Fundsmith
Sustainable Equity Fund | SICAV

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Dear Fellow Investor,

The table below shows the performance of the Fundsmith Sustainable Equity Fund – a sub fund of the Fundsmith SICAV ('Fund', 'FSEF' or 'Sicav') and other comparators during the first half of 2025 and since inception.

% Total Return	1st Jan to 30th June 2025	Inception to 30th June 2025	
		Cumulative	Annualised
Fundsmith Sustainable Equity Fund EUR T Class[1]	-9.5	+19.5	+4.2
MSCI World Index EUR[2]	-3.4	+63.3	+12.0
European Bonds[3]	-2.3	-28.1	-7.3
Cash[4]	+1.2	+7.7	+1.7
Fundsmith Sustainable Equity Fund CHF I Class[1]	-10.2	+2.2	+0.5
MSCI World Index CHF[2]	-4.0	+40.9	+8.2
Fundsmith Sustainable Equity Fund USD I Class[1]	+2.0	+17.1	+3.7
MSCI World Index USD[2]	+9.5	+57.9	+11.1
Fundsmith Sustainable Equity Fund GBP I Class[1]	-6.6	+19.1	+4.1
MSCI World Index GBP[2]	+0.1	+61.1	+11.6

[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 9.5% in the first six months of the year, 6.1 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.)

What did well for us in the first six months of 2025? Here are the five biggest positive contributors to performance:

Stock	Attribution
IDEXX	+0.5%
L'Oréal	+0.5%
Microsoft	+0.3%
Amadeus	+0.1%
Visa	+0.1%

Source: Northern Trust

As ever, we continue to make money with old friends.

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

Stock	Attribution
Novo Nordisk	-1.2%
Greggs	-1.2%
Church & Dwight	-1.1%
Coloplast	-0.8%
Waters	-0.8%

Source: Northern Trust

Novo Nordisk alone accounted for almost one fifth of the underperformance during the period. Its ability to snatch defeat from the jaws of victory in respect of its leadership in weight loss drugs continues to be remarkable. Its inability to deal with the US legal and regulatory system's approach to its success would be interesting to observe from a safe distance.

Another Danish medical company, Coloplast, was also amongst our largest detractors. Together with Novo they accounted for one third of the underperformance. Coloplast was a company whose revenue growth rate was metronomic. Probably not coincidentally, following two major acquisitions, it has encountered a series of operational failures.

Both Novo and Coloplast are controlled by foundations which we have seen as a strength in terms of their ability to make good long-term decisions. Both have now fired their CEOs. We wait with increasingly thin patience to see whom they appoint as replacements and what changes they bring.

Another adverse factor affecting our Fund's performance has been the US Dollar. The majority of the companies we invest in are based in the United States, report in US Dollars and more importantly have the majority of their revenues in this currency. Therefore the move in the Dollar from $1.04 at the beginning of the year to $1.17 at the end of June (12% depreciation) has had a major effect. This can be seen in the fact that the US Dollar denominated share class (I Class Accumulation) was up by 2% in the first half of 2025. I doubt this performance by the Dollar relative to the Euro is a reflection of the strength of the Eurozone economy, and in fact the USD Trade Weighted Index has fallen by around 7.5%.

I have no clue if or when this will reverse but would merely observe that the apparent policy aims of the Trump administration — reducing the US trade deficit and lowering interest rates — are incompatible with a strong Dollar. But equally the course of events in the Eurozone do not suggest to me that the Euro is likely to see continued strength either.

At this point in 2024, 68% 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 73% of the portfolio is now aligned with that goal, with an additional 14% in the process of establishing targets with the SBTi. This compares to just 14% of listed companies globally[1]. Further, 79% of the Fund's emissions are covered by a committed to reaching net zero emissions by 2050 at the latest. This is a decrease on last year's proportion as some of the Fund's companies had their commitments removed by the SBTi due to issues relating to scope 3 emission reductions. We continue to track the progress companies in the portfolio make toward their net zero goals and engage with those who still make a material contribution when necessary.

We prefer not to update the valuation at this stage of the year as although share prices are certain, the free cash flow ('FCF') on which we base our valuation has elements of seasonality so we will leave it until the year end to update the portfolio valuation.

During the period we began accumulating stakes in Intuit, the accounting software business and EssilorLuxottica the global eyewear manufacturer. No positions were exited. As a result our portfolio turnover in the first half was 9.1% and the voluntary dealing (dealing not caused by redemptions or subscriptions) cost €56k during the half year (0.016% or 1.6 basis points). The Ongoing Charges Figure for the T Class Accumulation shares was 1.11% and with the cost of all dealing added, the Total Cost of Investment was 1.16%.

We continue to invest with the aim of long-term superior performance adjusted for risk and thank you for your continued support.

Yours sincerely,

Terry Smith

Terry Smith
CEO
Fundsmith LLP

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

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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.

Data is as at 30th June 2025 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.

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]MSCI Sustainability Institute Transition Finance Tracker – April 25