PRESENTER: Known as Britain's most high profile fund manager, Neil Woodford has been making headlines since he started Woodford Investment Management, with his Patient Capital Trust and other funds being closely watched to see if he can replicate his past success. And at asset.tv we gave you the opportunity to send in your questions. So, on that basis I've gathered them together to put to the man himself, Neil Woodford, who joins me now. Well, Neil, let's start with the UK General Election, which we've seen recently. So what are your thoughts on the UK economy moving forwards? NEIL WOODFORD: The two things that I would conclude following the election result are first of all that the probability of a soft Brexit has increased significantly, and secondly I think it's more than likely that the path of fiscal policy will change to a more benign less fiscally Conservative outcome over the next, certainly over the next five years. It's not that I'm frothingly bullish about the UK at all. The UK is still and will for many years to come be constrained by the issues around productivity and demographics and debt. Those issues are not going to go away. But I just think at the margin and perhaps significantly at the margin the consensus view on the UK has become far too bearish in my view and I think the fundamentals of the economy are actually improving and looking better than I think is represented in consensus. PRESENTER: Following the media hysteria surrounding Brexit, Trump and other political events around the world, there now really seems to be a complete disconnect between politics and business. So do political events impact on your planning these days? NEIL WOODFORD: So a really good example is that in November when Trump was elected I think markets overemphasised the importance of that election from an economic point of view in believing that all the things that he'd said on the campaign trail were about to be implemented. And the result now is I think people are beginning to recognise that the Trump reflationary trade was inappropriate, given that it looks increasingly likely that very little of his political agenda will actually happen now. So I think it's important to bear in mind what's going on politically, it's an important part of the sort of macro judgements that I make, but equally you mustn't sort of overemphasise the sort of twists and turns that take place politically. PRESENTER: Looking in more detail at your offerings now and starting with Patient Capital Trust, where is it trading today and after some disappointments in the portfolio would you have done anything different based on what you've learned over the past couple of years? NEIL WOODFORD: We set out with a plan, we've implemented the plan, and I would say that we are way ahead of where we expected to be two years into the life of this trust. PRESENTER: And the Woodford Income Focus Fund, would you consider a significant investment in emerging markets if the yield was appropriate? NEIL WOODFORD: We want to be able to over the life of that trust which extends off obviously into the distant future. We want to have the flexibility to invest internationally as and when the appropriate opportunities arise. At the moment, the fund is principally invested in the UK and indeed we don't, we have substantially less than 20% invested internationally. So at the moment we don't need to take advantage of that flexibility. But there may come a time in the future when we want to have that flexibility. So the answer to your question is yes we may well in the future take advantage at the right time of those sorts of opportunities, but at the moment most of the really exciting stuff that I wanted to back has been here in the UK. PRESENTER: Looking at your three mandates, isn't it a bit much for an individual to take on? NEIL WOODFORD: I was first asked I think in the early '90s, you know, isn't it too much that you're running £500m, when the high income fund that I was running at the time went through £500m. I was asked surely this is way too much for an individual fund manager to run. My answer then is the same, it was then the same as I will tell you today which is that I haven't had, I haven't ever really thought that the assets that I'm running was an impediment to delivering good investment performance, and that's because of the way I run money. PRESENTER: Moving on to stocks now and you profess to be bullish on the UK economy but bar Lloyds and a few cyclical small caps you're largely defensive. Also, you've been quite noisy over the years and finding banks really hard to understand, so how does all this add up? NEIL WOODFORD: I'm not a great believer in the labels that people attach to either fund managers or funds in growth or income or defensive or total return or whatever they are. I've run total return funds with an income orientation for the last 30 years and there have been times when I've been cyclical, times when I've been defensive, times when I've been pro-growth, and there equally are times when elements of all those things are represented in the portfolio. You know, throughout my career I've had very big weightings in small and midcap, very big weightings in financials, very big weightings in health care, all sorts of different types of assets have been featured in the funds that I've run. So my view is my job is to deliver an appropriate and attractive risk-adjusted return to investors. And the way to do that over the long term is to be open to all sorts of different investments at different stages in the past I've been reticent about the banks and now I'm investing in Lloyds for example alongside I've got holdings in other funds in Royal Bank of Scotland. So, again, this sort of harks back to what I've just said about, you know, the right stock at the right time really. Banks in the UK are now lending. Royal Bank and Lloyds, indeed more broadly, you know, there is bank lending growth here in the UK. And I think that's a really important sort of inflection point, not just for the banks but for the economy too. PRESENTER: You have always been a great standard bearer for healthcare. Do you like to concentrate your efforts on a global basis, on smaller companies? NEIL WOODFORD: Typically, the really smaller earlier stage businesses that we are investing in in healthcare are unquoted. They tend to be development businesses both drug development and device development businesses. Equally at the larger end of the spectrum they tend to be sort of large, global, integrated pharma companies, but we're investing across that spectrum. And I like businesses in across that spectrum and indeed have significant investments in all of them. Well not all of the businesses but all parts of that sort of spectrum. PRESENTER: What percentage of your portfolio do you put into the startup operations and what would you consider to be the maximum stake you might have in any company? NEIL WOODFORD: I don't make predetermined asset allocation decisions: I want to have x% in my portfolio in the healthcare sector and then divvy it up in a sort of predetermined asset allocation way at all. It's all driven by the underlying attractions of each individual investment, and we build a portfolio out from those decisions. Well we have in the retail funds, so in the open-ended funds, we have regulatory maximums, which we have to adhere to. So those tend to be the limits that we can run up to, depending on the individual attractions of the businesses that we're investing in. So I'm happy to take very big stakes in businesses that I think are very, very attractive. PRESENTER: How as an investor do you feel responsible for ensuring management is accountable to its shareholders? NEIL WOODFORD: I have argued for many years now that part of the responsibility of running people's money, if you take a sort of holistic view of that, is not just about buying this and selling that and delivering an investment outcome; it's also about embedded in that if you like, embedded in that process is the responsibility to engage with management teams and to try and improve the performance of the businesses that you're investing on behalf of your clients, to improve the performance of the business, to represent the interests if you like of your investors when you engage with businesses that you're invested in and when you try to influence their behaviour when you think that that's appropriate. PRESENTER: So, how do you view your more defensive income generating positions in the face of rate rises, certainly in the US if not the UK? Do you intend to reduce them or hang on to them as diversifiers against the banks and other financials held? NEIL WOODFORD: I just don't look at investments in the way that I think is implied by that question which is the, I sort of bundle things together and then hedge the risk of defensive by having a bit of this and a bit of that. What I'm trying to do is to deliver appropriate risk-adjusted returns to investors. What I've guided investors to expect from an investment in the income fund is high single digit returns per annum. High single digit returns per annum, which recently I have said I think I can do better than that and I'm now saying low double digit returns is what investors should expect from the portfolio that I've assembled over the next three to five years. So a combination of dividend returns i.e. dividend income, dividend growth, and indeed growth in capital from parts of the portfolio that don't pay dividends. The portfolio is designed to deliver that outcome. I don't allocate to sort of defensive assets and then hedge those defensive assets with financials or banks or anything like that – that just isn't how I run money. I'm assembling a portfolio based on the best ideas that I can find to ensure that they can deliver the investment outcome that I've just spoken about. And over time, different stocks in different sectors have done that job for my investors. PRESENTER: And finally what are you focusing on moving forwards? NEIL WOODFORD: Delivering the right investment outcome for the investors, which is what I've, you know, low double-digit returns over the next three to five years. I'm focused on making sure the portfolio is fit for purpose; that all the funds that I run are going to deliver that outcome. So I'm very vigilant about where we're invested. My job, what I'm focusing on therefore is that the constant need to stay abreast of what's happening macro economically and what's happening in the businesses that you're investing in, equally what's happening in the businesses that you aren't investing in, that's a big job. That's why I have a very big team to help me. A very big team of very capable people to help me do what I do. PRESENTER: Neil, thank you. Well we had an overwhelming response for you with your questions so apologies that we couldn't get through them all but for more news and analysis you can visit our website asset.tv or follow us on Twitter @assettv.