

Proxy Voting Policy and Procedures

1. INTRODUCTION

- 1.1 Fundsmith LLP (“Fundsmith”) is a focussed investment management business. It acts as:
 - 1.1.1 the manager of a small number of UCITS funds;
 - 1.1.2 the alternative investment fund manager of two UK listed investment trusts and three Limited Partnerships (referred to together with the UCITS as “Funds”); and
 - 1.1.3 the manager a small number of discrete portfolios for professional investors on substantially the same investment strategy as the Fundsmith Equity Fund.
- 1.2 Fundsmith LLP is authorised by the Financial Conduct Authority (“FCA”) as a UCITS manager and a full scope UK alternative investment manager (“AIFM”). It is therefore subject to:
 - 1.2.1 the provisions of the Undertakings for Collective Investment in Transferable Securities Directive 2009/65/EC (the “UCITS Directive”); and
 - 1.2.2 the provisions of the Alternative Investment Fund Managers Directive 2011/61/EU (“AIFMD”).
- 1.3 Both the UCITS Directive and AIFMD contain substantially similar requirements in relation to the exercise of voting rights on behalf of Funds. Fundsmith LLP has decided to adopt a common policy in relation to exercising voting rights across all of its business.
- 1.4 Fundsmith LLP delegates certain investment management functions to its affiliate, Fundsmith Investment Services Limited. This policy applies to both entities.

2. FUNDSMITH’S APPROACH TO PROXY VOTING

- 2.1 Fundsmith is required to have adequate and effective strategies for determining how and when any voting rights relating to the Funds’ portfolios are to be exercised. These rights should be exercised to the exclusive benefit of the relevant Fund and its investors.
- 2.2 This policy is designed to provide reasonable assurance that, in instances where we vote on behalf of our Funds or clients, we will do so for their exclusive benefit and in their best interests.
- 2.3 Whenever a voting matter arises for which we are eligible as proxy, we will consider how we should vote. In the context of the Funds we will generally have the authority to exercise voting rights, subject to any specific laws or regulatory requirements relating to the investee company which may restrict our ability to exercise voting rights directly. Clients whose portfolios are being managed on a separate account basis may or may not have given us authority to exercise voting rights on their behalf. This will be set out in the contract we have with the Client.
- 2.4 Where we have voting authority, we will exercise voting rights in most circumstances, but are not bound by an absolute obligation to do so and, if we deem it appropriate, we will refrain from voting.
- 2.5 Where we exercise voting rights we will do so in a manner that is consistent with the best interests of the Fund and its investors or our client, as the case may be. We will always ensure that the exercise of voting rights is consistent with the investment objectives and policies of the relevant Fund.

- 2.6 We monitor events concerning our investee companies (and should in any event receive notification when voting matters arise from the Fund's depository).
- 2.7 On a case by case basis, we will consider whether the exercise of a particular voting right might create the possibility of a conflict, either between Fundsmith (or a member of personnel) and a Fund or client, or between one Fund or client and another.
- 2.8 In the event that a material conflict arises or could arise in relation to the exercise of a proxy vote, the Chief Compliance Officer should be informed immediately. The Chief Compliance Officer will be responsible, having discussed the situation with the Partners, for determining an appropriate course of action and ensuring that decisions are taken in the best interests of the Fund, its investors or affected clients in the circumstances.
- 2.9 As an example, the following scenarios could constitute a potential conflict of interest:
- 2.9.1 Fundsmith, a member of its personnel or an affiliate has a substantial business relationship (separate from the implementation of the Fund's investment strategy) with a portfolio company or a proponent of a proxy proposal and this business relationship may influence how the proxy vote is cast;
 - 2.9.2 Fundsmith, a member of its personnel or an affiliate has a business relationship (separate from the implementation of the Fund's investment strategy) or personal relationship with participants in a proxy contest, corporate directors or candidates for directorships; or
 - 2.9.3 A member of Fundsmith's personnel may have a familial relationship to a portfolio company (e.g. a spouse or other relative who serves as a director of a public company).
- 2.10 We will use our best judgement to determine whether a potential conflict exists, and how best to manage the conflict. In managing a potential conflict, we will try to ensure that we are able to vote in the best interests of a given Fund or client, without causing detriment to any other affected Fund or client.
- 2.11 If a conflict does arise, details will be recorded, together with a justification for our chosen course of action.
- 2.12 In reality, we consider it unlikely that a material conflict would arise out of the exercise of proxy voting rights for the following reasons:
- 2.12.1 The UCITS Funds, Fundsmith Equity Fund LP, Fundsmith Sustainable Equity Fund LP, Smithson LP and the segregated accounts follow the same investment strategy, and should therefore have broadly the same interest on any given voting matter;
 - 2.12.2 The Fundsmith Emerging Equity Fund has a distinct investable universe compared to the other Funds and thus any voting matters relevant to its portfolio would be unlikely to have a direct impact upon the other Funds or clients;
 - 2.12.3 Fundsmith does not engage in any proprietary trading and we operate a strict personal account dealing policy;
 - 2.12.4 The founding members of Fundsmith LLP (and indeed most members of personnel) are invested substantially in our Funds. Thus, our personnel's interests are aligned with our Funds and investors. Members of personnel invest in the Funds alongside our investors, on the same terms.

3. INTERACTION WITH STEWARDSHIP POLICY

- 3.1 Fundsmith has a separate Stewardship Policy which sets out in detail Fundsmith's approach to corporate governance generally and Fundsmith's commitment to the Stewardship Code.
- 3.2 At Fundsmith we believe that shareholder engagement can help support good corporate governance and we do therefore engage with investee companies. We will meet with company management to discuss issues we think are relevant for our investors.
- 3.3 We are not, however, activist shareholders. In other words, we do not seek to effect disruptive change in businesses. Our strategy is to invest in good companies which do not need to be changed. If we thought that significant change was required for a company to deliver a good return, we wouldn't invest in the first place.
- 3.4 We are also subject to regulatory and contractual limitations which prevent us from exercising significant influence on the companies in which we invest.

4. DISCLOSURE

- 4.1 We are required under the UCITS Directive and AIFMD to provide a summary description of our approach to exercising voting rights. This is set out in the Prospectus of the UCITS Funds and regulatory disclosure documents for the other Funds. We will provide information on how we have exercised voting rights to investors in the Funds on request.

5. GOVERNANCE

- 5.1 This Proxy Voting Policy will be reviewed periodically and updated whenever necessary to reflect changes in practice.

This policy was discussed and approved at the Fundsmith LLP Partners' meeting on the following date, as evidenced by the minutes of that meeting:

Updated:	June 2020
Next Review Date:	June 2021
Ratified by Partners' Management Committee:	21 st July 2020

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