

Woodford Investment Management

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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.

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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

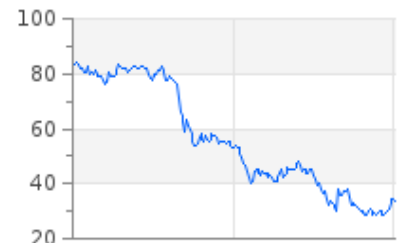
The group added that it is aware that there has been remarks around the price at which the Equity Income fund may dispose of certain assets also held by WPCT.

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.

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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.

Carolann 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.

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