Fundsmith SICAV

Société d'Investissement à Capital Variable

Annual Report and Audited Financial Statements
for the year ended 31 December 2023

R.C.S. Luxembourg B164404

Subscriptions can only be made on the basis of the current Prospectus and the Key Information Document ("KID") supplemented by the most recent annual report and audited financial statements or semi-annual report and unaudited financial statements, if published after such annual report and audited financial statements.

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Directory, Administration and Management

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The Director's Office

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Directors' Report

The Board of Directors is pleased to provide you with its annual report for the year ended 31 December 2023.

The Board is responsible for the overall management and control of the Fundsmith SICAV (the "SICAV") in accordance with its articles of association. The Board is further responsible for the implementation of each Sub-Fund's investment objective and policies as well as for oversight of the administration and operation of each Sub-Fund. The Board shall have the broadest powers to act in any circumstances on behalf of the SICAV, subject to the powers reserved by law to its Shareholders. The Board has delegated certain authorities to the Management Company in accordance with the SICAV's articles of association, the Prospectus and applicable law. The Management Company is responsible, subject to the overall supervision of the Board, for the provision of investment management services, administrative services and marketing services to the SICAV.

The Directors are also responsible for preparing the annual report and financial statements in accordance with applicable laws and regulations. The Directors consider that the annual report and financial statements provide a fair, balanced and understandable assessment of the SICAV's position and performance and provides all necessary information for Shareholders.

The Board of Directors has adopted the ALFI Code of Conduct (the "Code") which sets out principles of good governance. The Board of Directors considers that the SICAV has been in compliance with the Principles of the Code in all material aspects throughout the financial year.

During the reporting year, the SICAV had the following active Sub-Funds:

Fundsmith SICAV – Fundsmith Equity Fund – launched on 28 October 2011

Fundsmith SICAV – Fundsmith Sustainable Equity Fund – launched on 1 March 2021

There is no evidence that the going concern assumption made by the Board of Directors when preparing the financial statements of the SICAV is inappropriate.

Paul Mainwaring

Director

Date: 22 February 2024

Investment Manager's review

This report reproduces the Annual Letter that was sent to investors and published on the website in mid-January.

Dear Fellow Investor,

The table below shows performance figures for the last calendar year and the cumulative and annualised performance of the Fundsmith Equity Fund – a sub fund of the Fundsmith Sicav ('Fund' or 'Sicav') and various comparators. Please note the differing start dates for the various share classes, noted below the table.

% Total Return	1st Jan to 31st Dec 2023	Inception to 31st Dec 2023 Cumulative	Inception to 31st Dec 2023 Annualised	Sortino Ratio[5]
Fundsmith Equity Fund EUR T Class[1]	+13.4	+464.9	+15.3	0.88
MSCI World Index EUR[2]	+19.6	+320.8	+12.5	0.64
European Bonds[3]	+10.5	+57.3	+3.8	
Cash[4]	+3.2	+1.8	+0.1	
Fundsmith Equity Fund CHF I Class[1]	+6.8	+277.0	+12.0	
MSCI World Index CHF[2]	+13.3	+198.4	+9.8	
Fundsmith Equity Fund USD I Class[1]	+17.8	+253.6	+12.4	
MSCI World Index USD[2]	+23.8	+169.1	+9.6	
Fundsmith Equity Fund GBP I Class[1]	+11.3	+290.7	+15.1	
MSCI World Index GBP[2]	+16.8	+200.9	+12.0	

[1] Accumulation Shares, net of fees, priced at 13:00 CET, launch dates, EUR T: 2.11.11, CHF I: 5.4.12, USD I: 13.3.13, GBP I: 15.4.14, source: Bloomberg. NB Prior to March 2019 performance relates to Fundsmith Equity Fund Feeder
[2] MSCI World Index priced at close of business US time, source: Bloomberg
[3] Bloomberg/EFFAS Bond Indices Euro Govt 10 yr., source: Bloomberg
[4] € Interest Rate, source: Bloomberg
[5] Sortino ratio is since inception on 2.11.11 to 31.12.23, 3.5% risk free rate, source: Financial Express Analytics
The Fund is not managed with reference to any benchmark, the above comparators are provided for information purposes only.

Given we do not hedge currency exposure, the main difference in performance between the currency share classes is the relative currency movements in the year. The relative performance compared to the MSCI World Index is therefore similar for each share class. The Fund underperformed this comparator in 2023 but a longer-term perspective may be useful and is certainly more consistent with our investment aims and strategy. Since inception, the share classes shown in the table have healthily outperformed. The T Class Accumulation shares has returned nearly 3% p.a. more than the MSCI World Index since inception and has done so with significantly less downside price volatility as shown by the Sortino Ratio of 0.88 versus 0.64 for the Index. This simply means that the Fund has returned about 38%, ((0.88÷0.64)-1)x100, more than the Index for each unit of price volatility.

Outperforming the market or even making a positive return is not something you should expect from our Fund in every year or reporting period, and outperforming the market was more than usually challenging in 2023. The performance of the Nasdaq Composite Index, which was up 43% in USD in 2023, was dominated by a few companies, the so-called Magnificent Seven — Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla — which accounted for 68% of that Index's gains. Nvidia, the designer of chips for use in AI applications, alone accounted for 11% of the 43% gain. We do not own all the Magnificent Seven and would probably not be willing to take the risk of doing so, even if all of them fitted our investment criteria.

Investment Manager's review (continued)

In looking at individual stock contribution to performance I prefer to start with the problems. The bottom five detractors from the Fund's performance in 2023 were:

Stock	Attribution
Estée Lauder	-1.6%
McCormick	-0.8%
Mettler-Toledo	-0.7%
Diageo	-0.6%
Brown Forman	-0.5%

Source: Northern Trust

We sold our stake in Estée Lauder whose mishandling of the demand/supply situation in China following reopening post Covid and in the travel retail market revealed serious inadequacies in its supply chain.

McCormick has yet to return the profit margins in its food service business to the level they were before the pandemic.

Mettler-Toledo suffered from a downturn in demand for laboratory equipment post the pandemic, demand falling in China and a tighter funding market for biotech companies. However, we have no 3 concerns about their longer-term prospects and our holding in Mettler-Toledo, in particular, is small and we may be able to use share price weakness to acquire more.

Brown-Forman and Diageo have suffered along with other drinks companies from softening in demand, especially in the Americas. Diageo's CEO, Sir Ivan Menezes, died in June just before he was scheduled to retire. In our view he was one of the unsung heroes of the corporate world.

For the year, the top five contributors to the Fund's performance were:

Stock	Attribution
Meta Platforms	+4.0%
Microsoft	+3.9%
Novo Nordisk	+3.6%
L'Oréal	+2.0%
IDEXX Laboratories	+1.5%

Source: Northern Trust

Meta Platforms' (formerly Facebook) performance makes me wonder whether I should have a fund which invests solely in the one stock in our portfolio each year for which we have received the most critical comments. Meta makes its second appearance in this list of top contributors while Microsoft appears for the eighth time having attracted strident criticism when we started buying at about $25 a share in 2011 (2023 year end price $354).

Novo Nordisk rose to prominence this year as a result of the wild success of its weight loss drug Wegovy (also known as Ozempic when sold for treating diabetes). However, we have owned the stock for seven years — attracted by its seemingly unusual approach to drug discovery and its ownership structure. We are not aware of another drug company whose stated aim is the eradication of the ailment from which it derives most of its revenues. The controlling stake held by the Novo Nordisk Foundation seems to guarantee a genuine long-term approach to the business. Novo is making its fourth appearance in our top five contributors — this was a successful investment long before the words 'weight loss' were uttered in relation to Novo.

L'Oréal is a long-term favourite whose handling of the China market contrasts sharply with that of Estée Lauder.

IDEXX, the supplier of veterinary diagnostic equipment, makes its sixth appearance in our table of top five contributors despite concerns about a hangover following the upsurge in pet ownership during Covid.

We continue to apply a simple three step investment strategy:

- Buy good companies
- Don't overpay
- Do nothing

I will review how we are doing against each of those in turn.

As usual we seek to give some insight into the first and most important of these — whether we own good companies — by giving you the following table which shows what Fundsmith Equity Fund would be like if instead of being a fund it was a company and accounted for the stakes which it owns in the portfolio on a 'lookthrough' basis, and compares this with the market, in this case the FTSE 100 and the S&P 500 Index (S&P 500). This also shows you how the portfolio has evolved over time.

Investment Manager's review (continued)

Year ended	Fundsmith Equity Fund Portfolio								S&P 500	FTSE 100
	2016	2017	2018	2019	2020	2021	2022	2023	2023	2023
ROCE	27%	28%	29%	29%	25%	28%	32%	32%	18%	17%
Gross Margin	62%	63%	65%	66%	65%	63%	63%	63%	45%	41%
Operating Margin	26%	26%	28%	27%	23%	26%	27%	29%	16%	15%
Cash Conversion	99%	102%	95%	97%	101%	96%	88%	91%	76%	85%
Interest Cover	17x	17x	17x	16x	16x	23x	20x	20x	11x	10x

Source: Fundsmith LLP/Bloomberg.

ROCE, Gross Margin, Operating Margin and Cash Conversion are the weighted mean of the underlying companies invested in by the Fundsmith Equity Fund Feeder/Sicav and mean for the FTSE 100 and S&P 500 Indices. The FTSE 100 and S&P 500 numbers exclude financial stocks. Interest Cover is median.

2016–2019 ratios are based on last reported fiscal year accounts as of 31st December and for 2020–23 are Trailing Twelve Months and as defined by Bloomberg.

Cash Conversion compares Free Cash Flow per Share with Net Income per Share.

In 2023 returns on capital and operating profit margins were higher in the portfolio companies than in the past. Gross margins were steady. Importantly all of these metrics remain significantly better than the companies in the main indices (which include our companies). Moreover, if you own shares in companies during a period of inflation it is better to own those with high returns and gross margins.

Consistently high returns on capital are one sign we look for when seeking companies to invest in. Another is a source of growth — high returns are not much use if the business is not able to grow and deploy more capital at these high rates. So how did our companies fare in that respect in 2023? The weighted average free cash flow (the cash the companies generate after paying for everything except the dividend, and our preferred measure) grew by 14% in 2023.

The only metric which continues to lag its historical performance is cash conversion — the degree to which profits are delivered in cash. Although this recovered slightly to 91% in 2023, this is still below its historical level of around 100% as a result of unusual events affecting a handful of our companies which we expect to largely unwind to their benefit in 2024.

The average year of foundation of our portfolio companies at the year-end was 1916. Collectively they are over a century old.

The second leg of our strategy is about valuation. The weighted average free cash flow ('FCF') yield (the free cash flow generated as a percentage of the market value) of the portfolio at the outset of the year was 3.1% and ended it at 3.0%. The year-end median FCF yield on the S&P 500 was 3.7%.

Our portfolio consists of companies that are fundamentally a lot better than the average of those in the S&P 500 so it is no surprise that they are valued more highly than the average S&P 500 company. In itself this does not necessarily make the stocks expensive, any more than a lowly rating makes a stock cheap. However, we expect some of this disparity in valuation to be eradicated in 2024 if, as we expect, the cash conversion of our portfolio companies improves.

Turning to the third leg of our strategy, which we succinctly describe as 'Do nothing', minimising portfolio turnover remains one of our objectives and this was again achieved with a portfolio turnover of 5.4% during the period, a little higher than usual. It is perhaps more helpful to know that we spent a total of just 0.003% (just under one basis point) of the Fund's average value over the year on voluntary dealing (which excludes dealing costs associated with subscriptions and redemptions as these are involuntary). We sold our stakes in Adobe, Amazon and Estée Lauder and purchased stakes in Procter & Gamble, Marriott and Fortinet. As last year this may seem a lot of names for what is not a lot of turnover as in some cases the size of the holding sold or bought was small. We have held ten of our companies for more than 10 years, eight of which since inception in 2011.

Investment Manager's review (continued)

Why is this important? It helps to minimise costs and minimising the costs of investment is a vital contribution to achieving a satisfactory outcome as an investor. Too often investors, commentators and advisers focus on, or in some cases obsess about, the Annual Management Charge ('AMC') or the Ongoing Charges Figure ('OCF'), which includes some costs over and above the AMC, which are charged to the Fund. The OCF for 2023 for the T Class Accumulation shares was 1.08% (I Class shares 0.94%). The trouble is that the OCF does not include an important element of costs — the costs of dealing. When a fund manager deals by buying or selling, the fund typically incurs the cost of commission paid to a broker, the bid-offer spread on the stocks dealt in and, in some cases, transaction taxes such as stamp duty in the UK. This can add significantly to the costs of a fund, yet it is not included in the OCF.

We provide our own version of this total cost including dealing costs, which we have termed the Total Cost of Investment ('TCI'). For the T Class Accumulation shares in 2023 the TCI was 1.09% (I Class shares 0.95%), including all costs of dealing for flows into and out of the Fund, not just our voluntary dealing. We are pleased that our TCI is just 0.01% (1 basis point) above our OCF when transaction costs are taken into account. However, we would again caution against becoming obsessed with charges to such an extent that you lose focus on the performance of funds. It is worth pointing out that the performance of our Fund tabled at the beginning of this letter is after charging all fees which should surely be the main focus.

Last year I spent quite a lot of this letter trying to explain the background to the period of low interest rates and Quantitative Easing and how the resurgence of inflation and interest rate rises had affected company valuations, and especially those which had above average valuations.

As an illustration of this effect, consider the following. If you had invested $100 in the Vanguard Long US Government Bond Index Fund (Ticker: VBLAX, 'Bond Fund') in June 2020, at the trough in yields on US Treasury bonds, your total income over the next 10 years would be a mere $7 i.e. you would receive 70 cents per annum in income. You would have had to invest a lot of dollars to get an income you could live on. Had you invested in October 2023, which may represent the high point in this economic cycle for bond yields, your total income over the life of the investment will be $47.50. Quite a change.

This illustrates two points.

One is that you would have lost a lot of money had you bought the Bond Fund in 2020 and had still been holding it in October 2023. The Bond Fund's net asset value, at which it trades, declined from a peak of $17.71 in June 2020 to a low of $9.19 in October 2023, a fall of 48%. This puts the losses from investing in high quality equities over this period into perspective. Better to be in equities than long bonds when interest rates rise sharply.

The other point it illustrates is that bonds have been offering an alluring alternative to equities for many investors. If Uncle Sam is willing to pay a risk-free income (and short dated bonds are as close to risk free as you can get) of close to 5%, why take the risk of investing in equities? The short answer is because equities provide a better return. For the period 1928–2023 (the earliest for which I can get reliable data), the annualised return on 10 Year US Treasury Bonds was 4.6% whereas the S&P 500 compounded at 9.8% with dividends reinvested[#]. This of course includes the Great Depression and World War Two as well as other more recent and lesser incidents like the 1987 Crash, the Dotcom meltdown, the Great Financial Crisis of 2008–09 and the Covid pandemic.

This is unsurprising. Equities benefit from a feature which no other asset class, including bonds, can provide: a portion of the profit or cash flow which belongs to the shareholders is reinvested each year by the company. This is the retained profit which is not paid out as dividends, and its investment is the source of compounding which underpins the returns of long-term investment. In my view this is the least discussed and appreciated aspect of equity investment versus all other asset classes.

Investment Manager's review (continued)

So, if equities outperform bonds why are investors so keen to hold bonds at the moment? The answer of course is that whilst equities may outperform bonds over long periods of time, there is no guarantee that equities will provide this superior return in any given period, and in fact they may lose value for periods of time, as they did in 2022. Many investors do not have the appetite to invest in an asset whose price is set daily by a process which was illustrated by this wonderful cartoon:

It requires not only a grasp of investment analysis but also an iron constitution to ignore the periodic shenanigans of the stock market and reap the rewards of long-term equity investment. I thought it would be amiss not to mention two events which marked 2023.

The first event is the rise of Artificial Intelligence, or AI, as one of the driving forces behind the rise of most of the Magnificent Seven and especially Nvidia. What to make of it? I would offer a few observations.

Firstly, AI is not quite as new as the rise in interest in AI in the stock market this year, driven by Microsoft's investment in OpenAI and the adoption of its ChatGPT large language model (actually launched in November 2022). IBM launched an AI model called Watson which beat two human champions in the US quiz show Jeopardy! in 2011. Google (now Alphabet) acquired the AI developer DeepMind in 2014.

Secondly, the stock market, in a fashion exemplified by the earlier cartoon, has decided at the outset that it can identify winners in AI in the form of Nvidia designing the chips on which the generative AI models will run and Microsoft as a provider of an AI model. If it can do so at this stage it would seem to me to be a break with tradition. Think back to some of the major technology developments of the past half century or so and the early leaders:

- Microchips: Intel
- Internet Service Providers: AOL
- Mobile Phones: Nokia
- Search Engines: Yahoo
- Smartphones: Research In Motion (Blackberry)
- Social Media: Myspace

Where are they now? Does this experience suggest that we can predict a winner in the area of AI at the outset?

Moreover, maybe there won't be a winner, either in the provision of large language models or their use. There are numerous large language models in development and deployment by the major tech companies: such as Alphabet's Gemini, Meta's Llama 2 (stands for Large Language Model) and Microsoft's ChatGPT, as well as stock market excitement about the deployment of such models by Adobe, Intuit and Fortinet amongst just the companies that we follow. There is no shortage of contenders.

The adoption of AI may lead to a situation where everyone has it, so no one has any advantage. The analogy I would offer (with acknowledgement to Warren Buffett) is a football stadium. As the game becomes exciting and the striker runs into the penalty

Investment Manager's review (continued)

area with the ball, the second row of spectators stands up to get a better view. This blocks the view of those in the third row who follow suit. Pretty soon all the spectators are standing but no one has a better view than before, but they are all less comfortable.

So, I think we will suspend judgement of who, if anyone, will emerge as a winner in AI.

The second event worthy of mention is the passing of Charlie Munger, Warren Buffett's long time business partner, who passed away in November at the age of 99. Apart from offering a perspective on the perennial question about my retirement, Mr Munger's demise has led to the inevitable repetition of quotations from him by commentators.

However, none of the commentators has alighted upon the Charlie Munger quote which in my view encapsulates the current state of world affairs: "If you're not a little confused about what's going on, you don't understand it."

Finally, once more I wish you a happy New Year and thank you for your continued support for our Fund.

Yours sincerely,

Terry Smith

Terry Smith
CEO
Fundsmith LLP

Disclaimer: A Key Information Document and an English language prospectus for the Fundsmith Equity Fund (SICAV) are available via the Fundsmith website or on request and investors should consult these documents before purchasing shares in the fund. Past performance is not necessarily a guide to future performance. The value of investments and the income from them may fall as well as rise and be affected by changes in exchange rates, and you may not get back the amount of your original investment. Fundsmith LLP does not offer investment advice or make any recommendations regarding the suitability of its product. This document is communicated by Fundsmith LLP which is authorised and regulated by the Financial Conduct Authority.

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issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply and investors should consider carefully whether the investment is suitable for them. In particular, for investment fund that are not authorised or recognised by the MAS, units in such funds are not allowed to be offered to the retail public. This document and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply and investors should consider carefully whether the investment is suitable for them.

Sources: Fundsmith LLP, Bloomberg and #NYU Stern School of Business unless otherwise stated.

Data is as at 31st December 2023 unless otherwise stated.

Portfolio turnover compares the total share purchases and sales less total creations and liquidations with the average net asset value of the fund.

P/E ratios and Free Cash Flow Yields are based on trailing twelve month data and as at 31st December 2023 unless otherwise stated. Percentage change is not calculated if the TTM period contains a net loss.

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Investment Manager's review (continued)

This report reproduces the Annual Letter that was sent to investors and published on the website in mid-January.

Dear Fellow Investor,

The table below shows performance figures for the last calendar year and the cumulative and annualised performance of the Fundsmith Sustainable Equity Fund – a sub fund of the Fundsmith SICAV ('Fund' or 'SICAV') since inception on 1st March 2021 and various comparators.

% Total Return	1st Jan to 31st Dec 2023	Inception to 31st Dec 2023 Cumulative	Inception to 31st Dec 2023 Annualised	Sortino Ratio[5]
Fundsmith Sustainable Equity Fund EUR T Class[1]	+8.7	+16.8	+5.7	0.20
MSCI World Index EUR[2]	+19.6	+33.6	+10.8	0.50
European Bonds[3]	+10.5	-26.6	-10.4	
Cash[4]	+3.2	+2.7	+0.9	
Fundsmith Sustainable Equity Fund CHF I Class[1]	+2.4	-1.1	-0.4	
MSCI World Index CHF[2]	+13.3	+13.8	+4.7	
Fundsmith Sustainable Equity Fund USD I Class[1]	+13.0	+7.9	+2.7	
MSCI World Index USD[2]	+23.8	+21.6	+7.1	
Fundsmith Sustainable Equity Fund GBP I Class[1]	+6.7	+18.0	+6.0	
MSCI World Index GBP[2]	+16.8	+33.3	+10.7	

[1] Accumulation Shares, net of fees, priced at 13:00 CET, source: Bloomberg
[2] MSCI World Index priced at close of business US time, source: Bloomberg
[3] Bloomberg/EFFAS Bond Indices Euro Govt 10 yr., source: Bloomberg
[4] € Interest Rate, source: Bloomberg
[5] Sortino ratio is since inception to 31.12.23, 3.5% risk free rate, source: Financial Express Analytics.
The Fund is not managed with reference to any benchmark, the above comparators are provided for information purposes only.

Given we do not hedge currency exposure, the main difference in performance between the currency share classes is the relative currency movements in the year. The relative performance compared to the MSCI World Index is therefore similar for each share class and shows the Fund underperformed in 2023.

Outperforming the market or even making a positive return is not something you should expect from our Fund in every year or reporting period, and outperforming the market was more than usually challenging in 2023. The performance of the Nasdaq Composite Index, which was up 43% in USD in 2023, was dominated by a few companies, the so-called Magnificent Seven — Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla — which accounted for 68% of that Index's gains. Nvidia, the designer of chips for use in AI applications, alone accounted for 11% of the 43% gain. We do not own all the Magnificent Seven and would probably not be willing to take the risk of doing so, even if all of them fitted our investment criteria.

In looking at individual stock contribution to performance I prefer to start with the problems. The bottom five detractors from the Fund's performance in 2023 were:

Stock	Attribution
Estée Lauder	-1.6%
McCormick	-0.9%
Mettler-Toledo	-0.9%
Johnson & Johnson	-0.7%
PepsiCo	-0.4%

Source: Northern Trust.

Investment Manager's review (continued)

We sold our stake in Estée Lauder whose mishandling of the demand/supply situation in China following reopening post Covid and in the travel retail market revealed serious inadequacies in its supply chain.

McCormick has yet to return the profit margins in its food service business to the level they were before the pandemic.

Mettler-Toledo suffered from a downturn in demand for laboratory equipment post the pandemic, demand falling in China and a tighter funding market for biotech companies. However, we have no concerns about their longer-term prospects and our holding in Mettler-Toledo, in particular, is small and we may be able to use share price weakness to acquire more.

Johnson & Johnson completed the spin-out of the Kenvue OTC medicine and personal care business but continues to be overhung by the end of the Covid vaccine boost.

PepsiCo had a lacklustre year in share price terms as did most of the FMCG sector perhaps aided by some early and probably premature worries about the possible effect of the GLP-1 weight loss drugs.

For the year, the top five contributors to the Fund's performance were:

Stock	Attribution
Novo Nordisk	+3.0%
Microsoft	+2.2%
L'Oréal	+1.8%
Alphabet	+1.4%
IDEXX Laboratories	+1.1%

Source: Northern Trust.

Novo Nordisk rose to prominence this year as a result of the wild success of its weight loss drug Wegovy (also known as Ozempic when sold for treating diabetes). However, the Fund has owned the stock since inception in 2021 — attracted by its seemingly unusual approach to drug discovery and its ownership structure. We are not aware of another drug company whose stated aim is the eradication of the ailment from which it derives most of its revenues. The controlling stake held by the Novo Nordisk Foundation seems to guarantee a genuine long-term approach to the business.

Microsoft appears in this list of contributors for the first time but has been a perennial contributor to our older funds since we originally bought it at about $25 a share in 2011, a decision which subsequently attracted strident criticism (2023 year end price $376).

L'Oréal is a long-term favourite whose handling of the China market contrasts sharply with that of Estée Lauder.

Perhaps the most surprising to the five contributors was Alphabet (formerly Google) as it faced a number of headwinds, not least from competition authorities with the EU fining it €2.6bn and the Department of Justice bringing a case to stop Google paying to be the favoured search engine on Apple devices. Notwithstanding this the shares rose by 58% over the year.

IDEXX, the supplier of veterinary diagnostic equipment, was a top contributor despite concerns about a hangover following the upsurge in pet ownership during Covid.

We continue to apply a simple four step investment strategy:

- **Buy good companies**
- **ESG screen**
- **Don't overpay**
- **Do nothing**

I will review how we are doing against each of those in turn.

As usual we seek to give some insight into the first and most important of these — whether we own good companies — by giving you the following table which shows what the Fund would be like if instead of being a fund it was a company and accounted for the stakes which it owns in the portfolio on a 'look-through' basis, and compares this with the market, in this case the FTSE 100 and the S&P 500 Index (S&P 500). This also shows you how the portfolio has evolved over time.

Investment Manager's review (continued)

Year ended	Fundsmith Sustainable Equity Fund SICAV Portfolio			S&P 500	FTSE 100
	2021	2022	2023	2023	2023
ROCE	28%	31%	34%	18%	17%
Gross Margin	61%	61%	60%	45%	41%
Operating Margin	25%	26%	29%	16%	15%
Cash Conversion	97%	88%	93%	76%	85%
Interest Cover	20x	19x	20x	11x	10x

Source: Fundsmith LLP/Bloomberg.

ROCE, Gross Margin, Operating Margin and Cash Conversion are the weighted mean of the underlying companies invested in by the Fundsmith Sustainable Equity Fund and mean for the FTSE 100 and S&P 500 Indices.

The FTSE 100 and S&P 500 numbers exclude financial stocks. Interest Cover is median.

Ratios are Trailing Twelve Months and as defined by Bloomberg.

Cash Conversion compares Free Cash Flow per Share with Net Income per Share.

In 2023 returns on capital and operating profit margins were higher in the portfolio companies than in the past. Gross margins were steady. Importantly all of these metrics remain significantly better than the companies in the main indices (which include our companies). Moreover, if you own shares in companies during a period of inflation it is better to own those with high returns and gross margins.

Consistently high returns on capital are one sign we look for when seeking companies to invest in. Another is a source of growth — high returns are not much use if the business is not able to grow and deploy more capital at these high rates. So how did our companies fare in that respect in 2023? The weighted average free cash flow (the cash the companies generate after paying for everything except the dividend, and our preferred measure) grew by 18% in 2023.

The only metric which continues to lag its historical performance is cash conversion — the degree to which profits are delivered in cash. Although this recovered slightly to 93% in 2023, this is still below its historical level of around 100% as a result of unusual events affecting a handful of our companies which we expect to largely unwind to their benefit in 2024.

The average year of foundation of our portfolio companies at the year-end was 1932. Collectively they are a little under a century old.

The second leg of our strategy is to employ a negative sector-based sustainability screen, excluding companies operating in sectors with excessive sustainability-related risk (aerospace and defence, brewers, distillers and vintners, casinos and gaming, gas and electric utilities, metals and mining, oil, gas and consumable fuels, pornography and tobacco). We then assess company sustainability in the widest sense, evaluating a business's handling of risks and opportunities and their policies and practices covering research and development, new product innovation, dividend payments and the adequacy and productivity of capital investment.

One of the key metrics we use to assess sustainability risks is their RepRisk Index (RRI)*, which measures a company's current reputational risk exposure based on recent controversies. At the end of December 2023, the weighted average RepRisk Index for our portfolio was 26.8, lower than the 27.4 it was at the start of the year and lower than the MSCI World's weighted average of 29.9, which implies our portfolio has lower exposure to reputational risks related to sustainability factors than the MSCI World.

At the end of 2023, the four companies with the highest RepRisk Index scores were:

Stock	RepRisk
Alphabet	65
Johnson & Johnson	56
McDonald's	53
Unilever	52

Source: RepRisk.

Investment Manager's review (continued)

Alphabet has retained its position as the company with the highest RepRisk Index score in the portfolio. Two new entries to the top four are McDonald's and Unilever, replacing Microsoft and Procter & Gamble, respectively. Alphabet's RRI is high not due to real and significant negative impacts but because of a large amount of press coverage resulting from their size and the fact that their products are used by millions daily. This continued to be the case in 2023.

Additionally, US and European competition authorities tried to find evidence of market abuse or noncompliance with various updates to consumer privacy rules during the year. We expect the companies in which we invest to manage this regulatory risk effectively and do not currently think that Alphabet is excessively abusing its market position. One of the reasons that Alphabet is such an attractive company to invest in is its dominant position in the markets within it operates.

McDonald's RepRisk is higher than the portfolio average due to accusations of sexual harassment at some franchisee-owned stores in the US and the treatment of migrant workers in Saudi Arabia. We have assessed it as not having a significant net negative impact because of its ongoing and significant progress towards making its food healthier and improving animal welfare in its supply chain. Its restaurants also provide a cheap source of calories and protein to many underprivileged communities while providing thousands of young people their first employment experience.

Unilever and Johnson & Johnson's RRI tends to be among the highest in the portfolio due to the environmental impact of its large, complex supply chain and various historic legal cases against the company, respectively.

At the end of 2023, the four companies with the lowest RepRisk Index scores were:

Stock	RepRisk
Waters Corp	0
ADP	0
Fortinet	0
Mettler-Toledo	0

Source: RepRisk.

Waters and ADP remain on the list from 2022 and are joined this year by measurement specialist Mettler-Toledo and Fortinet. Fortinet is another new holding for the portfolio this year and specialises in cybersecurity solutions.

We use the RepRisk Index scores in two ways: first, to capture any coverage relating to the companies in the Fund's investable universe we may have missed in our routine research, and second, as a proxy for the absolute negative impacts a company has, particularly on society. While environmental impacts are relatively easy to measure (e.g. greenhouse gas emissions) and therefore assess both absolutely and relatively between companies, impacts on society are often qualitative and much more challenging to assess. Hence, we use the RRI as a proxy for evaluating these negative impacts. Although it isn't perfect, it gives us a framework to assess and compare non-quantitative impacts between the companies in our investable universe.

The portfolio companies continue to show their commitment to reducing their contribution to climate change. By the end of 2023, 90% of the Fund's emissions were covered by a commitment to set Science Based Targets initiative (SBTi) emission reduction targets. Further, 59% of the companies in the portfolio had SBTi-approved targets, all aligned with the more ambitious goal of keeping global warming within 1.5°C of pre-industrial levels. This compares to 22% of the MSCI All Country World Index.

While it is important to ensure our companies are making the commitments necessary to avoid the worst impacts of climate change, it is more important to ensure that they act upon these commitments. Companies failing to act risk facing accusations of greenwashing and corporate complacency which can be damaging.

Between 2018 and 2022, the portfolio companies have collectively reduced their carbon emissions (Scope 1 and 2) by over four million tonnes and have averaged a 23% emission reduction per company. Some have made more progress than others, however. Three consumer staples stocks in the portfolio account for over 3.8 million tonnes of the total emissions reduction: Procter & Gamble, Unilever, and PepsiCo. Other companies have also made similarly impressive reductions, though not in the same absolute terms. Our payment companies, Visa and Mastercard, achieved 90% and 87% emissions reductions, respectively. Both can now claim to have carbon-neutral operations.

Investment Manager's review (continued)

The carbon emission reductions made by these five companies all have one thing in common: they were made by using more renewable energy. Visa and Mastercard sourced 100% of their energy from renewable sources by the end of the period, while P&G, PepsiCo and Unilever were able to scale up their renewable energy usage significantly, reaching totals of 99%, 65% and 86%, respectively.

The impact of increasing renewable energy usage on a company's emissions can be seen in their reported Scope 2 emissions. Scope 2 represents the emissions generated by a company's electricity purchases and can be reported using two different methodologies. The first is a location-based methodology, which accounts for the energy mix of the local electricity grid. The second is the market-based method. This approach considers any Power Purchase Agreements or energy attribute certificates the company has chosen to acquire to increase the share of renewable energy it uses.

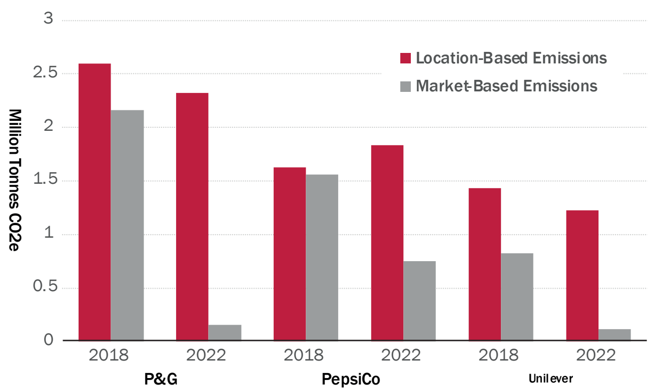
The market-based methodology has come under some criticism, mainly because the approach does not represent the energy consumed by companies as it comes off the local grid. We do not believe companies should be penalised for the energy mix of the country where their operations occur; even nations with mature renewable energy industries still use high percentages of fossil fuels to generate electricity. For example, the UK is one of the world's leading producers of renewable energy but still relied on fossil fuels to generate 44% of the total electricity it generated in 2022. The market-based method allows companies to increase their use of renewable energy and incentivises investment in renewable energy.

In our view, the market-based approach is a better representation of a company's decisions and efforts to reduce its emissions. In contrast, the location-based approach represents the energy mix of where their operations are located, which is not necessarily a company's choice.

As mentioned, companies can purchase renewable energy in two ways. Power Purchase Agreements (PPAs) are a long-term agreement between a consumer, typically a company that consumes large amounts of energy, and a renewable energy developer. The company agrees to buy either all or a pre-determined proportion of the renewable energy generated by the project. These agreements incentivise the developer to pursue renewable energy projects as they can ensure their profitability and they can also provide funding for the project. We prefer to see our companies following this route as it adds an additional renewable energy generation to the grid compared to the alternative option, Energy Attribution Certificates (EACs). EACs are instruments designed to track the origin of renewable energy, giving the purchaser insight into where the energy was produced, which technology was used to produce it and the age of the machine generating it. Companies can purchase these certificates (which each represent one MWh hour of renewable energy) and use them to offset non-renewable energy they use.

P&G, PepsiCo and Unilever have used a combination of these methods, for example PepsiCo's renewable project with Iberdrola and P&G's with EDPR, to significantly increase the amount of renewable energy they use over the past 5 years. This in turn has allowed them to reduce the amounts of greenhouse gasses they are responsible for and therefore reduce their contribution to climate change. The impact these power purchasing projects and EACs have had on the emissions of the companies can be seen by comparing the location and market-based emissions reported in 2018 and 2022, as we have illustrated in the chart below.

P&G, PepsiCo & Unilever Reported Emissions 2018-2022



Investment Manager's review (continued)

Taking P&G as an example, its location-based emissions have fallen from 2.6m tonnes in 2018 to 2.3m tonnes in 2022, a 12% reduction in its absolute emissions despite its revenues and operating profit growing by 20% and 33%, respectively. However, as the market-based emissions show, the reduction in net contribution to climate change has been even more significant due to the various renewable energy deals the company has signed. P&G's market-based emissions have fallen from 2.2m tonnes in 2018 to 0.2m tonnes in 2022, an impressive 93% reduction.

The third leg of our strategy is about valuation. The weighted average free cash flow ('FCF') yield (the free cash flow generated as a percentage of the market value) of the portfolio at the outset of the year was 3.1% and ended it at 3.2%. The year-end median FCF yield on the S&P 500 was 3.7%.

Our portfolio consists of companies that are fundamentally a lot better than the average of those in the S&P 500 so it is no surprise that they are valued more highly than the average S&P 500 company. In itself this does not necessarily make the stocks expensive, any more than a lowly rating makes a stock cheap. However, we expect some of this disparity in valuation to be eradicated in 2024 if, as we expect, the cash conversion of our portfolio companies improves.

Turning to the fourth leg of our strategy, which we succinctly describe as 'Do nothing', minimising portfolio turnover remains one of our objectives and this was again achieved with a portfolio turnover of 15.4% during the period. It is perhaps more helpful to know that we spent a total of just 0.01% (one basis point) of the Fund's average value over the year on voluntary dealing (which excludes dealing costs associated with subscriptions and redemptions as these are involuntary). We sold our stakes in Adobe and Estée Lauder and purchased stakes in Marriott, Mastercard, McDonald's and Fortinet. As last year this may seem a lot of names for what is not a lot of turnover as in some cases the size of the holding sold or bought was small. We have held 17 of our companies since inception in 2021.

Why is this important? It helps to minimise costs and minimising the costs of investment is a vital contribution to achieving a satisfactory outcome as an investor. Too often investors, commentators and advisers focus on, or in some cases obsess about, the Annual Management Charge ('AMC') or the Ongoing Charges Figure ('OCF'), which includes some costs over and above the AMC, which are charged to the Fund. The OCF for 2023 for the T Class Accumulation shares was 1.11% (I Class shares 0.97%). The trouble is that the OCF does not include an important element of costs — the costs of dealing. When a fund manager deals by buying or selling, the fund typically incurs the cost of commission paid to a broker, the bid-offer spread on the stocks dealt in and, in some cases, transaction taxes such as stamp duty in the UK. This can add significantly to the costs of a fund, yet it is not included in the OCF.

We provide our own version of this total cost including dealing costs, which we have termed the Total Cost of Investment ('TCI'). For the T Class Accumulation shares in 2023 the TCI was 1.13% (I Class Shares 0.99%), including all costs of dealing for flows into and out of the Fund, not just our voluntary dealing. We are pleased that our TCI is just 0.02% (2 basis point) above our OCF when transaction costs are taken into account. However, we would again caution against becoming obsessed with charges to such an extent that you lose focus on the performance of funds. It is worth pointing out that the performance of our Fund tabled at the beginning of this letter is after charging all fees which should surely be the main focus.

Last year I spent quite a lot of this letter trying to explain the background to the period of low interest rates and Quantitative Easing and how the resurgence of inflation and interest rate rises had affected company valuations, and especially those which had above average valuations.

As an illustration of this effect, consider the following. If you had invested $100 in the Vanguard Long US Government Bond Index Fund (Ticker: VBLAX, 'Bond Fund') in June 2020, at the trough in yields on US Treasury bonds, your total income over the next 10 years would be a mere $7 i.e. you would receive 70 cents per annum in income. You would have had to invest a lot of dollars to get an income you could live on. Had you invested in October 2023, which may represent the high point in this economic cycle for bond yields, your total income over the life of the investment will be $47.50. Quite a change.

Investment Manager's review (continued)

This illustrates two points.

One is that you would have lost a lot of money had you bought the Bond Fund in 2020 and had still been holding it in October 2023. The Bond Fund's net asset value, at which it trades, declined from a peak of $17.71 in June 2020 to a low of $9.19 in October 2023, a fall of 48%. This puts the losses from investing in high quality equities over this period into perspective. Better to be in equities than long bonds when interest rates rise sharply.

The other point it illustrates is that bonds have been offering an alluring alternative to equities for many investors. If Uncle Sam is willing to pay a risk-free income (and short dated bonds are as close to risk free as you can get) of close to 5%, why take the risk of investing in equities? The short answer is because equities provide a better return. For the period 1928–2023 (the earliest for which I can get reliable data), the annualised return on 10 Year US Treasury Bonds was 4.6% whereas the S&P 500 compounded at 9.8% with dividends reinvested[#]. This of course includes the Great Depression and World War Two as well as other more recent and lesser incidents like the 1987 Crash, the Dotcom meltdown, the Great Financial Crisis of 2008–09 and the Covid pandemic.

This is unsurprising. Equities benefit from a feature which no other asset class, including bonds, can provide: a portion of the profit or cash flow which belongs to the shareholders is reinvested each year by the company. This is the retained profit which is not paid out as dividends, and its investment is the source of compounding which underpins the returns of long-term investment. In my view this is the least discussed and appreciated aspect of equity investment versus all other asset classes.

So, if equities outperform bonds why are investors so keen to hold bonds at the moment? The answer of course is that whilst equities may outperform bonds over long periods of time, there is no guarantee that equities will provide this superior return in any given period, and in fact they may lose value for periods of time, as they did in 2022. Many investors do not have the appetite to invest in an asset whose price is set daily by a process which was illustrated by this wonderful cartoon:

It requires not only a grasp of investment analysis but also an iron constitution to ignore the periodic shenanigans of the stock market and reap the rewards of long-term equity investment.

I thought it would be amiss not to mention two events which marked 2023.

The first event is the rise of Artificial Intelligence, or AI, as one of the driving forces behind the rise of most of the Magnificent Seven and especially Nvidia. What to make of it? I would offer a few observations.

Investment Manager's review (continued)

Firstly, AI is not quite as new as the rise in interest in AI in the stock market this year, driven by Microsoft's investment in OpenAI and the adoption of its ChatGPT large language model (actually launched in November 2022). IBM launched an AI model called Watson which beat two human champions in the US quiz show Jeopardy! in 2011. Google (now Alphabet) acquired the AI developer DeepMind in 2014.

Secondly, the stock market, in a fashion exemplified by the earlier cartoon, has decided at the outset that it can identify winners in AI in the form of Nvidia designing the chips on which the generative AI models will run and Microsoft as a provider of an AI model. If it can do so at this stage it would seem to me to be a break with tradition. Think back to some of the major technology developments of the past half century or so and the early leaders:

- Microchips: Intel
- Internet Service Providers: AOL
- Mobile Phones: Nokia
- Search Engines: Yahoo
- Smartphones: Research In Motion (Blackberry)
- Social Media: Myspace

Where are they now? Does this experience suggest that we can predict a winner in the area of AI at the outset?

Moreover, maybe there won't be a winner, either in the provision of large language models or their use. There are numerous large language models in development and deployment by the major tech companies: such as Alphabet's Gemini, Meta's Llama 2 (stands for Large Language Model) and Microsoft's ChatGPT, as well as stock market excitement about the deployment of such models by Adobe, Intuit and Fortinet amongst just the companies that we follow. There is no shortage of contenders.

The adoption of AI may lead to a situation where everyone has it, so no one has any advantage. The analogy I would offer (with acknowledgement to Warren Buffett) is a football stadium. As the game becomes exciting and the striker runs into the penalty area with the ball, the second row of spectators stands up to get a better view. This blocks the view of those in the third row who follow suit. Pretty soon all the spectators are standing but no one has a better view than before, but they are all less comfortable.

So, I think we will suspend judgement of who, if anyone, will emerge as a winner in AI.

The second event worthy of mention is the passing of Charlie Munger, Warren Buffett's long time business partner, who passed away in November at the age of 99. Apart from offering a perspective on the perennial question about my retirement, Mr Munger's demise has led to the inevitable repetition of quotations from him by commentators. However, none of the commentators has alighted upon the Charlie Munger quote which in my view encapsulates the current state of world affairs: "If you're not a little confused about what's going on, you don't understand it."

Finally, once more I wish you a happy New Year and thank you for your continued support for our Fund.

Yours sincerely,

Terry Smith

Terry Smith
CEO
Fundsmith LLP

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Sources: Fundsmith LLP & Bloomberg and #NYU Stern School of Business, unless otherwise stated.

Data is as at 31st December 2023 unless otherwise stated.

Portfolio turnover compares the total share purchases and sales less total creations and liquidations with the average net asset value of the fund.

P/E ratios and Free Cash Flow Yields are based on trailing twelve month data and as at 31st December 2023 unless otherwise stated. Percentage change is not calculated if the TTM period contains a net loss.

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REPORT OF THE *REVISEUR D'ENTREPRISES AGREE*

Opinion

We have audited the financial statements of Fundsmith SICAV (the "SICAV") and of each of its sub-funds, which comprise the statement of net assets and the portfolio of investments as at December 31, 2023, and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the SICAV and of each of its sub-funds as at December 31, 2023, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *réviseur d'entreprises agréé* for the Audit of the Financial Statements" section of our report. We are also independent of the SICAV in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of the *réviseur d'entreprises agréé* thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the SICAV for the Financial Statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Société à responsabilité limitée au capital de 360.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement 10022179

In preparing the financial statements, the Board of Directors of the SICAV is responsible for assessing the SICAV's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the SICAV either intends to liquidate the SICAV or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the *"réviseur d'entreprises agréé"* for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *réviseur d'entreprises agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SICAV's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the SICAV.
- Conclude on the appropriateness of the Board of Directors of the SICAV's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SICAV's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *réviseur d'entreprises agréé* to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *réviseur d'entreprises agréé*. However, future events or conditions may cause the SICAV to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Deloitte Audit, *Cabinet de révision agréé*

PP

Nicolas Hennebert

Elisabeth Layer, *Réviseur d'entreprises agréé*
Partner

February 22, 2024

Statement of Net Assets as at 31 December 2023

	Notes	Combined EUR	Fundsmith Equity Fund EUR	Fundsmith Sustainable Equity Fund EUR
Assets				
Investments at market value	2(c)	8,677,274,683	8,341,960,768	335,313,915
Cash at bank	2(c)	21,286,071	19,690,278	1,595,793
Securities sold receivable	2(c)	33,872,408	33,872,408	–
Subscriptions receivable	2(c)	17,671,961	17,108,799	563,162
Dividend income receivable	2(e)	9,777,128	9,582,381	194,747
Bond interest receivable	2(d)	3,893	–	3,893
Bank interest receivable	2(c)	126,682	123,177	3,505
Other assets		380	366	14
Total assets		**8,760,013,206**	**8,422,338,177**	**337,675,029**
Liabilities				
Redemptions payable	2(c)	(54,064,356)	(53,687,541)	(376,815)
Management fees payable	3(a)	(6,906,794)	(6,668,698)	(238,096)
Depositary fees payable	3(c)	(230,358)	(222,831)	(7,527)
Administration fees payable	3(b)	(208,397)	(187,432)	(20,965)
Subscription tax payable	4	(405,764)	(397,467)	(8,297)
Professional fees payable		(45,576)	(43,920)	(1,656)
Other liabilities		(41,777)	(36,337)	(5,440)
Total liabilities		**(61,903,022)**	**(61,244,226)**	**(658,796)**
Total net assets		**8,698,110,184**	**8,361,093,951**	**337,016,233**

The accompanying notes form an integral part of these financial statements.

Statement of Operations and Changes in Net Assets for the year ended 31 December 2023

	Notes	Combined EUR	Fundsmith Equity Fund EUR	Fundsmith Sustainable Equity Fund EUR
Net assets at the beginning of the year		**8,306,614,463**	**8,040,343,457**	**266,271,006**
Income				
Dividend income	2(e)	97,124,839	94,026,130	3,098,709
Bond interest	2(d)	1,510,970	1,464,143	46,827
Net bank interest		5,953,093	5,772,942	180,151
Other income		36,320	30,000	6,320
Total income		**104,625,222**	**101,293,215**	**3,332,007**
Expenses				
Management fees	3(a)	(83,266,035)	(80,650,279)	(2,615,756)
Depositary fees	3(c)	(1,361,004)	(1,317,389)	(43,615)
Administration fees	3(b)	(1,291,541)	(1,172,442)	(119,099)
Subscription tax	4	(1,641,072)	(1,609,178)	(31,894)
Professional fees		(112,764)	(106,798)	(5,966)
Directors' fees	3(d)	(60,000)	(58,225)	(1,775)
Other expenses		(173,380)	(155,085)	(18,295)
Total expenses		**(87,905,796)**	**(85,069,396)**	**(2,836,400)**
Net investment income		**16,719,426**	**16,223,819**	**495,607**
Net realised loss on:				
Investments		(43,605,683)	(39,021,367)	(4,584,316)
Foreign currency		(20,903,674)	(20,024,068)	(879,606)
Net realised loss for the year		**(64,509,357)**	**(59,045,435)**	**(5,463,922)**
Net change in unrealised gain on:				
Investments	2(c)	1,107,869,997	1,077,572,765	30,297,232
Foreign currency	2(b)	14,288,255	14,000,069	288,186
Net change in unrealised gain for the year		**1,122,158,252**	**1,091,572,834**	**30,585,418**
Increase in net assets as a result of operations		**1,074,368,321**	**1,048,751,218**	**25,617,103**
Movements in share capital				
Subscriptions		1,600,401,300	1,538,910,146	61,491,154
Redemptions		(2,281,683,934)	(2,265,325,730)	(16,358,204)
Distribution paid	5	(1,589,966)	(1,585,140)	(4,826)
(Decrease)/increase in net assets as a result of movements in share capital		**(682,872,600)**	**(728,000,724)**	**45,128,124**
Net assets at the end of the year		**8,698,110,184**	**8,361,093,951**	**337,016,233**

The accompanying notes form an integral part of these financial statements.

Statistical Information

Net Assets

	Currency	31 December 2023	31 December 2022	31 December 2021
Fundsmith Equity Fund				
Net asset value per:				
T Class Accumulation Shares	EUR	56.49	49.82	60.27
T Class Income Shares	EUR	53.24	46.97	56.83
USD T Class Accumulation Shares	USD	10.15	8.63	–
USD T Class Income Shares	USD	10.15	8.63	–
I Class Accumulation Shares	EUR	57.35	50.51	61.02
I Class Income Shares	EUR	53.46	47.19	57.02
CHF I Class Accumulation Shares	CHF	37.70	35.30	44.74
CHF I Class Income Shares	CHF	35.07	32.91	41.72
GBP I Class Accumulation Shares	GBP	39.07	35.12	40.18
GBP I Class Income Shares	GBP	37.15	33.46	38.29
USD I Class Accumulation Shares	USD	35.36	30.02	38.45
USD I Class Income Shares	USD	33.26	28.30	36.25
R Class Accumulation Shares	EUR	53.34	47.28	57.48
R Class Income Shares	EUR	52.33	46.39	56.40
USD R Class Accumulation Shares	USD	10.06	8.59	–
USD R Class Income Shares	USD	10.06	8.59	–
Total net assets	**EUR**	**8,361,093,951**	**8,040,343,457**	**9,095,710,357**
Fundsmith Sustainable Equity Fund				
Net asset value per:				
T Class Accumulation Shares	EUR	11.68	10.75	12.60
T Class Income Shares	EUR	11.69	10.75	12.60
I Class Accumulation Shares	EUR	11.73	10.78	12.61
I Class Income Shares	EUR	11.72	10.77	12.61
CHF I Class Accumulation Shares	CHF	9.89	9.65	11.86
CHF I Class Income Shares	CHF	–	–	11.85
GBP I Class Accumulation Shares	GBP	11.80	11.06	12.26
GBP I Class Income Shares	GBP	11.79	11.06	12.26
USD I Class Accumulation Shares	USD	10.79	9.55	11.85
USD I Class Income Shares	USD	10.78	9.55	11.85
R Class Accumulation Shares	EUR	11.52	10.65	12.55
R Class Income Shares	EUR	11.52	10.65	12.55
Total net assets	**EUR**	**337,016,233**	**266,271,006**	**199,438,759**

Statistical Information (continued)

Changes in Shares Outstanding

	Currency	Balance as at 1 January 2023	Subscriptions	Redemptions	Balance as at 31 December 2023
Fundsmith Equity Fund					
T Class Accumulation Shares	EUR	20,241,941	6,518,744	(6,336,486)	20,424,199
T Class Income Shares	EUR	2,576,702	516,056	(583,028)	2,509,730
USD T Class Accumulation Shares	USD	7,986,355	2,244,544	(766,751)	9,464,148
USD T Class Income Shares	USD	488,062	69,148	–	557,210
I Class Accumulation Shares	EUR	28,723,902	7,679,393	(12,855,260)	23,548,035
I Class Income Shares	EUR	5,166,001	1,226,450	(1,538,028)	4,854,423
CHF I Class Accumulation Shares	CHF	4,622,003	752,327	(1,871,908)	3,502,422
CHF I Class Income Shares	CHF	888,331	231,058	(59,190)	1,060,199
GBP I Class Accumulation Shares	GBP	8,270,798	1,866,749	(1,785,976)	8,351,571
GBP I Class Income Shares	GBP	4,525,738	676,461	(1,140,198)	4,062,001
USD I Class Accumulation Shares	USD	132,185,048	7,361,845	(23,073,339)	116,473,554
USD I Class Income Shares	USD	9,350,399	684,528	(1,697,433)	8,337,494
R Class Accumulation Shares	EUR	8,953,329	4,703,903	(2,686,314)	10,970,918
R Class Income Shares	EUR	1,143,773	173,645	(173,476)	1,143,942
USD R Class Accumulation Shares	USD	1,617,684	2,604,891	(1,335,544)	2,887,031
USD R Class Income Shares	USD	1,000	25,379	–	26,379
Fundsmith Sustainable Equity Fund					
T Class Accumulation Shares	EUR	519,730	82,886	(80,815)	521,801
T Class Income Shares	EUR	3,616	179	–	3,795
I Class Accumulation Shares	EUR	13,290,795	2,157,881	(635,383)	14,813,293
I Class Income Shares	EUR	283,718	9,920	(105,571)	188,067
CHF I Class Accumulation Shares	CHF	388,186	43,590	(56,660)	375,116
GBP I Class Accumulation Shares	GBP	23,947	278,346	(6,164)	296,129
GBP I Class Income Shares	GBP	2,918	420,883	(41,229)	382,572
USD I Class Accumulation Shares	USD	12,173,638	2,559,802	(580,786)	14,152,654
USD I Class Income Shares	USD	118,327	250,911	(34,592)	334,646
R Class Accumulation Shares	EUR	24,329	34,211	(9,868)	48,672
R Class Income Shares	EUR	1,000	–	–	1,000

Portfolio of Investments as at 31 December 2023

Fundsmith Equity Fund

Currency	Holdings	Description	Market value EUR	% of net assets
Transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market				
		Equities		
		Denmark		
DKK	1,427,542	Coloplast A/S - B	148,485,770	1.78
DKK	7,868,051	Novo Nordisk A/S	737,843,714	8.82
		Total Denmark	**886,329,484**	**10.60**
		France		
EUR	562,891	L'Oréal SA	254,257,865	3.04
EUR	469,188	LVMH Moet Hennessy Louis Vuitton SE	345,181,612	4.13
		Total France	**599,439,477**	**7.17**
		Spain		
EUR	2,293,255	Amadeus IT Group SA	149,153,305	1.78
		Total Spain	**149,153,305**	**1.78**
		United Kingdom		
GBP	6,588,629	Diageo PLC	216,961,350	2.59
GBP	5,420,923	Unilever PLC	237,263,776	2.84
		Total United Kingdom	**454,225,126**	**5.43**
		United States		
USD	1,805,248	Alphabet Inc - A	228,552,765	2.73
USD	463,041	Apple Inc	81,003,945	0.97
USD	1,560,243	Automatic Data Processing Inc	327,666,660	3.92
USD	4,014,256	Brown-Forman Corp - B	207,808,516	2.49
USD	2,519,072	Church & Dwight Co Inc	214,563,535	2.57
USD	1,221,217	Fortinet Inc	65,707,802	0.79
USD	780,230	IDEXX Laboratories Inc	397,968,623	4.76
USD	1,271,420	Marriott International Inc	257,929,860	3.08
USD	3,917,991	McCormick & Co Inc	240,727,218	2.88
USD	1,484,039	Meta Platforms Inc - A	480,969,695	5.75
USD	217,560	Mettler-Toledo International Inc	240,483,553	2.88
USD	2,317,060	Microsoft Corp	786,863,620	9.41
USD	2,195,166	NIKE Inc - B	216,246,771	2.59
USD	1,606,931	Otis Worldwide Corp	130,097,557	1.56
USD	1,931,723	PepsiCo Inc	295,504,550	3.53
USD	4,404,706	Philip Morris International Inc	375,734,105	4.49
USD	1,718,874	Procter & Gamble Co	225,810,732	2.70
USD	1,671,308	Stryker Corp	454,390,277	5.43
USD	1,609,689	Visa Inc - A	378,408,424	4.53
USD	1,031,532	Waters Corp	309,778,266	3.70
		Total United States	**5,916,216,474**	**70.76**
		Total equities	**8,005,363,866**	**95.74**
Total transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market			**8,005,363,866**	**95.74**

The accompanying notes form an integral part of these financial statements.

Portfolio of Investments as at 31 December 2023 (continued)

Fundsmith Equity Fund (continued)

Currency	Holdings	Description	Market value EUR	% of net assets
Other transferable securities				
		Equities		
		France		
EUR	485,178	L'Oréal SA - Pref	219,154,902	2.62
EUR	260,000	L'Oréal SA - Pref 2024	117,442,000	1.41
		Total France	**336,596,902**	**4.03**
		Total equities	**336,596,902**	**4.03**
Total other transferable securities			**336,596,902**	**4.03**
Total portfolio			**8,341,960,768**	**99.77**
Other assets and liabilities			19,133,183	0.23
Net assets at the end of the year			**8,361,093,951**	**100.00**

The accompanying notes form an integral part of these financial statements.

Portfolio of Investments as at 31 December 2023 (continued)

Fundsmith Sustainable Equity Fund

Currency	Nominal/ holdings	Description	Market value EUR	% of net assets
Transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market				
		Equities		
		Denmark		
DKK	106,861	Coloplast A/S - B	11,115,146	3.30
DKK	246,443	Novo Nordisk A/S	23,110,732	6.86
		Total Denmark	**34,225,878**	**10.16**
		France		
EUR	36,333	L'Oréal SA	16,411,616	4.87
		Total France	**16,411,616**	**4.87**
		Spain		
EUR	134,850	Amadeus IT Group SA	8,770,644	2.60
		Total Spain	**8,770,644**	**2.60**
		United Kingdom		
GBP	299,947	Unilever PLC	13,128,126	3.89
		Total United Kingdom	**13,128,126**	**3.89**
		United States		
USD	83,420	Alphabet Inc - A	10,561,359	3.13
USD	68,501	Automatic Data Processing Inc	14,385,896	4.27
USD	184,477	Church & Dwight Co Inc	15,712,944	4.66
USD	110,610	Fortinet Inc	5,951,391	1.77
USD	49,311	Home Depot Inc	15,463,274	4.59
USD	28,633	IDEXX Laboratories Inc	14,604,714	4.33
USD	91,630	Johnson & Johnson	12,936,735	3.84
USD	63,254	Marriott International Inc	12,832,184	3.81
USD	20,958	Mastercard Inc	8,067,419	2.39
USD	157,597	McCormick & Co Inc	9,682,995	2.87
USD	30,444	McDonald's Corp	8,117,118	2.41
USD	10,169	Mettler-Toledo International Inc	11,240,473	3.34
USD	58,607	Microsoft Corp	19,902,685	5.91
USD	87,038	Otis Worldwide Corp	7,046,619	2.09
USD	77,892	PepsiCo Inc	11,915,497	3.54
USD	104,753	Procter & Gamble Co	13,761,539	4.08
USD	69,314	Stryker Corp	18,844,885	5.59
USD	66,533	Visa Inc - A	15,640,691	4.64
USD	55,754	Waters Corp	16,743,424	4.97
USD	74,407	Zoetis Inc	13,291,425	3.94
		Total United States	**256,703,267**	**76.17**
		Total equities	**329,239,531**	**97.69**
		Bond		
		United States		
USD	1,150,000	United States Treasury Bond 0.75% 31/12/2023	1,037,929	0.31
		Total United States	**1,037,929**	**0.31**
		Total bond	**1,037,929**	**0.31**
Total transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market			**330,277,460**	**98.00**

The accompanying notes form an integral part of these financial statements.

Portfolio of Investments as at 31 December 2023 (continued)

Fundsmith Sustainable Equity Fund (continued)

Currency	Holdings	Description	Market value EUR	% of net assets
Other transferable securities				
		Equity		
		France		
EUR	11,150	L'Oréal SA - Pref 2024	5,036,455	1.49
		Total France	**5,036,455**	**1.49**
		Total Equity	**5,036,455**	**1.49**
Total other transferable securities			**5,036,455**	**1.49**
Total portfolio			**335,313,915**	**99.49**
Other assets and liabilities			1,702,318	0.51
Net assets at the end of the year			**337,016,233**	**100.00**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1. The SICAV

Fundsmith SICAV (the "SICAV"), formerly Fundsmith Equity Fund SICAV, is an open-ended investment company incorporated under the laws of Luxembourg as a *Société d'Investissement à Capital Variable* in accordance with the provisions of Part I of the amended Law relating to Undertakings for Collective Investment of 17 December 2010 ("UCI Law"). The SICAV was incorporated for an unlimited period on 28 October 2011. The Articles of Incorporation were published in the *Mémorial C* on 14 November 2011. The SICAV changed its name to Fundsmith SICAV on 1 March 2021 and the Articles were amended with effect on 1 March 2021. The SICAV is registered with the Luxembourg Trade and Companies Register under number B164404.

The SICAV has appointed FundRock Management Company S.A. (the "Management Company") as its management company.

As at 31 December 2023, the SICAV consisted of two active sub-funds (the "Sub-Funds"):

Sub-Fund	Currency	Launch date
Fundsmith Equity Fund	EUR	28 October 2011
Fundsmith Sustainable Equity Fund	EUR	1 March 2021

Investment Objective

The investment objective of the Sub-Funds is to achieve long-term growth in value. The Sub-Funds will invest in equities on a global basis. The Sub-Funds' approach is to be a long-term investor in its chosen stocks. They will not adopt short-term trading strategies. The Sub-Funds have stringent investment criteria which the Investment Manager adheres to in selecting securities for the Sub-Funds' investment portfolios.

Share Classes

There were no share classes launched during the year ended 31 December 2023.

There were no share classes that became dormant during the year ended 31 December 2023.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Preparation of the Financial Statements

The combined primary statements of these financial statements (Statement of Net Assets and Statement of Operations and Changes in Net Assets) are the arithmetic sum of the financial statements of all Sub-Funds.

These financial statements have been prepared in accordance with generally accepted accounting principles in Luxembourg.

The financial statements of the SICAV and each of its Sub-Funds have been prepared on a going concern basis.

This report is presented on the basis of the latest net asset value calculated during the financial year (i.e. 29 December 2023).

The reference currency of the SICAV and of each of its Sub-Funds is EUR and all the financial statements of the SICAV are presented in EUR.

(b) Foreign Currency Translation

Transactions and Balances

Foreign currency transactions are translated into the reference currency using the exchange rates prevailing on the dates of the transactions. Foreign currency assets and liabilities are translated into the base currency using the exchange rate prevailing at the Statement of Net Assets date and are detailed in Note 7.

Foreign exchange gains and losses arising from translation are included in the Statement of Operations and Changes in Net Assets.

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(c) Valuation of Investments, Assets and Liabilities

The SICAV's investments, assets and liabilities are valued as follows:

(i) Investment Securities Valuation

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 Sub-Funds' investments and the Management Company's/Investment Manager's other duties and responsibilities in relation to a Sub-Fund, the Management Company/Investment Manager will endeavour to resolve any such conflict of interest timely and fairly and in the interest of Shareholders.

The value of securities which are listed or dealt in on any stock exchange is based on the last available price at the point as at which the net asset value is determined.

The Board of Directors of the SICAV 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, and deem such adjustment is required to reflect the fair value thereof.

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 Board of Directors of the SICAV, or by a competent person, with care and in good faith.

If the Board of Directors of the SICAV deem it necessary, a specific investment may be valued under an alternative method of valuation chosen by the Board of Directors of the SICAV.

(ii) Cash at Bank

Cash at bank includes cash on hand or on deposit valued at its nominal/face value.

(iii) Assets

Assets, which include dividend income receivable, bond interest receivable, securities sold receivable, subscriptions receivable, bank interest receivable and prepaid expenses, are valued at nominal value unless it appears unlikely that such nominal amount is obtainable.

(iv) Liabilities

Liabilities, which include expenses payable and redemptions payable, are valued at nominal value.

(d) Bond Interest

Bond interest is accrued on a daily basis, net of withholding tax.

(e) Dividend Income

Dividends are recognised on the date on which the shares concerned are quoted "ex-dividend", net of withholding tax.

(f) Distributions

The SICAV may issue accumulation and/or income shares within each Sub-Fund. Accumulation shares do not pay any dividends whereas income shares give their owners the right to receive distributions.

(g) Total Net Asset Value

The total net asset value is equal to the difference between the total assets and the total liabilities of each Sub-Fund and the total net asset value of each share class is expressed in the reference currency of the relevant share class.

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(g) Total Net Asset Value (continued)

The net asset value per share is calculated as of each valuation day by dividing the total net asset value attributable to a share class by the total number of shares in issue or deemed to be in issue in that share class as of the relevant valuation day and rounding down the resulting total to two decimal places or such number of decimal places as the Board of Directors of the SICAV may determine.

(h) Transaction Costs

Transaction costs represent costs incurred by the SICAV in relation to the purchase and sale of transferable securities. Direct transaction costs are included in the net realised gain/loss and net change in unrealised gain/loss balances on investments in the Statement of Operations and Changes in Net Assets. They include fees and commissions paid to agents, advisers, brokers and dealers. Indirect transaction costs, charged by the Depositary for the execution of the SICAV's transactions, are included in the Depositary fees in the Statement of Operations and Changes in Net Assets. Direct and indirect transaction costs for the year ended 31 December 2023 are disclosed in Note 6.

(i) Swing Pricing

A Sub-Fund may suffer a reduction in value of its investments as a result of the transaction costs incurred in the purchase and sale of its underlying investments and of the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or conversions in and out of the Sub-Fund. This is known as "dilution". In order to counter this and to protect Shareholders' interests, the Board of Directors may decide to apply "swing pricing" as part of the valuation policy. This will mean that in certain circumstances the Board of Directors 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 value of transactions in shares of a Sub-Fund results in a net increase or decrease of shares which exceeds a threshold of 5% of such Sub-Fund's net asset value (relating to the cost of market dealing for that Sub-Fund), the net asset value of the Sub-Fund 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 Sub-Fund and the estimated bid/offer spread of the assets in which the Sub-Fund invests. This maximum amount will not vary even in case of change in 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 a Sub-Fund and a deduction when it results in a decrease.

Both Sub-Funds are in scope of swing pricing and for both Sub-Funds, no swing pricing was applied during the year ended 31 December 2023.

(j) Use of Estimates

The preparation of the financial statements in conformity with the Luxembourg legal and regulatory requirements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The Board of Directors of the SICAV may also disclose certain contingent assets and liabilities at the date of the financial statements which can affect income and expenses during the reported year. Actual results could differ from those estimates.

3. Fees

(a) Management Fees

The SICAV remunerates the Management Company, the Investment Manager and the Distributor for their services out of an aggregate management fee, which is payable monthly in arrears and accrued as of each valuation day.

Notes to the Financial Statements (continued)

3. Fees (continued)

(a) Management Fees (continued)

The annual management fee rates applicable to the share classes are expressed as a percentage of the total net assets of each share class and are specified in the following table:

Sub-Fund	T Class	I Class	R Class
Fundsmith Equity Fund	1.00%	0.90%	1.50%
Fundsmith Sustainable Equity Fund	1.00%	0.90%	1.50%

The above management fee rates are inclusive of Management Company fees which are calculated on the monthly average net asset value of the SICAV based on the following sliding scale rate:

Tier	Rate
Net asset value up to EUR 2 billion	0.0200%
Net asset value over EUR 2 billion and up to EUR 10 billion	0.0150%
Net asset value over EUR 10 billion	0.0100%

A minimum monthly fee of EUR 5,000 applies if the basis point fee for the SICAV does not reach the minimum fee applicable.

(b) Administration Fees

Northern Trust Global Services SE has been appointed as administrator (the "Administrator") pursuant to the Central Administration Agreement. The Administrator provides the services of central administration agent, domiciliary and corporate agent, registrar and transfer agent to the SICAV.

The SICAV pays to the Administrator out of the assets of the Sub-Funds an annual fee, accrued as of each valuation day and payable monthly in arrears, for the fund accounting duties.

The annual rates applied at umbrella level are as specified in the following table:

Tier	Rate
EUR 0 - EUR 500 million	0.0300%
EUR 500 million - EUR 750 million	0.0200%
EUR 750 million - EUR 1,500 million	0.0100%
EUR 1,500 million - EUR 6,500 million	0.0075%
EUR 6,500 million - EUR 16,500 million	0.0050%
Above 16,500 million	0.0025%

There is an additional charge of EUR 1,000 per annum for each share class, the first two share classes in each Sub-Fund being free of charge.

The Administrator is also entitled to a fee of EUR 9,000 per annum at umbrella level for acting as the domiciliary agent.

The SICAV also pays to the Administrator the following fees for the transfer agency services:

Service	Fee
Fund maintenance charge	EUR 2,000/Sub-Fund/annum
Investor maintenance fee	EUR 25/investor account/annum
Dealing fee	EUR 15/manual; EUR 5/automated transaction
Fund distribution fee per Sub-Fund up to 2 share classes	EUR 500/distribution/Sub-Fund
Investor Servicing Support from Northern Trust Asia during Asia time zone	EUR 85,000 p.a.

(c) Depositary Fees

Northern Trust Global Services SE has been appointed as depositary of its assets (the "Depositary") pursuant to the Depositary Agreement. The Depositary is entrusted with the safekeeping of the SICAV's assets.

Notes to the Financial Statements (continued)

3. Fees (continued)

(c) Depositary Fees (continued)

The SICAV pays to the Depositary out of the assets of the Sub-Funds an annual fee, accrued as of each valuation day and payable monthly in arrears, for depositary duties.

The annual rates applied at umbrella level are as specified in the following table:

Total net assets	Rate
EUR 0 - EUR 1 billion	0.0100%
EUR 1 billion - EUR 3 billion	0.0090%
EUR 3 billion - EUR 5 billion	0.0080%
EUR 5 billion - EUR 10 billion	0.0070%
EUR 10 billion - EUR 20 billion	0.0060%
Over EUR 20 billion	0.0050%

The Depositary is also entitled to remuneration for its custody services and other ancillary services. The fees paid for custody services include safekeeping fees for each holding in the portfolios and transaction fees based on the country in which the holding is listed.

(d) Directors' Fees

Mr. Garry Pieters and Ms. Sheenagh Joy Gordon-Hart receive, as compensation for their services as Independent Directors, an annual fee of EUR 30,000 each, subject to approval by the general meeting of Shareholders of the SICAV. Mr. Paul Mainwaring, who is a Partner of Fundsmith LLP, does not receive a fee for acting as a Director.

(e) Performance Fees

The SICAV is not subject to performance fees.

4. Taxation

Under current Law and practice, 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 0.01% per annum of its total net asset value for institutional shares (I share classes) and of 0.05% per annum of its total net asset value for retail shares (T and R share classes), such tax being payable quarterly on the basis of the value of the aggregate total net asset value of the SICAV at the end of the relevant calendar quarter.

No Luxembourg tax is payable on the realised capital appreciation of the assets of the SICAV.

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

5. Distribution Paid

During the year ended 31 December 2023, the Fundsmith Equity Fund distributed a total amount of EUR 1,585,140 and the Fundsmith Sustainable Equity Fund distributed a total amount of EUR 4,826.

6. Transaction Costs

During the year under review, the Sub-Funds incurred transaction costs as specified in the following table:

Sub-Fund	Direct transaction costs	Indirect transaction costs
Fundsmith Equity Fund	EUR 809,924	EUR 43,266
Fundsmith Sustainable Equity Fund	EUR 59,249	EUR 1,017

Notes to the Financial Statements (continued)

7. Exchange Rates

The exchange rates used as at 31 December 2023 are as follows:

EUR 1 = CHF	0.926536
EUR 1 = DKK	7.452772
EUR 1 = GBP	0.869125
EUR 1 = USD	1.107700

8. Statement of Changes in the Portfolio

A statement of changes in the portfolio for the year ended 31 December 2023 is available upon request, free of charge, from the registered office of the SICAV.

9. Significant Events During the Year

New prospectuses were issued in January 2023 and May 2023.

There were no other significant events during the year that require adjustment to, or disclosure in, the financial statements.

10. Subsequent Events

There were no significant events subsequent to the year-end date that require adjustment to, or disclosure in, the financial statements.

Appendix I – Remuneration Disclosures (Unaudited)

FundRock Management Company S.A. ("FundRock") as subject to CSSF Circular 18/698 has implemented a remuneration policy in compliance with Articles 111a and 111b of the UCI Law and/or Article 12 of the amended Law on Alternative Investment Fund Managers of 12 July 2013 ("AIFM Law"), respectively.

FundRock as subject to Chapter 15 of the UCI Law and AIFM must also comply with the guidelines of the European Securities and Markets Authority ESMA/2016/5758 and ESMA/2016/5799 to have sound processes in place. FundRock has established and applies a remuneration policy in accordance with the ESMA Guidelines on sound remuneration policies under the UCITS V Directive (ESMA 2016/575) and AIFMD (ESMA 2016/579) and any related legal & regulatory provisions applicable in Luxembourg.

Further, consideration has been given to the requirements as outlined in Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector, the SFDR Requirements.

The remuneration policy is aligned with the business strategy, objectives, values and interests of FundRock and the funds that it manages and of the investors in such funds, 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 funds that the Management Company manages.

FundRock ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that FundRock's employees who are identified as risk-takers are not remunerated based on the performance of the funds under management.

A paper version of the remuneration policy is made available free of charge to investors at FundRock's registered office. FundRock's remuneration policy can also be found at: https://www.fundrock.com/policies-and-compliance/remuneration-policy/

The total amount of remuneration for the financial year ended 31 December 2023 paid by FundRock to its staff was EUR 14,194,779.

Fixed remuneration: EUR 13,452,850
Variable remuneration: EUR 741,929
Number of beneficiaries: 208

The aggregated amount of remuneration for the financial year ended 31 December 2023 paid by FundRock to identified staff/risk takers was EUR 1,867,063.

The total amount of remuneration is based on a combination of the assessment of the performance of the individual, the overall results of FundRock, and when assessing individual performance, financial as well as non-financial criteria are taken into account.

The policy is subject to annual review by the compliance officer and the update is performed by HR department of FundRock and is presented for review to the Remuneration Committee and approval by the Board of FundRock.

Appendix II – Securities Financing Transactions Regulation (Unaudited)

The following information is presented with regard to Regulation (EU) 2015/2365 on transparency of securities financing transactions (SFTs) and of reuse.

During the year under review, the SICAV did not have any transactions falling into the scope of the Securities Financing Transactions Regulation.

Appendix III – Risk Information (Unaudited)

As part of the risk-management process, the global exposure of the Sub-Funds is calculated using the relative value at risk ("VaR") approach. The benchmark used for the purpose of the calculation is MSCI World Index. The expected level of leverage for the Sub-Funds, calculated on the basis of the sum of the notionals, is 100% of the net asset value, although higher levels of leverage are possible.

VaR is calculated in the Sub-Fund's currency using historical methodology with a one-year look back, 0.9950 decay, 20 day time horizon and 99% confidence interval.

The following table presents the level of leverage employed during the year ended 31 December 2023 and the lowest, highest and average utilisation of the VaR limit calculated during the same year:

	Leverage			Average utilisation of VaR limit (200% - limit)		
Sub-Fund	**Minimum**	**Maximum**	**Average**	**Minimum**	**Maximum**	**Average**
Fundsmith Equity Fund	0.00%	0.00%	0.00%	40.01%	60.07%	48.19%
Fundsmith Sustainable Equity Fund	0.00%	0.00%	0.00%	40.34%	56.85%	46.29%

Appendix IV – Total Expense Ratio (Unaudited)

The total expense ratio ("TER") compares all operating expenses with the average net asset value of each Sub-Fund. The annualised TER for the year ended 31 December 2023 for each share class of the Sub-Funds is specified in the table below:

Sub-Fund and share class	Currency	TER (%)
Fundsmith Equity Fund		
T Class Accumulation Shares	EUR	1.08
T Class Income Shares	EUR	1.08
USD T Class Accumulation Shares	USD	1.08
USD T Class Income Shares	USD	1.08
I Class Accumulation Shares	EUR	0.94
I Class Income Shares	EUR	0.94
CHF I Class Accumulation Shares	CHF	0.94
CHF I Class Income Shares	CHF	0.94
GBP I Class Accumulation Shares	GBP	0.94
GBP I Class Income Shares	GBP	0.94
USD I Class Accumulation Shares	USD	0.94
USD I Class Income Shares	USD	0.94
R Class Accumulation Shares	EUR	1.58
R Class Income Shares	EUR	1.58
USD R Class Accumulation Shares	USD	1.59
USD R Class Income Shares	USD	1.59
Fundsmith Sustainable Equity Fund		
T Class Accumulation Shares	EUR	1.11
T Class Income Shares	EUR	1.11
I Class Accumulation Shares	EUR	0.97
I Class Income Shares	EUR	0.97
CHF I Class Accumulation Shares	CHF	0.97
GBP I Class Accumulation Shares	GBP	0.98
GBP I Class Income Shares	GBP	0.98
USD I Class Accumulation Shares	USD	0.97
USD I Class Income Shares	USD	0.97
R Class Accumulation Shares	EUR	1.62
R Class Income Shares	EUR	1.61

The TERs are calculated in accordance with the guidelines published by the Asset Management Association Switzerland.

Appendix V – Information to Investors in Switzerland (Unaudited)

Representative in Switzerland

The representative in Switzerland is RBC Investor & Treasury Services S.A. Bleicherweg 7, CH-8027 Zürich.

Paying Agent in Switzerland

The paying agent in Switzerland is RBC Investor & Treasury Services S.A. Bleicherweg 7, CH-8027 Zürich.

Publications

Publications concerning the foreign collective investment scheme are made in Switzerland on www.fundinfo.com. Each time shares are issued or redeemed, the issue and the redemption prices or the net asset value together with a reference stating "excluding commissions" are published for all share classes on www.fundinfo.com. Prices are published daily.

Performance

The performance is defined as the total return of one share over a specified period, expressed as a percentage of the net asset value per share at the beginning of the observation period. The performance of each share class and of each comparator is detailed in the table below:

Sub-Fund and share class	Currency	Performance (%) Year 2023	Performance (%) Year 2022	Performance (%) Year 2021
Fundsmith Equity Fund				
T Class Accumulation Shares	EUR	13.38	-17.34	28.92
T Class Income Shares	EUR	13.38	-17.34	28.92
USD T Class Accumulation Shares	USD	17.63	-13.71	–
USD T Class Income Shares	USD	17.63	-13.72	–
I Class Accumulation Shares	EUR	13.54	-17.22	29.10
I Class Income Shares	EUR	13.54	-17.22	29.10
CHF I Class Accumulation Shares	CHF	6.80	-21.10	23.38
CHF I Class Income Shares	CHF	6.80	-21.10	23.39
GBP I Class Accumulation Shares	GBP	11.27	-12.60	20.58
GBP I Class Income Shares	GBP	11.27	-12.60	20.57
USD I Class Accumulation Shares	USD	17.80	-21.92	19.07
USD I Class Income Shares	USD	17.80	-21.92	19.07
R Class Accumulation Shares	EUR	12.81	-17.75	28.27
R Class Income Shares	EUR	12.81	-17.75	28.27
USD R Class Accumulation Shares	USD	17.05	-14.10	–
USD R Class Income Shares	USD	17.05	-14.09	–
Comparator: MSCI World Index	EUR	17.88	-12.80	31.10
Fundsmith Sustainable Equity Fund				
T Class Accumulation Shares	EUR	8.72	-14.69	25.99
T Class Income Shares	EUR	8.72	-14.69	25.99
I Class Accumulation Shares	EUR	8.87	-14.57	26.13
I Class Income Shares	EUR	8.87	-14.57	26.13
CHF I Class Accumulation Shares	CHF	2.41	-18.57	18.56
CHF I Class Income Shares	CHF	–	-10.52	18.57
GBP I Class Accumulation Shares	GBP	6.70	-9.80	22.62
GBP I Class Income Shares	GBP	6.70	-9.80	22.62
USD I Class Accumulation Shares	USD	12.96	-19.42	18.53
USD I Class Income Shares	USD	12.96	-19.42	18.54
R Class Accumulation Shares	EUR	8.17	-15.11	25.46
R Class Income Shares	EUR	8.17	-15.11	25.47
Comparator: MSCI World Index	EUR	17.88	-12.80	31.10

The performance is calculated in accordance with the guidelines published by the Asset Management Association Switzerland.

Past performance is no indication of current or future performance.

Appendix VI – Additional Information for Investors in Australia (Unaudited)

Statement of Cash Flows for the year ended 31 December 2023, with comparative figures for the year ended 31 December 2022

Fundsmith Equity Fund

	2023 EUR	2022 EUR
Total return/(loss) before distributions	1,048,751,218	(1,643,894,417)
less: capital (gains)/losses on securities	(1,038,551,398)	1,652,282,011
less: accretion of market discount	(1,246,706)	–
Financing Activities:		
Subscriptions	1,538,910,146	3,026,887,836
Redemptions	(2,265,325,730)	(2,438,190,136)
	(726,415,584)	588,697,700
Distributions to Shareholders	(1,585,140)	(170,183)
Investing Activities:		
Net sales/(purchases) of investments	259,494,907	(406,395,181)
Working capital movements:		
Increase in debtors	(1,247,877)	(35,912,601)
Increase in creditors	43,064,692	7,146,259
Net (decrease)/increase in cash	(417,735,888)	161,753,588
Cash at bank at the beginning of the year	437,426,166	275,672,578
Cash at bank at the end of the year	19,690,278	437,426,166

Appendix VI – Additional Information for Investors in Australia (Unaudited) (continued)

Statement of Cash Flows for the year ended 31 December 2023, with comparative figures for the year ended 31 December 2022 (continued)

Fundsmith Sustainable Equity Fund

	2023 EUR	2022 EUR
Total return/(loss) before distributions	25,617,103	(31,959,467)
less: capital (gains)/losses on securities	(25,712,916)	31,834,200
less: accretion of market discount	(39,895)	–
Financing Activities:		
Subscriptions	61,491,154	134,472,156
Redemptions	(16,358,204)	(35,679,968)
	45,132,950	98,792,188
Distributions to Shareholders	(4,826)	(474)
Investing Activities:		
Net purchases of investments	(61,222,922)	(86,368,508)
Working capital movements:		
Increase in debtors	(592,300)	(73,774)
(Decrease)/increase in creditors	(2,125,337)	2,652,595
Net (decrease)/increase in cash	(18,948,143)	14,876,760
Cash at bank at the beginning of the year	20,543,936	5,667,176
Cash at bank at the end of the year	1,595,793	20,543,936

Appendix VII – Sustainable Finance Disclosure Regulation (Unaudited)

Starting from 1 January 2022, Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”) requires detailed disclosures in the periodic reports of environmental, social and governance-focused products. On 6 April 2022, the European Commission adopted the final Regulatory Technical Standards (“RTS”) designed to provide further guidance on the implementation of Regulation (EU) 2019/2088 on SFDR. The RTS are applicable since 1 January 2023.

An environmental, social and governance (“ESG”) assessment on investments is conducted in accordance with the Investment Manager’s responsible investment approaches by using information provided by the companies as well as third-party data and applying exclusion criteria as further defined below.

The Sub-Funds listed below promote environmental and/or social characteristics within the meaning of Article 8 of SFDR.

Fundsmith Equity Fund

The Fundsmith Equity Fund takes sustainability risk and ESG characteristics into account as part of its selection process. In that respect, the Sub-Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR. For the assessment, areas like corporate strategy, corporate governance, transparency and the product and service range of a company are taken into account.

In accordance with its investment criteria, the Sub- Fund promotes environmental characteristics and may invest in one or more underlying investments that contribute to climate change mitigation and/or climate change adaptation.

Fundsmith Sustainable Equity Fund

The Fundsmith Sustainable Equity Fund takes sustainability risk and ESG characteristics into account as part of its selection process. In that respect, the Sub-Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR. For the assessment, areas like corporate strategy, corporate governance, transparency and the product and service range of a company are taken into account.

In accordance with its investment criteria, the Sub-Fund promotes environmental characteristics and may invest in one or more underlying investments that contribute to climate change mitigation and/or climate change adaptation.

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Fundsmith SICAV – Fundsmith Equity Fund **Legal entity identifier:** 5493007LIDK72VIBC263

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☒ It promoted E/S characteristics, but did **not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

This Sub-fund promoted environmental and social characteristics by investing in high quality business with good governance practices. These businesses have demonstrated low exposure to sustainability risks as a result of their high quality and the Sub-fund performed significantly better than expected. The Investment Manager uses exclusions, ESG integration and active ownership as part of the Sub-fund's investment process to help achieve and maintain these characteristics.

Exclusions are used to prevent investment in companies with any exposure to controversial weapons or controversial jurisdictions, substantial exposure to fossil fuel extraction, refinement, and/or combustion, and those with substantial exposure to mining. Substantial exposure is quantified as generating more than 5% of revenue from the listed activities.

The Sub-fund's underlying investments resulted in a portfolio with a significantly lower environmental footprint (measured by total waste generated, hazardous waste generated, water usage, energy consumption, and greenhouse gas emissions) compared to the average company, which the Investment Manager represented by using the weighted average of the MSCI World Index for the chosen metrics. This index does not take into account the environmental and social characteristics promoted by the Sub-fund and was chosen for comparison purposes.

The Sub-fund's underlying investments also reduced the negative E/S impacts the investments have e and generated positive impacts through the allocation of capital to research and development to drive innovation in the products/ services the investee companies offer. The Investment Manager measured the impact that this innovation had on E/S characteristics through improvements in the environmental metrics mentioned earlier and through other qualitative measures, such as improvements to human health and welfare.

- ***How did the sustainability indicators perform?***

	Total waste (metric tons/ £m of free cash flow)	Hazardous waste (metric tons/ £m of free cash flow)	Water use (m^3/ £m of free cash flow)	Energy use (MWh/ £m of free cash flow)	Greenhouse gas emissions (metric tons/ £m of free cash flow)
Fundsmith Equity Sub-fund	83	1	4,189	772	210
MSCI World Index	470	16	26,064	1,873	287

The Sub-fund performed significantly better across all five of the sustainability indicators used compared to the average company, represented by the weighted average scores for the MSCI World Index.

The Sub-fund also considered the principal adverse impacts of its investment dicisions on sustainability factors. The outcome of this assessment is detailed in the '*How did this financial product consider principal adverse impacts on sustainability factors?*' section below.

- ***…and compared to previous periods?***

The Sub-fund's performance in relation to its promoted characteristics for the previous reporting period (01/01/2022 – 31/12/2022) is provided in the table below.

	Total waste (metric tons/ £m	Hazardous waste (metric tons/ £m of free cash flow)	Water use (m^3/ £m of free cash flow)	Energy use (MWh/ £m of free cash flow)	Greenhouse gas emissions (metric tons/ £m of free cash flow)

	of free cash flow)				
Fundsmith Equity Sub-fund	23	0	878	558	68
MSCI World Index	791.17	18.27	31,562.03	3,405.65	343.96

The Sub-fund saw an increase in intensity for each of the environmental indicators in the most recent reference period when compared to the previous refernence period. This was due to the sale of underlying investments in companies with very small environmental footprints and the purchase of those with relatively higher ones. Across both reference periods, the Sub-fund significantly outperformed the MSCI World Index.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

N/A

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

N/A

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How were the indicators for adverse impacts on sustainability factors taken into account?

N/A

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

How did this financial product consider principal adverse impacts on sustainability factors?

The principal adverse impacts of the Investment Manager's investment decisions on sustainability factors were considered during the reference period (01/01/2023 – 31/12/2023) through the assessment of all of the Sub-fund's underlying investments using the PAI indicators given in Commission Delegated Regulation (EU) 2022/1288 Table 1, where data availability and quality were ascertained. The PAI indicators considered included:

- Greenhouse gas emissions
- Biodiversity
- Water
- Waste
- Social and employee matters

Additionally, the three following indicators were used from Table 2 of that regulation, where data availability and quality could be ascertained, and were assessed:

- Carbon emission reduction plans
- Non-renewable energy usage
- Water management

The judgement of an adverse impact is based on the materiality of the indicator to the company's activities and that business's performance compared to that of similar businesses within the investable universe of the Sub-fund as a comparison. The performance of the Sub-fund in relation to each of the listed principal adverse impact indicators is available in Appendix VIII of this document.

What were the top investments of this financial product?

The Sub-fund's top investments during the period are listed below. Top investments were calculated by taking the portfolio weight of each holding (including cash) at the end of each calendar quarter for the reference period (01/01/2023 – 31/12/2023) and averaging for the year.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/01/2023-31/12/2023

Largest investments	Sector	% Assets	Country
Microsoft Corp	*Technology*	*9%*	*United States*
Novo Nordisk A/S	*Health Care*	*9%*	*Denmark*
L'Oreal SA	*Consumer Staples*	*6%*	*France*

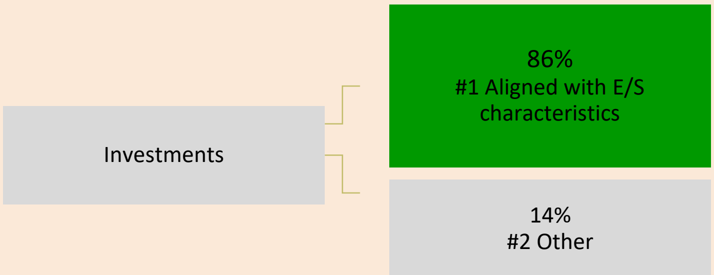
Stryker Corp	*Health Care*	*5%*	*United States*
IDEXX Laboratories Inc	*Health Care*	*5%*	*United States*
Meta Platforms Inc	*Communications*	*5%*	*United States*
Philip Morris International Inc	*Consumer Staples*	*5%*	*United States*
LVMH Moet Hennessy Louis Vuitton SE	*Consumer Discretionary*	*4%*	*France*
Visa Inc	*Technology*	*4%*	*United States*

What was the proportion of sustainability-related investments?

N/A

What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Sub-fund aimed to allocate 75% of its assets in alignment with the E/S characteristics it promotes, given as '**#1 Aligned with E/S characteristics**' in the chart above. However, during the reference period, 86% (2022: 89%) of the Sub-fund's assets met the promoted characteristics, as detailed in the section '*How did the sustainability indicators perform?*' of this annex. This therefore reduced the proportion of the Sub-fund's assets allocated to '**#2 Other**' from the target of 25% of assets to 14% (2022: 11%) during the period.

In which economic sectors were the investments made?

Sector (Bloomberg Industry Classification System)	Industry (Bloomberg Industry Classification System)	Proportion of investments
Communications	Media	7%
Consumer Discretionary	Consumer Discretionary Products	7%

	Consumer Discretionary Services	1%
	Retail & Wholesale – Discretionary	1%
Consumer Staples	Consumer Staples Products	33%
Health Care	Health Care	27%
Industrials	Industrial products	1%
Technology	Software & Tech Services	19%
	Tech hardware & Semiconductors	1%
Cash		3%

The Sub-fund had no exposure to any economic sector or sub-sector deriving revenues from the exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

0%. The Sub-fund did not make any sustainable investments.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

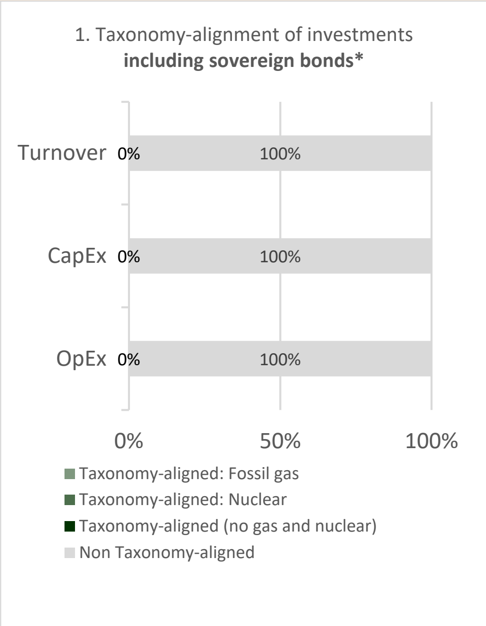
Yes:

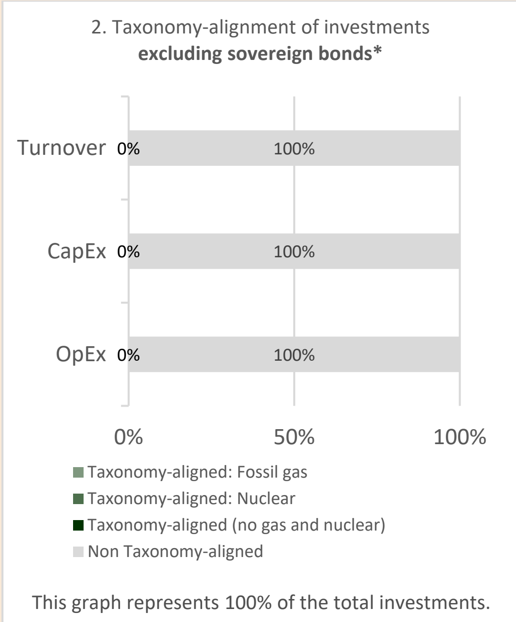
In fossil gas   In nuclear energy

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

✖ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What was the share of investments made in transitional and enabling activities?***

  0%. The Sub-fund did not have a commitment to a minimum proportion of investments in transitional and enabling activities.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

0%. The Sub-Fund did not make any investments in transitional and enabling activities in 2022.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

0%

What was the share of socially sustainable investments?

0%

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under "other" were companies that failed to meet all of the Sub-fund's promoted characteristics. These investments were included in the assessment of the Sub-fund's adverse impacts to ensure they were not causing significant harm to other sustainability indicators. These investments were included in the Sub-fund's portfolio to benefit the Sub-fund's financial performance and to ensure the Sub-fund's holdings were sufficiently diversified. Also included in "other" was cash held during the reference period for liquidity management purposes. Minimum environmental or social safeguards were not considered.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Through the use of the Sub-fund's sustainability indicators mentioned above, the Sub-fund aligned with its promoted E/S characteristics and the investee companies were shown to have performed well. The Investment Manager monitored all investee companies' performance on a continuous basis throughout the reference period to ensure that the promoted characrteristics were being met on an ongoing basis.

Should an investee company be at be at risk of failing to meet the promoted characteristics, or should the Investment Manager require more data regarding an investee's performance, engagement is used. This was not necessary during the reference period.

How did this financial product perform compared to the reference benchmark?

N/A. The Sub-fund did not use a reference benchmark.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

  N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  N/A

- ***How did this financial product perform compared with the reference benchmark?***

  N/A

- ***How did this financial product perform compared with the broad market index?***

  N/A

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Fundsmith SICAV – Fundsmith Sustainable Equity Fund
Legal entity identifier: 529900QQY3MZWWNJDB76

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 78% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

This Sub-fund promoted environmental and social characteristics by investing in high quality business with good governance practices as well as sustainable investments. These businesses have demonstrated low exposure to sustainability risks as a result of their high quality and the Sub-fund performed significantly better than expected. The Sub-fund uses exclusions, ESG integration and active ownership to achieve and maintain these characteristics.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-fund excludes companies that generate revenue from industries/ sub-industries deemed to have an excessive net negative impact on the environment and society from its investable universe (IU). This included:

- Aerospace & Defence,
- Brewers, Distillers & Vintners,
- Casinos & Gaming,
- Gas Utilities,
- Electric Utilities,
- Metals & Mining,
- Oil, Gas & Consumable Fuels,
- Pornography, and
- Tobacco.

Exclusions are also used to prevent investment in companies with any exposure to controversial weapons or controversial jurisdictions, substantial exposure to fossil fuel extraction, refinement, and/or combustion, and those with substantial exposure to mining. Substantial exposure is quantified as generating more than 5% of revenue from the listed activities.

The Sub-fund's underlying investments resulted in a portfolio with a significantly lower environmental footprint (measured by total waste generated, hazardous waste generated, water usage, energy consumption, and greenhouse gas emissions) compared to the average company, which the Investment Manager represented by using the weighted average of the MSCI World Index for the chosen metrics. This index does not take into account the environmental and social characteristics promoted by the Sub-fund and was chosen for comparison purposes.

The Sub-fund's underlying investments also reduced their negative E/S impacts and generated positive impacts through allocating capital to research and development to drive innovation in the products/ services the investee companies offered. The Investment Manager measured the impact that this innovation had on E/S characteristics through improvements in the environmental metrics mentioned earlier and through qualitative measures, such as improvements to human health and welfare. The Investment Manager balances this positive influence against negative impacts to make the assessment of the business's net impact.

- ***How did the sustainability indicators perform?***

	Total waste (metric tons/ £m of free cash flow)	Hazardous waste (metric tons/ £m of free cash flow)	Water use (m^3/ £m of free cash flow)	Energy use (MWh/ £m of free cash flow)	Greenhouse gas emissions (metric tons/ £m of free cash flow)
Fundsmith Sustainable Equity Sub-fund	81	1	4,751	933	276
MSCI World Index	470	16	26,064	1,873	287

The Sub-fund performed significantly better across all five of the sustainability indicators used compared to the average company, represented by the weighted average scores for the MSCI World Index.

The Sub-fund also considered the principal adverse impacts of its investment dicisions on sustainability factors. The outcome of this assessment is detailed in the '*How did this financial product consider principal adverse impacts on sustainability factors?*' section below.

…and compared to previous periods?

The Sub-fund's performance in relation to its promoted characteristics for the previous reporting period (01/01/2022 – 31/12/2022) is provided in the table below.

	Total waste (metric tons/ £m of free cash flow)	Hazardous waste (metric tons/ £m of free cash flow)	Water use (m^3/ £m of free cash flow)	Energy use (MWh/ £m of free cash flow)	Greenhouse gas emissions (metric tons/ £m of free cash flow)
Fundsmith Sustainable Equity Sub-fund	30	0	1,346	312	56
MSCI World Index	791.17	18.27	31,562.03	3,405.65	343.96

The Sub-fund saw an increase in intensity for each of the environmental indicators in the most recent reference period when compared to the previous refernence period. This was due to the sale of underlying investments in companies with very small environmental footprints and the purchase of those with relatively higher ones. Across both reference periods, the Sub-fund significantly outperformed the MSCI World Index.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The objective of the Sub-fund's sustainable investments was to make a positive contribution to either the environment or society evidenced by alignment with at least one of the UN's Sustainable Development Goals.

To qualify as a sustainable investment for the Sub-fund during the reference period (01/01/2023 – 31/12/2023) a company must have passed the Investment Manager's good governance test, relating to the four areas specified by the SFDR: sound management structures, employee relations, remuneration and tax compliance. Companies must also have passed the do no significant harm test, relating to environmental, social, human rights, anticorruption and antibribery matters, represented by the principal adverse impact indicators discussed in the previous section.

The sustainable investments contributed to these objectives by allocating capital towards projects that benefit at least one of the 17 Sustainable Development Goals. The table below details the percentage of the Sub-fund's portfolio by weight that the Investment Manager judged to have made a positive contirbution to the listed Sustainable Development Goals. The Sub-fund's investments can contribute positively to more than one of the Goals simulataneously.

The Investment Manager's assessment for a positive contribution to the Sustainable Development Goals and their underlying targets used a pass-fail approach. This method was based upon both qualitative and quantitative analysis of a business's activities.

Each investee company that qualified as sustainable was assessed against SDG 5 (Gender Equality) and SDG 13 (Climate Action). Companies were tested for a positive contribution to gender equality through their board and executive suite composition. A proportion of >30% female representation was considered to be a positive contribution. Corporates were judged to make a positive contribution to the climate through having a greenhouse gas emissions reduction target at least in line with the 2015 Paris Agreement and approved by the Science Based Targets initiative. Companies also had to have submitted a response to the CDP's Climate Change questionnaire. Companies can make a positive contribution by generating at least 20% of their revenues from activities aligned with Sustainable Development Goals and their underlying targets.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Sustainable Development Goal	% of Sub-fund's total assets making a positive contribution
5: Achieve gender equality and empower all women and girls	15%
13: Take urgent action to combat climate change and its impacts	78%

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

The sustainable investments made by the Sub-fund were assessed for significant harm to any environmental or social sustainable investment objective using the Investment Manager's do no significant harm test. The test assesses a company's performance relating to the 14 mandatory prinicipal adverse impact indicators and three additional environment-related adverse impact indicators.

Alongside this assessment, the Investment Manager carried out continual internal monitoring and research to ensure that companies allocated capital as sustainable investments adhered to the do no significant harm thresholds set and continued to meet the Investment Manager's exclusion criteria.

During the reference period no sustainable investment made by the Sub-fund was found to be causing significant harm to any environmental or social sustainable investment objective.

How were the indicators for adverse impacts on sustainability factors taken into account?

The indicators used for the Investment Manager's adverse impact assessment are detailed in the section '*How did this financial product consider the principal afverse impacts on sustainability factors?*' contained within this annex.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Sub-fund's sustainable investments were assessed for their alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The sustainable investments made by the Sub-fund were aligned with the guidelines promoted by both the OECD and UN.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

The principal adverse impacts of the Investment Manager's investment decisions on sustainability factors were considered during the reference period (01/01/2023 – 31/12/2023). All the Sub-fund's underlying investments were assessed using the PAI indicators given in Commission Delegated Regulation (EU) 2022/1288 Table 1, subject to data availability and quality. This includes:

- Greenhouse gas emissions
- Biodiveristy
- Water
- Waste
- Social and employee matters

Additionally, three indicators were used from Table 2 of that regulation, where data availability and quality could be ascertained, were assessed, including:

- Carbon emission reduction plans
- Non-renewable energy usage
- Water management

The judgement of an adverse impact is based on the materiality of the indicator to the company's activities and that business's performance compared to that of similar businesses within the investable universe of the Sub-fund as a comparison. The performance of the Sub-fund in relation to each of the listed principal adverse impact indicators is available in Appendix VIII of this document.

What were the top investments of this financial product?

The Sub-fund's top investments during the period are listed below. Top investments were calculated by taking the portfolio weight of each holding (including cash) at the end of each calendar quarter for the reference period (01/01/2023 – 12/31/2023) and averaging for the year.

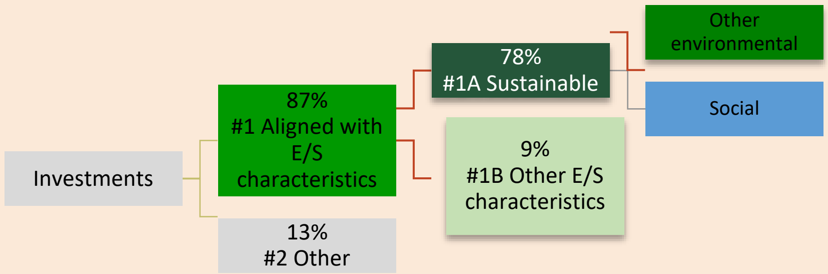
The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/01/2023 – 31/12/2023

Largest investments	Sector	% Assets	Country
Novo Nordisk A/S	*Health Care*	*7%*	*Denmark*
L'Oreal SA	*Consumer Staples*	*6%*	*France*
Stryker Corp	*Health Care*	*5%*	*United States*
Microsoft Corp	*Technology*	*5%*	*United States*
Church & Dwight Co Inc	*Consumer Staples*	*5%*	*United States*
Visa Inc	*Technology*	*5%*	*United States*
Waters Corp	*Health Care*	*4%*	*United States*
Automatic Data Processing Inc	*Technology*	*4%*	*United States*
Procter & Gamble Co/The	*Consumer Staples*	*4%*	*United States*
Home Depot Co/The	*Consumer Discretionary*	*4%*	*United States*

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments? 78%

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other** E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Sub-fund aimed to allocate 80% of its assets in alignment with the E/S characteristics it promotes, given as '**#1 Aligned with E/S** characteristics' in the chart above. During the reference period 87% of the Sub-fund's assets were aligned with the promoted characteristics (2022: 92%) , as detailed in the section *'How did the sustainability indicators perform?'* of this annex. This therefore reduced the proportion of the Sub-fund's assets allocated to '**#2 Other**' from the target of 20% of assets to 13% (2022: 8%) during the period. The Sub-fund has a commitment to allocate 70% of its assets towards sustainable investments, '**#1A Sustainable**'. During the reference period, 78% (2022: 70%) of the Sub-fund's assets were in investments the Investment Manager deemed as sustainable.
Investments contained in '**#1B Other E/S characteristics**' was 1% lower (2022: 12% higher) than the targeted 10% resulting from the higher proportion of sustainable investments during the period.

In which economic sectors were the investments made?

Sector (Bloomberg Industry Classification System)	Industry (Bloomberg Industry Classification System)	Proportion of investments
Communications	Media	3%
Consumer Discretionary	Consumer Discretionary Services	4%
	Retail & Wholesale - Discretionary	4%
Consumer Staples	Consumer Staple Products	29%
Health Care	Health Care	35%
Industrials	Industrial Products	2%
Technology	Software & Tech Services	19%
Cash		3%

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

The Sub-fund had no exposure to any economic sector or sub-sector deriving revenues from the exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

0%. The Sub-fund did not make any Taxonomy-aligned investments.

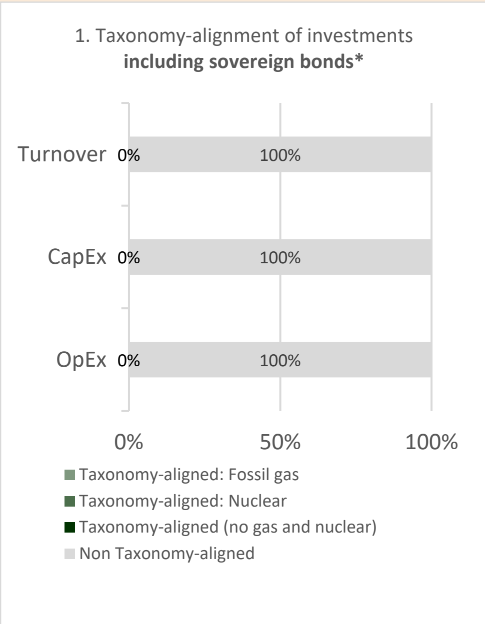
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

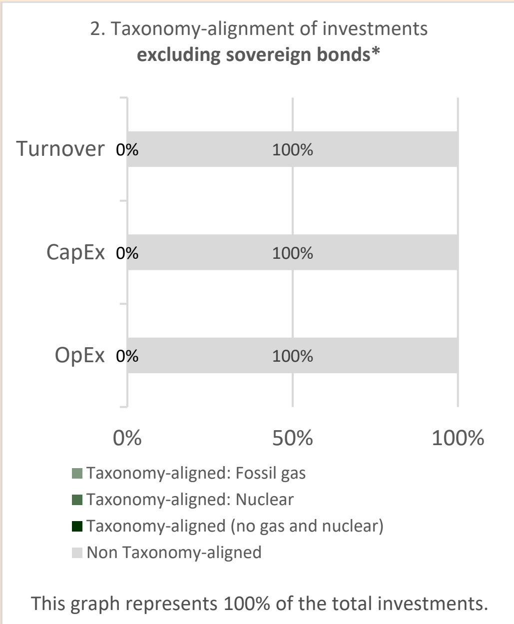
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What was the share of investments made in transitional and enabling activities?***

  0%. The Sub-fund did not have a commitment to a minimum proportion of investments in transitional and enabling activities.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

  0%. The Sub-Fund did not make any investments in transitional and enabling activities in 2022.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The Sub-fund did not have a commitment to make sustainable investments aligned with the EU Taxonomy, therefore all sustainable investments made during the reference period were not aligned with the EU Taxonomy. Data is not yet available at sufficient scale or quality to estimate the alignment of the Sub-fund's investments with the EU Taxonomy.

The Sub-fund's sustainable investments are assessed as those that contributed to at least one of the 17 United Nations Sustainable Development Goals (SDGs). Since these include both environmental and social goals, it is not possible to assess specific minimum shares for environmental and social investments in each case. The overall share of sustainable investments in relation to environmental and social objectives of the Sub-fund was 78% during the reference period.

What was the share of socially sustainable investments?

The Sub-fund's sustainable investments are assessed as those that contributed to at least one of the 17 United Nations Sustainable Development Goals (SDGs). Since these include both environmental and social goals, it is not possible to assess specific minimum shares for environmental and social investments in each case. The overall share of sustainable investments in relation to environmental and social objectives of the Sub-fund was 78% during the reference period.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under "other" were companies that did not qualify as sustainable investments and failed to meet all of the Sub-fund's promoted characteristics. These investments were included in the assessment of the Sub-fund's adverse impacts to ensure they were not causing significant harm to other sustainability indicators. These investments were included in the Sub-fund's portfolio to benefit the Sub-fund's financial performance and to ensure the Sub-fund's holdings were sufficiently diversified. Also included in "other" was cash held during the reference period for liquidity management purposes. Minimum environmental or social safeguards were not considered for cash held by the Sub-fund.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Through the use of the Sub-fund's sustainability indicators mentioned above as well as the assessment of alignment with the UN SDGs, the Sub-fund aligned with its promoted E/S characteristics and sustainable investments and the investee companies were shown to have performed well. The Investment Manager monitored all investee companies' performance on a continual basis throughout the reference period to ensure that the promoted characrteristics were being met.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The Sub-fund met its stated goal of allocating at least 70% of its assets towards companies making a posititive contribution towards at least one of the Sustainable Development Goals for the reference period (01/01/2023 – 31/12/2023). To ensure that companies met this criteria, the Investment Manager monitored their performance in relation to the do no significant harm and good governance tests, as detailed in the earlier sections of this annex. Alongside this, the Investment Manager monitored the investee companies' positive contribution towards the Sustainable Development Goals to ensure they remained as sustainable investments.

Should an investee company be at be at risk of failing to meet the promoted characteristics, or should the Investment Manager require more data regarding an investee's performance, engagement is used. This was not necessary during the reference period.

How did this financial product perform compared to the reference benchmark?

N/A. The Sub-fund did not use a reference benchmark.

- ***How does the reference benchmark differ from a broad market index?***

  N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  N/A

- ***How did this financial product perform compared with the reference benchmark?***

  N/A

- ***How did this financial product perform compared with the broad market index?***

  N/A

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited)

Product name: Fundsmith SICAV – Fundsmith Equity Fund **Legal entity identifier:** 5493007LIDK72VIBC263

Summary

Fundsmith SICAV – Fundsmith Equity Fund considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Fundsmith SICAV – Fundsmith Equity Fund.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

The principal adverse impact indicators considered by the Sub-Fund are summarised below.

Table 1 – Indicators applicable to investments in investee companies

Climate and other environment-related indicators

- Greenhouse gas emissions
  - PAI 1. GHG emissions.
    - Scope 1, 2, 3, and total greenhouse gas emissions
  - PAI 2. Carbon footprint
  - PAI 3. GHG intensity of investee companies
  - PAI 4. Exposure to companies active in the fossil fuel sector
  - PAI 5. Share of non-renewable energy consumption and production
  - PAI 6. Energy consumption per high impact climate sector
- Biodiversity
  - PAI 7. Activities negatively affecting biodiversity-sensitive areas
- Water
  - PAI 8. Emissions to water

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

- Waste
  - PAI 9. Hazardous waste and radioactive waste ratio

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

- Social and employee matters
  - PAI 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
  - PAI 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
  - PAI 12. Unadjusted gender pay gap
  - PAI 13. Board gender diversity
  - PAI 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons

Table 2 – Additional climate and other environment-related indicators

Indicators applicable to investments in investee companies

Climate and other environment-related indicators

- Emissions
  - 4. Investments in companies without carbon emission reduction initiatives
- Energy performance
  - 5. Breakdown of energy consumption by type of non-renewable sources of energy
- Water, waste and material emissions
  - 7. Investments in companies without water management policies

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	**Metric**		**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	15,272 metric tons	15,466 metric tons	N/A	The Fundsmith Equity Sub-Fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to
		Scope 2 GHG emissions	15,502 metric tons	11,765 metric tons	N/A	
		Scope 3 GHG emissions	503,364 metric tons	N/A	N/A	
		Total GHG emissions	534,143 metric tons	27,025 metric tons (scope 1 and 2 only)	Total GHG emissions is significantly higher due to the inclusion of scope 3 emissions.	

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	2. Carbon footprint	Carbon footprint	64 metric tons / €M	3.38 metric tons / €M (scope 1 and 2 only)	Carbon footprint is significantly higher due to the inclusion of scope 3 emissions.	any of the six listed metrics will be subject to further analysis and potentially engagement.
	3. GHG intensity of investee companies	GHG intensity of investee companies	268 metric tons / €M revenue	19.90 metric tons / €M revenue (scope 1 and 2 only)	GHG intensity is significantly higher due to the inclusion of scope 3.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	The Fundsmith Equity Sub-Fund does not invest in any companies active in the fossil fuels sector.	The Fundsmith Equity Sub-Fund does not invest in any companies active in the fossil fuels sector.	N/A	

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	27% of portfolio companies consume energy from non-renewable sources. No companies directly involved with energy production.	35% of portfolio companies consume energy from non-renewable sources. No companies directly involved with energy production.	N/A	

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	**High Impact Climate Sector**	**Impact (GWh / €M revenue)**	**High Impact Climate Sector**	**Impact (GWh / €M revenue)**	N/A	
			Agriculture, Forestry and Fishing	No exposure	Agriculture, Forestry and Fishing	No exposure		
			Mining and Quarrying	No exposure	Mining and Quarrying	No exposure		
			Manufacturing	0.05 GWh / €M revenue	Manufacturing	0.54 GWh / €M revenue		
			Electricity, Gas, Steam and Air Conditioning Supply	No exposure	Electricity, Gas, Steam and Air Conditioning Supply	No exposure		

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

			Water Supply; Sewage, Waste Management and Remediation Activities	No exposure	Water Supply; Sewage, Waste Management and Remediation Activities	No exposure		
			Construction	No exposure	Construction	No exposure		
			Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	0.00	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	No exposure		
			Transportation and Storage	No exposure	Transportation and Storage	No exposure		
			Real Estate Activities	No exposure	Real Estate Activities	No exposure		

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	The Fundsmith Equity Sub-Fund expects investee companies to avoid causing a significant negative impact on biodiversity as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00 metric tons / €M	0.00 metric tons / €M	N/A	Sub-Fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.00 metric tons / €M	0.00 metric tons / €M	N/A	The Fundsmith Equity Sub-Fund expects investee companies to avoid causing a significant negative impact on the natural environment resulting from the hazardous/radioactive waste generated by their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	6%	5%	N/A	The Fundsmith Equity Sub-Fund expects investee companies to adhere to the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises. Investee companies are also expected to have the necessary processes to monitor compliance with both frameworks and mechanisms to handle any potential violations. Any company assessed to be an outlier in relation to either indicator, or

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	5%	12%	N/A	who we conclude to be having significant adverse impact will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	6%	4%	N/A	The Fundsmith Equity Sub-Fund considers gender equality at investee companies by looking at the gender pay gap and ratio of male to female board members, subject to the availability and quality of such data. Any company assessed to be an outlier in relation to either indicator, or who we conclude to be having significant adverse impact will be subject to further analysis and potentially engagement.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	37%	35%	N/A	

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	The Fundsmith Equity Sub-Fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	The Fundsmith Equity Sub-Fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	N/A	The Fundsmith Equity Sub-Fund does not invest in companies exposed to controversial weapons. This is achieved through screening and excluding any company involved in the production, sales or distribution of controversial weapons from the Sub-Fund's investable universe.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Other indicators for principal adverse impacts on sustainability factors						
Adverse sustainability impact		**Metric**	**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	0%	4%	N/A	The Fundsmith Equity Sub-Fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	**Non-renewable energy source**	**% portfolio using source**	**Non-renewable energy source**	**% portfolio using source**	N/A	
			Coal	0.01%	Coal	N/A		
			Oil	6.27%	Oil	N/A		
			Gas	21.02%	Gas	N/A		

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Water, waste and material emissions	7. Investments in companies without water management policies	Share of investments in investee companies without water management policy	0%	6%	N/A	The Fundsmith Equity Sub-Fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Product name: Fundsmith SICAV – Fundsmith Sustainable Equity Fund **Legal entity identifier:** 529900QQY3MZWWNJDB76

Summary

Fundsmith SICAV – Fundsmith Sustainable Equity Fund considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Fundsmith SICAV – Fundsmith Sustainable Equity Fund.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

The principal adverse impact indicators considered by the Sub-Fund are summarised below.

Table 1 – Indicators applicable to investments in investee companies

Climate and other environment-related indicators

- Greenhouse gas emissions
  - PAI 1. GHG emissions.
    - Scope 1, 2, 3, and total greenhouse gas emissions
  - PAI 2. Carbon footprint
  - PAI 3. GHG intensity of investee companies
  - PAI 4. Exposure to companies active in the fossil fuel sector
  - PAI 5. Share of non-renewable energy consumption and production
  - PAI 6. Energy consumption per high impact climate sector
- Biodiversity
  - PAI 7. Activities negatively affecting biodiversity-sensitive areas
- Water
  - PAI 8. Emissions to water

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

- Waste
    - PAI 9. Hazardous waste and radioactive waste ratio

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

- Social and employee matters
    - PAI 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
    - PAI 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
    - PAI 12. Unadjusted gender pay gap
    - PAI 13. Board gender diversity
    - PAI 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons

Table 2 – Additional climate and other environment-related indicators

Indicators applicable to investments in investee companies

Climate and other environment-related indicators

- Emissions
    - 4. Investments in companies without carbon emission reduction initiatives
- Energy performance
    - 5. Breakdown of energy consumption by type of non-renewable sources of energy
- Water, waste and material emissions
    - 7. Investments in companies without water management policies

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	**Metric**		**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	668 metric tons	369 metric tons	N/A	The Fundsmith Sustainable Equity Sub-Fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse
		Scope 2 GHG emissions	1,056 metric tons	363 metric tons	N/A	
		Scope 3 GHG emissions	30,905 metric tons	N/A	N/A	
		Total GHG emissions	32,630 metric tons	727 metric tons (scope 1 and 2 only)	Total GHG emissions is significantly higher due to the inclusion of scope 3 emissions.	

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	2. Carbon footprint	Carbon footprint	111 metric tons / €M	3.54 metric tons / €M	Carbon footprint is significantly higher due to the inclusion of scope 3 emissions.	impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.
	3. GHG intensity of investee companies	GHG intensity of investee companies	389 metric tons / €M revenue (scope 1 and 2 only)	19.64 metric tons / €M revenue (scope 1 and 2 only)	GHG intensity is significantly higher due to the inclusion of scope 3.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	The Fundsmith Sustainable Equity Sub-Fund does not invest in any companies active in the fossil fuels sector.	The Fundsmith Sustainable Equity Sub-Fund does not invest in any companies active in the fossil fuels sector.	N/A	

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	30% of portfolio companies consume energy from non-renewable sources. No companies directly involved with energy production.	37% of portfolio companies consume energy from non-renewable sources. No companies directly involved with energy production.	N/A	

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	**High Impact Climate Sector**	**Impact (GWh / €M revenue)**	**High Impact Climate Sector**	**Impact (GWh / €M revenue)**	N/A	
			Agriculture, Forestry and Fishing	N/A	Agriculture, Forestry and Fishing	N/A		
			Mining and Quarrying	N/A	Mining and Quarrying	N/A		
			Manufacturing	0.05	Manufacturing	0.60		
			Electricity, Gas, Steam and Air Conditioning Supply	N/A	Electricity, Gas, Steam and Air Conditioning Supply	N/A		

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

			Water Supply; Sewage, Waste Management and Remediation Activities	N/A	Water Supply; Sewage, Waste Management and Remediation Activities	N/A		
			Construction	N/A	Construction	N/A		
			Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	0.00	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	0.02		
			Transportation and Storage	N/A	Transportation and Storage	N/A		
			Real Estate Activities	N/A	Real Estate Activities	N/A		

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	The Fundsmith Sustainable Equity Sub-Fund expects investee companies to avoid causing a significant negative impact on biodiversity as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00 metric tons / €M	0.00 metric tons / €M	N/A	The Fundsmith Sustainable Equity Sub-Fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.00 metric tons / €M	0.00 metric tons / €M	N/A	The Fundsmith Sustainable Equity Sub-Fund expects investee companies to avoid causing a significant negative impact on the natural environment resulting from the hazardous/radioactive waste generated by their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	10%	5%	N/A	The Fundsmith Sustainable Equity Sub-Fund expects investee companies to adhere to the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises. Investee companies are also expected to have the necessary processes to monitor compliance with both frameworks and mechanisms to handle any potential violations. Any company assessed to be an outlier in relation to

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	6%	13%	N/A	either indicator, or who we conclude to be having significant adverse impact will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	5%	2%	N/A	The Fundsmith Sustainable Equity Sub-Fund considers gender equality at investee companies by looking at the gender pay gap and ratio of male to female board members, subject to the availability and quality of such data. Any company assessed to be an outlier in relation to either indicator, or who we conclude to be having significant adverse impact will be subject to further analysis and potentially engagement.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	35%	33%	N/A	

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	The Fundsmith Sustainable Equity Sub-Fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	The Fundsmith Sustinable Equity Sub-Fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	N/A	The Fundsmith Sustainable Equity Sub-Fund does not invest in companies exposed to controversial weapons. This is achieved through screening and excluding any company involved in the production, sales or distribution of controversial weapons from the Sub-Fund's investable universe.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Other indicators for principal adverse impacts on sustainability factors						
Adverse sustainability impact		**Metric**	**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	1%	1%	N/A	The Fundsmith Sustinable Equity Sub-Fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	**Non-renewable energy source**	**% portfolio using source**	**Non-renewable energy source**	**% portfolio using source**	N/A	
			Coal	0.01%	Coal	N/A		
			Oil	6.32%	Oil	N/A		
			Gas	23.99%	Gas	N/A		

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Water, waste and material emissions	7. Investments in companies without water management policies	Share of investments in investee companies without water management policy	1%	7%	N/A	The Fundsmith Sustainable Equity Sub-Fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.