Change Management – The Price Of Getting It Wrong

UK Asset Management Edition — Why Oversight Must Change As Fast As The Fund Does

A Charterhouse Consultants white paper by Bridget Convey, December 2025.

Executive Summary

This paper makes one claim, applied to UK asset management specifically. A fund's strategy, liquidity profile, and risk composition change continuously, and governance that does not change at the same pace becomes a liability rather than a safeguard. The Woodford Equity Income Fund, once one of the UK's flagship retail investment products managing over £10.1 billion at its peak, was suspended in June 2019 after its value fell to £3.6 billion, trapping more than 300,000 ordinary retail investors who could not access their money. The Financial Conduct Authority found the fund's authorised corporate director, Link Fund Solutions, had failed to manage the fund's changing liquidity profile as it drifted toward unlisted and illiquid assets, and failed to act even after its own concerns about that drift were raised internally as early as 2017. Neil Woodford and his firm were fined £46 million combined. Investors were ultimately offered up to £235 million in redress. This paper argues that in asset management, change management is not a project category. It is the ongoing discipline of ensuring oversight evolves as fast as the thing being overseen.

The Premise: The Gap Is The Danger, Not The Strategy Itself

Woodford's investment strategy, focused on long-term growth including unlisted and illiquid assets, was not inherently reckless. Strategies of this kind are legitimate and widely used. The danger was not the strategy. It was that as the fund's composition gradually shifted further into illiquid holdings over time, a genuine change in the fund's risk profile, neither the fund manager nor its authorised corporate director adapted their oversight and liquidity management to match. The FCA's findings are explicit: between July 2018 and the fund's suspension, Link Fund Solutions failed to manage the fund's liquidity so that investors could access their money at short notice, and separately failed to properly oversee Woodford Investment Management or ensure that its own concerns about liquidity, once raised, were actually acted on.

This is the mechanism this paper is built on. A change of this kind, a fund's composition drifting steadily toward illiquidity, does not arrive as a single dramatic event that triggers an obvious governance response. It accumulates gradually, in exactly the way that makes it easiest to under-govern: no single quarter's change looks large enough to force a reassessment, until the accumulated drift meets a wave of redemptions the fund can no longer meet. The FCA found Link was aware of worsening liquidity dynamics as early as 2017, two years before the fund's eventual suspension, and failed to take adequate steps to deal with the problem in that time.

What Ungoverned Drift Actually Cost

The financial consequences were severe and are now fully quantified through FCA enforcement action. Woodford personally was fined £5.9 million and banned from holding senior manager roles or managing funds for retail investors ever again. Woodford Investment Management was fined £40 million. The FCA concluded Woodford held what it called a defective and unreasonably narrow understanding of his own responsibilities, and did not accept, even during the regulator's own interviews, that he bore responsibility for overseeing the fund's liquidity at all. More than 300,000 retail investors, the overwhelming majority ordinary savers rather than institutional investors, were left unable to access their money when the fund was suspended, and many waited years for partial repayment as the fund's illiquid assets were sold down, ultimately through a redress scheme worth up to £235 million funded primarily by Link Fund Solutions and its Australian parent company.

The compensation itself took years to resolve and remains contested. Campaign groups representing affected investors have argued the scheme fails to account for the full extent of losses, including the opportunity cost of capital trapped in a frozen fund for years while markets moved on around it. The reputational damage extended beyond the individuals directly involved: the collapse became, in the words of one governance analysis, one of the most instructive case studies in modern finance precisely because it demonstrated that even a fund manager with a strong long-term track record is not protected from systemic failure once liquidity risk, governance, and transparency are allowed to drift apart from the fund's actual, changing composition.

The Evidence: Governance That Does Not Track Change Is Governance In Name Only

The Escalation Failure Was The Core Problem, Not The Investment Losses

The FCA's findings against Link Fund Solutions centre specifically on a change governance failure rather than an investment judgement one: the regulator found Link failed to properly oversee Woodford Investment Management or to sufficiently ensure that concerns about liquidity, once raised internally, were actually acted upon. This is the same pattern this paper series has documented across other sectors: a problem identified early, in this case two years before collapse, but not escalated with the urgency or authority needed to force a course correction before the gap became unmanageable.

Post-Merger And Platform Migration Failures Are Common And Costly Across The Sector

Beyond the Woodford case specifically, data migration and integration failures are endemic across asset management's ongoing wave of consolidation. Industry research finds 83 percent of data migration projects in investment management fail or exceed their budgets and timelines, with database migration cost overruns regularly exceeding 250,000 dollars per project even before accounting for the operational and client trust cost of a failure. Nine in ten fund migration projects face specification changes during execution, and a quarter face multiple such changes, each one a small, individually manageable moment where governance either adapts to match the new reality or quietly falls further behind it, the exact mechanism that, left unchecked for long enough, produced the Woodford collapse at a much larger scale.

UK Asset Management In Three Horizons: The Gap Closes Or It Does Not?

Two Years: 2026 To 2028

What happens everywhere: sector-wide consolidation continues, and funds increasingly diversify into less liquid, less transparent asset classes in search of differentiated returns.

- Thrive path. Firms build continuous, not periodic, liquidity and risk governance that automatically escalates when a fund's composition drifts beyond its original risk parameters, closing the exact gap that let Woodford's fund drift for two years unaddressed.
- Die path. Firms treat liquidity and risk governance as an annual review exercise rather than a continuous discipline, and the same slow-drift pattern that sank Woodford's fund recurs in a firm managing a different asset class.

Five Years: 2028 To 2031

What happens everywhere: post-merger platform and fund migrations accelerate further as consolidation continues, with data and systems integration increasingly recognised as the primary determinant of deal success.

- Thrive path. Firms resource data migration and systems integration with the same rigour and independent challenge the Woodford case shows was missing from liquidity oversight, treating both as the same underlying governance discipline.
- Die path. Firms continue experiencing the sector's 83 percent data migration failure rate largely unchanged, and the operational cost compounds across an increasing number of parallel integrations as consolidation accelerates.

Ten Years: 2031 To 2036

What happens everywhere: regulatory scrutiny of authorised corporate directors and fund oversight structures, intensified directly by the Woodford enforcement action, becomes standard, continuously assessed practice rather than periodic review.

- Thrive path. Firms with genuinely continuous, escalation-capable governance become the trusted standard the sector is benchmarked against, having demonstrably closed the exact gap Woodford's collapse exposed.
- Die path. Firms that only formally complied with post-Woodford regulatory requirements without building genuine continuous oversight discipline face their own version of the same failure once market conditions again test a fund's liquidity under stress.

What I Am Recommending To UK Asset Management Boards

- Build continuous, not periodic, monitoring of fund composition against its original risk and liquidity parameters, with automatic escalation triggers rather than reliance on individual judgement to flag drift.
- Ensure authorised corporate directors and independent oversight functions have real authority and independence to act on concerns, following the specific lesson that Link's own internal concerns from 2017 were raised but not acted on for two years.
- Resource data migration and platform integration work with senior, independent oversight equivalent to fund liquidity governance, since the sector's 83 percent data migration failure rate shows the same under-governance pattern operating at a different scale.

Conclusion

The Woodford Equity Income Fund did not collapse because unlisted and illiquid investment strategies are inherently unsound. It collapsed because the fund's composition changed steadily over years, and the oversight meant to track that change did not change with it, despite the fund's own administrator raising internal concerns two full years before the eventual suspension. Three hundred thousand ordinary investors paid the price for that gap, in trapped capital, years of delay, and a redress scheme that many still consider inadequate to their actual losses. The lesson for UK asset management is precise: a fund is not a static thing to be governed once at launch. It is a continuously changing thing, and the governance around it has to change at the same pace, or the gap between what a fund has become and what its oversight assumes it still is will eventually be tested by exactly the kind of market stress that turns a slow drift into a sudden, public collapse.

Sources: Financial Conduct Authority enforcement notices (Woodford, Woodford Investment Management, Link Fund Solutions), Trustnet, ShareSoc, Investment News NZ, Reuters, Vantage Point, Copia Wealth Studios, RSM US, Oliver Wyman. All figures current as of mid-2026, verified at time of writing. This is a first draft prepared for internal discussion.