

# Fundsmith Equity Fund

Prospectus

**Fundsmith**  
Buy good companies  
Don't overpay  
Do nothing

This document constitutes the Prospectus for Fundsmith Equity Fund (the “Company”) which has been prepared in accordance with the Collective Investment Schemes Sourcebook published by the Financial Conduct Authority (the “FCA”) as part of its Handbook of Rules and Guidance made under the Financial Services and Markets Act 2000 (the “Act”).

Fundsmith LLP as the Authorised Corporate Director (the “ACD”) of the Company is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus does not contain any untrue or misleading statement or omit any matters required by the FCA Rules to be included in it.

The provisions of the Instrument of Incorporation of the Company are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus has been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by Fundsmith LLP.

This Prospectus is currently only available in English. Copies of this Prospectus can be provided in large print upon request.

Copies of this Prospectus have been sent to the FCA and the Depositary.

**If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.**

**This Prospectus is dated and is valid as at 4 July 2019.**

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

As the Company is established in the UK, this Prospectus has been drafted for distribution in the United Kingdom and certain sections (for example those relating to tax) are intended for United Kingdom investors only. However, the Company may, subject to approval by the appropriate authority, be made available to investors in other jurisdictions, both within and outside of the European Union. Supplementary information may be made available to investors in such jurisdictions by way of a country-specific addendum, dependent upon the legal and regulatory requirements of each country or jurisdiction. The Prospectus may also be translated into the language of the country in which the Company is to be made available, dependent upon the legal and regulatory requirements of each country or jurisdiction. Potential investors who are based outside the United Kingdom should read Section 36 of this Prospectus on “Overseas Shareholders” and any country-specific addendum relevant to their jurisdiction which is referred to there. Notwithstanding the information provided in Section 36, potential investors based outside the UK are required to inform themselves of the legal requirements and restrictions in their own jurisdiction and act in accordance with them. This Prospectus does not amount to a solicitation or offer to any person in any jurisdiction in which such solicitation or offer would be unauthorised or unlawful.

The Company is offering its Shares on the basis of the information contained in this Prospectus. No person has been authorised by the Company to give any information or to make any representations in connection with the offering of the Shares other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

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# Directory of contact details

## **Shareholder administration:**

**Fundsmith LLP**  
**PO Box 10846, Chelmsford, Essex CM99 2BW**  
**Telephone: 0330 123 1815**  
**Website: [www.fundsmith.co.uk](http://www.fundsmith.co.uk)**

## **The Company:**

Fundsmith Equity Fund  
33 Cavendish Square, London W1G 0PW  
Registration Number – IC000846  
FCA Product Reference Number – 529093

## **Authorised Corporate Director:**

Fundsmith LLP  
33 Cavendish Square, London W1G 0PW  
FCA Registration Number – 523102

## **Registrar:**

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

## **Depository:**

State Street Trustees Limited  
Quatermile 3, 10 Nightingale Way, Edinburgh EH3 9EG  
FCA Registration Number – 186237

## **Auditors:**

Deloitte LLP  
London

## **Financial Conduct Authority:**

The Company, ACD and Depository are all authorised and regulated by the Financial Conduct Authority (“FCA”). The FCA can be contacted at:

12 Endeavour Square  
London E20 1JN

**Telephone:** 0800 111 6768 (Consumer helpline)  
**Website:** [www.fca.org.uk](http://www.fca.org.uk)

## Definitions

### Definitions

In this Prospectus the words and expressions set out in the first column below shall have the meanings set out opposite them unless the context otherwise requires.

<b>Accumulation Share</b>	shares (of whatever class), in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA rules net of any tax deducted or accounted for by the Company;
<b>ACD</b>	Fundsmith LLP, the authorised corporate director of the Company;
<b>Act</b>	Financial Services and Markets Act 2000 as amended;
<b>Auditor</b>	Deloitte LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
<b>Approved Bank</b>	any approved bank within the definition contained in the glossary of definitions to the FCA Handbook (as applied in COLL), including UK banks, building societies, banks supervised by the central bank or banking regulator of an OECD country, credit institutions within an EEA State, banks regulated in the Isle of Man or the Channel Islands and banks supervised by the South African Reserve Bank;
<b>Business Day</b>	any day on which the London Stock Exchange is open for business;
<b>Company</b>	Fundsmith Equity Fund;
<b>Dealing Day</b>	9.00 am to 5.00 pm on each Business Day excluding any day on which the ACD has notified the Depositary that it is not open for normal business or as otherwise agreed between the ACD and the Depositary;

<b>Depository</b>	State Street Trustees Limited, the depository of the Company or such other entity as is appointed to act as depository;	<b>OECD</b>	Organisation for Economic Cooperation and Development;
<b>EEA State</b>	a member state of the European Union and any other state which is within the European Economic Area;	<b>OEIC Regulations</b>	the Open-Ended Investment Companies Regulations 2001 as amended from time to time;
<b>EU</b>	the European Union;	<b>Register</b>	the register of Shareholders of the Company;
<b>FCA</b>	the Financial Conduct Authority or any successor body which may assume its regulatory responsibilities from time to time;	<b>Regulations</b>	the OEIC Regulations, the FCA Rules, the Act and any regulations made under it and any retained EU law under the European Union (Withdrawal) Act 2018 which is relevant or applicable to the Company;
<b>FCA Handbook</b>	the FCA handbook of rules and guidance made under the Act, as amended from time to time;	<b>Scheme Property</b>	the property of the Company to be given to the Depository for safe-keeping;
<b>FCA Rules</b>	the rules contained in the Collective Investment Schemes Sourcebook of the FCA Handbook which shall include the requisite parts of the Glossary but not include guidance or evidential requirements, as amended from time to time;	<b>Share</b>	a share in the Company (including larger denomination shares and smaller denomination shares);
<b>Income Share</b>	Shares (of whatever class), in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof net of any tax deducted or accounted for by the Company;	<b>Shareholder</b>	the registered holder of a Share;
<b>investment Manager</b>	Fundsmith Investment Services Limited;	<b>UCITS Scheme</b>	an authorised collective investment scheme constituted as a UK UCITS in accordance with the FCA Rules.
<b>Net Asset Value or NAV</b>	the value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Company's Instrument of Incorporation;	All terms not otherwise defined shall bear the meanings given to them in the FCA Rules.	

# 1.

## The Company

### 1. The Company

- 1.1 The Fundsmith Equity Fund is incorporated in England and Wales as an open-ended investment company with variable capital, whose effective date of authorisation by the FCA was 19th October 2010. Its registration number is IC000846. Its FCA product reference number is 529093. The Company has an unlimited duration.
- 1.2 The Head Office of the Company is at 33 Cavendish Square, London W1G 0PW and this is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.
- 1.3 The Company has been established as a UCITS Scheme.
- 1.4 The operation of the Company is governed by the Regulations, its Instrument of Incorporation and this Prospectus.
- 1.5 The base currency of the Company is pounds sterling.
- 1.6 The maximum share capital of the Company is currently £100,000,000,000 and the minimum is £100. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's current Net Asset Value.
- 1.7 Shareholders in the Company are not liable for the debts of the Company. Shareholders are not liable to make any further payment after they have paid the price on the purchase of shares.
- 1.8 Generally, the profile of the typical investor for whom the Company has been designed is an investor wishing to invest in stocks, shares and related financial instruments for the long term (at least 5 years) and who is prepared to accept fluctuations in the value of their investment and the risks associated with investing in the Company as described in this Prospectus.

# 2.

## Investment objectives and policy

### 2. Investment objectives and policy

#### *Investment Objective*

- 2.1 The investment objective of the Company is to achieve long term growth in value.

#### *Investment Policy*

- 2.2 The Company will invest in equities on a global basis.
- 2.3 The Company's approach is to be a long-term investor in its chosen stocks. It will not adopt short-term trading strategies.
- 2.4 The Company has stringent investment criteria which the ACD and the Investment Manager, adheres to in selecting securities for the Company's investment portfolio. These criteria aim to ensure that the Company invests in high quality 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;**
  - **whose valuation is considered by the Company to be attractive.**
- 2.5 Investors should be aware that the application of these investment criteria significantly limits the number of potential investments which the ACD and the Investment Manager will consider to be appropriate investments for the Company's portfolio. It is envisaged that the investment portfolio of the Company will be concentrated, generally comprising between 20 and 30 stocks.

#### *Investment Restrictions*

- 2.6 The Company is a UCITS Scheme. In accordance with the investment objectives and policies and subject to the following restrictions, the Company will utilise



the investment and borrowing powers available to it for a UCITS Scheme, the relevant aspects of which are summarised below in section 2.10. The specific investment restrictions are as follows:

- **The Company will not invest in units of other UCITS or other collective investment schemes.**
- **The Company will not invest in derivatives and will not hedge any currency exposure arising from within the operations of an investee business nor from the holding of an investment denominated in a currency other than sterling.**
- **The Company does not intend to have an interest in immovable or tangible movable property.**

2.7 The Company will not use securities financing transactions or total return swaps.

### **Eligible Markets**

2.8 The eligible securities markets for the Company are set out in Appendix 1.

### **Comparisons**

2.9 The Company is not managed with reference to any benchmark. In the ACD's fund factsheet and other marketing material, a number of comparisons are provided for ease of reference to enable the reader to have a general and consistent comparison for the Company's performance. The following are used:

- **Equities – The ACD shows the performance of the MSCI World Index, in Sterling net with dividends reinvested (priced at the close of US business and sourced from [www.msci.com](http://www.msci.com)). The MSCI World Index is a market capitalisation weighted index of global developed world equities. This shows what you might have earned if you had invested in a broad portfolio of global developed world equities.**
- **Bonds – The ACD shows Bloomberg/Barclays Bond Indices UK Govt 5-10 yr (source: Bloomberg). This shows what you might earn if you had invested in UK Government Debt.**

- **Cash – The ACD shows 3 Month £ LIBOR Interest Rate (source: Bloomberg). This is a proxy for what you might be able to earn for cash deposits.**

The ACD is not suggesting that these are the only comparisons that are relevant or, indeed the best for an individual investor and investors may prefer others.

### **UCITS Investment Powers**

2.10 The Scheme Property of a UCITS Scheme must be invested with the aim of providing a prudent spread of risk. There are strict limits on the types of investment that can be made, and on both the spread and concentration of investments held by the Company. The following is a brief summary of the investment and borrowing powers of a UCITS Scheme which are relevant to the Company given its investment objectives and policies. A full description of the investment and borrowing powers of a UCITS Scheme can be found within Chapter 5 of the Collective Investment Schemes Sourcebook of the FCA Handbook, which is available at [www.handbook.fca.org.uk](http://www.handbook.fca.org.uk)

#### **2.10.1 Types of investment**

As a UCITS Scheme, the Scheme Property of the Company may consist of:

- **transferable securities; and**
- **deposits held with an Approved Bank, cash or near cash.**

The ACD intends that the Company will normally be fully invested, but Scheme Property may be held in the form of cash or near cash when the ACD reasonably regards this as necessary in order to enable the redemption of shares or for the efficient management of the Company.

#### **Transferable securities**

Transferable securities include shares in companies and other securities equivalent to shares in companies.

The Company may only invest in transferable securities that fulfil the following criteria (and subject to the investment limits set out below):

- (i) the potential loss which the Company may incur

- with respect to holding the transferable security is limited to the amount paid for it;
- (ii) its liquidity does not compromise the ability of the Company to comply with its obligation to redeem Shares at the request of any Shareholder;
  - (iii) a reliable valuation is available for it as follows:
    - (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - (iv) appropriate information is available for it as follows:
    - (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - (b) in the case of a transferable security not admitted to or dealt with on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

- (v) it is negotiable; and
- (vi) its risks are adequately captured by the risk management process of the ACD.

Transferable securities admitted to or dealt in on an eligible market will be deemed to meet the conditions in (ii) and (v) unless the ACD has information that would lead to a different determination. The ACD will assess the liquidity risk that may result from investment in illiquid transferable securities in the light of the obligation to redeem Shares at the request of Shareholders.

Transferable securities held by the Company must generally be approved securities, that is securities admitted to or dealt on an eligible market, and must remain so until disposed of by the Company. No more than 10% in value of the Scheme Property may consist of transferable securities which are not approved securities and approved money market instruments. If a market ceases to be an eligible market, investments on that market cease to be approved securities and must then be included in the calculation of the 10% restriction on investing in non approved securities. See Appendix 1 for details of the eligible markets of the Company.

A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company, at any time when payment is required, without contravening the FCA Rules.

The ACD has adopted a risk management process that takes account of the investment objectives and policies of the Company and which enables the ACD to measure and monitor the risk of the Company's positions and their contribution to the overall risk profile of the Company.

## Deposits

The Company may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn and mature in no more than 12 months.

### 2.10.2 Investment limits

The spread requirements are as follows and for these purposes companies in the same group are regarded as a single body. The specific limits are:

- (i) the Company can invest up to 5% in value of its Scheme Property in transferable securities issued by any single body. This limit rises to 10% in respect of up to 40% in value of the Scheme Property. For these purposes certificates representing certain securities are treated as equivalent to the underlying security;
- (ii) not more than 20% in value of the Scheme Property can be in deposits held with a single body. In applying this limit all uninvested cash (except cash representing distributable income or credited to a distribution account that the Depositary holds) should be included;
- (iii) not more than 20% in value of the Scheme Property can consist of transferable securities and approved money market instruments issued by the same group. When applying the limits set out in (i) this provision would allow the Company to invest up to 5% in the transferable securities of each of four group member companies, or 10% in two of them (if applying the 40% limit); and
- (iv) the Company's holdings in any combination of transferable securities or deposits issued by a single body must not exceed 20% in value of its Scheme Property overall.

The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote at a general meeting of that body corporate if the Company has the power to influence significantly the conduct of business of that body corporate (or would be able to do so after the acquisition of the transferable securities). The Company is to be taken to have power to influence significantly if it exercises or controls the exercise of 20% or more of the voting rights in that body corporate.

The Company must not acquire transferable securities which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them and represent more than 10% of these securities issued by that body corporate.

### 2.10.3 Borrowing

The Company may, on the instructions of the ACD and subject to the FCA Rules, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property.

Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property.

# 3.

## Shares

### 3. Shares

- 3.1 The Company's Instrument of Incorporation allows for several classes of Share to be issued. The Company currently offers Shares within three share classes: I Shares, R Shares and T Shares. The I Share Class is aimed primarily at pension fund, corporate or other institutional investors who are seeking to invest at least £5,000,000 as a minimum with an Annual Management Charge of 0.9%. The T Share and R Share Classes are for individuals or other investors wishing to invest at least £1,000 as a minimum. The difference between these classes is the charging structure. For the T Class, the Annual Management Charge is 1.0% as opposed to 1.5% for the R Class. The R Class is designed for investors who use an intermediary who is paid trail commission (subject to the intermediary being able to receive trail commission). Further Share classes may be made available in due course, as the ACD may decide.
- 3.2 The minimum initial investment, subsequent investment size, minimum holding level and minimum redemption size for each Share class is set out on page 27. These limits may be waived at the discretion of the ACD.
- 3.3 The Company has issued both Income Shares and Accumulation Shares. Holders of Income Shares are entitled to receive distributions of income on each income allocation date. Holders of Accumulation Shares are not entitled to be paid any dividend income attributed to their shares, but that dividend income is instead automatically transferred to and retained as part of the capital assets of the Company attributable to the Accumulation Shares. This is reflected in the price of an Accumulation Share.
- 3.4 The Shares go ex-dividend on 31 December and 30 June and the income is allocated on those dates. The income is paid on or around 28 February and on or around 31 August each year. Shares purchased between the date the Shares go ex-dividend and the payment date do not give the Shareholder any right to participate in the income that was accrued and was allocated to Shareholders on the register on the relevant income allocation date and the transaction will be marked 'xd' to ensure the basis of the purchase is clear.

- 3.5 It is not possible under the OEIC Regulations and FCA Rules to have fractions of a share. Accordingly, the rights attached to Shares of each class are expressed in two denominations – smaller denomination and larger denomination. Each class includes larger and smaller denomination Shares in the ratio of 1:1000. Rights of smaller denomination Shares are therefore in proportion to those of the larger denomination Shares in the same ratio. Whenever more than 1000 smaller denomination Shares of any class are included in any registered holding the ACD shall consolidate 1000 of such Shares into a larger denomination Share of the same class.
- 3.6 The Shares are not listed or traded on any stock exchange.
- 3.7 Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in one class for Shares of a different class. Details of this switching facility and the relevant restrictions are set out in Section 11.
- 3.8 Shares in the Company are, and will continue to be, widely available. The intended categories of investors are retail investors and institutional investors. Shares in the Company will be marketed and made available sufficiently widely to reach the intended categories of investors for each share class and in a manner appropriate to attract those categories of investors.

# 4.

## Management and administration

### **4. Management and administration**

#### **4.1 Authorised corporate director**

- 4.1.1 The authorised corporate director of the Company is Fundsmith LLP which is a limited liability partnership incorporated in England and Wales under the Limited Liability Partnerships Act 2000. The ACD was incorporated on 16th April 2010. The ACD's registered office is at 33 Cavendish Square, London, W1G 0PW. The ACD's total members' capital is £5,000,000.
- 4.1.2 The ACD is authorised and regulated by the Financial Conduct Authority. The ACD is currently the sole director of the Company. The ACD is responsible for managing and administering the Company's affairs in compliance with the Regulations.
- 4.1.3 The main business activities of the ACD are (i) acting as an authorised corporate director; (ii) discretionary investment management services; (iii) providing investment advice; and (iv) acting as an alternative investment fund manager. The ACD acts as the authorised corporate director of Fundsmith Sustainable Equity Fund.
- 4.1.4 The members of the ACD are listed in Appendix 3. The main business activities of the members of the ACD other than those connected with the Company are set out in Appendix 3.
- 4.1.5 The ACD has delegated the following functions (i) transfer agency and shareholder dealing to DST Financial Services Europe Limited; (ii) registrar and shareholder administration to DST Financial Services International Limited; (iii) accounting, valuation and pricing to State Street Bank and Trust Company; (iv) dealing services to Northern Trust Securities LLP each as more fully described in Section 7 below and (v) discretionary investment management services to Fundsmith Investment Services Limited as more fully described in Section 4.3 below.

## 4.2 Terms of ACD's appointment

- 4.2.1 The ACD was appointed by an agreement dated 27th October 2010 between the Company and the ACD (the "ACD Agreement"). Under the ACD Agreement, the ACD is responsible for the management and administration of the Company's affairs. Subject to the FCA Rules, the ACD has full power to delegate (and authorise its delegates to sub-delegate) all or any part of its duties as ACD.
- 4.2.2 The ACD Agreement provides that the appointment may be terminated upon 6 months' written notice by either the ACD or the Company. In certain circumstances the ACD Agreement may be terminated immediately by notice in writing by either the ACD, the Company or the Depositary. Except in relation to the winding up of the Company, termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the ACD. On termination, the ACD is entitled to its pro rata fees and expenses up to but excluding the date of termination and any additional expenses necessarily incurred in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement.
- 4.2.3 Under the ACD Agreement the Company agrees, to the extent allowed under the Regulations, to indemnify and hold harmless the ACD against losses, liabilities, costs, claims, actions, damages, expenses or demands incurred by the ACD arising out of the performance of its duties as ACD except where caused by the fraud, negligence, wilful default, breach of duty or bad faith of the ACD.

4.2.4 The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes from or in connection with its dealings in Shares, any transaction in Scheme Property or from the provision of services to the Company. The fees to which the ACD is entitled are set out in Section 29.

4.2.5 Copies of the ACD Agreement are available to Shareholders upon request.

## 4.3 Delegation to Fundsmith Investment Services Limited

4.3.1 The ACD has entered into an agreement with the Investment Manager dated 2 February 2015 (the "Delegation Agreement") under which the Investment Manager provides certain investment research and portfolio management services to the ACD in relation to the Company. The Investment Manager and the ACD are controlled by the same persons. The Investment Manager has discretion without prior reference to the ACD to make investment decisions in relation to the Scheme Property in accordance with the investment criteria of the Company and subject to the investment objectives and policies of the Company, the provisions of the Prospectus and the requirements of applicable law. The ACD will remain responsible for the overall investment strategy, risk management and for monitoring and supervising the Investment Manager. The Investment Manager will also undertake some marketing and marketing support functions in relation to the Company.

- 4.3.2 The Delegation Agreement with the Investment Manager can be terminated by the ACD on giving the Investment Manager three months notice in writing and at any time if in the ACD's discretion this would be in the best interests of the Shareholders.
- 4.3.3 The Investment Manager will exercise reasonable care and skill in the performance of its functions. Under the Delegation Agreement the ACD provides indemnities to the Investment Manager (except in the case of any matter arising as a direct result of its fraud, negligence, wilful default, bad faith, material breach of the Delegation Agreement or material breach of applicable law or regulation) to the extent that the ACD is able itself to recover such loss under the terms of the ACD Agreement with the Company. The ACD remains fully responsible to the Company for the acts or omissions of the Investment Manager. Any fees payable to the Investment Manager will be borne by the ACD out of its annual management charge. The Investment Manager is not liable to account for any profit it makes from or in connection with any transaction in the Scheme Property or from the provision of services to the ACD.
- 4.3.4 The Investment Manager provides similar services to the ACD in relation to other funds managed by the ACD and also acts as discretionary investment manager for its own clients.



# 5.

## The depositary

### **5. The depositary**

#### **5.1 The depositary**

5.1.1 State Street Trustees Limited is the Depositary of the Company. The Depositary's registered office is at 20 Churchill Place, London E14 5HJ with its head office at Quatermile 3, 10 Nightingale Way, Edinburgh EH3 9EG. The Depositary is a private limited company incorporated in England and Wales on 24 October 1994 (Registered Number: 02982384). The Depositary's ultimate holding company is State Street Corporation, Massachusetts, U.S.A.

#### **5.2 Terms of depositary's appointment**

5.2.1 The appointment of the Depositary has been made under an agreement (the "Depositary Agreement") dated 27th October 2010 between the Company, the ACD and the Depositary. This agreement was amended to incorporate changes required under UCITS V legislation and this new agreement was dated 14 April 2016.

5.2.2 The Depositary Agreement may be terminated on three months written notice by the Depositary, the Company or the ACD provided that the Depositary may not retire voluntarily except upon the appointment of a new depositary.

#### **5.3 Depositary Fees**

5.3.1 The fees to which the Depositary is entitled are set out in Section 30.

#### **5.4 Depositary's functions**

5.4.1 The principal business of the Depositary is acting as depositary and trustee of collective investment schemes.

5.4.2 The Depositary has been entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Company's Instrument of Incorporation;
- ensuring that the value of the Shares is calculated in accordance with applicable law and the Company's Instrument of Incorporation;
- carrying out the instructions of the ACD unless they conflict with applicable law and the Company's Instrument of Incorporation;
- ensuring that in transactions involving the assets of the Company any consideration is remitted within the usual time limits;
- ensuring that the income of the Company is applied in accordance with applicable law and the Company's Instrument of Incorporation;
- monitoring of the Company's cash and cash flows; and
- safe-keeping of the Company's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

## 5.5 Depositary's liability

- 5.5.1 In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholders.
- 5.5.2 In the event of a loss of a financial instrument held in custody, determined in accordance with the Regulations, the Depositary shall return

financial instruments of identical type or the corresponding amount to the Company without undue delay.

5.5.3 The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary in accordance with the Regulations.

5.5.4 In case of a loss of financial instruments held in custody, the Shareholders may invoke the liability of the Depositary directly or indirectly through the ACD, provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.

5.5.5 The Depositary will be liable to the Company for all other losses suffered by the Company as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations in accordance with the Regulations.

5.5.6 The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

## 5.6 Delegation

5.6.1 The Depositary has full power to delegate the whole or any part of its safe-keeping functions. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement.

5.6.2 Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are contained in Appendix 5 to the Prospectus.

## 5.7 Conflicts of Interest

- 5.7.1 The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:
- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Company;
  - (ii) engaging in banking, sales and trading transactions including foreign exchange, derivatives, principal lending, broking, market making or other financial transactions with the Company either as principal or agent and in the interests of itself, or for other clients.
- 5.7.2 In connection with the above activities, the Depositary or its affiliates:
- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to the Company the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
  - (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
  - (iii) may trade in the same or opposite direction to the transactions undertaken for the Company, including based upon information in its possession that is not available to the Company;
  - (iv) may provide the same or similar services to other clients including competitors of the Company;
  - (v) may be granted creditors' rights by the Company which it may exercise.
- 5.7.3 The ACD may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the Company. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.
- 5.7.4 Where cash belonging to the Company is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.
- 5.7.5 The ACD may also be a client or counterparty of the Depositary or its affiliates.

5.7.6 Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

- (i) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- (ii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- (iii) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
- (iv) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

5.7.7 In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholders.

5.7.8 The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

5.7.9 Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

# 6.

## **6. The auditors**

The auditors of the Company are Deloitte LLP.

## The auditors

# 7.

## Administration and register of shareholders

### **7. Administration and register of shareholders**

- 7.1 The ACD has appointed DST Financial Services Europe Limited to act as the transfer agent to the Company with responsibility for administration functions in relation to dealings in Shares.
- 7.2 DST Financial Services International Limited has been appointed to provide administration services in relation to Shareholders and to maintain the Register of Shareholders. The Register may be inspected at DST House, St Nicholas Lane, Basildon, Essex SS15 5FS during normal office hours.
- 7.3 The ACD has appointed State Street Bank and Trust Company to undertake certain functions including Company accounting, valuation of the Scheme Property, calculation of the Net Asset Value of the Company and pricing of Shares.
- 7.4 The ACD has appointed Northern Trust Securities LLP to provide dealing desk facilities and execution analytics.

# 8.

## Buying, selling and switching shares

### **8. Buying, selling and switching shares**

#### **8.1 Dealing hours**

The dealing office of the ACD is open from 9.00 am until 5.00 pm on each Dealing Day to receive requests for the purchase, redemption and switching of Shares. Any such requests received up to 12 noon on a Dealing Day will be dealt with on that day. Requests received after 12 noon on a Dealing Day will be dealt with on the following Dealing Day. All transactions will be effected at prices determined at the next valuation point following receipt of such request.

#### **8.2 Basis of dealing**

The ACD will usually facilitate the buying and selling of Shares for investors. When an investor wishes to buy Shares, the ACD will sell Shares to the investor. When an investor wishes to sell Shares, the ACD will buy those Shares from the investor. When buying and selling Shares from investors in this way, the ACD is dealing as a principal. The price at which Shares are bought and sold is determined by reference to the Net Asset Value of the Share (see Section 20 below). In the normal course of business, the ACD matches the aggregated net transactions in Shares undertaken each day with investors with a transaction which the ACD undertakes with the Company and does not hold any ongoing position in the Shares. In exceptional circumstances, the ACD may hold an ongoing position in Shares and use this to satisfy investors' requests to buy and sell Shares. In these circumstances, the ACD may make a profit from dealing in Shares as principal. The ACD is not accountable to Shareholders for any profit it makes in dealing in Shares as principal. The Instrument of Incorporation of the Company grants powers to the ACD to allow the direct issue and cancellation of Shares by the Company. If these powers are utilised, the ACD will ensure that such issues and cancellations are made in accordance with the FCA Rules and that at each valuation point there are at least as many Shares in issue of any class as there are Shares registered to Shareholders for the class. The ACD will not, when arranging the issue or cancellation of Shares in these circumstances do, or omit to do, anything that would result in its or an associate's benefit to the detriment of Shareholders or that would otherwise result in the unfair treatment of Shareholders.

### **8.3 Money laundering**

- 8.3.1 The Company is subject to various laws and regulations designed to combat money laundering and other financial crime. The ACD is responsible for ensuring compliance with the relevant legislation and regulations. The ACD operates anti-money laundering procedures and will not knowingly allow the Company to be used to facilitate any form of money laundering or financial crime activity.
- 8.3.2 As a result, the ACD is required to perform risk assessments to identify any money laundering or terrorist financing risks. The ACD will be required to identify and verify the identity of any applicant for Shares or of the person on whose behalf the application is being made or the beneficial owner of the applicant and may be required to obtain information on the source of wealth and funds for the investment. To the extent that the applicant or, where relevant, the beneficial owner has been identified as a politically exposed person or an associate of a politically exposed person, the ACD may request additional information. The ACD has to apply these procedures at the time of investment and on an ad hoc basis.
- 8.3.3 Where such information has been requested, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares or pay income on Shares to the applicant or investor until sufficient information has been supplied to satisfy the ACD's anti-money laundering requirements.
- 8.3.4 If the ACD allows an applicant to purchase Shares pending completion of its anti-money laundering procedures and the applicant does not provide satisfactory evidence of identity or source of funds to the ACD within a reasonable period of the ACD's request for it, the ACD reserves the right to sell any Shares purchased by the applicant and return the proceeds of sale or take such other action as may, in the reasonable opinion of the ACD, be appropriate in the circumstances. Any proceeds of sale returned may be less than the original investment.

- 8.3.5 If at any time the ACD determines that further documentary evidence of an existing investor's identity or other relevant information is required, the ACD reserves the right to request this and to withhold the proceeds of a redemption of Shares or payment of income on Shares until satisfactory evidence is provided. If the ACD has reasonable grounds for suspecting that the funds used to purchase Shares may represent the proceeds of crime, the ACD reserves the right to sell any Shares purchased by the applicant, and take such action with regard to the proceeds as it deems appropriate, taking relevant rules, regulations and official guidance into account.

### **8.4 Failure to prevent facilitation of tax evasion**

- 8.4.1 Two new corporate criminal offences for failure to prevent the facilitation of tax evasion were created by the Criminal Finances Act 2017. These offences impose criminal liability on a company if it fails to prevent the criminal facilitation of tax evasion by a "person associated" with the company. There is a defence to the charge if the company can show that it had in place "reasonable prevention procedures" at the time the facilitation took place. Consequently, it may be the case that applicants for Shares may be subject to additional verification and information requirements as part of these procedures.



# 9.

## Buying shares

### 9. Buying shares

#### 9.1 Procedure

- 9.1.1 Initial investments can be made by sending a completed application form to the ACD either by post or by completing the online form via the ACD's website or by telephone to the ACD on 0330 123 1815. Application forms are available from the ACD; please contact the ACD on 0330 123 1815 or visit [www.fundsmith.co.uk](http://www.fundsmith.co.uk). Telephone calls may be recorded.
- 9.1.2 Payment for Shares will normally be made by bankers draft, bank transfer, cheque or debit card. Payment will be made in Sterling and should accompany the application for Shares. Transactions for the purchase of Shares settle on the 4th Business Day following the relevant Dealing Day and full payment must be made by that date. The ACD may cancel any purchase contract where the payment is not honoured in full within 4 Business Days of the relevant Dealing Day. The applicant remains liable for any loss incurred by the ACD in the case of non-settlement.
- 9.1.3 The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In particular, the ACD may exercise this discretion if it reasonably believes the applicant's ownership of the Shares will lead to additional tax or regulatory requirements for the Company or the ACD, if the ACD determines that the applicant poses a money laundering or terrorist financing risk, or if the applicant has been or intends to engage in market timing activities. For these purposes, market timing activities include investment techniques which involve short term trading in and out of shares generally to take advantage of variations in the price of shares between the daily valuation points. Short term trading

of this nature may often be detrimental to long term Shareholders, in particular the frequency of dealing may lead to additional dealing costs which can affect long term performance. In addition, the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

- 9.1.4 The number of Shares issued will be the greatest number of larger denomination Shares with the balance of the subscription amount being used to purchase smaller denomination Shares.
- 9.1.5 Monies received by the ACD as payment for Shares will be paid into a client money bank account. On the day of settlement, these monies will be transferred into the ACD's own dealing account which will complete the applicant's purchase of the Shares. The ACD will separately pay the Company in relation to any Shares which it is acquiring from the Company. No interest payment will be made on any client money held by the ACD. The client money will be held in a client bank account with National Westminster Bank plc.
- 9.1.6 Applicants for Shares who are retail clients may have the right to cancel the transaction within 14 days of receipt of a cancellation notice sent to them by the ACD. Shareholders switching Shares will not be entitled to cancel the transaction. If a Shareholder cancels his contract, he will receive a refund of the amount invested either in full or adjusted to reflect any rise or fall in Share price since the date of investment. This may result in a loss on the part of the Shareholder. If a Shareholder wishes to exercise his right to cancel, he should write to the ACD at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW. Shareholders will not be able to exercise their cancellation rights after 14 calendar days of receipt of their

cancellation notice. Shareholders should note that in certain circumstances, there may be a delay in returning their investment.

- 9.1.7 T Class Shares may be bought through a regular savings plan. To invest in this way, Shareholders will need to complete the relevant application form and provide direct debit instructions to the ACD. Under the regular savings plan, the Shareholder agrees to make monthly contributions to the plan for investment in the Company. Monthly contributions may be increased, decreased (subject to maintaining the prescribed minimum level of contribution) or stopped at any time by notifying the ACD. If payments are not made into the regular savings plan for 3 consecutive months and the Shareholder holds less than the minimum holding for that class, the ACD reserves the right to redeem the Shareholders' entire holding in that class. Contract notes will not be issued to Shareholders investing through a regular savings plan, but individual statements of Shareholders' Shares will be issued semi-annually.

- 9.1.8 Joint applications to purchase Shares may be made by more than one person, but the Company is not obliged to register a Share in the names of more than four joint Shareholders.

## **9.2 Documentation**

- 9.2.1 Purchasers will receive a contract note setting out the details of the transaction including the number of and the price paid for their Shares. The contract note will normally be issued no later than the close of business on the Business Day following the Dealing Day on which the purchase is made. Purchasers will also receive (if applicable) a notice of their right to cancel the purchase. Further details concerning cancellation rights are given above in Section 9.1.6.

9.2.2 Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's Register of Shareholders. Statements in respect of half yearly distributions of income will show the number of Shares held by the Shareholder in respect of which the distribution is made. Individual statements of a Shareholder's (or, when Shares are jointly held, the first named holder's) Shares will also be issued at any time on request by the registered holder.

### 9.3 In Specie purchases

The ACD's policy is not to accept an in specie transfer of securities as payment for a purchase of Shares.

### 9.4 Minimum subscriptions and holdings

9.4.1 The minimum initial and subsequent subscription levels for, and minimum holdings of each class of Shares, are set out below. The ACD may at its discretion accept subscriptions lower than the minimum amount.

9.4.2 If a holding is below the minimum holding level for that class of Share, the ACD has a discretion to require redemption of the entire holding.

### 9.5 Children

Children below the age of legal capacity (which is 18 years old in England and Wales and 16 years old in Scotland) cannot purchase Shares directly. If a person wishes to purchase Shares on behalf of a child he will need to purchase the Shares in his own name and hold them as trustee on behalf of the child. Once the child reaches the age of legal capacity the Shares can be transferred directly into the name of the child following the procedure set out in Section 14. Any person contemplating this should consider the potential tax consequences and if necessary take professional tax advice.

Share classes	I Shares	R Shares	T Shares
<b>Types of share:</b>			
Accumulation	Yes	Yes	Yes
Income	Yes	Yes	Yes
<b>Dealing levels</b>			
Minimum initial lump sum subscription	£5,000,000	£1,000	£1,000
Minimum monthly investment	N/A	N/A	£100
Minimum holding	£5,000,000	£1,000	£1,000
Minimum subsequent investment size	£5,000	£250	£250
Minimum redemption	£5,000	£250	£250

# 10.

## Selling shares

### 10. Selling shares

#### 10.1 Procedure

- 10.1.1 Every Shareholder has the right to require that the ACD redeem his Shares on any Dealing Day except in circumstances described below in Sections 10.1.4 and Sections 10.1.5.
- 10.1.2 Part of a Shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the Shares to be redeemed is less than any minimum redemption amount set out on page 27, or would result in a Shareholder holding less than the minimum holding for that class of Share, also set out on page 27. In the latter case the Shareholder may be asked to redeem his entire shareholding.
- 10.1.3 Requests to redeem Shares may be made to the ACD by telephone on 0330 123 1815, in writing to Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW, or via the website at [www.fundsmith.co.uk](http://www.fundsmith.co.uk). Telephone calls may be recorded. The ACD may require telephone instructions to be confirmed in writing on a renunciation form, which will be sent to the Shareholder. Once accepted by the ACD a redemption is irrevocable.
- 10.1.4 Shares may not be redeemed during any period of suspension of dealing (see further Section 16 below). Shareholders requesting redemptions at such times will be notified of the suspension and, unless withdrawn, redemption requests will be considered as at the next Dealing Day following the end of such suspension.
- 10.1.5 The ACD may permit deferrals of redemptions at any valuation point to the next valuation point if requested redemptions exceed 10% of the Scheme Property. In such circumstances any redemption requests relating to the earlier valuation point will be dealt with in priority to redemption requests received at the next following valuation point.

## 10.2 Documentation

A contract note giving details of the number and price of Shares sold will be sent to the selling Shareholder (the first named on the register, in the case of joint Shareholders) or their duly authorised agents together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the Shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the Business Day following the valuation point by reference to which the redemption price is determined.

## 10.3 Settlement

On the settlement day, a transfer of redemption monies will be made from the ACD's dealing account into a client money bank account and the redemption amount will be held in that account until payment is made to the redeeming Shareholder. Settlement will normally be made by bank transfer, unless otherwise requested, and will be sent within four Business Days of the later of:

- **satisfactory completion of the ACD's anti-money laundering procedures;**
- **if required, receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant Shareholders and completed as to the appropriate number of Shares, together with any other appropriate evidence of title; or**
- **the valuation point following receipt by the ACD of the request to redeem.**

No interest payment will be made on any client money held by the ACD. The client money will be held in a client bank account with National Westminster Bank plc.

## 10.4

### In specie redemption

- 10.4.1 If a Shareholder requests the redemption of Shares, the ACD may, if it considers the deal is substantial in relation to the total size of the Company, arrange for the Company to cancel the Shares and transfer Scheme Property to the Shareholder instead of paying the price of the Shares in cash, or, if required by the Shareholder, pay the net proceeds of sale of the relevant Scheme Property to the Shareholder. A deal involving Shares representing 5% or more in value of the Company will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a Shareholder whose Shares represent less than 5% in value of the Company.
- 10.4.2 In such cases, the ACD will serve a notice on the Shareholder within two Business Days of receipt of the redemption instructions that it proposes to make an in specie redemption, setting out the Scheme Property to be transferred to the Shareholder. The Shareholder may within four Business Days of receiving the notice serve a notice on the ACD requiring the ACD to realise the selected Scheme Property and pay the proceeds to the Shareholder.
- 10.4.3 The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders.

# 11.

## Switching

### **11. Switching**

- 11.1 If applicable, a holder of Shares may at any time switch all or some of their Shares (Old Shares) for Shares of another class of the Company (New Shares). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Shares are redeemed and the New Shares are issued.
- 11.2 Switching may be effected by contacting the ACD either by telephone on 0330 123 1815 or in writing to Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW and the Shareholder may be required to complete a switching form (which, in the case of joint Shareholders must be signed by all the joint holders). A switching Shareholder must be eligible to hold that class of Shares into which the switch is to be made.
- 11.3 If the switch would result in the Shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding for that class of Share, the ACD may, in its discretion, convert the whole of the Shareholder's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provisions on selling Shares shall apply equally to a switch.
- 11.4 A Shareholder who switches Shares in one class for Shares in any other class will not be given a right by law to withdraw from or cancel the transaction.
- 11.5 Potential investors should consult their own professional advisors as to the implications of switching of Shares under the laws of the jurisdictions in which they may be subject to tax.

# 12.

## Dealing charges

### **12. Dealing charges**

#### **12.1 No preliminary or entry charges**

The ACD does not impose any charge on the issue or sale of Shares to investors.

#### **12.2 No redemption charge**

The ACD does not make any charge on the cancellation or redemption of Shares.

#### **12.3 No switching fee**

No switching fee is payable on the switching of Shares of one class for Shares of another class.

# 13.

## Other dealing information

### **13. Other dealing information**

#### **13.1 Dilution adjustment**

13.1.1 The basis on which the Scheme Property is valued for the purpose of calculating the price of Shares as stipulated in the FCA Rules and the Company's Instrument of Incorporation is summarised in Section 19. Many investments are valued for these purposes at their mid market price. The actual cost of purchasing or selling investments comprising the Scheme Property may be higher or lower than the mid market value used in calculating the Share price – for example, due to dealing charges, taxes or through dealing at prices other than the mid-market price. These costs may have an adverse effect on the Net Asset Value, known as “dilution”. The FCA Rules allow the

cost of dilution to be met by the Company or to be recovered from the Shareholders who are buying or selling Shares. The ACD has decided that its policy on dilution is that it will make a dilution adjustment to the price of Shares for those Shareholders who are buying or selling Shares in the circumstances set out below.

- 13.1.2 The dilution adjustment will be calculated by reference to the estimated costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes.
- 13.1.3 The ACD may apply a dilution adjustment on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected, and if in applying a dilution adjustment, so far as practicable, it is fair to all Shareholders and potential Shareholders.

- 13.1.4 The need to apply a dilution adjustment will depend on the volume of sales or redemptions. It is therefore not possible to predict accurately whether a dilution adjustment to the price of a Share will be made on any particular Dealing Day. The dilution adjustment will not normally be applied unless the net creations or redemptions exceed 5% of the value of the Company. If a dilution adjustment is not made there may be an adverse impact on the value of the Scheme Property. A positive dilution adjustment will increase the Share price from mid price and will typically apply where the Company is experiencing net purchases of Shares. A negative dilution adjustment will decrease the Share price from mid price and will typically apply where the company is experiencing net redemptions of Shares. The dilution adjustment has only been applied four times since the Fund was launched and not for the past five years. When applied, this dilution adjustment has been of the magnitude of +/- 0.15% of the price of a Share.



# 14.

## Transfer

### **14. Transfer**

Shareholders are entitled to transfer their Shares to another person or body, subject to the restrictions on Shareholders set out in the compulsory transfer and redemption provisions in Section 15, the transferee meeting the eligibility criteria for that class of Share and satisfactory completion of anti-money laundering and financial crime procedures. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be sent to the ACD at PO Box 10846, Chelmsford, Essex CM99 2BW in order for the transfer to be registered. At present, transfer of Shares by electronic communication is not accepted. The ACD may require confirmation that Stamp Duty Reserve Tax has been paid in respect of the transfer and may refuse to register a transfer unless a provision for Stamp Duty Reserve Tax has been paid.

# 15.

## Restrictions and compulsory transfer and redemption

### **15. Restrictions and compulsory transfer and redemption**

- 15.1 The ACD may from time to time take such action and impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, including being used for the facilitation of money laundering, or in circumstances which would result in the Company incurring a tax liability or other adverse consequences. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, transfer or switching of Shares.
- 15.2 If it comes to the notice of the ACD or if the ACD reasonably believes it to be the case that any Share ("affected Shares"):

- (i) is owned directly or beneficially in breach of any law or regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (ii) is held in a manner, or is owned by a person who does not provide the ACD with satisfactory information about their identity (or the identity of their owners or controlling persons), and where the holding or the refusal to provide the information may result in the Company incurring any liability to taxation which the Company would not be able to recoup itself, breaching any law or regulation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (iii) is held in any manner in respect of which the Shareholder in question is not qualified to hold such Shares;

or if the ACD is not satisfied that the holding of any Share may not give rise to a situation discussed in (i), (ii) or (iii), the ACD may give notice to the Shareholder of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such Shares in accordance with the FCA Rules. If any Shareholder upon whom such a notice is served does not within thirty days after the date of such notice transfer the affected Shares to a person qualified to own them or submit a written request for their redemption or cancellation to the ACD or establish to the satisfaction of the ACD (whose judgement is

final and binding) that they or any beneficial owner is qualified and entitled to hold the affected Shares, they shall be deemed upon the expiry of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

The ACD may also redeem, cancel and/or withhold income and/or the proceeds of a redemption or cancellation of Shares held by any person who fails to provide satisfactory evidence of identity or source of funds and/or source of wealth or other information required in accordance with the ACD's anti-money laundering procedures within a reasonable period of the ACD's request for such information (where the length of the "reasonable period" shall be determined by, and at the discretion of, the ACD), or where the ACD has reasonable grounds for suspecting that the funds used to purchase the Shares may represent the proceeds of crime (where "reasonable grounds" for suspicion shall be determined by, and at the discretion of, the ACD, with reference to the applicable rules, regulations and official guidance).

- 15.3 A Shareholder who becomes aware that they are holding or owns affected Shares shall immediately, unless they have already received a notice as set out above, either transfer all their affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption or cancellation of all their affected Shares. This may include a situation where a Shareholder has moved to a different jurisdiction which either does or may give rise to a situation described in Section 15.2 (i), (ii) or (iii) above.

# 16.

## Suspension of dealings in the Company

### **16. Suspension of dealings in the Company**

- 16.1 The ACD may, with the prior agreement of the Depositary, or must if the Depositary so requires, temporarily suspend, without prior notice to Shareholders, the issue, cancellation, sale and redemption of Shares in the Company, if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders (for example, but without limitation, on the closure or suspension of dealing on a relevant stock exchange, or the inability of the ACD to ascertain properly the value of any or all of the assets or realise any material part of the assets of the Company).
- 16.2 The ACD will notify Shareholders as soon as is practicable of any decision to suspend dealings and the exceptional circumstances which have led to the decision to do so. The ACD and Depositary will keep the suspension under ongoing review and will conduct a formal review of the reasons for the suspension at least every 28 days. Shareholders will be kept informed in writing of updates concerning any suspension. The FCA will be notified immediately of any suspension of dealing in Shares and will be kept informed of the results of the formal reviews conducted by the ACD and Depositary.
- 16.3 Re-calculation of the Share price for the purpose of dealings in Shares will commence on the next valuation point following the ending of the suspension.
- 16.4 During any suspension, the ACD will permit a Shareholder to withdraw any redemption request provided that this withdrawal is in writing and is received before the period of suspension ends. Any redemption request not withdrawn will be dealt with on the next Dealing Day following the end of the suspension.

# 17.

## Governing law

### **17. Governing law**

All deals in Shares are governed by English law.

# 18.

## Valuation of the Company

### **18. Valuation of the Company**

- 18.1 The price of a Share in the Company is calculated by reference to the Net Asset Value of the Company. There is only a single price for each class and type of Share as determined from time to time by reference to a particular valuation point. The Net Asset Value of the Company is currently calculated daily on each Dealing Day at 12:00 noon.
- 18.2 The ACD may at any time during a Business Day carry out an additional valuation if the ACD considers it desirable to do so. Additional valuations may be carried out in connection with any scheme of amalgamation or reconstruction or on the day the annual or half yearly accounting period ends.

# 19.

## Calculation of the net asset value

### **19. Calculation of the net asset value**

- 19.1 The Net Asset Value of the Company shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.
- 19.2 All the Scheme Property (including receivables) of the Company is to be included, subject to the following provisions.
- 19.3 Scheme Property which is not cash (or other assets dealt with in Section 19.4) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
- (i) any transferable security:
    - (a) if a single price for buying and selling the security is quoted, at that price; or
    - (b) if separate buying and selling prices are quoted, at the average of those two prices; or
    - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which in the opinion of the ACD is fair and reasonable;
  - (ii) property other than that described in (i) above shall be valued at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 19.4 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.

- 19.5 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all consequential action required by the Regulations shall be assumed (unless the contrary is shown) to have been taken.
- 19.6 Subject to Section 19.7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 19.7 All agreements are to be included under Section 19.6 which are, or ought reasonably to have been, known to the person valuing the property.
- 19.8 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and value added tax, stamp duty and stamp duty reserve tax will be deducted.
- 19.9 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 19.10 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 19.11 An estimated amount for accrued claims for tax of whatever nature which may be recoverable and any stamp duty reserve tax provision anticipated to be released will be added.
- 19.12 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 19.13 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 19.14 Currency or values in currencies other than the base currency shall be converted at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders. The ACD's current policy is to apply prevailing spot exchange rates.

# 20.

## Price per share in the Company and each class

### **20. Price per share in the Company and each class**

The price per Share at which Shares are issued or sold to investors is the Net Asset Value of that type of Share as adjusted by any dilution adjustment the ACD may apply. The price per Share at which Shares are cancelled or redeemed is the Net Asset Value per Share for that type of Share as adjusted by any dilution adjustment the ACD may apply. Details of the ACD's dilution adjustment policy is set out in Section 13.1 above.

# 21.

## Pricing basis

### **21. Pricing basis**

Dealing in Shares is on a forward pricing basis. A forward price is the price calculated at the next valuation point after the request to purchase, redeem or switch is accepted by the ACD.

# 22.

## Publication of prices

### **22. Publication of prices**

- 22.1 The prices of Shares are published daily on the ACD's website at [www.fundsmith.co.uk](http://www.fundsmith.co.uk), the Daily Telegraph and in the Financial Times. Shareholders can also obtain the current price of their Shares by calling the ACD on 0330 123 1815.
- 22.2 Neither the ACD nor the Company can be held responsible for any errors in the publication of prices by any third party. As Shares in the Company will be issued or sold and cancelled or redeemed on a forward pricing basis, the price at which investors can deal will not necessarily be the same as the published price.



# 23.

## Risk factors

### **23. Risk factors**

Potential investors should consider the following risk factors before investing in the Company.

#### **23.1 General risks**

The investments of the Company are subject to market fluctuations and other risks inherent with investment in stocks and shares. As such, the price of Shares in the Company and the income from them can go down as well as up and an investor may not get back the amount invested. There is no assurance that the investment objectives of the Company will actually be achieved. Inflation may occur over the duration of an investment in the Company which can reduce the value of the investment in real terms.

#### **23.2 Long-term investment strategy**

The Company's investment philosophy is to seek to invest in companies which will provide higher than average risk adjusted returns over the long-term. The Company does not seek to engage in short-term trading strategies to generate returns. Accordingly any investment in the Company should be viewed as a long term investment.

#### **23.3 Concentration**

The Company's investment approach is to invest in a relatively small number of securities (subject to the spread and concentration limits set out above). This may result in portfolio concentration in sectors, countries, or other groupings. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss to the Company than if a larger number of investments were made.

#### **23.4 Investment currency risks**

In addition, the values, in pounds sterling terms, of investments that are not denominated in pounds sterling may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of Shares. The Company will not hedge currency exposures.

### **23.5 Political and/or environmental risks**

The investee companies may operate in countries where the ownership rights may be uncertain and development of the resources of investee companies may be subject to disruption due to factors including civil disturbances, industrial action, interruption of power supplies, as well as adverse climatic conditions.

### **23.6 Counterparty risk**

The Company will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

### **23.7 Settlement risks**

Any investment in stocks and shares involves a level of settlement risk. This arises where a settlement in a transfer system does not take place as expected because a counterparty does not pay or deliver on time or as expected. Usually such transactions will settle later when the appropriate payment or delivery has been made but occasionally the transaction will fail. Delays or failures in settlement can cause loss to the Company.

### **23.8 Custodian risks**

Certain assets within the Scheme Property may be held by a local custodian or securities depository rather than the Depository or global custodian. Although unlikely, there is a risk of loss of assets as a result of the insolvency, negligence or fraudulent action of the local custodian or securities depository or even the global custodian. The liability of the Depository is explained in section 5.5 above.

### **23.9 Liquidity risk**

There is a risk that an investment cannot be liquidated in a timely manner at a reasonable price.

### **23.10 Performance risk**

Investors are reminded that risk levels will depend on individual investment selections made by the ACD and the Investment Manager.

### **23.11 Cancellation risk**

If the value of the investment falls before notice of cancellation is given, a full refund of the original investment may not be provided but rather the original amount less the fall in value.

### **23.12 Financial Transaction Tax**

Certain countries within the EU ("FTT jurisdictions") are proposing to introduce a financial transaction tax ("FTT") on certain financial transactions which have a connection with an FTT jurisdiction. A financial transaction may be connected with an FTT jurisdiction where one party is established (or deemed to be established) in an FTT jurisdiction. One of the factors that may be taken into account is where the transaction is of a financial instrument issued in an FTT jurisdiction. Many of the details relating to the FTT are still being discussed. If the FTT is implemented, it may have an impact on the economic returns to the Company.

### **23.13 The Base Erosion and Profit Shifting Project (the “BEPS Project”)**

The OECD, is currently undertaking a project, known as the BEPS Project, with the aim that jurisdictions should change their domestic tax laws and introduce additional or amended provisions in double taxation treaties.

Several of the areas of tax law on which the BEPS Project is focusing are potentially relevant to the ability of the Company to efficiently realise and/or repatriate income and capital gains from the jurisdictions in which they arise. Depending on the extent to and manner in which relevant jurisdictions implement changes in those areas of tax law, the ability of the Company to do those things may be adversely impacted.

The implementation of the BEPS Project is likely to be a time of significant tax legislative changes for the OECD jurisdictions in which the Company will be investing. These changes potentially include, for example, restrictions on interest and other deductions for tax purposes and/or restrictions on an entity’s ability to rely on a double tax treaty and it is possible that increased taxation payable by investee businesses as a result of these measures could reduce economic returns for the Company. It is not clear precisely what impact there may be to the Company, as a result of such changes. Depending on how the BEPS Project is implemented, any changes to tax laws, or double tax treaties based on recommendations made by the OECD in relation to the BEPS Project, may also result in additional reporting and disclosure obligations for investors.

### **23.14 Foreign withholding tax risk**

There is a risk that the Company may be subject to foreign withholding tax or other taxation on income it receives from, or amounts realised on the disposal of investments in, foreign countries. Whether or not the Company may be entitled to double tax relief for such foreign withholding tax or other taxation will depend upon the provisions of the appropriate double tax treaty, but it may be the case that the availability of relief to the Company will be restricted.

### **23.15 Risks associated with the UK leaving the EU (“Brexit”)**

The UK has voted in a referendum to leave the EU, known as Brexit. Brexit was originally scheduled to take effect on 29 March 2019, but it has been postponed. Brexit is now scheduled to occur on 31 October 2019. There is still considerable uncertainty as to when Brexit will happen and what form it will take. The political, economic and legal consequences of Brexit are not yet fully known. This has led to increased volatility in the financial markets of the UK and more broadly across Europe. Changes in the currency exchange rates may make it more expensive for the Company to buy investments that are not denominated in pounds sterling. There is likely to be a period of political, regulatory and commercial uncertainty as the UK implements its exit from the EU. Depending on the terms of the agreement reached with the EU if any, the Company may or may not continue to be treated as a UCITS and the laws and regulations governing the Company may in future diverge from those of the EU. This may lead to changes in the operation of the Company or the rights of Shareholders.

# 24.

## Investment due diligence and risk management

### **24. Investment due diligence and risk management**

- 24.1** The ACD and the Investment Manager have a rigorous due diligence process. The investment criteria which the Investment Manager adheres to in selecting securities for the Company's investment portfolio are summarised in Section 2.4.
- 24.2** The ACD and the Investment Manager operate a comprehensive, quantitative screening process which analyses the financial results of potential investments. This process identifies potential investee companies which may meet the Company's investment criteria. Further research and due diligence is undertaken to determine whether or not the stock is suitable for the portfolio. Only a small percentage of the investment universe meets the Company's criteria. As a result, the Company's investment portfolio is concentrated, generally comprising between 20 and 30 stocks.
- 24.3** The ACD's risk management process reflects the investment objectives and policy of the Company. The Company does not invest in derivatives or undertake currency hedging. The market risk of the Company's investment portfolio is monitored regularly by the risk management function and procedures are in place to ensure that appropriate action is taken if the ACD's internal risk limits are breached. The liquidity profile of the investment portfolio is also analysed and monitored so as to ensure that it is appropriate for the Company's redemption policy. The ACD's policies and procedures ensure that the Company's investment portfolio complies with the detailed investment rules applicable to UCITS Schemes.
- 24.4** Shareholders can receive further information in relation to risk management including the quantitative limits applied, the methods used in relation to those quantitative limits and any recent development of the risk and yields of the main categories of investment in the portfolio on request from the ACD.

# 25.

## Execution policy

### **25. Execution policy**

#### **25.1 General**

The ACD and the Investment Manager must act in the Company's best interests when placing orders for execution and take all sufficient steps to achieve the best possible result for the Company, taking into account the execution factors and criteria set out below.

The ACD and the Investment Manager have delegated order execution to Northern Trust Securities LLP ("Northern Trust"). Northern Trust is a global institution specialising in trade execution.

Northern Trust provides the ACD and the Investment Manager with comprehensive dealing desk functions which operate globally and facilitate access to all relevant brokers and execution venues. Northern Trust has sophisticated trading systems and techniques which allow the ACD and the Investment Manager to access liquidity whilst minimising market impact.

Northern Trust adheres to detailed trading protocols established by the ACD and the Investment Manager. For each trade Northern Trust considers the execution factors and the execution criteria set out below and determines the most appropriate approach to the execution of the order with a view to achieving the best possible result for the Company.

#### **25.2 Execution criteria**

The following execution criteria are taken into consideration:

- Client categorisation
- The characteristics of the order
- The characteristics of the financial instrument
- The characteristics of the execution venue

### 25.3 Execution factors

The execution factors include:

- Price
- Liquidity (relative order size or financial instruments underlying liquidity)
- Speed
- Cost
- Settlement reliability
- Nature of the execution venue (regulated verses unregulated market venue)

Northern Trust will utilise their experience to determine the relative importance of each of the factors on a case by case basis. Generally, the ACD and Investment Manager's trading protocols place greater weight on the execution factors of price, likelihood of execution and settlement, size and nature of order and market impact.

### 25.4 Execution venues and techniques

In executing and/or transmitting orders a combination of different execution techniques may be used. Northern Trust can trade on a regulated exchange or a multi-lateral trading facility, cross the order with another client, trade with another bank or broker or commit its own capital to complete the trade. The execution venues include:

- Regulated markets
- Multi-lateral trading facilities
- Internal and external crossing networks
- Systematic internalisers
- Market makers, brokers, banks and other liquidity providers

Northern Trust ensures that all brokers and execution venues are under an obligation to provide best execution in relation to the trade.

Neither Northern Trust nor the underlying brokers structure or charge commissions in any way that discriminates between venues.

### 25.5 Monitoring and review

The ACD will assess the effectiveness of the execution arrangements on an ongoing basis and undertakes a formal review on an annual basis.

# 26.

## Corporate governance and voting strategy

### **26. Corporate governance and voting strategy**

- 26.1 The ACD and the Investment Manager assess the corporate governance of portfolio companies as part of the investment due diligence process.
- 26.2 A key concern of the ACD is that the management of a portfolio company allocates capital in a logical manner designed to create value for shareholders. In particular, the ACD monitors how free cash flow generated by portfolio companies is deployed between organic investment in the business, acquisitions and returned to shareholders via dividends and share buybacks.
- 25.3 The ACD is also particularly interested in how management remuneration is structured in order to ensure that managements' interests coincide as closely as possible with those of shareholders and they are encouraged to make capital allocation and other decisions motivated by this principle.
- 26.4 The ACD is also concerned that the businesses, which the Company invests in, are run on a sustainable basis. This is particularly important, as the investment strategy is one of "buy and hold" with returns to Shareholders delivered by the value which the portfolio companies compound overtime, rather than from buying and selling stocks.
- 26.5 The ACD engages directly with management on these issues and exercises voting rights on all corporate governance and other matters through the Depositary. The ACD will ensure that all corporate actions and voting rights are exercised to the exclusive benefit of the Company.
- 26.6 Details of all corporate actions and voting decisions will be made available to Shareholders free of charge on request from the ACD.

# 27.

## Conflicts of interest

### **27. Conflicts of interest**

- 27.1 The ACD has a Conflicts of Interest Policy which contains the details of identified conflicts or potential conflicts of interest and the procedures it follows in order to avoid, minimise and manage such conflicts or potential conflicts. The ACD is structured and organised in a way so as to minimise the risks of a client's interests being prejudiced by conflicts of interest and will wherever possible try to ensure that a conflict of interest does not arise. In the event that a conflict of interest cannot be avoided the ACD will always act in the best interests of the Company and ensure that the Company is fairly treated. If circumstances arise such that the ACD's arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of the Company or its Shareholders will be prevented, the senior management of the ACD must act to ensure that appropriate action is taken in the best interests of the Company and its Shareholders. Any such situation will be disclosed to Shareholders in the next annual or half yearly report together with details of the action taken by the ACD to resolve the situation in the best interests of the Company.
- 27.2 The Conflicts of Interest Policy is reviewed by senior management of the ACD at least once a year or whenever there are material changes in the business services to be offered by the ACD. A copy of the current Conflicts of Interest Policy is available from the ACD on request.
- 27.3 The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes. The Depositary when acting as such must act solely in the interests of the relevant investors.
- 27.4 The FCA Rules contain provisions governing any transaction with the Company, which is carried out by, or with any "affected person", which will include the ACD, an associate of the ACD, the Depositary and an associate of the Depositary. These provisions allow an affected person to buy from or sell property to the Company, lend money to the Company or accept a deposit of cash from the Company if certain conditions are met. The conditions vary depending on the type of transaction but are designed to ensure the Company is treated on a normal arms-length commercial basis.



# 28.

## Fees and expenses

### **28. Fees and expenses**

#### **28.1 General**

28.1.1 To the extent permitted by FCA Rules, the Company may pay out of the Scheme Property charges and expenses incurred by the Company, which will include the following expenses:

- (i) the fees and expenses payable to the ACD as set out in Section 29 and to the Depositary (as set out in Section 30);
- (ii) expenses incurred in acquiring and disposing of investments, including broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (iii) fees and expenses of DST Financial Services Europe Limited and DST Financial Services International Limited in relation to their services including transfer agency, share dealing, share registration and shareholder services generally. These fees include a fixed annual charge of £326,371 together with additional charges levied on a per transaction basis for share dealings, share registration, distributions and investor events. There is a minimum aggregate annual charge of £448,760. These fees, which are subject to annual increases calculated by reference to the Retail Price Index, are calculated monthly and will be paid as soon as reasonably practicable thereafter;

- (iv) any fees and expenses in respect of establishing and maintaining the Register and any sub-register of Shareholders which are not included within (iii) above;
- (v) fees and expenses for Company administration, pricing, valuation, fund accounting and related services. State Street Bank and Trust Company's fees are currently charged on a sliding scale from 0.025% to the current marginal rate of 0.0025% of the Net Asset Value of the Company subject to a minimum annual fee of £25,200. These rates include the required services for two classes of Share. There are also additional charges for each additional share class of £600 per annum (other than in respect of two share classes), for UK tax reporting of £1,500 per annum and German Tax Reporting of £2,220 per annum. These fees are calculated and accrue due monthly and will be paid as soon as reasonably practicable thereafter;
- (vi) any costs incurred in publishing details of the Net Asset Value of the Company and the price of the Shares in a national or other newspaper or any other form of media;
- (vii) any cost incurred in producing, distributing and dispatching income distributions and other payments made by the Company;
- (viii) any cost incurred in preparing, printing and distributing reports, accounts, statements, contract notes and other like documentation;
- (ix) any fees, expenses or disbursements of any legal, tax or other professional adviser of the Company;
- (x) any costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its directors;
- (xi) any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;
- (xii) liabilities arising on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of Shares;
- (xiii) interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (xiv) taxation and duties payable in respect of the Scheme Property or on the issue or redemption of Shares;
- (xv) the audit fees of the Auditors and any properly incurred expenses of the Auditors. The Auditors' fees are currently charged at the rate of £13,200 per annum;

- (xvi) the fees of the FCA, in accordance with the Fees Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
  - (xvii) any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
  - (xviii) any expenses incurred in relation to notary and consul services;
  - (xix) any payment otherwise due by virtue of a change to the Regulations;
  - (xx) any costs incurred in amending the Instrument of Incorporation or this Prospectus including costs in respect of meetings of Shareholders convened for these purposes;
  - (xxi) any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any service provider to the Company;
  - (xxii) payments or costs in relation to the preparation of any Key Investor Information Documents, Supplementary Information Documents or other similar documentation required to be prepared under the Regulations or in order to comply with relevant laws or regulations;
  - (xxiii) any costs incurred in the establishment and authorisation of the Company; and
  - (xxiv) any other payments permitted to be paid out of the Scheme Property under the Regulations as provided for in the Instrument of Incorporation of the Company;
- 28.1.2 Any value added tax payable on these fees, charges and expenses will be added to such fees, charges and expenses and paid out of the Scheme Property.
- 28.1.3 Expenses are allocated between capital and income in accordance with FCA Rules and approved accounting standards.
- 28.1.4 To the extent permitted under FCA Rules, the ACD and the Depositary are permitted to be reimbursed for the set up costs incurred in relation to the authorisation and establishment of the Company.

# 29.

## Charges payable to the ACD

### **29. Charges payable to the ACD**

- 29.1 In consideration for carrying out its duties and responsibilities the ACD is entitled an annual management charge paid by the Company out of the Scheme Property.
- 29.2 The annual management charge is calculated and accrues daily and is payable in respect of each calendar month as soon as practicable after the month end and in any event within 15 Business Days of the date of the invoice. The annual management charge is calculated by reference to the Net Asset Value of the Company on the previous Business Day except for the first accrual where it is calculated by reference to the Net Asset Value at the first valuation point of the Company. The valuation used for each day which is not a Business Day will be the value on the previous Business Day. The current annual management charges for each Share class are 0.9% for the I share class, 1% for the T share class and 1.5% for the R share class.
- 29.3 The ACD is also entitled to reimbursement of all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties.
- 29.4 The ACD's annual management charge is generally taken from income. However, where the amount of income received by the Company is insufficient to meet the annual management charge plus all other expenses attributable to the Company, then some or all of such charges and expenses may be charged against the capital of the Company. This will only be done with the approval of the Depositary and may constrain capital growth.
- 29.5 The ACD may not introduce a new category of remuneration for its services unless the introduction has been approved by an extraordinary resolution of Shareholders in the Company.
- 29.6 The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property unless, not less than 60 days before the increase, the ACD gives notice in writing of the increase and the date of its commencement to all Shareholders and has revised and made available the Prospectus to reflect the new rate or amount and the date of its commencement.
- 29.7 Any value added tax on any fees, charges or expenses payable to the ACD will be added to such fees, charges and expenses and be paid out of the Scheme Property.

# 30.

## Depository's fee

### 30. Depository's fee

- 30.1 The Depository is entitled to receive a periodic fee out of the Scheme Property for its services as depository. The fee will accrue and be calculated daily and is payable in respect of each calendar month as soon as practicable after the month end and in any event within 15 Business Days of the date of invoice. The fee is calculated by reference to the Net Asset Value of the Company on the previous Business Day except for the first accrual, where it is calculated by reference to the Net Asset Value at the first valuation point of the Company. The valuation used for each day which is not a Business Day will be the value calculated on the previous Business Day. The rate of the fee is agreed between the ACD and the Depository and is 0.02% of the Net Asset Value, for the first £2bn of AUM, and 0.0175% for the balance of AUM, subject to a minimum fee of £10,200 per annum.
- 30.2 In addition to the periodic fee referred to above, the Depository shall also be entitled to be paid or reimbursed for transaction and custody charges in relation to transaction handling and safekeeping of the Scheme Property. These charges are of such amounts as may be agreed by the ACD and the Depository and will be within the range set out below.

Item	Range
<b>Transaction charges</b>	£10 to £100 per transaction
<b>Free cash movements</b>	£12.50 per transaction
<b>Custody charges</b>	0.0075% to 0.50% per annum subject to a minimum custody charge of £25,200 per annum

- 30.3 Transaction charges vary from country to country, dependent on the markets and the value of the stock involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges again vary from country to country depending on the markets and the value of the stock involved and are payable as agreed from time to time by the ACD and the Depositary.
- 30.4 The Depositary will also be entitled to payment from the Scheme Property for reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Agreement, the Regulations or by the general law including but not limited to:
- (i) the acquisition, holding and disposal of Scheme Property;
  - (ii) the collection of and distribution to Shareholders of dividends, interest and any other income;
  - (iii) the maintenance of distribution accounts;
  - (iv) the conversion of foreign currency;
  - (v) registration of assets in the name of the Depositary or its nominee or agents;
  - (vi) borrowings or other permitted transactions;
  - (vii) communications with any parties (including telex, facsimile, SWIFT and electronic mail);
  - (viii) taxation matters;
  - (ix) insurance matters;
  - (x) costs relating to banking and banking transactions;
- (xi) preparation of the Depositary's annual report;
  - (xii) taking professional advice including legal, tax, accountancy or other advice;
  - (xiii) conducting legal proceedings;
  - (xiv) the convening and/or attendance at meetings of Shareholders; and
  - (xv) modification of the Instrument of Incorporation, Prospectus, and negotiation and/or modification of the Depositary Agreement and any other agreement entered into between the Depositary and its delegates.
- 30.5 Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses and be paid out of the Scheme Property.
- 30.6 In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it in accordance with the FCA Rules by the Depositary.

# 31.

## Shareholder meetings and voting rights

### **31. Shareholder meetings and voting rights**

#### **31.1 Annual general meeting**

The Company will not hold annual general meetings.

#### **31.2 Requisitions of meetings**

31.2.1 The ACD or the Depositary may requisition a general meeting at any time.

31.2.2 Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

#### **31.3 Notice of meetings**

Shareholders will receive at least 14 days' notice of a Shareholders' meeting. Where a general meeting is adjourned, such notice of the adjourned meeting shall be given to the Shareholders as the ACD shall determine is reasonable in the circumstances provided that when a meeting is adjourned for 30 days or more or for an indefinite period, not less than 7 days notice of the adjourned meeting shall be given. Notices of meetings and adjourned meetings will be sent to Shareholders at their addresses on the Register.

### **31.4 Quorum**

The quorum for a meeting is two Shareholders, present in person or by proxy. If a quorum is not present within 15 minutes (which shall be deemed a reasonable time) after the time appointed for the start of the meeting, if the meeting was convened on the requisition of Shareholders it shall be dissolved. In any other case the meeting will be adjourned. The quorum for an adjourned meeting is also two Shareholders present in person or by proxy, however if a quorum is not present within 15 minutes (which shall be deemed a reasonable time) after the time appointed for the adjourned meeting then one person entitled to be counted in a quorum shall be the quorum and if there is no such person the meeting shall be dissolved.

### **31.5 Voting rights**

31.5.1 At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

31.5.2 On a poll the voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price (s) of all the Shares in issue. A poll may be demanded by the Chairman of the meeting, by the Depositary or by two or more Shareholders present in person or by proxy.

31.5.3 A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

31.5.4 Except where the Regulations or the Instrument of Incorporation of the Company require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution will be passed by a simple majority of the votes validly cast for and against the resolution.

31.5.5 In the case of joint Shareholders the vote of the senior Shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the other joint holders and for this purpose seniority is determined by the order in which the names stand in the Register.

31.5.6 The ACD is entitled to receive notice of and attend any meeting of Shareholders but may not be counted in the quorum for a meeting. Neither the ACD nor any associate (as defined in the FCA Rules) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or its associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or its associate has received voting instructions.

“Shareholders” in this context means those persons entered on the Register at a time determined by the ACD (which shall be not less than 48 hours before the time fixed for the meeting) which shall be stated in the notice of meeting .



# 32.

## Class meetings

### **32. Class meetings**

The rights attached to a class of Shares may only be varied in accordance with the FCA Rules and the Company's Instrument of Incorporation. The provisions in section 31 relating to the procedures to be followed at a general meeting of the Company apply also to any Share Class meetings.

# 33.

## Taxation

### **33. Taxation**

The following is only intended as a general summary of United Kingdom ("UK") tax law and HM Revenue & Customs ("HMRC") practice, as at the date of this Prospectus, which is applicable to the Company and to individuals who are resident in the UK for tax purposes, certain UK tax-exempt shareholders and UK resident corporate Shareholders who are the absolute beneficial owners of a shareholding in the Company held as an investment. The summary's applicability will depend upon the particular circumstances of each Shareholder (for example, different rules may apply to certain institutional investors such as life insurance companies, pension funds, life reinsurance businesses or overseas life assurance businesses, who are subject to special tax regimes). It should not be treated as legal or tax advice. Accordingly, if Shareholders are in any doubt as to their taxation position or if they may be subject to tax in a jurisdiction other than the UK, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

### **33.1 Taxation of the Company on chargeable gains**

The Company will be exempt from corporation tax on chargeable gains arising on the disposal of its investments provided such gains do not represent profits on a trading transaction. However, any gains realised on disposing of holdings in non-reporting offshore funds may be taxable as income not capital. The Company's investment strategy makes it highly unlikely that the Company should invest in a non-reporting offshore fund.

### **33.2 Taxation of the Company on income**

Dividends received from UK and non-UK companies will generally be exempt from corporation tax (subject to satisfying certain conditions). In relation to other income, the Company will be liable to corporation tax at a rate equal to the basic rate of income tax, currently 20%, on such income after deducting allowable expenses (which include fees payable to the ACD and to the Depository).

### **33.3 Relief for the Company in respect of foreign withholding taxes**

To the extent that the Company receives income from, or realises amounts on the disposal of investments in, non-UK entities or assets it may be subject to non-UK withholding or other taxation in those jurisdictions. To the extent it relates to income, this non-UK tax may be able to be treated as an expense for UK corporation tax purposes, or it may be treated, to the extent not relieviable under a double tax treaty, as a credit against UK corporation tax up to certain limits and subject to certain conditions.

### **33.4 Taxation of the shareholders – income distributions**

Depending on their personal tax position, UK resident individual Shareholders may be liable to UK income tax on dividends and other distributions of income ("distributions") regardless of whether these dividends are reinvested in the Company (for Accumulation Shares) or paid to the Shareholder (for Income Shares). No tax is deducted from, and there are no tax credits attached to, any dividend distributions paid by the Company.

For individual Shareholders resident in the UK, the first £2,000 of dividends and dividend distributions received or accumulated in each tax year will be free of income tax (the "dividend allowance"). Where an individual's dividends and dividend distributions from all sources exceed the dividend allowance, the excess will be liable to income tax at the dividend tax rates reflecting the Shareholder's highest rate of tax. These rates are 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Dividends received within a Shareholders dividend allowance count towards total taxable income and affect the rate of tax due on any dividends received exceeding it.

UK tax exempt shareholders which include UK Charities, UK registered pension funds and UK resident individuals who have invested via an ISA, should not be subject to UK income tax on dividends and other distributions of income tax by the Company.

Distributions to Shareholders within the charge to corporation tax are deemed to comprise two elements:

- where the Company's gross income is not wholly derived from franked investment income, part of any distribution will be deemed to be reclassified as an annual payment received by such Shareholders after deduction of income tax at the basic rate, currently 20% (deemed tax deducted). Such Shareholders will be subject to corporation tax on the grossed-up amount of the annual payment but will be entitled to a credit for the deemed tax deducted. This credit is, however, restricted to the lower of the deemed tax deducted and the Shareholder's share of the Company's corporation tax liability (after double tax relief on overseas income) for the period; and
- the remainder, which comprises franked investment income is generally exempt from UK corporation tax.

Details of the proportions of distributions comprising franked investment income and annual payments will be shown on the tax voucher issued to the corporate Shareholder.

These rules do not apply or are modified in relation to life insurance companies, in particular those with pensions and ISA business, life reinsurance business or overseas life assurance business.

### 33.5 Taxation of shareholders – capital gains

Individual Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of Shares. Individuals generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of their Shares. The resulting gains will be taxable at the capital gains tax rate applicable to the individual (currently 10% for basic rate taxpayers and 20% for those whose total income and chargeable gains are above the higher rate threshold), and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions (the annual exemption from capital gains tax for UK resident individuals is £11,700 for 2018/19). UK tax-exempt Shareholders, which include UK charities, UK registered pension funds, and UK resident individuals who have invested via an ISA, would not normally be expected to be liable to capital gains tax on their disposal of Shares.

Shareholders within the charge to corporation tax are taxed on the chargeable gains made computed by deducting from the net sales proceeds the chargeable gain base cost in respect of their Shares. Shareholders within the charge to corporation tax do not qualify for the annual exemption. They are, however, entitled to indexation allowance on the basic cost from the date of acquisition until 31 December 2017.

In the case of Accumulation Shares, all income distributions which have been accumulated to share capital (except equalisation amount) should be deducted from this gain.

Special rules apply to life insurance companies who beneficially own Shares.

### 33.6 Taxation of the shareholders – inheritance tax

A gift by a Shareholder of his shareholding in the Company or the death of a Shareholder may give rise to a liability to UK inheritance tax, except where the Shareholder is neither domiciled in the UK, nor deemed to be domiciled in the UK under special rules which apply to certain long term UK residents and individuals who were born in the UK under a UK domicile of origin and provided the Company

qualifies as an open-ended investment company under section 236 Financial Services and Markets Act 2000. For these purposes, a transfer of a shareholding at less than the full market value may be treated as a gift.

### 33.7 Stamp Duty Reserve Tax

As a general rule, there is no charge to Stamp Duty Reserve Tax when Shareholders surrender or redeem their shares. Such a charge may arise however where:

- a redemption takes the form of a non-pro rata in specie redemption; or
- a Shareholder transfers their shares to a third party.

### 33.8 Tax information reporting regimes

In order to comply with legislation implementing the UK's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the international Common Reporting Standard and US provisions commonly known as FATCA), the Company or the ACD will collect and report information about Shareholders for this purpose, including information to verify their identity, tax residence and tax status. The Company may also have to report information about a Shareholder's beneficial owners, indirect owners or other types of account holders in circumstances where the relevant Shareholder is not an individual holding shares on their own behalf.

When requested to do so by the Company or the ACD, Shareholders must provide information to be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities. If a Shareholder does not provide the necessary information, the ACD may take appropriate action against such Shareholders, including invoking the compulsory transfer and redemptions provisions set out in section 15.2.

### **33.9 Mandatory disclosure rules for cross-border arrangements**

The EU has introduced new mandatory disclosure rules for cross-border arrangements which satisfy certain hallmarks, as part of a new directive widely referred to as DAC 6. The scope of the arrangements and the hallmarks are very wide, and are not limited to aggressive tax planning. Although the first disclosures are not required until August 2020, the rules will apply retrospectively to any arrangements put in place on or after 25 June 2018. Shareholders resident in EU Member States may be subject to wide ranging disclosure obligations under these new rules in respect of their investment in the Company. All Shareholders should seek guidance from their own tax advisors in respect of the potential application of these new rules.

# 34.

## Income equalisation

### **34. Income equalisation**

- 34.1 Income equalisation applies in relation to the Company.
- 34.2 Part of the purchase price of a Share reflects the value of income attributable to the Share which has accrued since the record date of the last income distribution for Income Shares or deemed distribution for Accumulation Shares. This income equalisation amount is returned to the Shareholder with the first allocation of income in respect of the Share after it was purchased.
- 34.3 The amount of income equalisation is either the actual amount of income included in the issue price of that Share or is calculated by dividing the aggregate of the amounts of income included in the price of Shares issued or sold to Shareholders in that annual or interim accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.
- 34.4 The amount representing the income equalisation in the share's price is a return of capital and is not taxable in the hands of Shareholder. For Income Shares, this amount should be deducted from the cost of shares in computing any capital gain realised on their disposal. For Accumulation Shares, the equalisation amount is reinvested alongside the taxed income. This means no adjustment need be made to the cost of the shares in calculating the relevant capital gains tax.

# 35.

## Winding up of the Company

### 35. Winding up of the Company

- 35.1 The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Rules.
- 35.2 The procedure for winding-up the Company pursuant to FCA Rules is only available where the Company is solvent; in an insolvency situation the Company must be wound up pursuant to Part V of the Insolvency Act 1986.
- 35.3 Where the Company is to be wound up under the FCA Rules, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) that the Company will be able to meet its liabilities within 12 months of the date of the statement. The Company may not be wound up under the FCA Rules if there is a vacancy in the position of ACD at the relevant time.
- 35.4 The Company will be wound up under the FCA Rules if:
- (i) an extraordinary resolution to that effect is passed by Shareholders; or
  - (ii) the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the Share capital of the Company is below its prescribed minimum); or
  - (iii) the ACD or Depositary requests the FCA to revoke the order declaring the Company to be an authorised ICVC and the FCA has agreed that on the conclusion of the winding-up of the Company it will accede to that request; or
  - (iv) Shareholders approve a scheme of amalgamation of the Company with another body or scheme.
  - (v) Shareholders approve a scheme of reconstruction which results in all the property of the reconstructed scheme becoming the property of two or more authorised or recognised schemes.

- 35.5 On the occurrence of any of the above:
- (i) The parts of the FCA Rules and the Instrument of Incorporation relating to pricing, dealing and investment and borrowing will cease to apply to the Company.
  - (ii) The Company will cease to issue and cancel Shares in the Company and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them.
  - (iii) No transfer of a Share shall be registered and no other change to the register shall be made without the sanction of the ACD.
  - (iv) The Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company.
  - (v) The corporate status and powers of the Company and, subject to the provisions of this section, the powers of the ACD remain until the Company is dissolved.
- 35.6 In the case of an amalgamation or reconstruction, the ACD shall wind up the Company in accordance with the approved scheme of amalgamation or reconstruction.
- 35.7 In all other cases, the ACD shall, as soon as practicable after the Company falls to be wound up, realise the Scheme Property and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to Shareholders proportionately to their rights to participate in the Scheme Property as described in Appendix 2. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be discharged, the ACD shall arrange for the Depositary to make a final distribution to Shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to Shareholders. The ACD shall arrange for all the Shares in the Company to be cancelled on or prior to the date on which the final account is sent to Shareholders.
- 35.8 The Depositary must notify the FCA once the winding up of the Company is complete and at the same time either the ACD or the Depositary will request the FCA to revoke the Company's authorisation order.
- 35.9 On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company, will be paid into court within one month of dissolution.
- 35.10 Following the completion of the winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder within four months of the completion of the winding up.

# 36.

## Overseas shareholders

### **36. Overseas shareholders**

#### **36.1 General**

This Prospectus is intended for distribution in the United Kingdom only. The distribution of this Prospectus and the offering of shares in the Company may be restricted in other jurisdictions. Potential investors are required to inform themselves of the legal requirements and restrictions of their own jurisdiction and act accordingly. This Prospectus does not amount to a solicitation or offer by any person in any jurisdiction in which such solicitation or offer would be unauthorised or unlawful.

As the Company is established in the UK, this Prospectus has been drafted for distribution in the United Kingdom and certain sections (for example those relating to tax) are intended for United Kingdom investors only. However, the Company may, in accordance with applicable law, be made available to investors in other jurisdictions, both within and outside of the European Union. Supplementary information may be made available to investors in such jurisdictions by way of a country-specific addendum, dependent upon the legal and regulatory requirements of each country or jurisdiction. The Prospectus may also be translated into the language of the country in which the Company is to be made available, dependent upon the legal and regulatory requirements of each country or jurisdiction.

#### **36.2 United States**

The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended. They may not be offered, sold or transferred in the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia or offered or sold to any U.S. Person. The Company has not and does not intend to be registered under the United States Investment Company Act of 1940, as amended.



The Company will reject any application for Shares from a U.S. Person and may require a shareholder who is or may become a U.S. Person to redeem or transfer his shares in accordance with this Prospectus.

### 36.3 Singapore

The offer or invitation of Shares in the Company, which is the subject of this Prospectus, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or recognised under Section 287 of the SFA. The Company is not authorised or recognised by the Monetary Authority of Singapore (the "MAS") and the Shares are not allowed to be offered to the retail public. This Prospectus and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA and accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;
- (iii) securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:
  - (a) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
  - (b) where no consideration is or will be given for the transfer;
  - (c) where the transfer is by operation of law;
  - (d) as specified in Section 305A(5) of the SFA; or
  - (e) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

#### **36.4 Australia**

Fundsmith LLP is a limited liability partnership with registered office at 33 Cavendish Square, London W1G 0PW, United Kingdom (“UK”), established under the Limited Liability Partnerships Act 2000 in the UK, as amended from time to time (the “Act”). Under the Act, the limited liability partnership’s members are liable for the debts of the partnership up to the amount of their contributions (i.e. they can only lose what they have invested).

Fundsmith LLP is authorised and regulated by the Financial Conduct Authority (“FCA”) in the UK and under UK law with FCA registration number 523102 as a firm permitted to provide regulated products and services. The investors’ attention is drawn to the fact that UK law is different from Australian law.

Fundsmith LLP is also registered with the Australian Securities and Investments Commission (“ASIC”) as a foreign company with ARBN 619 916 791 and relies on the relief under Class Order 03/1099 – UK regulated financial services providers. As such, Fundsmith LLP is exempted from the requirement to hold an Australian Financial Services (“AFS”) licence to conduct financial services business in Australia.

# 37.

## General information

### **37. General information**

#### **37.1 Accounting periods**

The annual accounting period of the Company ends each year on 31 December (the accounting reference date). The interim accounting period of the Company ends each year on 30 June.

#### **37.2 Income allocations**

37.2.1 Allocations of income are made in respect of the income available for allocation in each annual and interim accounting period.

37.2.2 In the case of Income Shares, the ACD will distribute income on or around the annual and interim income distribution dates (being 28 February and 31 August respectively). Distributions of income in respect of Income Shares for the Company are paid by cheque or by bank transfer.

37.2.3 In the case of Accumulation Shares, the ACD will reinvest the income allocated, this will be reflected in the price of the Accumulation Shares.

37.2.4 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Company.

37.2.5 The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Company in respect of that period, and deducting the charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received

within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditors.

37.2.6 Each allocation of income made at the time when more than one class of Share is in issue shall be calculated by reference to the relevant Shareholders proportionate interests in the property of the Company as detailed in Appendix 2.

### **37.3 Annual reports**

Annual reports of the Company will be published within four months of the end of each annual accounting period and half-yearly reports will be published within two months of the end of each interim accounting period. These reports will be available, free of charge, upon request from the ACD or can be obtained via the ACD's website at [www.fundsmith.co.uk](http://www.fundsmith.co.uk).

### **37.4 Documents of the Company**

37.4.1 The following documents may be inspected free of charge between 9.00 am and 5.00 pm every Business Day at the offices of the ACD at 33 Cavendish Square, London W1G 0PW.

- (i) the most recent annual and half-yearly reports of the Company;
- (ii) the Prospectus; and
- (iii) the Instrument of Incorporation (and any amending instrument of incorporation).

37.4.2 Copies of the above documents may also be requested. The ACD may make a charge at its discretion for copies of the Instrument of Incorporation.

### **37.5 Further information**

In addition to this Prospectus, potential investors should also read the Key Investor Information documents in relation to each class of share and the Company's Supplementary Information Document. These documents are available, free of charge, on request from the ACD and can be obtained via the ACD's website at [www.fundsmith.co.uk](http://www.fundsmith.co.uk).

### **37.6 Notices**

Notices and documents will be sent to the Shareholders at their address in the Register. Shareholders should notify the ACD in writing at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW of any change of address.

### **37.7 Complaints**

Complaints concerning the operation of the Company should be referred to the ACD at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW in the first instance. If the complaint is not dealt with satisfactorily then it may, subject to the status of the complainant, be referred to The Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London, E14 9SR.

# 38.

## Remuneration

### 38. Remuneration

The ACD has established remuneration policies and practices for its UCITS Remuneration Code staff that:

- Are consistent with and promote sound and effective risk management;
- Do not encourage risk taking which is inconsistent with the risk profile of the Company;
- Do not impair the ACD's compliance with its duty to act in the best interests of Shareholders, and include measures to avoid conflicts of interest with the Company; and
- Are in line with the ACD's business strategies, objectives, values and long-term interests and with those of the Company.

The FCA's rules in relation to remuneration are based around a set of principles, or themes. The ACD must apply these principles in a way which is appropriate given its size, internal organisation and the nature, scale and complexity of its business.

The following is intended to provide only a brief summary of the ACD's remuneration policy. Further details may be requested directly from the ACD.

The ACD is a small business with about thirty members of staff in addition to its Partners. The Founding Partners form the ACD's Management Committee.

The ACD's structure and business model creates a strong, natural alignment of interests between the Partners, the firm, the Company and its shareholders. Some of the remuneration principles apply to "Remuneration Code Staff" rather than all staff. The partners and any other lead investments manager are Remuneration Code Staff.

The ACD distinguishes its approach to remuneration between the Founding Partners, other Partners, other Remuneration Code Staff and the other employees.

Each of the Partners is paid a fixed proportion of the net profits of the ACD according to their ownership of the ACD, as stipulated in the ACD's Limited Partnership Agreement (being the constitutional document of the ACD). The Founding Partners do not receive any salary, nor are they eligible for any discretionary bonus.

The other Partners and other Remuneration Code Staff receive salary, certain benefits and are eligible for an award of an annual discretionary bonus. Any award of a discretionary bonus for these individuals is subject to certain restrictions and qualifications.

With regard to the ACD's other employees the remuneration package comprises a basic salary, the possibility of being awarded an annual discretionary bonus and certain benefits.

All decisions on remuneration are made by unanimous agreement of the Management Committee. Employees' salaries are set at competitive levels and are sufficiently high to allow a fully flexible approach to be taken to awarding (or not awarding) an annual bonus. The payment of bonus is entirely at the ACD's discretion and depends on both the financial position of the firm and the outcome of the individual's performance review.

In the opinion of the Partners, the Remuneration Policy and procedures of ACD are consistent with, and support the achievement of the objectives of the UCITS Remuneration Code.

Further details on the up-to-date Remuneration Policy including a description on how the remuneration and benefits are calculated is available on the ACD's website: [www.fundsmith.co.uk](http://www.fundsmith.co.uk). A paper copy may also be obtained from the ACD free of charge upon request.

# Appendix 1

## Eligible markets

A market is eligible for the purposes of the FCA Rules if it is:

- (i) a regulated market as defined in the FCA Handbook;
- (ii) a market in an EEA State which is regulated, operates regularly and is open to the public; or
- (iii) any other market not falling within (a) or (b) above if:
  - (a) the ACD, after consultation with the Depositary, decides that market is appropriate for these purposes on the basis that it is regulated, operates regularly, is recognised as a market or exchange by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors; and
  - (b) the Depositary has taken reasonable care to determine that:
    - (1) adequate custody arrangements can be provided for the investment dealt in on that market; and
    - (2) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

The ACD has determined that any market or exchange on which transferable securities admitted to official listing are dealt in or traded established in the countries below shall be an eligible market.

<b>Austria</b>	<b>Ireland</b>
<b>Belgium</b>	<b>Luxembourg</b>
<b>Denmark</b>	<b>Netherlands</b>
<b>Finland</b>	<b>Norway</b>
<b>France</b>	<b>Portugal</b>
<b>Germany</b>	<b>Spain</b>
<b>Greece</b>	<b>UK</b>

In addition, the following securities markets are also eligible markets.

1. <b>Australia</b>	any member of The Australia Stock Exchange Limited	9. <b>New Zealand</b>	The New Zealand Stock Exchange
2. <b>Brazil</b>	Bolsa de Valores de São Paulo Bolsa de Valores do Rio de Janeiro	10. <b>Philippines</b>	The Philippine Stock Exchange
3. <b>Canada</b>	any stock exchange prescribed for the purposes of the Canadian Income Tax Act, and, The Toronto Stock Exchange	11. <b>Singapore</b>	The Singapore Exchange
4. <b>China</b>	Shanghai Stock Exchange Shenzhen Stock Exchange	12. <b>South Africa</b>	The JSE Securities Exchange
5. <b>Hong Kong</b>	The Hong Kong Exchanges	13. <b>Sweden</b>	The Stockholm Stock Exchange
6. <b>India</b>	The Bombay Stock Exchange The National Stock Exchange	14. <b>Switzerland</b>	SWX Swiss Exchange The Zurich Stock Exchange The Geneva Stock Exchange The Basle Stock Exchange
7. <b>Japan</b>	The Tokyo Stock Exchange The Osaka Securities Exchange	15. <b>United States</b>	The American Stock Exchange The New York Stock Exchange The Philadelphia Stock Exchange NASDAQ and any exchange registered with the Securities & Exchange Commission as a national Stock Exchange
8. <b>Mexico</b>	The Mexican Stock Exchange		



## Appendix 2

### Allocation of rights to participate in the property of the Company

If there is more than one class of Share in issue in the Company, the proportionate interests of each class in the assets and liabilities of the Company shall be ascertained as follows:

- (i) A notional account shall be maintained for each class of Shares. Each account shall be referred to as a "Proportion Account".
- (ii). The word "proportion" in the following paragraphs means the proportion which the balance on a Proportion Account at the relevant time bears to the balance on all the Proportion Accounts of the Company at that time.
- (iii) There shall be credited to a Proportion Account:
  - (a) the subscription money for the issue of Shares of the relevant class;
  - (b) that class's proportion of the amount by which the Net Asset Value of the Company exceeds the total subscription money for all Shares in the Company;
  - (c) that class's proportion of the Company income received and receivable; and
  - (d) any notional tax benefit under paragraph 5 below.
- (iv). There shall be debited to a Proportion Account:
  - (a) the redemption payment for the cancellation of Shares of the relevant class of Shares;
  - (b) that class's proportion of any amount by which the Net Asset Value of the Company falls short of the total subscription money for all Shares in the Company;
  - (c) all distributions of income (including equalisation if any) made to Shareholders of that class of Shares;
  - (d) all costs, charges and expenses incurred solely in respect of that class of Shares;
  - (e) that class's proportion of the costs, charges and expenses incurred in respect of that class of Shares and one or more other classes in the Company, but not in respect of the Company as a whole;

- (f) that class's proportion of the costs, charges and expenses incurred in respect of or attributable to the Company as a whole; and
  - (g) any stamp duty reserve tax charge; and
  - (h) any notional tax liability under paragraph 5.
- (v) Any tax liability in respect of the Company and any tax benefit received or receivable in respect of the Company shall be allocated between Share classes in order to achieve, so far as possible, the same result as would have been achieved if each class of Shares were itself a Company so as not materially to prejudice any class. The allocation shall be carried out by the ACD after consultation with the auditors.
- (vi) Where a class of Shares is denominated in a currency which is not the base currency, the balance on the Proportion Account shall be converted into the base currency in order to ascertain the proportions of all classes. Conversions between currencies shall be at a rate of exchange decided by the ACD as being a rate that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

The Proportion Accounts are notional accounts maintained for the purpose of calculating proportions. They do not represent debts from the Company to Shareholders or the other way round.

Each credit and debit to a Proportion Account shall be allocated to that account on the basis of that class's proportion immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.

When Shares are issued thereafter each such Share shall represent the same proportionate interest in the property of the Company as each other Share of the same denomination and class of Shares then in issue and the respective proportion of income allocated to a particular class shall be allocated equally between each Share of the same class.

# Appendix 3

## Members of the ACD

This Appendix lists the significant business activities of the members of the ACD outside of their role as members of the ACD.

### **Terry Smith**

**Significant business activities:**

Director of International Value Investments Ltd

Director of Value Investments Limited

### **No Le Lu II, LLC**

**Significant business activities:**

This is an investment vehicle for Mr Julian Robins

### **Mark Laurence**

**Significant business activities:**

Non Executive Director of Dart Group plc

### **Simon Godwin**

No Significant business activities

### **International Value Investments Limited**

**Significant business activities:**

This is an investment vehicle for Mr Terry Smith

### **Daniel Washburn**

No Significant business activities

### **Greville Ward**

No Significant business activities

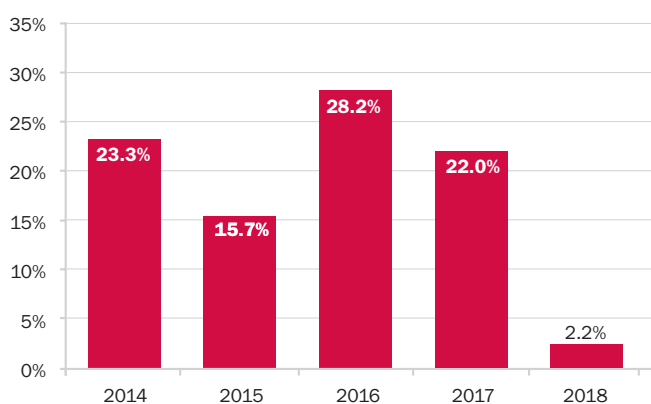
### **Conrad Rey**

No Significant business activities

# Appendix 4

## Past performance

The performance of the T Class shares for the past five years is set out below:



This performance is calculated based on the net asset value per class (which includes all charges) and assuming the income has been re-invested in the fund.

Past performance is not necessarily a guide to future performance. The performance is shown in Pounds Sterling.

The performance of the I Class and the R Class differs because of the different Annual Management Charges. The equivalent graphs for both these classes are available from the relevant KIID, which can be obtained from [www.fundsmith.co.uk](http://www.fundsmith.co.uk) or by calling 0330 123 1815.

## Appendix 5

### Delegation of Custody

The Depository has delegated its safekeeping duties to State Street Bank and Trust Company with registered office at Copley Place.

100, Huntington Avenue, Boston, Massachusetts 02116, USA, with an office at 20 Churchill Place, Canary Wharf, London E14 5HJ, UK, whom it has appointed as its global sub-custodian.

At the date of this prospectus State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network as listed below.

Market	Subcustodian
Albania	Raiffeisen Bank sh.a.
Argentina	Citibank, N.A., Buenos Aires
Australia	The Hongkong and Shanghai Banking Corporation Limited
Austria	Deutsche Bank AG UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Bangladesh	Standard Chartered Bank
Belgium	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Brussels branch)
Benin	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Bermuda	HSBC Bank Bermuda Limited
Federation of Bosnia and Herzegovina	UniCredit Bank d.d.
Botswana	Standard Chartered Bank Botswana Limited
Brazil	Citibank, N.A.
Bulgaria	Citibank Europe plc, Bulgaria Branch UniCredit Bulbank AD
Burkina Faso	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Canada	State Street Trust Company Canada
Chile	Banco Itaú Chile S.A.
People's Republic of China	HSBC Bank (China) Company Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited) China Construction Bank Corporation (for A-share market only) Citibank N.A. (for Shanghai – Hong Kong Stock Connect market only) The Hongkong and Shanghai Banking Corporation Limited (for Shanghai – Hong Kong Stock Connect market only) Standard Chartered Bank (Hong Kong) Limited (for Shanghai – Hong Kong Stock Connect market)

Market	Subcustodian
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria
Costa Rica	Banco BCT S.A.
Croatia	Privredna Banka Zagreb d.d. Zagrebacka Banka d.d.
Cyprus	BNP Paribas Securities Services, S.C.A., Greece (operating through its Athens branch)
Czech Republic	Československá obchodní banka, a.s. UniCredit Bank Czech Republic and Slovakia, a.s.
Denmark	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Danmark A/S) Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Copenhagen branch)
Egypt	HSBC Bank Egypt S.A.E. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Estonia	AS SEB Pank
Eswatini	Standard Bank Swaziland Limited
Finland	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Finland Plc.) Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Helsinki branch)
France	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Paris branch)
Republic of Georgia	JSC Bank of Georgia
Germany	State Street Bank International GmbH Deutsche Bank AG
Ghana	Standard Chartered Bank Ghana Limited
Greece	BNP Paribas Securities Services, S.C.A.
Guinea-Bissau	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Hong Kong	Standard Chartered Bank (Hong Kong) Limited
Hungary	Citibank Europe plc Magyarországi Fióktelepe UniCredit Bank Hungary Zrt.

Market	Subcustodian
Iceland	Landsbankinn hf.
India	Deutsche Bank AG The Hongkong and Shanghai Banking Corporation Limited
Indonesia	Deutsche Bank AG
Ireland	State Street Bank and Trust Company, United Kingdom branch
Israel	Bank Hapoalim B.M.
Italy	Deutsche Bank S.p.A. Intesa Sanpaolo S.p.A.
Ivory Coast	Standard Chartered Bank Côte d'Ivoire S.A.
Japan	Mizuho Bank, Limited The Hongkong and Shanghai Banking Corporation Limited
Jordan	Standard Chartered Bank
Kazakhstan	JSC Citibank Kazakhstan
Kenya	Standard Chartered Bank Kenya Limited
Republic of Korea	Deutsche Bank AG The Hongkong and Shanghai Banking Corporation Limited
Kuwait	HSBC Bank Middle East Limited (as delegate of The HongKong and Shanghai Banking Corporation Limited)
Latvia	AS SEB banka
Lithuania	AB SEB bankas
Malawi	Standard Bank Limited
Malaysia	Deutsche Bank (Malaysia) Berhad Standard Chartered Bank Malaysia Berhad
Mali	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Mauritius	The Hongkong and Shanghai Banking Corporation Limited



Market	Subcustodian
Mexico	Banco Nacional de México, S.A.
Morocco	Citibank Maghreb
Namibia	Standard Bank Namibia Limited
Netherlands	Deutsche Bank AG
New Zealand	The Hongkong and Shanghai Banking Corporation Limited
Niger	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Nigeria	Stanbic IBTC Bank Plc.
Norway	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Norge ASA) Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Oslo branch)
Oman	HSBC Bank Oman S.A.O.G. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Pakistan	Deutsche Bank AG
Panama	Citibank, N.A.
Peru	Citibank del Perú, S.A.
Philippines	Deutsche Bank AG
Poland	Bank Handlowy w Warszawie S.A. Bank Polska Kasa Opieki S.A
Portugal	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Lisbon branch)
Puerto Rico	Citibank N.A.
Qatar	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Romania	Citibank Europe plc, Dublin – Romania Branch

Market	Subcustodian
Russia	AO Citybank
Saudi Arabia	HSBC Saudi Arabia Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Senegal	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Serbia	UniCredit Bank Serbia JSC
Singapore	Citibank N.A.
Slovak Republic	UniCredit Bank Czech Republic and Slovakia, a.s.
Slovenia	UniCredit Banka Slovenija d.d.
South Africa	FirstRand Bank Limited Standard Bank of South Africa Limited
Spain	Deutsche Bank S.A.E.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited
Republic of Srpska	UniCredit Bank d.d.
Sweden	Nordea Bank AB (publ) Skandinaviska Enskilda Banken AB (publ)
Switzerland	Credit Suisse AG UBS Switzerland AG
Taiwan - R.O.C.	Deutsche Bank AG Standard Chartered Bank (Taiwan) Limited
Tanzania	Standard Chartered Bank (Tanzania) Limited
Thailand	Standard Chartered Bank (Thai) Public Company Limited
Togo	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Tunisia	Union Internationale de Banques

Market	Subcustodian
Turkey	Citibank, A.Ş. Deutsche Bank A.Ş.
Uganda	Standard Chartered Bank Uganda Limited
Ukraine	PJSC Citibank
United Arab Emirates Dubai Financial Market	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Arab Emirates Dubai International Financial Center	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Arab Emirates Abu Dhabi	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Kingdom	State Street Bank and Trust Company, United Kingdom branch
Uruguay	Banco Itaú Uruguay S.A.
Vietnam	HSBC Bank (Vietnam) Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Zambia	Standard Chartered Bank Zambia Plc.
Zimbabwe	Stanbic Bank Zimbabwe Limited (as delegate of Standard Bank of South Africa Limited)

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