

Fundsmith LLP – Conflicts of Interest Policy Summary

Fundsmith is required to take all appropriate steps to identify, prevent, manage or disclose conflicts of interest, both between itself and its clients and between clients, so that the interests of clients are not adversely affected. Fundsmith must also record conflicts of interest and in certain circumstances disclose them to clients, funds or investors.

Fundsmith's policy is to meet acceptable standards of ethical and market practice in respect of the management of conflicts of interest and it seeks to ensure that it has appropriate systems and controls in place to identify, prevent and manage conflicts and to act at all times in the best interests of its clients. In that regard, Fundsmith has adopted the following practices and procedures.

IDENTIFICATION OF CONFLICTS

The Partners, with the input and assistance of the Compliance Team have considered various situations arising in the day-to-day business of the firm in which a conflict of interest may occur, given the services and activities that Fundsmith undertakes. These are documented in a Conflicts of Interest Register which the Partners review and update on a regular basis (formally annually). The potential for additional conflicts of interest will be considered each time Fundsmith takes on a new client, considers launching a new fund (included as part of the Product Governance oversight process), developing a new investment strategy or undertaking a new line of business. The Conflicts Register also summarises the approach which Fundsmith takes to manage and mitigate these conflicts.

CONFLICT MANAGEMENT

Where the potential for a conflict of interest has been identified, Fundsmith will seek to organise its business activities in a manner which prevents such a conflict from actually arising. Where conflicts are unavoidable, Fundsmith will seek to provide measures for their mitigation and management. These management arrangements are designed to ensure that Fundsmith always acts in the best interests of its clients and puts their interests ahead of Fundsmith's if a conflict between clients and Fundsmith arises.

The Partners have allocated responsibility separately for supervising different areas of the business such as client relationship management, business development, portfolio management, investment research, risk management, operations and compliance. In particular, Fundsmith ensures that the risk management function does not carry out any portfolio management or investment research tasks and is supervised and remunerated independently from those functions.

The Chief Compliance Officer and the Compliance Team are responsible for ensuring appropriate measures to mitigate and manage conflicts are in place. The Partners are responsible for reviewing and approving these conflict management measures.

CONFLICTS DISCLOSURE

Where Fundsmith is not reasonably confident that it is able to manage conflicts sufficiently to ensure that the risk of damage to the interests of a client, fund or investors in a fund will be prevented, this will be reported to the Chief Compliance Officer. The Chief Compliance Officer will be responsible for taking any necessary decision to ensure that Fundsmith acts in the best interest of the client, fund or investors in the fund, as the case may be.

For further information, our Conflicts of Interest Policy is available upon request.
