

# Fundsmith Equity Fund

## Price Data 30 September 2019

Share Class	Minimum	Price (pence)
R Class Acc	£1,000	444.51
R Class Inc	£1,000	424.24

## Standing Data

As at 30 September 2019	
Portfolio manager	Terry Smith
Fund type	UK OEIC
Launch date	1st November 2010
Accumulation shares	Dividends retained
Income shares	Dividends paid out
Auditor	Deloitte LLP
Dealing and valuation	Daily at noon (UK time)
Fund sector	Global growth
Dividend dates Declared 31/12 & 30/6	Paid on or about 28/2 & 31/8
Dividend amount	Nil (31/12/2018) 1.12p (30/06/2019)
Dividend yield <sup>5</sup>	0.25%

## Key Facts

As at 30 September 2019	
Fund size <sup>7</sup>	£18.8bn
PTR <sup>3</sup>	13.4%
7 day fund liquidity <sup>4</sup>	59%
No holdings	27
Average year companies in the portfolio were founded	1925
Average market capitalisation of companies in the portfolio	£115.9bn
Reference currency	GB Sterling

## Fund Performance Analysis

Inception to 30 September 2019	
Annualised Rate of Return <sup>8</sup>	+18.2
Best year <sup>6</sup>	41.3% (To September 2016)
Worst year <sup>6</sup>	1.7% (To December 2018)
Average month	+1.5
% Positive months <sup>9</sup>	70

## Asset allocation

Equities	99.1%
Cash	0.9%

## Geographic Split

As at 30 September 2019, by Country of listing	
US	65.7
UK	17.5
Denmark	6.1
Spain	4.0
France	3.2
Finland	2.7
Cash	0.9

## Sector Split

As at 30 September 2019, GICS® Categories <sup>10</sup>	
Consumer Staples	31.7
Technology	30.0
Healthcare	24.9
Industrials	5.3
Communication Services	4.1
Consumer Discretionary	3.0
Cash	0.9

# Minimum disclosure document (R Class) – 30 September 2019

## Equity Fund Aim

The Company will invest in equities on a global basis. The Company's approach is to be a long-term investor in its chosen stocks. It will not adopt short-term trading strategies. The Company has stringent investment criteria which the Investment Manager adheres to in selecting securities for the Company's investment portfolio. These criteria aim to ensure that the Company invests in:

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

Investors should be aware that the application of these investment criteria significantly limits the number of potential investments for the Company's portfolio. It is envisaged that the investment portfolio of the Company will be concentrated, generally comprising between 20 and 30 stocks. This fund invests for the long-term and may not be appropriate for investors who plan to withdraw their money within 5 years.

The fund will not invest in derivatives nor hedge any currency exposure. The fund will not borrow money, except in unusual circumstances.

## Performance, % Total return, R Class, Accumulation

	Sept 2019	2019 to 30 Sept 2019	2018	2017	2016	2015	2014	From Inception (Cumulative) to 30.09.2019	From Inception (Annualised) to 30.09.2019
Fundsmith <sup>1</sup>	-3.3	+25.3	+1.7	+21.4	+27.5	+15.1	+22.7	+344.5	+18.2
MSCI World <sup>2</sup>	+0.9	+21.5	-3.0	+11.8	+28.2	+4.9	+11.5	+177.6	+12.1

Annualised performance is a conversion of the performance of the fund on an annual basis in Sterling. The annualised figure above means that the performance of the fund has been an average 18.2% per year since inception. Past performance is not necessarily a guide to future performance.

## Top 10 Holdings

- Microsoft
- Paypal
- Estée Lauder
- Stryker
- Philip Morris
- Idexx
- Intuit
- Facebook
- Pepsico
- Waters

## Our Value

- No Fees for Performance
- No Up Front Fees
- No Nonsense
- No Debt or Derivatives
- No Shorting
- No Market Timing
- No Index Hugging
- No Trading
- No Hedging

Just a small number of high quality, resilient, global growth companies that are good value and which we intend to hold for a long time, and in which we invest our own money.

1. Net of fees comparing fund prices at midday UK time. Source: Fundsmith.
2. MSCI World Index (£ Net) priced at close of business US time' line.
3. The PTR (Portfolio Turnover Ratio) has been calculated in accordance with the methodology laid down by the FCA. This compares the total share purchases and sales less total creations and liquidations with the average net asset value of the fund.
4. 7 day fund liquidity is calculated based upon 30% of trailing 20 days average volume.
5. Gross yield reflects dividend yield the historic dividend income received by the fund in the preceding 12 months less the deduction of all expenses including management fees i.e. Gross yield less the TER.
6. The highest and lowest returns for any 1 year over the period since inception have been shown.
7. NAV: The net asset value represents the assets of a Fund less its liabilities.
8. Annualised Performance: Annualised performance show longer term performance rescaled to a 1-year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request.
9. % Positive Month: The percentage of months since inception where the fund has delivered positive return.
10. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's and "GICS®" is a service mark of MSCI and Standard & Poor's.

Collective Investment Schemes are generally medium to long-term investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective Investment Schemes are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the Investment Manager. The Investment Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Fundsmith Equity Fund is authorised by the FSCA under section 65 of the Collective Investment Schemes Control Act 2002.

Collective Investment Schemes prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual Management fee) from the portfolio divided by the number of participatory interests (shares) in issue. Forward pricing is used.

Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees either with respect to the capital or the return of a portfolio.

Performance has been calculated using net NAV to NAV numbers, including all ongoing fees, with income reinvested on the reinvestment date. The performance for each period shown reflects the return for investors who have been fully invested for that period in Sterling. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. The return may increase or decrease if the investor is comparing the returns in a different currency. Full performance calculations are available from the manager on request. For any additional information such as fund prices, brochures, application forms and annual and interim report and accounts, please go to [www.fundsmith.co.za](http://www.fundsmith.co.za) or contact Fundsmith LLP where they are available free of charge.

### Risk and reward profile



The risk category reflects the significance of the fund's share price fluctuations based on historical data. Historical data may not be a reliable indication of the future risk profile of the fund. The risk category of the fund is not guaranteed and may change over time. Further, the lowest category of risk does not mean risk free.

Generally, the higher the risk category, the greater the potential for higher returns but also the higher the risk of losing money. The fund is in Category 5 reflecting the risks inherent in the fund's investment portfolio, including that of capital losses. The underlying investments are, however, in large companies with shares that are, in most cases, highly liquid.

There are a number of other risks that are not covered by the indicator above. A full description is contained in the prospectus under the heading "Risk Factors". The most material are:

**Currency risk:** The fund's portfolio is a global share portfolio and many of the investments are not denominated in Sterling. There is no currency hedging in place and the price may therefore rise or fall purely on account of exchange rate movements.

**Concentration risk:** The investment criteria adopted by the fund significantly limits the number of potential investments. The fund generally holds 20 to 30 stocks and so it is more concentrated than many other funds. This means that the performance of a single stock within the portfolio has a greater effect on the price of the shares of the fund.

**Operational risk:** Failures or delays in operational processes may negatively affect the fund. There is a risk that any company responsible for the safekeeping of the assets of the fund may fail to do so properly or may become insolvent, which could cause loss to the fund.

### Charges

The charges for the fund are shown below. The total expense ratio is based on the fund's expenses for the year and is updated following the publication of accounts for the periods ending 30th June and 31st December. This includes all costs borne by the fund except for portfolio transaction costs but, because the portfolio turnover is relatively low, these charges should equally be low.

The ongoing charges (Annual Management Charge) are used to pay the costs of running the fund, including the fee payable to Fundsmith LLP, which is 1.50% per annum, and certain other costs including marketing and distributing the fund. These ongoing charges reduce the potential growth of the investment. The overall ongoing charges may vary from year to year.

#### One-off charges taken before or after you invest

Entry charge	Not charged
Exit charge	Not charged

#### Charges taken from the fund over the year

Total expense ratio	1.55%
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#### Charges taken under certain conditions

Performance fee	Not charged
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### Correspondence

All correspondence addressed to:

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Representative Office: Prescient Management Company (RF) (PTY) LTD is registered and approved under the Collective Investment Schemes Control Act (No.45 OF 2002). Registration Number 2002/022560/07. Physical Address: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945, South Africa. Telephone number (021) 700 3600.

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