



Fundsmith Equity Fund
Short Form Report

For the six months ended 30 June 2019 (unaudited)



Profile of the fund

Investment objective and policy

The aim of Fundsmith 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:

- 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.

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 investment criteria adopted by the Fund significantly limits the number of potential investments. 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. As the fund is newly established the categorisation is based on the historical data for a representative portfolio. 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, in many cases, 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 30 June 2019

Change in net assets per share	30.06.19 (p)	Share Class T - Accumulation		
		31.12.18 (p)	31.12.17 (p)	31.12.16 (p)
Opening net asset value per share	371.46	360.93	294.75	231.35
Return before operating charges	90.48	14.51	69.71	66.24
Operating charges	(2.16)	(3.98)	(3.53)	(2.84)
Return after operating charges	88.32	10.53	66.18	63.4
Distributions	(2.20)	(2.28)	(2.01)	(2.21)
Retained distributions on accumulation shares	(2.20)	2.28	2.01	2.21
Closing net asset value per share	459.78	371.46	360.93	294.75
After direct transaction costs of:	0.03	0.16	0.12	0.13
Performance				
Return after operating charges	23.78%	2.92%	22.45%	27.40%
Other information				
	£	£	£	£
Closing net asset value	3,002,783,006	2,303,460,161	1,995,229,262	1,483,593,346
Closing number of shares	653,089,983	620,116,294	552,805,417	503,333,749
Ongoing charge figure*	1.05%	1.05%	1.05%	1.06%
Direct transaction costs	0.01%	0.04%	0.04%	0.05%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	462.22	412.58	364.77	305.18
Lowest share price	364.87	338.79	293.66	221.51

Change in net assets per share	30.06.19 (p)	Share Class T - Income		
		31.12.18 (p)	31.12.17 (p)	31.12.16 (p)
Opening net asset value per share	342.82	335.1	275.28	217.8
Return before operating charges	83.52	13.53	64.98	62.21
Operating charges	(2.00)	(3.69)	(3.29)	(2.66)
Return after operating charges	81.52	9.84	61.69	59.55
Distributions	(2.03)	(2.12)	(1.87)	(2.07)
Retained distributions on accumulation shares	-	-	-	-
Closing net asset value per share	422.31	342.82	335.1	275.28
After direct transaction costs of:	0.03	0.15	0.11	0.12
Performance				
Return after operating charges	23.78%	2.94%	22.41%	27.34%
Other information				
	£	£	£	£
Closing net asset value	230,912,682	178,131,608	169,761,429	139,644,464
Closing number of shares	54,677,832	51,960,169	50,659,894	50,727,913
Ongoing charge figure*	1.05%	1.05%	1.05%	1.06%
Direct transaction costs	0.01%	0.04%	0.04%	0.05%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	426.59	381.27	338.89	285.76
Lowest share price	336.75	314.55	274.26	208.54

*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 28 June. 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 managers review and the factsheet as the fund could only be bought or sold at those prices.

Performance Record (continued)

As at 30 June 2019

Change in net assets per share	Share Class R - Accumulation			
	30.06.19 (p)	31.12.18 (p)	31.12.17 (p)	31.12.16 (p)
Opening net asset value per share	356.61	348.24	285.82	225.47
Return before operating charges	86.75	14.03	67.46	64.42
Operating charges	(3.06)	(5.66)	(5.04)	(4.07)
Return after operating charges	83.69	8.37	62.42	60.35
Distributions	(1.12)	(0.88)	(0.93)	(0.88)
Retained distributions on accumulation shares	1.12	0.88	0.93	0.88
Closing net asset value per share	440.3	356.61	348.24	285.82
After direct transaction costs of:	0.03	0.15	0.12	0.12
Performance				
Return after operating charges	23.47%	2.40%	21.84%	26.77%
Other information				
	£	£	£	£
Closing net asset value	348,435,825	260,349,983	214,534,477	151,796,524
Closing number of shares	79,135,721	73,006,152	61,605,186	53,108,693
Ongoing charge figure*	1.55%	1.55%	1.55%	1.56%
Direct transaction costs	0.01%	0.04%	0.04%	0.05%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	442.68	396.77	352.00	296.25
Lowest share price	350.28	326.50	284.62	215.83

Change in net assets per share	Share Class R - Income			
	30.06.19 (p)	31.12.18 (p)	31.12.17 (p)	31.12.16 (p)
Opening net asset value per share	341.21	333.98	274.90	217.60
Return before operating charges	83.02	13.44	64.80	61.93
Operating charges	(2.93)	(5.38)	(4.83)	(3.79)
Return after operating charges	80.09	8.06	59.97	58.14
Distributions	(1.07)	(0.83)	(0.89)	(0.84)
Retained distributions on accumulation shares	-	-	-	-
Closing net asset value per share	420.23	341.21	333.98	274.90
After direct transaction costs of:	0.03	0.15	0.11	0.12
Performance				
Return after operating charges	23.47%	2.41%	21.82%	26.72%
Other information				
	£	£	£	£
Closing net asset value	22,085,848	17,692,621	21,617,959	18,124,119
Closing number of shares	5,255,652	5,185,301	6,472,856	6,592,971
Ongoing charge figure*	1.55%	1.55%	1.55%	1.58%
Direct transaction costs	0.01%	0.04%	0.04%	0.05%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	423.59	379.62	337.59	285.01
Lowest share price	335.14	313.13	273.75	208.29

*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 28 June. 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 managers review and the factsheet as the fund could only be bought or sold at those prices.

Performance Record (continued)

As at 30 June 2019

Change in net assets per share	Share Class I - Accumulation Net			
	30.06.19 (p)	31.12.18 (p)	31.12.17 (p)	31.12.16 (p)
Opening net asset value per share	374.49	363.51	296.56	232.53
Return before operating charges	91.25	14.61	70.17	66.64
Operating charges	(1.98)	(3.63)	(3.22)	(2.61)
Return after operating charges	89.27	10.98	66.95	64.03
Distributions	(2.42)	(2.68)	(2.36)	(2.50)
Retained distributions on accumulation shares	2.42	2.68	2.36	2.50
Closing net asset value per share	463.76	374.49	363.51	296.56
After direct transaction costs of:	0.03	0.16	0.12	0.13
Performance				
Return after operating charges	23.84%	3.02%	22.58%	27.54%
Other information				
	£	£	£	£
Closing net asset value	10,293,287,988	7,750,488,126	6,420,742,471	4,038,574,367
Closing number of shares	2,219,542,840	2,069,631,156	1,766,325,585	1,361,786,758
Ongoing charge figure*	0.95%	0.95%	0.95%	0.96%
Direct transaction costs	0.01%	0.04%	0.04%	0.05%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	466.21	415.80	367.36	306.99
Lowest share price	367.85	341.30	295.49	222.66

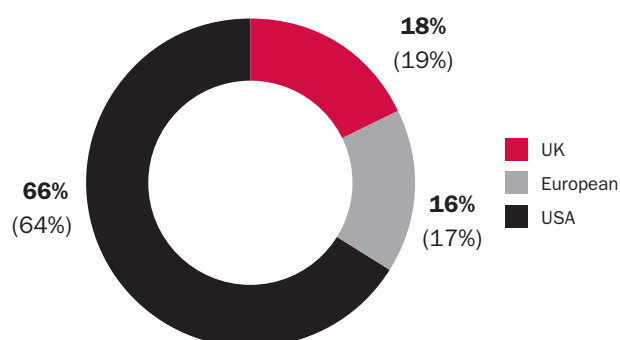
Change in net assets per share	Share Class I - Income Net			
	30.06.19 (p)	31.12.18 (p)	31.12.17 (p)	31.12.16 (p)
Opening net asset value per share	342.87	335.15	275.31	217.81
Return before operating charges	83.50	13.53	65.01	62.26
Operating charges	(1.78)	(3.34)	(2.98)	(2.43)
Return after operating charges	81.72	10.19	62.03	59.83
Distributions	(2.20)	(2.47)	(2.19)	(2.33)
Retained distributions on accumulation shares	-	-	-	-
Closing net asset value per share	422.39	342.87	335.15	275.31
After direct transaction costs of:	0.03	0.15	0.11	0.12
Performance				
Return after operating charges	23.83%	3.04%	22.53%	27.47%
Other information				
	£	£	£	£
Closing net asset value	4,505,868,594	5,347,487,079	4,589,257,018	3,231,524,070
Closing number of shares	1,066,763,609	1,559,619,238	1,369,311,709	1,173,767,633
Ongoing charge figure*	0.95%	0.95%	0.95%	0.96%
Direct transaction costs	0.01%	0.04%	0.04%	0.05%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	426.83	381.40	339.10	285.88
Lowest share price	336.80	314.67	274.32	208.56

*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.

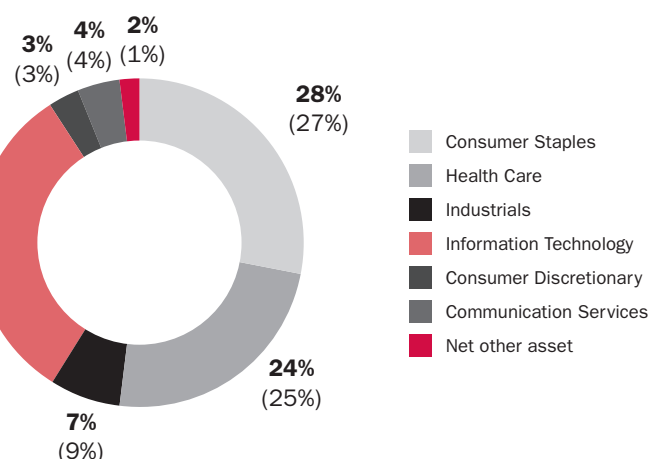
The prices in the above table are different from the published dealing prices that were available for investors on the 28 June. This is to comply with accounting rules that require us to publish the net asset value in this report based on close of day prices. The dealing prices were used in the investment managers 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 30 June 2019



Breakdown by sector as at 30 June 2019



The figures in brackets show comparative figures at 31 December 2018.

Summary of significant changes

For the six months to 30 June 2019		For the six months to 30 June 2018	
Largest purchases	Cost (£)	Largest purchases	Cost (£)
McCormick	384,407,076	Facebook	687,036,932
Philip Morris International	123,364,060	Reckitt Benckiser	233,118,548
Reckitt Benckiser	71,837,630	Philip Morris International	189,987,857
Sage	51,154,391	PepsiCo	140,223,883
L'Oréal	48,186,130	Sage	136,368,343
Total	678,949,287	Total	1,386,735,563
Total purchases for the six months	985,136,971	Total purchases for the six months	2,738,685,453
Largest sales	Proceeds (£)	Largest sales	Proceeds (£)
Colgate-Palmolive	74,387,143	Dr Pepper Snapple	774,215,811
InterContinental Hotels	29	Nestlé	317,965,358
-	-	British American Tobacco**	2,054,047
-	-	Procter & Gamble**	1,598,718
-	-	Davide Campari-Milano**	1,037,781
Total	74,387,172	Total	1,096,871,715
Total sales for the six months	74,387,172	Total sales for the six months	1,101,920,788

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

** During the period there was an in specie transfer of a broadly similar portfolio, however a small number of positions were not held in the Fundsmith Equity Fund and were subsequently sold.

Investment Manager's review

The table below shows the performance of the Fund during the first half of 2019 and since inception compared with a number of benchmark indices:

	01.01.19 –	Since inception	
	28.06.19	Cumulative	Annualised
	%	%	%
Fundsmith Equity Fund	+23.9	+358.0	+19.2
MSCI WORLD	+17.1	+167.3	+12.0
FTSE100	+13.1	+82.2	+7.2
UK GILTS	+3.1	+40.0	+4.0
CASH	+0.4	+5.6	+0.6

Our Fund outperformed what is perhaps the most obvious comparison - the MSCI World Index - by a bit over 6% during the first half of 2019. It outperformed the FTSE100 Index which is relevant to many of our UK investors by over 10%.

The main contributors to our performance in the first half of 2019:

TOP FIVE	Contribution %
PayPal	+2.29
Microsoft	+1.92
Facebook	+1.80
IDEXX Laboratories	+1.73
Estée Lauder	+1.69

Although we regard it as much too early to declare victory-forever is our ideal cautionary wait and see period-it is pleasing to note the performance of Facebook after the controversy surrounding the company and our investment.

The top five detractors from our Fund's performance during the period were:

BOTTOM FIVE	Contribution %
3M	-0.16
Colgate-Palmolive	+0.00
Reckitt Benckiser	+0.20
Johnson & Johnson	+0.34
Coloplast	+0.43

We sold our long standing holding in Colgate-Palmolive in January. We have been waiting in vain for a new strategy from the company to revitalise volume growth and since we have not been adding to

the position as our Fund grew it has become too small a position to be significant to our performance. As we maintain a strict, and we believe valuable, discipline over our number of holdings it was occupying a potentially valuable place and we really faced a decision on whether to add to it significantly or sell out and we decided upon the latter.

Our portfolio turnover was -5.3%. Negative turnover is not new to us but it is often hard for investors to understand what it means. Negative turnover occurred because the net cash in the Fund rose over the period and this increase was higher than the level of dealing against which it is netted in this calculation.

Fund liquidity is a subject which has attracted a lot of attention recently and I thought I should offer some observations about our Fund in an effort to answer any queries you might have. The Fundsmith Equity Fund never invests, nor will it ever invest, in unquoted companies. Nor does own any small or mid cap companies. The smallest companies from a market value perspective that the Fundsmith Equity Fund invests in are all members of the FTSE 100 Index and the average market capitalisation of our portfolio companies at the end of June was £116.3bn. We have published a liquidity measure on our monthly factsheet since January 2012, as we have always regarded this as an important subject, and at the end of June it showed that we could liquidate 61% of our Fund (c.£11bn) in 7 days (based on trading 30% of the trailing 20 day average volume).

Terry Smith
Fundsmith LLP
 28 August 2019

Further information

Reports and accounts

Each year, we will publish on our website (www.fundsmith.co.uk) 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 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 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 three different types of share classes:

I shares, R shares and T shares.

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

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

The following table summarises the investment levels for T shares.

Minimum lump sum investment level	£1,000
Minimum regular sum investment level	£100
Minimum top-up investment amount	£250
Minimum holding level	£1,000

Publication of prices

The prices of Shares are published daily on the ACD’s website at www.fundsmith.co.uk, the Daily Telegraph and in the FinancialTimes. 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

Fundsmith LLP
PO Box 10846
Chelmsford
Essex
CM99 2BW
United Kingdom

Telephone: 0330 123 1815
www.fundsmith.co.uk

Registered office

Fundsmith Equity Fund
33 Cavendish Square
London
W1G 0PW
United Kingdom

Authorised and regulated by The Financial Conduct Authority.
FCA Registration Number 529093

Authorised Corporate Director

Fundsmith LLP
33 Cavendish Square
London
W1G 0PW
United Kingdom

Authorised and regulated by The Financial Conduct Authority.
FCA Registration Number 523102

Registrar

DST Financial Services International Limited
DST House
St Nicholas Lane
Basildon
Essex
SS15 5FS
United Kingdom

Administrator

State Street Bank and Trust Company
20 Churchill Place
London
E14 5HJ
United Kingdom

Depository

State Street Trustees Limited
Quartermile 3
10 Nightingale Way
Edinburgh
EH3 9EG
United Kingdom

Authorised and regulated by The Financial Conduct Authority.
FCA Registration Number 186237

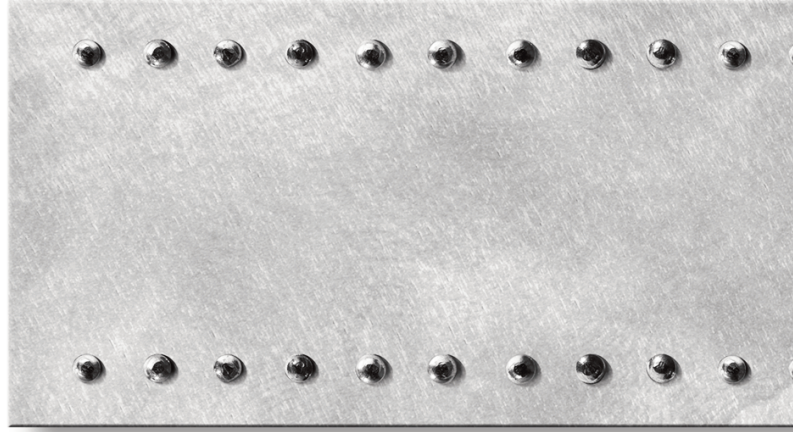
Independent auditors

Deloitte LLP
2 New Street Square
London
EC4A 3BZ
United Kingdom

Financial Conduct Authority

12 Endeavour Square
London
E20 1JN
United Kingdom

Telephone: 0800 111 6768
Website: www.fca.org.uk



Fundsmith

33 Cavendish Square
London
W1G 0PW
UK

T 0330 123 1815
E enquiries@fundsmith.co.uk
W www.fundsmith.co.uk