pages 76 to 81.

The Board has determined that the key risks for the Company are: portfolio concentration; potential key man dependency; the outsourced service provider model; gearing; and Brexit.

1. Portfolio risk: concentration risk

The Company invests a significant proportion of its assets in early-stage companies and early-growth companies. Such companies may not have the financial strength, diversity and resources of larger, more established companies and may find it difficult to operate, especially in periods of low economic growth. The shares of such companies, quoted and unquoted, may be less liquid, and as a consequence their share prices may be more volatile than larger capitalised investments. The success of such quoted and unquoted companies may depend on commercial and technical milestones, some of which may not be in their control – for example, the failure of a clinical trial in a biotechnology company. The performance of the Company's individual holdings, together with market events, may create short-term volatility in the Company's NAV.

Some of the Company's investments may demonstrate potentially swift growth, which could lead to those investments representing larger proportions of the portfolio than might be expected. The Board feels that in those circumstances, portfolio concentration is acceptable as it evidences the success of the Portfolio Manager's judgement. The alternative, imposing limits on the size of any one investment, would potentially result in the Company being a forced seller of an investment that still had further growth potential. The Board does not feel that this would be in the best interests of the shareholders and this view is in line with the Portfolio Manager's investment strategy.

The risk linked to any portfolio concentration might be compounded due to the nature of some of the business and the risk associated with both commercial and technical milestones.

Mitigation – The Company's portfolio is monitored closely by the Board and Portfolio Manager. The Company seeks to invest in a diversified portfolio across a wide range of companies so as to mitigate against the risk posed by an individual early-stage or early-growth company. However, the Board is mindful that the Company was established with the aim of providing long-term growth and that concentration should be a sign of success as a result of assets backed becoming more valuable. Short-term liquidity problems with the Company's underlying holdings, which may be compounded by market events, should be mitigated over time when such companies deliver on their milestones and value is recognised.

2. Portfolio Manager and key man risk

The departure of some or all of the Portfolio Manager's investment professionals could prevent the Company from achieving its investment objective. In particular, Neil Woodford is considered a key individual as the fund manager principally responsible for the management of the Company's assets. The past performance of the Portfolio Manager's investment professionals cannot be relied upon as an indication of the future performance of the Company.

The Portfolio Manager could terminate its contract with the Company. This event would have an impact on the management of the portfolio and on the debt facility.

Mitigation – The Portfolio Manager has developed a suitable succession planning programme, which seeks to ease the impact that the loss of a key investment professional may have on the Company's performance. The Board has reached an agreement with the Portfolio Manager that any change in its key professionals will be notified to the Board at the earliest possible opportunity and the Board will be made aware of all efforts made to fill a vacancy. Furthermore, investment decisions are made by a team of professionals, mitigating the impact of the loss of any key professional within the Portfolio Manager's organisation on the Company's performance. The risk of Woodford terminating the contract is currently assessed to be very low given the key part in the Woodford portfolio that the product plays and the associated risk to reputation.

3. Outsourced service provider model risk

The Company has no employees and the Directors have been appointed on a non-executive basis. The Company is reliant upon the performance of third-party service providers for its executive function. The AIFM, the Portfolio Manager, the depositary, the Company Secretary and the administrator will be performing services that are integral to the operation of the Company. Failure of any of its third-party service providers to perform in accordance with the terms of its appointment could have a material detrimental impact on the operation of the Company. Furthermore, any of the Company's service providers could terminate their contract.

Mitigation – The performance of the Company's service providers is monitored closely by the Board and its Committees.

4. Gearing

The Company has the ability to employ gearing up to a maximum of 20 per cent of NAV, calculated at the time of borrowing. The Company is utilising its gearing facility in order to invest further behind specific portfolio companies. With an established portfolio and limited gearing capacity remaining, there may be less flexibility to make new investments and provide follow-on funding to the portfolio companies. A higher level of gearing may have a significant downside effect on the Company's NAV during a period of poor performance or decline in the market.

Mitigation – The Board reviews gearing monthly. It may set additional limits on the gearing facility and reviews these limits at each Board meeting.

The Portfolio Manager also provides a thorough analysis of any anticipated funding commitments and possible liquidity events of the portfolio companies at each Board meeting. This allows the Board to carefully assess the Company's ability to meet its commitments and maintain its financing facility.

5. Brexit

The Company's outsourced model also exposes it to the risk of service providers being unprepared for a hard Brexit. In this scenario, the Company will no longer meet the EU's classification of an Alternative Investment Fund (AIF). In addition, portfolio companies may face additional funding risk as investors divest or avoid taking on further UK country risk due to Brexit.

Mitigation – To mitigate the potential loss of AIF status in the event of a hard Brexit, the UK government is to enact legislation to make EU law part of UK law although the timing is uncertain.

To mitigate the risk that portfolio companies may face funding challenges due to a hard Brexit, the Board has, through the Portfolio Manager, encouraged investee companies to seek funding from a broad investor base. This includes other investors aligned to the Board's focus on the long-term growth potential of portfolio companies.

The Company has reviewed Brexit planning and risk assessment reports from major service providers and the Board is satisfied that relevant parties have made adequate arrangements to continue to provide normal services to the Company through UK-domiciled entities.

Performance and indicators

Performance is measured against the Company's objective of in excess of 10 per cent growth per year. During the period to 31 December 2018, the Company's NAV increased by 6.9 per cent. A more detailed explanation of the Company's performance can be found in the Portfolio Manager's review on pages 9 and 10 and the Chairman's statement on page 8.

The key performance indicators (KPIs) monitored by the Board are the progress that the top 10 holdings in the portfolio make against commercial, operational and technical milestones. Progress on the next 10 holdings is also reviewed with less frequency. New entrants and emerging portfolio company progress are also discussed.

Performance against other trusts

The Company is positioned within the AIC's UK All Companies sector by most investment company broker analysts. The Board does not have a specific comparative benchmark against which performance is measured. It believes that operational progress is the KPI in this unique portfolio of quoted and unquoted assets.

Share price premium/(discount) to NAV per share

During the Company’s first financial period to 31 December 2015, it issued a total of 827,000,000 ordinary shares in order to meet natural market demand. Subsequent to the year end, on 6 March 2019 the Company issued 81,639,238 ordinary shares. The Company's shares traded at an average discount of 11.3 per cent to its NAV (cum income) throughout the year to 31 December 2018.

Ongoing charges

The Portfolio Manager does not receive a fee for managing this investment trust, unless it delivers cumulative annual returns in excess of 10 per cent. The ongoing charges cover the general administrative and management costs associated with running the Company.

The Company calculates the ongoing charges ratio as a percentage of average shareholders' funds and expenses, excluding finance costs, performance fees and taxation, in accordance with AIC guidelines. This gives an indication as to the Company's expenses to its shareholders and potential investors. As at 31 December 2018, the Company's ongoing charges ratio was 0.2 per cent.

The Portfolio Manager is committed to greater transparency on the total cost of investing. All transaction costs, in addition to the ongoing charges figure, have been disclosed monthly on its website to help investors better understand the total, true cost of investing.

Gearing

As at 31 December 2018, the Company had gearing of £149,966,000 (19 per cent of NAV), in respect of an overdraft.

Portfolio diversification

The Board reviews the portfolio at every Board meeting and expects it to become more concentrated around a number of larger assets.

By order of the Board
Link Company Matters Limited
Secretary
4 April 2019

Directors' report

Susan Searle

Chairman of the Board and the Management Engagement Committee and a member of the Audit Committee

Susan served as the chief executive of Touchstone Innovations plc (formerly known as Imperial Innovations Group plc and now part of IP Group plc) from January 2002 to July 2013, where she led funding rounds totalling circa £250m. During her tenure, Touchstone Innovations invested £121m in a portfolio of healthcare, engineering and software businesses linked to major universities.

Previously, she worked at Montech in Australia (science commercialisation), Signet Group plc, Bank of Nova Scotia and Shell Chemicals in a variety of business development and commercial roles. Susan currently serves as non-executive director of Horizon Discovery Group plc, Benchmark Holdings plc and QinetiQ Group plc. She is also Chair of Mercia Technologies plc, an investment business that invests in high-growth technology businesses with a focus on the Midlands, North and Scotland. Susan has an MA in Chemistry from Oxford University.

Susan was appointed as a Director of the Company on 13 February 2015.

Scott Brown

Member of the Management Engagement and Audit Committees

Scott is chief executive of Nexeon Limited, an Imperial College spin-out focused on developing silicon anode technology for next generation Li-ion battery technology. During his tenure, he has led the change in the company's strategy to successfully move from an IP licensing business model to one of material production and supply. Previously, Scott was executive vice president at Cambridge Display Technology (CDT), responsible for commercial and IP activities of the company. Prior to CDT, Scott was global R&D director for the electronic materials business at Dow Corning (now a wholly-owned subsidiary of Dow Chemical), a US-headquartered multinational corporation with over US$6bn in annual revenues. Scott holds a PhD in Chemistry and is a Fellow of the Royal Society of Chemistry.

Scott was appointed as a Director of the Company on 13 February 2015.

Carolan Dobson

Member of the Management Engagement and Audit Committees

Carolan Dobson has a background in fund management and is an experienced non-executive director in public and private sector organisations, including a diverse portfolio of investment trust roles. She spent her executive career at Murray Johnstone Ltd, where she managed Murray Income plc and was a main board director, and later joined Abbey National Asset Management as head of UK.

Carolan is currently the Chair of JP Morgan European Smaller Companies Trust plc (retiring July 2019), The Brunner Investment Trust plc, Baillie Gifford UK Growth plc and BlackRock Latin American Investment Trust plc.

Carolan was appointed as a Director of the Company on 28 July 2016.

Steven Harris

Chairman of the Audit Committee and a member of the Management Engagement Committee

Steven is chief executive of Circassia Pharmaceuticals plc. He is a bioscience entrepreneur with extensive experience of founding and leading specialty pharmaceutical companies. Prior to co-founding Circassia in 2006, he was a founding member of the team that grew Zeneus Pharma Ltd into a leading specialty pharmaceuticals company.

Prior to Zeneus, he spent seven years at PowderJect Pharmaceuticals plc as chief financial officer, where he was a key member of the team that grew the early-stage private biotechnology organisation into an integrated, profitable public company, which became the world's fifth largest vaccines business before being acquired by Chiron Corporation in 2003. Steven holds a BSc from Southampton University and is a Chartered Accountant and member of the Institute of Chartered Accountants of England and Wales.

Steven was appointed as a Director of the Company on 13 February 2015.

Alan Hodson

Member of the Management Engagement and Audit Committees

Alan Hodson is the chairman of JPMorgan Elect plc and a non-executive director of HarbourVest Global Private Equity Limited. He joined Rowe and Pitman (subsequently SG Warburg, SBC and UBS) in 1984 and worked in a range of roles, all related to international equity markets. He became global head of equities in April 2001 and was a member of the executive committee of UBS Investment Bank and of the UBS AG Group Managing Board.

Alan retired from UBS in June 2005 and has since held positions on a variety of financial and charity boards. He joined BlackRock Commodities Income Investment Trust plc in 2005, as chair of the Board, a role he held until 2015, on completion of his nine-year tenure. He was a partner at Mill Street Asset Management from 2006 to 2014, and a member of the Advisory Board of Norges Bank Investment Management between 2006 and 2011.

In addition to his commercial board roles, Alan has served on the boards of a number of charities, including as chairman of trustees of the Great Ormond Street Hospital Children's Charity (2007-2015).

Alan was appointed as a Director of the Company on 28 July 2016.

Dame Louise Makin

Member of the Management Engagement and Audit Committees

Louise joined BTG plc, a growing global specialist healthcare company in the FTSE 250, as chief executive in October 2004. During her time with the company, Louise has overseen a strategic business review leading to a focus on life sciences, expansion into the US and a series of acquisitions. Prior to joining BTG, Louise was with Baxter Healthcare – initially as vice president, strategy & business development Europe, and then as president, biopharmaceuticals Europe, where she was responsible for Europe, Africa and the Middle East.

Louise's previous roles include director of Global Ceramics at English China Clay and a variety of positions at ICI between 1985 and 1998. Louise is a non-executive director of Intertek Group plc, chair of the 1851 Trust, and a trustee of the Outward Bound Trust. Louise holds an MA and PhD in Materials Science and is an Honorary Fellow of St. John's College, Cambridge.

Louise was appointed as a Director of the Company on 13 February 2015.

Neil Woodford

Neil Woodford is one of the most respected fund managers in the UK. His disciplined, valuation-orientated approach has consistently delivered outstanding long-term performance to his clients. He was a pivotal part of the UK equities team at Invesco Perpetual for more than 26 years, fine-tuning his distinctive approach and making his mark on the investment industry. He was appointed a Commander of the Order of the British Empire (CBE) in 2013 for services to the economy. Neil announced he was leaving Invesco Perpetual in October 2013 to set up his own fund management business. He joined the company on 1 May 2014. Woodford's first fund was launched on 2 June 2014.

Paul Lamacraft

An experienced finance industry professional, Paul began his career at Ernst & Young (now EY) and his most recent role, prior to joining Woodford, was as a fund manager on the UK Equities team at Invesco Perpetual. His private equity and corporate finance background provides our team with invaluable expertise. Paul is focused on comprehensive and diligent analysis of fundamentals to deliver positive long-term outcomes and has a particular specialism in the early-stage and early-growth components of the portfolios.

Saku Saha

Saku's previous role was as analyst and investment director for the Invesco Perpetual UK Equities team. In this role, he was responsible for analysing investment opportunities and assisting Neil Woodford, with a specific focus on early-stage and early-growth companies. His many years at a senior level in the British Army, stationed at home and abroad, have equipped him with exceptional discipline and rigour in his analysis and interpretation of market intelligence.

Stephen Lamacraft

For the six years prior to joining Woodford, Stephen made his mark at Invesco Perpetual as a UK fund manager. Responsible for £120m of assets, his strategy focused on fundamental analysis, an approach inspired by his mentor and colleague Neil Woodford. An intensely competitive addition to the Woodford team, Stephen is highly focused on performance and has a naturally challenging mind that endeavours to enhance the business's collective understanding of investment opportunities. He has a particular focus on the mature, blue-chip elements of the portfolio.

Lucinda Crabtree

Lucinda brings invaluable expertise and knowledge to the Woodford investment team. Over the past decade, she has worked in various analyst roles covering the pharmaceutical and biotechnology sectors at a number of investment banks, including Goldman Sachs and JPMorgan. Lucinda also has significant experience working within the industry itself, having worked at AstraZeneca and Grünenthal Group. Lucinda graduated from University College, London in 2004, with a BSc (first class) in Physiology and Pharmacology and a PhD in Pharmacology.

Harry Raikes

Harry joined Woodford as an early-stage investment analyst in 2015 from Envestors, an FCA-regulated corporate finance adviser, where he evaluated business proposals and conducted due diligence research for high-growth unquoted companies seeking up to £10m in equity funding. While studying for a BSc in Economics and Finance at Bristol University, Harry completed internships at Kite Lake Capital and Fidelity Biosciences Venture Capital.

Alex Correia

Alex Correia joined Woodford in 2017 as an investment analyst, with a particular focus on the constituents of the FTSE 350 index and other mature international businesses. Alex graduated from the London School of Economics in 2014 and spent the first three years of his career with City Financial, initially as an M&A analyst – and then on American research desk focusing on the consumer, technology and resource sectors.

Grant Wentzel

Grant has held a number of significant roles including senior vice president at JPMorgan (London) and director at Lehman Brothers (London and Tokyo). Before joining Woodford in May 2014, he had been a director at Barclays (London) for five years. Grant is an exceptionally experienced trader, dedicated to making sure the fund management team can execute its investment strategy successfully.

Dominic Eccles

Dominic began his career in financial services in 2008 when he joined the customer service team at Aviva. Client service and asset control administration roles at Transact followed and in 2010 Dominic secured his first analyst role with MF Global. In 2012, he joined Legal & General as an investment support analyst and in 2013 he was appointed lead operations analyst at BP Investment Management.

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2018.

Board members and Directors' and officers' liability insurance
The names and biographical details of the Directors who served on the Board as at the year end can be found on pages 31 to 33.

During the year under review, the Company purchased and maintained Directors' and officers' liability insurance for its Directors and officers as permitted by Section 233 of the Companies Act 2006. Additionally, the Company has specific Public Offering of Securities Insurance, which commenced on 24 February 2015 with a five-year run-off period. Save for such indemnity provisions in the Company's Articles of Association, there are no qualifying third-party indemnity provisions in force.

The Board considers that, following recent performance evaluations, all of the current Directors contribute effectively and have the skills and experience relevant to the future leadership and direction of the Company. The Board therefore believes that it is in the best interests of shareholders that each of the Directors is re-elected at the forthcoming AGM.

Status of the Company
The Company was incorporated in England & Wales on 26 January 2015 and started trading on 21 April 2015, immediately upon the Company's listing. It is an investment company within the meaning of Section 833 of the Companies Act 2006 and operates as an investment trust in accordance with Sections 1158/1159 of the Corporation Tax Act 2010 (CTA) and the Investment Trust (Approved Company) (Tax) Regulations 2011. HM Revenue & Customs approved the Company as an investment trust upon its listing. In the opinion of the Directors, the Company has conducted its affairs so that it is able to maintain its status as an investment trust. The Company is not a close company within the meaning of the provisions of Section 439 of the CTA and has no employees.

Internal controls and risk management
The Board has established an ongoing process for identifying, evaluating and managing risk on behalf of the Company. Further details of the Company's principal risks can be found on pages 26 and 27 and internal controls can be found on page 48.

Share capital – voting and dividend
As at 31 December 2018, the Company had 827,000,000 ordinary shares in issue. There are no other classes of shares in issue and no shares are held in treasury.

At the last AGM, the Board was granted authority to allot ordinary shares in the Company up to a maximum aggregate nominal amount of £827,000, representing approximately 10 per cent of the Company's issued ordinary share capital. Subsequent to the year end, on 6 March 2019 the Company issued 81,639,238 ordinary shares under this authority. The Directors are seeking to renew this authority, which will expire at the forthcoming AGM to be held on 16 May 2019.

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no shares that carry specific rights with regard to the control of the Company. The shares are freely transferable. There are no restrictions or agreements between shareholders on the voting rights of any of the ordinary shares or the transfer of shares. The Company does not have a fixed life nor is the Company subject to a continuation vote as can sometimes be required of investment companies in accordance with their Articles of Association. Each share ranks equally for any distribution made on a winding up.

The Directors do not propose the payment of a dividend in respect of the year ended 31 December 2018 (2017: nil).

Substantial share interests
During the year to 31 December 2018, the Company received notification in accordance with the Financial Conduct Authority (FCA)'s Disclosure Guidance and Transparency Rule 5.1.2R of the following interests in three per cent or more of the voting rights attaching to the Company's issued share capital.

Holder	Ordinary shares	Securities lending*	Percentage of total voting rights	Date notified
BlackRock, Inc	92,613,889	7,425,685	12.09%	24 December 2018

Following the year end, the Company received the following notification:

Holder	Ordinary shares	Securities lending*	Percentage of total voting rights	Date notified
BlackRock, Inc	89,954,248	10,646,142	11.07%	15 March 2019
Woodford Investment Management Ltd**	81,639,238	N/A	8.98%	7 March 2019

**Securities lending is the act of loaning a stock, derivative or other security to an investor or firm.*
***Interest held in funds where Woodford Investment Management Limited is the fund manager.*

Independent auditor

The Company's independent auditor, Grant Thornton UK LLP (Grant Thornton), has expressed willingness to continue to act as the Company's auditor for the forthcoming financial year. The Audit Committee has carefully considered the auditor's re-appointment, as required in accordance with its Terms of Reference, and, having regard to its effectiveness and the services it has provided to the Company during the period under review, has recommended to the Board that the independent auditor be re-appointed at the forthcoming AGM. Resolutions are therefore to be proposed for its re-appointment and to authorise the Directors to agree its remuneration for the forthcoming financial year. In reaching its decision, the Audit Committee considered the points detailed on page 51 of the Audit Committee's report.

Audit information

As required by Section 418 of the Companies Act 2006, the Directors who held office at the date of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps required of a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Articles of Association

Any amendments to the Company's Articles of Association must be made by special resolution.

Global greenhouse gas emissions for the period from 1 January 2018 to 31 December 2018

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Going concern

The financial statements have been prepared on a going concern basis. Having had regard to the Company's projected income and expenses, the Directors consider that going concern is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12-month period. The Directors shall continue to adopt the going concern basis of accounting in preparing the financial statements.

Viability statement

In accordance with Principle 21 of the AIC Code of Corporate Governance, published in July 2016, and provision C.2.2 of the UK Corporate Governance Code, published by the FRC in April 2016, the Directors have assessed the prospects of the Company over the five-year period to 31 December 2023. The Directors consider that a period of at least five years is required to assess the viability of an investment company that holds predominantly young unquoted or small-to-medium-sized companies, as they believe this to be a reasonable period of time for such young companies to make meaningful progress on the journey towards fulfilling their long-term potential. In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed on pages 26 and 27 and in particular the impact of the total collapse of one or more of the Company's significant holdings. The Board has considered the Company's likely income and expenditure. The Board is mindful that the loan facility may not be renewed, although it considers this event unlikely. Nevertheless, alternative options the Board would pursue in the event of non-renewal include instituting a new facility and repaying the loan obligation through the liquidation of quoted and certain unquoted assets if required.

The Board has given careful consideration to the Company's estimated annual expenditure on operating costs, the Company's risks and internal controls, the Company's asset allocation and diversification, portfolio risk, financial controls, and the restrictions set to the Company's level of gearing. Following the Board's detailed analysis, it has concluded that there is a reasonable expectation that the Company will be able to continue to operate and to meet its liabilities as they fall due over the five-year period to 31 December 2023.

Management and administration

Company Secretary

Link Company Matters Limited (the Company Secretary) is the corporate Company Secretary of the Company on the basis of a fee of £59,770 per annum (exclusive of VAT and out-of-pocket expenses) plus any additional ad hoc expenses that may fall outside the scope of their agreement that are normally charged on a time-spent basis unless otherwise agreed with the Board. The company secretarial agreement can be terminated by either party by providing six months' written notice.

Administrator

Northern Trust Global Services SE (the administrator), a company authorised and regulated by the FCA, has been appointed as the administrator of the Company. The administrator is responsible for the Company's general administrative functions, such as the calculation of the NAV and maintenance of the Company's accounting records. The fee payable to the administrator is based on the Company's net assets. The fees for the period under review equated to 0.02 per cent of the Company's net assets (exclusive of VAT and out-of-pocket expenses). The administration agreement can be terminated by either party by providing six months' written notice.

AIFM

Link Fund Solutions Limited, a UK-based company authorised and regulated by the FCA, has been appointed as the Company's AIFM for the purposes of the AIFMD. The AIFM monitors the Portfolio Manager of the Company and ensures that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The fees payable to the AIFM are on a sliding scale, based on the Company's proportion of Woodford Investment Management Limited's gross assets. Throughout the period, the fees payable were based on 0.01 per cent of the Company's total assets. The AIFM agreement can be terminated by either party providing three months' written notice.

Portfolio Manager

The Company's Portfolio Manager is Woodford Investment Management Limited, an investment management firm authorised and regulated by the FCA. Neil Woodford has primary responsibility for management of the Company's portfolio. Further details of how the Portfolio Manager is remunerated can be found in note 4 on pages 68 and 69. The Portfolio Manager's agreement may be terminated by the AIFM or the Portfolio Manager providing three months' written notice.

Depositary
The Company's depositary is Northern Trust Global Services SE (the depositary), a company authorised by the Prudential Regulation Authority (PRA) and regulated by the FCA and PRA. The Northern Trust Company (as a delegate of the depositary) provides custody services to the Company. In addition to safekeeping of custodial assets, the depositary is responsible for verifying asset ownership of all other assets, together with the collection of income, and to oversee that the Company is run in accordance with the FCA's Investment Funds Sourcebook. The fee payable to the depositary is based on the Company's net assets. The fees throughout the period under review equated to 0.01 per cent of the first £10 billion of the Company's net assets (exclusive of VAT and out-of-pocket expenses) and a fee of 0.0075 per cent on all assets over £10 billion. The depositary agreement can be terminated by either party by providing six months' written notice.

Continuing appointment of the AIFM and Portfolio Manager
The Board keeps the performance of the AIFM under continual review. As the AIFM has delegated the investment management function to Woodford Investment Management Limited, the performance of the Portfolio Manager is also regularly reviewed. The Board, through delegation to the Management Engagement Committee, has considered the performance of the AIFM and the terms of its engagement. It is the opinion of the Directors that the continuing appointment of the AIFM and the Portfolio Manager on the terms agreed is in the interests of shareholders as a whole. The remuneration of the AIFM is fair both in absolute terms and compared to that of managers of comparable investment companies. The Directors believe that by paying the portfolio management fee as a percentage of excess returns over a cumulative 10 per cent per annum hurdle rate, subject to a high watermark, the interests of the Portfolio Manager are more closely aligned with those of shareholders.

Change of control
There are no agreements which the Company is party to that might be affected by a change of control of the Company.

Post year-end events
Post balance sheet events are disclosed in note 24 on page 81 of the financial statements.

Regulatory disclosures – information to be disclosed in accordance with Listing Rule 9.8.4
The Company has nothing to disclose in respect of Listing Rule 9.8.4.

AGM
The Company's AGM will be held on Thursday, 16 May at 10.30am. Shareholders are being asked to vote on various items of business, being:

- the receipt and adoption of the Company's annual financial statements for the year ended 31 December 2018, together with the strategic report, Directors' report and the auditor's report on those financial statements;
- the receipt and approval of the Directors' remuneration report;
- approval of the Directors' remuneration policy;
- the re-election of Directors; and
- the re-appointment of Grant Thornton UK LLP as auditor and the authorisation of the Board to determine the remuneration of the auditor.

Resolutions relating to the following items of business will also be proposed at the forthcoming AGM.

Resolution 11: authority to allot shares
Resolution 11 set out in the Notice of AGM is an ordinary resolution and will, if passed, authorise the Directors to allot up to 90,863,923 ordinary shares of 1p each with a nominal value of £908,639 or 10 per cent of the Company's shares in issue at the date at which this resolution is passed, which will replace the current authority granted to the Directors at the last AGM. This authority will expire at the AGM to be held in 2020 when a resolution to renew the authority will be proposed.

The shares will only be issued at NAV or at a premium to NAV at the time of issue and at a time when the Directors believe it to be in the best interest of the Company's shareholders.

Resolution 12: authority to disapply pre-emption rights
Resolution 12 set out in the Notice of AGM is a special resolution and will, if passed, authorise the Directors to allot up to 90,863,923 ordinary shares of 1p each, with a total nominal value of £908,639 or 10 per cent of the Company's shares in issue at the date at which this resolution is passed, for cash on a non-pre-emptive basis, which will replace the current authority granted to the Directors at the last AGM. This authority will expire at the AGM to be held in 2020 when a resolution to renew the authority will be proposed.

The Directors intend to use this authority at a time when they believe it to be in the best interests of the shareholders as a whole and to satisfy demand for the Company's shares. The shares will only be issued at NAV or at a premium to NAV at the time of issue.

Resolution 13: authority to buy back shares
Resolution 13 set out in the Notice of AGM is a special resolution and will, if passed, authorise the Directors to buy back up to 136,205,021 ordinary shares of 1p each, with a nominal value of £1,362,050, or 14.99 per cent of the Company's shares in issue, at the date at which this resolution is passed, which will replace the current authority granted to the Directors at the last AGM. No shares have been bought back under this authority. The maximum price (exclusive of expenses) which may be paid by the Company in relation to any such purchase is the higher of:

(i) five per cent above the average of the mid-market value of shares for the five business days before the day of purchase; or
(ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange.

The minimum price that may be paid is 1p per share, being the nominal price per share. The decision as to whether to buy back any ordinary shares will be at the discretion of the Board. Ordinary shares bought back in accordance with the authority granted to the Board will either be held in treasury or cancelled. If the shares are held in treasury, they may be reissued from treasury but will only be reissued at a price that is in excess of the Company's then prevailing NAV. The Company will fund any buyback by using the Company's cash resources or utilising the Company's loan facility. This authority will expire at the AGM to be held in 2020 when a resolution to renew the authority will be proposed.

Resolution 14: notice period for general meetings
Resolution 14 set out in the Notice of AGM is a special resolution and will, if passed, allow the Company to hold general meetings (other than annual general meetings) on a minimum notice period of 14 clear days, rather than 21 clear days as required by the Companies Act 2006. The approval will be effective until the Company's next AGM to be held in 2020. The Directors will only call general meetings on 14 clear days' notice when they consider it to be in the best interests of the Company's shareholders and will only do so if the Company offers facilities for all shareholders to vote by electronic means.

The full text of the resolutions being proposed at the AGM can be found on pages 90 and 91.

The Board considers that all of the resolutions described above and disclosed on pages 90 and 91 are in the best interests of the Company's shareholders and are likely to promote the success of the Company. The Board and Portfolio Manager recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

By order of the Board
Link Company Matters Limited
Company Secretary
4 April 2019

This corporate governance statement forms part of the Directors' report.

Statement of compliance

The Company is committed to maintaining high standards of corporate governance and considers that reporting against the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code"), as explained by the AIC Guide, provides better information to shareholders as it addresses all the principles set out in the UK Code of Corporate Governance (the UK Code), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts, and is endorsed by the Financial Reporting Council (the FRC). The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and the AIC Guide meet fully their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules. Both the AIC Code and AIC Guide are available from the AIC website at theaic.co.uk. A copy of the UK Code can be obtained at frc.org.uk.

The Board has considered the principles and recommendations of the 2016 edition of the AIC Code applicable to the Company for the year ended 31 December 2018. The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

- the role of the chief executive; and
- executive directors' remuneration.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board of Directors

The Board of Directors is collectively responsible for the long-term success of the Company. It provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Directors are responsible for the determination of the Company's investment policy and investment strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance, and the control and supervision of the Portfolio Manager.

The Board consists of six Directors, all of whom are independent non-executive Directors. Biographies of the Directors are shown on pages 31 to 33 and demonstrate the wide range of skills and experience they bring to the Board. The Directors possess business and financial expertise relevant to the direction of the Company and consider themselves to be committing sufficient time to the Company's affairs.

The terms and conditions of the appointment of Directors are formalised in letters of appointment, copies of which are available on request from the Company Secretary. None of the Directors has a contract of service with the Company nor has there been any other contract arrangement between the Company and any Director at any time during the year. Directors are not entitled to compensation for loss of office.

Chairman and Senior Independent Director

The Chairman, Susan Searle, is independent and considers herself to have sufficient time to commit to the Company's affairs. The Chairman's other commitments are detailed in her biography on page 31.

Mr Hodson was appointed as the Senior Independent Director (SID) of the Company on 1 June 2018. He provides a channel for any shareholder concerns regarding the Chairman and takes the lead in the annual evaluation of the Chairman by the independent Directors.

Board responsibilities and relationship with the Portfolio Manager

The Portfolio Manager is in frequent contact with the Board and works with the AIFM who supplies a monthly report to the Board. The report covers a range of key measures, a valuation update detailing the basis of movements in valuation, details on cross trades and hedging. Detailed reports are provided by the Portfolio Manager at each Board meeting and Neil Woodford and his team attend meetings to talk through performance and specific progress against milestones for the key portfolio companies. The Chairman encourages a direct, open and constructive debate to foster a supportive and co-operative approach but with an appropriate level of challenge.

Board committees

The Board operates two committees: the Management Engagement Committee and the Audit Committee. The Board as a whole considers and approves Director's remuneration and new appointments. The need for separate remuneration and nomination committees will be kept under review but, at present, given the size of the Board these functions are overseen by the full Board.

Audit Committee

The Audit Committee is comprised of all Directors and is chaired by Steven Harris, who is a chartered accountant. The Committee meets at least twice a year. Given the size and nature of the Board, it is felt appropriate that all Directors are members of the Audit Committee. Susan Searle, the Company's Chairman, is therefore a member of the Audit Committee. The Directors believe it is appropriate for the Chairman of the Board to be a member of the Audit Committee, given her financial experience. The Audit Committee is also of the view that her membership would not compromise her independence as Chairman of the Board. The Board has delegated certain responsibilities to its Audit Committee, details of which can be found on pages 49 to 51.

Following the Board effectiveness review, the Board has decided to expand the role of the Audit Committee to cover Risk and Valuation. In addition, the Committee will also develop further the relationship with the key third-party service providers, the AIFM and Northern Trust. There are various processes and reporting mechanisms to the Board from each of these parties, but the Board felt that relationships could be further improved if the chairman of this Committee was engaged more regularly with these organisations between Board meetings. The requirement for the chairman of this Committee comprises a broad set of skills and familiarity with investment businesses and an increased level of time commitment including regular time spent at Woodford's offices in Oxford. This enlarged role is also designed to provide an even greater level of engagement with the Portfolio Manager as the Company evolves through its next phase. The membership of this revised Committee will initially be the full Board.

Management Engagement Committee

The Management Engagement Committee is comprised of all the Directors and is chaired by Susan Searle. The Committee meets at least once a year. Its principal duties are to consider the terms of appointment and ongoing performance of the AIFM, Portfolio Manager and the Company's other service providers, with the exception of the auditor review which is dealt with by the Audit Committee. The Committee's job is to ensure that the level of fees remain competitive, the service provided is of a good quality and the notice periods are appropriate and in the best interest of shareholders. The committee also reviews the service providers and managers' anti-bribery and corruption policies to ensure compliance with the Bribery Act 2010.

During the year, the Management Engagement Committee reviewed all the third-party service providers and is considering areas for improved communication and optimisation of operations.

The terms of reference of the Committees are available on the Company's website: woodfordfunds.com/funds/wpct.

Meeting attendance

The table below sets out the Directors' attendance at scheduled Board and Committee meetings held during the year ended 31 December 2018, against the number of meetings each Board or Committee member was eligible to attend.

	Board	Audit Committee
Susan Searle	5/5	4/4
Alan Hodson	5/5	4/4
Scott Brown	5/5	4/4
Carolan Dobson	5/5	4/4
Steven Harris	5/5	4/4
Louise Makin	5/5	4/4

The Management Engagement Committee meeting to review the AIFM, Portfolio Manager and the Company's other service providers in respect of the year ended 31 December 2018 took place post year end in January 2019.

The Board met once during the year for a whole day to review and focus on the Company's strategy.

During the year the Board considered the opportunity to acquire shares in assets held by Woodford Equity Income Fund in return for the issue of shares in WPCT. The Board met additionally both face-to-face and on numerous conference calls to consider the opportunity, the provision of valuation advice and to determine that it was in the best interest of its shareholders. These meetings are excluded from the numbers listed above.

Board evaluation

As a FTSE 250 Company, the Board is required to be externally evaluated at least every three years. An external board evaluation company, Lintstock Limited, undertook the first Board evaluation in 2016. The Directors are aware that they need continually to monitor and improve performance, and recognise this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness.

The Directors opted to undertake an internal performance evaluation for the year ended 31 December 2018. This was undertaken by the Company Secretary by way of a series of questionnaires specifically designed to assess the strengths and independence of the Board and the Chairman, individual Directors and the performance of its Committees. The evaluation of the Chairman is carried out by the other Directors of the Company, led by the SID.

The questionnaires are also intended to analyse the focus of Board meetings and assess whether they are appropriate, or if any additional information may be required to facilitate Board discussions. The results of the Board evaluation process were reviewed and discussed by the Board as a whole.

Following the evaluation, the Board discussed the key themes that emerged. The balance of skills around the Board was considered to be appropriate with a good mix of expertise relevant to the WPCT portfolio, together with more specialist investment trust expertise. However, as the WPCT portfolio is maturing and the strategy further develops, this will be kept under review. The Portfolio Manager was felt to be very responsive with a good level of transparency on specific holdings, including deep dives into the top portfolio companies. However, there was felt to be room for enhancing reporting and communication with both the Portfolio Manager and the third-party service providers. This is a unique and complex investment trust with highly specialised assets and an outsourced model. These discussions led to the conclusion that the Audit Committee could do more to further additional communication with all parties, consider in more detail emerging risks, while streamlining some of the reporting from the third-party service providers. A common theme was the direct style of communication, together with a willingness to commit the time to ensure full understanding of the opportunities ahead and issues faced.

Succession planning will be a topic for future discussion, with the immediate priority being to recruit an additional non-executive Director to chair the enlarged role of the Audit Committee. Four Board members have served just over four years and two for three years, therefore the Board is still relatively new for what is a long-term patient investment vehicle.

The annual strategy day held in January provides a focus for setting clear goals for the next phase of the Company and ensuring that the Board reflects on achievement to date in the context of strategy communicated to shareholders.

The Directors intend to engage an external provider to conduct the Board evaluation process for the year ending 31 December 2019. This will include one-on-one interviews with Board members.

Independence of Directors

In accordance with the AIC Code, the Board has reviewed the independent status of each individual Director and the Board as a whole. In the Board's opinion, all Directors are considered to be independent of the Portfolio Manager and the AIFM and free from any business or other relationship that could materially interfere with the exercise of his or her independent judgement.

Care will be taken at all times to ensure that the Board is composed of members who, as a whole, have the required knowledge, abilities and experience to properly fulfil their role and are independent.

Board training and induction
The Company Secretary, or the Portfolio Manager upon request of the Board, will offer induction training to new Directors about the Company, its key service providers, the Directors' duties and obligations and other matters as may be relevant from time to time.

The Board members are encouraged to keep up to date and attend training courses on matters that are directly relevant to their involvement with the Company. The Company is a member of the AIC and the Directors have taken advantage of various webinars, meetings and conferences organised by the AIC in the furtherance of their training. The Directors also receive regular briefings from, among others, the auditor and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect them or the Company.

Board appointment, election and tenure
The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006.

None of the Directors consider length of service as an impediment to independence or good judgement but, if they felt this had become the case, the relevant Director would stand down.

The Directors of the Company and their biographies are set out on pages 31 to 33. As the Company is within the FTSE 250, each of the Directors will put themselves forward for re-election on an annual basis, with the exception of Alan Hodson who is stepping down from the Board at the forthcoming AGM.

Following the annual Board evaluation, the Board believes that it is in the best interest of shareholders that each of the Directors be re-elected at the forthcoming AGM.

Conflicts of interest
The Articles of Association provide that the Directors may authorise any actual or potential conflict of interest that a Director may have, with or without imposing any conditions that they consider appropriate on the Director. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and, in such circumstances, they are not counted in the quorum. A process has been developed to identify any of the Directors' potential or actual conflicts of interest. This includes declaring any potential new conflicts before the start of each Board meeting. A schedule is maintained of each Board member's potential conflicts of interest.

Company Secretary
Link Company Matters Limited provide company secretarial services to the Board and are responsible for ensuring that the Board and Committee procedures are followed and that the Board complies with applicable rules and regulations. Woodford Investment Management Limited provide administrative support to the Chairman.

Review of shareholder profile
The Board reviews reports produced by the Company's broker, Winterflood, together with detailed analysis produced by Equiniti on the shareholder base and underlying beneficial owners. The Board receives direct reports from Winterflood on feedback from shareholders. In addition, the Chairman regularly makes herself available to meet with institutional shareholders.

The Portfolio Manager provides detailed reports on marketing to shareholders, feedback received from the Woodford website and calls made by the Portfolio Manager to shareholders.

Stewardship responsibilities and the use of voting rights
The FRC introduced a Stewardship Code that sets out the responsibilities of institutional shareholders in respect of investee companies.

Under this, managers should:
- publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;
- disclose their policy on managing conflicts of interest;
- monitor their investee companies;
- establish clear guidelines on how they escalate engagement;
- be willing to act collectively with other investors where appropriate;
- have a clear policy on proxy voting and disclose their voting record; and
- report to clients.

The Portfolio Manager recognises that one of the important obligations that it has, as the steward of the Company's underlying shares and securities, is the right to vote on issues submitted to shareholders. These issues may include the election of Directors and other important matters that affect the structure of the investee company. Woodford recognises its fiduciary responsibility to its clients and the Woodford investment team will consider proxy voting papers, supported by independent providers, ahead of making an election.

The Portfolio Manager considers its position on all major proxy voting issues, is responsible for all elections, and a record of the election is maintained electronically. Woodford has retained the services of Institutional Voting Information Service (IVIS), a leading provider of corporate governance research. IVIS outlines a number of best practice guidelines that cover corporate governance and share capital management.

The Portfolio Manager considers the advice and recommendations made by IVIS in reaching a proxy voting decision. However, it is the responsibility of the Woodford investment team to decide how to vote and it may choose not to follow the advice provided by a third party. Woodford's default position is to vote with management. Woodford manages the proxy voting process via 'ProxyEdge', a platform provided by Broadridge Financial Solutions. The system manages the process of notifications, voting, tracking, mailing, reporting and record maintenance. ProxyEdge provides proxy information through an automated electronic interface based on share positions provided directly to Broadridge by Woodford back office or directly from the client's custodian, bank or broker-dealer.

Relations with shareholders
All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The notice of the AGM sets out the business of the meeting and any item not of an entirely routine nature is explained in the Directors' report. Separate resolutions are proposed in respect of each substantive issue.

Shareholders are encouraged to attend the AGM and to participate in proceedings. The Chairman of the Board and the Directors, together with representatives of the Portfolio Manager, will be available to answer shareholders' questions at the AGM. Proxy voting figures are available to shareholders at the AGM.

During the year the Chairman met with a number of major shareholders without the Portfolio Manager present and also receives direct feedback on shareholder views from the Company's broker. The Portfolio Manager also holds regular discussions with major shareholders, the feedback from which is provided to and greatly valued by the Board. The Directors are available to enter into dialogue and correspondence with shareholders regarding the progress and performance of the Company. During the year, the Chairman met with a number of major shareholders. Further information about the Company can be found on the Company's section of the Portfolio Manager's website: woodfordfunds.com.

Internal control review

The Directors are responsible for the systems of internal control relating to the Company and the reliability of the financial reporting process, and for reviewing their effectiveness.

The Directors have reviewed and considered the FRC publications 'Guidance on Risk Management, Internal Control, and Related Financial and, Business Reporting' published in September 2014, and 'Guidance on Audit Committees' published in April 2016. An ongoing process has been established for identifying, evaluating and managing the principal risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of the signing of this report. The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Company are safeguarded. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the Company's risk management and internal control systems as they have operated over the period and up to the date of approval of the report and financial statements. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

The Company has established a risk matrix consisting of the key risks and controls in place to mitigate those risks. Details of the Company's risks can be found on pages 26 and 27 of the Directors' report, together with an explanation of the robust controls that have been established to manage each risk. Financial risks are explained in note 22 on pages 76 to 81. The risk matrix provides a basis for the Audit Committee and the Board to regularly monitor the effective operation of the controls and to update the matrix when new risks are identified. During the year the Company has assessed the risk posed by Brexit and updated the matrix accordingly.

Most functions for the day-to-day management of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operated in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, which is reviewed by the Audit Committee. During the period under review, the Board has not identified any significant failings or weaknesses in the internal control systems of its service providers.

As Chairman of the Audit Committee, I am pleased to present its report for the year ended 31 December 2018.

The membership of, and attendance at, Committee meetings is set out on page 46. Following the performance evaluation of the Committee as set out on page 46, the Committee considers itself to have the required breadth of skills and experience to discharge its role.

The role of the Audit Committee

The role of the Committee is defined in its terms of reference, which can be found on the Company's section of the Portfolio Manager's website at woodfordfunds.com. In summary, the role includes the following:

- to monitor the financial reporting process;
- to review and monitor the integrity of the half-year and annual financial statements and review and challenge where necessary the accounting policies and judgements of the AIFM, Portfolio Manager and administrator;
- to review the adequacy and effectiveness of the Company's internal financial control and risk management systems;
- to review the effectiveness of the external audit process;
- to make recommendations to the Board on the re-appointment or removal of the external auditor and to approve its remuneration and terms of engagement;
- to review and monitor the external auditor's independence and objectivity;
- to consider the provision of non-audit services;
- to consider the provision of services by the Company's appointed tax advisers;
- to consider any dividend payments and distributions to shareholders;
- to consider and review the valuation and existence of the Company's assets;
- to consider the need for an internal audit function; and
- to review the whistleblowing policies of the third-party service providers and receive assurances that the appropriate bribery risk and anti-corruption policies are in place to ensure compliance with the Bribery Act 2010.

Matters considered during the year

The Committee met four times during the year and three times post the year end. At those meetings, the Committee has reviewed the following:

- the Company's financial statements for the half year and year end and made formal recommendations to the Board. In doing so, the Committee has reviewed the appropriateness of the Company's accounting policies and whether appropriate estimates and judgements were made;
- the internal controls and risk management systems of the Company's third-party service providers to which it has delegated its operations;
- the Company's risk matrix;
- the whistleblowing policy of the AIFM and the Portfolio Manager;
- the policy on non-audit services;
- the audit plan and fees with the auditor, including the key areas of focus; and
- valuation approach and process.

Non-audit services

The Committee has reviewed and implemented a policy on the engagement of the auditor to supply non-audit services. During the year ended 31 December 2018 the auditor has provided the following non-audit service: review of the Company's half-year accounts for the period ended 30 June 2018. Prior to undertaking this non-audit service, the Committee reviewed the auditor's controls in place to ensure that the auditor's objectivity and independence were safeguarded. The fee for this non-audit service was £10,000. The fee to be paid with respect to the audit of the annual report and accounts for the year ended 31 December 2018 is £62,000. Therefore, the ratio of non-audit to audit fees is 1: 6.2.

It was agreed that all requests or applications for other services to be provided by the auditor should be submitted to the Committee and will include a description of the services to be rendered and an anticipated cost. Following the annual review of this policy, the Committee has concluded that it still remains appropriate.

Significant accounting matters

During the year ended 31 December 2018, the Committee considered the following significant issues, including principal risks and uncertainties in light of the Company's activities and issues communicated by the auditor during its review, all of which were satisfactorily addressed:

Issue considered	How the issue was addressed
Valuation of the investment portfolio, including the unquoted holdings	The Company's assets are principally invested in quoted and unquoted equities. The Committee reviewed internal control reports from the AIFM in the year, reporting on the systems and controls around the pricing and valuation of securities. The Committee notes that quoted investments are valued using stock exchange prices provided by third-party financial data vendors, unless trading volume would indicate that price is not a reliable valuation. In such cases, the asset will be subject to fair value as if it were an unquoted holding. In respect of the unquoted holdings, at each meeting the Committee reviews a report on the revaluations undertaken on the unquoted holdings during the period and challenges the considerations and key assumptions made where appropriate, to ensure that the valuations are accurate. During the period under review, the Committee has also reviewed the process in place to ensure the accurate valuation of unquoted holdings on an ongoing basis. The Committee has also considered the work of the AIFM's Fair Value Pricing Committee, which takes inputs from the Portfolio Manager and IHSMarkit (who act as an independent valuation adviser), which considers the pricing of the unquoted holdings. One of the Committee meetings held during the year included a more detailed session on valuation methodology and reporting. This was attended by the AIFM and IHSMarkit. Please see note 2(b) on pages 66 and 67 for further details.
Compliance with Section 1158 of the CTA	The Committee receives assurance from the Company's administrator that the Company has been in compliance with Section 1158 of the CTA. This is other than the monitoring of close company status, which is monitored by way of an alert that has been set up by the Company's registrar to notify the Company Secretary should more than 0.5 per cent of shares change hands.
Risk of misappropriation of assets and unsecured ownership of investments and management override of controls	The Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are raised by the Depositary and reported by the AIFM to the Board. The AIFM has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income.	The audit for the year ended 31 December 2018 included checks on the completeness and accuracy of income and also checked that this has been recognised in accordance with stated accounting policies.

Internal controls

The Directors believe that the Company does not require an internal audit function, principally because the Company delegates its day-to-day operations to third parties, which are monitored by the Committee, and which provide control reports on their operations at least annually. No significant matters of concern were identified during this review. The Committee reviewed and, where appropriate, updated the risk matrix during the period. This is done on a bi-annual basis.

Going concern and long-term viability of the Company

The Committee considered the Company's financial requirements for the next 12 months and concluded that it has sufficient resources to meet its commitments. Consequently, the financial statements have been prepared on a going concern basis. The Committee also considered the longer-term viability statement within the annual report for the year ended 31 December 2018, covering a five-year period, and the underlying factors and assumptions that contributed to the Committee deciding that this was an appropriate length of time to consider the Company's long-term viability. The Company's viability statement can be found on page 42.

Following consideration of the above matters and its detailed review, the Committee was of the opinion that the annual report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

FRC Audit Quality Review

The FRC's Audit Quality Review (AQR) routinely monitors the quality of the audit work of certain UK audit firms through inspections of sample audits and related procedures at individual audit firms. The AQR carried out a review of the audit of the Company's financial reporting for the year ended 31 December 2017. The Committee discussed the review and the actions undertaken by Grant Thornton UK LLP to address the minor improvements raised.

External auditor

The Company's external auditor, Grant Thornton, was appointed prior to the listing of the Company in 2015 and is therefore in its fourth year of tenure. Under the FRC's ethical standards applicable to public interest entities, the Company is required to re-tender, at the latest, by 2025. The Committee intends to re-tender within the timeframe set by the FRC. It is not considered appropriate to consider the auditor's succession at this point in time.

During the period under review, the Company's appointed audit partner was Mr Marcus Swales. Mr Swales has significant experience in the audit of investment trusts. In accordance with UK legislation, the audit partner must rotate at least every five years. Mr Swales will be due to rotate out of this role during 2021 at the latest. Mr Swales has led the audit of the year-end accounts.

The audit fees for the period under review can be found in note 5 to the accounts on page 69.

The Committee monitors the auditor's objectivity and independence on an ongoing basis. In determining the auditor's independence, the Committee has assessed all relationships with the auditor and received confirmation from the auditor that it remained independent and that it had implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards. The Committee has also received confirmation that no issues of conflict had arisen during the period. The Committee is therefore satisfied that Grant Thornton is independent.

The Committee monitors and reviews the effectiveness of the external audit process on an annual basis and makes recommendations to the Board on its re-appointment, remuneration and terms of engagement. The Committee has reviewed the Letter of Engagement from Grant Thornton and agreed that it reflected the services outlined in the annual audit plan for the year. The Committee has met with the audit team and assessed Grant Thornton's performance to date. The review has involved an examination of the auditor's remuneration, the quality of its work, including the quality of the audit report, the quality of the audit partner and audit team, the qualifications and expertise of the audit firm and the resources available to it, the identification of audit risk, the planning and execution of the audit, and the terms of engagement. The Committee has also reviewed feedback from service providers in respect of the conduct of the audit for the year ended 31 December 2018. Following discussions with the AQR and review of the effectiveness of the audit for the year ended 31 December 2018, the Committee was satisfied that Grant Thornton had carried out its duties effectively. Accordingly, the Committee has recommended to the Board that it proposes to shareholders via an ordinary resolution that Grant Thornton be re-appointed as auditor at the AGM. Grant Thornton has confirmed its willingness to continue in office.

The Committee has direct access to the Company's auditor and provides a forum through which the auditor reports to the Board. Representatives of the auditor attend the Committee meetings regularly.

Tax adviser

The Committee monitors and reviews the effectiveness of the Company's tax adviser, Duff & Phelps Limited, on an annual basis and makes recommendations to the Board as to its appointment and remuneration as set out on page 46.

CMA Order

The Company has complied throughout the year ended 31 December 2018 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority (CMA Order).

Steven Harris
Chairman of the Committee
4 April 2019

Statement from the Chairman

I am pleased to present the Directors' remuneration report for the year ended 31 December 2018.

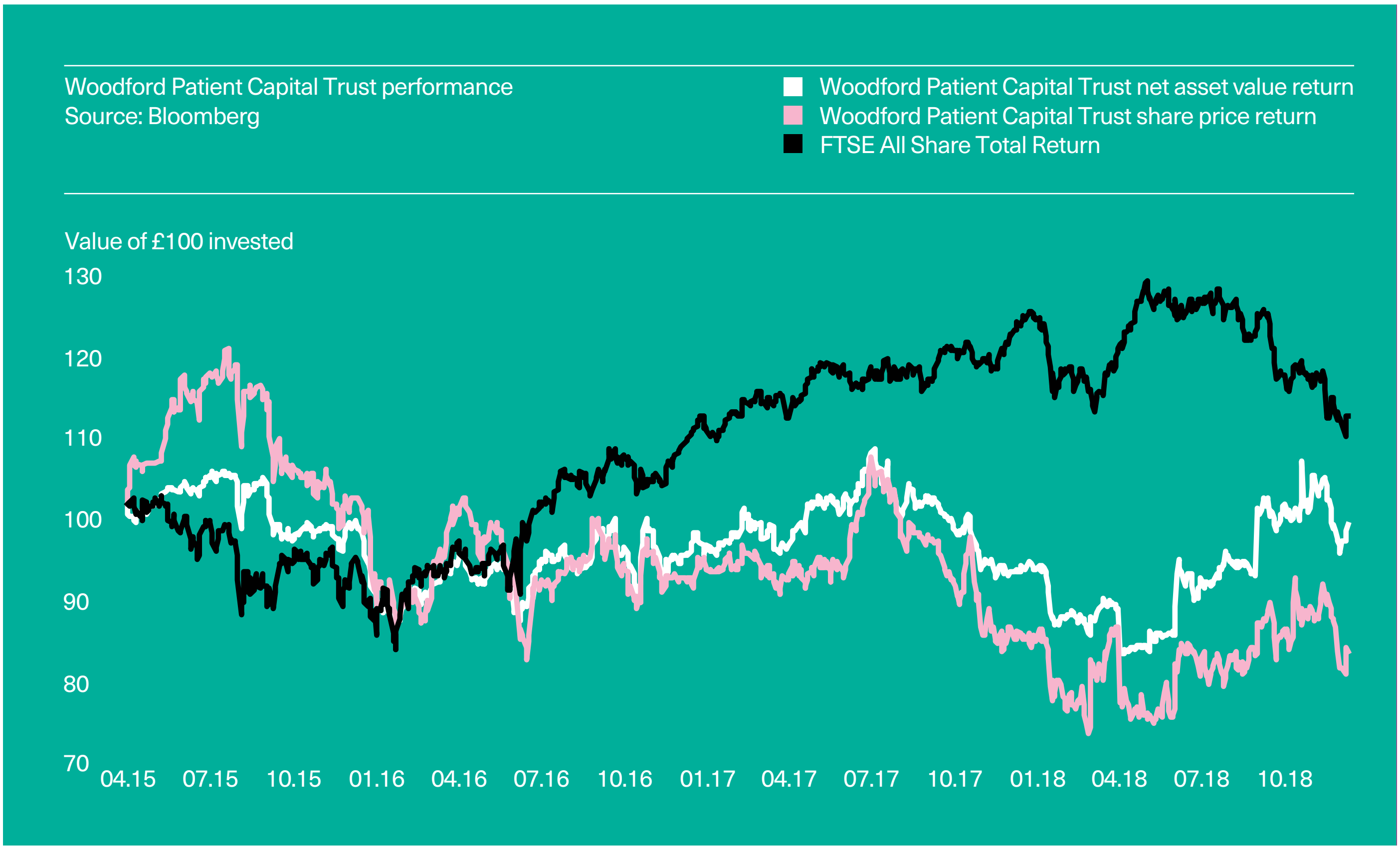
The Company's auditor is required to verify certain information within this report subject to statutory audit by the Companies Act 2006. Where information set out below has been audited, it is indicated as such.

As at 31 December 2018 and the date of this report, the Board consists entirely of independent non-executive Directors and the Company has no employees. The Directors' fees for the year are set out as follows: £40,000 per annum for the Chairman, £32,000 per annum for the Chairman of the Audit Committee, £29,000 for the Senior Independent Director and £27,000 for the other Directors. Directors' fees have not been changed since the launch of the Company in 2015. During the year, the Board decided to increase fees paid to Directors to better reflect market rates, the time spent on the Company's business and to ensure that candidates of a high calibre are recruited to the Board and retained. It is important that the Board is fully independent and as such remunerated fairly. From 1 January 2019, Directors have been paid at the following rates: £46,000 per annum for the Chairman, £35,000 per annum for the Audit Committee Chairman, £33,000 for the Senior Independent Director and £30,000 for the other Directors. In order to arrive at these figures, the Board consulted with its advisers and reviewed comparator data for other investment trusts in excess of £500m under management. The fee for the new enlarged role for the Audit Committee Chairman once recruited will be set at a higher level than the current Audit Committee Chairman due to the increased time commitment specified and the increased scope of the role. The increase in Directors' fees remains well within the approved maximum aggregate set out in the Company's Articles of Association of £500,000 per annum.

Ordinary resolutions to approve the Directors' remuneration report and Directors' remuneration policy will be put to shareholders at the forthcoming AGM to be held on 16 May 2019. No significant changes are proposed to the way in which its current Directors' Remuneration Policy approved by shareholders in 2016 will be implemented during the course of the next financial year.

Company performance

The graph below shows the total return to ordinary shareholders compared to the total shareholder returns of the FTSE All-Share Index during the period since inception. This index has been selected as the most relevant, although there is no listed index that is directly comparable to the Company's portfolio.



Past performance cannot be relied upon as a guide to future performance.
Source: Bloomberg.

Directors' fees (audited)

The Directors who served during the year received the following emoluments:

	Fees paid from 1 January 2018 to 31 December 2018	Total 2018	Fees paid from 1 January 2017 to 31 December 2017	Total 2017
Susan Searle	£40,000	£40,000	£40,000	£40,000
Alan Hodson*	£28,167	£28,167	£27,000	£27,000
Scott Brown	£27,000	£27,000	£27,000	£27,000
Carolan Dobson	£27,000	£27,000	£27,000	£27,000
Steven Harris	£32,000	£32,000	£32,000	£32,000
Louise Makin	£27,000	£27,000	£27,000	£27,000
Total	£181,167	£181,167	£180,000	£180,000

** Alan Hodson was appointed as the Senior Independent Director with effect from 1 June 2018 and was entitled to receive an additional £2,000 per annum with effect from this date.*

Expenditure by the Company on Directors' remuneration compared with distributions to shareholders

The following table sets out the relative importance of spend on pay in respect of the year ended 31 December 2018.

When considering the table below, shareholders should take into account of the Company's principal investment objective of achieving capital growth. As the Company has no employees and undertakes its operations through third-party service providers, the spend on service providers was chosen to assist the shareholders in understanding the relative importance of spend on pay. The spend on service providers is an aggregate of the fees paid to each service provider in accordance with their respective agreements.

Year ended 31 December	2018	2017
Total remuneration paid to Directors	£181,167	£180,000
Service providers and administrative costs	£1,095,048	£1,305,881
Shareholder distribution – dividends or share buybacks	£nil	£nil

Directors' interests (audited)

There is no requirement for any Director to own shares in the Company. The interests of the directors (including connected persons) in the shares of the Company are set out below:

	Class of shares	31 December 2018	31 December 2017
Susan Searle	Ordinary Shares	51,062	51,062
Alan Hodson	Ordinary Shares	150,000	150,000
Scott Brown	Ordinary Shares	24,341	24,341
Carolan Dodson	Ordinary Shares	25,000	25,000
Steven Harris	Ordinary Shares	45,077	45,077
Louise Makin	Ordinary Shares	25,523	25,523

There have been no changes to any of the above holdings between 31 December 2018 and the date of this report.

Voting at AGM

The Directors' remuneration report and remuneration policy were approved by shareholders at the AGMs held on 12 June 2018 and 9 May 2016 respectively. The votes cast by proxy at those AGMs were as follows:

Resolution	Votes for	% For	Votes against	% Against	Number of votes withheld
Approval of remuneration report	199,120,941	99.86	280,993	0.14	13,972
Approval of remuneration policy	186,113,650	99.75	170,240	0.09	5,115,026

Approval of the annual report on remuneration

The annual report on remuneration was approved by the Board on 4 April 2019.

By order of the Board
Susan Searle
Chairman

The Directors' remuneration policy is put to a binding shareholder vote at least once every three years. Accordingly, the remuneration policy will be put to shareholders at the forthcoming AGM. It is intended to take effect from the conclusion of that meeting and continue for the year ending 31 December 2019. The proposed remuneration policy is set out below.

Directors' remuneration policy

The fees for the Board as a whole are limited to £500,000 per annum in accordance with the Company's Articles of Association, divided between the Directors as they may determine. Subject to this limit, the Board's policy is that remuneration of non-executive Directors should reflect the experience of the Board members and the time commitment required by Board members to carry out their duties, and is determined with reference to the appointment of Directors of similar investment companies. The level of remuneration has been set with the aim of promoting the future success of the Company. With this in mind, the Board considers remuneration in order to attract individuals of a calibre appropriate to promote the long-term success of the Company and to reflect the specific circumstances of the Company and its field of investment, the duties and responsibilities of the Directors, and the value and amount of time commitment required of Directors to the Company's affairs.

Due regard is taken of the Board's requirement to attract and retain individuals with suitable knowledge and experience, and the role that individual Directors fulfil. There are no specific performance-related conditions attached to the remuneration of the Board and the Board members are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other non-cash benefits or taxable expenses. No other payments are made to Directors other than reasonable out-of-pocket expenses that have been incurred as a result of attending to the affairs of the Company.

In addition to the Board's remuneration, Board members are entitled to such fees as they may determine in respect of any extra or special services performed by them, having been called upon to do so. Such fees would only be incurred in exceptional circumstances. An example of such a circumstance would be if the Company was to undertake a corporate action, which would require the Board to dedicate additional time to review associated documents and to attend additional meetings. Such fees would be determined at the Board's absolute discretion and would be set at a similar rate to other comparable investment companies who have undertaken equivalent activities. The fees would be set with the Company's long-term success in mind and would be considered in the interest of the Company's shareholders as a whole.

The Directors are entitled to be paid all expenses properly incurred by them in attending meetings with shareholders or other Directors, or otherwise in connection with the discharge of their duties as Directors.

Shareholders have the opportunity to express their views in respect of Directors' remuneration at the Company's AGM. Any comment volunteered by shareholders on the remuneration policy will be carefully considered and appropriate action taken. No communications have been received from shareholders on the Company's remuneration policy approved by shareholders in 2016.

The Company's remuneration policy and its implementation are reviewed by the Board as a whole on an annual basis. Reviews are based on third parties' information on the fees of other similar investment trusts. Every third year, in accordance with Code B.6.2 of the UK Corporate Governance Code, as a FTSE 250 company, the Board is required to carry out an externally facilitated evaluation of its performance. This evaluation process also provides input into the appropriate level of Directors' fees from an independent source.

None of the Directors has a service contract with the Company, nor are any such contracts proposed. Instead, Directors are appointed pursuant to a letter of appointment entered into with the Company. There is no notice period specified in the letters of appointment or Articles of Association for the removal of Directors. Directors are not appointed for a specific term. Copies of the Directors' letters of appointment are available at each of the Company's AGMs and can be obtained from the Company's registered office.

The Directors are not entitled to exit payments and are not provided with any compensation for loss of office. As with most investment trusts, there is no chief executive officer and no employees. The Company's remuneration policy will apply to new Board members, who will ordinarily be paid the equivalent amount of fees. However, the Board may decide to vary the role of a committee Chair or other Director and may, as appropriate, consider and vary fees in the context of additional responsibilities.

Directors' fee levels

	Expected fees for the year to 31 December 2019	Fees for the year ended 31 December 2018
Chairman	£46,000	£40,000
Senior Independent Director	£33,000	£29,000*
Chairman of the Audit Committee	£35,000**	£32,000
Non-executive Director	£30,000	£27,000

** Effective from 1 June 2018.*

*** To be set at a higher level once a new Audit Committee Chairman has been appointed, due to the planned enlarged role.*

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of each financial year and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:
- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the strategic report, the Directors' report, the Directors' remuneration report, the corporate governance statement and the report of the Audit Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules.

The Directors have delegated responsibility to the Portfolio Manager for the maintenance and integrity of the Company's corporate and financial information included on Woodford Investment Management Limited's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on pages 31 to 33, confirms that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the strategic report contained in the annual report and financial statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The AIC Code of Corporate Governance requires Directors to ensure that the annual report and financial statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advises on whether it considers that the annual report and financial statements fulfil these requirements. The process by which the Audit Committee has reached these conclusions is set out in its report on pages 49 to 51. As a result, the Board has concluded that the annual report and financial statements for the year ended 31 December 2018, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board of Directors by:
Susan Searle
Chairman
4 April 2019

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Woodford Patient Capital Trust plc (the Company) for the year ended 31 December 2018, which comprise the income statement, the statement of financial position, the statement of changes in equity, the cash flow statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

– give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its return for the year then ended;
– have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
– have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

– the disclosures in the annual report set out on pages 26 and 27 that describe the principal risks and explain how they are being managed or mitigated;
– the Directors' confirmation, set out on page 26 of the annual report, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
– the Directors' statement, set out on page 42 of the financial statements, about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
– whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
– the Directors' explanation, set out on page 42 of the annual report, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

– Overall materiality: £14,278,000, which represents approximately 1.8 per cent of the Company's net assets;
– The key audit matter identified was valuation and existence of investments; and
– Our audit approach was a risk-based substantive audit focused on the investment activities of the Company.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation and existence of investments

In line with the Company's long-term objectives, it holds a significant portfolio of quoted and unquoted investments. These investments represent nearly 100 per cent of the Company's total assets. Failure to maintain proper legal title of these assets could have a significant impact on the net asset value of the Company.

The valuation of unquoted investments can include judgements and subjective estimates. These include the valuation methodology to be used and key input assumptions such as discount rates and probability weightings on possible outcome scenarios.

We therefore identified existence and valuation of quoted and unquoted investments as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- Assessing the appropriateness of the Company's accounting policy on investment valuation in accordance with Financial Reporting Standard (FRS) 102 and its consistent application year on year;
- Obtaining confirmation of all investments held at the year end independent from the custodian to confirm the existence of the investments at the year end;
- Confirming year-end holdings for a sample of unquoted investments directly with investee companies;
- Agreeing the valuation of all quoted investments to an independent source of market prices and considering whether these were quoted in an active market;
- Confirming the competence, capabilities and objectivity of the Company's AIFM and its valuation expert to prepare valuations of the Company's unquoted investments; and
- Using our own valuation specialists as auditor's experts, we:
  1) Assessed the appropriateness of the valuation models used and checked whether these were in accordance with International Private Equity and Venture Capital valuation guidelines and FRS 102
  2) Challenged the Company's AIFM and its valuation expert on key input assumptions used in the valuations, such as the discount rates used, the probability weightings applied and potential outcome scenarios.

The Company's accounting policy on valuation of investments is shown in note 2(b) to the financial statements and related disclosures are included in note 10 on pages 71 to 73. The Audit Committee identified valuation of the investment portfolio, including the unquoted holdings, as a significant issue in its report on page 50 where the Audit Committee also described the action that it has taken to address this issue.

Key observations

Our audit work did not identify any material misstatements concerning the valuation and existence of investments.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £14,278,000, which is approximately 1.8 per cent of the Company's net assets. This benchmark is considered the most appropriate because it is a key consideration in the evaluation of performance of the Company and is of primary interest to the users of the financial statements.

Materiality for the current year is higher than the level that we determined for the year ended 31 December 2017, due to an increase in net assets of the Company and an increase in benchmark percentage from 1 per cent in the prior year to 1.8 per cent in the current year, to reflect the changing portfolio composition of the Company in terms of valuation basis in the past few years.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75 per cent of financial statement materiality. We also determine a lower level of specific materiality for certain areas such as investment income and Directors' remuneration.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £713,900. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Company's business, its environment and risk profile. As part of the engagement, we attended periodic Audit Committee meetings in order to document our understanding of the valuation and control review process, including corporate governance. In addition, we documented and evaluated the design and implementation effectiveness of relevant processes and controls over the Company's significant transaction streams and balances. This included those employed by each of the Company's AIFM and its Administrator as part of the investment valuation process.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 56 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting set out on page 49 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 45 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors for the financial statements

As explained more fully in the statement of Directors' responsibilities set out on page 56, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

As part of our work, we identified areas of laws and regulations, through discussion with the Directors and our industry experience, that could reasonably be expected to have a material impact on the financial statements. Specifically, we looked at the Company's compliance with financial reporting standards (as well as related company legislation) and Section 1158 of the Corporation Tax Act 2010. We considered the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters that we are required to address

We were appointed by the Board on 24 February 2015. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Marcus Swales
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

4 April 2019

Financial statements

Year ended 2018	Notes	Revenue £000	Capital £000	Total £000
Gains on investments and derivatives at fair value through profit or loss	16	0	55,752	55,752
Income	3	281	0	281
Portfolio management fee	4	0	0	0
Other expenses	5	(1,276)	0	(1,276)
Return before finance costs and taxation		(995)	55,752	54,757
Finance costs	6	(2,852)	0	(2,852)
Return before taxation		(3,847)	55,752	51,905
Taxation	7	0	0	0
Return for the period		(3,847)	55,752	51,905
Return per ordinary share (pence)	9	(0.47)p	6.74p	6.27p

Year ended 2017	Notes	Revenue £000	Capital £000	Total £000
Losses on investments and derivatives at fair value through profit or loss	16	0	(12,357)	(12,357)
Income	3	404	0	404
Portfolio management fee	4	0	0	0
Other expenses	5	(1,486)	0	(1,486)
Return before finance costs and taxation		(1,082)	(12,357)	(13,439)
Finance costs	6	(2,359)	0	(2,359)
Return before taxation		(3,441)	(12,357)	(15,798)
Taxation	7	0	0	0
Return for the period		(3,441)	(12,357)	(15,798)
Return per ordinary share (pence)	9	(0.42)p	(1.49)p	(1.91)p

The notes on pages 66 to 81 form part of these accounts.
The total column of this statement is the profit and loss account of the Company.
All the revenue and capital items in the above statement derive from continuing operations.
There is no other comprehensive income.

Statement of financial position

As at 31 December 2018

31 December	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments at fair value through profit or loss	10	963,613	905,284
Current assets			
Derivative financial instruments at fair value through profit or loss	13	1,065	0
Debtors	11	11	4
		1,076	4
Creditors – amounts falling due within one year			
Derivative financial instruments at fair value through profit or loss	13	(7,040)	0
Other creditors	12a	(483)	(582)
Bank overdraft	12b	(149,966)	(149,411)
Net current liabilities		(156,413)	(149,989)
Total assets less current liabilities		807,200	755,295
Net assets		807,200	755,295
Capital and reserves			
Share capital	14	8,270	8,270
Share premium	15	813,099	813,099
Capital reserve	16	(6,385)	(62,137)
Revenue reserve	17	(7,784)	(3,937)
Total shareholders' funds		807,200	755,295
Net asset value per share – ordinary shares (pence)	19	97.61p	91.33p

The notes on pages 66 to 81 form part of these accounts.
The financial statements of Woodford Patient Capital Trust plc, company number 09405653, were approved by the Board and authorised for issue on 4 April 2019 and were signed on its behalf by:

Susan Searle
Chairman

Year ended 2018	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Beginning of year	8,270	813,099	(62,137)	(3,937)	755,295
Total comprehensive income for the financial year	0	0	55,752	(3,847)	51,905
Balance at 31 December 2018	8,270	813,099	(6,385)	(7,784)	807,200

Year ended 2017	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Beginning of year	8,270	813,099	(49,780)	(496)	771,093
Total comprehensive income for the financial year	0	0	(12,357)	(3,441)	(15,798)
Balance at 31 December 2017	8,270	813,099	(62,137)	(3,937)	755,295

Distributable reserves comprise: the revenue reserve and capital reserve attributable to realised profits.

Share capital represents the nominal value of shares that have been issued. The share premium account includes any premiums received on issue of share capital. Any direct transaction costs associated with the issuing of shares are deducted from share premium.

All investments are held at fair value through profit or loss. When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the capital reserve.

31 December	2018 £'000	2017 £'000
Cash flows from operating activities		
Return before finance costs and taxation	54,757	(13,439)
Adjustments for:		
(Gains)/losses on investments held at fair value through profit or loss	(55,752)	12,357
(Increase)/decrease in debtors	(7)	34
Increase in creditors	45	240
Net cash used from operating activities	**(957)**	**(808)**
Cash flows from investing activities		
Purchases of investments	(117,186)	(285,503)
Proceeds from sales of investments	135,802	194,658
Cash outflows from derivative financial instruments	(20,989)	(15,624)
Cash inflows from derivative financial instruments	5,627	34,865
Net cash generated/(used) in investing activities	**3,254**	**(71,604)**
Cash flows from financing activities		
Finance costs	(2,852)	(2,359)
Net cash used in financing activities	**(2,852)**	**(2,359)**
Net decrease in cash and cash equivalents	**(555)**	**(74,771)**
Cash and cash equivalents at the beginning of the year	(149,411)	(74,640)
Cash and cash equivalents at the end of the year	**(149,966)**	**(149,411)**

1. General information

Woodford Patient Capital Trust Plc (the Company) was incorporated in England and Wales on 26 January 2015 with registered number 09405653, as a closed-ended investment Company. The Company commenced its operations on 21 April 2015. The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Company's investment objective is to achieve long-term capital growth through investing in a portfolio consisting predominantly of UK companies, both quoted and unquoted. The Company will aim to deliver a return in excess of 10 per cent per annum over the longer term.

The Company's shares were admitted to the Official List of the UK Listing Authority with a premium listing on 21 April 2015. On the same day, trading of the ordinary shares commenced on the London Stock Exchange. The registered office is Beaufort House, 51 New North Road, Exeter, EX4 4EP, United Kingdom.

2. Accounting policies

The principal accounting policies followed by the Company are set out below:

(a) Basis of accounting

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2018 and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in November 2014 and updated in February 2018). The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements have been prepared on a going concern basis (see page 42) and on assumption that approval as an investment trust will continue to be granted.

The financial statements have been presented in Sterling (£), which is also the functional currency of the Company.

(b) Investments

The Company has adopted the provisions of Sections 11 and 12 of FRS 102 for measuring and disclosing its financial instruments. All investments held by the Company are classified as "fair value through profit or loss", and are valued in accordance with the International Private Equity and Venture Capital Valuation (IPEVCV) guidelines updated in 2015.

Investments that are quoted, but there is no trading in those investments, are, for valuation purposes, treated as if they were unquoted investments and valued using the process described below.

Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market.

Purchases and sales of unquoted investments are recognised when the contract for acquisition or sale becomes unconditional.

Investments in the shares of individual companies that are not quoted on any Stock Exchange ("unquoted investments") are a significant activity of the Company and represent a significant asset of the Company. Such investments are held at fair value, which requires significant estimation in concluding on their fair value. While there is a robust and consistent valuation process, undertaken by the AIFM, it is recognised that in stating these assets at fair value there is a significant element of estimation uncertainty. Central to this uncertainty is the assumption that such assets will continue to progress in line with their stated business plan and will be held for the longer term until exit, generally where either the company is sold to an interested party or lists on an appropriate exchange. However, failure of any individual unquoted investment to progress in accordance with their business plan could result in material change to the fair valuation of that company. The assumptions and estimates made in determining the fair value of each unquoted investment are considered at least each six months or sooner if there is a triggering event, for example the failure to meet an anticipated outcome of a drug trial, or other performance against tangible development milestones.

2. Accounting policies *(continued)*
In determining the fair value of the unquoted investments, the AIFM, as set out in the unquoted securities valuation policy above, has done so in accordance with the following principles, which are consistent with the IPEVCV guidelines:

1. held at the price of a recent investment for an appropriate period where there is considered to have been no material change in fair value; or

2. where the basis in (1) is no longer considered appropriate, then the following factors will be considered in determining the fair value:

    a. where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used, unless the rights attributable to the shares impact the overall capital structure and rights of existing investors; or

    b. in the absence of (a) and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to an earnings multiple basis or, if appropriate, other valuation models such as:

        – Probability-Weighted Expected Return Method (PWERM), which considers on a probability weighted basis the future outcomes for the investment.

        – Option Priced Modelling (OPM) is used to value early stage companies where outcomes are uncertain.

        – Adjusted recent transaction prices (which consider the company's performance against key milestones and the complexity of the capital structure) are also used.

    These valuation methods may lead to a company being valued on a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified when compared to the market sector (which the investment would reside were it listed) including, inter alia, a lack of marketability).

3. if the investment is in a fund then the valuation will be based on the NAV of the fund (which is invariably comprised of early stage unquoted investments), or on an adjusted basis to recognise the potential for a premium or discount to be applied to the share price.

At the end of 2018, 43.1 per cent (2017: 36 per cent) of the NAV was valued in accordance with (1); 0 per cent (2017: 12 per cent) in accordance with (2a); 42.8 per cent (2017: 28 per cent) in accordance with 2(b) and 5.6 per cent (2017: 4 per cent) in accordance with 3. Further assessment of sensitivity to key estimates can be found in note 22.

(c) Foreign currency
Transactions denominated in foreign currencies are translated into Sterling at actual exchange rates as at the date of the transaction. Assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss to capital or revenue in the income statement as appropriate. Foreign exchange movements on investments are included in the income statement within gains/losses on investments.

(d) Derivatives
Derivatives, including forward foreign exchange contracts, are non-basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss, in the capital column of the income statement where they are taken out to protect the capital value of the investment portfolio.

(e) Income
Investment income has been accounted for on an ex-dividend basis or when the Company's right to the income is established. Special dividends are credited to capital or revenue in the income statement, according to the circumstances surrounding the payment of the dividend. UK dividends are accounted for net of any tax credits. Overseas dividends are included gross of withholding tax. Interest receivable on deposits is accounted for on an accruals basis.

(f) Expenses
All expenses are accounted for on an accruals basis and are charged as follows:
- any performance fee is allocated to capital;
- investment transaction costs are allocated to capital;
- other expenses are charged wholly to revenue;
- direct issue costs are deducted from the share premium account; and
- finance costs are charged wholly to revenue.

2. Accounting policies *(continued)*

(g) Taxation

The charge for taxation is based upon the net revenue for the year. The tax charge is allocated to the revenue and capital accounts according to the marginal basis whereby revenue expenses are first matched against taxable income arising in the revenue account. Deferred taxation will be recognised as an asset or a liability if transactions have occurred at the interim reporting date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset will not be recognised to the extent that the transfer of economic benefit is not probable.

(h) Cash and cash equivalents

Cash and cash equivalents are defined as cash and demand deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

(i) Finance costs

Finance costs are interest costs on the overdraft facility and are recognised in the income statement within revenue.

3. Income

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Income from investments		
UK dividends	0	404
Other income	281	0
Total	281	404

4. Portfolio management fee

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Performance fee accrual: 100% charged to capital	0	0
Total	0	0

The Portfolio Manager is entitled to receive a performance fee equal to 15 per cent of any excess returns over a cumulative 10 per cent per annum hurdle rate, subject to a high watermark. The performance fee is calculated on the following basis.

PF = ((A-B) x C) x 15 per cent.

Where:
- PF is the performance fee, if any, payable to the Portfolio Manager;
- A is the adjusted NAV per ordinary share;
- B is the higher of: (i) the high watermark NAV per ordinary share and (ii) the hurdle; and
- C is the time weighted average number of ordinary shares in issue since the last performance period in respect of which a performance fee was earned, or if no performance fee has yet been earned, admission.

In the event that A-B is a negative number, it shall be taken to equal zero.

4. Portfolio management fee *(continued)*

For these purposes:

'Performance period' means: (i) the period beginning on the date of admission and ending on 31 December 2018 and (ii) each subsequent period corresponding to each accounting period of the Company.

'Adjusted NAV per ordinary share' means the NAV per ordinary share on the last business day of each performance period, adjusted by adding back any performance fee accrual in respect of such performance period.

'High watermark NAV per ordinary share' means the NAV per ordinary share as at the last business day of the performance period in respect of which a performance fee was last earned, adding back the effect of any performance fee paid in respect of such performance period (or, if no performance fee has yet been earned, the issue price).

'Hurdle' means the issue price increased, from admission, at a rate of 10 per cent per annum, compounded annually as at the last business day of each performance period (pro-rated, in the case of the first performance period, from the date of admission). As at 31 December 2018, the Hurdle amount per ordinary share was 142.73p.

The high watermark NAV per ordinary share and the hurdle will be adjusted to reflect the impact on the adjusted NAV per ordinary share from a capital return and/or dividend and/or distribution to shareholders at the time of such capital return and/or dividend and/or distribution, on a pence per ordinary share basis. As at 31 December 2018, the high watermark NAV per ordinary share was 129.75p.

If at any time a potential adjustment event shall occur, the Portfolio Manager and the Company will discuss in good faith what adjustment would be appropriate for the purpose of calculation of the performance fee. Failing such agreement, the Company will instruct another independent firm of accountants to report to the Company and the Portfolio Manager regarding any adjustment that, in the opinion of the independent firm of accountants, shall be appropriate to be made for the purpose of the calculation of the performance fee.

'Potential adjustment event' means, in relation to the Company, every issue by way of capitalisation of profits or reserves and every issue by way of rights or bonus and every consolidation or sub-division or reduction of capital or share premium or capital dividend or redemption of ordinary shares, or other reconstruction or adjustment relating to the share capital of the Company (or any shares, stock or securities derived there from or convertible there into) and also includes any other amalgamation or reconstruction affecting the share capital of the Company (or any shares, stock or securities derived therefrom or convertible there into).

No performance fee is payable in respect of the year ended 31 December 2018 (2017: nil).

5. Other expenses

		Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Secretarial services		64	61
Valuation fees		292	290
Fund administration fees		180	216
Other administration expenses		487	684
Auditor's remuneration	– Fees payable to the Company's auditor for the audit of the Company's annual accounts	62	45
	– Fees payable to the Company's auditor for audit-related assurance services: interim review	10	10
Directors' fees		181	180
Total		1,276	1,486

Other administration expenses include employer's National Insurance Contributions of £15,026 (year ended 31 December 2017: £14,150).

6. Finance costs

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Fee paid for credit facility and interest paid	2,852	2,359

7. Taxation

(a) Analysis of charge in the year:

	Year ended 31 December 2018 Revenue £'000	Year ended 31 December 2018 Capital £'000	Year ended 31 December 2018 Total £'000	Year ended 31 December 2017 Total £'000
Overseas tax	0	0	0	0
Total tax charge for the year (see note 7(b))	0	0	0	0

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a company over the period in question of 19.00 per cent (2017: 19.25 per cent). The differences are explained below:

	Year ended 31 December 2018 Revenue £000	Year ended 31 December 2018 Capital £000	Year ended 31 December 2018 Total £000	Year ended 31 December 2017 Total £000
Total return before taxation	(3,847)	55,752	51,905	(15,798)
UK corporation tax at 19.00 per cent (2017: 19.25 per cent)	(731)	10,593	9,862	(3,041)
Effects of:				
Capital (gains)/losses not subject to corporation tax	0	(10,593)	(10,593)	2,379
Other income not taxable	(16)	0	(16)	(76)
Loan relationship deficit not utilised	554	0	554	452
Movement in unutilised management expenses	230	0	230	267
Overseas dividends not taxable	(37)	0	(37)	19
Total tax charge	0	0	0	0

The Company is not liable to corporation tax on its chargeable gains due to its status as an investment trust. Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any chargeable gains and losses arising on the revaluation or disposal of investments.

The Company has a potential deferred tax asset of approximately £1,816,710 (31 December 2017: £596,833 plus non-trade loan relationship deficit of £518,037) based on the long-term prospective corporation tax rate of 17 per cent (31 December 2017: 17 per cent) relating to excess management expenses of £4,723,690 (31 December 2017: £3,510,780) and a non-trade loan relationship deficit of £5,962,838 (31 December 2017: £3,047,277). It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset in respect of these expenses has been recognised.

8. Dividend

No dividends have been paid or proposed for the year ended 31 December 2018 (31 December 2017: nil).

9. Return per ordinary share

Year ended 31 December 2018	Revenue	Capital	Total
Return per ordinary share	(0.47)p	6.74p	6.27p

Year ended 31 December 2017	Revenue	Capital	Total
Return per ordinary share	(0.42)p	(1.49)p	(1.91)p

Revenue return per ordinary share is based on the net revenue return after taxation of £(3,847,000) (2017: £(3,441,000)).

Capital return per ordinary share is based on net capital return of £55,752,000 (2017: £(12,357,000)).

Total return per ordinary share is based on the return after taxation of £51,905,000 (31 December 2017: £(15,798,000)). These calculations are based on 827,000,000 ordinary shares in issue during the year ended 31 December 2018 (31 December 2017: 827,000,000).

10. Investments

10(a). Investment summary

31 December	2018 £'000	2017 £'000
Quoted investments:		
Quoted – Level 1*	224,847	286,018
Quoted – Level 3**	110,903	0
Total quoted	335,750	286,018
Unquoted investments:		
Unquoted – Level 3	627,863	619,266
Total investments	963,613	905,284

* Level 1 quoted investments include £159,678,000 of investments listed on a recognised stock exchange (NASDAQ and LSE).

** These investments are quoted, but there is no trading in these investments. These are valued using valuation methodologies described in note2(b) and included as Level 3 investments in note 22(g).

10(b) Movement in investments

Year ended 31 December 2018	Quoted £'000	Unquoted £'000	Total £'000
Book cost at beginning of year	327,632	568,151	895,783
(Losses)/gains on investments held at beginning of year	(41,614)	51,115	9,501
Valuation at beginning of year	286,018	619,266	905,284
Movements in year:			
Purchases at cost	7,129	109,913	117,042
Sales:			
– Proceeds	(55,958)	(79,844)	(135,802)
– (Losses)/gains on investment holdings sold in the year	(7,776)	42,802	35,026
Transfer between unquoted and quoted investment at valuation	110,352	(110,352)	0
Gains/(losses) on investments held at end of year	(4,015)	46,078	42,063
Valuation at end of year	335,750	627,863	963,613

10. Investments *(continued)*
(b) Movement in investments *(continued)*

Year ended 31 December 2017	Quoted £'000	Unquoted £'000	Total £'000
Book cost at beginning of year	529,841	345,529	875,370
(Losses)/gains on investments held at beginning of year	(56,958)	22,747	(34,211)
Valuation at beginning of year	472,883	368,276	841,159
Movements in year:			
Purchases at cost	57,321	228,623	285,944
Sales:			
– proceeds	(194,861)	0	(194,861)
– losses on investment holdings sold in the year	(70,670)	0	(70,670)
Transfer between unquoted and quoted investment at valuation	6,000	(6,000)	0
Movements in gains on investment holdings held at end of year	15,345	28,367	43,712
Valuation at end of year	**286,018**	**619,266**	**905,284**

(c) Significant gains/(losses) on individual investments during the year

	£'000
Realised gains/(losses) on investments sold in year:	
Theravance Biopharma	5,598
Vernalis	(12,843)
Autolus	24,417
Gigaclear	27,761
Purplebricks	6,081

	£'000
Unrealised gains/(losses) in investments during the year:	
Benevolent AI (Unquoted)	11,494
IH Holdings	12,338
Prothena	(49,048)
4D Pharma	(5,270)
RM2 International	(5,587)
Autolus Therapeutics ADR	71,287
IH Holdings International	56,236
ReNeuron	(6,594)
Mission Therapeutics (Unquoted)	6,366
Mereo BioPharma	(14,748)
Purplebricks	(36,357)
NetScientific	(7,264)
Idex	(5,698)
Proton Partners International (Unquoted)	25,500
Thin Film Electronics	(7,753)

10. Investments *(continued)*
(d) Book cost reconciliation

	Total Year ended 31 December 2018 £'000	Total Year ended 31 December 2017 £'000
Comprising:		
Book cost at end of year	912,049	895,783
Gains on investment holdings at end of year	51,564	9,501
Valuation at end of year	963,613	905,284

	Quoted £'000	2018 Unquoted £'000	Total £'000
Book cost at end of year	381,379	530,670	912,049
(Losses)/gains on investment holdings at end of year	(45,629)	97,193	51,564
Valuation at end of year	335,750	627,863	963,613

	Quoted £'000	2017 Unquoted £'000	Total £'000
Book cost at end of year	327,632	568,151	895,783
(Losses)/gains on investment holdings at end of year	(41,614)	51,115	9,501
Valuation at end of year	286,018	619,266	905,284

Transaction costs on purchases for the year ended 31 December 2018 amounted to £66,770 (31 December 2017: £78,000) and on sales for the year amounted to £8,703 (31 December 2017: £2,150).

11. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Accrued income and prepayments	11	4

12a. Other creditors

31 December	2018 £'000	2017 £'000
Amounts falling due within one year:		
Purchases for future settlement	0	144
Other creditors	483	438
	483	582

12b. Bank overdraft

31 December	2018 £'000	2017 £'000
Amounts falling due within one year:		
Bank overdraft	149,966	149,411
	149,966	149,411

The Company has a bank overdraft credit facility provided by the Northern Trust Company, London Branch of £150,000,000 as at 31 December 2018. The interest payable on the credit facility is based on LIBOR +1.35 per cent margin on amounts drawndown. The assets of the Company are held as security for this facility. Subsequent to the year end, the bank overdraft facility was extended by 364 days to 16 January 2020.

13. Derivative financial instruments

31 December 2018	Current assets £'000	Current liabilities £'000	Net current assets/ (liabilities) £'000
Forward foreign exchange contracts – GBP/CHF	0	(326)	(326)
Forward foreign exchange contracts – GBP/EUR	18	(126)	(108)
Forward foreign exchange contracts – GBP/NOK	412	(84)	328
Forward foreign exchange contracts – GBP/USD	635	(6,504)	(5,869)
Total derivative financial instruments	1,065	(7,040)	(5,975)

31 December 2017	Current assets £'000	Current liabilities £'000	Net current assets/ (liabilities) £'000
Forward foreign exchange contracts	0	0	0
Total derivative financial instruments	0	0	0

14. Share capital

The table below details the issued share capital of the Company as at 31 December 2018.

31 December	2018 No of Shares	2018 £'000	2017 No of Shares	2017 £'000
Allotted, issued and fully paid:				
Ordinary shares of 1p	827,000,000	8,270	827,000,000	8,270
	827,000,000	8,270	827,000,000	8,270

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share.
There are no shares that carry specific rights with regard to the control of the Company. The shares are freely transferable.
There are no restrictions or agreements between shareholders on the voting rights of any of the ordinary shares or the transfer of shares.

15. Share premium

31 December	2018 £'000	2017 £'000
Opening balance	813,099	813,099
Share issue costs written back	0	0
Closing balance	813,099	813,099

16. Capital reserve

31 December	2018 £'000	2017 £'000
Opening balance	(62,137)	(49,780)
Profit/(losses) on investments – held at fair value through profit or loss	55,752	(12,357)
Closing balance	(6,385)	(62,137)

At the year end, the Company's capital reserve comprised £51,974,000 (2017: £71,638,000) and unrealised gains of £45,589,000 (2017: gains of £9,501,000).

Gains/(losses) on investments and derivatives during the year comprised:

	2018 £'000	2017 £'000
Realised gains/(losses) on investments	35,026	(70,670)
Realised/unrealised (losses)/gains on forward currency contracts	(21,337)	14,601
Unrealised movement in investments	42,063	43,712
Gains/(losses) on investments and forward currency contracts	55,752	(12,357)

17. Revenue reserve

31 December	2018 £'000	2017 £'000
Opening balance	(3,937)	(496)
Retained loss for the year	(3,847)	(3,441)
Closing balance	(7,784)	(3,937)

18. Financial commitments

At 31 December 2018, the Company had outstanding commitments of £16,837,551 in respect of unpaid calls (2017: none).

19. Net asset value per share

Total shareholders' funds and the NAV per share attributable to the ordinary shareholders at the year end, calculated in accordance with the Articles of Association, were as follows:

31 December	2018 Net asset value per share pence	2018 Net assets available £'000	2017 Net asset value per share pence	2017 Net assets available £'000
Ordinary shares (827,000,000 shares in issue)	97.61	807,200	91.33	755,295

The NAV per share is based on total shareholders' funds above and on 827,000,000 ordinary shares in issue at the year end.

20. Transactions with the Portfolio Manager and the AIFM

The Company provides additional information concerning its transactions with the Portfolio Manager, Woodford Investment Management Ltd. The amount of the accrual established as a provision for the performance fee due to Woodford is nil as set out in note 4. At 31 December 2018, no amount was payable in respect of the fee as it only crystallises at the end of a performance period, although it would accrue if over the hurdle (31 December 2017: no amount was payable in respect of the fee).

Link Fund Solutions Limited, as the AIFM of the Company, was paid £75,000 in respect of the year ended 31 December 2018 (31 December 2017: £75,000) and also has a fee payable for the year ended 31 December 2018 of £6,250 (31 December 2017: £12,500). Link Company Matters Limited, which provides the Company with company secretarial services, was paid £64,106 in respect of the year ended 31 December 2018 (31 December 2017: £60,560 paid during the year).

Woodford has subcontracted to Northern Trust Global Services Limited (NT) the provision of the middle office function on behalf of the Company. NT charges the Company directly for that service. From time-to-time Woodford instructs various third parties to undertake various functions on behalf of the Company, which they recharge the Company at cost. During the year, charges relating to middle-office services amount to £104,382 (31 December 2017: £133,961).

21. Related party transactions

Under the Listing Rules, the Portfolio Manager and AIFM are regarded as related parties of the Company. However, the existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, in terms of FRS 102, the Portfolio Manager and the AIFM are not considered related parties. Transactions with the Portfolio Manager and AIFM are noted above.

Fees paid to the Company's Directors are disclosed in the Directors' remuneration report.

22. Risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objectives stated above. In pursuing its investment objectives, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends.

The Company's financial instruments comprise securities in unquoted and quoted companies, trade receivables, trade payables and cash.

The main risks arising from the Company's financial instruments are fluctuations in market price, interest rate, credit, liquidity, capital and foreign currency exchange rate risk. The policies for managing each of these risks are summarised below.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk (see (b) below), interest rate risk (see (c) below) and other price risk (see (d) below). The Board reviews and agrees policies for managing these risks. The Company's AIFM assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(b) Currency risk

Some of the Company's assets, liabilities and income are denominated in currencies other than Sterling (the Company's functional currency, in which it reports its results). As a result, movements in exchange rates may affect the Sterling value of those items.

The AIFM monitors the Company's exposures and reports to the Board on a regular basis. Income denominated in foreign currencies is converted to Sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

22. Risk management policies and procedures (continued)

(b) Currency risk (continued)

Foreign currency exposures

An analysis of the Company's equity investments and liabilities at 31 December 2018 (shown at fair value, except derivatives at gross exposure value) that are priced in a foreign currency based on the country of primary exposure are shown below:

As at 31 December 2018	Investments £'000	Derivative financial instruments £'000	Net financial assets £'000
Currency			
Euro	6,896	(6,142)	754
Norwegian Krone	11,469	(10,613)	856
Swiss Francs	13,899	(12,151)	1,748
US Dollar	326,973	(287,481)	39,492
Total	**359,237**	**(316,387)**	**42,850**

As at 31 December 2017	Investments £'000	Derivative financial instruments £'000	Net financial assets £'000
Currency			
Euro	20,638	0	20,638
Norwegian Krone	24,923	0	24,923
Swiss Francs	9,634	0	9,634
US Dollar	251,815	0	251,815
Total	**307,010**	**0**	**307,010**

Foreign currency sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the equity in regard to the Company's non-monetary financial assets to changes in the exchange rates for the portfolio's significant currency exposure, being Sterling/US Dollar.

It assumes the following changes in exchange rates:

Sterling/US Dollar 10 per cent (2017: +/- 10 per cent).

These percentages have been determined based on a reasonable estimate of the potential volatility. The sensitivity analysis is based on the foreign currency financial instruments held at each statement of financial position date and assumes no foreign exchange hedging.

If Sterling had strengthened against the US Dollar, this would have had the following effect:

As at 31 December	2018 US Dollar £'000	2017 US Dollar £'000
Projected change	10%	10%
Impact on capital return	(32,697)	(25,182)
Return after taxation for the period	(32,697)	(25,182)

If Sterling had weakened against the US Dollar, this would have had the following effect:

As at 31 December	2018 US Dollar £'000	2017 US Dollar £'000
Projected change	10%	10%
Impact on capital return	32,697	25,182
Return after taxation for the period	32,697	25,182

In the opinion of the Directors, the above sensitivity analyses are not representative of the period as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

22. Risk management policies and procedures *(continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk specifically through its bank overdraft. Interest rate movements may affect the level of income receivable from any cash at bank and on deposits or payable on the bank overdraft facility (see note 12b). The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's investments.

The Company has a £150 million bank overdraft facility which was extended by 364 days to 16 January 2020. If interest rates had been +/- 25 basis points and all other variables were held constant, the Company's return attributable to ordinary shareholders for the year ended 31 December 2018 would have increased/(decreased) by approximately +/- £375,000.

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is exposed to market price risk arising from its equity investments. The movements in the prices of these investments result in movements in the performance of the Company.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the AIFM. The Board meets regularly and at each Board meeting reviews investment performance. The Board monitors the AIFM's compliance with the Company's objectives.

Concentration of exposure to other price risks

A sector breakdown and geographical allocation of the portfolio is contained on pages 19 and 20.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year to an increase or decrease of 10 per cent in the fair values of the Company's equities. This level of change is considered to be reasonably possible based on observation of current market conditions. The overall portfolio sensitivity analysis is based on the Company's total equities at the balance sheet date, with all other variables held constant.

	2018 Increase in fair value £'000	2018 Decrease in fair value £'000	2017 Increase in fair value £'000	2017 Decrease in fair value £'000
Income statement – return after taxation:				
Capital return – increase/(decrease)	96,361	(96,361)	90,528	(90,528)
Return after taxation other than arising from interest rate or currency risk – increase/(decrease)	96,361	(96,361)	90,528	(90,528)

As discussed on page 26 in relation to portfolio concentration risk, the performance of the Company's individual holdings, together with market events, may create short term volatility in the Company's NAV. The valuation of some of the Company's larger investments, totalling approximately 15 per cent, are particularly sensitive to achieving key technological milestones. Successful completion or failure to achieve these milestones could have a significant impact on the Company's net assets and capital return. These investments are subject to greater risk of fluctuation in valuation than the overall portfolio sensitivity described above.

22. Risk management policies and procedures *(continued)*

(e) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk exposure

The Company's assets comprise quoted and unquoted equity shares. While the unquoted equity is intentionally illiquid, part of the portfolio of quoted assets comprises readily realisable securities that can be sold to meet funding requirements if necessary.

For the avoidance of doubt, none of the assets of the Company are subject to special liquidity arrangements.

The investment in Level 3 securities may have limited liquidity and may be difficult to realise. At 31 December 2018, the total Level 3 securities are valued at £738,766,000 (31 December 2017: £619,266,000).

(f) Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

The cash is subject to counterparty credit risk as the Company's access to its cash could be delayed should the counterparties become insolvent or bankrupt.

In summary, the exposure to credit risk at 31 December 2018 was as follows:

	2018 3 months or less £'000	2017 3 months or less £'000
Debtors	11	4
Total	11	4

None of the above assets were impaired or past due but not impaired.

Investment transactions are carried out with a number of brokers, whose credit standing is reviewed periodically by the AIFM, and limits are set on the amount that may be due from any one broker.

Cash at bank is held only with reputable banks with high-quality external credit ratings.

(g) Fair value measurements of financial assets and financial liabilities

The financial assets and liabilities are either carried in the balance sheet at their fair value, or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends receivable, accrued income, due to brokers, accruals and cash balances).

The valuation techniques used by the Company are explained in the accounting policies in note 2(b) above.

For financial reporting purposes, fair value measurements are categorised into a fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
Level 3 – Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

22. Risk management policies and procedures *(continued)*

(g) Fair value measurements of financial assets and financial liabilities (continued)

The table below sets out fair value measurements using fair value hierarchy.

Financial assets at fair value through profit or loss:

At 31 December 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	224,847	0	738,766	963,613
Derivative financial instruments	0	1,065	0	1,065
Total	224,847	1,065	738,766	964,678

At 31 December 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	286,018	0	619,266	905,284
Derivative financial instruments	0	0	0	0
Total	286,018	0	619,266	905,284

During the year to 31 December 2018, £42,680,000 in respect of financial assets at fair value was transferred from Level 3 to Level 1 (2017: £6,000,000).

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The change in fair value for the current year is recognised through the income statement.

Financial liabilities at fair value through profit or loss:

At 31 December 2018	Note	Level 2 £'000	Total £'000
Liabilities:			
Derivative financial instruments	13	7,040	7,040
Total		7,040	7,040

At 31 December 2017	Note	Level 2 £'000	Total £'000
Liabilities:			
Derivative financial instruments	13	0	0
Total		0	0

Categorisation within the liabilities has been determined on the basis of level input 2 that is significant to the fair value measurement of the relevant liability.

22. Risk management policies and procedures *(continued)*

(h) Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to deliver a return in excess of 10 per cent per annum over the longer term.

Although the Company has the ability to deploy gearing of up to 20 per cent of its NAV, this is primarily to be achieved through equity capital.

The Company's total capital at 31 December 2018 was £827,000,000 with an overdraft facility of £149,966,000 (31 December 2017: £755,295,000 with an overdraft facility of £149,411,000).

23. Segmental analysis

There is only one class of business and the operations of the Company are wholly in the United Kingdom.

24. Post balance sheet events

Subsequent to the year end, on 6 March 2019 the Company issued 81,639,238 ordinary shares at a price of 96.67 pence per share, resulting in a total value of £78,920,651. 75,432,424 of the ordinary shares were issued to the LF Woodford Equity Income Fund (WEIF) for £72.9 million in exchange for a portfolio of unquoted assets. The remaining 6,206,814 ordinary shares were purchased for cash by the WEIF.

Shareholder information

Directors
Susan Searle (Chairman)
Alan Hodson (Senior Independent Director)
Scott Brown
Carolan Dobson
Steven Harris
Dame Louise Makin

Registered Office
Beaufort House
51 New North Road
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United Kingdom

Portfolio Manager
Woodford Investment Management Ltd
9400 Garsington Road
Oxford
OX4 2HN
United Kingdom

Alternative Investment Fund Manager
Link Fund Solutions Limited
6th Floor
65 Gresham Street
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EC2V 7NQ
United Kingdom

Company Secretary
Link Company Matters Limited
Beaufort House
51 New North Road
Exeter
EX4 4EP
United Kingdom

Broker
Winterflood Securities Limited
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Tax adviser
Duff & Phelps
The Shard, Level 14
32 London Bridge Street
London
SE1 9SG
United Kingdom

Administrator
Northern Trust Global Services SE
50 Bank Street Canary Wharf
London
E14 5NT
United Kingdom

Depositary
Northern Trust Global Services SE
50 Bank Street Canary Wharf
London
E14 5NT
United Kingdom

Authorised by the Prudential Regulatory Authority (PRA) and regulated by the Financial Conduct Authority (FCA) & PRA.

Custodian
The Northern Trust Company
50 Bank Street Canary Wharf
London
E14 5NT
United Kingdom

Legal adviser
Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH
United Kingdom

Auditor
Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG
United Kingdom

Registrar
Link Asset Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
United Kingdom

Website

The Company's section of Woodford's website can be found at www.woodfordfunds.com/funds/wpct. The site provides visitors with a comprehensive range of performance statistics, Company information and literature downloads.

The Company's profile is also available on third-party sites such as www.trustnet.com and www.morningstar.co.uk.

Annual and half-yearly reports

Copies of the annual and half-yearly reports may be obtained from Woodford by calling 0333 300 0381 or by visiting www.woodfordfunds.com/funds/wpct

Share prices and NAV information

The Company's ordinary shares of 1p each are quoted on the London Stock Exchange:
SEDOL number: BVG1CF2
ISIN number: GB00BVG1CF25
EPIC code: WPCT

The codes above may be required to access trading information relating to the Company on the internet.

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way, you will probably lose your money.

How to avoid share fraud

- keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you out of the blue with an offer to buy or sell shares;
- do not get into a conversation; note the name of the person and firm contacting you and then end the call;
- check the Financial Services Register from www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA;
- beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details;
- use the firm's contact details listed on the Register if you want to call it back;
- call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date;
- search the list of unauthorised firms to avoid at www.fca.org.uk/scams;
- consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme;
- think about getting independent financial and professional advice before you hand over any money; and
- remember: if it sounds too good to be true, it probably is!

5,000 people contact the FCA about share fraud each year, with victims losing an average of £20,000.

Report a scam

If you are approached by fraudsters, please tell the FCA using the share fraud reporting form at fca.org.uk/scams, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

Gross asset value
The gross asset value is the gross worth of the Company's assets. It is arrived at by totalling the value of the Company's quoted investments at bid-market prices, unquoted investments valued in accordance with the valuation policy set out in Note 2(b), cash and other net current assets.

Net asset value
Net asset value represents the total value of the Company's assets less the total value of its liabilities.

For valuation purposes, it is common to express the net asset value on a per share basis.

Ongoing charges
Total expenses (excluding finance costs and taxation) incurred by the Company as a percentage of average net asset values.

Premium
If the share price of the Company is higher than the net asset value per share, the Company's shares are said to be trading at a premium. The premium is shown as a percentage of the net asset value.

Discount
If the share price of the Company is lower than the net asset value per share, the Company's shares are said to be trading at a discount. The discount is shown as a percentage of the net asset value.

Registrar
An entity that manages the Company's shareholder register. The Company's registrar is Link Asset Services Limited.

AIFM
Alternative Investment Fund Manager. This is the entity that undertakes oversight of the Portfolio Manager. Link Fund Solutions Limited undertakes this role on behalf of the Company.

Hedging
An investment to reduce the risk of adverse price movements in an asset.

Listed Investments
Listed investments are those investments where the entity's shares are traded on a recognised stock exchange, which meets the required regulatory standards, such as NASDAQ and LSE.

Quoted Investments
Quoted investments are those investments where the entity's shares can be traded in an active market such as NASDAQ, LSE and AIM.

Unquoted Investments
Unquoted investments are all remaining investments, where the entity's shares cannot be traded in an active market. In all such cases, the shares of these investments are subject to fair value pricing as set out in note 2(b) of the financial statements.

Report on remuneration

The AIFMD requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM.

Details of the Link Fund Solutions Limited (LFSL) AIFM remuneration policy are disclosed on the website at http://www.linkfundsolutions.co.uk/assets/media/LFS_Explanation_of_Compliance_with_Remuneration_Code.pdf and have applied to LFSL since 1 January 2015.

Quantitative remuneration disclosure

In accordance with FUND 3.3.5 (5) and FCA Finalised guidance – 'General guidance on the AIFM Remuneration Code' (SYSC 19B) ('the Guidelines'), dated January 2014, the total amount of remuneration paid by the AIFM, for the financial year ended 31 December 2018, in respect of the Woodford Patient Capital Trust was £75,000. The AIFM does not consider that any member of staff of the AIFM has the ability to materially impact the risk profile of the Company. It should be noted that LFSL has delegated portfolio management to Woodford Investment Management Limited by way of a portfolio management agreement and LFSL is satisfied that Woodford is subject to the regulatory requirements that are equally as effective as those applicable under the Guidelines.

Other disclosures

The AIFMD requires that the AIFM ensures that certain other matters are actioned and/or reported to investors; each of these is set out below.

Provision and content of an annual report (FUND 3.3.2 and 3.3.5)

The publication of the annual report and financial statements of the company satisfies these requirements.

Material change of information

The AIFMD requires certain information to be made available to investors in the Alternative Investment Fund (AIF) before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. The AIFM notes that, during the period, there were no material changes approved by the Board.

Periodic disclosure (FUND 3.2.5 and 3.2.6)

There are no assets subject to special arrangements due to their illiquid nature, nor new arrangements for the managing of the liquidity of the Company.

There is no change to the arrangements, as set out in the Prospectus, for managing the AIF's liquidity.

The current risk profile of the AIF is set out in the annual report (Principal risks and uncertainties) and in further detail in note 22 (Risk management policies and procedures).

The AIF is permitted to be leveraged and the table below sets out the current maximum permitted and actual leverage.

As a percentage of net asset value	*Gross method*	*Commitment method*
Maximum level of leverage	310.0%	120.0%
Leverage as at 31 December 2018	119.9%	119.9%

There have been no breaches of the permitted leverage limits within the reporting period, nor any changes to maximum level of leverage employed by the AIF.

Other matters

LFSL can confirm that required reporting to the FCA has been undertaken in accordance with FUND 3.4.

Notice of annual general meeting

The following information to be discussed at the forthcoming AGM is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

NOTICE OF ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the third AGM of Woodford Patient Capital Trust plc (the Company) will be held at 10.30am on Thursday, 16 May 2019 at Wolfson College, Linton Rd, Oxford OX2 6UD to transact the business set out in the resolutions below.

Resolutions 1 to 11 will be proposed as ordinary resolutions; this means that for each of those ordinary resolutions to be passed, more than half of the votes cast must be in favour. Resolutions 12 to 14 will be proposed as special resolutions; this means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour.

Ordinary resolutions

1. To receive the Company's Annual Report and financial statements for the year ended 31 December 2018 together with the strategic report, Directors' report and the auditor's report on those financial statements.
2. To approve the Directors' remuneration report (excluding the directors remuneration policy) set out on pages 53 and 54 of the Company's annual report and financial statements for the year ended 31 December 2018.
3. To approve the Directors' remuneration policy set out on page 55 of the Company's Annual Report and financial statements for the year ended 31 December 2018.
4. To re-elect Susan Searle as a Director.
5. To re-elect Scott Brown as a Director.
6. To re-elect Carolan Dobson as a Director
7. To re-elect Steven Harris as a Director.
8. To re-elect Dame Pamela Louise Makin as a Director.
9. To re-appoint Grant Thornton UK LLP as auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next meeting at which financial statements are laid before the Company.
10. To authorise the Board to determine the remuneration of the auditor.
11. THAT, in accordance with Section 551 of the Companies Act 2006 (the Act), the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot ordinary shares in the Company up to a maximum aggregate nominal amount of £908,639, representing approximately 10 per cent of the Company's issued ordinary share capital as at the date of this Notice (or, if changed, the number representing 10 per cent of the issued share capital of the Company at the date at which this resolution is passed), such authority to expire at the conclusion of the AGM of the Company to be held in 2020, (unless previously renewed, varied, revoked or extended by the Company in general meeting), save that the Company may, before such expiry make offers or agreements which would or might require ordinary shares to be allotted after such expiry and the Directors may allot ordinary shares in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

12. THAT subject to the passing of Resolution 12, and in accordance with Sections 570 and 573 of the Act, the Directors be and are hereby generally empowered to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority conferred on the Directors by Resolution 12 and to sell ordinary shares from treasury for cash, as if Section 561 of the Act did not apply to any such allotment or sale, up to an aggregate nominal amount of £908,639 (being 10 per cent of the issued ordinary share capital of the Company at the date of this Notice), (or, if changed, the number representing 10 per cent of the issued share capital of the Company at the date at which this resolution is passed), such power to expire at the conclusion of the AGM of the Company to be held in 2020 (unless previously renewed, varied, revoked or extended by the Company in general meeting) save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require ordinary shares to be allotted or sold from treasury after the expiry of such power and the Directors may allot or sell ordinary shares from treasury in pursuance of such an offer or agreement as if such power had not expired.

13. THAT the Company be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 1p each in the capital of the Company, provided that:

    (a) the maximum number of ordinary shares which may be purchased is 136,205,021 (or if changed, the number representing 14.99 per cent of the ordinary shares in issue at the date which this resolution is passed);

    (b) the minimum price, exclusive of any expenses, which may be paid for each ordinary share is 1p;

    (c) the maximum price, exclusive of any expenses, which may be paid for each ordinary share shall be to the higher of:

        (i) an amount equal to 105 per cent of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased; and

        (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out.

    This authority shall expire at the conclusion of the AGM of the Company to be held in 2020 (unless previously revoked, varied, renewed or extended by the Company in general meeting) save that the Company may, before such expiry, enter into a contract to purchase shares which will or may be executed wholly or partly after the expiry of such authority.

14. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board
Link Company Matters Limited
Company Secretary
4 April 2019
Beaufort House, 51 New North Road, Exeter, EX4 4EP

The following notes explain your general rights as a shareholder and your right to attend and vote at this AGM or to appoint someone else to vote on your behalf.

1. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders entered on the Company's register of members at close of business on Tuesday, 14 May 2019 or, if the meeting is adjourned, on the Company's register of members 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Company's register of members after close of business on Tuesday, 14 May 2019 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

2. You may wish to arrive by 10.15am so you can register and take your seat in good time. Light refreshments will be provided at the meeting. If you have any special needs or require wheelchair access to the venue, please contact the Company Secretary by telephone on 01392 477500 in advance of the meeting. Mobile phones may not be used in the meeting hall, and cameras and recording equipment are not allowed in the meeting hall.

3. Members are entitled to appoint a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. To appoint more than one proxy, members will need to complete a separate proxy in relation to each appointment.

4. The shareholders were duly notified that from 2018 onwards the Company would no longer be posting proxy voting cards to shareholders in order to further reduce the environmental impact. This year, you can therefore appoint a proxy using one of the following methods:

   – via the registrars website www.signalshares.com. To vote online, you will need to log on to your Signal Shares account or register if you have not already done so. To register, you will need your investor code which can be found on your share certificate. Once registered, you will immediately be able to vote.

   – by requesting a hard copy by calling the registrar Link Asset Services on 0871 664 0391 (calls cost 12p per minute plus your phone company's access charge). From overseas call +44 (0) 371 664 0391. Calls outside the United Kingdom will be charged at the applicable international rate. Open between 9.00 a.m. – 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

6. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Act to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7. The statement of the rights of shareholders in relation to the appointment of proxies in notes 3, 4 and 8 does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

9. To be valid, any form of proxy or other instrument appointing a proxy must be received by the Company's Registrar, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of shares held through CREST, via the CREST system (see note 12 below). In each case, for proxy appointments to be valid, they must be received by no later than 10.30am on Tuesday, 14 May 2019 (being 48 hours prior to the time of the meeting, not including non-working days). If you return more than one proxy appointment, either by paper or electronic communication, that received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully.

10. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in note 12 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing.

11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM (and any adjournment of the AGM) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

12. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuers' agent (ID RA10) by 10.30am on Tuesday, 14 May 2019 (being 48 hours prior to the time of the meeting, not including non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuers agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

14. Any corporation that is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that no more than one corporate representative exercises powers in relation to the same shares. To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment.

15. As at 3 April 2019 (being the last practicable business day prior to the publication of this Notice) the Company's issued share capital comprised 908,639,238 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company.

16. Under Section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

17. Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

18. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day until the time of the AGM and may also be inspected at the AGM venue from 10.15am on the day of the meeting until the conclusion of the AGM:

    – copies of the Directors' letters of appointment; and
    – a copy of the Articles of Association of the Company.

19. You may not use any electronic address provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated. A copy of this Notice, and other information required by Section 311A of the Act, can be found on the Company's section of Woodford Investment Management Limited's website at www.woodfordfunds.com/funds/wpct.

Appendix 1
Further details on top unquoted holdings

Company Name	Benevolent AI
Company Position in Top Ten	2
% of NAV at 31 Dec 18	10.60%
% of GAV at 31 Dec 18	8.89%
Industry Sector	Technology
Geography	UK
Date of Initial Investment	30/06/2015
Cost of Investment to 31 Dec 18	69,852,452
Valuation at 31 Dec 18	86,153,869
Basis of Valuation	Last Round
Ownership % (Undiluted)	5.80%
Ownership % (Diluted)	5.40%
Income Recognised	0
Turnover	7.2
Pre-tax profits	(40.9)
Latest accounts date	31/12/2017

Company Name	Oxford Nanopore
Company Position in Top Ten	3
% of NAV at 31 Dec 18	8.99%
% of GAV at 31 Dec 18	7.54%
Industry Sector	Health Care
Geography	UK
Date of Initial Investment	24/07/2015
Cost of Investment to 31 Dec 18	57,602,735
Valuation at 31 Dec 18	73,081,712
Basis of Valuation	Last Round
Ownership % (Undiluted)	4.85%
Ownership % (Diluted)	4.45%
Income Recognised	0
Turnover	19.8
Pre-tax profits	(50.4)
Latest accounts date	31/12/2017

Company Name	Proton Partners International
Company Position in Top Ten	4
% of NAV at 31 Dec 18	7.93%
% of GAV at 31 Dec 18	6.66%
Industry Sector	Health Care
Geography	UK
Date of Initial Investment	08/06/2015
Cost of Investment to 31 Dec 18	34,500,000
Valuation at 31 Dec 18	64,500,000
Basis of Valuation	Last Round
Ownership % (Undiluted)	23.6%
Ownership % (Diluted)	22.7%
Income Recognised	0
Turnover	1.1
Pre-tax profits	(18.6)
Latest accounts date	28/02/2018

Company Name	Immunocore
Company Position in Top Ten	6
% of NAV at 31 Dec 18	6.09%
% of GAV at 31 Dec 18	5.11%
Industry Sector	Health Care
Geography	UK
Date of Initial Investment	16/07/2015
Cost of Investment to 31 Dec 18	35,325,346
Valuation at 31 Dec 18	49,513,323
Basis of Valuation	IHS Fair Value Approach
Ownership % (Undiluted)	7.0%
Ownership % (Diluted)	6.6%
Income Recognised	0
Turnover	25
Pre-tax profits	(85)
Latest accounts date	31/12/2017

Company Name	Oxford Sciences Innovation
Company Position in Top Ten	7
% of NAV at 31 Dec 18	4.99%
% of GAV at 31 Dec 18	4.19%
Industry Sector	Financials
Geography	UK
Date of Initial Investment	01/05/2015
Cost of Investment to 31 Dec 18	36,000,000
Valuation at 31 Dec 18	40,600,000
Basis of Valuation	Last Round
Ownership % (Undiluted)	5.59%
Ownership % (Diluted)	n/a
Income Recognised	0
Turnover	41.1
Pre-tax profits	34.3
Latest accounts date	31/12/2017

Company Name	Atom Bank
Company Position in Top Ten	8
% of NAV at 31 Dec 18	4.23%
% of GAV at 31 Dec 18	3.55%
Industry Sector	Financials
Geography	UK
Date of Initial Investment	30/11/2015
Cost of Investment to 31 Dec 18	30,800,000
Valuation at 31 Dec 18	34,400,000
Basis of Valuation	Market Approach: Price of Recent Investment/ Price of Upcoming Investment
Ownership % (Undiluted)	7.64%
Ownership % (Diluted)	7.39%
Income Recognised	13.738
Turnover	13.738
Pre-tax profits	(52.68m)
Latest accounts date	31/03/2018

Company Name	Kymab
Company Position in Top Ten	10
% of NAV at 31 Dec 18	2.84%
% of GAV at 31 Dec 18	2.38%
Industry Sector	Health Care
Geography	UK
Date of Initial Investment	30/04/2015
Cost of Investment to 31 Dec 18	16,933,334
Valuation at 31 Dec 18	29,400,000
Basis of Valuation	Price of Recent Investment/PWERM
Ownership % (Undiluted)	7.90%
Ownership % (Diluted)	7.00%
Income Recognised	0
Turnover	5.556m
Pre-tax profits	(42.717m)
Latest accounts date	30/09/2018

Company Name	Mission Therapeutics
Company Position in Top Ten	12
% of NAV at 31 Dec 18	2.32%
% of GAV at 31 Dec 18	1.95%
Industry Sector	Health Care
Geography	UK
Date of Initial Investment	04/02/2016
Cost of Investment to 31 Dec 18	12,500,001
Valuation at 31 Dec 18	18,866,462
Basis of Valuation	DCF/Black-Scholes Model
Ownership % (Undiluted)	15.40%
Ownership % (Diluted)	13.88%
Income Recognised	0
Turnover	£745,238
Pre-tax profits	(19.989m)
Latest accounts date	31/12/2017

Notes