**Fundsmith SICAV**

*Société d'Investissement à Capital Variable*

Semi-Annual Report and Unaudited Financial Statements
for the period ended 30 June 2026

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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**For the period ended 30 June 2026**

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## Directory, Administration and Management

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Mr. Robert Vernon Parker, Director,
Fundsmith LLP

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

Ms. Sheenagh Joy Gordon-Hart, Independent Director,
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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 2026.

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.

During the reporting period, 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: 29 July 2026

Fundsmith Equity Fund | SICAV

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July 2026

This half yearly letter is lengthier than usual as I am using it to inform you about some changes in the way we manage Fundsmith Equity Fund – a sub fund of the Fundsmith Sicav ('Fund' or 'Sicav').

However, first the table below shows the performance of our Fund and other comparators during the first half of 2026 and since inception.

| % Total Return | 1st Jan to 30th June 2026 | Inception to 30th June 2026 | |
|---|---|---|---|
| | | Cumulative | Annualised |
| Fundsmith Equity Fund EUR T Class[1] | -1.6 | +503.0 | +13.0 |
| MSCI World Index EUR[2] | +12.7 | +540.9 | +13.5 |
| European Bonds[3] | +2.2 | +55.2 | +3.0 |
| Cash[4] | +1.0 | +8.9 | +0.6 |
| | | | |
| Fundsmith Equity Fund CHF I Class[1] | -2.5 | +301.9 | +10.3 |
| MSCI World Index CHF[2] | +12.1 | +360.1 | +11.3 |
| | | | |
| Fundsmith Equity Fund USD I Class[1] | -4.5 | +289.9 | +10.8 |
| MSCI World Index USD[2] | +9.7 | +324.2 | +11.5 |
| | | | |
| Fundsmith Equity Fund GBP I Class[1] | -2.9 | +314.8 | +12.4 |
| MSCI World Index GBP[2] | +11.2 | +355.6 | +13.2 |

[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 Series-E Euro Govt 10+ yr Bond Index, source: Bloomberg

[4] € Interest Rate, source: Bloomberg

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

Our Fund was down by 1.6% in the first six months of the year, 14.3 percentage points less than what is perhaps the most obvious comparator — the MSCI World Index (€ 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.) I have moved the usual analysis of attribution of that performance to an Appendix to this letter as there is another subject I wish to cover first, namely what we are going to do about this performance.

The backdrop to this continues to be a market which is dominated by so-called passive or index funds (of which the majority are ETFs) and the boom surrounding AI which have combined to produce a market dominated by momentum rather than any fundamental factors like profitability, returns on capital and growth — in other words the factors we focus on.

I have already written about the effect of this, but I am indebted to Simon Evan-Cook writing in a Substack called Wealth Yourself* in April for some further observations entitled 'Victory for Passive! 22 thoughts and questions', subtitled 'Passive has conquered the world. What could possibly go wrong? Quite a lot.'

Mr Evan-Cook points out that an original argument for switching to passive investment was that 'it's hard to beat the market, and the average investor will fail (because of charges). So why not save time and money by buying the whole market through a low-cost tracker, and get slightly better performance than the average active fund manager' as a result of the fees saved?

In the recent stunning outperformance of active managers by index funds, this rationale has been conveniently forgotten. In the UK, for example, Vanguard's UK All Share tracker has made 66% over the past five years, trouncing the average UK equity fund's return of just 32%. This is seen as a reason to switch even more money from active to passive and so reinforce the feedback loop.

If the average active fund charges 1% and returned 32% after those charges, and the index is supposed to be the sum of those active managers, shouldn't the tracker have made something like 37%? How did it make 66%?

To quote Mr Evan-Cook: 'This is great if you've held the tracker, but it makes a nonsense of that original 'settling-for-average' argument.

It also poses the question: If the tracker can perform 29% better than the average active manager, why can't it perform 29% worse?'
An associated observation is that 'passive funds are starting to look like active funds'.

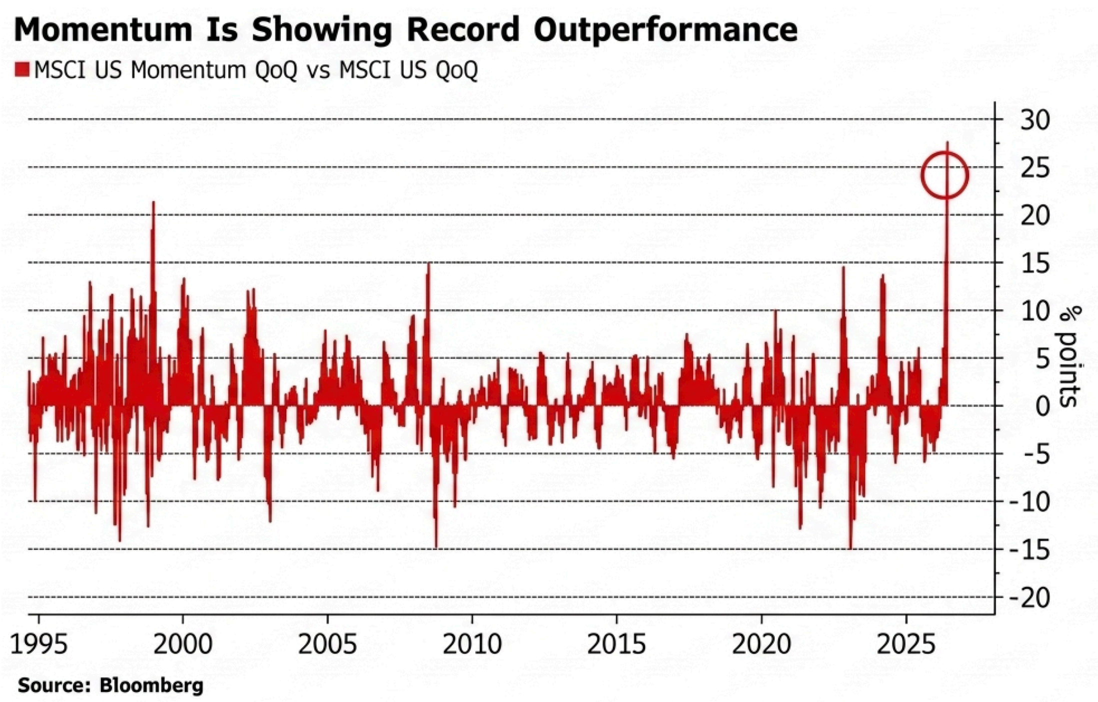
Index funds now 'dominate the fund performance tables. In 2018 the top quartile was filled with active 'quality-growth' funds, in 2022 it was filled with active 'high-growth' funds, and in 2026 it's filled with index funds: 12 of the top 20 performers over five years are trackers.'

Plus, index funds are taking more concentrated positions than many active managers. 'Half of Vanguard's FTSE 100 tracker is held in just 10 stocks, and it has significant 'sector bets' on banks, oil producers and mining companies. Index funds aren't the low-risk, diversified portfolios they used to be.'

Mr Evan-Cook focuses on the UK, but these statistics and arguments are even more pertinent for the US market where the AI plays dominate the indices and the market performance. The US market delivered a total return of 83% over the five years to the end of May in USD (price return was 71%). Meanwhile the average open-ended equity fund investing in the US (3,107 with 5 year records), returned 59% in USD. So index funds outperformed active funds on average by 24%.

Moreover, whilst AUM in index funds is now >60%, in terms of volume of trades, active fund managers are an even smaller minority than this implies. According to Cboe Global Markets, having been 80% of trades in the 1990s, active funds share of trades is now down to just 10%. The trading activity which drives prices is now driven not by active fund management decisions but by the momentum feedback loop of funds moving from active to passive and reweighting within passive funds.

I have read comments about these arguments which suggest that this explanation for what is happening is incorrect. However, the performance of momentum based investment is clear as this Bloomberg chart illustrates:




It is at a 30 year high and more extreme than in late 1999 just before the Dotcom bubble burst. As active fund performance continues to worsen, more people abandon it, producing a pernicious feedback loop.

Yet another illustration that index investing is not truly 'passive' was given in an interview with David Booth, co-founder of Dimensional Fund Advisors (which now manages over $1trn of assets) published in Barron's on 18th June. Asked about the rule changes allowing SpaceX to be included into indices more quickly than usual (to accommodate the June 2026 SpaceX IPO, major indices relaxed their inclusion criteria with the Nasdaq-100 eliminating its 3-month seasoning period — meaning the stock has to be traded for three months prior to inclusion — and its 10% float requirements so that it could be included despite having less than 10% freely tradeable) Booth said, 'I think you're hitting on a bigger problem. Say you don't like active management and go to an index. Well, somebody's managing that portfolio, which isn't the fund manager, it's the index provider. If the index provider changes the index, the fund has to change, so index funds are really trading desks. [Index providers] are sensible people, but they're not fiduciaries looking out after me. They're looking out after them… It doesn't make them bad, but people need to realise what's going on.'

What we are surely seeing is that index funds, like other financial innovations, start with a good rationale but inevitably end up being taken to extremes, ultimately with dire consequences. The development of credit derivatives in the 1990s and the subsequent Great Financial Crisis of 2007–08 are a recent illustration of this.

With regard to what the headlong dash from active to index funds is doing I rest my case, for now at least.

It is important to state at this point that we remain firmly of the view that owning a group of stocks which have better fundamental characteristics than the index (better and more defensible returns on capital employed plus a source of growth into which to deploy at least part of the cash generated) at a reasonable valuation will produce a superior investment return to the market over the long term, and particularly so if volatility is taken into account.

Every day we seem to be presented with examples of what the rise of passive investment is doing to the market in terms of volatility. On Wednesday 27th May Snowflake (SNOW US), a database company closed trading as a $60bn company and opened on Thursday as an $82bn one. On that Thursday, the baton of volatility was passed to Dell Technologies (DELL US), the computer hardware company. Its stock closed as a $205bn company and opened on Friday as a $273bn one. That opening increase of 33% is after the shares had already doubled since the beginning of March.

I would make several observations about this which is a tale we could write about almost every day (as the sequence above hopefully serves to illustrate):

1. I am not aware of any fundamental methodology of investment which could help to predict or capture these moves.

2. Such moves are surely driven in part by the fact that such a small proportion of trades are now conducted by active funds whose managers could think 'That move is ridiculous, I will sell some' as few such managers can survive given that investment processes which attempt to fly in the face of momentum jeopardise one's career.

3. You may take the view that you can switch into the index and reap the benefits of this momentum and then switch back if or when events cause this momentum to unwind. However, if $200bn market valuation stocks are moving 33% a day in a bull market, you can reasonably speculate about what's going to happen if or when things reverse. It may make 2000–03 and 2007–08 look like a blip. In 2007–08, the S&P fell 57% in five months. Next time round, it would not surprise me if it

accomplished this in five days. In 2000–03 it took even eventual winners like Amazon 10 years to recover their peak share price.

We are particularly mindful of the motor racing maxim, frequently attributed to legends like Rick Mears or Charles Jarrott, relating to the Indianapolis 500 Race, that 'In order to finish first, you must first finish'. This emphasises that endurance and reliability are just as crucial as speed in the 500-mile race.

You might say (and we would indeed say) that is exactly what we are trying to do by focusing on investing in companies with good fundamental business and financial characteristics and at least reasonable valuations or better. However, there is another factor at work here — fund flows. We run open-ended funds, and you can and increasingly have been taking money out, we suspect mostly to join the exodus from active to passive, or possibly to invest in managers who profess that they understand quality better than we do. They may be right, or they may just be closet momentum investors, which will be fine until it isn't. However, there will be little point being proved right about the dangers of passive or momentum investment after our Fund has closed.

It is against this background that we are implementing some adaption in our fund management process.

But let me begin by stressing what will not change.

Our investment mantra is to seek to:

1. Buy good companies

2. Don't overpay

3. Do nothing

We have no intention of investing in anything other than good businesses whose characteristics are such that they should compound in value over time better than the market average and at reasonable valuations as well as providing some fundamental support for the value of our investment in the event of a market dislocation.

However, it seems clear that the third leg of our strategy which probably needs the most change and our portfolio turnover hit a high of 52% in the first half of this year as we made significant changes in the portfolio. However, you should not expect that level of turnover to become the norm.

In a market in which share price moves of 33% per day for even large stocks are not uncommon a buy and hold strategy can only work if you are not subject to flows, and we are. Sticking to our current approach may well fall foul of the adage that the market can remain illogical longer than we can remain in business. You should therefore expect that we will be more active in future. I still expect our turnover and its cost to be significantly below that of most active funds, but it may well be higher than our historic average.

We will take more account of momentum — both fundamental and share price — in our investment decisions. In particular, we will be much less willing to deploy the time-honoured technique of buying quality companies when they hit a glitch. This was used to good effect, for example, by Warren Buffett to buy Berkshire Hathaway's stake in American Express during the salad oil scandal (look it up) and by us, for example, in buying Microsoft at the end of Mr Ballmer's tenure as CEO. But in the current momentum driven market buying shares in companies which have hit a glitch is like trying to catch the proverbial falling knife. All we are getting is cut fingers as their downward share price spiral is exacerbated by the index momentum enhancement effect. It is worth noting that Mr Buffett executed this strategy in a closed fund which he controlled not an open-ended fund.

We have no desire to hug the index. You can buy index funds which are much cheaper than us or any other active manager, so what would be the point?

I profess no insight into how or when this passive-led momentum market will end, other than to say badly. It may be that a realisation that the humungous investment in AI cannot produce an adequate return or any clear winner(s) will derail it. Or that the destructive effects of AI on other sectors may be such that it punctures the market narrative and/or even that layoffs amongst workers made redundant by AI who are currently fuelling the passive boom with their 401(k) pension fund contributions will send that flow and the market into reverse. More likely it is something which we cannot foresee. After all a crisis would not be a crisis if we could foresee it. But we do know that trees do not grow to the sky.

During the 6 months ended 30th June we executed a series of trades which reflect this attempt to adapt our strategy to suit the current and expected market conditions:

We began accumulating stakes in AppLovin, GE Vernova, Legrand, Mastercard, Netflix, Nextpower, Sage, The TJX Companies, TSMC, Uber, Veeva Systems, and Yum! Brands.

We exited or have started exiting: Atlas Copco, Coloplast, EssilorLuxottica, Intuit, LVMH, Magnum Ice Cream, Mettler-Toledo, Nike, Novo Nordisk, Otis, Unilever, Wolters Kluwer, and Zoetis.

The rationale for each sale and purchase is covered in Appendix 2 to this letter. The sales were often driven by a complex mix of factors including lack of fundamental momentum, mismanagement and simple valuation.

We are well aware that in some cases we have sold stocks at a loss and/or after purchasing them recently. We are also aware that some of the stocks we are buying have been bought and sold by us before or could have been purchased at much lower prices in recent years. But those stocks do not move on the basis of whether or not we own them.

A quick snapshot of the fundamental characteristics of the resulting portfolio is as follows:

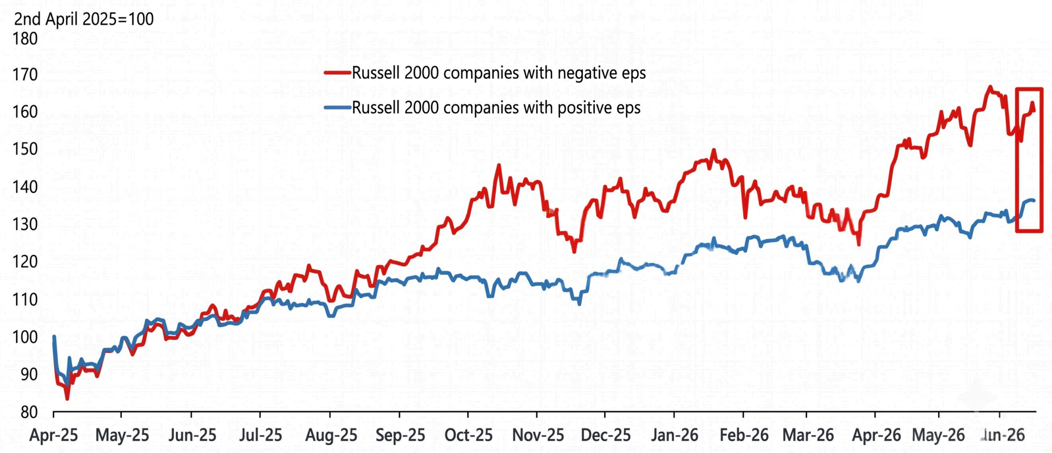
| | |
|---|---|
| ROCE | 31% |
| Gross margin | 62% |
| Operating margin | 29% |
| Cash conversion | 92% |
| Interest cover | 43.0x |
| FCF yield | 4.3% |

Source: Fundsmith, as at 30th June 2026

Hopefully this reinforces the suggestion that we have not abandoned our strategy of seeking to own good companies at fair or better valuations but have rather sought to refine it.

The weighted average Free Cash Flow (‘FCF’) yield of 4.3% is worth mentioning. The S&P 500’s FCF yield is estimated to have fallen below 2% primarily due to the cash flows of its largest constituents — the major tech companies — having been absorbed by the spending on the AI ‘arms race’. Whilst this relative valuation would normally be cause for optimism, given recent market trends it might be a source of worry. The chart below (which covers the Russell 2000 Index) shows that companies with negative earnings — or losses as they are usually termed — have been outperforming those which are profitable and continue to do so.

**Relative Performance Profitable vs Unprofitable Companies**




Source: Bloomberg

The movie which this brings to mind is *It's a Mad, Mad, Mad, Mad World* (made in 1963, starring Spencer Tracy, Sid Caesar, Mickey Rooney, Phil Silvers and Terry-Thomas).

Our portfolio's relatively low valuation is a source of comfort to those like us who concern ourselves with the fundamentals of a company as opposed to those who follow a momentum strategy.

Moreover, we estimate that these companies will grow their cash flow by about 14% p.a. over the next 3-5 years. If so — and many of them are relatively predictable — they will either be even more lowly valued or their share prices will have risen to reflect this. We hope you are still invested with us to see that happen. We will be.

Yours sincerely,

Terry Smith

Terry Smith

CEO

Fundsmith LLP

## APPENDIX 1 - Attribution

What did well for us in the first six months of 2026? Here are the five biggest positive contributors to performance:

| Stock | Attribution |
|---|---|
| Fortinet | +2.1% |
| Texas Instruments | +1.4% |
| Marriott | +1.3% |
| Alphabet | +0.9% |
| Philip Morris | +0.7% |

Source: Northern Trust

Fortinet and Texas Instruments are obviously tech companies but neither is directly involved in the AI phenomenon. We have held Philip Morris since inception.

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

| Stock | Attribution |
|---|---|
| LVMH | -1.2% |
| Microsoft | -1.0% |
| IDEXX | -1.0% |
| Zoetis | -0.9% |
| Mettler-Toledo | -0.8% |

Source: Northern Trust

Mettler-Toledo, LVMH and Zoetis have been sold for the reasons given in Appendix 2. We have reduced our stakes in IDEXX on valuation grounds and in Microsoft.

Our portfolio turnover in the first half was 52%. Voluntary dealing (dealing not caused by redemptions or subscriptions) cost €4,199,598 during the half year (0.08%). The Ongoing Charges Figure for the T Class Accumulation shares was 1.09% and with the cost of all dealing added, the Total Cost of Investment was 1.17%.

## APPENDIX 2 - Sales and Purchases

### Sales

**Atlas Copco –** Organic growth has been anaemic over the last two years, which in our view does not justify a <3% FCF yield which has resulted from the shares rising sharply over the past year.

**Coloplast –** Organic growth has fallen from a long term average of 8% to 6%. Not coincidentally there have also been a couple of high-profile screw-ups involving acquisitions.

**EssilorLuxottica –** The lower margins on smart glasses forced the company to abandon its long-term profit targets. It is still a very interesting company with the rise in wearables and smart glasses, but increased competition in this segment is inevitable.

**Intuit –** Although we only recently repurchased Intuit we were sensitive to the way in which they have reacted to the poor Mailchimp acquisition as this is why we sold the shares in the first place. The fact that they have now taken to giving results ex Mailchimp both shows how bad the acquisition was but also worries us about a continuing state of denial.

**LVMH –** The key China market seems unlikely to recover until the property market does. Family succession plans are also an increasing concern.

**Magnum Ice Cream Co. –** The company is too small and illiquid for us to build a meaningful position.

**Mettler-Toledo –** Underlying growth so far this year is only 1%, which isn't enough to justify its traditionally premium valuation.

**Nike –** It is clear that any turnaround from new CEO Elliott Hill after the damage done in the pandemic period will take longer than we'd initially expected, especially as China and Converse continue to be problems.

**Novo Nordisk –** Parlayed a market leading position in the biggest drug discovery in decades into an investment disaster.

**Otis –** The growth in maintenance and modernisation of lifts hasn't been fast enough to offset the decline in new construction from China.

**Unilever –** When Hein Schumacher was appointed as CEO we breathed a sigh of relief after the Polman/Jope years of woke. He said he had no intention of indulging in acquisitions or divestments until he had got all the businesses producing the results they should be capable of benchmarked against the best of their competition. We applauded that approach.

After 18 months he was fired and the CFO Fernando Fernandez was appointed as CEO. We thought Fernandez was very capable both as an operating manager and a CFO. However, his appointment was swiftly followed by the spin out of the ice cream business as the

Magnum Ice Cream Company allegedly because its separate distribution chain did not fit with the rest of Unilever. At the time we asked if that was all the disposals for the foreseeable future and were told it was.

This was then followed by the announcement of the intention to transfer the remainder of the food business to McCormick.

Apart from the fact that this flies in the face of what we were told and what we liked about Hein Schumacher's approach, it has all the hallmarks of Nelson Peltz, the activist investor who is on the board. We have seen Nelson in action back to the 1980s. We are not fans of the idea that corporate activity solves fundamental problems. Nor are we fans of boards who listen to activists who are not long-term investors.

Moreover, whilst Unilever management will be rid of the food business Unilever shareholders would still own it and it will be managed by the McCormick management. We know them well having owned the stock and we are not convinced they are good enough for the existing business let alone a massively enlarged one. McCormick has a ROIC which is consistently in single figures.

Oh, and the structure of the deal means we don't get to vote on it.

**Wolters Kluwer** – While we still think this is a business that won't be affected by AI as much as the current valuation suggests, we think there is better value in other businesses which have been affected by the SaaSpocalypse such as Sage and Veeva Systems, which have higher growth rates and/or lower valuations.

**Zoetis** – We are unimpressed with management. They haven't been able to respond effectively to new generics being launched in competition to its main franchises or even express themselves clearly.

**<u>Purchases</u>**

**Industrials:**

**GE Vernova –** GE Vernova builds and services the gas turbines and electrical grid equipment that power the modern world. Its competitive 'moat' stems from the scale and high switching costs of energy infrastructure: once its turbines are installed, customers are locked into high-margin, inflation-protected service contracts for decades. Unlike elevators and escalators, these generators cannot be serviced by independent providers because all the technology and materials are proprietary. GE Vernova's equipment generates approximately a third of the world's total electricity. Future growth depends on upgrading ageing power grids to handle the high voltages needed to deliver power from where it is produced to where it is needed, and on increasingly 'behind-the-meter' power generation at AI data centres. That growth is also fairly predictable as the current order backlog is $163bn (4x 2025 revenues). They are also the global leader in small modular nuclear reactors (SMRs). They currently have the only commercial SMR project (BWRX-300) under construction in the Western world, with the first deployment in Canada expected to be finished by 2030. ROIC: ~20% but rising rapidly, FCF yield: 2.6%.

**Legrand –** Legrand is a French manufacturer of the physical infrastructure behind electrical and digital building systems. Its competitive advantage relies on an entrenched distribution network and deep brand loyalty among electricians who refuse to risk their reputation on unfamiliar components. It makes mundane things in buildings, from fire escape signs to electrical sockets to the busways that carry cables in data centres. Legrand holds a nearly 20% global market share in wiring devices, meaning roughly 1 in 5 electrical switches and sockets globally are made by it. Growth opportunities lie in the rising demand for energy-efficient smart buildings and specialised power distribution systems for data centres. ROIC: low 20s, FCF yield: 4.4%.

**Nextpower –** Nextpower manufactures mechanical systems and software that enable utility-scale solar panels to track the sun throughout the day. Its competitive 'moat' combines a flexible, outsourced manufacturing setup that keeps fixed costs low with proprietary tracking software that makes switching to a competitor's system difficult once installed. Nextpower technology increases the energy yield of a solar installation by 20% to 30% compared to traditional panels bolted in a fixed position. Growth is directly tied to the growing global demand for renewable energy, especially clean energy generation that can be built next to data centres. To further expand into data centres, Nextpower acquired battery maker Prevalon Energy for $365m in May 2026. ROIC: ~50%, FCF yield: 3.2%.

**Uber –** Uber operates a platform that connects users with ride-hailing and food-delivery drivers. It relies on a two-sided network effect: more drivers mean shorter wait times, which attracts more riders, making the platform highly sticky and difficult for local competitors to disrupt. Now that most of these challengers (Karhoo, Sidecar, Juno, Fasten, Hailo, etc.) have disappeared and Uber has survived, the network effects become very attractive. This is shown in the company's cash from operations, which went from -$4.3bn in 2019 to -$445m in 2021 (last year of negative) to $3.6bn in 2023 and over $10bn in 2025. Uber's logistics network is massive, coordinating roughly 42m trips and delivery orders every single day globally.

Future growth opportunities include expanding into grocery and package delivery and eventually integrating autonomous (self-driving) vehicles ('AVs') into their fleet to drastically lower costs. Some see AVs as a threat to Uber, but we think it is more likely that Tesla, Waymo, etc., will use Uber's distribution and global licenses to reach customers and maximise their asset usage rather than having to get licenses, build an app, and get tens of millions of people to download. ROIC: mid-20s, FCF yield: 7.4%.

**Financials:**

**Mastercard –** Mastercard operates a digital payment network connecting consumers, merchants, and banks worldwide. It benefits from a classic network effect: the more consumers use the card, the more merchants are forced to accept it, making it difficult for a new entrant to replicate. A new entrant would need to negotiate agreements and integrate its technology with the majority of global financial institutions. While digital payments feel ubiquitous in developed nations, roughly 1.4bn adults globally remain entirely unbanked. Future growth depends on bringing this unbanked population into the financial system, shifting remaining cash transactions to digital payments, and expanding into business-to-business payments, a far bigger market than C2C or C2B payments. We now own both Visa and Mastercard in the portfolio as payments is one of the few sectors that we expect to grow no matter what happens with AI, and Mastercard and Visa are equally good businesses. This gives us a way to achieve >6% exposure to payments without excessive stock-specific risk or breaching UCITS concentration rules. Also, with 46% of all global transactions still done in cash and B2B payments 85% of the value of total global payments, there is plenty of room for two companies to grow and compound. ROIC: >75%, FCF yield: 4.5%.

**Health Care:**

**Veeva Systems –** Veeva provides specialised cloud-based software designed specifically for the pharmaceutical and life sciences industries. Its software tracks the entire lifecycle of a drug from clinical trials through manufacturing and final sales. For example, during a clinical trial for a new drug, Veeva's Vault eTMF (Electronic Trial Master File) is used to maintain the thousands of critical documents (trial protocols, investigator qualifications, ethics committee approvals). eTMF is the digital vault that organises these documents so the FDA or EMA can audit them at a moment's notice to ensure the trial is safe and compliant. Veeva's Vault QMS (Quality Management System) is used on the manufacturing floor. If a batch of medication is manufactured at the wrong temperature, Vault QMS is the software used to log the deviation, launch an investigation, and track the CAPA (Corrective and Preventive Action) to ensure it doesn't happen again.

Its competitive 'moat' is built on extremely high switching costs: once a drug company integrates Veeva to manage strict clinical trials and regulatory compliance, it is risky and expensive to replace it. Pharmaceutical companies rarely switch from Veeva because replacing the software risks halting clinical trials or drug manufacturing, which would cost vastly more than any savings a cheaper vendor could offer. Additionally, moving to a new system requires a massive, expensive effort to pass strict regulatory approvals and transfer sensitive data without breaking legally required audit trails. Veeva holds roughly 80% of the market share in pharmaceutical customer relationship software, meaning almost the entire industry relies on its platform. Growth is fuelled by upselling new software modules to existing clients and by using AI agents to manage the administrative work of drug trials, which is currently very labour-intensive. ROIC: headline is ~15%, but that is due to a very large cash balance. Excluding cash it is well in excess of 100%; FCF yield: 5.7%.

**Information Technology:**

**AppLovin –** AppLovin provides software and artificial intelligence that assists mobile apps to find new users and sell advertising space. It is the company that shows you an advert between levels in Candy Crush or similar mobile games that you can't skip. Its 'moat' is AXON, an advanced AI recommendation engine. AXON creates a powerful network effect by matching the right ads to the right users, driving better returns for advertisers and higher payouts for app developers, which makes it very hard for either side to leave. AXON can increase AppLovin's revenues by 20% p.a. for the foreseeable future simply by improving customer targeting. AppLovin's platform serves over 1bn daily active users and generates advertising revenue that surpasses the combined totals of Snap, Pinterest, Reddit, and X. Future growth depends on expanding this highly profitable AI ad-matching technology beyond advertising new mobile games into e-commerce and potentially the Connected TV (CTV) advertising market. Unlike Alphabet and Meta, which price advertising based on the number of eyeballs who see or click the advert, AppLovin gets a percentage of the spend the advertisement triggers, so it gets significantly more revenue from higher-value items sold through its adverts (a room in a Marriott hotel or cosmetics vs a $5 mobile game). They are also launching a self-service platform for small to medium-sized businesses to buy advertising space. ROIC: >100%, FCF yield: 3.6%.

**Sage –** We switched our position from Intuit into Sage, the other main operator in accounting software. Sage has much less reliance on share based compensation, a lower rating and does not have Intuit's record of injurious acquisitions. ROIC: 18%, FCF yield: 6.0%.

**TSMC –** Taiwan Semiconductor Manufacturing Company (TSMC) is the world's largest contract chipmaker, physically manufacturing the semiconductors designed by companies like Apple, Broadcom and Nvidia. Its 'moat' is an unmatched technological lead in making the smallest chips, protected by the capital barrier of the $20bn it costs to build just one advanced factory. TSMC manufactures roughly 90% of the world's most advanced semiconductors. Future growth stems from global demand for computing power, particularly the chips needed to train and run AI models. ROIC: 33%, FCF yield: 2.7%.

**Consumer Discretionary:**

**The TJX Companies –** TJX is the parent company of discount 'off-price' retailers like TJ Maxx (TK Maxx in Europe) and Marshalls. It has a highly agile supply chain and decades-long relationships with premium clothing brands, which allow it to buy excess inventory at steep discounts. TJX relies on a network of over 1,400 specialised buyers sourcing from 21,000 different global vendors, and creates an unpredictable 'treasure hunt' experience for shoppers that e-commerce struggles to replicate. Growth comes from physical store expansion and taking market share from traditional department stores. ROIC: 33%, FCF yield: 3.1%.

**Yum! Brands –** Yum! Brands is the parent company of major fast-food franchises, including KFC, Taco Bell, and Pizza Hut. However, it is finally selling Pizza Hut, which has been a significant drag on overall results. It has global brand recognition, franchising, and economies of scale in marketing and food purchasing, which independent restaurants cannot match. The speed of its global expansion is a key selling point: Yum! Brands opens a new restaurant somewhere in the world roughly every two hours, 365 days a year. Future growth depends on continuing this aggressive franchise expansion in emerging markets and on improving the digital ordering and delivery systems. There are also significant near-term opportunities for KFC in the US, where it has been underperforming, and for Taco Bell outside the US. ROIC: 50%, FCF yield: 4.0%.

**Communication Services:**

**Netflix –** Netflix is the pioneer of subscription-based streaming entertainment. It has a huge subscriber base which funds an annual content budget of over $17bn that smaller competitors simply cannot afford to match without losing money. Netflix now accounts for nearly

8% of all television screen time in the US, more than any single traditional broadcast network, but also underscoring its growth potential. Future growth will be driven by its newer advertising tier, cracking down on password sharing, and expanding local content in emerging international markets. The advert supported tier has 250m monthly active users, of whom 45% are in the US. After stopping password sharing in 2024, Netflix added 41m new subscribers (vs 325m total). They are increasingly moving toward live sports with NFL games on Christmas Day and 'boxing' matches like Mike Tyson vs Jake Paul. Why now? When Netflix was growing, there were many competitors (Hulu, Discovery+, Tubi, Disney+, HBO Max, etc.), so the network effects of streaming and content production did not work as well, as it had to compete for both customers and content. Now, many of these rivals have failed or are losing users, which highlights the quality of Netflix's 'moat' but also presents an opportunity as those customers return to Netflix. ROIC: >30%, FCF yield: 3.8%.

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.

The views and opinions expressed herein are those of Fundsmith as of the date hereof and are subject to change based on prevailing market and economic conditions and will not be updated or supplemented.

Sources: Fundsmith LLP, and Bloomberg unless otherwise stated.

* https://substack.com/@simonevancook

Data is as at 30th June 2026 unless otherwise stated.

Portfolio turnover is a measure of the fund's trading activity and has been calculated by taking the total share purchases and sales less total creations and liquidations divided by 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 30th June 2026 unless otherwise stated. Percentage change is not calculated if the TTM period contains a net loss.

The MSCI World Index is a developed world index of global equities across all sectors and, as such, is a fair comparison given the fund's investment objective and policy.

The Bloomberg Series-E Euro Govt 10+ yr Bond Index shows what you might have earnt if you had invested in Government Debt.

The € Interest Rate shows what you might have earnt if you had invested in cash.

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.

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July 2026

Dear Fellow Investor,

This half yearly letter is lengthier than usual as I am using it to inform you about some changes in the way we manage Fundsmith Sustainable Equity Fund – a sub fund of the Fundsmith SICAV ('Fund').

However, first the table below shows the performance of our Fund and other comparators during the first half of 2026 and since inception.

| % Total Return | 1st Jan to 30th June 2026 | Inception to 30th June 2026 | |
|---|---|---|---|
| | | Cumulative | Annualised |
| Fundsmith Sustainable Equity Fund EUR T Class[1] | -1.5 | +16.2 | +2.9 |
| MSCI World Index EUR[2] | +12.7 | +103.4 | +14.2 |
| European Bonds[3] | +2.2 | -27.6 | -5.9 |
| Cash[4] | +1.0 | +9.8 | +1.8 |
| | | | |
| Fundsmith Sustainable Equity Fund CHF I Class[1] | -2.7 | -2.1 | -0.4 |
| MSCI World Index CHF[2] | +12.1 | +74.9 | +11.0 |
| | | | |
| Fundsmith Sustainable Equity Fund USD I Class[1] | -4.4 | +10.9 | +2.0 |
| MSCI World Index USD[2] | +9.7 | +91.6 | +13.0 |
| | | | |
| Fundsmith Sustainable Equity Fund GBP I Class[1] | -2.8 | +16.8 | +2.9 |
| MSCI World Index GBP[2] | +11.2 | +101.9 | +14.1 |

[1] Accumulation Shares, net of fees, priced at 13:00 CET, launch date 1.3.21, source: Bloomberg
[2] MSCI World Index priced at close of business US time, source: Bloomberg
[3] Bloomberg Series-E Euro Govt 10+ yr Bond Index, source: Bloomberg
[4] € Interest Rate, source: Bloomberg
The 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 fell 1.5% in the first six months of the year, 14.2 percentage points less than what is perhaps the most obvious comparator — the MSCI World Index (€ 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.) I have moved the usual analysis of attribution of that performance to an Appendix to this letter as there is another subject I wish to cover first, namely what we are going to do about this performance.

The backdrop to this continues to be a market which is dominated by so-called passive or index funds (of which the majority are ETFs) and the boom surrounding AI which have combined to produce a market dominated by momentum rather than any fundamental factors like profitability, returns on capital and growth — in other words the factors we focus on.

I have already written about the effect of this, but I am indebted to Simon Evan-Cook writing in a Substack called Wealth Yourself* in April for some further observations entitled 'Victory for Passive! 22 thoughts and questions', subtitled 'Passive has conquered the world. What could possibly go wrong? Quite a lot.'

Mr Evan-Cook points out that an original argument for switching to passive investment was that 'it's hard to beat the market, and the average investor will fail (because of charges). So why not save time and money by buying the whole market through a low-cost tracker, and get slightly better performance than the average active fund manager' as a result of the fees saved?

In the recent stunning outperformance of active managers by index funds, this rationale has been conveniently forgotten. In the UK, for example, Vanguard's UK All Share tracker has made 66% over the past five years, trouncing the average UK equity fund's return of just 32%. This is seen as a reason to switch even more money from active to passive and so reinforce the feedback loop.

If the average active fund charges 1% and returned 32% after those charges, and the index is supposed to be the sum of those active managers, shouldn't the tracker have made something like 37%? How did it make 66%?

To quote Mr Evan-Cook: 'This is great if you've held the tracker, but it makes a nonsense of that original 'settling-for-average' argument. It also poses the question: If the tracker can perform 29% better than the average active manager, why can't it perform 29% worse?'

An associated observation is that 'passive funds are starting to look like active funds'.

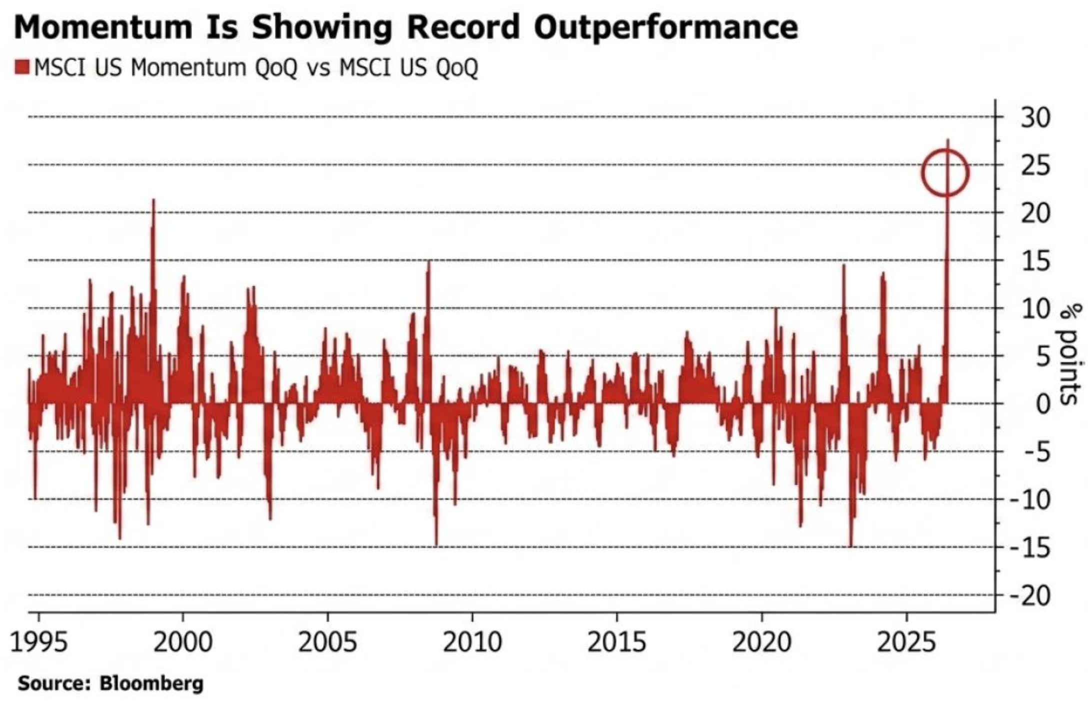
Index funds now 'dominate the fund performance tables. In 2018 the top quartile was filled with active 'quality-growth' funds, in 2022 it was filled with active 'high-growth' funds, and in 2026 it's filled with index funds: 12 of the top 20 performers over five years are trackers.'

Plus, index funds are taking more concentrated positions than many active managers. 'Half of Vanguard's FTSE 100 tracker is held in just 10 stocks, and it has significant 'sector bets' on banks, oil producers and mining companies. Index funds aren't the low-risk, diversified portfolios they used to be.'

Mr Evan-Cook focuses on the UK, but these statistics and arguments are even more pertinent for the US market where the AI plays dominate the indices and the market performance. The US market delivered a total return of 83% over the five years to the end of May in USD (price return was 71%). Meanwhile the average open-ended equity fund investing in the US (3,107 with 5 year records), returned 59% in USD. So index funds outperformed active funds on average by 24%.

Moreover, whilst AUM in index funds is now >60%, in terms of volume of trades, active fund managers are an even smaller minority than this implies. According to Cboe Global Markets, having been 80% of trades in the 1990s, active funds share of trades is now down to just 10%. The trading activity which drives prices is now driven not by active fund management decisions but by the momentum feedback loop of funds moving from active to passive and reweighting within passive funds.

I have read comments about these arguments which suggest that this explanation for what is happening is incorrect. However, the performance of momentum based investment is clear as this Bloomberg chart illustrates:




It is at a 30 year high and more extreme than in late 1999 just before the Dotcom bubble burst. As active fund performance continues to worsen, more people abandon it, producing a pernicious feedback loop.

Yet another illustration that index investing is not truly ‘passive’ was given in an interview with David Booth, co-founder of Dimensional Fund Advisors (which now manages over $1trn of assets) published in Barron’s on 18th June. Asked about the rule changes allowing SpaceX to be included into indices more quickly than usual (to accommodate the June 2026 SpaceX IPO, major indices relaxed their inclusion criteria with the Nasdaq-100 eliminating its 3-month seasoning period — meaning the stock has to be traded for three months prior to inclusion — and its 10% float requirements so that it could be included despite having less than 10% freely tradeable) Booth said, ‘I think you’re hitting on a bigger problem. Say you don’t like active management and go to an index. Well, somebody’s managing that portfolio, which isn’t the fund manager, it’s the index provider. If the index provider changes the index, the fund has to change, so index funds are really trading desks. [Index providers] are sensible people, but they’re not fiduciaries looking out after me. They’re looking out after them… It doesn’t make them bad, but people need to realise what’s going on.’

What we are surely seeing is that index funds, like other financial innovations, start with a good rationale but inevitably end up being taken to extremes, ultimately with dire consequences. The development of credit derivatives in the 1990s and the subsequent Great Financial Crisis of 2007–08 are a recent illustration of this.

With regard to what the headlong dash from active to index funds is doing I rest my case, for now at least.

It is important to state at this point that we remain firmly of the view that owning a group of stocks which have better fundamental characteristics than the index (better and more defensible returns on capital employed plus a source of growth into which to deploy at least part of the cash generated) at a reasonable valuation will produce a superior investment return to the market over the long term, and particularly so if volatility is taken into account.

Every day we seem to be presented with examples of what the rise of passive investment is doing to the market in terms of volatility. On Wednesday 27th May Snowflake (SNOW US), a database company closed trading as a $60bn company and opened on Thursday as an $82bn one. On that Thursday, the baton of volatility was passed to Dell Technologies (DELL US), the computer hardware company. Its stock closed as a $205bn company and opened on Friday as a $273bn one. That opening increase of 33% is after the shares had already doubled since the beginning of March.

I would make several observations about this which is a tale we could write about almost every day (as the sequence above hopefully serves to illustrate):

1. I am not aware of any fundamental methodology of investment which could help to predict or capture these moves.

2. Such moves are surely driven in part by the fact that such a small proportion of trades are now conducted by active funds whose managers could think 'That move is ridiculous, I will sell some' as few such managers can survive given that investment processes which attempt to fly in the face of momentum jeopardise one's career.

3. You may take the view that you can switch into the index and reap the benefits of this momentum and then switch back if or when events cause this momentum to unwind. However, if $200bn market valuation stocks are moving 33% a day in a bull market, you can reasonably speculate about what's going to happen if or when things reverse. It may make 2000–03 and 2007–08 look like a blip. In 2007–08, the S&P fell 57% in five months. Next time round, it would not surprise me if it accomplished this in five days. In 2000–03 it took even eventual winners like Amazon 10 years to recover their peak share price.

We are particularly mindful of the motor racing maxim, frequently attributed to legends like Rick Mears or Charles Jarrott, relating to the Indianapolis 500 Race, that 'In order to finish first, you must first finish'. This emphasises that endurance and reliability are just as crucial as speed in the 500-mile race.

You might say (and we would indeed say) that is exactly what we are trying to do by focusing on investing in companies with good fundamental business and financial characteristics and at least reasonable valuations or better. However, there is another factor at work here — fund flows. We run open-ended funds, and you can and increasingly have been taking money out, we suspect mostly to join the exodus from active to passive, or possibly to invest in managers who profess that they understand quality better than we do. They may be right, or they may just be closet momentum investors, which will be fine until it isn't. However, there will be little point being proved right about the dangers of passive or momentum investment after our Fund has closed.

It is against this background that we are implementing some adaption in our fund management process.

But let me begin by stressing what will not change.

Our investment mantra is to seek to:

1. Buy good companies

2. Sustainability screen

3. Don't overpay

4. Do nothing

We have no intention of investing in anything other than good businesses whose characteristics are such that they should compound in value over time better than the market average and at reasonable valuations as well as providing some fundamental support for the value of our investment in the event of a market dislocation.

However, it seems clear that the fourth leg of our strategy which probably needs the most change and our portfolio turnover hit a high of 39% in the first half of this year as we made significant changes in the portfolio. However, you should not expect that level of turnover to become the norm.

In a market in which share price moves of 33% per day for even large stocks are not uncommon a buy and hold strategy can only work if you are not subject to flows, and we are. Sticking to our current approach may well fall foul of the adage that the market can remain illogical longer than we can remain in business. You should therefore expect that we will be more active in future. I still expect our turnover and its cost to be significantly below that of most active funds, but it may well be higher than our historic average.

We will take more account of momentum — both fundamental and share price — in our investment decisions. In particular, we will be much less willing to deploy the time-honoured technique of buying quality companies when they hit a glitch. This was used to good effect, for example, by Warren Buffett to buy Berkshire Hathaway's stake in American Express during the salad oil scandal (look it up) and by us, for example, in buying Microsoft at the end of Mr Ballmer's tenure as CEO. But in the current momentum driven market buying shares in companies which have hit a glitch is like trying to catch the proverbial falling knife. All we are getting is cut fingers as their downward share price spiral is exacerbated by the index momentum enhancement effect. It is worth noting that Mr Buffett executed this strategy in a closed fund which he controlled not an open-ended fund.

We have no desire to hug the index. You can buy index funds which are much cheaper than us or any other active manager, so what would be the point?

I profess no insight into how or when this passive-led momentum market will end, other than to say badly. It may be that a realisation that the humungous investment in AI cannot produce an adequate return or any clear winner(s) will derail it. Or that the destructive effects of AI on other sectors may be such that it punctures the market narrative and/or even that layoffs amongst workers made redundant by AI who are currently fuelling the passive boom with their 401(k) pension fund contributions will send that flow and the market into reverse. More likely it is something which we cannot foresee. After all a crisis would not be a crisis if we could foresee it. But we do know that trees do not grow to the sky.

During the 6 months ended 30th June we executed a series of trades which reflect this attempt to adapt our strategy to suit the current and expected market conditions:

We began accumulating stakes in AppLovin, GE Vernova, Legrand, Mastercard, Netflix, Nextpower, O'Reilly Automotive, Sage, The TJX Companies, Uber, Veeva Systems, and Yum! Brands.

We exited or have started exiting: Atlas Copco, Coloplast, EssilorLuxottica, Greggs, Home Depot, Intuit, Magnum Ice Cream, Mettler-Toledo, Novo Nordisk, Otis, Unilever, Wolters Kluwer, and Zoetis.

The rationale for each sale and purchase is covered in Appendix 2 to this letter. The sales were often driven by a complex mix of factors including lack of fundamental momentum, mismanagement and simple valuation.

We are well aware that in some cases we have sold stocks at a loss and/or after purchasing them recently. We are also aware that some of the stocks we are buying have been bought and sold by us before or could have been purchased at much lower prices in recent years. But those stocks do not move on the basis of whether or not we own them.

A quick snapshot of the fundamental characteristics of the resulting portfolio is as follows:

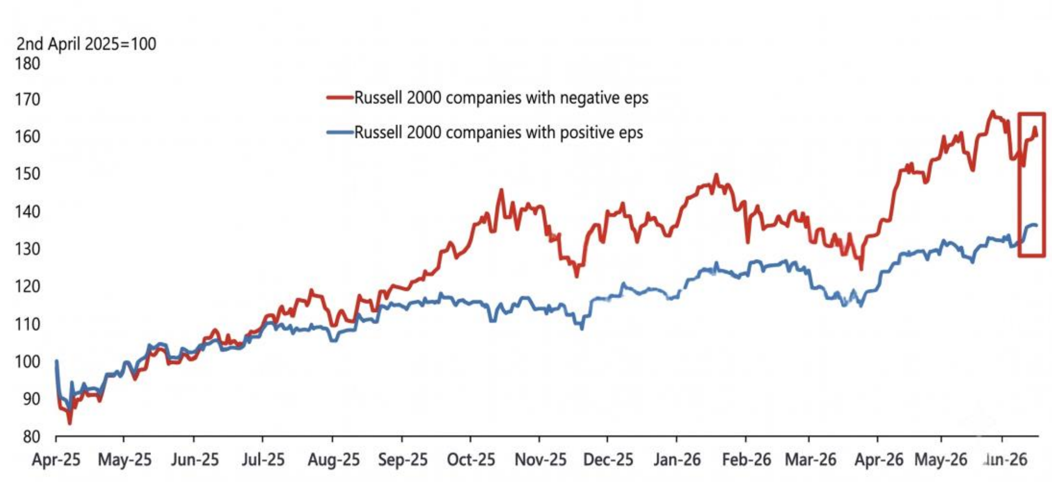
| | |
|---|---|
| ROCE | 32% |
| Gross margin | 61% |
| Operating margin | 27% |
| Cash conversion | 96% |
| Interest cover | 41.0x |
| FCF yield | 4.4% |

Source: Fundsmith, as at 30th June 2026

Hopefully this reinforces the suggestion that we have not abandoned our strategy of seeking to own good companies at fair or better valuations but have rather sought to refine it.

The weighted average Free Cash Flow ('FCF') yield of 4.4% is worth mentioning. The S&P 500's FCF yield is estimated to have fallen below 2% primarily due to the cash flows of its largest constituents — the major tech companies — having been absorbed by the spending on the AI 'arms race'. Whilst this relative valuation would normally be cause for optimism, given recent market trends it might be a source of worry. The chart below (which covers the Russell 2000 Index) shows that companies with negative earnings — or losses as they are usually termed — have been outperforming those which are profitable and continue to do so.

**Relative Performance Profitable vs Unprofitable Companies**



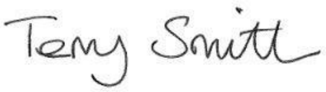

Source: Bloomberg

The movie which this brings to mind is *It's a Mad, Mad, Mad, Mad World* (made in 1963, starring Spencer Tracy, Sid Caesar, Mickey Rooney, Phil Silvers and Terry-Thomas).

Our portfolio's relatively low valuation is a source of comfort to those like us who concern ourselves with the fundamentals of a company as opposed to those who follow a momentum strategy.

Moreover, we estimate that these companies will grow their cash flow by about 14% p.a. over the next 3-5 years. If so — and many of them are relatively predictable — they will either be even more lowly valued or their share prices will have risen to reflect this. We hope you are still invested with us to see that happen. We will be.

Yours sincerely,



Terry Smith
CEO
Fundsmith LLP

## APPENDIX 1 - Attribution

What did well for us in the first six months of 2026? Here are the five biggest positive contributors to performance:

| Stock | Attribution |
|---|---|
| Fortinet | +3.4% |
| Texas Instruments | +1.6% |
| Marriott | +1.2% |
| Church & Dwight | +0.8% |
| Alphabet | +0.8% |

Source: Northern Trust

Fortinet and Texas Instruments are obviously tech companies but neither is directly involved in the AI phenomenon.

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

| Stock | Attribution |
|---|---|
| Zoetis | -1.6% |
| Coloplast | -1.1% |
| Microsoft | -1.0% |
| IDEXX | -0.9% |
| EssilorLuxottica | -0.9% |

Source: Northern Trust

Coloplast, EssilorLuxottica and Zoetis have been sold for the reasons given in Appendix 2. We have reduced our stake in Microsoft.

Our portfolio turnover in the first half was 38.9%. Voluntary dealing (dealing not caused by redemptions or subscriptions) cost €25,837 during the half year (0.044%). The Ongoing Charges Figure for the T Class Accumulation shares was 1.17% and with the cost of all dealing added, the Total Cost of Investment was 1.29%.

## APPENDIX 2 - Sales and Purchases

### <u>Sales</u>

**Atlas Copco –** Organic growth has been anaemic over the last two years, which in our view does not justify a <3% FCF yield which has resulted from the shares rising sharply over the past year.

**Coloplast –** Organic growth has fallen from a long term average of 8% to 6%. Not coincidentally there have also been a couple of high-profile screw-ups involving acquisitions.

**EssilorLuxottica –** The lower margins on smart glasses forced the company to abandon its long-term profit targets. It is still a very interesting company with the rise in wearables and smart glasses, but increased competition in this segment is inevitable.

**Greggs –** While the shares are objectively cheap, we have become frustrated at the low rate of same-store sales and EBIT growth. This was partly due to a tougher economic environment for consumers, which has reduced shoppers' disposable income and how much they travel and eat out, both of which are big drivers of Greggs' sales. Greggs' profits have also struggled due to higher inflation in their raw materials and increased staff costs due to last year's rise in national insurance and the minimum wage. With no signs of this improving in the short term, we thought it better to use the capital elsewhere.

**Home Depot –** We sold Home Depot as, despite it being a high-quality retailer and still having an opportunity to expand into the professional market, we think that there is a strong likelihood of higher interest rates as the war in Iran continues, and this will reduce home turnover, which is the biggest trigger for home improvements.

**Intuit –** Although we only recently repurchased Intuit we were sensitive to the way in which they have reacted to the poor Mailchimp acquisition as this is why we sold the shares in the first place. The fact that they have now taken to giving results ex Mailchimp both shows how bad the acquisition was but also worries us about a continuing state of denial.

**Magnum Ice Cream Co. –** The company is too small and illiquid for us to build a meaningful position.

**Mettler-Toledo –** Underlying growth so far this year is only 1%, which isn't enough to justify its traditionally premium valuation.

**Novo Nordisk –** Parlayed a market leading position in the biggest drug discovery in decades into an investment disaster.

**Otis –** The growth in maintenance and modernisation of lifts hasn't been fast enough to offset the decline in new construction from China.

**Unilever –** When Hein Schumacher was appointed as CEO we breathed a sigh of relief after the Polman/Jope years of woke. He said he had no intention of indulging in acquisitions or divestments until he had got all the businesses producing the results they should be capable of benchmarked against the best of their competition. We applauded that approach.

After 18 months he was fired and the CFO Fernando Fernandez was appointed as CEO. We thought Fernandez was very capable both as an operating manager and a CFO. However, his appointment was swiftly followed by the spin out of the ice cream business as the Magnum Ice Cream Company allegedly because its separate distribution chain did not fit with the rest of Unilever. At the time we asked if that was all the disposals for the foreseeable future and were told it was.

This was then followed by the announcement of the intention to transfer the remainder of the food business to McCormick.

Apart from the fact that this flies in the face of what we were told and what we liked about Hein Schumacher's approach, it has all the hallmarks of Nelson Peltz, the activist investor who is on the board. We have seen Nelson in action back to the 1980s. We are not fans of the idea that corporate activity solves fundamental problems. Nor are we fans of boards who listen to activists who are not long-term investors.

Moreover, whilst Unilever management will be rid of the food business Unilever shareholders would still own it and it will be managed by the McCormick management. We know them well having owned the stock and we are not convinced they are good enough for the existing business let alone a massively enlarged one. McCormick has a ROIC which is consistently in single figures.

Oh, and the structure of the deal means we don't get to vote on it.

**Wolters Kluwer** – While we still think this is a business that won't be affected by AI as much as the current valuation suggests, we think there is better value in other businesses which have been affected by the SaaSpocalypse such as Sage and Veeva Systems, which have higher growth rates and/or lower valuations.

**Zoetis** – We are unimpressed with management. They haven't been able to respond effectively to new generics being launched in competition to its main franchises or even express themselves clearly.

## Purchases

### Industrials:

**GE Vernova –** GE Vernova builds and services the gas turbines and electrical grid equipment that power the modern world. Its competitive 'moat' stems from the scale and high switching costs of energy infrastructure: once its turbines are installed, customers are locked into high-margin, inflation-protected service contracts for decades. Unlike elevators and escalators, these generators cannot be serviced by independent providers because all the technology and materials are proprietary. GE Vernova's equipment generates approximately a third of the world's total electricity. Future growth depends on upgrading ageing power grids to handle the high voltages needed to deliver power from where it is produced to where it is needed, and on increasingly 'behind-the-meter' power generation at AI data centres. That growth is also fairly predictable as the current order backlog is $163bn (4x 2025 revenues). They are also the global leader in small modular nuclear reactors (SMRs). They currently have the only commercial SMR project (BWRX-300) under construction in the Western world, with the first deployment in Canada expected to be finished by 2030. ROIC: ~20% but rising rapidly, FCF yield: 2.6%.

**Legrand –** Legrand is a French manufacturer of the physical infrastructure behind electrical and digital building systems. Its competitive advantage relies on an entrenched distribution network and deep brand loyalty among electricians who refuse to risk their reputation on unfamiliar components. It makes mundane things in buildings, from fire escape signs to electrical sockets to the busways that carry cables in data centres. Legrand holds a nearly 20% global market share in wiring devices, meaning roughly 1 in 5 electrical switches and sockets globally are made by it. Growth opportunities lie in the rising demand for energy-efficient smart buildings and specialised power distribution systems for data centres. ROIC: low 20s, FCF yield: 4.4%.

**Nextpower –** Nextpower manufactures mechanical systems and software that enable utility-scale solar panels to track the sun throughout the day. Its competitive 'moat' combines a flexible, outsourced manufacturing setup that keeps fixed costs low with proprietary tracking software that makes switching to a competitor's system difficult once installed. Nextpower technology increases the energy yield of a solar installation by 20% to 30% compared to traditional panels bolted in a fixed position. Growth is directly tied to the growing global demand for renewable energy, especially clean energy generation that can be built next to data centres. To further expand into data centres, Nextpower acquired battery maker Prevalon Energy for $365m in May 2026. ROIC: ~50%, FCF yield: 3.2%.

**Uber –** Uber operates a platform that connects users with ride-hailing and food-delivery drivers. It relies on a two-sided network effect: more drivers mean shorter wait times, which attracts more riders, making the platform highly sticky and difficult for local competitors to disrupt. Now that most of these challengers (Karhoo, Sidecar, Juno, Fasten, Hailo, etc.) have disappeared and Uber has survived, the network effects become very attractive. This is shown in the company's cash from operations, which went from -$4.3bn in 2019 to -$445m in 2021 (last year of negative) to $3.6bn in 2023 and over $10bn in 2025. Uber's logistics network is massive, coordinating roughly 42m trips and delivery orders every single day globally. Future growth opportunities include expanding into grocery and package delivery and eventually integrating autonomous (self-driving) vehicles ('AVs') into their fleet to drastically lower costs. Some see AVs as a threat to Uber, but we think it is more likely that Tesla, Waymo, etc., will use Uber's distribution and global licenses to reach customers and maximise their asset usage rather than having to get licenses, build an app, and get tens of millions of people to download. ROIC: mid-20s, FCF yield: 7.4%.

**Financials:**

**Mastercard –** Mastercard operates a digital payment network connecting consumers, merchants, and banks worldwide. It benefits from a classic network effect: the more consumers use the card, the more merchants are forced to accept it, making it difficult for a new entrant to replicate. A new entrant would need to negotiate agreements and integrate its technology with the majority of global financial institutions. While digital payments feel ubiquitous in developed nations, roughly 1.4bn adults globally remain entirely unbanked. Future growth depends on bringing this unbanked population into the financial system, shifting remaining cash transactions to digital payments, and expanding into business-to-business payments, a far bigger market than C2C or C2B payments. We now own both Visa and Mastercard in the portfolio as payments is one of the few sectors that we expect to grow no matter what happens with AI, and Mastercard and Visa are equally good businesses. This gives us a way to achieve >6% exposure to payments without excessive stock-specific risk or breaching UCITS concentration rules. Also, with 46% of all global transactions still done in cash and B2B payments 85% of the value of total global payments, there is plenty of room for two companies to grow and compound. ROIC: >75%, FCF yield: 4.5%.

**Health Care:**

**Veeva Systems –** Veeva provides specialised cloud-based software designed specifically for the pharmaceutical and life sciences industries. Its software tracks the entire lifecycle of a drug from clinical trials through manufacturing and final sales. For example, during a clinical trial for a new drug, Veeva's Vault eTMF (Electronic Trial Master File) is used to maintain the thousands of critical documents (trial protocols, investigator qualifications, ethics committee approvals). eTMF is the digital vault that organises these documents so the FDA or EMA can audit them at a moment's notice to ensure the trial is safe and compliant. Veeva's Vault QMS (Quality Management System) is used on the manufacturing floor. If a batch of medication is manufactured at the wrong temperature, Vault QMS is the software used to log the deviation, launch an investigation, and track the CAPA (Corrective and Preventive Action) to ensure it doesn't happen again.

Its competitive 'moat' is built on extremely high switching costs: once a drug company integrates Veeva to manage strict clinical trials and regulatory compliance, it is risky and expensive to replace it. Pharmaceutical companies rarely switch from Veeva because replacing the software risks halting clinical trials or drug manufacturing, which would cost vastly more than any savings a cheaper vendor could offer. Additionally, moving to a new system requires a massive, expensive effort to pass strict regulatory approvals and transfer sensitive data without breaking legally required audit trails. Veeva holds roughly 80% of the market share in pharmaceutical customer relationship software, meaning almost the entire industry relies on its platform. Growth is fuelled by upselling new software modules to existing clients and by using AI agents to manage the administrative work of drug trials, which is currently very labour-intensive. ROIC: headline is ~15%, but that is due to a very large cash balance. Excluding cash it is well in excess of 100%; FCF yield: 5.7%.

**Information Technology:**

**AppLovin –** AppLovin provides software and artificial intelligence that assists mobile apps to find new users and sell advertising space. It is the company that shows you an advert between levels in Candy Crush or similar mobile games that you can't skip. Its 'moat' is AXON, an advanced AI recommendation engine. AXON creates a powerful network effect by matching the right ads to the right users, driving better returns for advertisers and higher payouts for app developers, which makes it very hard for either side to leave. AXON can increase AppLovin's revenues by 20% p.a. for the foreseeable future simply by improving customer targeting. AppLovin's platform serves over 1bn daily active users and generates advertising revenue that surpasses the combined totals of Snap, Pinterest, Reddit, and X. Future growth depends on expanding this highly profitable AI ad-matching technology beyond advertising new mobile games into e-commerce and potentially the Connected TV (CTV) advertising market. Unlike Alphabet and Meta, which price advertising based on the number of eyeballs who see or click the advert, AppLovin gets a percentage of the spend the advertisement triggers, so it gets significantly more revenue from higher-value items sold through its adverts (a room in a Marriott hotel or cosmetics vs a $5 mobile game). They are also launching a self-service platform for small to medium-sized businesses to buy advertising space. ROIC: >100%, FCF yield: 3.6%.

**Sage –** We switched our position from Intuit into Sage, the other main operator in accounting software. Sage has much less reliance on share based compensation, a lower rating and does not have Intuit's record of injurious acquisitions. ROIC: 18%, FCF yield: 6.0%.

**Consumer Discretionary:**

**O'Reilly Automotive –** A recent addition to the IU but one we have been monitoring for a while, O'Reilly Automotive is a major retailer of aftermarket auto parts, tools, and accessories, serving both people who like to do their own work on their car and professional repair shops. Its 'moat' relies on a highly sophisticated "hub-and-spoke" distribution network that guarantees rapid delivery of specialised parts to local mechanics — a physical infrastructure advantage that e-commerce giants struggle to replicate. Despite currently generating nearly $18bn in annual revenue, O'Reilly still controls only about 10% of the highly fragmented $160bn US auto parts market. Their future growth hinges on building new stores to consolidate market share from smaller, independent dealers and continuing their expansion across North America. This may be helped by recent rumours that they are buying Genuine Parts Company's auto parts division for $10bn in cash, which would further consolidate the market and combine two of the largest aftermarket distribution channels in America. ROIC: ~40%, FCF yield: ~3%.

**The TJX Companies –** TJX is the parent company of discount 'off-price' retailers like TJ Maxx (TK Maxx in the UK) and Marshalls. It has a highly agile supply chain and decades-long relationships with premium clothing brands, which allow it to buy excess inventory at steep discounts. TJX relies on a network of over 1,400 specialised buyers sourcing from 21,000 different global vendors, and creates an unpredictable 'treasure hunt' experience for shoppers that e-commerce struggles to replicate. Growth comes from physical store expansion and taking market share from traditional department stores. ROIC: 33%, FCF yield: 3.1%.

**Yum! Brands –** Yum! Brands is the parent company of major fast-food franchises, including KFC, Taco Bell, and Pizza Hut. However, it is finally selling Pizza Hut, which has been a significant drag on overall results. It has global brand recognition, franchising, and economies of scale in marketing and food purchasing, which independent restaurants cannot match. The speed of its global expansion is a key selling point: Yum! Brands opens a new restaurant somewhere in the world roughly every two hours, 365 days a year. Future growth depends on continuing this aggressive franchise expansion in emerging markets and on improving the digital ordering and delivery systems. There are also significant near-term opportunities for KFC in the US, where it has been underperforming, and for Taco Bell outside the US. ROIC: 50%, FCF yield: 4.0%.

**Communication Services:**

**Netflix –** Netflix is the pioneer of subscription-based streaming entertainment. It has a huge subscriber base which funds an annual content budget of over $17bn that smaller competitors simply cannot afford to match without losing money. Netflix now accounts for nearly 8% of all television screen time in the US, more than any single traditional broadcast network, but also underscoring its growth potential. Future growth will be driven by its newer advertising tier, cracking down on password sharing, and expanding local content in emerging international markets. The advert supported tier has 250m monthly active users, of whom 45% are in the US. After stopping password sharing in 2024, Netflix added 41m new subscribers (vs 325m total). They are increasingly moving toward live sports with NFL games on Christmas Day and ‘boxing’ matches like Mike Tyson vs Jake Paul. Why now? When Netflix was growing, there were many competitors (Hulu, Discovery+, Tubi, Disney+, HBO Max, etc.), so the network effects of streaming and content production did not work as well, as it had to compete for both customers and content. Now, many of these rivals have failed or are losing users, which highlights the quality of Netflix’s ‘moat’ but also presents an opportunity as those customers return to Netflix. ROIC: >30%, FCF yield: 3.8%.

## APPENDIX 3 – Sustainability

At this point in 2025, 73% of the portfolio had externally Science Based Targets initiative (SBTi) approved emission reduction targets aligned with the goal of keeping global warming within 1.5°C of preindustrial levels, also known as the 'Business Ambition for 1.5°C'. This year, we are pleased to report that over 80% of the portfolio is now aligned with that goal. This compares to just 19% of listed companies globally[1]. Further, 69% of the Fund's emissions are covered by a commitment to reaching net zero emissions by 2050 at the latest, all of which were validated by the SBTi. We continue to track the progress companies in the portfolio make towards their net zero goals and engage with those which still make a material contribution when necessary.

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*This is a marketing communication. The Fundsmith SICAV ("Fund") is an investment company organised under the laws of the Grand Duchy of Luxembourg as a societé d'investissement à capital variable. The Fund is governed by Part I of the UCI Law and qualifies as an undertaking for collective investment in transferable securities ("UCITS"). The Fund's prospectus and annual and semi-annual reports are available in English, while the key information document ("KID") is available in Danish, Dutch, English, French, German, Italian, Norwegian, Portuguese, Spanish and Swedish. The Fund's prospectus is not available in French. The Fund's prospectus, annual and semi-annual reports and KIDs are available on www.fundsmith.eu. A summary of investor rights in connection with your investment in the Fund is available on www.fundsmith.eu/investor-rights in English, German, Italian, Spanish, French and Dutch. Please refer to the prospectus of the Fund and to the KID before making any final investment decisions.*

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*The representative in Switzerland is Zeidler Regulatory Services (Switzerland) AG, Stadthausstrasse 14, 8400 Winterthur, Switzerland, and the paying agent is Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland. The prospectus, KIDs, instrument of incorporation and annual and semi-annual report can be obtained free of charge from the Swiss representative.*

*The views and opinions expressed herein are those of Fundsmith as of the date hereof and are subject to change based on prevailing market and economic conditions and will not be updated or supplemented.*

*Sources: Fundsmith LLP & Bloomberg unless otherwise stated.*

** https://substack.com/@simonevancook*

*Data is as at 30th June 2026 unless otherwise stated.*

*Portfolio turnover is a measure of the fund's trading activity and has been calculated by taking the total share purchases and sales less total creations and liquidations divided by 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 30th June 2026 unless otherwise stated. Percentage change is not calculated if the TTM period contains a net loss.*

*The MSCI World Index is a developed world index of global equities across all sectors and, as such, is a fair comparison given the fund's investment objective and policy.*

*The Bloomberg Series-E Euro Govt 10+ Yr Bond Index shows what you might have earnt if you had invested in Government Debt.*

*The € Interest Rate shows what you might have earnt if you had invested in cash.*

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*[1] Represented by the MSCI ACWI IMI. https://www.msci-institute.com/transition-finance-tracker/*

## Statement of Net Assets as at 30 June 2026

| | Notes | Combined EUR | Fundsmith Equity Fund EUR | Fundsmith Sustainable Equity Fund EUR |
|---|---|---|---|---|
| **Assets** | | | | |
| Investments at market value | 2(c) | 4,346,827,233 | 4,326,567,902 | 20,259,331 |
| Cash at bank | 2(c) | 362,675,933 | 360,769,721 | 1,906,212 |
| Due from brokers | 2(g) | 45,297,649 | 44,698,589 | 599,060 |
| Subscriptions receivable | 2(c) | 1,673,972 | 1,668,140 | 5,832 |
| Dividend income receivable | 2(f) | 3,760,575 | 3,730,078 | 30,497 |
| Bond interest receivable | 2(e) | 8,146 | – | 8,146 |
| Bank interest receivable | 2(d) | 140,208 | 138,595 | 1,613 |
| **Total assets** | | **4,760,383,716** | **4,737,573,025** | **22,810,691** |
| **Liabilities** | | | | |
| Redemptions payable | 2(c) | (11,133,686) | (11,133,484) | (202) |
| Due to brokers | 2(g) | (35,263,192) | (35,222,129) | (41,063) |
| Management fees payable | 3(a) | (4,076,770) | (4,048,402) | (28,368) |
| Depositary fees payable | 3(c) | (216,949) | (213,326) | (3,623) |
| Administration fees payable | 3(b) | (153,586) | (145,158) | (8,428) |
| Subscription tax payable | 4 | (268,022) | (267,171) | (851) |
| Professional fees payable | | (16,705) | (16,514) | (191) |
| Other liabilities | | (127,415) | (109,847) | (17,568) |
| **Total liabilities** | | **(51,256,325)** | **(51,156,031)** | **(100,294)** |
| **Total net assets** | | **4,709,127,391** | **4,686,416,994** | **22,710,397** |

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

## Statement of Operations and Changes in Net Assets for the period ended 30 June 2026

| | Notes | Combined EUR | Fundsmith Equity Fund EUR | Fundsmith Sustainable Equity Fund EUR |
|---|---|---|---|---|
| **Net assets at the beginning of the period** | | **6,042,438,049** | **5,971,633,812** | **70,804,237** |
| **Income** | | | | |
| Dividend income | 2(f) | 38,988,785 | 38,416,948 | 571,837 |
| Bond interest | 2(e) | 8,748 | – | 8,748 |
| Net bank interest | 2(d) | 384,107 | 378,417 | 5,690 |
| **Total income** | | **39,381,640** | **38,795,365** | **586,275** |
| **Expenses** | | | | |
| Management fees | 3(a) | (26,322,602) | (26,059,115) | (263,487) |
| Depositary fees | 3(c) | (430,147) | (424,332) | (5,815) |
| Administration fees | 3(b) | (423,653) | (404,469) | (19,184) |
| Subscription tax | 4 | (519,040) | (516,488) | (2,552) |
| Professional fees | | (21,953) | (21,705) | (248) |
| Directors' fees | 3(d) | (40,000) | (39,542) | (458) |
| Other expenses | | (233,254) | (225,687) | (7,567) |
| **Total expenses** | | **(27,990,649)** | **(27,691,338)** | **(299,311)** |
| **Net investment income** | | **11,390,991** | **11,104,027** | **286,964** |
| Net realised gain/(loss) on: | | | | |
| Investments | 2(c), 2(j) | 151,902,829 | 154,779,615 | (2,876,786) |
| Foreign currency | 2(b) | 6,515,337 | 6,571,847 | (56,510) |
| **Net realised gain/(loss) for the period** | | **158,418,166** | **161,351,462** | **(2,933,296)** |
| Net change in unrealised (loss)/gain on: | | | | |
| Investments | 2(c) | (290,523,041) | (291,803,548) | 1,280,507 |
| Foreign currency | 2(b) | 143,221 | 141,284 | 1,937 |
| **Net change in unrealised (loss)/gain for the period** | | **(290,379,820)** | **(291,662,264)** | **1,282,444** |
| **Decrease in net assets as a result of operations** | | **(120,570,663)** | **(119,206,775)** | **(1,363,888)** |
| **Movements in share capital** | | | | |
| Subscriptions | | 223,547,248 | 222,111,677 | 1,435,571 |
| Redemptions | | (1,435,724,532) | (1,387,579,571) | (48,144,961) |
| Distribution paid | 5 | (562,711) | (542,149) | (20,562) |
| **Decrease in net assets as a result of movements in share capital** | | **(1,212,739,995)** | **(1,166,010,043)** | **(46,729,952)** |
| **Net assets at the end of the period** | | **4,709,127,391** | **4,686,416,994** | **22,710,397** |

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

## Statistical Information

### Net Assets

| | Currency | 30 June 2026 | 31 December 2025 | 31 December 2024 | 31 December 2023 |
|---|---|---|---|---|---|
| **Fundsmith Equity Fund** | | | | | |
| Net asset value per: | | | | | |
| T Class Accumulation Shares | EUR | 60.30 | 61.31 | 64.18 | 56.49 |
| T Class Income Shares | EUR | 56.69 | 57.66 | 60.41 | 53.24 |
| CHF T Class Accumulation Shares | CHF | 9.91 | 10.17 | – | – |
| CHF T Class Income Shares | CHF | 9.90 | 10.17 | – | – |
| USD T Class Accumulation Shares | USD | 11.15 | 11.68 | 10.84 | 10.15 |
| USD T Class Income Shares | USD | 11.12 | 11.65 | 10.82 | 10.15 |
| I Class Accumulation Shares | EUR | 61.43 | 62.42 | 65.25 | 57.35 |
| I Class Income Shares | EUR | 56.92 | 57.92 | 60.66 | 53.46 |
| CHF I Class Accumulation Shares | CHF | 40.19 | 41.22 | 43.61 | 37.70 |
| CHF I Class Income Shares | CHF | 37.16 | 38.18 | 40.48 | 35.07 |
| GBP I Class Accumulation Shares | GBP | 41.48 | 42.72 | 42.46 | 39.07 |
| GBP I Class Income Shares | GBP | 39.20 | 40.43 | 40.26 | 37.15 |
| USD I Class Accumulation Shares | USD | 38.99 | 40.82 | 37.81 | 35.36 |
| USD I Class Income Shares | USD | 36.44 | 38.20 | 35.47 | 33.26 |
| R Class Accumulation Shares | EUR | 56.22 | 57.31 | 60.29 | 53.34 |
| R Class Income Shares | EUR | 55.16 | 56.23 | 59.16 | 52.33 |
| USD R Class Accumulation Shares | USD | 10.91 | 11.46 | 10.68 | 10.06 |
| USD R Class Income Shares | USD | 10.91 | 11.46 | 10.68 | 10.06 |
| **Total net assets** | **EUR** | **4,686,416,994** | **5,971,633,812** | **8,459,861,933** | **8,361,093,951** |
| **Fundsmith Sustainable Equity Fund** | | | | | |
| Net asset value per: | | | | | |
| T Class Accumulation Shares | EUR | 11.62 | 11.81 | 13.21 | 11.68 |
| T Class Income Shares | EUR | 11.52 | 11.70 | 13.20 | 11.69 |
| I Class Accumulation Shares | EUR | 11.71 | 11.89 | 13.28 | 11.73 |
| I Class Income Shares | EUR | 11.63 | 11.82 | 13.23 | 11.72 |
| CHF I Class Accumulation Shares | CHF | 9.79 | 10.07 | 11.38 | 9.89 |
| CHF I Class Income Shares | CHF | 9.76 | 10.02 | – | – |
| GBP I Class Accumulation Shares | GBP | 11.68 | 12.01 | 12.76 | 11.80 |
| GBP I Class Income Shares | GBP | 11.62 | 11.97 | 12.73 | 11.79 |
| USD I Class Accumulation Shares | USD | 11.09 | 11.59 | 11.48 | 10.79 |
| USD I Class Income Shares | USD | 10.96 | 11.51 | 11.44 | 10.78 |
| R Class Accumulation Shares | EUR | 11.32 | 11.52 | 12.95 | 11.52 |
| R Class Income Shares | EUR | 11.31 | 11.52 | – | 11.52 |
| **Total net assets** | **EUR** | **22,710,397** | **70,804,237** | **397,558,611** | **337,016,233** |

## Statistical Information (continued)

### Changes in Shares Outstanding

| | Currency | Balance as at 1 January 2026 | Subscriptions | Redemptions | Balance as at 30 June 2026 |
|---|---|---|---|---|---|
| **Fundsmith Equity Fund** | | | | | |
| T Class Accumulation Shares | EUR | 13,862,153 | 444,416 | (4,113,480) | 10,193,089 |
| T Class Income Shares | EUR | 1,374,612 | 31,354 | (439,587) | 966,379 |
| CHF T Class Accumulation Shares | CHF | 45,646 | 1,900 | (12,047) | 35,499 |
| CHF T Class Income Shares | CHF | 1,001 | – | – | 1,001 |
| USD T Class Accumulation Shares | USD | 3,545,646 | 255,788 | (1,115,023) | 2,686,411 |
| USD T Class Income Shares | USD | 189,281 | – | (50,657) | 138,624 |
| I Class Accumulation Shares | EUR | 12,571,671 | 584,401 | (4,411,387) | 8,744,685 |
| I Class Income Shares | EUR | 2,895,802 | 216,548 | (620,222) | 2,492,128 |
| CHF I Class Accumulation Shares | CHF | 1,751,588 | 57,886 | (611,002) | 1,198,472 |
| CHF I Class Income Shares | CHF | 302,223 | – | (98,899) | 203,324 |
| GBP I Class Accumulation Shares | GBP | 4,625,405 | 51,413 | (1,420,472) | 3,256,346 |
| GBP I Class Income Shares | GBP | 1,942,618 | 62,036 | (1,094,224) | 910,430 |
| USD I Class Accumulation Shares | USD | 78,844,301 | 1,913,491 | (14,731,883) | 66,025,909 |
| USD I Class Income Shares | USD | 2,879,746 | 34,947 | (991,025) | 1,923,668 |
| R Class Accumulation Shares | EUR | 11,818,988 | 979,810 | (2,004,527) | 10,794,271 |
| R Class Income Shares | EUR | 627,970 | 7,484 | (158,355) | 477,099 |
| USD R Class Accumulation Shares | USD | 10,278,154 | 2,091,986 | (2,068,846) | 10,301,294 |
| USD R Class Income Shares | USD | 20,692 | 1,912 | – | 22,604 |
| **Fundsmith Sustainable Equity Fund** | | | | | |
| T Class Accumulation Shares | EUR | 184,131 | 17,498 | (12,544) | 189,085 |
| T Class Income Shares | EUR | 2,816 | 1 | – | 2,817 |
| I Class Accumulation Shares | EUR | 570,223 | 20,750 | (347,708) | 243,265 |
| I Class Income Shares | EUR | 11,374 | 16,946 | (26,732) | 1,588 |
| CHF I Class Accumulation Shares | CHF | 177,044 | 1,000 | (177,041) | 1,003 |
| CHF I Class Income Shares | CHF | 1,001 | 2 | – | 1,003 |
| GBP I Class Accumulation Shares | GBP | 312,684 | 24,413 | (4,568) | 332,529 |
| GBP I Class Income Shares | GBP | 386,444 | 305 | (384,164) | 2,585 |
| USD I Class Accumulation Shares | USD | 4,630,449 | 1,518 | (3,643,437) | 988,530 |
| USD I Class Income Shares | USD | 363,423 | 35,751 | (139,864) | 259,310 |
| R Class Accumulation Shares | EUR | 77,427 | 10,016 | (5,056) | 82,387 |
| R Class Income Shares | EUR | 1,000 | – | – | 1,000 |

## Portfolio of Investments as at 30 June 2026

### 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 | 88,080 | Coloplast A/S - B | 4,432,065 | 0.10 |
| | | **Total Denmark** | **4,432,065** | **0.10** |
| | | **France** | | |
| EUR | 155,250 | Legrand SA | 22,907,137 | 0.49 |
| EUR | 347,057 | L'Oréal SA | 133,321,947 | 2.84 |
| | | **Total France** | **156,229,084** | **3.33** |
| | | **Netherlands** | | |
| EUR | 317,300 | Wolters Kluwer NV | 18,003,602 | 0.38 |
| | | **Total Netherlands** | **18,003,602** | **0.38** |
| | | **Spain** | | |
| EUR | 3,278,157 | Amadeus IT Group SA | 169,939,659 | 3.63 |
| | | **Total Spain** | **169,939,659** | **3.63** |
| | | **Sweden** | | |
| SEK | 4,049,547 | Atlas Copco AB - A | 71,882,578 | 1.53 |
| | | **Total Sweden** | **71,882,578** | **1.53** |
| | | **Taiwan** | | |
| USD | 370,671 | Taiwan Semiconductor Manufacturing Co Ltd ADR | 147,273,614 | 3.14 |
| | | **Total Taiwan** | **147,273,614** | **3.14** |
| | | **United Kingdom** | | |
| GBP | 14,558,605 | Sage Group PLC | 139,563,858 | 2.98 |
| | | **Total United Kingdom** | **139,563,858** | **2.98** |
| | | **United States** | | |
| USD | 554,165 | Alphabet Inc - A | 171,758,893 | 3.67 |
| USD | 164,973 | AppLovin Corp | 72,057,649 | 1.54 |
| USD | 895,939 | Automatic Data Processing Inc | 176,742,729 | 3.77 |
| USD | 2,519,072 | Church & Dwight Co Inc | 216,335,014 | 4.62 |
| USD | 1,247,720 | Fortinet Inc | 168,748,277 | 3.60 |
| USD | 127,778 | GE Vernova Inc | 124,484,225 | 2.66 |
| USD | 344,803 | IDEXX Laboratories Inc | 162,185,763 | 3.46 |
| USD | 867,419 | Marriott International Inc- A | 286,114,149 | 6.11 |
| USD | 289,144 | Mastercard Inc- A | 129,330,742 | 2.76 |
| USD | 339,791 | Meta Platforms Inc - A | 167,757,130 | 3.58 |
| USD | 501,300 | Microsoft Corp | 162,813,145 | 3.47 |
| USD | 2,171,248 | Netflix Inc | 140,731,605 | 3.00 |
| USD | 811,877 | Nextpower Inc | 81,518,798 | 1.74 |
| USD | 1,142,575 | Philip Morris International Inc | 181,384,927 | 3.87 |
| USD | 1,075,425 | Procter & Gamble Co | 139,834,042 | 2.98 |
| USD | 977,799 | Stryker Corp | 282,907,000 | 6.04 |
| USD | 610,319 | Texas Instruments Inc | 153,418,397 | 3.27 |
| USD | 545,811 | TJX Cos Inc | 72,402,687 | 1.54 |
| USD | 2,081,652 | Uber Technologies Inc | 138,192,602 | 2.95 |
| USD | 196,247 | Veeva Systems Inc | 30,352,438 | 0.65 |
| USD | 635,517 | Visa Inc - A | 191,388,038 | 4.08 |
| USD | 790,548 | Waters Corp | 256,408,861 | 5.47 |
| USD | 123,182 | Yum! Brands Inc | 17,107,131 | 0.37 |
| | | **Total United States** | **3,523,974,242** | **75.20** |
| | | **Total equities** | **4,231,298,702** | **90.29** |
| **Total transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market** | | | **4,231,298,702** | **90.29** |

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

## Portfolio of Investments as at 30 June 2026 (continued)

## Fundsmith Equity Fund (continued)

| Currency | Holdings | Description | Market value EUR | % of net assets |
|---|---|---|---|---|
| **Other transferable security** | | | | |
| | | **Equity** | | |
| | | **France** | | |
| EUR | 248,000 | L'Oréal SA - Pref | 95,269,200 | 2.03 |
| | | **Total France** | **95,269,200** | **2.03** |
| | | **Total equity** | **95,269,200** | **2.03** |
| **Total other transferable security** | | | **95,269,200** | **2.03** |
| **Total portfolio** | | | **4,326,567,902** | **92.32** |
| Other assets and liabilities | | | 359,849,092 | 7.68 |
| **Net assets at the end of the period** | | | **4,686,416,994** | **100.00** |

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

## Portfolio of Investments as at 30 June 2026 (continued)

### Fundsmith Sustainable 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 | 1,146 | Coloplast A/S - B | 57,665 | 0.26 |
| | | **Total Denmark** | **57,665** | **0.26** |
| | | **France** | | |
| EUR | 544 | Legrand SA | 80,267 | 0.35 |
| EUR | 2,559 | L'Oréal SA | 983,040 | 4.33 |
| | | **Total France** | **1,063,307** | **4.68** |
| | | **Netherlands** | | |
| EUR | 5,775 | Wolters Kluwer NV | 327,674 | 1.44 |
| | | **Total Netherlands** | **327,674** | **1.44** |
| | | **Spain** | | |
| EUR | 22,221 | Amadeus IT Group SA | 1,151,937 | 5.07 |
| | | **Total Spain** | **1,151,937** | **5.07** |
| | | **Sweden** | | |
| SEK | 7,446 | Atlas Copco AB - A | 132,172 | 0.58 |
| | | **Total Sweden** | **132,172** | **0.58** |
| | | **United Kingdom** | | |
| GBP | 27,326 | Greggs PLC | 510,717 | 2.25 |
| GBP | 133,639 | Sage Group PLC | 1,281,110 | 5.64 |
| | | **Total United Kingdom** | **1,791,827** | **7.89** |
| | | **United States** | | |
| USD | 3,036 | Alphabet Inc - A | 940,983 | 4.14 |
| USD | 836 | AppLovin Corp | 365,152 | 1.61 |
| USD | 4,828 | Automatic Data Processing Inc | 952,424 | 4.20 |
| USD | 11,404 | Church & Dwight Co Inc | 979,363 | 4.31 |
| USD | 7,103 | Fortinet Inc | 960,648 | 4.23 |
| USD | 464 | GE Vernova Inc | 452,039 | 1.99 |
| USD | 1,553 | IDEXX Laboratories Inc | 730,488 | 3.22 |
| USD | 3,571 | Marriott International Inc- A | 1,177,878 | 5.19 |
| USD | 874 | Mastercard Inc- A | 390,930 | 1.72 |
| USD | 2,457 | Microsoft Corp | 797,989 | 3.51 |
| USD | 8,752 | Netflix Inc | 567,270 | 2.50 |
| USD | 2,335 | Nextpower Inc | 234,452 | 1.03 |
| USD | 5,410 | O'Reilly Automotive Inc | 427,544 | 1.88 |
| USD | 7,036 | Procter & Gamble Co | 914,868 | 4.03 |
| USD | 3,896 | Stryker Corp | 1,127,231 | 4.96 |
| USD | 2,992 | Texas Instruments Inc | 752,111 | 3.31 |
| USD | 1,303 | TJX Cos Inc | 172,845 | 0.76 |
| USD | 6,377 | Uber Technologies Inc | 423,344 | 1.87 |
| USD | 586 | Veeva Systems Inc | 90,633 | 0.40 |
| USD | 3,295 | Visa Inc - A | 992,300 | 4.37 |
| USD | 3,671 | Waters Corp | 1,190,664 | 5.24 |
| USD | 324 | Yum! Brands Inc | 44,996 | 0.20 |
| | | **Total United States** | **14,686,152** | **64.67** |
| | | **Total equities** | **19,210,734** | **84.59** |

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

## Portfolio of Investments as at 30 June 2026 (continued)

### Fundsmith Sustainable Equity Fund (continued)

| 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 (continued)** | | | | |
| | | **Bonds** | | |
| | | **United States** | | |
| USD | 600,000 | United States Treasury Bond 1.125% 31/10/2026 | 521,419 | 2.30 |
| USD | 600,000 | United States Treasury Bond 4.625% 15/09/2026 | 527,178 | 2.32 |
| | | **Total United States** | **1,048,597** | **4.62** |
| | | **Total bonds** | **1,048,597** | **4.62** |
| **Total transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market** | | | **20,259,331** | **89.21** |
| **Total portfolio** | | | **20,259,331** | **89.21** |
| Other assets and liabilities | | | 2,451,066 | 10.79 |
| **Net assets at the end of the period** | | | **22,710,397** | **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 30 June 2026, 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 that launched during the period ended 30 June 2026.

There were no share classes that became dormant during the period ended 30 June 2026.

### 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 period (i.e. 30 June 2026).

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*

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 deems 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, securities sold receivable, subscriptions 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, securities purchased payable and redemptions payable, are valued at nominal value.

**(d) Bank Interest**

Bank interest pertains to interest income from cash at bank. It is accrued on a daily basis and is disclosed in the Statement of Operations and Changes in Net Assets as net bank interest.

**(e) Bond Interest**

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

**(f) Dividend Income**

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

**(g) Due from/to Brokers**

Balances due from/to brokers may include amounts receivable/payable for securities sold/purchased but not yet settled and unrealised gain/loss on spot contracts.

**(h) 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.

## Notes to the Financial Statements (continued)

### 2. Summary of Significant Accounting Policies (continued)

#### (i) Total Net Asset Value

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 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.

#### (j) 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 period ended 30 June 2026 are disclosed in Note 6.

#### (k) 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. No swing pricing was applied during the period for Fundsmith Equity Fund while swing pricing was applied during the period for Fundsmith Sustainable Equity Fund.

As at 30 June 2026, no swing pricing was applied for both Sub-Funds.

#### (l) 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 reporting period. Actual results could differ from those estimates.

## Notes to the Financial Statements (continued)

### 3. Fees

#### (a) Management Fees

The SICAV remunerates the Management Company, the Investment Manager, the Promoter 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:

| 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 administration 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 EUR 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. |

## Notes to the Financial Statements (continued)

### 3. Fees (continued)

### (c) Depositary Fees

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

The Depositary has delegated to sub-delegates the responsibility for the safekeeping of the SICAV's financial instruments and cash.

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 40,000 each, subject to approval by the general meeting of Shareholders of the SICAV. Mr. Paul Mainwaring and Mr. Robert Parker, who are Officers of Fundsmith LLP, do not receive a fee for acting as Directors.

### (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 2026, the Fundsmith Equity Fund distributed a total amount of EUR 542,149 and the Fundsmith Sustainable Equity Fund distributed a total amount of EUR 20,562.

## Notes to the Financial Statements (continued)

### 6. Transaction Costs

During the period 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 2,002,878 | EUR 75,455 |
| Fundsmith Sustainable Equity Fund | EUR 41,151 | EUR 1,954 |

### 7. Exchange Rates

The exchange rates used as at 30 June 2026 are as follows:

| | |
|---|---|
| EUR 1 = CHF | 0.922153 |
| EUR 1 = DKK | 7.474368 |
| EUR 1 = GBP | 0.861433 |
| EUR 1 = SEK | 11.084026 |
| EUR 1 = USD | 1.140150 |

### 8. Statement of Changes in the Portfolio

A statement of changes in the portfolio for the period ended 30 June 2026 is available upon request, free of charge, from the registered office of the SICAV.

### 9. Significant Events During the Period

There were no significant events during the period that required 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.

## 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.

## Appendix II – Risk Information

In accordance with the Circular CSSF 11/512 as amended by Circular CSSF 18/69, the Board of Directors of the SICAV needs to determine the global risk exposure of the SICAV by applying either the commitment approach or the Value at Risk ("VaR") approach. The global exposure of the Sub-Funds is calculated using the commitment approach.

The Management Company has implemented a risk-management process which enables to monitor and measure the global risk exposure at Sub-Fund level.

## Appendix III – Total Expense Ratio

The total expense ratio ("TER") compares all operating expenses with the average net asset value of each Sub-Fund. The annualised TER for the period from 1 January 2026 to 30 June 2026 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 | 1.09 |
| T Class Income Shares | EUR | 1.09 |
| CHF T Class Accumulation Shares | CHF | 1.09 |
| CHF T Class Income Shares | CHF | 1.09 |
| USD T Class Accumulation Shares | USD | 1.09 |
| USD T Class Income Shares | USD | 1.09 |
| I Class Accumulation Shares | EUR | 0.95 |
| I Class Income Shares | EUR | 0.95 |
| CHF I Class Accumulation Shares | CHF | 0.95 |
| CHF I Class Income Shares | CHF | 0.95 |
| GBP I Class Accumulation Shares | GBP | 0.95 |
| GBP I Class Income Shares | GBP | 0.95 |
| USD I Class Accumulation Shares | USD | 0.95 |
| USD I Class Income Shares | USD | 0.95 |
| R Class Accumulation Shares | EUR | 1.59 |
| R Class Income Shares | EUR | 1.59 |
| 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 | 1.17 |
| T Class Income Shares | EUR | 1.17 |
| I Class Accumulation Shares | EUR | 1.03 |
| I Class Income Shares | EUR | 1.01 |
| CHF I Class Accumulation Shares | CHF | 1.03 |
| CHF I Class Income Shares | CHF | 1.03 |
| GBP I Class Accumulation Shares | GBP | 1.03 |
| GBP I Class Income Shares | GBP | 1.01 |
| USD I Class Accumulation Shares | USD | 1.02 |
| USD I Class Income Shares | USD | 1.03 |
| R Class Accumulation Shares | EUR | 1.67 |
| R Class Income Shares | EUR | 1.67 |

## Appendix IV – Information to Investors in Switzerland

### Representative in Switzerland

The representative in Switzerland is Zeidler Regulatory Services (Switzerland) AG, and is located at Stadthausstrasse 14, CH-8400 Winterthur.

The articles of association, the Prospectus, the Key Information Document, the annual and semi-annual reports, as well as the list of purchases and sales of investments can be obtained free of charge at the office of the representative in Switzerland.

### Paying Agent in Switzerland

The paying agent in Switzerland is Helvetische Bank AG, and is located at Seefeldstrasse 215, CH-8008 Zurich.

### 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 TER has been calculated in accordance with the current version of the Guidelines for the calculation and publication of the TER for collective investment schemes of the Asset Management Association Switzerland (AMAS). The annualised TERs for each share class of the Sub-Funds for the twelve-month period from 1 July 2025 to 30 June 2026 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 |
| CHF T Class Accumulation Shares | CHF | 1.09 |
| CHF T Class Income Shares | CHF | 1.08 |
| USD T Class Accumulation Shares | USD | 1.08 |
| USD T Class Income Shares | USD | 1.08 |
| I Class Accumulation Shares | EUR | 0.95 |
| I Class Income Shares | EUR | 0.95 |
| CHF I Class Accumulation Shares | CHF | 0.95 |
| CHF I Class Income Shares | CHF | 0.95 |
| GBP I Class Accumulation Shares | GBP | 0.95 |
| GBP I Class Income Shares | GBP | 0.95 |
| USD I Class Accumulation Shares | USD | 0.95 |
| USD I Class Income Shares | USD | 0.95 |
| R Class Accumulation Shares | EUR | 1.59 |
| R Class Income Shares | EUR | 1.58 |
| USD R Class Accumulation Shares | USD | 1.59 |
| USD R Class Income Shares | USD | 1.58 |
| Fundsmith Sustainable Equity Fund | | |
| T Class Accumulation Shares | EUR | 1.12 |
| T Class Income Shares | EUR | 1.12 |
| I Class Accumulation Shares | EUR | 0.98 |
| I Class Income Shares | EUR | 0.99 |
| CHF I Class Accumulation Shares | CHF | 0.98 |
| CHF I Class Income Shares | CHF | 0.99 |
| GBP I Class Accumulation Shares | GBP | 0.99 |
| GBP I Class Income Shares | GBP | 0.99 |
| USD I Class Accumulation Shares | USD | 0.98 |
| USD I Class Income Shares | USD | 0.99 |
| R Class Accumulation Shares | EUR | 1.62 |
| R Class Income Shares | EUR | 1.62 |

**Appendix IV – Information to Investors in Switzerland (continued)**

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**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 (%) 30 June 2026 | Performance (%) 31 December 2025 | Performance (%) 31 December 2024 | Performance (%) 31 December 2023 |
|---|---|---|---|---|---|
| Fundsmith Equity Fund | | | | | |
| T Class Accumulation Shares | EUR | -1.65 | -4.47 | 13.61 | 13.38 |
| T Class Income Shares | EUR | -1.65 | -4.47 | 13.61 | 13.38 |
| CHF T Class Accumulation Shares | CHF | -2.58 | 1.71 | – | – |
| CHF T Class Income Shares | CHF | -2.58 | 1.71 | – | – |
| USD T Class Accumulation Shares | USD | -4.55 | 7.80 | 6.78 | 17.63 |
| USD T Class Income Shares | USD | -4.54 | 7.80 | 6.78 | 17.63 |
| I Class Accumulation Shares | EUR | -1.58 | -4.34 | 13.77 | 13.54 |
| I Class Income Shares | EUR | -1.58 | -4.34 | 13.77 | 13.54 |
| CHF I Class Accumulation Shares | CHF | -2.51 | -5.47 | 15.68 | 6.80 |
| CHF I Class Income Shares | CHF | -2.51 | -5.47 | 15.68 | 6.80 |
| GBP I Class Accumulation Shares | GBP | -2.89 | 0.60 | 8.67 | 11.27 |
| GBP I Class Income Shares | GBP | -2.89 | 0.60 | 8.67 | 11.27 |
| USD I Class Accumulation Shares | USD | -4.48 | 7.95 | 6.93 | 17.80 |
| USD I Class Income Shares | USD | -4.48 | 7.95 | 6.93 | 17.80 |
| R Class Accumulation Shares | EUR | -1.89 | -4.95 | 13.04 | 12.81 |
| R Class Income Shares | EUR | -1.89 | -4.95 | 13.04 | 12.81 |
| USD R Class Accumulation Shares | USD | -4.78 | 7.25 | 6.24 | 17.05 |
| USD R Class Income Shares | USD | -4.78 | 7.26 | 6.23 | 17.05 |
| Comparator: MSCI World Index | EUR | 13.32 | 5.37 | 25.08 | 17.88 |
| | | | | | |
| Fundsmith Sustainable Equity Fund | | | | | |
| T Class Accumulation Shares | EUR | -1.54 | -10.60 | 13.02 | 8.72 |
| T Class Income Shares | EUR | -1.54 | -10.60 | 13.02 | 8.72 |
| I Class Accumulation Shares | EUR | -1.47 | -10.47 | 13.17 | 8.87 |
| I Class Income Shares | EUR | -1.47 | -10.47 | 13.17 | 8.87 |
| CHF I Class Accumulation Shares | CHF | -2.71 | -11.53 | 15.07 | 2.41 |
| CHF I Class Income Shares | CHF | -2.41 | -6.37 | – | – |
| GBP I Class Accumulation Shares | GBP | -2.79 | -5.84 | 8.10 | 6.70 |
| GBP I Class Income Shares | GBP | -2.79 | -5.84 | 8.10 | 6.70 |
| USD I Class Accumulation Shares | USD | -4.37 | 1.03 | 6.36 | 12.96 |
| USD I Class Income Shares | USD | -4.38 | 1.03 | 6.36 | 12.96 |
| R Class Accumulation Shares | EUR | -1.79 | -11.04 | 12.44 | 8.17 |
| R Class Income Shares | EUR | -1.79 | -4.64 | 7.21 | 8.17 |
| Comparator: MSCI World Index | EUR | 13.32 | 5.37 | 25.08 | 17.88 |

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 V – Information for Investors in Australia

**Statement of Cash Flows for the period ended 30 June 2026,
with comparative figures for the period ended 30 June 2025**

**Fundsmith Equity Fund**

| | 2026 EUR | 2025 EUR |
|---|---|---|
| Total loss before distributions | (119,206,775) | (426,562,451) |
| add: capital losses on securities | 137,023,933 | 416,985,944 |
| less: accretion of market discount | – | (220,073) |
| Financing activities: | | |
| Subscriptions | 222,111,677 | 449,293,845 |
| Redemptions | (1,387,579,571) | (1,242,544,469) |
| | (1,165,467,894) | (793,250,624) |
| Distributions to Shareholders | (542,149) | (581,561) |
| Investing activities: | | |
| Net sales of investments | 1,462,044,884 | 878,998,318 |
| Working capital movements: | | |
| (Increase)/decrease in debtors | (41,818,043) | 10,134,974 |
| Increase in creditors | 28,221,349 | 867,099 |
| Net increase in cash | 300,255,305 | 86,371,626 |
| Cash at bank at the beginning of the period | 60,514,416 | 106,747,872 |
| Cash at bank at the end of the period | 360,769,721 | 193,119,498 |

**Appendix V – Information for Investors in Australia (continued)**

**Statement of Cash Flows for the period ended 30 June 2026,**
**with comparative figures for the period ended 30 June 2025**

**Fundsmith Sustainable Equity Fund**

| | 2026 EUR | 2025 EUR |
|---|---|---|
| Total loss before distributions | (1,363,888) | (33,457,649) |
| add: capital losses on securities | 1,596,279 | 33,757,470 |
| less: accretion of market discount | (4,384) | (441) |
| Financing activities: | | |
| Subscriptions | 1,435,571 | 13,737,957 |
| Redemptions | (48,144,961) | (56,858,767) |
| | (46,709,390) | (43,120,810) |
| Distributions to Shareholders | (20,562) | (2,976) |
| Investing activities: | | |
| Net sales of investments | 48,182,869 | 29,777,465 |
| Working capital movements: | | |
| (Increase)/decrease in debtors | (627,255) | 25,451 |
| Decrease in creditors | (6,430) | (62,098) |
| Net increase/(decrease) in cash | 1,047,239 | (13,083,588) |
| Cash at bank at the beginning of the period | 858,973 | 17,161,462 |
| Cash at bank at the end of the period | 1,906,212 | 4,077,874 |