

FEBRUARY 2020 UPDATE ABOUT THE AON MANAGED ACTIVE UK EQUITY FUND

Introduction

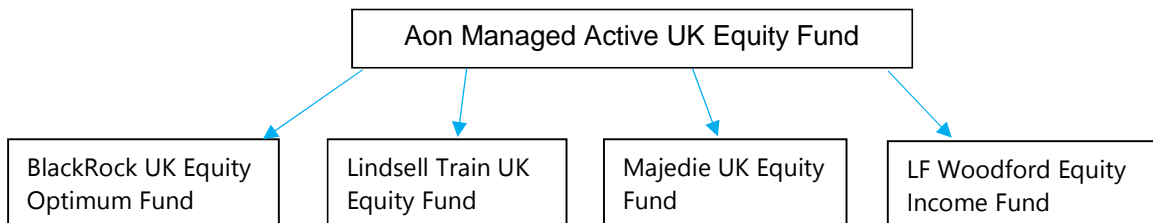
As detailed in our previous updates, trading in the Aon Managed Active UK Equity Fund is currently suspended and it was announced in December 2019 that one of the underlying funds, the LF Woodford Equity Income Fund, would be wound up and assets returned to investors.

This update outlines the process that will begin in 2020 and how this will affect any holdings in the Aon Managed Active UK Equity Fund.

Please note that further decisions may be made which could alter this process and further updates will be issued as necessary.

Background

The LF Woodford Equity Income Fund (the "Woodford Fund"), is one of four funds constituting the Aon Managed Active UK Equity ("AMAUE") Fund.



Link Fund Solutions Limited ("Link"), the Authorised Corporate Director for Woodford, issued a Woodford Fund closure notice on 15 October 2019. The three-month notice period that Link has to give to investors about the intention to close the Woodford Fund formally ended on 15 January 2020. During this period, BlackRock Advisors (UK) Limited ("BlackRock") was appointed as the transition manager to prepare the listed assets of the Woodford Fund for sale. Confirmation was received from Link on 10 January 2020 that the most liquid holdings have been sold and a first capital distribution from these was paid into the AMAUE fund on 30 January 2020.

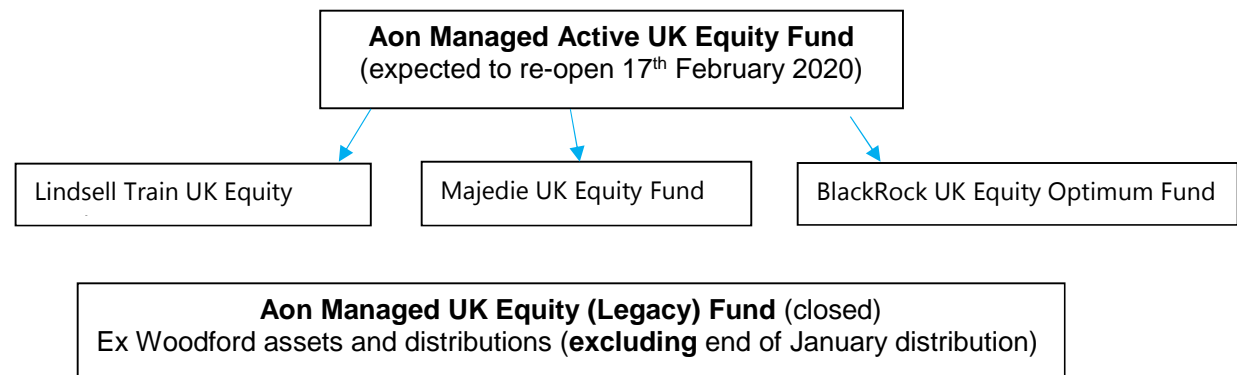
We understand that, to date, BlackRock have been able to realise approximately 74% of the Woodford Fund, meaning just over quarter of the fund is still to be liquidated and returned to investors. Going forwards, BlackRock will continue their work to fully wind up the Woodford Fund and realise the remainder of the assets, as far as possible.

Next Steps – enabling access to funds

As noted previously, trading is currently suspended in the AMAUE fund. However, to provide access to the realisable element of this fund (i.e. the assets invested in the other three funds in the AMAUE), Aon are splitting the existing fund into two. The remaining former Woodford assets will be moved into a new fund and the three other funds in which the AMAUE is invested will become accessible again.

A new fund will be set up called the **Aon Managed UK Equity (Legacy) Fund** ("Legacy Fund"). Into this fund will be transferred the remaining holdings in the former Woodford Fund and investment will be made in addition into one or more actively or passively managed UK equity funds (to accept capital distributions excluding the one at the end of January). The Legacy Fund will not be open to trading and will only be opened for assets to be paid out

when the final capital distribution has been made. We cannot predict at this point when that will be, nor the likely amount.



Note that, the underlying Woodford Fund is now formally known as the "LF Equity Income Fund" (with immediate effect) given Woodford Investment Management Limited is no longer the investment manager for this fund.

Following receipt of the initial capital distribution from the Woodford Fund on 30 January 2020, it is expected that the split of the AMAUE Fund will take at least two weeks to complete.

Once this is complete, the AMAUE Fund will re-open to trading. Investments into this fund will not be accepted, however members may be able to access their holdings in the AMAUE Fund, subject to the normal rules of the Pearl Group Staff Pension Scheme.

What does this mean for members?

Once the split of the AMAUE Fund is complete affected members will hold units in two funds as follows:

- Units in the AMAUE Fund; and
- Units in the new Aon Managed UK Equity (Legacy) Fund.

Once trading in the AMAUE Fund resumes, it will be possible for members to switch their holding in this fund into another investment fund.

If any affected members are interested in transferring their benefits to another scheme or if they are over the age of 55, and thinking of taking their retirement benefits, they will need to contact First Actuarial, the administrators of the Scheme. There may be some limitations on the options available, as, in the short term, any holdings in the Aon Managed UK Equity (Legacy) Fund will not be accessible.

When the initial capital distribution is received from the Woodford Fund, it will be automatically applied to the AMAUE Fund and reflected in the latest asset valuation.

We will continue to monitor the capital distributions paid from the former Woodford Fund over the course of 2020 and will provide updates as and when decisions are made about such distributions.

Thank you for your understanding and patience in this matter. If you have any questions, please contact First Actuarial on 01733 447620 or email pearl@firstactuarial.co.uk