

# **Fundsmith Equity Fund SICAV**

## Prospectus

*Société d'Investissement à Capital Variable* established in the Grand Duchy of Luxembourg

January 2020

**Fundsmith**

## Important information

**Important: If you are in any doubt as to the contents of this prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

The Directors, whose names appear in the section “Directory”, accept responsibility for the information contained in this document. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects at the date hereof and that there are no other material facts, the omission of which would make misleading any statement herein whether of fact or opinion. The Directors accept responsibility accordingly.

Fundsmith Equity Fund SICAV (the “**SICAV**”) is an investment company organised under the laws of the Grand duchy of Luxembourg as a *société d’investissement à capital variable*, is governed by Part I of the UCI Law and qualifies as a UCITS.

No person has been authorised by the SICAV to give any information or make any representations in connection with the offering of Shares other than those contained in this Prospectus or any other document approved by the SICAV or the Management Company, and, if given or made, such information or representations must not be relied on as having been made by the SICAV.

**A Key Investor Information Document (“KIID”) for each available Class of Shares must be made available to investors free of charge prior to the subscription for Shares. Prospective investors must consult the KIID for the relevant Class of Shares in which they intend to invest. Requests for subscription or conversion of Shares will be accepted upon verification by the Management Company that the (prospective) Shareholder has received the relevant KIID available on the website of the SICAV at [www.fundsmith.co.uk/global/eu](http://www.fundsmith.co.uk/global/eu) or free of charge at the registered office of the SICAV or the Administrator during normal business hours on any Business Day.**

The SICAV draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the SICAV, notably the right to participate in general meetings of shareholders, if the investor is registered himself and in his own name in the register of shareholders of the SICAV. In cases where an investor invests in the SICAV through an intermediary investing into the SICAV in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the SICAV. Investors are advised to take advice on their rights.

Applications for Shares will only be considered on the basis of this Prospectus. Copies of the Articles, the current Prospectus, the KIIDs and the latest periodical reports (audited annual report and unaudited semi-annual report) may be obtained free of charge from the offices of the Administrator. Copies of this prospectus, the KIIDs and the latest periodical reports of the SICAV are also available online on the website of the SICAV at [www.fundsmith.eu](http://www.fundsmith.eu). The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the SICAV have not changed since the date hereof.

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

The provisions of the SICAV's Articles are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus is based on information, law and practice currently in force in the Grand Duchy of Luxembourg (which may be subject to change) at the date hereof. The SICAV cannot be bound by an out of date Prospectus when it has issued a new Prospectus, and investors should check with the Administrator that this is the most recently published Prospectus.

## **Processing of personal data**

Personal data related to identified or identifiable natural persons provided to, collected or otherwise obtained by or on behalf of, the SICAV (the "Controller") will be processed by the Controller in accordance with the Privacy Notice referred to in Section 12 "Subscription" paragraph "Data Protection", a current version of which is available and can be accessed or obtained online ([www.fundsmith.eu/privacy](http://www.fundsmith.eu/privacy)). Investors and any person contacting, or otherwise dealing directly or indirectly with, the Controller are invited to and read and carefully consider the Privacy Notice, prior to contacting or otherwise so dealing, and in any event prior to providing or causing the provision of any Data directly or indirectly to the Controller.

## **Restrictions on distribution and sale of shares**

### **General**

The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorised or the person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of this Prospectus and of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of the countries of his nationality, residence, ordinary residence or domicile.

The Articles give powers to the Board of Directors to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares in the SICAV are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the SICAV incurring any liability or taxation or suffering any other disadvantage which the SICAV may not otherwise have incurred or suffered. The SICAV may compulsorily redeem all Shares held by any such person.

**Luxembourg**

The SICAV is registered pursuant to Part I of the UCI Law. However, such registration does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the assets of the SICAV. Any representations to the contrary are unauthorised and unlawful.

**European Union (“EU”)**

The SICAV is a UCITS for the purposes of the UCITS Directive and the Board of Directors proposes to market the Shares in accordance with the UCITS Directive in certain member states of the EU and in countries which are not member states of the EU.

**Overseas Marketing**

The SICAV may, subject to approval by the appropriate authority, be made available and marketed to investors in other jurisdictions. 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 KIIDs, Prospectus or other regulatory documents may also be translated into the language of the country in which the SICAV is to be made available, dependent upon the legal and regulatory requirements of each country or jurisdiction. It is the responsibility of any person in possession of this Prospectus and of any person wishing to apply for Shares to read this Prospectus, as well as any country-specific information relevant to their jurisdiction which may either be included within, or in addenda to this Prospectus.

Notwithstanding any information provided in this Prospectus about other jurisdictions in which the SICAV may be made available, potential investors 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.

**Ireland**

The SICAV has been registered with the Central Bank of Ireland (“the Central Bank”) so that it may be made available and marketed to Irish investors. An Irish Country Supplement with tax information is available on the SICAV website: <https://www.fundsmith.co.uk/global/eu/documents>. This supplement provides important information for Irish investors. The Central Bank has not approved the SICAV, takes no responsibility for the contents of the Prospectus or for the financial soundness

of the SICAV or for the correctness of any statements made or expressed in the Prospectus.

**United States of America (“U.S.”)**

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any of the states of the U.S. Shares may not be offered, sold or transferred in the United States of America, its territories and possessions, any state of the U.S. and the District of Columbia, or offered or sold to any U.S. Person, as defined below. Neither the SICAV nor the Management Company have been nor do they intend to be registered under the U.S. Investment Company Act of 1940, as amended.

**Singapore**

The offer or invitation of Shares in the SICAV, 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 SICAV 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), 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:

- (a) 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

- (b) 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,

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:

- (1) 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;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 305A(5) of the SFA; or
- (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

### Securities Financing Transactions

Regulation (EU) 2015/2365 ("SFT Regulation") lays down rules on transparency of securities financing transactions and of reuse. In accordance with the SFT Regulation, securities financing transactions ("SFTs") include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions. The definition of SFTs does not include derivative contracts. However, it includes total return swaps which have effects equivalent to Securities Financing Transactions.

The SICAV will not use, enter into SFTs or reuse. Should the above change in the future, the SICAV will amend accordingly this Prospectus.

### Important Investor disclosure

The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the SICAV. All or part of the fees and expenses may be charged to the capital of the SICAV. This will have the effect of lowering the capital value of your investment. There can be no assurance that the investment objectives of the SICAV will be achieved. Investors should read and consider the section entitled "Risk Factors" before investing in the SICAV.

The value of the Shares may fall as well as rise and a Shareholder on transfer or redemption of Shares may not get back the amount he initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of Shares to go up or down. The levels and basis of, and reliefs from taxation may change.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, conversion, redemption or disposal of the Shares of the SICAV.

Further copies of this Prospectus may be obtained from the Administrator.

This Prospectus may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus. To the extent that there is any inconsistency between the English language Prospectus and the Prospectus in another language, the English language Prospectus will prevail, except to the extent (but only to the extent) required by the law of any jurisdiction where the Shares are sold, that in an action based upon disclosure in a prospectus in a language other than English, the language of the Prospectus on which such action is based shall prevail.

# Contents

Directory – Fundsmith Equity Fund SICAV	6
Definitions	8
<b>1.</b> The SICAV	12
<b>2.</b> Investment objective and policy	13
<b>3.</b> Investment Restrictions, use of financial derivative instruments and investment techniques	15
<b>4.</b> Shares	21
<b>5.</b> Board of directors of the SICAV	22
<b>6.</b> Management company	23
<b>7.</b> Investment Manager	26
<b>8.</b> Investment Advisor	27
<b>9.</b> Administrator	28
<b>10.</b> Distributor	29
<b>11.</b> Depositary	30
<b>12.</b> Subscriptions	34
<b>13.</b> Redemptions	39
<b>14.</b> Exchanging between share classes	43
<b>15.</b> Prevention of late trading and market timing	45
<b>16.</b> Valuation	46
<b>17.</b> Fees and expenses	51
<b>18.</b> Taxation	53
<b>19.</b> Risk management process	57
<b>20.</b> Risk factors	58
<b>21.</b> Conflicts of interest	62
<b>22.</b> Rebates and retrocessions	63
<b>23.</b> General information on the SICAV	64
<b>24.</b> Additional information for investors in Federal Republic of Germany	69
<b>25.</b> Additional information for investors in Austria	70
<b>Appendix 1</b> Availableshare classes	71
<b>Appendix 2</b> Past performance	73

# Directory Fundsmith Equity Fund SICAV

49, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg  
RCS Luxembourg B164404

## **Board of directors**

### **Terry Smith**

Chairman of the Board  
Fundsmith LLP

### **Simon Godwin**

Director  
Fundsmith LLP

### **Garry Pleters**

Independent Director  
The Directors' Office

## **Management Company**

### **FundRock Management Company S.A.**

33, rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

## **Investment Manager, distributor and promoter**

### **Fundsmith LLP**

33 Cavendish Square  
London, W1G 0PW  
United Kingdom  
FCA Registration Number 523102

## **Depositary and administrator**

(Central administration agent,  
domiciliary and corporate agent,  
registrar and transfer agent)

### **State Street Bank International GmbH, Luxembourg Branch**

49, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

State Street Bank International GmbH,  
Luxembourg Branch is authorised and  
regulated by the Luxembourg *Commission  
de Surveillance du Secteur Financier*.

## **Investment Advisor**

### **Fundsmith Investment Services Limited**

c/o Apex Fund Services (Mauritius) Ltd  
4th Floor  
19 Bank Street, Cybercity  
Ebene  
Mauritius

## **Independent auditor**

### **Deloitte Audit, société à responsabilité limitée**

20, Boulevard de Kockelscheuer  
L-1821 Luxembourg  
Grand Duchy of Luxembourg

## **Legal advisers**

### **Eivinger Hoss Prussen, société anonyme**

2, place Winston Churchill  
L-1340 Luxembourg  
Grand Duchy of Luxembourg



## Definitions

In this Prospectus the words and expressions set out in the first column below shall have the meanings set opposite them unless the context requires otherwise. All references to “Euro” or “EUR” are to the unit of the European single currency, all references to “Sterling” or “GBP” are to the currency of the United Kingdom, all references to “Swiss Franc” or “CHF” are to the currency of Switzerland and all references to “U.S. Dollars” or “USD” are to the currency of the United States of America.

<b>Accumulation Shares</b>	Shares in respect of which income is accumulated and added to the capital property attributable to the relevant Share Class
<b>Administration Agreement</b>	the agreement pursuant to which the Administrator is appointed by the Management Company
<b>Administrator</b>	State Street Bank International GmbH, Luxembourg Branch
<b>Articles</b>	the articles of incorporation of the SICAV, as may be amended from time to time
<b>Board, Board of Directors or Directors</b>	the members of the board of directors of the SICAV for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time
<b>Business Day</b>	any day when the banks are fully open in Luxembourg (and/or such other place or places and such other day or days as the Directors may determine and notify to Shareholders in advance)
<b>CRS</b>	the Common Reporting Standard
<b>CSSF</b>	the Luxembourg authority, currently the Commission de Surveillance du Secteur Financier, or its successor in charge of the supervision of undertakings for collective investment in the Grand-Duchy of Luxembourg

<b>Cut-Off Time</b>	such time in respect of any relevant Dealing Day as shall be specified in the Prospectus or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Cut-Off Time is no later than the point as at which the Net Asset Value is determined for the relevant Dealing Day
<b>Dealing Day</b>	in respect of a Share Class, any Business Day on which Shares of that Class may be subscribed to, redeemed and/or exchanged for Shares of another Class, as specified in this Prospectus
<b>Depositary</b>	State Street Bank International GmbH, Luxembourg Branch
<b>Depositary Agreement</b>	the custody agreement pursuant to which the Depositary is appointed by the SICAV
<b>Distributor</b>	Fundsmith LLP
<b>EU</b>	the European Union
<b>FATCA</b>	the Foreign Account Tax Compliance provisions in the U.S. Hiring Incentives to Restore Employment Act enacted in March 2010
<b>FCA</b>	Financial Conduct Authority or its successor authority in the United Kingdom
<b>Income Shares</b>	Shares in respect of which income is distributed periodically to Shareholders
<b>Independent Auditor</b>	the approved statutory auditor ( <i>réviseur d'entreprises agréé</i> ) appointed for the SICAV in compliance with the UCI Law

## **Ineligible Applicant**

any person to whom a transfer of Shares (legally or beneficially) or by whom a holding of Shares (legally or beneficially) would or, in the opinion of the Directors, might:

- (a) be in breach of any law (or regulation by a competent authority) of any country or territory by virtue of which the person in question is not qualified to hold such Shares;
- or
- (b) require the SICAV or the Management Company to be registered under any law or regulation whether as an investment fund or otherwise, or cause the SICAV to be required to comply with any registration requirements in respect of any of its Shares, whether in the United States of America or any other jurisdiction;
- or
- (c) cause the SICAV, its Shareholders or the Management Company some legal, regulatory, taxation, pecuniary or material administrative disadvantage which the SICAV, its Shareholders or the Management Company might not otherwise have incurred or suffered

## **Institutional Investors**

Institutional investors, as these terms are accepted in Luxembourg for the purposes of Article 174 of the UCI Law

<b>Investment Advisor</b>	Fundsmith Investment Services Limited	<b>Minimum Subscription</b>	the minimum investment for each Class of Shares as specified in the Prospectus
<b>Investment Advisory Agreement</b>	the investment advisory agreement pursuant to which the Investment Advisor is appointed as investment advisor of the SICAV	<b>Money Market Instruments</b>	Shall mean instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time
<b>Investment Management Agreement</b>	the investment management agreement pursuant to which the Investment Manager is appointed as investment manager of the SICAV	<b>Net Asset Value</b>	the net asset value of the SICAV or a Class of Shares (as the context requires) as calculated in accordance with the Articles of Shares
<b>Investment Manager</b>	Fundsmith LLP	<b>Net Asset Value per Share</b>	the Net Asset Value in respect of any Class divided by the number of Shares of the relevant Class in issue at the relevant time
<b>Luxembourg GAAP</b>	Luxembourg generally accepted accounting principles	<b>OCF</b>	ongoing charges figure
<b>Management Company</b>	FundRock Management Company S.A.	<b>Promoter</b>	Fundsmith LLP
<b>Management Company Agreement</b>	the management company agreement pursuant to which the Management Company is appointed as management company of the SICAV	<b>Prospectus</b>	this Prospectus, as may be amended or supplemented from time to time
<b>Management Company Fee</b>	the annual fee payable by the SICAV to the Management Company, as specified in this Prospectus	<b>Redemption Price</b>	the price per Share at which Shares are redeemed
<b>Member State</b>	a member state of the European Union.  The states that are contracting parties to the agreement creating the European Economic Area other than the member states of the European Union, within the limits set forth by this agreement and related acts, are considered as equivalent to Member States	<b>Reference Currency</b>	the base currency of the SICAV or of the relevant Class as the context requires
<b>Mémorial C</b>	the Mémorial C, <i>Recueil Spécial des Sociétés et Associations</i> (i.e. the official journal of the Grand-Duchy of Luxembourg). On 1 June 2016, the Luxembourg Memorial C has been replaced by RESA	<b>Regulated Market</b>	A regulated market as defined in the Directive 2014/65/EU of 15 May 2014 on markets in financial instruments and any other market which is regulated, operates regularly and is recognised and open to the public
<b>Minimum Additional Subscription</b>	the minimum additional investment for each Class of Shares as specified in the Prospectus	<b>RESA</b>	<i>Recueil Electronique des Sociétés et Associations</i> , the new electronic platform of central publication regarding companies and associations, as implemented by the law of 27 May 2016 on the reform of the regime of legal publication regarding companies and associations
<b>Minimum Holding</b>	the minimum holding for each Class of Shares as specified in the Prospectus	<b>SICAV</b>	Fundsmith Equity Fund Sicav
<b>Minimum Redemption</b>	the minimum redemption for each Class of Shares as specified in the Prospectus	<b>Share or Shares</b>	shares of any Class in the SICAV as the context requires
		<b>Share Class or Class of Shares of Class</b>	all of the Shares issued by the SICAV as a particular class of Shares, as specified in Appendix 1 to this Prospectus
		<b>Shareholder</b>	a holder of Shares in the SICAV

<b>SFT Regulation</b>	means Regulation (EU) No 2015/2365 on transparency of securities financing transactions and of reuse
<b>Subscription Price</b>	the price per Share at which Shares may be issued calculated in the manner described in the section “Subscriptions” of this Prospectus
<b>SEC</b>	Securities and Exchange Commission in the U.S.
<b>Transferable Securities</b>	Shall mean:  (a) shares and other securities equivalent to shares, (b) bonds and other debt instruments, (c) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and Money Market Instruments
<b>UCI(s)</b>	undertaking(s) for collective investment
<b>UCI Law</b>	the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended
<b>UCITS</b>	an undertaking for collective investment in transferable securities established pursuant to the UCITS Directive
<b>UCITS Directive</b>	Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended or re-enacted from time to time
<b>UCITS V Regulation</b>	Commission Delegated Regulation EU/2016/438 of 17 December 2015 supplementing the UCITS Directive with regard to obligations of depositaries
<b>U.S. Person</b>	any U.S. Person that would fall within the ambit of the FATCA provisions
<b>Valuation Day</b>	in respect of a Dealing Day, the Business Day as of which the Administrator determines the applicable Net Asset Value per Share of a Class, as specified in this Prospectus

# 1.

## The SICAV

The SICAV is an open-ended investment company incorporated under the laws of Luxembourg as a *Société d'Investissement à Capital Variable* ("**SICAV**") in accordance with the provisions of Part I of the UCI Law. The SICAV was incorporated for an unlimited period on 28 October 2011 under the name of Fundsmith Equity Fund Feeder. The Articles have been published in the Mémorial C on 14 November 2011. The SICAV changed its name to Fundsmith Equity Fund SICAV on 29 March 2019 and the Articles were amended on 22 March 2019. The amended Articles have been published in the RESA on 11 April 2019. The SICAV is registered with the Luxembourg Trade and Companies Register under number B164404.

The SICAV has appointed FundRock Management Company S.A. as its management company, within the meaning of Part I of the UCI Law. Further details on the Management Company are provided below under the section "Management Company".

At all times the SICAV's capital will be equal to the Net Asset Value of the SICAV and will not fall below the minimum capital required by Luxembourg law.

The Reference Currency of the SICAV is EUR. The Reference Currency of each Class is as specified in Appendix 1 to this Prospectus.

# 2.

## Investment objective and policy

The Board of Directors shall have power to determine the corporate and investment objective and policy of the SICAV, and the course of conduct of the management and business affairs of the SICAV.

The investment objective of the SICAV is to achieve long term growth in value.

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

The SICAV has stringent investment criteria which the Investment Manager adheres to in selecting securities for the SICAV's investment portfolio. These criteria aim to ensure that the SICAV invests in:

- (a) high quality businesses that can sustain a high return on operating capital employed;
- (b) businesses whose advantages are difficult to replicate;
- (c) businesses which do not require significant leverage to generate returns;
- (d) businesses with a high degree of certainty of growth from reinvestment of their cash flows at high rates of return;
- (e) businesses that are resilient to change, particularly technological innovation; and/or
- (f) businesses whose valuation is considered by the Investment Manager to be attractive.

It is envisaged that the investment portfolio of the SICAV will be concentrated, generally comprising between 20 and 30 stocks.

In accordance with the investment objectives and policies of the SICAV and subject to applicable restrictions, the Investment Manager is authorised to borrow on behalf of the SICAV within the limits as set out under Article 50 of the UCI Law. The specific investment restrictions are as follows:

- (a) the SICAV will not invest in units of other UCITS or other collective investment schemes with the exception of money market funds, in which the SICAV may invest up to 10% of its Net Asset Value;
- (b) the SICAV 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 the Reference Currency; and
- (c) the SICAV does not intend to have an interest in immovable or tangible movable property.

Generally, the profile of the typical investor for whom the SICAV 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 SICAV, as described in the section on “Risk Factors” of this Prospectus. The typical investor for each Class of Shares is specified in Appendix 1 to this Prospectus.

### **Comparisons**

The SICAV is actively managed and is index unconstrained. In the SICAV’s factsheets and other marketing material, a number of comparisons are provided for ease of reference to enable the investor to have a general and consistent comparison for the SICAV’s performance. The following benchmarks may be used for this purpose (list not being exhaustive):

- Equities – The SICAV’s factsheet shows the performance of the MSCI World Index, in Euro 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 SICAV’s factsheet shows Bloomberg/Barclays Bond Indices Euro Govt 10 yr (source: Bloomberg). This shows what you might earn if you had invested in European Government Debt.
- Cash – The SICAV’s factsheet shows 3 Month € LIBOR Interest Rate (source: Bloomberg). This is a proxy for what you might be able to earn for cash deposits.

This is not to suggest that these are the only comparisons that are relevant or, indeed the best for an individual investor and investors may prefer others.

In addition, even if comparisons are made, the Investment Manager is taking investment decisions with the intention of achieving the SICAV’s investment objective; this may include decisions regarding asset selection, regional allocation, sector views and overall level of exposure to the market. The Investment Manager is not in any way constrained by the benchmark in its portfolio positioning and the SICAV will not hold all, or indeed may not hold, any of the benchmark constituents. The deviation from the benchmark may be complete or significant.

# 3.

## Investment Restrictions, use of financial derivative instruments and investment techniques

### General Investment Restrictions

The Directors shall, based upon the principle of spreading of risks, have power to determine the investment policy for the investments of the SICAV and the currency of denomination of the SICAV subject to the following restrictions:

- I.
  - (1) The SICAV may, subject to the provisions laid down in section 2 of this Prospectus, invest in:
    - a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
    - b) Transferable Securities and Money Market Instruments dealt in on another market in a Member State which is regulated, operates regularly and open to the public;
    - c) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a non-Member State of the European Union in Europe, Asia, Oceania (including Australia), the American continents and Africa or dealt in on another market in a non-Member State of the European Union which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in the Articles;
    - d) recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market and such admission is secured within a year of the issue.



- e) units or shares of UCITS and/or other UCI, whether situated in a Member State or not, provided that:
- such other UCIs have been authorised under the laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive, as amended;
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units or shares of other UCITS or other UCIs.
- f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is a Member State or if the registered office of the credit institution is situated in a non-EU Member State provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in EU law;
- g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:
- the underlying consists of instruments covered by this section (1), financial indices, interest rates, foreign exchange rates or currencies, in which the SICAV may invest according to its/their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the SICAV's initiative;
- and/or
- h) Money Market Instruments other than those dealt in on a Regulated Market and defined in the Definitions Section of this Prospectus, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a federal state, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or

- issued by an undertaking any securities of which are dealt in on Regulated Markets;
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

(2) In addition, the SICAV may invest a maximum of 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to under (1) above.

II. The SICAV may hold ancillary liquid assets.

III. a) (i) The SICAV will invest no more than 10% of its net assets in Transferable Securities and Money Market Instruments issued by the same issuing body.

(ii) The SICAV may not invest more than 20% of its total net assets in deposits made with the same body. The risk exposure of the SICAV to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) f) above or 5% of its net assets in other cases.

b) Moreover where the SICAV holds investment in Transferable Securities and Money Market Instruments of any issuing body which individually exceed 5% of its net assets, the total of all such investments must not account for more than 40% of its total net assets.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph III. a), the SICAV shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following:

- investments in Transferable Securities or Money Market Instruments issued by that body,
- deposits made with that body, or
- exposures arising from OTC derivative transactions undertaken with that body.

c) The limit of 10% laid down in sub-paragraph III. a) (i) above will be increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by a Member State, its local authorities, or by another eligible state or by public international bodies of which one or more Member States are members.

- d) The limit of 10% laid down in sub-paragraph III. a) (i) may be of a maximum of 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest. If the SICAV invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of its Net Asset Value.
- e) The Transferable Securities and Money Market Instruments referred to in paragraphs III. c) and III. d) shall not be included in the calculation of the limit of 40% stated in paragraph III. b) above.

The limits set out in sub-paragraphs a), b) c) and d) may not be aggregated and, accordingly, investments in Transferable Securities and Money Market Instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of the SICAV's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III.

The SICAV may cumulatively invest up to 20% of its net assets in Transferable Securities and Money Market Instruments within the same group.

- f) Notwithstanding the above provisions, the SICAV is authorised to invest up to 100% of its net assets, in accordance with the principle of risk spreading, in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by another member state of the OECD, Singapore, Hong Kong or any member state of the G20 or by public international bodies of which one or more Member States are members, provided that the SICAV must hold securities from at least six different issues and securities from one issue do not account for more than 30% of its total net assets.

IV.

- a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of the SICAV is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the SICAV's investment policy.
- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

- V. The SICAV may not acquire Shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

The SICAV may acquire no more than:

- 10% of the non-voting Shares of the same issuer;
- 10% of the debt securities of the same issuer;
- 10% of the Money Market Instruments of the same issuer.

The limits under the second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V. shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities or by any other eligible state, or issued by public international bodies of which one or more Member States of the EU are members.

These provisions are also waived as regards Shares held by the SICAV in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the SICAV can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraphs III., V. and VI. a), b), c) and d).

VI.

- a) The SICAV may acquire units of the UCITS and/or other UCIs referred to in paragraph I. (1) e), provided that no more than 10% of the SICAV's net assets be invested in the units of other UCITS or other UCI, unless otherwise provided in Section 2 of this Prospectus.

In case the SICAV may invest more than 10% in UCITS or other UCIs, it may not invest more than 20% of its net assets in units of a single UCITS or other UCI.

For the purpose of the application of the investment limit, each compartment of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

Investments made in units of other UCIs may not, in aggregate, exceed 30% of the net assets of the SICAV.

- b) The underlying investments held by the UCITS or other UCIs in which the SICAV invests do not have to be considered for the purpose of the investment restrictions set forth under III. above.
- c) When the SICAV invests in the units of other UCITS and/or other UCIs linked to the SICAV by common management or control, no subscription or redemption fees may be charged to the SICAV on account of its investment in the units of such other UCITS and/or other UCIs.

The SICAV will indicate in its annual report the total management fees charged both to the SICAV and to the UCITS and other UCIs in which the SICAV has invested during the relevant period.

- d) The SICAV may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated.

- VI. The SICAV shall ensure that its global exposure relating to derivative instruments does not exceed its total net assets.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the SICAV invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in restriction III. When the SICAV invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in restriction III.

When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

**VIII.**

a) The SICAV may not borrow amounts in excess of 10% of its total net assets, any such borrowings to be from banks and to be effected only as a temporary basis provided that the purchase of foreign currencies by way of back to back loans remains possible;

b) The SICAV may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the SICAV from (i) acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in I. (1) e), g) and h) which are not fully paid, and (ii) performing permitted securities lending activities that shall not be deemed to constitute the making of a loan.

c) The SICAV may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.

d) The SICAV may not acquire movable or immovable property.

e) The SICAV may not acquire either precious metals or certificates representing them.

IX. If the percentage limitations set forth in the above restrictions are exceeded for reasons beyond the control of the SICAV or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.

The SICAV will in addition comply with such further restrictions as may be required by the regulatory authorities in which the Shares are marketed.

# 4.

## Shares

### **Classes of shares**

The SICAV may offer more than one Class of Shares. Each Class of Shares may have different features with respect to its criteria for subscription, redemption, minimum holding, fee structure, currency and dividend policy. A separate Net Asset Value per Share will be calculated for each Class. The limits for minimum subscription for any Class of Shares may be waived or reduced at the discretion of the Directors.

The Classes of Share currently available as well as their respective features are specified in Appendix 1 to this Prospectus. Further Classes may be created by the Board of Directors in accordance with the requirements of the CSSF in which case this Prospectus will be modified accordingly.

### **Distribution policy**

The SICAV may issue Accumulation and/or Income Shares, as specified in Appendix 1 to this Prospectus.

The Board of Directors reserves the right to introduce a distribution policy that may vary between the Classes of Income Shares in issue. The distribution policy applicable to each Class of Income Shares will be described in Appendix 1 to this Prospectus.

Subject to any further indications in Appendix 1 to this Prospectus, the part of the relevant year's net income corresponding to Accumulation Shares will not be paid to shareholders and instead will be capitalised in the SICAV for the benefit of the Accumulation Shares.

Payments will be made in the Reference Currency of the relevant Class. Dividends remaining unclaimed for five years after their declaration will be forfeited and revert to the SICAV. In any event, no distribution may be made if, as a result thereof, the Net Asset Value of the SICAV would fall below the minimum share capital required by the UCI Law, currently EUR 1,250,000.

### **Publication of net asset value per share**

The Net Asset Value per Share may be obtained free of charge from, and will be available at the offices of the Administrator during business hours in Luxembourg as well as on the website of the SICAV at [www.fundsmith.co.uk/global/eu](http://www.fundsmith.co.uk/global/eu).

Please refer to the section on "Fees and Expenses" for additional information on fees and expenses payable by the SICAV. The KIID(s) issued for the Classes of Shares also contain additional information on ongoing charges incurred by the SICAV.

# 5.

## Board of directors of the SICAV

The Board of Directors is responsible for the overall management and control of the SICAV in accordance with the Articles. The Board of Directors is further responsible for the implementation of the investment objective and policies of the SICAV as well as for oversight of the administration and operations of the SICAV.

The members of the Board of Directors will receive periodic reports from the Management Company and/or the Administrator detailing the performance and analysing the investment portfolio of the SICAV.

The Board of Directors shall have the broadest powers to act in any circumstances on behalf of the SICAV, subject to the powers reserved by law to the Shareholders.

## 6.

Management  
company

The SICAV has appointed FundRock Management Company S.A. (“FundRock”) to serve as its management company within the meaning of the UCI Law. The Management Company is responsible, subject to the overall supervision of the Directors, for the provision of investment management services, administrative services and marketing services to the SICAV, as described in Annex 2 of the UCI Law.

The Management Company was incorporated as a “*société anonyme*” under the laws of the Grand Duchy of Luxembourg on 10 November 2004 under the name RBS (Luxembourg) S.A. and its deed of incorporation was published in the *Mémorial C, Recueil des Sociétés et Associations* (the “Mémorial”) on 6 December 2004. With effect from 1 January 2016, it changed its name to FundRock Management Company S.A. The Management Company is approved as a management company regulated by chapter 15 of the UCI Law and has also been authorised as alternative investment fund manager under the amended Law of 12 July 2013 on alternative investment fund managers. The Management Company is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B 104 196. The Management Company has a subscribed and paid-up capital in excess of EUR 10,000,000.

The board of directors of the Management Company are:

Romain Denis, Executive Director - IT Projects, Data Management & Strategic Projects, FundRock Management Company S.A., Luxembourg

Eric May, Non-Executive Director, Founding Partner, BlackFin Capital Partners, Paris, France

Tracey McDermott, Independent Non-Executive Director, Luxembourg

Grégory Nicolas, Executive Director - Legal, Compliance and Corporate, FundRock Management Company S.A., Luxembourg

Serge Ragozin, Executive Director, Chief Operating Officer, Luxembourg

Michael Vareika (Chairman), Independent Non-Executive Director, Luxembourg

Xavier Parain, Executive Director, Chief Executive Officer, FundRock Management Company S.A., Luxembourg



The following persons have been appointed conducting officers (*dirigeants*) of the Management Company within the meaning of Article 102 of the UCI Law and CSSF Circular 18/698:

- Grégory Nicolas, Executive Director - Legal, Compliance and Corporate
- Romain Denis, Executive Director - IT Projects, Data Management & Strategic Projects
- Enda Fahy, Director - Alternative Investments

The Management Company shall also ensure compliance of the SICAV with the investment restrictions and oversee the implementation of the SICAV's strategies and investment policy.

The Management Company shall also send reports to the Directors on a quarterly basis and inform each board member without delay of any non-compliance of the SICAV with the investment restrictions.

The Management Company will receive periodic reports from the Investment Manager detailing the SICAV's performance and analysing its investment portfolio. The Management Company will receive similar reports from the SICAV's other service providers in relation to the services which they provide.

The Management Company will monitor on a continuing basis the activities of the third parties to which it has delegated functions. The agreements entered into between the Management Company and the relevant third parties provide that the Management Company can give at any time further instruction to such third parties and that it can withdraw their mandate with immediate effect if this is in the interest of the Shareholders. The Management Company's liability towards the SICAV is not affected by the fact that it has delegated certain functions to third parties.

The Management Company acts also as management company for other investment funds, the names of which will be kept up to date and be published in the annual and semi-annual financial reports of the Management Company and may be obtained on request from the Management Company.

The Management Company has implemented a conflict of interest policy in accordance with the UCI Law and the relevant CSSF regulations and circulars.

The Management Company has established and applies a remuneration policy in accordance with principles laid out under the UCITS Directive and any related legal and regulatory provisions applicable in Luxembourg.

The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company and the UCITS that it manages and of the investors in such UCITS, and which includes, inter alia, measures to avoid conflicts of interest; and it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the Management Company manages.

As an independent management company relying on a full-delegation model (i.e. delegation of the collective portfolio management function), the Management Company ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that the Management Company's employees who are identified as risk-takers under UCITS Directive are not remunerated based on the performance of the UCITS under management.

An up-to-date version of the remuneration policy (including, but not limited to, the description of how remuneration and benefits are calculated, as well as the identity of the persons responsible for awarding the remuneration and benefits and the composition of the remuneration committee) is available at: [www.fundrock.com/pdf/Fundrock\\_Remuneration\\_policy.pdf](http://www.fundrock.com/pdf/Fundrock_Remuneration_policy.pdf). A paper version of this remuneration policy is made available free of charge at the Management Company's registered office.

The Management Company's remuneration policy, in a multi-year framework, ensures a balanced regime where remuneration both drives and rewards the performance of its employees in a measured, fair and well-thought out fashion which relies on the following principles\*:

- identification of the persons responsible for awarding remuneration and benefits (under the supervision of the remuneration committee and subject to the control of an independent internal audit committee);
- identification of the functions performed within the Management Company which may impact the performance of the entities under management;
- calculation of remuneration and benefits based on the combination of individual and company's performance assessment;
- determination of a balanced remuneration (fixed and variable);
- implementation of an appropriate retention policy with regards to financial instruments used as variable remuneration;
- deferral of variable remuneration over 3-year periods;
- implementation of control procedures/adequate contractual arrangements on the remuneration guidelines set up by the Management Company's respective portfolio management delegates.

\* It should be noted that, upon issuance of final guidelines, this remuneration policy may be subject to certain amendments and/or adjustments.

With the prior consent of the Board of Directors, the Management Company may delegate all or part of its duties and powers to any person or entity, provided such duties and powers remain under the supervision and responsibility of the Management Company.

In that context, the Management Company has appointed Fundsmith LLP as investment manager and distributor of the SICAV, as further described under Section "Investment Manager" and Section "Distributor" below.

The Management Company has also appointed State Street Bank International GmbH, Luxembourg Branch to carry out certain administrative functions as Administrator for the SICAV, as further described under the section "Administrator" below.

# 7.

## Investment Manager

Fundsmith LLP is a limited liability partnership incorporated under the laws of England and Wales on 16 April 2010, authorised and regulated by the FCA (FCA Registration Number 523102).

Fundsmith LLP has been appointed as the Investment Manager of the SICAV pursuant to the Investment Management Agreement entered into for an unlimited period of time.

The Investment Manager will manage the investment and reinvestment of the assets of the SICAV in accordance with the SICAV's investment objectives and investment and borrowing restrictions.

The Investment Manager may also appoint one or more investment advisers to advise it on the management of the SICAV. In that context, it has appointed Fundsmith Investment Services Limited as investment advisor of the SICAV, as further described under section "Investment Advisor" below.

# 8.

## Investment Advisor

Seeking to enhance the performance of the SICAV in the best interest of its Shareholders, the Investment Manager has appointed Fundsmith Investment Services Limited, having its registered office at c/o Apex Fund Services (Mauritius) Ltd, 4<sup>th</sup> Floor, 19 Bank Street, Cybercity, Ebene, Mauritius as investment advisor of the SICAV (the “Investment Advisor”).

The Investment Advisor will provide advice to the Investment Manager in relation to the SICAV's investment strategy.

The recommendations of the Investment Advisor shall not be binding on the Investment Manager.

The Investment Manager reserves the right to follow or not the Investment Advisor's recommendations and to modify or not the exposure of the SICAV's assets and the allocation of the portfolio.

The Investment Manager will take decisions, in their reasonable opinions, in the sole interest of the Shareholders. Any investment decision will be taken by the Investment Manager, in its sole discretion.

## 9.

## Administrator

State Street Bank International GmbH, acting through its Luxembourg Branch has been appointed as the Administrator pursuant to the Administration Agreement entered into for an unlimited period of time from the date of its signature. The Administrator will act as central administration agent for the SICAV and in such capacity will carry out all administrative duties related to the administration of the SICAV, including the calculation of the Net Asset Value of the Shares and the provision of accounting services to the SICAV.

State Street Bank International GmbH is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank.

The Administrator is not responsible for any investment decisions of the SICAV or the effect of such investment decisions on the performance of the SICAV.

The Administrator has also been appointed as the registrar and transfer agent of the SICAV pursuant to the Administration Agreement. In this function the Administrator will process all subscriptions, redemptions and transfers of Shares and will register these transactions in the share register of the SICAV.

The relationship between the Management Company, the SICAV and the Administrator is subject to the terms of the Administration Agreement. The Management Company, subject to the consent of the SICAV, and the Administrator may terminate the Administration Agreement on 90 calendar days' prior written notice. The Administration Agreement may also be terminated on shorter notice in certain circumstances.

The Administration Agreement contains provisions indemnifying the Administrator, and exempting the Administrator from liability, in certain circumstances.

Subject to the prior written consent of the Board of Directors, the Management Company reserves the right to change the administration arrangements described above by agreement with the Administrator and/or in its discretion to appoint an alternative administrator without prior notice to Shareholders. Shareholders will be notified in due course of any appointment of an alternative administrator.

The SICAV has also appointed the Administrator as paying agent and corporate and domiciliary agent pursuant to the Administration Agreement.

# 10.

## Distributor

Upon the recommendation of and with the consent of the SICAV, the Management Company has delegated its distribution functions to Fundsmith LLP.

The Distributor is, inter alia, responsible for assisting investors and/or financial intermediaries to make applications for Shares and for observing all applicable laws and regulatory requirements relating to the promotion, distribution, sale and purchase of Shares in the relevant countries of distribution of Shares.

## 11.

## Depository

The SICAV has appointed State Street Bank International GmbH, acting through its Luxembourg Branch as its Depository within the meaning of the UCI Law pursuant to the Depository Agreement. State Street Bank International GmbH is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank. State Street Bank International GmbH, Luxembourg Branch is authorized by the CSSF in Luxembourg to act as depository and is specialized in depository, fund administration, and related services. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B 148 186. State Street Bank International GmbH is a member of the State Street group of companies having as their ultimate parent State Street Corporation, a US publicly listed company.

The Depository has been entrusted in accordance with the UCI Law, the UCITS Directive and the UCITS V Regulation with the following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable laws and regulations and the Articles;
- ensuring that the value of the Shares is calculated in accordance with applicable laws and regulations and the Articles;
- carrying out the instructions of the Management Company and/or the Investment Manager unless they conflict with applicable laws and regulations or with the Articles;
- ensuring that, in transactions involving the assets of the SICAV, any consideration is remitted to the SICAV within the usual time limits;
- ensuring that the income of the SICAV is applied in accordance with applicable laws and regulations

and the Articles;

- monitoring properly the SICAV's cash and cash flows. In particular, the Depositary shall ensure that all payments made by, or on behalf of, investors/Shareholders upon the subscription of Shares have been received, and that all cash of the SICAV has been duly booked; and
- safe-keeping of the SICAV's assets, including providing a comprehensive inventory of the SICAV's assets. In particular, assets that are capable of being held in custody should be differentiated from those that are not, to which record-keeping and ownership verification requirements apply. In application of the above, the safe-keeping duties of the Depositary include (i) regarding the assets that may be held in custody: holding the above assets in custody and ensuring that they are registered in the Depositary's books within segregated accounts and (ii) regarding other assets: verifying the ownership and maintaining a record of such assets.

### **Depositary's liability**

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

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCI Law, the UCITS Directive, and in particular Article 18 of the UCITS V Regulation, the Depositary shall return financial instruments of identical type or the corresponding amount to the SICAV without undue delay.

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 pursuant to the UCI Law, the UCITS Directive and the UCITS V Regulation. 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 SICAV provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.

The Depositary will be liable to the SICAV for all other losses suffered by the SICAV as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCI Law, the UCITS Directive and the UCITS V Regulation.

Subject to the UCI Law, the UCITS Directive and the UCITS V Regulation which provides for that only in the case of an external event beyond the control of the Depositary, the consequences of which are unavoidable despite all reasonable efforts to the contrary, may the Depositary avoid to be held liable the Depositary shall not be liable for consequential or indirect damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

### **Delegation**

The Depositary has full power to delegate the whole or any part of its safe-keeping functions provided that the tasks are not delegated with the intention of avoiding the requirements laid down in the UCI Law, the UCITS Directive and the UCITS V Regulation and the Depositary can demonstrate that there is an objective reason for the delegation. Notwithstanding the above, when delegating, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping functions.

The Depositary has delegated those safekeeping duties to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the SICAV.



**Conflicts of Interest**

The Depositary has implemented the relevant checks and procedures to ensure that it is managed and organised in such a way as to minimise any potential conflicts of interest with the interest of the SICAV/its Shareholders which shall be properly disclosed to Shareholders, the Depositary will establish, implement and maintain operational an effective conflicts of interest policy and a functional, hierarchical and contractual separation between the performance of its depositary functions and the performance of other tasks.

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 certain 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, financial advice and/or other advisory services to the SICAV;
- ii. engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the SICAV either as principal and in the interests of itself, or for other clients.

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.

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

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.

The rights and duties of the Depositary are governed by the Depositary Agreement entered into for an unlimited period of time from the date of its signature. The Depositary Agreement provides that either party may terminate this agreement at any time giving up three months' notice' written notice to the other; provided that such termination is subject to the condition that a new Depositary assumes the responsibilities and functions of the Depositary and provided further that (i) a material breach (*faute grave*) by any party which shall not have been remedied within 30 days of written notice thereof having been given to the party in breach by the other party shall entitle the party giving such notice to terminate the Agreement with immediate effect; and (ii) the Depositaryship shall, if terminated by the SICAV, continue thereafter for such period as may be necessary for the complete delivery or transfer of all assets held hereunder as herein provided. In addition, the Depositary Agreement may be terminated immediately in certain circumstances, such as a party becoming insolvent or unable to pay its debts as they fall due, if the SICAV ceases to be authorised under the UCI Law or if the Depositary ceases to be authorised to perform the services and its duties and obligations under the Depositary Agreement.

In case of termination of the Depositary Agreement, the SICAV will use its best endeavours to appoint a new depositary bank within two months which will assume the responsibilities, duties and obligations of the Depositary. In case of termination, the Depositary, until its replacement, which must happen within two months, must take all necessary steps for the good preservation of the interest of holders of Shares.

In compliance with the relevant provisions of the UCI Law governing the management of Luxembourg UCITS on a cross-border basis by a management company authorised under the laws of another Member State and regulated by the competent authorities of that Member State, the Management Company and the Depositary have entered into an agreement in order to regulate the flow of information deemed necessary to allow the Depositary to perform its functions as depositary of the SICAV. This agreement describes, especially, the Depositary's obligations and procedures with respect to the SICAV's assets, including for the custody and safekeeping of each type of asset of the SICAV, the procedures applicable in case of modification to the Articles, this Prospectus and other documents relating to the SICAV, the exchange of information between the Management Company and the Depositary regarding the SICAV (notably, with respect to delegations and the subscription/redemption of Shares), the SICAV's compliance with applicable laws and regulations in relation to anti-money laundering and combating the financing of terrorism, and the treatment of confidential information.

# 12.

## Subscriptions

Shares will be available for subscription at the Subscription Price on each Dealing Day on a forward pricing basis as further described under the section “Procedure” below.

The Directors are authorised from time to time to resolve to close a Class of Shares to new subscriptions on such basis and on such terms as the Directors may in their absolute discretion determine.

In addition, the Directors may decide to close the SICAV to subscriptions for such period of time as they consider to be in the best interests of the SICAV and its Shareholders if, on any Valuation Day, the amount of the SICAV’s assets would prevent it to be managed in an efficient way and/or further inflows would be detrimental to the performance of the SICAV and the completion of its objective and/or would trigger tax implications that would be detrimental to the SICAV.

### **Procedure**

Applicants for Shares should complete and sign an Account Opening Form and send it to the Administrator by mail. Once the account has been opened, the applicant will be notified. The applicant should then complete a Deal Instruction Form and send that by mail (or, subject to the following, by facsimile) to the Administrator.

Thereafter, Shareholders wishing to apply for additional Shares should complete a Deal Instruction Form and send it by mail (or, subject to the following, by facsimile) to the Administrator.

Applications accepted prior to the Cut-Off Time for a particular Dealing Day will be processed on that Dealing Day. Any applications received after the Cut-Off Time for a particular Dealing Day will be processed on the following Dealing Day. Payment in the Reference Currency in respect of the subscription monies must be received by the Administrator within 4 Business Days of the relevant Dealing Day. If the subscription monies are not received by this time, the deal instruction will be held over until the first Dealing Day following the receipt of the subscription monies.

Dealing Days for each Class of Shares and the respective Cut-Off Times are specified in Appendix 1 to this Prospectus.

The original signed Account Opening Form and such other supporting documents (such as documentation in relation to money laundering prevention checks) as may be required by the Administrator must be sent by mail and received by the Administrator in order to process the initial application for shares. Thereafter, Shareholders wishing to apply for additional Shares may apply for Shares by facsimile and these applications may be processed without a requirement to submit original documentation. Amendments to a Shareholder's registration details and payment instructions will only be effected on receipt of original documentation.

Fractions of Shares to two decimal places will be issued if necessary. Interest on subscription monies will accrue to the SICAV in accordance with the provision under the section "Delivery into Clearstream/Euroclear" below.

The SICAV reserves the right to reject any application in whole or part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable in the relevant currency at the risk and cost of the applicant.

### **Delivery into Clearstream/Euroclear**

Arrangements can be made for Shares to be held in accounts maintained with either Clearstream or Euroclear.

Investors should note that Clearstream will accept deliveries of fractional Shares to two decimal places. Investors should further note that Euroclear shall only accept deliveries for whole numbers of Shares.

### **Subscription price**

The Subscription Price per Share will be equal to the Net Asset Value per Share as of the relevant Valuation Day determined in accordance with the policy set out below in the section "Valuation". The Net Asset Value per Share applicable to any Dealing Day will be calculated, available and published after the Cut-Off Time for that Dealing Day, at a time specified in Appendix 1 to this Prospectus. As a result, subscription requests shall be submitted at an unknown Net Asset Value.

### **Minimum Investment**

The Minimum Holding, the Minimum Subscription and the Minimum Additional Subscription (if any) for each Class are set out in Appendix 1 to this Prospectus.

### **Ineligible applicants**

The Account Opening Form requires each prospective applicant for Shares to represent and warrant to the SICAV that, among other things, it is not an Ineligible Applicant.

In particular, the Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, might result in the SICAV incurring any liability to taxation or suffering any other pecuniary disadvantage which the SICAV might not otherwise incur or suffer, or would result in the SICAV being required to register under any applicable U.S. securities laws.

Shares may generally not be issued or transferred to any U.S. Person, except that the Directors may authorise the issue or transfer of Shares to or for the account of a U.S. Person provided that the Directors are satisfied that such issue or transfer will not result in any adverse legal, regulatory or tax consequences to the SICAV or its Shareholders as a whole. Each applicant for, and transferee of, Shares who is a U.S. Person will be required to provide such representations, warranties or documentation as may be required by the Directors to ensure that these requirements are met prior to the issue or the registration of any transfer of Shares. If the transferee is not already a Shareholder, it will be required to complete the appropriate Account Opening Form.

### **Form of shares**

All the Shares will be registered Shares and will only be issued in book entry form, meaning that a Shareholder's entitlement will be evidenced by an entry in the SICAV's register of Shareholders, as maintained by the Administrator. No share certificates will be issued or delivered.

## **Suspension**

The Directors may declare a suspension of the issue of Shares in certain circumstances as described under "Suspension of Valuation of Assets". No Shares will be issued during any such period of suspension.

## **Luxembourg Register of Beneficial Owners**

The Luxembourg Law of 13 January 2019 creating a Register of Beneficial Owners (the "RBO Law") entered into force on the 1 March 2019. The RBO Law requires all companies registered on the *Registre de Commerce et des Sociétés* of Luxembourg, including the SICAV, to obtain and hold information on their beneficial owners ("Beneficial Owners") at their registered office. The SICAV must register Beneficial Owner-related information with the Luxembourg Register of Beneficial Owners, which is established under the authority of the Luxembourg Ministry of Justice.

The RBO Law broadly defines a Beneficial Owner, in the case of corporate entities such as the SICAV, as any natural person(s) who ultimately owns or controls the SICAV through direct or indirect ownership of a sufficient percentage of the Shares or voting rights or ownership interest in the SICAV, including through bearer Shareholders, or through control via other means, other than a company listed on a Regulated Market that is subject to disclosure requirements consistent with EU law or subject to equivalent international standards which ensure adequate transparency of ownership information.

A shareholding of 25% plus one Share or an ownership interest of more than 25% in the SICAV held by a natural person shall be an indication of direct ownership. A shareholding of 25% plus one Share or an ownership interest of more than 25% in the SICAV held by a corporate entity, which is under the control of a natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership.

In case the aforementioned Beneficial Owner criteria are fulfilled by an investor with regard to the SICAV, this investor is obliged by law to inform the SICAV in due course and to provide the required supporting documentation and information which is necessary for the SICAV to fulfill its obligation under the RBO Law. Failure by the SICAV and the relevant Beneficial Owners to comply with their respective obligations deriving from the RBO Law will be subject to criminal fines. Should an investor be unable to verify whether they qualify as a Beneficial Owner, the investor may approach the SICAV for clarification.

## **Anti-money laundering**

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism), the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556, 15/609 and 17/650 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements, obligations have been imposed on all professionals of the financial sector in order to prevent UCI from acts/occurrences of money laundering and financing of terrorism. As a result of such provisions, a detailed identification and verification of the identity of an applicant for Shares and where applicable the beneficial owner, on a risk sensitive basis, as well as the monitoring of the relationship on an ongoing basis is required. Amendments to a Shareholder's details and payment instructions will only be effected on receipt of original documentation.

Except for applicants applying through companies who are regulated professionals of the financial sector, bound in their country by rules on the prevention of money laundering equivalent to those applicable in Luxembourg, (i) the Administrator must verify the identity of the applicant and (ii) for that purpose any applicant applying in its own name or applying through companies established in non equivalent countries, is obliged to submit to the Administrator in Luxembourg all necessary information, which the Administrator may reasonably require to verify the Shareholder's identity. In the case of an applicant acting on behalf of a third party, the Administrator must also verify the identity of the beneficial owner(s). Furthermore, any such applicant hereby undertakes that it will notify the Administrator prior to the occurrence of any change in the identity of any such beneficial owner.

In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto or may refuse to pay redemption proceeds or pay income on shares until proper information has been provided. Investors should note specifically that where redemption proceeds are requested to be remitted to an account which is not in the name of the investor, the Administrator shall settle such redemption requests in exceptional circumstances only and reserves the right to request such information as may be reasonably necessary in order to verify the identity of the investor and the owner of the account to which the redemption proceeds have been requested to be paid. The redemption proceeds will not be paid to a third party account unless exceptional circumstances exist and/or if the investor and/or owner of the account provides such information. Neither the SICAV nor the Administrator will be held responsible for delay of or failure to process deals resulting from not providing documentation or providing incomplete documentation.

From time to time, Shareholders may be asked to supply additional or updated identification documents in accordance with clients' ongoing due diligence obligations according to the relevant laws and regulations.

Each applicant for Shares will be required to make such representations as may be required by the Directors in connection with anti-money laundering programmes, including, without limitation, representations that such applicant is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations.

## **Data protection**

The SICAV (the "Controller") processes information relating to several categories of identified or identifiable natural persons (including, in particular but not limited to, prospective or existing investors, their beneficial owners and other natural persons related to prospective or existing investors) who are hereby referred to as the "Data Subjects". This information has been, is and/or will be provided to, obtained by, or collected by or on behalf of, the Controller directly from the Data Subjects or from other sources (including prospective or existing investors, intermediaries such as distributors, wealth managers and financial advisers, as well as public sources) and is hereby referred to as the "Data".

Detailed and up-to-date information regarding the processing of Data by the Controller is contained in a privacy notice (the "Privacy Notice"). Investors and any persons contacting, or otherwise dealing directly or indirectly with, the Controller or its service providers in relation to the SICAV are invited to obtain and take the time to carefully consider and read the Privacy Notice.

Any question, enquiry or solicitation regarding the Privacy Notice and the processing of Data by the Controller in general may be addressed to [s.godwin@fundsmith.co.uk](mailto:s.godwin@fundsmith.co.uk) or to 33 Cavendish Square London, W1G 0PW, United Kingdom for the attention of Fundsmith LLP, or by calling +44 2035516339

### **Obtaining and accessing the Privacy Notice**

The Privacy Notice is available and can be accessed or obtained online ([www.fundsmith.eu/privacy](http://www.fundsmith.eu/privacy)), by calling +44 2035516339 or upon request addressed to [s.godwin@fundsmith.co.uk](mailto:s.godwin@fundsmith.co.uk) or to 33 Cavendish Square, London, W1G 0PW, United Kingdom for the attention of Fundsmith LLP.

The Privacy Notice notably sets out and describes in more detail:

- the legal basis for processing the Data; and where applicable the categories of Data processed, from which source the Data originate, and the existence of automated decision-making, including profiling (if any);
- that Data will be disclosed to several categories of recipients; that certain of these recipients (the “Processors”) are processing the Data on behalf of the Controller; that the Processors include most of the service providers of the Controller; and that the Processors will act as processors on behalf of the Controller and may also process Data as controllers for their own purposes;
- that Data will be processed by the Controller and the Processors for several purposes (the “Purposes”) and that these Purposes include (i) the general holding, maintenance, management and administration of prospective and existing investment and interest in the SICAV, (ii) enabling the Controller to perform its services and the Processors to perform their services for the SICAV, and (iii) enabling the Controller and the Processors to comply with legal, regulatory and/or tax (including FATCA/CRS) obligations;
- that Data may, and where appropriate will, be transferred outside of the European Economic Area, including to countries whose legislation does not ensure an adequate level of protection as regards the processing of personal data;
- that any communication (including telephone conversations) (i) may be recorded by the Controller and the Processors and (ii) will be retained for a period of 10 years from the date of the recording;
- that Data will not be retained for longer than necessary with regard to the Purposes, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods;
- that failure to provide certain Data may result in the inability to deal with, invest or maintain an investment or interest in, the SICAV;

- that Data Subjects have certain rights in relation to the Data relating to them, including the right to request access to such Data, or have such Data rectified or deleted, the right to ask for the processing of such Data to be restricted or to object thereto, the right to portability, the right to lodge a complaint with the relevant data protection supervisory authority, or the right to withdraw any consent after it was given.

All persons contacting, or otherwise dealing directly or indirectly with, any of the Controller or their service providers in relation to the SICAV, will likely be requested to formally acknowledge, agree, accept, represent, warrant and/or undertake (where applicable) that they have obtained and/or have been able to access the Privacy Notice; that the Privacy Notice may be amended at the sole discretion of the Controller; that they may be notified of any change to or update of the Privacy Notice by any means that the Controller deem appropriate, including by public announcement; that they have authority to provide, or to cause or allow the provision, to the Controller any Data relating to third-party natural persons that they provide, or cause or allow the provision, to the Controller; that, if necessary and appropriate, they are required to obtain the (explicit) consent of the relevant third-party natural persons to such processing; that these third-party natural persons have been informed of the processing by the Controller of the Data as described herein and their related rights; that these third-party natural persons have been informed of, and provided with, easy access to the Privacy Notice; that when notified of a change or update of the Privacy Notice they will continue this change or update to these third-party natural persons; that they and each of these third-party natural persons shall abide by any limitation of liability provision contained in the Privacy Notice; and that they shall indemnify and hold the Controller harmless from and against adverse consequences arising from any breach of the foregoing.

# 13.

## Redemptions

Shareholders may apply for redemption of all or any of their Shares on any Dealing Day specified for the relevant Class of Shares in Appendix 1 to this Prospectus. Shareholders should send a completed redemption request in the form available from the Administrator to be received by the Administrator no later than the Cut-Off Time for the Dealing Day in question.

### **Procedure**

Redemption requests may be submitted to the Administrator by facsimile, provided that the original version of the Account Opening Form has been received by the Administrator and all the documentation required by the SICAV (including any documents in connection with anti-money laundering procedures) and the anti-money laundering procedures have been completed.

Any redemption requests received after the Cut-Off Time for a Dealing Day will be processed on the next Dealing Day.

A request for a partial redemption of Shares will be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the Shareholder would be less than the Minimum Holding.

A redemption request, once given, is irrevocable save with the consent of the Directors (which may be withheld in their discretion).

### **Minimum redemption**

The Minimum Redemption (if any) for each Class is set out in Appendix 1 to this Prospectus.

### **Redemption price**

The Redemption Price per Share will be equal to the Net Asset Value per Share as of the relevant Valuation Day determined in accordance with the policy set out below in the section "Valuation". The Net Asset Value per Share applicable to any Dealing Day will be calculated, available and published after the Cut-Off Time for that Dealing Day. As a result, redemption requests shall be submitted at an unknown Net Asset Value.



## **Settlement**

Payment of redemption proceeds will be made as soon as practicable after the relevant Dealing Day and normally within 4 Business Days of the relevant Dealing Day. Payment will be made in the Reference Currency of the Shares being redeemed by direct transfer in accordance with instructions given by the redeeming Shareholder to the Administrator and at the Shareholder's risk. Payments made on receipt of faxed instructions will only be processed where payment is made to the account of record as provided on either (a) the original, duly signed, initial Account Opening Form, or (b) the original, duly signed bank mandate change request.

## **Suspension**

The Directors may declare a suspension of the redemption of Shares in certain circumstances as described under "Suspension of Valuation of Assets". No Shares will be redeemed during any such period of suspension.

## **Compulsory redemptions**

The Directors may effect a compulsory redemption of any or all Shares held by or for the benefit of a Shareholder at any time for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the SICAV or the Management Company incurring any liability or taxation or suffering any other disadvantage which the SICAV or the Management Company may not otherwise have incurred or suffered (including, but not limited to, Shareholders who become Ineligible Applicants or U.S. Persons under FATCA, persons that do not provide necessary information requested by the SICAV in order to comply with legal and regulatory rules as but not limited to the FATCA provisions, and persons that are deemed to cause potential financial risk for the SICAV). Furthermore, the Directors may effect a compulsory redemption of any or all Shares held by or for the benefit of a Shareholder at any time in exceptional circumstances where they determine that such a compulsory redemption is in the interest of investors. If the Net Asset Value of the Shares held by the Shareholders is less than the Minimum Holding for the relevant Class of Shares, the SICAV reserves the right to require compulsory

redemption of all Shares of the relevant Class held by a Shareholder or alternatively to effect a compulsory exchange of all Shares of the relevant Class held by a Shareholder for Shares of another Class which has a lower Minimum Holding. Where the Net Asset Value of the Shares held by a Shareholder is less than the Minimum Holding and the SICAV decides to exercise its right to compulsorily redeem for this reason, the SICAV will notify the Shareholder in writing and allow such Shareholder 30 calendar days to purchase additional Shares to meet the minimum requirement.

## **Deferred redemptions**

The Directors may (but are not obliged to) defer redemptions at a particular Dealing Day to the next Dealing Day where the requested redemptions exceed 10% of the SICAV's Net Asset Value. The Directors will ensure the consistent treatment of all Shareholders who have sought to redeem Shares at any Dealing Day at which redemptions are deferred. The Directors will pro- rate all such redemption requests to the stated level (i.e. 10% of the SICAV's Net Asset Value) and will defer the remainder until the next Dealing Day. The Directors will also ensure that all deals relating to an earlier Dealing Day are completed before those relating to a later Dealing Day are considered.

The Directors currently expect not to exercise such power to defer redemptions except to the extent that they consider that existing Shareholders would otherwise be materially prejudiced or that such exercise is necessary to comply with applicable law or regulation.

## **Redemptions in kind**

The SICAV shall have the right, if the Board of Directors so determines, to satisfy payment of the Redemption Price, to any Shareholder who agrees, in kind by allocating to such Shareholder investments from the portfolio of assets of the SICAV equal in value (calculated in the manner described in the Articles) as of the Valuation Day, when the Redemption Price is calculated, to the value of the Shares to be redeemed. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other holders of Shares and the valuation used shall be confirmed by a special report of the auditor of the SICAV. The costs of any such transfers shall be borne by the transferee.

## **Anti-money laundering**

Investors should note that the Directors may refuse to settle a redemption request if it is not accompanied by such additional information as they, or the Administrator on their behalf, may reasonably require. This power may, without limitation to the generality of the foregoing, be exercised where proper information has not been provided for anti-money laundering verification purposes as described under "Subscriptions".

# 14.

## Exchanging between share classes

Except when issues and redemptions of Shares have been suspended in the circumstances described under “Suspension of Valuation of Assets”, holders of Shares may request an exchange of some or all of their Shares in one Class (the “**Original Class**”) for Shares in another Class (the “**New Class**”). Such exchanges can only take place, if following the exchange, the Shareholder’s holding in the New Class will satisfy the criteria and applicable Minimum Holding requirements of that Class.

### **Procedure**

Shareholders should send a completed exchange request in the form available from the Administrator to be received by the Administrator prior to the earlier of the Cut-Off Time for redemptions in the Original Class and the Cut-Off Time for subscriptions in the New Class. Any applications received after such time will be dealt with on the next Dealing Day.

The Directors may at their absolute discretion reject any request for the exchange of Shares in whole or in part.

Fractions of Shares to two decimal places may be issued by the SICAV on exchange where the value of Shares exchanged from the Original Class is not sufficient to purchase an integral number of Shares in the New Class and any balances representing entitlements of less than a fraction of a Share to two decimal places will be retained by the SICAV in order to discharge administration costs.

An exchange request, once given, is irrevocable save with the consent of the Directors (which may be withheld in their discretion) or in the event of a suspension of calculation of the Net Asset Value of the SICAV in respect of which the exchange requests are made.

An exchange of Shares of one Class for Shares of another Class will be treated as a redemption of Shares and a simultaneous purchase of Shares. An exchanging Shareholder may, therefore, realise a taxable gain or loss in connection with the conversion under the laws of the country of the shareholder’s citizenship, residence or domicile.

The number of Shares of the New Class to be issued will be calculated in accordance with the following formula:

$$S = \frac{(R \times NAV)}{SP}$$

where:

**S** is the number of Shares of the New Class to be allotted.

**R** is the number of Shares in the Original Class to be redeemed.

**NAV** is the Net Asset Value per Share of the Original Class as at the relevant Dealing Day.

**SP** is the Net Asset Value per Share of the New Class as at the relevant Dealing Day.

All terms and notices regarding the subscription and redemption of Shares shall equally apply, where relevant, to the exchange of Shares.

# 15.

## Prevention of late trading and market timing

Late trading is to be understood as the acceptance of a subscription, conversion or redemption order for shares in a fund after the time limit fixed for accepting orders on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day.

The SICAV considers that the practice of late trading is not acceptable as it violates the provisions of this Prospectus which provide that an order received after the Cut-Off Time is dealt with at a Subscription or Redemption Price based on the Net Asset Value calculated on the next applicable Dealing Day. As a result, subscriptions, exchanges and redemptions of Shares shall be dealt with at an unknown Net Asset Value. The Cut-Off Time with respect to a Dealing Day for each Class of Shares is set out in Appendix 1 to this Prospectus.

Market timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same undertaking for collective investment within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the undertaking for collective investment.

The SICAV considers that the practice of market timing is not acceptable as it may affect the SICAV's performance through an increase of the costs and/or entail a dilution of the profit. As a result, the SICAV reserves the right to refuse any application for subscription or exchange of Shares which might or appears to be related to market timing practices and to take any appropriate measures in order to protect investors against such practice.

# 16.

## Valuation

### **Net asset value and valuation of assets**

The Net Asset Value of each Class will be calculated by the Administrator as of each Valuation Day in accordance with the Articles. The Net Asset Value of each Class will be expressed in the relevant Reference Currency of the relevant Class.

The Net Asset Value of each Class shall be determined as of the Valuation Day by valuing the assets of the SICAV (including income accrued but not collected) and deducting the liabilities of the SICAV.

The Net Asset Value attributable to a Class shall be determined as of the Valuation Day by calculating that portion of the Net Asset Value of the SICAV attributable to the relevant Class as of the Valuation Day by reference to the number of Shares in issue in each Class as of the relevant Valuation Day subject to adjustment to take account of assets and/or liabilities attributable to the Class.

The Net Asset Value per Share shall be calculated as of the Valuation Day by dividing the Net Asset Value of the SICAV attributable to a Class by the total number of Shares in issue or deemed to be in issue in that Class as of the relevant Valuation Day and rounding the resulting total to two decimal places or such number of decimal places as the Directors may determine.

In determining the value of the assets of the SICAV:

- (a) Cash on hand or on deposit will be valued at its nominal/face value plus accrued interest, where applicable, to the end of the relevant Valuation Day.

- (b) The value of any Transferable Securities and Money Market Instruments which are quoted, listed or traded on a Regulated Market save otherwise mentioned below will be valued at last traded market prices, which may be, the closing market price, the mid-market price or the latest market price, as appropriate. Where a security is listed or dealt in on more than one Regulated Market, the relevant exchange or market shall be the principal stock exchange or market on which the security is listed or dealt on. Investments listed or traded on a Regulated Market, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market may be valued taking into account the level of premium or discount as of the Valuation Day provided that a competent person (having been appointed by the Directors) shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
- (c) The value of any Transferable Security which is not quoted, listed or dealt in on a Regulated Market or which is so quoted, listed or dealt in but for which no such quotation or value is available or the available quotation or value is not representative shall be the probable realisation value as estimated with care and good faith by (i) the Directors or (ii) a competent person, firm or corporation (including the Investment Manager) selected by the Directors or (iii) any other means. Where reliable market quotations are not available for fixed income securities the value of such securities may be determined using matrix methodology compiled by the Directors whereby such securities are valued by reference to the valuation of other securities which are comparable in rating, yield, due date and other characteristics.
- (d) The value of Money Market Instruments not listed or dealt in on any stock exchange or any other Regulated Market and with remaining maturity of less than twelve (12) months and of more than sixty (60) days is deemed to be the market value thereof, increased by any interest accrued thereon. Money Market Instruments with a remaining maturity of sixty (60) days or less will be valued by the amortized cost method, which approximates market value.
- (e) The Directors may value securities having a residual maturity not exceeding three months and having no specific sensitivity to market parameters including credit risk, using the amortised cost method of valuation.
- (f) Notwithstanding paragraph (b) above units in collective investment schemes shall be valued at the latest available net asset value per unit or mid price as published by the relevant collective investment scheme or, if listed or traded on a Regulated Market, in accordance with (b) above.
- (g) The Directors may adjust the value of any investment if having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof.
- (h) Where the value of any investment is not ascertainable as described in the Articles, the value shall be the probable realisation value estimated by the Directors with care and in good faith or by a competent person.
- (i) If the Directors deem it necessary, a specific investment may be valued under an alternative method of valuation chosen by the Directors.
- In calculating the Net Asset Value there shall be deducted from the assets of the SICAV:
- (a) all borrowings, loans, bills and accounts payable and all accrued interest on loans or borrowings of the SICAV (including accrued fees for commitment for such loans or borrowings);
- (b) all accrued or payable expenses, including, but not limited to, administrative expenses, the remuneration of the Administrator, the Depositary, the Management Company, the Investment Manager, the Investment Advisor and any service providers of the SICAV, together with a sum equal to the value added tax chargeable thereon (if any);

- (c) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the SICAV;
- (d) an appropriate provision for future taxes based on capital and income to the Valuation Day, as determined from time to time by the SICAV, and other reserves, if any, authorised and approved by the Board of Directors, as well as such amount (if any) as the Board of Directors may consider to be an appropriate allowance in respect of any contingent liabilities of the SICAV;
- (e) an amount as of the relevant Valuation Day representing the projected liability of the relevant calls on Shares in respect of any warrants issued and/or options written by the SICAV; and
- (f) an amount as of the relevant Valuation Day representing the projected liability of the SICAV in respect of costs and expenses to be incurred by the SICAV in the event of a subsequent liquidation;
- (g) the formation expenses of the SICAV insofar as the same have not been written off; and
- (h) the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable out of the assets of the SICAV (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the relevant Valuation Day, in accordance with the Articles.
- In calculating the Net Asset Value of each Class the following principles will apply:
- (a) The Board of Directors may at its discretion permit any other method of valuation to be used if they consider that such method of valuation better reflects value generally or in particular markets or market conditions and is in accordance with good practice.
- (b) Shares of the SICAV to be redeemed under the Articles shall be treated as existing and taken into account until immediately after the time specified by the Board of Directors as of the Valuation Day on which such redemption is made and from such time and until paid by the SICAV the price therefore shall be deemed to be a liability of the SICAV.
- (c) Shares to be issued by the SICAV shall be treated as being in issue as from the time specified by the Board of Directors as of the Valuation Day on which such issue is made and from such time and until received by the SICAV. The price therefore shall be deemed to be a debt due to the SICAV.
- (d) The value of all assets and liabilities not expressed in the reference currency of a Class will be converted into the reference currency of such Class at the rate of exchange determined as of the relevant Valuation Day in good faith by or under procedures established by the Board of Directors.
- (e) Where, as of any Valuation Day, the SICAV has contracted to:
- purchase any asset, the value of the consideration to be paid for such asset shall be shown as a liability of the SICAV and the value of the asset to be acquired shall be shown as an asset of the SICAV; or
  - sell any asset, the value of the consideration to be received for such asset shall be shown as an asset of the SICAV and the asset to be delivered shall not be included in the assets of the SICAV,
- but provided, in each case, (i) that if the exact value or nature of such consideration or such asset is not known as of such Valuation Day, then its value shall be estimated by the SICAV, and (ii) unless the Directors have reason to believe such purchase or sale will not be completed.
- (f) The Board of Directors, in its absolute discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset and / or liability of the SICAV.
- (g) There shall be added to the assets of the SICAV a sum representing any interest, dividends or other income accrued but not received and a sum representing unamortised expenses.



- (h) There shall be added to the assets of the SICAV any actual or estimated amount of any taxation of a capital nature which may be recoverable by the SICAV and the total amount (whether actual or estimated by the Directors or their delegate) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of double taxation relief.

In the absence of fraud, bad faith, gross negligence or manifest error, every decision taken by the Directors or any committee of the Directors or any duly authorised person on behalf of the SICAV in calculating the Net Asset Value of a Class or the Net Asset Value per Share shall be final and binding on the SICAV and on present, past or future Shareholders, subject to the Articles.

The Directors have delegated to the Administrator the day to day responsibility for the calculation of the Net Asset Value and Net Asset Value per Share.

## Swing pricing

The SICAV may suffer a reduction in value of its investment as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or conversions in and out of the SICAV. This is known as “dilution”.

In order to counter this and to protect shareholders’ interests, the SICAV may apply a “swing pricing” as part of its valuation policy.

This will mean that in certain circumstances, the Board may make adjustments in the calculations of the Net Asset Values per Share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

If on any Valuation Day the aggregate transactions in Shares of the SICAV result in a net increase or decrease of Shares which exceeds a threshold set by the Board from time to time (relating to the cost of market dealing for the SICAV), the Net Asset Value will be adjusted by an amount (not exceeding 0.25% of the Net Asset Value) which reflects both the estimated fiscal charges and dealing costs that may be incurred by the SICAV and the estimated bid/offer spread of the assets in which the SICAV invests. This maximum amount will not vary even in case of change of market conditions (i.e. it will not be increased in unusual market conditions). The adjustment will be an addition when the net movement results in an increase of all Shares of the SICAV and a deduction when it results in a decrease.

The Management Company has implemented a swing pricing mechanism policy, which has been approved by the Board as well as specific operational procedures governing the day-to-day application of the swing pricing mechanism. The applicable swing factor will be determined on the basis of the below mentioned factors and is then approved by the Board.

Swing pricing is applied on the capital activity of the SICAV and does not address the specific circumstances of each individual investor transaction. The decision to swing is based on the overall net-flows into the SICAV, not per Share Class. The swing pricing adjustments aims to protect the overall performance of SICAV, to the benefit of existing investors.

## Publication of net asset value per share

The Net Asset Value per Share may be obtained free of charge from, and will be available at, the offices of the Administrator during business hours in Luxembourg as well as on the website of the SICAV at [www.fundsmith.eu](http://www.fundsmith.eu).

The Net Asset Value per Share applicable to any Dealing Day will be calculated, available and published after the Cut-Off Time for that Dealing Day.

**Suspension of determination of net asset value**

The Directors may at any time and from time to time temporarily suspend the determination of the Net Asset Value per Share of any particular Class and the issue, conversion and redemption of Shares:

- (a) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Regulated Markets on which the SICAV's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted;
- (b) during the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation by the SICAV of its investments is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of the SICAV;
- (c) during the whole or part of any period when any break-down occurs in the means of communication normally employed in determining the price or value of any of the SICAV's investments;
- (d) during the whole or any part of any period when for any reason the price or value of any of the SICAV's investments cannot be reasonably, promptly or accurately ascertained;
- (e) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of the SICAV being unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (f) following a possible decision to merge, liquidate or dissolve the SICAV;
- (g) where any other reason makes it impossible or impracticable to determine the value of a portion of the investments of the SICAV; or
- (h) where, in exceptional circumstances, the Directors, determine that suspension of the determination of Net Asset Value is in the interest of Shareholders.

Any suspension of valuation of the Net Asset Value of the SICAV and the issue, exchange and redemption of Shares in any Class shall be notified to Shareholders having made an application for subscription, redemption or conversion of Shares for which the calculation of the Net Asset Value has been suspended.

# 17.

## Fees and expenses

Any fees or expenses payable by a Shareholder or out of the assets of the SICAV are set out in this section.

### **Charges**

#### **Preliminary charge**

The SICAV does not levy any preliminary charge on the subscription of Shares by an investor.

#### **Redemption charge**

The SICAV does not levy any redemption charge on the redemption of Shares by an investor.

#### **Exchange charge**

The SICAV does not levy any exchange charge on the exchange of Shares by an investor.

### **Fees**

#### **Management fee**

The SICAV will remunerate the Management Company and the Investment Manager for their services out of an aggregate management fee, as specified for each Class of Shares in Appendix 1, which is payable monthly in arrears and accrued as of each Valuation Day.

The Management Company and the Investment Manager will not receive any performance fee.

The Investment Manager is entitled to appoint investment advisor(s). Such appointment will be at the cost of the Investment Manager. However, the SICAV, the Investment Manager and the Investment Advisor may contractually agree that the payment of the fees be effected by the SICAV (acting on behalf of the Investment Manager) out of the assets of the SICAV. In such a case, the management fee will be reduced in proportion to the payment made to the Investment Advisor so that the total fees paid by the SICAV to the Investment Manager and to the Investment Advisor will never exceed the amount of the management fee, as disclosed in Appendix 1.

#### **Depositary's fees**

The SICAV shall pay to the Depositary out of the assets of the SICAV an annual fee, accrued as of each Valuation Day and payable monthly in arrears, at a maximum annual rate of 0.4% of the Net Asset Value (subject to a minimum asset level).

## **Paying agents' fees**

Fees and expenses of any paying agent(s) appointed by the SICAV which will be at normal commercial rates will be borne by the SICAV.

## **Administrator's fees**

The SICAV shall pay to the Administrator out of the assets of the SICAV an annual fee, accrued as of each Valuation Day and payable monthly in arrears, at a maximum annual rate of 0.16% of the Net Asset Value (subject to a minimum asset level).

## **Directors' fees**

With the exception of Mr. Smith and Mr. Godwin, the SICAV shall pay the Directors out of the assets of the SICAV an annual fee which will be published in the corresponding annual/semi-annual report. Mr. Smith and Mr. Godwin shall not receive a fee for acting as Director.

## **Operating expenses and fees**

The SICAV bears its own operating and other expenses. Where applicable, these expenses include (but are not limited to) (a) all investment expenses (including, but not limited to, specific expenses incurred in obtaining systems, research and other information utilised for portfolio management purposes, including the costs of statistics and services, service contracts for quotation equipment and related hardware and software), (b) all fees and expenses of transactional and trade-related services including, for the avoidance of doubt and without limitation, costs incurred in arranging and participating in stocklending programme, (c) all administrative expenses and custody fees, (d) all of the charges and expenses of legal and professional advisers, accountants and auditors (including in connection with the preparation of the SICAV's tax returns), (e) all brokers' commissions, all fees for investment research and/or trade ideas, all borrowing charges on short positions taken through derivative instruments and any issue or transfer taxes or stamp duties chargeable in connection with securities transactions, (f) all taxes and corporate fees payable to governments or agencies, (g) all interest on borrowings, (h) all communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (i) the fees and expenses of

the Directors (in accordance with the Articles), including the reasonable travel expenses of the Directors and all of the costs of insurance for the benefit of the Directors (if any), (j) all litigation, regulatory investigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (k) the fees of the CSSF, (l) the cost of termination of the SICAV, (m) the fees and expenses of any regulator, paying agent, representative, distributor or correspondent bank appointed in connection with the registration of the SICAV or the marketing of Shares or the application for and maintenance of particular tax treatment for the Shares in any jurisdiction, (n) the costs of any liability insurance obtained on behalf of the SICAV, and (o) all other organisational and operating expenses.

Any such operating and other expenses may be deferred and amortised by the SICAV, in accordance with standard accounting practice, at the discretion of the Directors. An estimated accrual for operating expenses of the SICAV will be provided for in the calculation of the Net Asset Value of the SICAV. Operating expenses and the fees and expenses of service providers which are payable by the SICAV shall be borne by all Shares in proportion to the Net Asset Value of the SICAV or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Class shall be borne solely by the relevant Class.

## **Charges to capital**

Where the Management Company determines that the generation of income in a Class has equal or higher priority to capital growth, all or part of the fees and expenses attributable to that Class may be charged against capital instead of against income. This will constrain and may forego the potential for future capital growth.

# 18.

## Taxation

### General

The information below on Luxembourg taxation are brief summaries of the tax advice received by the Directors relating to current law and practice which may be subject to change and interpretation.

This section does not purport to be a comprehensive description of all Luxembourg tax laws and considerations that may be relevant to a decision to invest in, own, hold, or dispose of Shares.

The information given below does not constitute legal or tax advice and prospective investors should consult their own professional advisers on the possible tax consequences of buying, selling, exchanging, holding or redeeming Shares under the laws of the jurisdictions in which they may be subject to tax. Investors are also advised to inform themselves as to any exchange control regulations applicable in their country of residence.

Generally the tax consequences of acquiring, holding, exchanging, redeeming or disposing of Shares in the SICAV will depend on the relevant laws of the jurisdiction to which the Shareholder is subject. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed gains of the SICAV. These consequences will vary with the law and practice of the Shareholder's country of residence, domicile or incorporation and with his personal circumstances. The Directors, the SICAV and each of the SICAV's agents shall have no liability in respect of the individual tax affairs of Shareholders.

Dividends, interest and capital gains (if any) which the SICAV receives with respect to investments may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the SICAV may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Luxembourg and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the SICAV the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Shareholders rateably at the time of the repayment.

### **Luxembourg withholding tax**

Interest and dividend income received by the SICAV may be subject to non-recoverable withholding tax in the source countries. The SICAV may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of the Investments. However, the SICAV may benefit from double tax treaties entered into by Luxembourg which may provide for exemption from withholding tax or reduction of withholding tax rate.

Under current Luxembourg tax law and subject to the considerations below, there is no withholding tax on any distribution, redemption or payment made by the SICAV to its Shareholders under the Shares. There is also no withholding tax on the distribution of liquidation proceeds to the Shareholders.

### **Taxation of the SICAV In Luxembourg**

The following summary is based on the law and practice currently applicable in Luxembourg and is subject to changes therein.

The SICAV is not liable to any Luxembourg tax on profits or income. The SICAV is, however, liable in Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05% per annum of its Net Asset Value, such tax being payable quarterly on the basis of the value of the aggregate Net Asset Value of the SICAV at the end of the relevant calendar quarter. No such tax is payable on the value of assets which consist of units or shares of other Luxembourg funds that have already been subject to such tax.

No stamp duty or other tax is payable at a proportional rate in Luxembourg on the issue of Shares against cash except a fixed registration duty of EUR 75.00 if the Articles of the SICAV are amended. No Luxembourg tax is payable on the realised capital appreciation of the assets of the SICAV.

A reduced subscription tax rate of 0.01% per annum or an exemption of the subscription tax may be applicable to certain Classes of Shares, notably those reserved to institutional investors pursuant to articles 174(2)(c) and 175 of the UCI Law. The effective rate of the subscription tax applicable to the various Classes of Shares is disclosed in Appendix 1 to this Prospectus.

Dividends and interest received by the SICAV on its investments may be subject to non-recoverable withholding or other taxes in the countries of origin.

In addition, the SICAV may be liable to certain taxes in countries where the SICAV carries out its investment activities. Those taxes are not recoverable by the SICAV in Luxembourg.

### **Taxation of shareholders**

Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile and/or incorporation.

It is expected that Shareholders in the SICAV will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the taxation consequences for each investor of subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares in the SICAV. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile and/or incorporation and with his personal circumstances.

Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile and/or incorporation.

### **Value added tax**

The SICAV is considered in Luxembourg as a taxable person for value added tax ("VAT") purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the SICAV could potentially trigger VAT and require the VAT registration of the SICAV in Luxembourg as to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments by the SICAV to its shareholders, to the extent such payments are linked to their subscription to the SICAV's Shares and do therefore not constitute the consideration received for any taxable services supplied.

**FATCA**

FATCA requires financial institutions outside the US (“Foreign Financial Institutions” or “FFIs”) to pass information about “Financial Accounts” held, directly or indirectly, by “Specified US Persons” to the US tax authorities, the Internal Revenue Service (“IRS”) on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement.

On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement (“IGA”) with the United States of America and a memorandum of understanding in respect thereof. The SICAV would hence have to comply with this Luxembourg IGA as implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the “FATCA Law”) in order to comply with the provisions of FATCA rather than directly complying with the U.S. Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the SICAV may be required to collect information aiming to identify its financial account holders (including certain entities and their controlling persons) that are Specified U.S. Persons for FATCA purposes (“FATCA Reportable Accounts”). Any such information on FATCA Reportable Accounts provided to the SICAV will be shared with the Luxembourg tax authorities (Administration des Contributions Directes) which will exchange that information on an automatic basis with the IRS.

The SICAV intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its Share of any such payments attributable to actual and deemed U.S. investments of the SICAV. The SICAV will continually assess the extent of the requirements that FATCA, and notably the FATCA Law, place upon it.

To ensure the SICAV's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the SICAV may:

- a) request information or documentation, including W-9 or W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain that Shareholder's FATCA status;

- b) report information concerning a Shareholder and his/her/its account holding in the SICAV to the Luxembourg tax authorities (Administration des Contributions Directes) if such account is deemed a FATCA Reportable Account under the FATCA Law and the Luxembourg IGA;
- c) report information to the Luxembourg tax authorities (Administration des Contributions Directes) concerning payments to Shareholders with FATCA status of a non-participating foreign financial institution;
- d) deduct applicable U.S. withholding taxes from certain payments made to a Shareholder by or on behalf of the SICAV in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- e) divulge any such personal information to any immediate payer of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

By investing in the SICAV, the Shareholders acknowledge that (i) the SICAV is responsible for the treatment of the personal data provided for in the Luxembourg FATCA Law; (ii) the personal data will inter alia be used for the purposes of the Luxembourg FATCA Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (Administration des Contributions Directes) and to the IRS; (iv) responding to FATCA-related questions is mandatory; and (v) the Shareholders have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (Administration des Contributions Directes).

The SICAV reserves the right to refuse any subscription for Shares if the information provided or not provided does not satisfy the requirements under FATCA, the FATCA Law and the Luxembourg IGA.

Prospective investors should consult their professional advisor on the individual impact of FATCA.

All prospective investors and shareholders should consult with their own tax advisors regarding the possible implications of FATCA on their investment in the SICAV.

### Automatic exchange of Information

The Organisation for Economic Co-operation and Development (“OECD”) has developed a common reporting standard (“CRS”) to achieve a comprehensive and multilateral automatic exchange of information on a global basis.

On 29 October 2014, Luxembourg signed the OECD’s multilateral competent authority agreement (“Multilateral Agreement”) to automatically exchange information under the CRS. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (“DAC2”) was adopted to implement the CRS among the EU Member States. The CRS and the DAC2 were implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (“CRS Law”).

The CRS Law requires Luxembourg financial institutions to identify their financial account holders (including certain entities and their controlling persons) and establish if they are fiscally resident in (i) an EU Member State other than Luxembourg or (ii) a jurisdiction which has signed the Multilateral Agreement and which is identified in the list of reportable jurisdictions published by Grand Ducal Decree (“CRS Reportable Accounts”). The first official list of CRS reportable jurisdictions was published on 24 March 2017 and is updated from time to time. Luxembourg financial institutions will then report the information on such CRS Reportable Accounts to the Luxembourg tax authorities (*Administration des Contributions Directes*), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the SICAV may require its Shareholders to provide information or documentation in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status; and report information regarding a Shareholder and his/her/its account holding in the SICAV to the Luxembourg tax authorities (*Administration des Contributions Directes*) if such an account is deemed a CRS Reportable Account under the CRS Law.

By investing in the SICAV, the Shareholders acknowledge that (i) the SICAV is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will inter alia be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) and to the tax authorities of CRS reportable jurisdictions; (iv) responding to CRS-related questions is mandatory; and (v) the Shareholders have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

The SICAV reserves the right to refuse any subscription for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

Prospective investors should consult their professional advisor on the individual impact of the CRS.



# 19.

## Risk management process

In accordance with applicable laws and regulations, the Management Company uses a risk management process which enables it to monitor and measure at all times the risks associated with the SICAV's investments and their contribution to the overall risk profile of the SICAV.

As part of this risk-management process, the global exposure of the SICAV is measured and controlled by the absolute Value at Risk ("**VaR**") approach.

The calculation of the VaR is conducted on the basis of a one-sided confidence interval of 99%, as well as a holding period of 20 days. The VaR of the SICAV is limited by an absolute VaR calculated on the basis of the Net Asset Value of the SICAV and not exceeding a maximum VaR limit determined by the Management Company, taking into account the investment policy and the risk profile of the SICAV.

The SICAV will not use leverage except for short term liquidity management, if required.

# 20.

## Risk factors

The risks described herein should not be considered to be an exhaustive list of the risk which potential investors should consider before investing in the SICAV. Prospective investors should review this Prospectus carefully and in its entirety and consult with their professional and financial advisers before making an application for Shares. Prospective investors should consider, among others, the following factors before subscribing for Shares.

### **Risks of Investing in the SICAV**

#### **Risks Inherent in the holding of shares**

There is no assurance that any appreciation in the value of investments in Shares will occur. The Net Asset Value per Share is expected to fluctuate over time with the performance of the SICAV's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption, if the Net Asset Value per Share at the time of such redemption is less than the Subscription Price paid by such Shareholder or if there remain any unamortised costs and expenses of establishing the SICAV. An investment in Shares should only be made by those persons who are able to sustain a loss on their investment.

The Shares should be viewed as long term investments (at least 5 years).

#### **Amortisation of organisational costs**

The SICAV's financial statements will be prepared in accordance with Luxembourg generally accepted accounting principles. Luxembourg GAAP restrict the amortisation of organisational costs. Notwithstanding this, the Directors are proposing to amortise the costs and expenses of establishing the SICAV and the financial statements may be qualified in this regard.

#### **Charges to capital**

Where all or part of fees and/or charges in respect of any Class may be charged against capital rather than income, this will enhance income returns but may constrain future capital growth.

**Business risk**

The investments of the SICAV are subject to market fluctuations and other risks inherent with investment in stocks and shares. As such, the price of Shares in the SICAV and the income from them can go down as well as up and a Shareholder may not get back the amount invested.

There can be no assurance that the SICAV will achieve its investment objective. The investment results of the SICAV are reliant upon the success of the Investment Manager.

**Valuation of Investments**

In calculating a Net Asset Value, the Administrator may consult the Management Company and the Investment Manager with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvement of the Management Company/Investment Manager in determining the valuation price of the SICAV's investments and the Management Company's/Investment Manager's other duties and responsibilities in relation to the SICAV, the Management Company/Investment Manager will endeavour to resolve any such conflict of interest timely and fairly and in the interest of investors.

In addition, where there is any conflict between IFRS and the valuation principles set out in the Articles and this document in relation to the calculation of Net Asset Value, the latter principles shall take precedence.

**Depositary liability**

In the event of loss suffered by the SICAV as a result of the Depositary's actions or omissions, the SICAV would generally, in order to bring a successful claim against the Depositary, have to demonstrate that it has suffered a loss as a result of Depositary's failure to use such reasonable care as may be expected of a leading global custodian in performing its obligations under the Depositary Agreement. The SICAV may also have to demonstrate that it has suffered a loss as a result of the Depositary's negligence, fraud or wilful default.

**Taxation risks**

The attention of potential investors is drawn to the taxation risks associated with investing in the SICAV. Especially, the tax consequences of acquiring, holding, exchanging, redeeming or disposing of Shares will depend on the relevant laws of the jurisdiction to which a prospective investor or Shareholder is subject. Please see the heading "Taxation" above for additional information on Luxembourg taxation.

**U.S. tax-exempt Investors**

Certain prospective investors may be subject to U.S. federal and state laws, rules and regulations which may regulate their participation in the SICAV, or their engaging directly or indirectly through an investment in the SICAV, in investment strategies of the types which the SICAV may utilise from time to time. While the SICAV believes that its investment programs are otherwise generally appropriate from a tax perspective for the U.S. Tax Exempt Investors for which an investment in the SICAV would be suitable, each type of such investor may be subject to different laws, rules and regulations and should consult with their own advisers as to the advisability and tax consequences of an investment in the SICAV. Investment in the SICAV by tax-exempt entities subject to ERISA and other tax-exempt investors requires special consideration. Trustees or administrators of such investors are urged carefully to review the matters discussed in this Prospectus and the relevant Account Opening Form and Deal Instruction Form.

**Suspension of dealings in shares**

Investors are reminded that their right to redeem Shares (including a redemption by way of exchanging Shares between Classes) may be suspended in any of the exceptional circumstances as described under "Valuation – Suspension of Determination of the Net Asset Value" above. Payment of redemption proceeds may be delayed if the Directors declare a temporary suspension of the determination of the Net Asset Value of the SICAV.

**Long-term investment strategy**

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

**Concentration**

The SICAV'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 SICAV than if a larger number of investments were made.

**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.

**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 SICAV.

**Liquidity risk**

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

**Deferred redemptions**

In the event that redemption requests are received for redemption of Shares representing in aggregate more than 10% of the total number of Shares then in issue, redemption requests may be reduced rateably and pro rata and the redemption of Shares may be carried forward to the next following Dealing Day. In the event of a large number of redemptions, this power to defer redemptions could be exercised on a number of successive Dealing Days and materially restrict a Shareholder's ability to redeem his Shares (as described in more detail in the section "Redemptions").

**Legal risk**

The SICAV may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the SICAV and its operations.

**Other activities of the management company**

The Management Company and its members, officers, employees and affiliates, including those involved in the management of the SICAV, may be engaged in businesses in addition to the management of the SICAV. The Management Company may have proprietary interests in, and manage and advise, other accounts or funds which may have investment objectives similar or dissimilar to those of the SICAV. The attention of prospective investors is further drawn to the section on "Conflicts of Interest" below.

**Counterparty risk**

The SICAV will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to its own insolvency or that of others, bankruptcy, market illiquidity or disruption or other causes and whether resulting from systemic or other reasons.

**Currency risk**

The Reference Currency of the SICAV is the Euro, whereas the underlying investments of the SICAV are denominated in a variety of currencies including U.S. Dollars, Euros and Sterling. The Management Company/Investment Manager will not seek to hedge out currency exposure at SICAV level. Consequently, the performance of the SICAV may be strongly influenced by movements in foreign exchange rates because the Reference Currency of the SICAV may not correspond to the currency of the securities positions it held.

**FATCA and CRS**

Although the SICAV will attempt to satisfy any obligations imposed on it under the IGA and the Luxembourg FATCA Law to avoid the imposition of the 30% withholding tax, no assurance can be given that the SICAV will be able to satisfy these obligations. If the SICAV becomes subject to a withholding tax as a result of FATCA, the value of Shares held by all Shareholders may be materially affected.

The SICAV and/or its Shareholders may also be indirectly affected by the fact that a non-U.S. financial entity does not comply with FATCA regulations even if the SICAV satisfies with its own FATCA obligations.

The SICAV will endeavour to satisfy any obligations imposed on it for FATCA and CRS purposes in order to avoid the application of any Luxembourg penalties for non-compliance under the Luxembourg FATCA Law and the Luxembourg CRS Law. Should the SICAV become subject to such penalties, the value of Shares held by all Shareholders may be materially affected.

# 21.

## Conflicts of interest

The Directors, the Management Company, the Investment Manager, the Depositary and the Administrator and/or their respective affiliates or any person connected with them (together the “Relevant Parties”) may from time to time act as directors, investment manager, manager, distributor, trustee, custodian, depositary, registrar, broker, administrator, investment adviser or dealer in relation to, or be otherwise involved in, other investment funds which have similar or different objectives to those of the SICAV or which may invest in the SICAV. It is, therefore, possible that any of them may, in the course of business, have actual or potential conflicts of interest with the SICAV. The Board of Directors and each of the Relevant Parties will, at all times, have regard in such event to its obligations to the SICAV and will endeavour to ensure that such conflicts are resolved timely and fairly. In addition, subject to applicable law, any Relevant Party may deal, as principal or agent, with the SICAV, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm’s length basis. Any Relevant Party may deal with the SICAV as principal or as agent, provided that it complies with applicable law and regulation and the provisions of the Management Company Agreement, the Investment Management Agreement, the Administration Agreement and/or the Depositary Agreement, where and to the extent applicable.

In calculating the SICAV’s Net Asset Value, the Administrator may consult with the Management Company and the Investment Manager with respect to the valuation of certain investments. There is an inherent conflict of interest between the involvement of the Management Company and the Investment Manager in determining the Net Asset Value of the SICAV and the entitlement of the Management Company and the Investment Manager to a management fee which is calculated on the basis of the Net Asset Value of the SICAV.

The Management Company and the Investment Manager or any of their affiliates or any person connected with them may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the SICAV. Each of the Management Company and the Investment Manager has established and implemented a conflicts of interest policy that contains appropriate measures to mitigate such conflicts of interests.

The foregoing does not purport to be a complete list of all potential conflicts of interest involved in an investment in the SICAV. The Directors will seek to ensure that any conflict of interest of which they are aware is resolved timely and fairly.

# 22.

## Rebates and retrocessions

Subject to applicable laws and regulations, the Management Company/Investment Manager, at its discretion, may on a negotiated basis, enter into private arrangements with a distributor under which the Management Company/Investment Manager makes payments to or for the benefit of such distributor in connection with the distribution of Shares of the SICAV, which represent a rebate of all or part of the fees paid by the SICAV to the Management Company/Investment Manager. In addition, the Management Company/Investment Manager or a distributor at their discretion, subject to applicable law and regulations, may on a negotiated basis enter into private arrangements with a holder or prospective holder of Shares under which the Management Company/Investment Manager or distributor are entitled to make payments to the holders of Shares of part or all of fees paid to the Management Company/Investment Manager or the distributor.

Consequently, the effective net fees payable by a holder of Shares who is entitled to receive a rebate under the arrangements described above may be lower than the fees payable by a holder of Shares who does not participate in such arrangements. Such arrangements reflect terms privately agreed between parties other than the SICAV, and for the avoidance of doubt, the SICAV cannot, and is under no duty to, enforce equality of treatment between Shareholders by other entities.

# 23.

## General information on the SICAV

### **Shareholder meetings and reports to shareholders**

Notice of any general meeting of Shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the SICAV) shall be mailed to each Shareholder at least 8 days prior to the meeting and/or shall be published to the extent and in the manner required by Luxembourg law as shall be determined by the Board of Directors.

If the Articles are amended, such amendments shall be filed with the Luxembourg Trade and Companies' Register and published in the RESA.

Detailed audited reports of the SICAV on its activities and on the management of its assets are published annually; such reports shall include, inter alia, a statement of assets and liabilities, a detailed income and expenditure account for the financial year, the number of Shares in issue and the Net Asset Value per Share, a report on the activities of the financial year, a description of the assets of the SICAV and a report from the Independent Auditor. The semi-annual unaudited reports of the SICAV on its activities are also published including, inter alia, a description of the assets of the SICAV and the number of Shares issued and redeemed since the last publication.

The SICAV's financial statements will be prepared in accordance with Luxembourg GAAP. The accounts of the SICAV are maintained in Euro being the Reference Currency of the SICAV. The financial statements relating to the different Classes shall be expressed in the relevant Reference Currency of the relevant Class.

The aforementioned documents will be available to the Shareholders within four months for the annual reports and two months for the semi-annual reports of the date thereof at the registered office of the SICAV. Upon request, these reports will be sent free of charge to any Shareholder and copies may be obtained free of charge by any person at the registered office of the SICAV. These reports are also made available to Shareholders on the website of the SICAV at [www.fundsmith.co.uk/global/eu](http://www.fundsmith.co.uk/global/eu).



The accounting year of the SICAV commences on 1 January of each year and terminates on 31 December of each year. The SICAV will publish an annual report as per 31 December and a semi-annual report drawn up as per 30 June.

The annual general meeting takes place in Luxembourg at a place specified in the notice of meeting each year on the third Wednesday of the month of April at 11:00 a.m.. If such day is a legal or a bank holiday in Luxembourg, the annual general meeting shall be held on the next following Business Day.

The Shareholders of any Class may hold, at any time, general meetings to decide on any matters that relate exclusively to such Class.

### **Dissolution and liquidation of the SICAV**

The SICAV may be dissolved at any time by a resolution of the general meeting of Shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two-thirds of the minimum capital indicated in the Articles, the question of the dissolution of the SICAV shall be referred to a general meeting of Shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide by simple majority of the Shares present or represented at the meeting and voting.

The question of the dissolution of the SICAV shall also be referred to a general meeting of Shareholders whenever the share capital falls below one quarter of the minimum capital set by the Articles; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by Shareholders holding one quarter of the Shares present or represented at the meeting and voting.

The meeting must be convened so that it is held within a period of 40 days from the date that the net assets have fallen below two-thirds or one quarter of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities, duly approved by the CSSF and appointed by the general meeting of Shareholders that shall determine their powers and their compensation.

The net proceeds of liquidation of the SICAV shall be distributed by the liquidators to the holders of Shares of each Class in proportion to their holding of such Class.

Should the SICAV be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with applicable provisions of Luxembourg law. Luxembourg law specifies the steps to be taken to enable Shareholders to participate in the distribution of the liquidation proceeds and provides for a deposit in escrow at the "Caisse de Consignations". Amounts not claimed from escrow within the statute of limitation period shall be forfeited in accordance with the provisions of Luxembourg law.

### **Closure of classes**

#### **Closure decided by the board of directors**

In the event that for any reason the value of the total net assets in any Class has not reached or has decreased to an amount determined by the Board of Directors to be the minimum level for such Class to be operated in an economically efficient manner, or in case of a substantial modification in the political, economic or monetary situation or as a matter of economic rationalisation, the Board of Directors may decide to redeem all the Shares of the relevant Class at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses) determined as of the Valuation Day at which such decision shall take effect and therefore close the relevant Class.

The SICAV shall serve a written notice to the shareholders of the relevant Class prior to the effective date for the compulsory redemption. This notice will indicate the reasons and the procedure for the redemption operations. Unless it is otherwise decided in the interests of, or to keep equal treatment between the Shareholders, the Shareholders of the Class concerned may continue to request redemption or conversion of their Shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the effective date of the compulsory redemption.

**Closure decided by the shareholders**

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the general meeting of Shareholders of any Class may, upon a proposal from the Board of Directors, redeem all the Shares of the relevant Class and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated as of the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders which shall decide by resolution taken by simple majority of those present or represented and voting.

**Consequences of the closure**

Assets which may not be distributed to Shareholders upon the implementation of the redemption will be deposited with the Caisse de Consignation on behalf of the persons entitled thereto. All redeemed Shares shall be cancelled.

**Mergers**

**General**

Mergers can be performed in accordance with the form, modalities and information requirements provided for by the UCI Law; the legal consequences of mergers are governed by and described in the UCI Law. Within the meaning of the UCI Law, the term “merger” means an operation whereby:

- (a) one or more UCITS or sub-funds thereof (the “merging UCITS”) on being dissolved without going into liquidation, transfer all of their assets and liabilities to another existing UCITS or a sub-fund thereof (the “receiving UCITS”) in exchange for the issue to their shareholders of shares of the receiving UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of those shares;

- (b) two or more UCITS or sub-funds thereof (the “merging UCITS”) on being dissolved without going into liquidation, transfer all of their assets and liabilities to a UCITS which they form or a sub-fund thereof (the “receiving UCITS”) in exchange for the issue to their shareholders of shares of the receiving UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of those shares; or
- (c) one or more UCITS or sub-funds thereof (the “merging UCITS”) which continue to exist until the liabilities have been discharged, transfer their net assets to another sub-fund of the same UCITS, to a UCITS which they form or to another existing UCITS or a sub-fund thereof (the “receiving UCITS”).

Under the terms of the UCI Law, the SICAV may be involved in cross-border mergers with merging or receiving UCITS established in other Member States. The UCI Law describes the procedure applicable to cross-border mergers, including provisions on the prior authorisation of the merger by the CSSF (if the SICAV is the merging UCITS) or the competent authorities of any other Member State where the merging UCITS is established.

Any cost associated with the preparation and the completion of a merger shall neither be charged to the SICAV nor to the Shareholders.

The Board of Directors may decide to proceed with a merger (within the meaning of the UCI Law) of the SICAV, as receiving UCITS, with another Luxembourg or foreign UCITS or sub-fund thereof.

In the case the SICAV involved in a merger is the merging UCITS (within the meaning of the UCI Law), and hence ceases to exist, the general meeting of the Shareholders will be requested to approve, and decide on the effective date of, such merger by a resolution adopted with no quorum requirement and at a simple majority of the votes of the shares present or represented at the meeting and voting.

Such a merger shall be subject to the conditions and procedures imposed by the UCI Law, in particular concerning the common draft terms of merger drawn up by the SICAV and the receiving or merging UCITS, as applicable, and the information to be provided to Shareholders.

**Right to redeem shares before the effective date of a merger**

If the SICAV is involved in a merger within the meaning of the UCI Law as a merging or receiving UCITS, as described above, Shareholders will in any case be entitled to request, without any charge other than those retained by the SICAV to meet disinvestment costs, the redemption of their Shares, or, where possible, to convert them into units or shares of another UCITS pursuing a similar investment policy and managed by the Management Company or by any other company with which the Management Company is linked by common management or control, or by substantial direct or indirect holding, in accordance with the relevant provisions of the UCI Law.

Shareholders will receive information on any contemplated merger, in accordance with the terms of the UCI Law, at least one month prior to the last date for requesting redemption or conversion of their Shares as provided above.

**Directors' Interests**

The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the SICAV and the Shares are set out below.

- (a) Mr Terry Smith and Mr Simon Godwin are members of the Board of Director and members of the management committee of the Investment Manager.
- (b) The Directors or companies of which they are shareholders, members, officers or employees may subscribe for, exchange or redeem, Shares on the same terms as other Shareholders.

**Indemnity**

The Articles provide that every Director, agent, auditor, or officer of the SICAV and his personal representatives shall be indemnified and secured harmless out of the assets of the SICAV against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the SICAV business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the SICAV in any court whether in the Grand Duchy of Luxembourg or elsewhere. No such person shall be liable: (i) for the acts, receipts, neglects, defaults or omissions of any other such person; or (ii) by reason of his having joined in any receipt for money not received by him personally; or (iii) for any loss on account of defect of title to any property of the SICAV; or (iv) on account of the insufficiency of any security in or upon which any money of the SICAV shall be invested; or (v) for any loss incurred through any bank, broker or other agent; or (vi) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of his office or in relation thereto, unless the same shall happen through his own gross negligence or wilful misconduct against the SICAV.

## General explanation of FATCA and power to request information

FATCA provisions generally impose a reporting to the U.S. Internal Revenue Service of U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information will lead to a 30% withholding tax applying to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends.

The basic terms of FATCA currently appear to include the SICAV as a "Financial Institution", such that in order to comply, the SICAV may require all Shareholders to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned legislation.

Despite anything else herein contained and as far as permitted by Luxembourg law, the SICAV shall have the right to:

- Withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any shareholding in the SICAV;
- Require any Shareholder or beneficial owner of the Shares to promptly furnish such personal data as may be required by the SICAV in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained;
- Divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority;
- Withhold the payment of any dividend or redemption proceeds to a Shareholder until the SICAV holds sufficient information to enable it to determine the correct amount to be withheld.

## Documents available

Copies of the following documents may be obtained free of charge during usual business hours on any full bank business day in Luxembourg at the registered office of the SICAV:

- (a) the Articles and any amendments thereto;
- (b) the Prospectus, the KIIDs and the Account Opening Form and Deal Instruction Form for Shares of the SICAV;

- (c) the Management Company Agreement between the SICAV and the Management Company;
- (d) the Investment Management Agreement between the SICAV, the Management Company and the Investment Manager;
- (e) the Depositary Agreement between the SICAV and the Depositary;
- (f) the Administration Agreement between the SICAV, the Management Company and the Administrator;
- (g) the Investment Advisory Agreement between the SICAV, the Investment Manager and the Investment Advisor;
- (h) the cooperation agreement entered into between the Management Company and the Depositary, as required by the UCI Law; and
- (i) the latest annual and semi-annual reports and accounts of the SICAV referred to under the heading "Shareholder Meetings and Reports to Shareholders".

## Complaints handling

Information on the procedures in place for the handling of complaints by prospective investors and/or Shareholders are available upon request from the Administrator or the Management Company.

# 24.

## Additional information for investors in the Federal Republic of Germany

Zeider Legal Services, Bettinastrasse, 60325 Frankfurt has undertaken the function of Information Agent in the Federal Republic of Germany (the “German Information Agent”).

The SICAV does not issue printed individual certificates. Applications for the redemptions and conversion of Shares may be sent to State Street Bank International GmbH, Luxembourg Branch, 49 avenue John F. Kennedy, L-1855 Luxembourg.

All payments to investors, including redemption proceeds and potential distributions, may, upon request, be facilitated through State Street Bank International GmbH, Luxembourg Branch, 49 avenue John F. Kennedy, L-1855 Luxembourg.

Shareholders resident in the Federal Republic of Germany may obtain this Prospectus, the KIIDs, the Articles, the annual report and the semi-annual report of the SICAV at no cost in hard copy form from the German Information Agent as well as inspect the documents listed in the section of the Prospectus headed “Documents available”.

Issue, redemption and conversion prices of the Shares, and any other information to the Shareholders, are also available from the German Information Agent.

The issue, redemption and conversion prices of the Shares will be published on the following website:  
<https://www.fundsmith.co.uk/global/eu>.

Any other information to the Shareholders will be published in Germany on the following website:  
<https://www.fundsmith.co.uk/global/eu>.

In addition, investors in the Federal Republic of Germany will be informed by means of a durable medium (§167 of the Investment Code (Kapitalanlagegesetzbuch/KAGB)) in the following cases:

- suspension of the redemption of the Shares;
- termination of the management of the SICAV or its liquidation;
- any amendments to the articles of incorporation of the SICAV which are inconsistent with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the assets of the SICAV;
- merger of the SICAV with one or more other funds; and
- the modification of the SICAV to form a master or feeder fund structure.

# 25.

## Additional information for investors in Austria

### **Paying and Information agent**

Erste Bank der oesterreichischen Sparkassen AG  
OE 0198 0984  
Am Belvedere 1  
A-1100 Vienna, Austria

### **Tax representative**

Deloitte Tax Wirtschaftsprüfungs GmbH Renngasse  
1 / Freyung  
A-1013 Vienna, Austria

Applications for the redemption and repurchase of shares are processed by the Registrar and Transfer Agent: State Street Bank International GmbH, Luxembourg Branch, IFDSL Registration Team, 49 Avenue J.F. Kennedy, L-1855 Luxembourg. Any investor in Austria wishing to buy or sell shares should send their application to the Transfer Agent.

Applications for the redemption and repurchase of shares may also be sent to the Austrian Paying and Information Agent ("Austrian Agent") for transmission to the SICAV.

All payments to shareholders, including redemption proceeds, potential distributions and other payments, may, upon request, be paid through the Austrian Agent.

The Prospectus, the KIIDs, the Articles and the annual and semi-annual reports of the SICAV may be obtained, free of charge and in hardcopy, at the registered office of the management company FundRock Management Company S.A., 33, rue de Gasperich, L-5826 Hesperange, Grand Duchy of Luxembourg and at the office of the Austrian Agent during normal business hours and are also available on the SICAV's website.

The issue, redemption, and conversion prices can be obtained free of charge and in printed form at the registered office of the management company and at the registered office of the Austrian Agent and as well on the SICAV's website.

Shareholder notices and any other information to the shareholders, to which shareholders are entitled at the registered office of the SICAV can be obtained at the registered office of the SICAV and, if provided for that purpose, from the Austrian Agent.

# Appendix 1

## Available share classes

	T Classes	I Classes	CHF I Classes	GBP I Classes	USD I Classes	R classes
<b>Available Shares Classes (Accumulation Shares and/or Income Shares) and ISIN Code</b>	T Class Accumulation Shares (ISIN LU0690375182)	I Class Accumulation Shares (ISIN LU0690374029)	CHF I Class Accumulation Shares (ISIN LU0765121677)	GBP I Class Accumulation Shares (ISIN LU01053186349)	USD I Class Accumulation Shares (ISIN LU0893933373)	R Class Accumulation Shares (ISIN LU0690374615)
	T Class Income Shares (ISIN LU0690375422)	I Class Income Shares (ISIN LU0690374532)	CHF I Class Income Shares (ISIN LU0765126635)	GBP I Class Income Shares (ISIN LU1053186000)	USD I Class Income Shares (ISIN LU0893933456)	R Class Income Shares (ISIN LU0690374961)
<b>Reference currency</b>	EUR	EUR	CHF	GBP	USD	EUR
<b>Profile of Typical Investor</b>	Individuals or other investors wishing to invest at least EUR 2,000 directly	Primarily pension fund, corporate or other Institutional Investors seeking to invest at least EUR 5,000,000 as a minimum	Institutional Investors seeking to invest at least CHF 6,000,000 as a minimum	Institutional Investors seeking to invest at least GBP 5,000,000 as a minimum	Institutional Investors seeking to invest at least USD 6,000,000 as a minimum	Individuals or other investors wishing to invest at least EUR 2,000 through a financial intermediary
Minimum Subscription	EUR 2,000	EUR 5,000,000	CHF 6,000,000	GBP 5,000,000	USD 6,000,000	EUR 2,000
Minimum Holding	EUR 2,000	EUR 5,000,000	CHF 6,000,000	GBP 5,000,000	USD 6,000,000	EUR 2,000
Minimum Additional Subscription	EUR 1,000	EUR 5,000	CHF 6,000	GBP 5,000	USD 6,000	EUR 1,000
Minimum Redemption	EUR 1,000	EUR 5,000	CHF 6,000	GBP 5,000	USD 6,000	EUR 1,000
Preliminary Charge	Nil	Nil	Nil	Nil	Nil	Nil

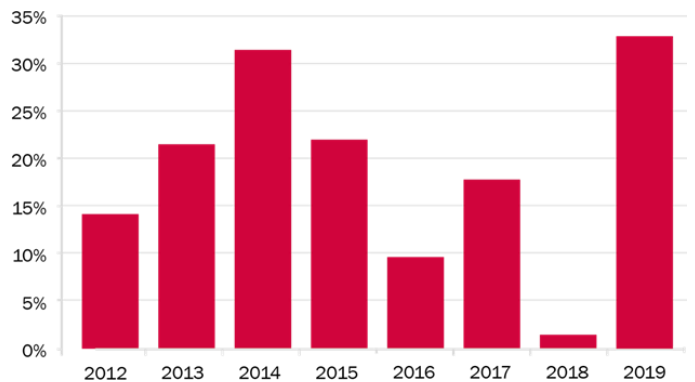
Redemption Charge	Nil	Nil	Nil	Nil	Nil	Nil
Exchange Charge	Nil	Nil	Nil	Nil	Nil	Nil
Management Fee	1.0% per annum	0.9% per annum	0.9% per annum	0.9% per annum	0.9% per annum	1.5% per annum
Subscription Tax ( <i>taxe d'abonnement</i> )	0.05% per annum	0.01% per annum	0.01% per annum	0.01% per annum	0.01% per annum	0.05% per annum
Dealing Day	Each Business Day	Each Business Day	Each Business Day	Each Business Day	Each Business Day	Each Business Day
Cut-Off Time for a Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day
Valuation Day for a Dealing Day	The Dealing Day	The Dealing Day	The Dealing Day	The Dealing Day	The Dealing Day	The Dealing Day
Calculation of the Net Asset Value for a Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day	1.00 p.m. Luxembourg time on the relevant Dealing Day
Listing	No	No	No	No	No	No
Launch Date	2 November 2011	2 November 2011	23 March 2012	15 April 2014	4 March 2013	2 November 2011
Initial Offer Price	10 EUR	10 EUR	10 CHF	10 GBP	10 USD	10 EUR
Ongoing Charge	1.19%	1.05%	1.05%	1.05%	1.05%	1.69%



# Appendix 2

## Past performance

The performance of the T Class for the last eight years is set out below:

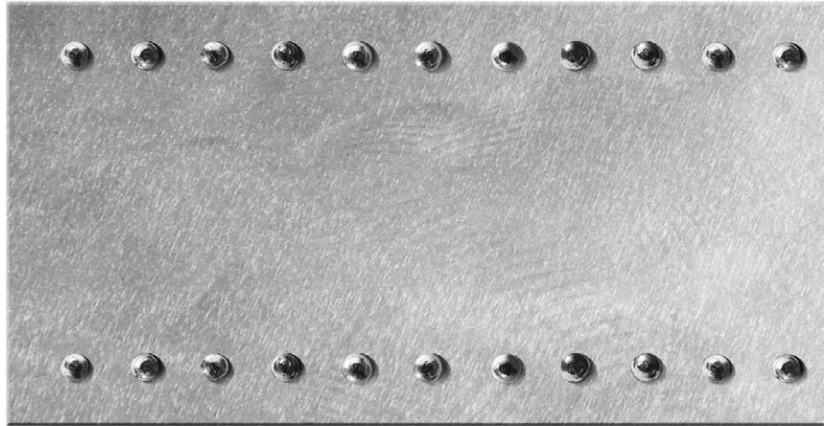


This performance is calculated based on the net asset value per class (which includes all charges) and assuming the income has been re-invested in the fund.

Past performance is not necessarily a guide to future performance. The performance is shown in Euros. The investment policy of this SICAV has been changed on 29 March 2019. Therefore, the past performance before that date may not be representative of the current investment policy.

The performance of the I Classes (in various currencies) and the R Classes differs because of the different Annual Management Charges and, in the case of certain of the I Classes, because of currency differences. The equivalent graphs for both these classes are available from the relevant KIID, which can be obtained from [www.fundsmith.eu](http://www.fundsmith.eu).





## **Fundsmith**

33 Cavendish Square  
London  
W1G 0PW  
UK

T 0330 123 1815  
E [enquiries@fundsmith.co.uk](mailto:enquiries@fundsmith.co.uk)  
W [www.fundsmith.co.uk](http://www.fundsmith.co.uk)

*Société d'Investissement à Capital Variable* established in Luxembourg

©2020 Fundsmith LLP. All rights reserved. This financial promotion is communicated by Fundsmith LLP. Fundsmith LLP is authorised and regulated by the Financial Conduct Authority. It is entered on the Financial Services Register under registered number 523102. Fundsmith LLP is a limited liability partnership registered in England and Wales with number OC354233. Its registered office address is 33 Cavendish Square, London, W1G 0PW.