

Fundsmith SICAV

Société d'Investissement à Capital Variable

Semi-Annual Report and Unaudited Financial Statements
for the period ended 30 June 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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Grand Duchy of Luxembourg

Board of Directors of the SICAV

Mr. Paul Mainwaring, Director,
Fundsmith LLP

Mr. Garry Pieters, Independent Director,
The Director's Office

Ms. Sheenagh Joy Gordon-Hart, Independent Director,
The Director's Office

Management Company

FundRock Management Company S.A.
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Grand Duchy of Luxembourg

Investment Manager

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FCA Registration Number 523102

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Directors' Report

The Board of Directors is pleased to provide you with its semi-annual report for the period ended 30 June 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 semi-annual report and financial statements in accordance with applicable laws and regulations. The Directors consider that the semi-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 period.

To date the SICAV has 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.



Director

Date: 31 July 2023

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Investment Manager's Report

Fundsmith Equity Fund

Dear Fellow Investor,

The table below shows the performance of the Fundsmith Equity Fund (the "Sub-Fund") – a Sub-Fund of the Fundsmith SICAV ("Fund" or "SICAV") and other comparators during the first half of 2023 and since inception. Please note the differing start dates for the various share classes, noted below the table.

% Total Return	1 Jan to 30 June 2023	Inception to 30 June 2023 Cumulative	Annualised
Fundsmith Equity Fund EUR T Class ¹	+10.9	+452.7	+15.8
MSCI World Index EUR ²	+12.6	+296.1	+12.5
European Bonds ³	+5.0	+49.5	+3.5
Cash ⁴	+1.3	-0.1	-0.0
Fundsmith Equity Fund CHF I Class ¹	+10.2	+298.0	+12.8
MSCI World Index CHF ²	+12.0	+195.1	+10.1
Fundsmith Equity Fund USD I Class ¹	+12.8	+238.8	+12.6
MSCI World Index USD ²	+15.1	+150.2	+9.3
Fundsmith Equity Fund GBP I Class ¹	+7.4	+277.2	+15.5
MSCI World Index GBP ²	+8.9	+180.5	+11.8

¹ Accumulation Shares, net of fees, priced at 13:00 CET, launch dates, EUR T: 2 November 2011, CHF I: 5 April 2012, USD I: 13 March 2013, GBP I: 15 April 2014, source: Bloomberg. N.B. 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 Government 10 years, source: Bloomberg

⁴ EUR interest rate, source: Bloomberg

The Sub-Fund is not managed with reference to any benchmark, the above comparators are provided for information purposes only.

The T Class Accumulation shares in Euros were up by 10.9% in the first six months of the year, 1.7 percentage points less than what is perhaps the most obvious comparator — the MSCI World Index (EUR net). (Note we do not hedge currency exposure and so the main difference in performance between the different currency share classes is due to currency movements in the period. These currency movements also impact the performance of the comparator, MSCI World Index.)

What did well for us in the first six months of 2023? Here are the five biggest positive contributors to performance:

Stock	Attribution
Microsoft	+2.9%
Meta Platforms	+2.7%
L'Oréal	+1.6%
Novo Nordisk	+1.2%
LVMH	+1.1%

Source: Northern Trust

Microsoft continued to perform well despite revenue growth slowing.

At this stage last year Meta was one of our largest detractors and we wrote, 'Meta's stock now trades on a FCF yield of 8.7%. At this level it is either cheap or a so-called value trap. We will let you know which when we find out, but we are inclined to believe it is the former.' We have now had at least a partial answer to that question, with the stock up 70% over the past year, although we are too paranoid to ever declare victory. What might this illustrate? Clearly that Meta's share price performance has been volatile, and here's the important point, it is much more volatile than its fundamental performance, which should be our primary focus. Plus, we all need to try to ignore the cacophony of noise from commentators which can be useless, or worse where they have an axe to grind.

L'Oréal continues to impress with its execution, particularly in China and online, which are inextricably linked. This is in sharp contrast to Estée Lauder, of which more later. LVMH is similarly impressive.

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Investment Manager's Report (continued)

Fundsmith Equity Fund (continued)

We touched upon Novo Nordisk last year when it also appeared. It has a runaway success with its obesity drug Wegovy. The main feature of commentary on the stock this year has been about actual or potential competition-from Eli Lilly, maybe from Sanofi, Boehringer Ingelheim and Zealand Pharma, and from generic (and probably some illegal) formulations.

Such concerns often strike us as one dimensional. Did anyone really think that there will only be one drug to service an ailment (obesity) which is of such pandemic proportions that annual revenues of USD 54 billion are estimated by 2030. It reminds me of the often breathless commentary we get about the latest fintech start-up in payment processing and the threat they pose to the incumbents such as Mastercard and Visa. The payment processing market is so large and growing so fast that there is room for several competitors and they may also help win acceptance for the product and in so doing expand the market. It is not a zero-sum game.

Nonetheless we should expect a continuing tsunami of comments on obesity drugs and Novo Nordisk in which the words competition, side effects and celebrity drug are bandied about with careless abandon like a game of buzzword bingo; and national health services and insurers are cited ad infinitum or even ad nauseum. You can often judge what should happen by the opposite of what many of them propose-as Churchill remarked in another context, they will do the right thing after having exhausted all the other possibilities.

The five biggest detractors from our Sub-Fund's performance during the period were:

Stock	Attribution
Estée Lauder	-1.1%
Waters	-0.9%
ADP	-0.4%
Mettler-Toledo	-0.4%
Nike	-0.2%

Source: Northern Trust

Estée Lauder is the only one of the five which concerns us. It fell in response to poor figures occasioned by a build-up, and subsequent write-off, of stock accumulated in anticipation of a reopening of travel by the Chinese after the lockdown. Whilst domestic travel has returned, it seems that Chinese consumers are buying watches, handbags, and other luxury goods first which it was harder to shop for online during the lockdown. It has revealed some severe weakness in Estée Lauder's supply chain with no manufacturing capability in Asia.

We hold Estée Lauder as a complementary cosmetics company to L'Oréal, with strength in America, prestige and traditional distribution channels in contrast to L'Oréal's strengths in China, mass market and online. We await to see how the recent debacle is handled.

Waters and Mettler-Toledo have both been affected by the slowdown in laboratory expenditures post the pandemic. In neither case are we bothered by this. In fact, we hope it presents an opportunity for us to buy more.

ADP has been affected by macroeconomic concerns about the labour market after a strong 2022.

Nike's shares had a weak period following a strong performance post the pandemic lows, where we bought them, and some reduction in gross margins as they worked to clear excess stock.

On valuation, the free cash flow ('FCF') yield on the portfolio, which had ended 2022 at 3.1%, fell to about 2.7% at the end of June 2023 through a combination of the rise in share prices and continuing disruption in the conversion of profits into cash and consequent lack of free cash flow growth. It is impossible to be definitive with half year numbers, given seasonality and the fact that it is a short period, but our portfolio is more expensive than the S&P 500 Index on this measure although the S&P contains some extreme numbers such as major oil companies and some healthcare providers apparently on FCF yields of 20% or more.

Our portfolio turnover in the first half was 2.9%. Voluntary dealing (dealing not caused by redemptions or subscriptions) cost EUR 164,930 during the half year (0.002% or a 0.2 of a basis point). The Ongoing Charges Figure for the T Class Accumulation shares was 1.08% and with the cost of all dealing added, the Total Cost of Investment was 1.09%.

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Investment Manager's Report (continued)

Fundsmith Equity Fund (continued)

The most noteworthy item of turnover was probably our sale of Amazon which we had begun purchasing only in July 2021. The immediate cause of the sale was our concern over potential capital misallocation. Relatively new CEO Andy Jassy enunciated some principles of investment which investment projects had to have, namely:

1. Be big and capable of delivering good returns on capital.
2. Serve an area of the market in which consumers are not already well served.
3. Amazon had to have a differentiated approach to competitors' and;
4. Amazon had to have or be able to acquire the competence to execute.

Our view was that there was a lot to like about that statement, and it gave us some comfort in purchasing a stock we had shied away from before. However, it is always easier to talk the talk than it is to walk the walk and the CEO's pronouncement that he wanted Amazon to seek routes to get bigger in grocery retail ran counter to all these principles. In our view grocery retail has none of these characteristics and Amazon has already stubbed its toe in this sector with the Whole Foods acquisition.

Moreover, our recent experience of engagement with companies which we believe are making capital allocation and other mistakes has produced a much longer list of those who have ignored us than of those who have listened and so we are likely to be more active in exiting such situations where we disagree with the manner in which our investors' capital is being allocated. Where companies choose to invest outside a powerful core franchise in which they already have expertise we believe they are likely to destroy value, and especially so where they are entering a sector which already has poor returns.

A similar thought process led us to exit Adobe.

Whilst I suspect that the Sub-Fund price performance is and will remain the primary focus of our investors, we try to remain focused on what is happening with the fundamental performance of these businesses.

At this time last year, we noted that despite the generally poor share price performances, the revenue growth of our portfolio was strong, bordering on very strong at some of our companies, albeit we noted prophetically that we might well be concerned about their ability to replicate this performance over the next couple of years.

Where are we now?

The past six months have seen a slowdown in revenue growth from our technology companies, a resilient performance from our healthcare stocks and continued pressure on the profitability of our consumer businesses.

Large technology companies have in a sense become victims of their own success. Their growth over the past decade means that they are now such a large part of the economies in which they operate that they have become inevitably more cyclical. At the time of the 2008-2009 recession, Apple, Microsoft, Alphabet and Meta had combined sales of USD 125 billion. Today, Apple generates three times that number on its own and the combined sales of these four companies are as near as makes no difference USD 1 trillion. As a result, the economic slowdown means that where Microsoft grew sales at 18% last year, we are looking at more like 7% this year. Meta is growing at about 8% where growth was previously well over 20%. Apple and Alphabet will almost certainly have down years in 2023 but we expect a decent bounce back in 2024.

In the healthcare sector, businesses like Stryker continue to benefit from pent-up demand after COVID which drove revenue growth in the company's most recent quarterly results of 13%, several points above its historical run rate. Others like Coloplast or IDEXX remain metronome-like in their reliability and generated revenue growth of 8% and 10% respectively. Novo Nordisk meanwhile was also an extremely reliable business growing at around 10% that has now been transformed into one growing at 25%, courtesy of its weight loss drug Wegovy.

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Investment Manager's Report (continued)

Fundsmith Equity Fund (continued)

Our consumer companies in the main continue to generate decent top line growth, albeit mostly price led. Estée Lauder was unfortunately the exception with sales down 8% in its most recent report, but we saw outstanding performances from LVMH which grew 17%, PepsiCo which grew 14% and L'Oréal which grew 13%. However rising input costs have put pressure on margins, particularly gross margins or the difference between what it costs a company to make its products and what they can sell them for. Thus Procter & Gamble used to 'make things' for \$0.50 and 'sell them' for \$1.00 but now it costs \$0.53 to make them. McCormick used to make things for \$0.58 and sell them for \$1.00, but now it makes them for \$0.63. Estée Lauder used to make things for \$0.20 and sell them for \$1.00, now it costs \$0.28 to make them. This still leaves our companies' gross margins way above those of the market average which means their bottom lines are better protected but they cannot completely offset these headwinds.

Of our stocks which don't fall into the above three sector categories, Waters 'only' grew sales at 3% where more recently we have benefited from two to three times this level of increase, and this meant that the stock had a poor first half.

Sales patterns at this type of business can be lumpy and we expect better in the second half. ADP also had a forgettable first half from a stock price perspective but this was presumably a function of how well the shares did in 2022 since from a business perspective, top line growth of 10% remains bang in line with the historic run rate.

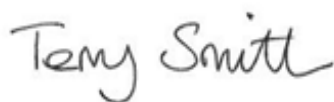
To sum up, conditions are tougher and our companies are mostly having to cope with slower revenue growth and/or higher input costs. However, that's what happens from time to time so we are mostly sanguine about it. We have a few more worries as a result but not a wholesale concern about what is happening.

Turning from company fundamentals to the macro environment, what level of interest rates will be required to tame inflation? We don't know. Will there be a recession? Of course, but we have no idea when. What will happen in Ukraine? We haven't a clue. Will China take action over Taiwan and how will the United States respond? We have no view. Even if we had we are not sure how markets would react.

Fortunately, it continues to be the case that we do not invest on the basis of our predictions about macroeconomics and geopolitics.

Whilst we await the outcome of these economic and geopolitical conundrums we will seek to continue to do what we set out to do. Which is to assemble a portfolio of high-quality companies and hold onto them so that their inherent ability to compound in value will determine how we perform over the long term.

Yours sincerely,



Terry Smith
CEO
Fundsmith LLP
Distributor & Promoter to Fundsmith SICAV

Disclaimer: A Key Information Document and an English language prospectus for the Fundsmith Equity Fund - Fundsmith 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.

FundRock Management Company S.A. is a management company of undertakings for collective investment in transferable securities ("UCITS") within the meaning of the UCITS Directive and is authorised to offer shares in the Fundsmith SICAV to investors on a cross border basis

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Investment Manager's Report (continued)

Fundsmith Equity Fund (continued)

Fundsmith Equity Fund - Fundsmith SICAV, which is the subject of this document, does not relate to a collective investment scheme which is authorised under section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or Recognised under section 287 of the SFA. This document has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of units in the Sub-Fund may not be circulated or distributed, nor may units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than 1. To an institutional investor under section 304 of the SFA; or 2. To a relevant person pursuant to section 305(1) of the SFA or any person pursuant to section 305(2) of the SFA (and such distribution is in accordance with the conditions specified in section 305 of the SFA); or 3. Otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. 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. 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 unless otherwise stated.

Data is as at 30 June 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.

Free Cash Flow Yields are based on trailing twelve month data and as at 30 June 2023 unless otherwise stated. Percentage change is not calculated if the TTM period contains a net loss.

MSCI World Index is the exclusive property of MSCI Inc. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or final products. This report is not approved, reviewed or produced by MSCI. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's and "GICS®" is a service mark of MSCI and Standard & Poor's.

The figures stated in the report are historical and not necessarily indicative of future performance.

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Investment Manager's Report

Fundsmith Sustainable Equity Fund

Dear Fellow Investor,

The table below shows performance of the Fundsmith Sustainable Equity Fund (the "Sub-Fund") – a Sub-Fund of the Fundsmith SICAV ("Fund" or "SICAV") and other comparators during the first half of 2023 and since inception.

% Total Return	1 Jan to 30 June 2023	Inception to 30 June 2023 Cumulative	Annualised
Fundsmith Sustainable Equity Fund EUR T Class ¹	+5.5	+13.4	+5.6
MSCI World Index EUR ²	+12.6	+25.7	+10.3
European Bonds ³	+5.0	-30.3	-14.3
Cash ⁴	+1.3	+0.8	+0.3
Fundsmith Sustainable Equity Fund CHF I Class ¹	+4.8	+1.2	+0.5
MSCI World Index CHF ²	+12.0	+14.4	+5.9
Fundsmith Sustainable Equity Fund USD I Class ¹	+7.4	+2.5	+1.1
MSCI World Index USD ²	+15.1	+13.0	+5.4
Fundsmith Sustainable Equity Fund GBP I Class ¹	+2.2	+13.0	+5.4
MSCI World Index GBP ²	+8.9	+24.3	+9.8

¹ Accumulation Shares, net of fees, priced at 13:00 CET, launch date 1 March 2021, source: Bloomberg

² MSCI World Index priced at close of business US time, source: Bloomberg

³ Bloomberg/EFFAS Bond Indices Euro Government 10 years, source: Bloomberg

⁴ EUR interest rate, source: Bloomberg

The Sub-Fund is not managed with reference to any benchmark, the above comparators are provided for information purposes only.

The T Class Accumulation shares in Euros were up by 5.5% in the first six months of the year, 7.1 percentage points less than what is perhaps the most obvious comparator — the MSCI World Index (EUR net). (Note we do not hedge currency exposure and so the main difference in performance between the different currency share classes is due to currency movements in the period. These currency movements also impact the performance of the comparator, MSCI World Index.)

What did well for us in the first six months of 2023? Here are the five biggest positive contributors to performance:

Stock	Attribution
Microsoft	+1.6%
L'Oréal	+1.4%
Novo Nordisk	+1.0%
Stryker	+1.0%
Alphabet	+0.9%

Source: Northern Trust

Microsoft continued to perform well despite revenue growth slowing.

L'Oréal continues to impress with its execution, particularly in China and online, which are inextricably linked. This is in sharp contrast to Estée Lauder, of which more later.

We touched upon Novo Nordisk last year when it also appeared. It has a runaway success with its obesity drug Wegovy. The main feature of commentary on the stock this year has been about actual or potential competition—from Eli Lilly, maybe from Sanofi, Boehringer Ingelheim and Zealand Pharma, and from generic (and probably some illegal) formulations.

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Investment Manager’s Report (continued)

Fundsmith Sustainable Equity Fund (continued)

Such concerns often strike us as one dimensional. Did anyone really think that there will only be one drug to service an ailment (obesity) which is of such pandemic proportions that annual revenues of USD 54 billion are estimated by 2030. It reminds me of the often breathless commentary we get about the latest fintech start-up in payment processing and the threat they pose to the incumbents such as Mastercard and Visa. The payment processing market is so large and growing so fast that there is room for several competitors and they may also help win acceptance for the product and in so doing expand the market. It is not a zero-sum game.

Nonetheless we should expect a continuing tsunami of comments on obesity drugs and Novo Nordisk in which the words competition, side effects and celebrity drug are bandied about with careless abandon like a game of buzzword bingo; and national health services and insurers are cited ad infinitum or even ad nauseum. You can often judge what should happen by the opposite of what many of them propose-as Churchill remarked in another context, they will do the right thing after having exhausted all the other possibilities.

Stryker benefited from the increase in elective surgical procedures which has resulted from the backlog caused by the pandemic.

Alphabet was our 5th best contributor despite the hullabaloo about generative artificial intelligence and how this might change online search.

The five biggest detractors from our Sub-Fund’s performance during the period were:

Stock	Attribution
Waters	-1.3%
Estée Lauder	-1.0%
ADP	-0.5%
Mettler-Toledo	-0.5%
Johnson & Johnson	-0.4%

Source: Northern Trust

Waters and Mettler-Toledo have both been affected by the slowdown in laboratory expenditures post the pandemic. In neither case are we bothered by this. In fact, we hope it presents an opportunity for us to buy more.

Estée Lauder is the only one of the five which concerns us. It fell in response to poor figures occasioned by a build-up, and subsequent write-off, of stock accumulated in anticipation of a reopening of travel by the Chinese after the lockdown. Whilst domestic travel has returned, it seems that Chinese consumers are buying watches, handbags, and other luxury goods first which it was harder to shop for online during the lockdown. It has revealed some severe weakness in Estée Lauder’s supply chain with no manufacturing capability in Asia.

We hold Estée Lauder as a complementary cosmetics company to L’Oréal, with strength in America, prestige and traditional distribution channels in contrast to L’Oréal’s strengths in China, mass market and online. We await to see how the recent debacle is handled.

ADP has been affected by macroeconomic concerns about the labour market after a strong 2022.

There is nothing obvious to note about the performance of Johnson & Johnson where the spin-off of Kenvue, the consumer healthcare business, began in May.

When considering sustainability, we analyse companies in the broadest possible sense, considering their negative impact on the environment and society and any positive contributions they may have through research and development. Environmental, social and governance (“ESG”) factors are becoming increasingly important to all companies and can significantly influence their long-term performance. We view damaging activity across any of these factors as boosting current profits at the expense of long-term performance, which makes the businesses less sustainable and may harm long-term investments.

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Investment Manager's Report (continued)

Fundsmith Sustainable Equity Fund (continued)

The companies constituting the FSEF portfolio have continued to demonstrate their commitment to avoiding the worst impacts of climate change. In the 2022 HY letter, we discussed how 61% of the portfolio was aligned with the Paris Agreement's goal of limiting global warming to 2°C compared to 35% of the assets managed by signatories to the Net Zero Asset Managers' initiative. This year, the proportion of the portfolio aligned with the Paris Agreement increased to 68% compared to the Net Zero Asset Managers' initiative's 39%. Around 12% of the portfolio has already achieved net zero carbon emissions. As a proportion of the Fund's total greenhouse gas emissions, 94% is committed to, or has already set, emission reduction plans with the Science Based Targets initiative. Further, 88% of the Fund's emissions are covered by a commitment to reaching net zero emissions with an average target year of 2037. We continue to track the progress companies in the portfolio make toward their net zero goals and engage with them when necessary.

We have been assessing the reputational impact associated with the success of Novo Nordisk's obesity drug Wegovy. While the success of Wegovy is good for us as investors in the company, there is a perception that it is becoming a lifestyle drug used by the rich at the expense of those who actually need it. Numerous celebrities, including Elon Musk, have publicly discussed their success in losing weight using the drug. Demand is so strong that many physicians in the US are prescribing the diabetes drug, Ozempic, instead of Wegovy, as it is effectively the same molecule, although at a lower concentration.

In response, we met with the company to try and understand how it was managing the risk to its reputation. When we first spoke to the CEO about this last year, he was unequivocal that the company didn't want Wegovy to become a lifestyle drug despite the impact on sales. Instead, the drug would only be available from a pharmacy with a doctor's prescription rather than over-the-counter or online. This position is because the most effective way to treat obesity is using Wegovy in combination with diet and lifestyle changes, which patients are more likely to adhere to when the treatment is being supplied by a doctor.

So far, Wegovy has only been launched in the US, Norway and the company's home market of Denmark. Despite the noise on social media, the average BMI of a patient in the US is 38 (i.e. the upper end of the obese range), and they have two or three comorbidities on average (e.g. type 2 diabetes, cardiovascular disease, hypertension etc.). We were therefore reassured that the company oppose the use of Wegovy as a lifestyle drug and that the medication is getting to suitable patients, despite some media reports to the contrary. Moreover there seems little doubt that its benefit is not limited to weight loss as it can ameliorate other serious comorbidities with significant benefit for the patient and the healthcare system.

On valuation, the free cash flow ("FCF") yield on the portfolio, which had ended 2022 at 3.1%, fell to about 2.9% at the end of June 2023 through a combination of the rise in share prices and continuing disruption in the conversion of profits into cash and consequent lack of free cash flow growth. It is impossible to be definitive with half year numbers, given seasonality and the fact that it is a short period, but our portfolio is more expensive than the S&P 500 Index on this measure although the S&P contains some extreme numbers such as major oil companies and some healthcare providers apparently on FCF yields of 20% or more.

Our portfolio turnover in the first half was 6.1%. Voluntary dealing (dealing not caused by redemptions or subscriptions) cost EUR 11,544 during the half year (0.004% or 0.4 of a basis point). The Ongoing Charges Figure for the T Class Accumulation shares was 1.11% and with the cost of all dealing added, the Total Cost of Investment was 1.12%.

We sold our stake in Adobe having highlighted our concerns about its proposed acquisition of Figma in our annual letter. The price being paid seems too high, although very little information on which to gauge this has been provided. It is possible that the deal will fail because of competition concerns, but even if it does we would be worried about what it reveals about the competitive threat to Adobe.

During the period we added positions in Marriott & Mastercard. Marriott is in our view the leading asset light (it operates hotel brands with the real estate provided by franchisees) hotel operator, and Mastercard maintains our exposure to the payment processing sector after our exit from PayPal.

Whilst I suspect that the Sub-Fund price performance is and will remain the primary focus of our investors, we try to remain focused on what is happening with the fundamental performance of these businesses.

At this time last year, we noted that despite the generally poor share price performances, the revenue growth of our portfolio was strong, bordering on very strong at some of our companies, albeit we noted prophetically that we might well be concerned about their ability to replicate this performance over the next couple of years.

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Investment Manager's Report (continued)

Fundsmith Sustainable Equity Fund (continued)

Where are we now?

The past six months have seen a slowdown in revenue growth from our technology companies, a resilient performance from our healthcare stocks and continued pressure on the profitability of our consumer businesses.

Large technology companies have in a sense become victims of their own success. Their growth over the past decade means that they are now such a large part of the economies in which they operate that they have become inevitably more cyclical. At the time of the 2008-2009 recession, Apple, Microsoft, Alphabet and Meta had combined sales of USD 125 billion. Today, Apple generates three times that number on its own and the combined sales of these four companies are as near as makes no difference USD 1 trillion. As a result, the economic slowdown means that where Microsoft grew sales at 18% last year, we are looking at more like 7% this year. Meta is growing at about 8% where growth was previously well over 20%. Apple and Alphabet will almost certainly have down years in 2023 but we expect a decent bounce back in 2024.

In the healthcare sector, businesses like Stryker continue to benefit from pent-up demand after COVID which drove revenue growth in the company's most recent quarterly results of 13%, several points above its historical run rate. Others like Coloplast or IDEXX remain metronome-like in their reliability and generated revenue growth of 8% and 10% respectively. Novo Nordisk meanwhile was also an extremely reliable business growing at around 10% that has now been transformed into one growing at 25%, courtesy of its weight loss drug Wegovy.

Our consumer companies in the main continue to generate decent top line growth, albeit mostly price led. Estée Lauder was unfortunately the exception with sales down 8% in its most recent report, but we saw outstanding performances from PepsiCo which grew 14% and L'Oréal which grew 13%. However rising input costs have put pressure on margins, particularly gross margins or the difference between what it costs a company to make its products and what they can sell them for. Thus Procter & Gamble used to 'make things' for \$0.50 and 'sell them' for \$1.00 but now it costs \$0.53 to make them. McCormick used to make things for \$0.58 and sell them for \$1.00, but now it makes them for \$0.63. Estée Lauder used to make things for \$0.20 and sell them for \$1.00, now it costs \$0.28 to make them. This still leaves our companies' gross margins way above those of the market average which means their bottom lines are better protected but they cannot completely offset these headwinds.

Of our stocks which don't fall into the above three sector categories, Waters 'only' grew sales at 3% where more recently we have benefited from two to three times this level of increase, and this meant that the stock had a poor first half. Sales patterns at this type of business can be lumpy and we expect better in the second half. ADP also had a forgettable first half from a stock price perspective but this was presumably a function of how well the shares did in 2022 since from a business perspective, top line growth of 10% remains bang in line with the historic run rate.

To sum up, conditions are tougher and our companies are mostly having to cope with slower revenue growth and/or higher input costs. However, that's what happens from time to time so we are mostly sanguine about it. We have a few more worries as a result but not a wholesale concern about what is happening.

Turning from company fundamentals to the macro environment, what level of interest rates will be required to tame inflation? We don't know. Will there be a recession? Of course, but we have no idea when. What will happen in Ukraine? We haven't a clue. Will China take action over Taiwan and how will the United States respond? We have no view. Even if we had we are not sure how markets would react.

Fortunately, it continues to be the case that we do not invest on the basis of our predictions about macroeconomics and geopolitics.

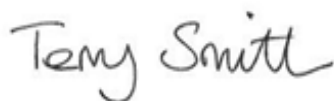
Whilst we await the outcome of these economic and geopolitical conundrums we will seek to continue to do what we set out to do. Which is to assemble a portfolio of high-quality companies and hold onto them so that their inherent ability to compound in value will determine how we perform over the long term.

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Investment Manager's Report (continued)

Fundsmith Sustainable Equity Fund (continued)

Yours sincerely,



Terry Smith
CEO
Fundsmith LLP
Distributor & Promoter to Fundsmith SICAV

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Sources: Fundsmith LLP & Bloomberg unless otherwise stated.

Data is as at 30 June 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.

Free Cash Flow Yields are based on trailing twelve month data and as at 30 June 2023 unless otherwise stated. Percentage change is not calculated if the TTM period contains a net loss.

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The figures stated in the report are historical and not necessarily indicative of future performance.

Fundsmith SICAV
Semi-Annual Report and Unaudited Financial Statements
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Statement of Net Assets as at 30 June 2023

	Notes	Combined EUR	Fundsmith Equity Fund EUR	Fundsmith Sustainable Equity Fund EUR
Assets				
Investments at market value	2(c)	8,763,300,384	8,472,450,193	290,850,191
Cash at bank	2(c)	346,922,238	343,135,384	3,786,854
Subscriptions receivable	2(c)	14,888,171	12,701,339	2,186,832
Bank interest receivable	2(c)	746,349	738,819	7,530
Bond interest receivable	2(d)	961	930	31
Dividend income receivable	2(e)	6,726,835	6,649,869	76,966
Other assets		21,490	11,039	10,451
Total assets		9,132,606,428	8,835,687,573	296,918,855
Liabilities				
Redemptions payable	2(c)	(9,175,592)	(9,175,498)	(94)
Due to brokers	2(c)	(4,244,911)	(4,192,298)	(52,613)
Management fees payable	3(a)	(7,055,926)	(6,837,854)	(218,072)
Depositary fees payable	3(c)	(179,904)	(174,051)	(5,853)
Administration fees payable	3(b)	(328,101)	(304,294)	(23,807)
Subscription tax payable	4	(410,469)	(402,686)	(7,783)
Professional fees payable		(55,412)	(53,674)	(1,738)
Other liabilities		(84,451)	(82,457)	(1,994)
Total liabilities		(21,534,766)	(21,222,812)	(311,954)
Total net assets		9,111,071,662	8,814,464,761	296,606,901

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

Fundsmith SICAV
Semi-Annual Report and Unaudited Financial Statements
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Statement of Operations and Changes in Net Assets for the period ended 30 June 2023

	Notes	Combined EUR	Fundsmith Equity Fund EUR	Fundsmith Sustainable Equity Fund EUR
Net assets at the beginning of the period		8,306,614,463	8,040,343,457	266,271,006
Income				
Dividend income	2(e)	46,179,425	44,740,168	1,439,257
Bond interest	2(d)	245,809	238,059	7,750
Net bank interest		4,644,100	4,498,783	145,317
Other income		5,576	–	5,576
Total income		51,074,910	49,477,010	1,597,900
Expenses				
Management fees	3(a)	(41,262,920)	(40,013,026)	(1,249,894)
Depositary fees	3(c)	(642,456)	(622,974)	(19,482)
Administration fees	3(b)	(642,971)	(589,842)	(53,129)
Subscription tax	4	(812,146)	(796,814)	(15,332)
Professional fees		(67,968)	(63,846)	(4,122)
Directors' fees	3(d)	(31,629)	(30,783)	(846)
Other expenses		(91,661)	(86,048)	(5,613)
Total expenses		(43,551,751)	(42,203,333)	(1,348,418)
Net investment income		7,523,159	7,273,677	249,482
Net realised loss on:				
Investments		(148,546,355)	(146,929,547)	(1,616,808)
Foreign currency		(18,721,465)	(17,892,981)	(828,484)
Net realised loss for the period		(167,267,820)	(164,822,528)	(2,445,292)
Net change in unrealised gain on:				
Investments	2(c)	1,032,232,623	1,014,990,768	17,241,855
Foreign currency	2(b)	14,301,019	14,015,642	285,377
Net change in unrealised gain for the period		1,046,533,642	1,029,006,410	17,527,232
Increase in net assets as a result of operations		886,788,981	871,457,559	15,331,422
Movements in share capital				
Subscriptions		940,844,272	918,042,276	22,801,996
Redemptions		(1,022,134,531)	(1,014,338,255)	(7,796,276)
Distribution paid	5	(1,041,523)	(1,040,276)	(1,247)
(Decrease)/increase in net assets as a result of movements in share capital		(82,331,782)	(97,336,255)	15,004,473
Net assets at the end of the period		9,111,071,662	8,814,464,761	296,606,901

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

Fundsmith SICAV
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Statistical Information

Net Assets

	Currency	30 June 2023	31 December 2022	31 December 2021	31 December 2020
Fundsmith Equity Fund					
Net asset value per:					
T Class Accumulation Shares	EUR	55.27	49.82	60.27	46.75
T Class Income Shares	EUR	52.09	46.97	56.83	44.11
USD T Class Accumulation Shares	USD	9.73	8.63	–	–
USD T Class Income Shares	USD	9.73	8.63	–	–
I Class Accumulation Shares	EUR	56.07	50.51	61.02	47.27
I Class Income Shares	EUR	52.31	47.19	57.02	44.25
CHF I Class Accumulation Shares	CHF	38.90	35.30	44.74	36.26
CHF I Class Income Shares	CHF	36.22	32.91	41.72	33.88
GBP I Class Accumulation Shares	GBP	37.72	35.12	40.18	33.32
GBP I Class Income Shares	GBP	35.89	33.46	38.29	31.82
USD I Class Accumulation Shares	USD	33.88	30.02	38.45	32.29
USD I Class Income Shares	USD	31.89	28.30	36.25	30.50
R Class Accumulation Shares	EUR	52.31	47.28	57.48	44.81
R Class Income Shares	EUR	51.33	46.39	56.40	43.97
USD R Class Accumulation Shares	USD	9.66	8.59	–	–
USD R Class Income Shares	USD	9.66	8.59	–	–
Total net assets	EUR	8,814,464,761	8,040,343,457	9,095,710,357	5,525,102,355
Fundsmith Sustainable Equity Fund					
Net asset value per:					
T Class Accumulation Shares	EUR	11.34	10.75	12.60	–
T Class Income Shares	EUR	11.34	10.75	12.60	–
I Class Accumulation Shares	EUR	11.38	10.78	12.61	–
I Class Income Shares	EUR	11.37	10.77	12.61	–
CHF I Class Accumulation Shares	CHF	10.12	9.65	11.86	–
CHF I Class Income Shares	CHF	–	–	11.85	–
GBP I Class Accumulation Shares	GBP	11.30	11.06	12.26	–
GBP I Class Income Shares	GBP	11.30	11.06	12.26	–
USD I Class Accumulation Shares	USD	10.25	9.55	11.85	–
USD I Class Income Shares	USD	10.25	9.55	11.85	–
R Class Accumulation Shares	EUR	11.21	10.65	12.55	–
R Class Income Shares	EUR	11.21	10.65	12.55	–
Total net assets	EUR	296,606,901	266,271,006	199,438,759	–

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Statistical Information (continued)

Changes in Shares Outstanding

	Currency	Balance as at 1 January 2023	Subscriptions	Redemptions	Balance as at 30 June 2023
Fundsmith Equity Fund					
T Class Accumulation Shares	EUR	20,241,941	4,097,570	(3,515,902)	20,823,609
T Class Income Shares	EUR	2,576,702	358,748	(281,925)	2,653,525
USD T Class Accumulation Shares	USD	7,986,355	1,473,413	(585,878)	8,873,890
USD T Class Income Shares	USD	488,062	58,773	–	546,835
I Class Accumulation Shares	EUR	28,723,902	5,280,629	(5,036,986)	28,967,545
I Class Income Shares	EUR	5,166,001	757,762	(969,628)	4,954,135
CHF I Class Accumulation Shares	CHF	4,622,003	386,332	(1,337,554)	3,670,781
CHF I Class Income Shares	CHF	888,331	11,611	(18,166)	881,776
GBP I Class Accumulation Shares	GBP	8,270,798	1,021,218	(890,387)	8,401,629
GBP I Class Income Shares	GBP	4,525,738	246,932	(559,012)	4,213,658
USD I Class Accumulation Shares	USD	132,185,048	3,829,671	(8,162,721)	127,851,998
USD I Class Income Shares	USD	9,350,399	352,737	(813,897)	8,889,239
R Class Accumulation Shares	EUR	8,953,329	2,752,735	(1,919,408)	9,786,656
R Class Income Shares	EUR	1,143,773	108,122	(99,700)	1,152,195
USD R Class Accumulation Shares	USD	1,617,684	790,243	(1,236,731)	1,171,196
USD R Class Income Shares	USD	1,000	–	–	1,000
Fundsmith Sustainable Equity Fund					
T Class Accumulation Shares	EUR	519,730	31,730	(34,369)	517,091
T Class Income Shares	EUR	3,616	179	–	3,795
I Class Accumulation Shares	EUR	13,290,795	774,266	(452,975)	13,612,086
I Class Income Shares	EUR	283,718	422	(16,703)	267,437
CHF I Class Accumulation Shares	CHF	388,186	17,150	(30,739)	374,597
GBP I Class Accumulation Shares	GBP	23,947	69,180	(1,777)	91,350
GBP I Class Income Shares	GBP	2,918	409,950	(727)	412,141
USD I Class Accumulation Shares	USD	12,173,638	604,552	(198,319)	12,579,871
USD I Class Income Shares	USD	118,327	204,360	–	322,687
R Class Accumulation Shares	EUR	24,329	9,283	(3,200)	30,412
R Class Income Shares	EUR	1,000	–	–	1,000

Fundsmith SICAV
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Portfolio of Investments as at 30 June 2023

Fundsmith 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	1,230,090	Coloplast A/S - B	140,364,852	1.59
DKK	4,662,161	Novo Nordisk A/S - B	680,865,335	7.73
		Total Denmark	821,230,187	9.32
France				
EUR	562,891	L'Oreal SA	239,763,421	2.72
EUR	469,188	LVMH Moet Hennessy Louis Vuitton SE	403,267,086	4.58
		Total France	643,030,507	7.30
Spain				
EUR	2,293,255	Amadeus IT Group SA	159,931,604	1.81
		Total Spain	159,931,604	1.81
United Kingdom				
GBP	6,488,178	Diageo PLC	255,009,758	2.89
GBP	5,321,123	Unilever PLC	253,931,937	2.88
		Total United Kingdom	508,941,695	5.77
United States				
USD	1,897,080	Alphabet Inc - A	209,223,298	2.37
USD	463,041	Apple Inc	81,558,540	0.93
USD	1,511,298	Automatic Data Processing Inc	302,374,090	3.43
USD	4,014,256	Brown-Forman Corp - B	245,658,338	2.79
USD	2,421,508	Church & Dwight Co Inc	221,299,551	2.51
USD	1,584,316	Estee Lauder Cos Inc - A	283,016,607	3.21
USD	984,632	IDEXX Laboratories Inc	450,900,164	5.12
USD	3,917,991	McCormick & Co Inc	314,825,419	3.57
USD	1,484,039	Meta Platforms Inc - A	387,585,107	4.40
USD	217,560	Mettler-Toledo International Inc	265,162,070	3.01
USD	2,705,892	Microsoft Corp	838,480,759	9.51
USD	2,195,166	NIKE Inc - B	223,005,537	2.53
USD	1,606,931	Otis Worldwide Corp	131,474,113	1.49
USD	2,042,575	PepsiCo Inc	346,090,755	3.93
USD	4,406,877	Philip Morris International Inc	397,604,190	4.51
USD	1,718,874	Procter & Gamble Co	236,489,583	2.68
USD	1,671,308	Stryker Corp	465,013,693	5.28
USD	1,609,689	Visa Inc - A	347,618,656	3.94
USD	951,129	Waters Corp	230,288,389	2.61
		Total United States	5,977,668,859	67.82
		Total equities	8,110,802,852	92.02
Bond				
United States				
USD	49,237,300	United States Treasury Bond 0.75% 31/12/2023	44,329,772	0.50
		Total United States	44,329,772	0.50
		Total bond	44,329,772	0.50
Total transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market			8,155,132,624	92.52

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

Fundsmith SICAV
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Portfolio of Investments as at 30 June 2023 (continued)

Fundsmith Equity Fund (continued)

Currency	Nominal/ holdings	Description	Market value EUR	% of net assets
Other transferable securities				
Equities				
France				
EUR	485,178	L'Oreal SA - Pref	206,661,569	2.34
EUR	260,000	L'Oreal SA - Pref 2024	110,656,000	1.26
		Total France	317,317,569	3.60
		Total equities	317,317,569	3.60
		Total other transferable securities	317,317,569	3.60
		Total portfolio	8,472,450,193	96.12
		Other assets and liabilities	342,014,568	3.88
		Net assets at the end of the period	8,814,464,761	100.00

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

Fundsmith SICAV
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Portfolio of Investments as at 30 June 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	83,146	Coloplast A/S - B	9,487,741	3.20
DKK	140,303	Novo Nordisk A/S - B	20,489,951	6.91
		Total Denmark	29,977,692	10.11
France				
EUR	30,540	L'Oreal SA	13,008,513	4.39
		Total France	13,008,513	4.39
Spain				
EUR	118,397	Amadeus IT Group SA	8,257,007	2.78
		Total Spain	8,257,007	2.78
United Kingdom				
GBP	258,430	Unilever PLC	12,332,666	4.16
		Total United Kingdom	12,332,666	4.16
United States				
USD	91,043	Alphabet Inc - A	10,040,861	3.38
USD	60,143	Automatic Data Processing Inc	12,033,156	4.06
USD	161,078	Church & Dwight Co Inc	14,720,781	4.96
USD	53,521	Estee Lauder Cos Inc - A	9,560,802	3.22
USD	43,294	Home Depot Inc	12,321,238	4.15
USD	25,140	IDEXX Laboratories Inc	11,512,555	3.88
USD	80,450	Johnson & Johnson	12,138,471	4.09
USD	55,536	Marriott International Inc	9,275,367	3.13
USD	18,401	Mastercard Inc	6,580,501	2.22
USD	163,003	McCormick & Co Inc	13,097,909	4.42
USD	8,929	Mettler-Toledo International Inc	10,882,663	3.67
USD	51,456	Microsoft Corp	15,944,785	5.37
USD	76,418	Otis Worldwide Corp	6,252,284	2.11
USD	68,388	PepsiCo Inc	11,587,557	3.91
USD	91,972	Procter & Gamble Co	12,653,877	4.27
USD	60,857	Stryker Corp	16,932,449	5.71
USD	61,577	Visa Inc - A	13,297,795	4.48
USD	48,952	Waters Corp	11,852,312	4.00
USD	65,328	Zoetis Inc	10,387,858	3.50
		Total United States	221,073,221	74.53
		Total equities	284,649,099	95.97
Bond				
United States				
USD	1,616,800	United States Treasury Bond 0.75% 31/12/2023	1,455,652	0.49
		Total United States	1,455,652	0.49
		Total bond	1,455,652	0.49
Total transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market			286,104,751	96.46

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

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Portfolio of Investments as at 30 June 2023 (continued)

Fundsmith Sustainable Equity Fund (continued)

Currency	Nominal/ holdings	Description	Market value EUR	% of net assets
Other transferable securities				
		Equity		
		France		
EUR	11,150	L'Oreal SA - Pref 2024	4,745,440	1.60
		Total France	4,745,440	1.60
		Total equity	4,745,440	1.60
		Total other transferable securities	4,745,440	1.60
		Total portfolio	290,850,191	98.06
		Other assets and liabilities	5,756,710	1.94
		Net assets at the end of the period	296,606,901	100.00

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

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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 30 June 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 period ended 30 June 2023.

There were no share classes that became dormant during the period ended 30 June 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.

This report is presented on the basis of the latest net asset value calculated during the financial period (i.e. 30 June 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.

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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, subscriptions receivable, bank interest receivable, prepaid expenses and reclaims receivable, are valued at nominal value unless it appears unlikely that such nominal amount is obtainable.

(iv) Amounts due to Brokers

Amounts due to brokers include amounts payable for investment securities purchased and are valued at nominal value.

(v) 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.

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Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(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.

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 are costs incurred to acquire financial assets or liabilities at market value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. They 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. Transaction costs for the period ended 30 June 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 period.

As at 30 June 2023, no swing pricing was applied.

(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 period. 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.

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:

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Notes to the Financial Statements (continued)

3. Fees (continued)

(a) Management Fees (continued)

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 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.

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 and further remuneration for its custody services.

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Notes to the Financial Statements (continued)

3. Fees (continued)

(c) Depositary Fees (continued)

The annual rates applied 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%

(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 period ended 30 June 2023, the Fundsmith Equity Fund distributed a total amount of EUR 1,040,276 and the Fundsmith Sustainable Equity Fund distributed a total amount of EUR 1,247.

6. Transaction Costs

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

Sub-Fund	Transaction costs
Fundsmith Equity Fund	EUR 463,709
Fundsmith Sustainable Equity Fund	EUR 19,835

7. Exchange Rates

The exchange rates used as at 30 June 2023 are as follows:

EUR 1 = CHF	0.977846
EUR 1 = DKK	7.447238
EUR 1 = GBP	0.858188
EUR 1 = USD	1.085350

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Notes to the Financial Statements (continued)

8. Statement of Changes in the Portfolio

A statement of changes in the portfolio for the period ended 30 June 2023 is available upon request, free of charge, from the registered office of the SICAV.

9. Significant Events During the Period

A new prospectus was issued in January 2023 and May 2023.

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

10. Subsequent Events

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

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Appendix I – Securities Financing Transactions Regulation

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

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

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Appendix II – Risk Information

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 six months to 30 June 2023 and the lowest, highest and average utilisation of the VaR limit calculated during the same period:

Sub-Fund	Leverage			Average utilisation of VaR limit (200% - limit)		
	Minimum	Maximum	Average	Minimum	Maximum	Average
Fundsmith Equity Fund	0.00%	0.00%	0.00%	42.65%	50.30%	47.09%
Fundsmith Sustainable Equity Fund	0.00%	0.00%	0.00%	40.34%	46.03%	43.25%

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Appendix III – Portfolio Turnover Ratio

The portfolio turnover ratio (“PTR”) compares the total investment purchases and sales less total subscriptions and redemptions with the average net asset value of each Sub-Fund. The PTR of the Sub-Funds from 1 January 2023 to 30 June 2023 are specified in the table below:

Sub-Fund	PTR (%)
Fundsmith Equity Fund	2.93
Fundsmith Sustainable Equity Fund	6.14

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Appendix IV – Total Expense Ratio

The total expense ratio (“TER”) compares all operating expenses with the average net asset value of each Sub-Fund. The TERs for the period from 1 January 2023 to 30 June 2023 for each share class of the Sub-Funds are 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	1.57
USD R Class Income Shares	USD	1.58
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	0.99
GBP I Class Income Shares	GBP	1.01
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

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Appendix V – Information to Investors in Switzerland

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.

Total Expense Ratio

The total expense ratio (“TER”) compares all operating expenses with the average net asset value of each Sub-Fund. The annualised TERs for each share class of the Sub-Funds for the twelve-month period from 1 July 2022 to 30 June 2023 are 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	1.09
USD T Class Income Shares	USD	1.09
I Class Accumulation Shares	EUR	0.94
I Class Income Shares	EUR	0.94
CHF I Class Accumulation Shares	CHF	0.93
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	1.59
R Class Income Shares	EUR	1.58
USD R Class Accumulation Shares	USD	1.58
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	0.99
USD I Class Accumulation Shares	USD	0.96
USD I Class Income Shares	USD	0.97
R Class Accumulation Shares	EUR	1.61
R Class Income Shares	EUR	1.61

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

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Appendix V – Information to Investors in Switzerland (continued)

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 of the Sub-Funds are detailed in the table below:

Sub-Fund and share class	Currency	Performance (%) 30 June 2023	Performance (%) 31 December 2022	Performance (%) 31 December 2021	Performance (%) 31 December 2020
Fundsmith Equity Fund					
T Class Accumulation Shares	EUR	10.93	-17.34	28.92	10.73
T Class Income Shares	EUR	10.93	-17.34	28.92	10.71
USD T Class Accumulation Shares	USD	12.77	-13.71	–	–
USD T Class Income Shares	USD	12.77	-13.72	–	–
I Class Accumulation Shares	EUR	11.00	-17.22	29.10	10.88
I Class Income Shares	EUR	11.00	-17.22	29.10	10.86
CHF I Class Accumulation Shares	CHF	10.20	-21.10	23.38	10.40
CHF I Class Income Shares	CHF	10.20	-21.10	23.39	10.41
GBP I Class Accumulation Shares	GBP	7.42	-12.60	20.58	17.28
GBP I Class Income Shares	GBP	7.42	-12.60	20.57	17.28
USD I Class Accumulation Shares	USD	12.85	-21.92	19.07	21.18
USD I Class Income Shares	USD	12.84	-21.92	19.07	21.17
R Class Accumulation Shares	EUR	10.65	-17.75	28.27	10.20
R Class Income Shares	EUR	10.65	-17.75	28.27	10.12
USD R Class Accumulation Shares	USD	12.50	-14.10	–	–
USD R Class Income Shares	USD	12.49	-14.09	–	–
Comparator: MSCI World Index	EUR	12.60	-12.80	31.10	6.30
Fundsmith Sustainable Equity Fund					
T Class Accumulation Shares	EUR	5.53	-14.69	25.99	–
T Class Income Shares	EUR	5.53	-14.69	25.99	–
I Class Accumulation Shares	EUR	5.61	-14.57	26.13	–
I Class Income Shares	EUR	5.61	-14.57	26.13	–
CHF I Class Accumulation Shares	CHF	4.84	-18.57	18.56	–
GBP I Class Accumulation Shares	GBP	2.19	-9.80	22.62	–
GBP I Class Income Shares	GBP	2.19	-9.80	22.62	–
USD I Class Accumulation Shares	USD	7.36	-19.42	18.53	–
USD I Class Income Shares	USD	7.36	-19.42	18.54	–
R Class Accumulation Shares	EUR	5.27	-15.11	25.46	–
R Class Income Shares	EUR	5.27	-15.11	25.47	–
Comparator: MSCI World Index	EUR	12.60	-12.80	31.10	–

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

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Appendix VII – Additional Information for Investors in Australia

**Statement of Cash Flows for the period ended 30 June 2023,
with comparative figures for the period ended 30 June 2022**

Fundsmith Equity Fund

	2023	2022
	EUR	EUR
Total return/(loss) before distributions	871,457,559	(1,757,277,184)
less: capital (gains)/losses on securities	(868,061,221)	1,775,528,999
less: accretion of market discount	(201,128)	–
Financing Activities:		
Subscriptions	918,042,276	2,187,952,031
Redemptions	(1,014,338,255)	(1,433,806,324)
	(96,295,979)	754,145,707
Distributions to Shareholders	(1,040,276)	–
Investing Activities:		
Net sales/(purchases) of investments	(42,530,273)	(845,825,822)
Working capital movements:		
(Increase)/decrease in debtors	39,337,258	10,065,457
Increase/(decrease) in creditors	3,043,278	12,823,136
Net increase/(decrease) in cash	(94,290,782)	(50,539,707)
Cash at bank at the beginning of the period	437,426,166	275,672,578
Cash at bank at the end of the period	343,135,384	225,132,871

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Appendix VII – Additional Information for Investors in Australia (continued)

**Statement of Cash Flows for the period ended 30 June 2023,
with comparative figures for the period ended 30 June 2022 (continued)**

Fundsmith Sustainable Equity Fund

	2023	2022
	EUR	EUR
Total return/(loss) before distributions	15,331,422	(33,947,097)
less: capital (gains)/losses on securities	(15,625,046)	34,150,725
less: accretion of market discount	(6,548)	–
Financing Activities:		
Subscriptions	22,801,996	41,284,258
Redemptions	(7,796,276)	(4,460,493)
	15,005,720	36,823,765
Distributions to Shareholders	(1,247)	–
Investing Activities:		
Net sales/(purchases) of investments	(26,880,415)	(34,967,663)
Working capital movements:		
(Increase)/decrease in debtors	(2,108,789)	(125,760)
Increase/(decrease) in creditors	(2,472,179)	218,785
Net increase/(decrease) in cash	(16,757,082)	2,152,755
Cash at bank at the beginning of the period	20,543,936	5,667,176
Cash at bank at the end of the period	3,786,854	7,819,931