Fundsmith Sustainable Equity Fund

Short Form Report

For the period ended 31 December 2018

Fundsmith

Profile of the fund

Investment objective and policy

The aim of Fundsmith Sustainable Equity Fund (“the Fund”) is to achieve long term growth in value.

The Fund will invest in equities on a global basis. The Fund’s approach is to be a long-term investor in its chosen stocks. It will not adopt short-term trading strategies.

The Fund has stringent investment criteria which the Authorised Corporate Director (ACD) and any appointed investment manager adhere to in selecting securities for the Fund’s investment portfolio. These criteria aim to ensure that the Fund invests in businesses which in the opinion of the ACD and Investment Manager are those:

- that can sustain a high return on operating capital employed;
- whose advantages are difficult to replicate;
- which do not require significant leverage to generate returns;
- with a high degree of certainty of growth from reinvestment of their cash flows at high rates of return;
- that are resilient to change, particularly technological innovation; and
- whose valuation is considered by the Fund to be attractive.

The Fund will not invest in businesses which have substantial interests in any of the following sectors:

- aerospace and defence;
- brewers, distillers and vintners;
- casinos and gaming;
- gas and electric utilities;
- metals and mining;
- oil, gas and consumable fuels;
- pornography; and
- tobacco.

In addition, the ACD and the Investment Manager apply further criteria to screen investments in accordance with the ACD’s sustainable investment policy.

Risk profile

The Fund has no exposure to derivatives and no borrowings. Further, the investments are all in large publicly quoted companies where there is significant liquidity in the stock. The principal risk factor is the market price of the securities held by the Fund which is kept under review in the light of the Fund’s objectives.

Currency risk: The Fund’s portfolio is a global share portfolio and many of the investments are not denominated in Sterling. There is no currency hedging in place and the price may therefore rise or fall purely on account of exchange rate movements.

Concentration risk: The fund generally holds 20 to 30 stocks and so it is more concentrated than many other funds. This means that the performance of a single stock within the portfolio has a greater effect on the price of the shares of the fund.

Operational risk: Failures or delays in operational processes may negatively affect the fund. There is a risk that any company responsible for the safekeeping of the assets of the fund may fail to do so properly or may become insolvent, which could cause loss to the fund.

Risk warning

Any stock market investment involves risk. These risk factors are contained in the full Prospectus. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance.

Risk and reward profile

Lower risk
Typically lower rewards

Higher risk
Typically higher rewards

1	2	3	4	5	6	7

The risk category reflects the significance of the Fund's share price fluctuations based on historical data. Historical data may not be a reliable indication of the future risk profile of the fund. The risk category of the Fund is not guaranteed and may change over time. Further, the lowest category of risk does not mean risk free.

Generally, the higher the risk category, the greater the potential for higher returns but also the higher the risk of losing money. The Fund is in Category 5 reflecting the risks inherent in the Fund’s investment portfolio, including that of capital losses. The underlying investments are, however, in large companies with shares that are highly liquid.

There are a number of other risks that are not covered by the indicator above. A full description is contained in the prospectus under the heading "Risk Factors". The most material are currency risk and concentration risk which are explained above.

Performance Record

As at 31 December 2018

Change in net assets per share	I Class (Accumulation shares) 31.12.18 (p)	I Class (Income shares) 31.12.18 (p)
Opening net asset value per share	100.00	100.00
Return before operating charges	7.23	7.24
Operating charges	(1.30)	(1.30)
Return after operating charges	5.93	5.94
Distributions	(0.54)	(0.60)
Retained distributions on accumulation shares	0.54	–
Closing net asset value per share	105.93	105.34
After direct transaction costs of:	0.17	0.17
Performance		
Return after operating charges	5.93%	5.94%
Other information	**£**	**£**
Closing net asset value	67,029,889	117,081,258
Closing number of shares	63,277,160	111,142,170
Ongoing charge figure*	1.05%	1.05%
Direct transaction costs	0.14%	0.14%
Prices	**(p)**	**(p)**
Highest share price	115.65	115.16
Lowest share price	94.30	94.31

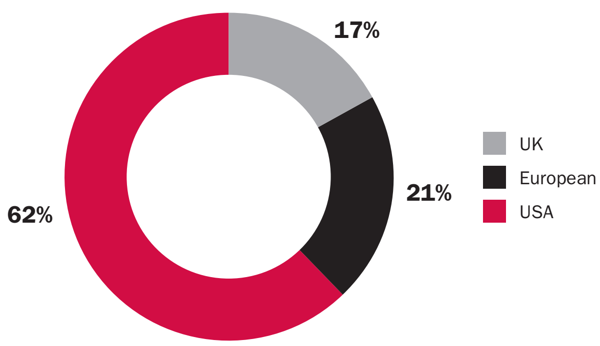
The Fund launched on 1 November 2017.

*The Ongoing Charge Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

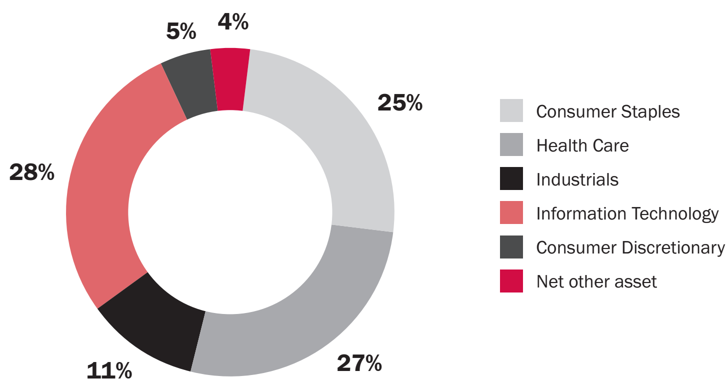
The prices in the above table are different from the published dealing prices that were available for investors on the 31 December. This is to comply with accounting rules that require us to publish the net asset value in this report based on close of day prices. The dealing prices were used in the investment manager’s review and the factsheet as the fund could only be bought or sold at those prices.

Information on the fund

Breakdown by geography*
as at 31 December 2018



Breakdown by sector
as at 31 December 2018



Summary of significant changes

For the period 1 November 2017 to 31 December 2018	
Largest purchases	**Cost (£)**
Estée Lauder Companies	8,014,554
McCormick	7,012,935
Coloplast	6,426,723
Sage	5,954,057
Reckitt Benckiser	5,912,084
Total	**33,320,353**
Total purchases for the period	**124,633,543**
Largest sales	**Proceeds (£)**
InterContinental Hotels	5,457,432
Colgate-Palmolive	4,565,755
Nestle	4,011,172
Dr Pepper Snapple	1,456,466
Johnson & Johnson	904,223
Total	**16,395,048**
Total sales for the period	**22,959,017**

*Breakdown by geography is by country listing and not reflective of breakdown by operations.

Investment Manager's review

This is the first annual report for the Fundsmith Sustainable Equity Fund ('Fund'). As you will have already received the Annual Letter, you will be aware of the performance and the points of interest in 2018. Set out below is a summary of the Annual letter. If you wish to read the whole of it, the letter is available from our website.

The table below shows performance figures for the last calendar year and the cumulative and annualised performance since inception on 1st November 2017 compared with various benchmarks.

	Total Return 1.1.18 to 31.12.18 %	Inception to 31.12.18 Cumulative %	Inception to 31.12.18 Annualised %
Fundsmith Sustainable			
Equity Fund[1]	+4.5	+5.3	+4.5
Equities[2]	-3.0	-1.4	-1.2
UK Bonds[3]	+1.2	+2.2	+1.9
Cash[4]	+0.7	+0.8	+0.7

[1]I Class Acc shares, net of fees, priced at noon UK time.
[3]Bloomberg/Barclays Bond Indices UK Gov. 5–10 yr.
Source: Bloomberg.
[2]MSCI World Index, £ net, priced at US market close.
[4]3 Month £ LIBOR Interest Rate.

The table shows the performance of the I Class Accumulation shares, the most commonly held Class, which rose by +4.5% in 2018 and compares with a fall of -3.0% for the MSCI World Index in sterling with dividends reinvested. The Fund therefore beat this benchmark in 2018, and our Fund is the third best performer since its inception out of 133 onshore and offshore ethical funds available in the UK listed in the Ethical Sector by Financial Express Analytics.

However, I realise that many or indeed most of our investors do not use the MSCI World Index as the natural benchmark for their investments. Those of you who are based in the UK may look to the FTSE 100 Index ('FTSE' or 'FTSE 100') as the yardstick for measuring your investments and may hold funds which are benchmarked to this index and often hug it. The FTSE delivered a total return of -8.7% in 2018 so our Fund outperformed this by a margin of 13.2 percentage points.

It would not be surprising if some of you are worried about the returns in 2018, however I would suggest that the background needs to be taken into account and not just how the market indices performed but also other active funds.

There are 2,592 mutual funds in the Investment Association ('IA') universe in the UK. In 2018, 2,377 or 92% of these produced a negative return. 13 posted a return of exactly 0%. Just 202 had a positive return. Our Fund was in the 2nd percentile — only 1% of funds performed better.

2018 was a year in which we saw considerable anxiety from some market participants due to:

- The threat of a trade war between the USA and China
- Brexit
- The rise in US interest rates
- The US mid-term elections
- The Italian budget squabble (Italy is the third largest government bond market in the world)
- The US government shutdown

The response to this was a series of market jitters. The MSCI World Index (£ net) fell by 5.4% in October and after a rally this was followed by a fall of 7.4% in December. Despite the hysterical headlines this, in my opinion, falls well short of turmoil — a word frequently used to describe these events.

Investment Manager's review (continued)

October has been a notoriously bad month for stock markets in recent decades and an example of what might reasonably be described as market turmoil was so-called Black Monday 19th October 1987 when the Dow Jones Industrial Average Index ('Dow Jones' or 'Dow') fell 22.6% in a single day. That felt dramatic. I should know as I was in work that day on the trading floor of the investment bank BZW and when I went home I received a slew of sell orders from a large US client who rang me. I had to be careful writing them down as I only had candlelight since the power still had not been restored from the hurricane, which struck on the previous Friday, adding to the dramatic effect.

I can only imagine with some amusement how some of the commentators, 'investors' and market participants who are reeling from the events of this October and December would have performed in October 1987. A December 2018 Financial Times headline referred to 'Wild market swings' and whilst the author might like to blame the headline writers for hyperbole — they are trying to sell papers/pixels after all — the article described a recent one day fall in the Dow of 3.1% as 'eye-popping'. The fall of seven times that scale in 1987 would surely have led to them to exhaust the lexicon of hyperbole. Who knows what might have popped then?

As you hopefully know by now, we have a simple four step investment strategy:

- Buy good companies
- ESG screen
- Don't overpay
- Do nothing

I will review how we are doing against each of these in turn.

As usual we seek to give some insight into the first of those — whether we own good companies — by giving you the following table which shows what Fundsmith would be like if instead of being a fund it was a company and accounted for the stakes which it owns in the portfolio on a 'look through' basis, and compares this with the market, in this case the FTSE 100 Index and the S&P 500 Index ('S&P 500').

We not only show you how the portfolio compares with the major indices but also how it has evolved over time.

	FSEF		S&P 500	FTSE 100
Year end	**2017**	**2018**	**2018**	**2018**
ROCE	28%	30%	16%	17%
Gross margin	66%	64%	45%	39%
Operating margin	26%	26%	15%	16%
Cash conversion	104%	97%	84%	96%
Leverage	29%	44%	46%	39%
Interest cover	19x	18x	7x	9x

Source: Fundsmith LLP/Bloomberg.

ROCE, Gross Margin, Operating Profit Margin and Cash Conversion are the weighted mean of the underlying companies invested in by the Fundsmith Equity Fund and mean for the FTSE 100 and S&P 500 Indices. The FTSE 100 and S&P 500 numbers exclude financial stocks. The Leverage and Interest Cover numbers are both median. All ratios are based on last reported fiscal year accounts as at 31st December and as defined by Bloomberg. Cash Conversion compares Free Cash Flow per Share with Net Income per Share.

As you can see, not much has changed. I would suggest ignoring the increase in Leverage — the amount of debt the portfolio companies have as a proportion of their capital. The arithmetic average of our portfolio companies would not be very meaningful as it would average a wide range between eight of our stocks which have net cash and two which have leverage of over 1,000% (as they have reduced their capital through share buybacks). Even the median which we use is not much better — the median is the 13th stock in order of leverage but those either side have leverage of 27% and 49% respectively. For those of you who glaze over at statistical explanations — the figure tells you virtually nothing about the actual financial characteristics of the businesses. You might therefore wonder why we include it, and latterly so do I, but I don't like taking figures out of tables we have provided in the past as it can cause suspicion about the reasons why (figures are rarely omitted when everything appears to be going well).

Investment Manager's review (continued)

The interest cover — which remains stable at about 18x and twice the level of the index companies — is a much better guide to the financial stability of our portfolio companies.

What is more interesting is that the companies in our portfolio continue to have significantly higher returns on capital and better profit margins than the average for the indices. They convert more of their profits into cash and achieve this with at least no more leverage than the average company.

The average year of foundation of our portfolio companies at the year end was 1928.

Consistently high returns on capital are one sign we look for when seeking companies to invest in. Another is a source of growth — high returns are not much use if the business is not able to grow and deploy more capital at these high rates. So how did our companies fare in that respect in 2018? The weighted average free cash flow (the cash the companies generate after paying for everything except the dividend, and our preferred measure) grew by 10% in 2018. We regard this as a very good result given the generally subdued and patchy growth which the world continues to experience and the fact that the previous year the portfolio companies achieved growth of a remarkable 15%, so the starting base for comparison in 2018 was a tough one.

The second leg of our strategy is to employ both negative Environmental Social and Governance ('ESG') screening (not investing in high ESG risk sectors such as aerospace and defence, brewers, distillers and vintners, casinos and gaming, gas and electric utilities, metals and mining, oil, gas and consumable fuels, pornography and tobacco) and screening for sustainability in the widest sense, taking account not only the companies handling of ESG policies and practices but also their policies and practices on research and development, new product innovation, dividend payments and the adequacy of capital investment. Both these types of screening benefitted the fund in 2018.

Whilst we have never identified an investable company in the majority of the excluded sectors there may be relatively good companies to be found in the brewers, distillers and vintners and tobacco sectors. However the Fund benefitted from not holding any of these companies in 2018 as they underperformed the MSCI World Index (£ net) by 11% in aggregate.

Facebook, which also meets our criteria for a good company from a financial standpoint was excluded from the outset because our proxy for negative impact — the RepRisk indicator — was significantly higher than other companies (63 vs. portfolio average 20). Facebook had also done very little to reduce its negative impact score. Hardly that surprising for a company whose motto until 2014 was 'Move Fast and Break Things'.

The decision to exclude Facebook was made before the Cambridge Analytica scandal broke in March, where Facebook was accused of allowing external firms to harvest personal data from users through its site. This was done using an app called "This is Your Digital Life", which not only collected data of the person who agreed to take the survey, but also the personal information of all the people in those users' Facebook social network. Since the scandal broke, Facebook has had to reassure users how it uses and profits off their personal data, while also increasing its transparency and the range of tools it offers to control the use of your data.

Facebook still has more to do to meet our sustainability criteria.

During 2018, the weighted average RepRisk indicator for the portfolio fell from 23.7 to 20.1, which means that the portfolio now has less reputational risk from ESG factors than it started the year with. At the end of 2018 the four companies with the highest RepRisk Indicator scores were:

Johnson & Johnson	65
Marriott International	56
Unilever	48
PepsiCo	44

The list looks very similar to that of 2017 with the highest scorer from last year, Nestlé, being replaced this year in the list by Marriott. Nestlé was sold from the FSEF portfolio during 2018, while Marriott's RepRisk indicator increased by 28 in December after the data leak from its Starwood brand. Johnson & Johnson's RepRisk indicator has increased from 53 to 65 as its medical subsidiary, Ethicon, has been widely criticised for the risks involved in transvaginal mesh implants, which caused chronic and excruciating pain for thousands of women and has also been subject to extensive litigation and punitive damages awarded to patients who developed mesothelioma, a deadly form of cancer caused by exposure to asbestos-contaminated talcum powder between 1972 and 2003.

Investment Manager's review (continued)

At the end of 2018 the four companies with the lowest RepRisk scores were IDEXX, Intertek, Sage and Waters, all with a zero score.

This list also looks very similar to end 2017, with the only change being CR Bard, which was taken over by Becton Dickinson, being replaced by Sage.

A noticeable trend over 2018 has been the increasing number of companies commenting on their efforts to improve the recyclability of packaging and in particular plastics — especially since Sir David Attenborough highlighted the impact plastic waste can have on the oceans at the end of the television series Blue Planet II.

Out of the food and personal care companies owned in the Fundsmith Sustainable Equity Fund in 2018, PepsiCo, Nestlé, Colgate and Unilever have committed to 100% of their packaging being some combination of recyclable, compostable, biodegradable or reusable by 2025. This commitment could have a large impact on plastic waste as for example, only 25% of Colgate and Unilever's plastic packaging is currently recyclable, while Unilever alone produces the equivalent weight of the entire global population in plastic. PepsiCo committed to 50% of the plastic it uses coming from recycled plastic (vs. 13% currently), while Colgate wants to use 25%.

However, in order to reduce the amount of waste in the environment, there needs to be an increase in recycling capabilities around the world, as just because packaging can be recycled, doesn't mean it necessarily is. Around 85% of Nestlé's current packaging is technically recyclable but practically the number is far lower because different countries have significantly different recycling infrastructures and capabilities. Unilever recently collected 450 tonnes of single-use plastic sachets in Indonesia, which would have otherwise ended up in the ocean. The sachets will be re-used in other Unilever products.

To avoid the dependency on the need for better recycling infrastructure, Unilever announced that they signed an agreement with Bio-On, an Italian biodegradable plastic specialist, to develop new packaging.

A further concern for the FMCG companies in the portfolio is how they source palm oil, which was brought to national attention in Iceland's (the supermarket not the country) recently "banned" viral Christmas advert that highlighted the environmental impact of the palm oil industry. The advert was used as part of a campaign highlighting how it has removed palm oil from all of its private label products.

For a bit of context, palm oil is the most widely used vegetable oil in the world because it's one of the few fats that is semi solid at room temperature, has excellent cooking properties (smooth and creamy texture, lack of scent, natural preservative properties) and can be grown very efficiently, which means it can be produced cheaply. The average western consumer eats almost 2kg of palm oil a year and it is used in everything from personal products and cosmetics to pastries and baked goods.

Currently 85% of palm oil production is in Malaysia and Indonesia where the industry employs 4.5m people and for many is their only way out of poverty. However, the industry often results in what was once virgin rainforest being converted into biologically uniform palm oil plantations. The complexity of the issues surrounding the industry was shown when 2,000 palm oil plantation workers gathered in Malaysia's capital, Kuala Lumpur, to protest against the EU's plan to remove palm oil from its list of designated renewable fuels because of the impact it has on deforestation and the draining of wetlands. The farmers in Malaysia argued this wasn't the case and that the only motive was to put Malaysian small holders back into poverty.

The problem for FMCG companies is that substituting palm oil in their products will have a larger negative impact on the environment than continuing to use it. This is because palm oil yields around 5 tonnes of oil per hectare per year, which is almost 5x as much as rapeseed oil, the next best alternative with similar characteristics. Palm oil production also requires less fertilizer and fewer pesticides.

Should a company decide to replace palm oil in its products with rapeseed oil or any other alternative, it would not only require at least 5x more land — therefore contributing to more deforestation — but also, those products would need to be reformulated, which could have a major impact on sales and profits. Therefore, in the Fundsmith Sustainable Equity Fund we look for companies that are aware of the negative impacts of using palm oil and are looking to source more of it in sustainable ways.

Investment Manager's review (continued)

In 2018, Nestlé and Unilever were the most vocal about their efforts to improve the sustainability of their palm oil supply chains. Nestlé was reinstated by the Roundtable on Sustainable Palm Oil after it submitted a plan to only use sustainable palm oil by 2023. While Unilever also committed to using 100% sustainable palm oil, compared to 50% in 2017, but will do so by the end of 2019.

We continue to monitor as many statistics as the portfolio companies produce in a consistent way to assess the overall sustainability of the portfolio, which are shown in the tables below and report every month in our sustainability factsheet. The sustainability of the companies in the FSEF portfolio on these measures continues to be markedly better than the main index for which we can get comparable data — the S&P 500 Index — on every count with the sole exception of the percentage of independent directors, which was 82% versus 89% for the Index largely because some of the investee companies have board members representing controlling founder family shareholders.

The third step in our strategy is to not overpay. The weighted average free cash flow ('FCF') yield (the free cash flow generated by the companies divided by their market value) of the portfolio at the outset of the year was 3.8% and ended it at 3.9%, so they became cheaper or more lowly rated. Whilst this is not a good thing from the viewpoint of the performance of their shares or the Fund, it is inevitable that sooner or later the cash flows generated by our companies will grow faster than their share prices, rather than vice versa. This is far from an unhealthy development especially if we are investing more in the Fund through the Accumulation shares.

The year-end median FCF yield on the S&P 500 was 4.7%. The year-end median FCF yield on the FTSE 100 was 5.2%. More of our stocks are in the former index than the latter and I will not repeat the explanation which I gave earlier on why I think the FTSE 100 is not an appropriate benchmark or investment proxy for investors to use. Our portfolio consists of companies that are fundamentally a lot better than those in either index and are valued more highly than the average FTSE 100 company and a bit higher than the average S&P 500 company but with a significantly higher quality.

For the year the top five contributors to the Fund's performance were:

IDEXX	+1.4%
Intuit	+1.3%
Microsoft	+1.2%
Visa	+1.0%
Coloplast	+0.9%

The bottom five were:

Sage	-1.0%
Marriott	-0.8%
Colgate Palmolive	-0.7%
Reckitt Benckiser	-0.7%
Nestlé	-0.5%

Sage, the accounting software provider, was the subject of an unplanned change of CEO during the year, of which more later.

Turning to the third leg of our strategy, which we succinctly describe as 'Do nothing', minimising portfolio turnover remains one of our objectives and this was again achieved with a portfolio turnover of -12.2% during the period. Negative turnover occurs because the method of calculating turnover excludes flows into or out of the Fund, otherwise a newly established fund would automatically have 100% or more turnover. However, it is not very helpful in judging our activities.

It is perhaps more helpful to know that we spent a total of just 0.031% (3.1 basis points or hundredths of a percent) of the Fund's average value over the year on voluntary dealing (which excludes dealing costs associated with fund subscriptions and redemptions as these are involuntary).

We did undertake some activity in 2018. In particular we sold our holdings in Dr Pepper Snapple, InterContinental Hotels and Nestlé during the year. We purchased holdings in Estée Lauder, the US based cosmetics business and Coloplast, the Danish medical devices company which specialises in the production of catheters, wound and skin care and a new position in a consumer staples business whose name will be revealed when we have accumulated our desired weighting across funds.

Investment Manager's review (continued)

Dr Pepper Snapple was a stock we have held since inception. We found the strategic rationale for the acquisition by Keurig Green Mountain difficult to comprehend and so took our leave of the situation. Commentators seem to forget that a similar combination was tried between Coca-Cola and Keurig which was unsuccessful and quietly abandoned.

Finally, I wish you a happy New Year and thank you for your support for our Fund.

Terry Smith
CEO
Fundsmith LLP
25 February 2019

Remuneration disclosure

We are required to make this remuneration disclosure to the Funds' investors in accordance with the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive as amended by Directive 2014/91/EU (UCITS V Directive).

During the year ending 31 March 2018, Fundsmith LLP ('Fundsmith') had 22 members of personnel in total, including employees and Partners. The total amount of remuneration paid to Fundsmith personnel during this period was £26,543,498. Out of this figure, the total amount of remuneration paid to the Partners of Fundsmith LLP was £20,957,629 whilst the total amount of remuneration paid to the employees of Fundsmith LLP was £5,585,869.

Of the £5,585,869 paid to Fundsmith employees, £3,860,000 was variable remuneration and £1,725,869 was fixed remuneration.

The partners of Fundsmith LLP are not paid a bonus. All of their remuneration is fixed as it is based on a fixed proportion of Fundsmith LLP's net profits.

Overall, therefore, of the £26,543,498 of total remuneration, £22,683,498 was fixed remuneration and £3,860,000 was variable remuneration.

The financial year of Fundsmith Equity Fund (FEF) runs from 1 January to 31 December, whereas the financial year of Fundsmith LLP runs from 1 April to 31 March. The above figures are taken from the financial report and accounts of Fundsmith LLP for the period 1 April 2017 to 31 March 2018. These figures have been independently audited and filed with Companies House.

The rules require us to disclose both the amount of remuneration paid in total, and the amount paid to "Identified Staff" (broadly, senior management and/or risk takers). Fundsmith's only Identified Staff are the Partners. The Partners all fall within the category of "senior management"; two of the Partners also fall within the category of risk-takers and also one in the category of control staff. To avoid duplication all Partners' remuneration is disclosed within the category of senior management. The total remuneration therefore paid to senior management is £20,957,629.

The information above relates to Fundsmith LLP as a whole, and we have not broken it down by reference to FEF or the other funds that we manage. Nor have we shown the proportion of remuneration which relates to the income we earn from our management of FEF. We have not provided such a breakdown because this does not reflect the way we work or the way we are organised at Fundsmith. All of the Partners and most of our employees are involved in the management of FEF. We have not included information relating to remuneration paid by Fundsmith Investment Services Limited, to whom Fundsmith LLP delegates certain portfolio management activities.

Remuneration at Fundsmith LLP is deliberately straightforward. Our employees are paid a competitive salary. At the end of each financial year, our employees' performance is reviewed by the Partners in order to determine whether or not a bonus should be paid. All bonus decisions are agreed unanimously by the Partners.

The Partners are each paid a fixed proportion of Fundsmith LLP's net profits. We consider that this is the best way to ensure that our Partners' interests are completely aligned with our investors' interests over the long term. This alignment of interest is reinforced by the fact that Fundsmith Partners have invested a significant amount in FEF.

The Management Committee of Fundsmith LLP has reviewed the Remuneration Policy and considers that it meets all regulatory requirements and is satisfied that no irregularities occurred during the period.

Any investor who would like more information on how we adhere to the Principles of the Remuneration Code may request a summary of our Remuneration Policy.

Further information

Reports and accounts

Each year, we will publish on our website (www.fundsmith.green) annual and semi-annual reports discussing investment activity during the period and providing management commentary.

UCITS IV

The Fund is an Undertaking for Collective Investment in Transferable Securities ("UCITS IV") for the purpose of the Council Directives 2001/107/EC ("the Management Directive") and 2001/108/EC ("the Product Directive").

Prospectus

The Fund Prospectus, an important document describing Fundsmith Sustainable Equity Fund in detail, is available from the ACD, which is responsible for the management and administration of the Funds.

Also available are the Key Investor Information Document (KIID) and the Supplementary Information Documents (SID).

The ACD for Fundsmith Sustainable Equity Fund is Fundsmith LLP located at 33 Cavendish Square, London W1G 0PW.

All documents are available on the website.

Minimum investment

The company has one type of share class:

I shares.

The I share class has been used as the representative share class.

There are two type of share available in each class – Income shares or Accumulation shares.

Minimum lump sum investment level	**£5,000,000**
Minimum top-up investment amount	**£5,000**
Minimum holding level	**£5,000,000**

Publication of prices

The prices of Shares are published daily on the ACD's website at www.fundsmith.green. Shareholders can also obtain the current price of their Shares by calling the ACD on 0330 123 1815.

Dealing charges

There are no dealing charges on the purchase, sale or switching of shares.

Dilution adjustment

The ACD may impose a dilution adjustment to the share price.

The dilution adjustment aims to mitigate the costs to the Company of making investments (when additional cash is available following new investment into the Company) or selling investments in order to meet redemption requests.

Further Information regarding the circumstances in which a dilution adjustment may be applied is set out in the full Prospectus.

Contact details

Dealing and enquiries

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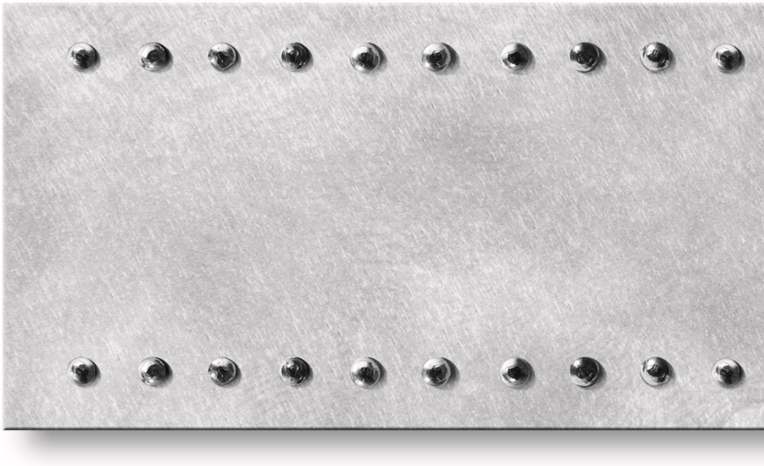

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