

Woodford Investment Management

17:43 28 Jun 2019

Neil Woodford's Patient Capital Trust to cut debt and refresh board

Woodford Patient Capital Trust PLC (LON:WPCT) announced plans to reduce debt, tighten controls on investments and revive the board as it tries to soothe shareholder concerns following the suspension of its sister fund.

Neil Woodford's listed investment trust shares a number of the same holdings as his Woodford Equity Income Fund, which was suspended earlier this month to stop investors from making withdrawals following a wave of redemptions.

The trust's shares have tumbled since the suspension amid concerns about an unusually high level of debt and that it may be hit by any forced selling of assets.

READ: New funds will allow long-term investments without Woodford-like liquidity problems

WPCT has borrowed £126m in to help fund its investee companies, which equates to about 16.8% of its net asset value (NAV). The level of borrowing is just under its policy to borrow up to 20% of NAV.

The trust said it aims to reduce the level of gearing - the ratio of a company's debt to equity - to below 10% within six months. Within 12 months, it hopes to be "generally operating ungeared".

Once it reaches its targets, gearing will then be used at "lower levels" for capital flexibility, including investments, but for short periods only. Future borrowings that take gearing past 10% of the firm's NAV will require board approval.

"Furthermore, the largest assets in the company's portfolio are reaching a stage of maturity, with many having developed a diversified investor base," it said.

"While the company will be required over time to provide funding to some of its portfolio companies, it intends to achieve this, where possible, by using a proportion of the net proceeds received through disposals and realisations in the company's portfolio, a number of which are anticipated over the next 12-18 months."

Tighter controls on asset sales and new investments

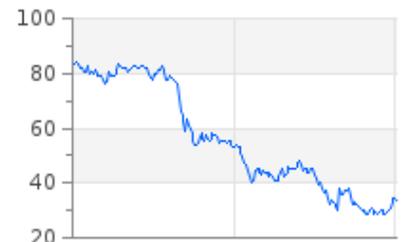
The group added that it is aware that there has been remarks around the price at which the Equity Income fund may dispose of certain assets also held by WPCT.

It said while this would be considered in the valuation process, the "context of the transaction is also considered".

The trust has introduced extra controls to ensure that any proposed sale of an asset held by both the Equity Income fund and WPCT are brought to the board for approval first.

The board will also assess any proposed investments into new and existing assets. However, there are no plans for new investments as yet.

1 Year Share Price Graph



February 2019 July 2019 December 20

Share Information

Code: WPCT
Listing: LSE
Sector: Financial Services
Website: woodfordfunds.com

Company Synopsis:

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

action@proactiveinvestors.com.au

JP Morgan executive joins as director

Separately, the company announced that it had appointed Stephen Cohen as an independent non-executive director and chair of the audit, risk and valuation committee.

Cohen is currently the chair of the audit committee at JPMorgan Japan Investment Trust plc and previously spent a fair chunk of his career at Mercury Asset Management where he led investment teams and business units.

Carolan Dobson will step down as a non-executive director with immediate effect after three years on the board.

The trust is looking for two new non-executive directors, including one to replace Dobson.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.