

Fundsmith Equity Fund Feeder

« Société d'Investissement à Capital Variable »

Annual report including audited Financial Statements
as at 31 December 2017

R.C.S. Luxembourg B 164404

Subscriptions may not be received on the basis of annual reports. Subscriptions are valid only if made on the basis of the current prospectus, supplemented by the last annual report including audited financial statements and the most recent semi-annual unaudited report, if published thereafter.

Fundsmith Equity Fund Feeder

TABLE OF CONTENTS

| | |
|---|----|
| Organisation of the SICAV | 2 |
| Directors' Report | 3 |
| Governance Report | 4 |
| Report of the <i>Réviseur d'entreprises agréé</i> | 5 |
| Statement of Net Assets | 9 |
| Statement of Operations and Changes in Net Assets | 10 |
| Statistical Information | 11 |
| Statement of Changes in Shares | 12 |
| Statement of Investments and Other Net Assets | 13 |
| Notes to the Financial Statements | 14 |
| Appendix I – Remuneration Policy | 21 |
| Appendix II – SFTR Disclosure (unaudited) | 23 |

Fundsmith Equity Fund Feeder

ORGANISATION OF THE SICAV

REGISTERED OFFICE

49, Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

MANAGEMENT COMPANY, DISTRIBUTOR AND SPONSOR

Fundsmith LLP
33, Cavendish Square
London, W1G 0PW
United Kingdom
Authorised and regulated by The Financial Conduct Authority.
Financial Registration Number 523102

BOARD OF DIRECTORS OF THE SICAV

Chairman

Mr Terry Smith
Fundsmith LLP

Other Directors

Mr Simon Godwin
Fundsmith LLP
Mr Garry Pieters
Independent Director

CABINET DE REVISION AGREE

Deloitte Audit, Société à responsabilité limitée
560, Rue de Neudorf
L-2220 Luxembourg
Grand Duchy of Luxembourg

DEPOSITARY AND ADMINISTRATOR (CENTRAL ADMINISTRATION AGENT, DOMICILIARY AND CORPORATE AGENT, REGISTRAR AND TRANSFER AGENT)

State Street Bank Luxembourg S.C.A.
49, Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISER

D.Law Business Law Firm, Société à responsabilité limitée
Aerogolf Bloc A - 1, rue Heienhaff
L-1736 Senningerberg
Grand Duchy of Luxembourg

MASTER FUND

Fundsmith Equity Fund
A UCITS established in the United Kingdom
33, Cavendish Square
London, W1G 0PW
United Kingdom
Authorised and regulated by The Financial Conduct Authority
Financial Registration Number IC000846

Fundsmith Equity Fund Feeder

DIRECTORS' REPORT

The table below shows performance figures for the last calendar year and the cumulative and annualised performance for the main share classes of the Fundsmith Equity Fund Feeder ("the Fund/Feeder") compared with various benchmarks.

| Total return (%) I Class Accumulation Shares | 2017 | Since inception to 31 December 2017 | Annualised since inception |
|---|------|---|-------------------------------|
| Fundsmith Equity Fund Feeder EUR ¹ | 17.7 | 215.7 | 20.5 |
| MSCI World Index EUR ² | 7.5 | 132.2 | 14.6 |
| Fundsmith Equity Fund Feeder CHF ¹ | 28.2 | 163.9 | 18.4 |
| MSCI World Index CHF ² | 17.8 | 101.0 | 12.9 |
| Fundsmith Equity Fund Feeder USD ¹ | 33.9 | 112.3 | 17.0 |
| MSCI World Index USD ² | 22.4 | 61.4 | 10.5 |
| Fundsmith Equity Fund Feeder GBP ¹ | 21.8 | 121.2 | 23.9 |
| MSCI World Index GBP ² | 11.8 | 70.1 | 15.4 |
| European Bonds ³ | -0.3 | 72.1 | 9.2 |
| Cash ⁴ | -0.4 | 0.4 | 0.1 |

¹ I Class Accumulation Shares, net of fees, priced at noon CET (source: Bloomberg)

² MSCI World Index priced at close of business US time (source: www.msci.com)

³ Bloomberg/EFAS Bond Indices Euro Government 10 years (source: Bloomberg)

⁴ 3 Month EUR LIBOR Interest Rate (source: Bloomberg)

Launch dates:

- EUR: February 2, 2011
- CHF: April 5, 2012
- USD: March 13, 2013
- GBP: April 15, 2014

Given we do not hedge currency exposure, the main difference in performance between the currency share classes is the relative currency movements in the year and the relative performance between share classes is therefore similar and shows the Fund significantly outperformed the MSCI Global Index in 2017. All of the classes have also significantly outperformed since their dates of inception.

You will have received already our Annual Letter (it is also on the website) which goes into more detail on performance and, if you want more detail, we would encourage you to read it.

Fundsmith Equity Fund Feeder

GOVERNANCE REPORT

The Board of Directors of the Fund (the "board") remained unchanged during the reporting year. It consists of 3 members, including one, independent, Luxembourg resident Director who usually acts as the meeting's Chairman. The independent Director is remunerated, while the other two aren't. At the close of the financial year, all Directors, except the independent Director, held shares in the Fund or the Master Fund.

The board met 4 times in Luxembourg in March, June, October and December. On the Agenda, amongst others, were strategy, performance, operations, risk management and compliance and generally matters regarding good conduct and governance. On the latter, the board confirms that it continues to aim for the best possible standards, as evidence by its continued adherence to the ALFI Code of Conduct.

The board received reports from both the Fund and the Master Fund. The service providers are invited to each of the board meetings to update the board on administration, custody and transfer agency.

Neither the MLRO (Money Laundering Reporting Officer) nor the Complaints Handling Officer have noted anything out of the ordinary during the course of the reporting year.

The members of the Board of Directors of the Fund thank you for your continued support and will continue to strive for the best possible services.

To the Shareholders of
Fundsmith Equity Fund Feeder

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fundsmith Equity Fund Feeder (the « *SICAV / Fund* »), which comprise the statement of net assets and the statement of investments and other net assets as at 31 December 2017 and the statement of operations and the statement of changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Fundsmith Equity Fund Feeder as at 31 December 2017, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

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

Other information

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of *Réviseur d'Entreprises Agréé* thereon.

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

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

Responsibilities of the Board of Directors of the SICAV and Those Charged with Governance for the Financial Statements

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

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

Responsibilities of the *Réviseur d'Entreprises Agréé* for the Audit of the Financial Statements

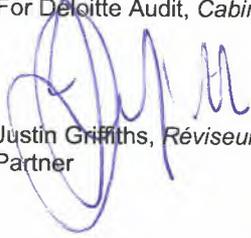
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of *Réviseur d'Entreprises Agréé* that includes our opinion. Reasonable assurance is a high level of assurance,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

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

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

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

For Deloitte Audit, *Cabinet de Révision Agréé*



Justin Griffiths, *Réviseur d'Entreprises Agréé*
Partner

April 13, 2018

Fundsmith Equity Fund Feeder

STATEMENT OF NET ASSETS AS AT 31 DECEMBER 2017

Fundsmith Equity Fund Feeder

EUR

| | EUR |
|---|----------------------|
| Assets | |
| Investments at net asset value (Note 3) | 1,566,186,255 |
| Receivable on subscriptions | 6,219,089 |
| Receivable for investment securities sold | 865,849 |
| Cash at bank (Note 3) | 196,614 |
| Total assets | 1,573,467,807 |
| <hr/> | |
| Liabilities | |
| Payable for investment securities purchased | 5,226,012 |
| Payable on redemptions | 1,837,326 |
| Management company fees payable (Note 5) | 185,605 |
| Depository and Administration fees payable (Note 7) | 180,374 |
| Taxe d'abonnement payable (Note 4) | 96,591 |
| Professional fees payable | 48,945 |
| Other liabilities | 19,995 |
| Total liabilities | 7,594,848 |
| Total Net Assets | 1,565,872,959 |

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

Fundsmith Equity Fund Feeder

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2017

Fundsmith Equity Fund Feeder

EUR

| | |
|---|----------------------|
| Net assets at the beginning of the year | 967,665,193 |
| Income | |
| Dividend income (Note 3) | 10,133,044 |
| Total income | 10,133,044 |
| Expenses | |
| Depository and Administration fees (Note 7) | 1,061,471 |
| Management company fees (Note 5) | 226,408 |
| Taxe d'abonnement (Note 4) | 179,169 |
| Legal fees | 95,847 |
| Audit fees | 48,788 |
| Directors fees (Note 8) | 25,049 |
| Organisational expense amortised (Note 3) | 5,413 |
| Other expenses | 44,244 |
| Total expenses | 1,686,389 |
| Net investment gain | 8,446,655 |
| Net realised profit/(loss) on | |
| - Investments (Note 3) | 31,992,585 |
| - Currencies | (6,189,072) |
| Change in unrealised appreciation/(depreciation) on | |
| - Investments | 158,432,897 |
| - Currencies | (45,305) |
| Net result of operations for the year | 192,637,760 |
| Subscriptions for the year | 682,911,718 |
| Redemptions for the year | (275,545,708) |
| Distribution paid for the year (Note 11) | (1,796,004) |
| Net assets at the end of the year | 1,565,872,959 |

The exchange rates used are:

- 1 EUR = 1.16942 CHF
- 1 EUR = 0.88728 GBP
- 1 EUR = 1.19885 USD

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

Fundsmith Equity Fund Feeder

STATISTICAL INFORMATION AS AT 31 DECEMBER 2017

| | Currency | As at | Total Net Assets 31 Dec 2017 | Net Asset Value/Share As at 31 Dec 2017 | Total Net Assets As at 31 Dec 2016 | Net Asset Value/Share As at 31 Dec 2016 | Total Net Assets As at 31 Dec 2015 | Net Asset Value/Share As at 31 Dec 2015 |
|-------------------------------------|------------|-------|---------------------------------|---|--|---|--|---|
| Fundsmith Equity Fund Feeder | | | | | | | | |
| Euro Classes | | | | | | | | |
| Class I Accumulation | EUR | | | 31.79 | | 26.97 | | 24.61 |
| Class I Income | EUR | | | 30.12 | | 25.69 | | 23.70 |
| Class T Accumulation | EUR | | | 31.57 | | 26.82 | | 24.51 |
| Class T Income | EUR | | | 30.03 | | 25.64 | | 23.64 |
| Class R Accumulation | EUR | | | 30.72 | | 26.23 | | 24.09 |
| Class R Income | EUR | | | 30.15 | | 25.74 | | 23.64 |
| GB Pound Classes | | | | | | | | |
| Class I Accumulation | GBP | | | 22.12 | | 18.16 | | 14.19 |
| Class I Income | GBP | | | 21.37 | | 17.64 | | 13.93 |
| Swiss Franc Classes | | | | | | | | |
| Class I Accumulation | CHF | | | 26.39 | | 20.58 | | 18.90 |
| Class I Income | CHF | | | 24.95 | | 19.59 | | 18.16 |
| US Dollar Classes | | | | | | | | |
| Class I Accumulation | USD | | | 21.23 | | 15.86 | | 14.93 |
| Class I Income | USD | | | 20.29 | | 15.26 | | 14.53 |
| Total Net Assets | EUR | | 1,565,872,959 | | | 967,665,193 | | 592,938,406 |

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

Fundsmith Equity Fund Feeder

STATEMENT OF CHANGES IN SHARES FOR THE YEAR ENDED 31 DECEMBER 2017

| | Currency | Balance at 1 January 2017 | Subscriptions | Redemptions | Balance at 31 December 2017 |
|-------------------------------------|----------|------------------------------|-------------------|-------------------|--------------------------------|
| Fundsmith Equity Fund Feeder | | | | | |
| Euro Classes | | | | | |
| Class I Accumulation | EUR | 5,133,641 | 5,897,311 | 1,613,875 | 9,417,077 |
| Class I Income | EUR | 2,391,008 | 799,347 | 212,340 | 2,978,015 |
| Class T Accumulation | EUR | 2,291,421 | 2,635,853 | 1,723,809 | 3,203,465 |
| Class T Income | EUR | 259,262 | 124,660 | 161,425 | 222,497 |
| Class R Accumulation | EUR | 513,152 | 762,280 | 247,084 | 1,028,348 |
| Class R Income | EUR | 26,105 | 106,568 | 35,522 | 97,151 |
| GB Pound Classes | | | | | |
| Class I Accumulation | GBP | 3,754,675 | 2,714,632 | 1,009,502 | 5,459,805 |
| Class I Income | GBP | 1,928,908 | 1,754,187 | 1,099,105 | 2,583,990 |
| Swiss Franc Classes | | | | | |
| Class I Accumulation | CHF | 2,057,037 | 482,414 | 257,075 | 2,282,376 |
| Class I Income | CHF | 996,582 | 99,017 | 177,960 | 917,639 |
| US Dollar Classes | | | | | |
| Class I Accumulation | USD | 25,372,029 | 14,242,287 | 5,470,351 | 34,143,965 |
| Class I Income | USD | 8,847,126 | 1,373,901 | 735,987 | 9,485,040 |
| Total | | 53,570,946 | 30,992,457 | 12,744,035 | 71,819,368 |

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

Fundsmith Equity Fund Feeder

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS AS AT 31 DECEMBER 2017

| Quantity | Description | Currency | Acquisition Cost EUR | Net Asset Value | % of Net Assets |
|------------------------------|---|----------|-------------------------|----------------------|--------------------|
| Master Fund | | | | | |
| 413,265,517 | Fundsmith Equity Fund - I Class (Income shares) | EUR | 1,211,578,862 | 1,566,186,255 | 100.02 |
| Total Mutual Funds | | | 1,211,578,862 | 1,566,186,255 | 100.02 |
| Total Investments | | | 1,211,578,862 | 1,566,186,255 | 100.02 |
| Other Net Liabilities | | | | (313,296) | (0.02) |
| Total Net Assets | | | | 1,565,872,959 | 100.00 |

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

Fundsmith Equity Fund Feeder

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Fundsmith Equity Fund Feeder (the "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 is registered with the Luxembourg Trade and Companies Register under number B164404.

The SICAV intends to realise its investment objective by investing substantially all of its assets into the "Income Shares" of the "I Share Class" of the Master Fund, as these terms are defined in the prospectus of the Master Fund, i.e. income distributing shares of a class primarily aimed at institutional investors.

The SICAV has appointed Fundsmith LLP to serve as its management company within the meaning of the UCI Law. The Management Company is responsible, subject to the overall supervision of the Board of Directors of the SICAV, for the provision of investment management services, administrative services and marketing services to the SICAV.

2. MASTER FUND

The SICAV is a feeder Undertakings for Collective Investments in Transferable Securities ("UCITS") (as defined in the UCI Law) of Fundsmith Equity Fund (the "Master Fund") which qualifies as a master UCITS (as defined in the UCI Law). In compliance with the relevant provisions of the UCI Law, the SICAV at all times invests at least 85% of its assets in shares of the Master Fund. The SICAV may hold up to 15% of its assets in ancillary liquid assets, including cash, cash equivalents and short term bank deposits in accordance with the provisions of Article 41 (2) of the UCI Law. In practice, the Board of Directors of the SICAV looks to invest a much higher percentage in the Master Fund and will be almost fully invested in the Master Fund at most times.

The Master Fund is an investment company with variable capital incorporated in England and Wales, with Financial Registration number IC000846. It was established on 19 October 2010 and is authorised and regulated by the Financial Conduct Authority ("FCA") as a UCITS fund.

The Master Fund has been authorised by the FCA as a "master UCITS" in the meaning of the relevant provisions of the UCITS Directive. As a consequence, the Master Fund must, at all times, (i) have at least one feeder UCITS among its shareholders, (ii) not itself become a feeder UCITS, and (iii) not hold shares or units of a feeder UCITS.

The Master Fund invests in equities on a global basis. The Master Fund's approach is to be a long-term investor in its chosen stocks. It will not adopt short-term trading strategies.

The investment objective of the Master Fund is to achieve long term growth in value.

Fundsmith Equity Fund Feeder

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. MASTER FUND (continued)

The annual and semi-annual reports of the Master Fund can be obtained from the website (www.fundsmith.co.uk) or from State Street Bank and Trust Company, 20 Churchill Place, London E14 5HJ, United Kingdom.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts of the SICAV are maintained in Euro being the Reference Currency. Accordingly, as at 31 December 2017, the financial statements of the sub-fund represent the combined financial statements of the SICAV. The SICAV's financial statements were prepared in accordance with Luxembourg legal and regulatory requirements and generally accepted accounting principles relating to Undertakings for Collective Investment and in particular using the following valuation rules:

a) Valuation of cash and cash equivalents

Cash on hand or on deposit is valued at its nominal / face value plus accrued interest, where applicable, to the end of the relevant Valuation Day.

b) Valuation of investments

Each Valuation Day shares of the Master Fund shall be valued at the latest available Net Asset Value per Share as published by the Master Fund. For the purposes of the audited financial statements, the shares of the Master Fund shall be valued with the Net Asset Value per Share published by the Master Fund in its audited financial statements.

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, they consider that 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 with care and in good faith or by a competent person.

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

c) Net realised profit /(loss) on investments

Realised profits or losses made on the sales of investments are calculated according to the average cost method.

Net realised profits and losses on investments are recorded in the "Statement of Operations and Changes in Net Assets".

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cost of purchase of investments

For investments in currencies other than the Reference Currency, the purchase price is calculated according to the closing exchange rate on the day of purchase.

e) Income

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

f) Conversion of items expressed in foreign currencies

Assets and liabilities in foreign currencies are converted into the Reference Currency of the SICAV at the closing exchange rate on the last day of the financial year.

Income and expenses in foreign currencies are converted into the Reference Currency of the SICAV at the closing exchange rate in force on the day of the transaction.

Net realised profits and losses made on foreign currencies as well as the exchange rates as at 31 December 2017 are included in the "Statement of Operations and Changes in Net Assets".

g) Total Net Asset Value

The Total Net Asset Value, expressed in the Reference Currency, is equal to the difference between the total assets and the total liabilities of the SICAV.

The Total Net Asset Value of each class is expressed in the relevant Reference Currency of the relevant class.

The Net Asset Value per Share is calculated as of each Valuation Day by dividing the Total Net Asset Value attributable to a Class by the total number of Shares in issue or deemed to be in issue in that Class as of the relevant Valuation Day and rounding the resulting total to two decimal places or such number of decimal places as the Board of Directors of the SICAV may determine.

h) 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. Board of Directors of the SICAV may also disclose certain contingent assets and liabilities at the date of the financial statements which can affect income and expenses during the reported years. Actual results could differ from those estimates.

Fundsmith Equity Fund Feeder

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Organisational expense

The initial costs and expenses of establishing the SICAV were EUR 86,457 and were paid and borne by the SICAV. These costs and expenses have been capitalised and amortised on a straight-line basis over a period of up to 5 years from 12 March 2012.

There were additional expenses for EUR 25,000, also paid and borne by the SICAV. These costs and expenses have also been capitalised and amortised on a straight-line basis over the period from 21 February 2014 to 12 March 2017.

4. TAXE D'ABONNEMENT

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 and of 0.05% per annum of its Total Net Asset Value for retail shares, 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.

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

5. MANAGEMENT COMPANY FEES

The Management Company fees paid by the SICAV, expressed as a percentage of the Net Asset Value, are specified in the following table:

| Annual Management Company Fee rate by Share Class: | | |
|--|-------|-------|
| I | R | T |
| — | 0.60% | 0.10% |

The SICAV invests in Class I of the Master Fund and the Management Company earns a management fee of 0.90% in the Master Fund Class I (Income shares). Therefore, in total, the Management Company earns a fee of 0.90% in the Master fund and the relevant fee in the SICAV as in the above table.

6. PERFORMANCE FEES

The SICAV is not subject to performance fees.

Fundsmith Equity Fund Feeder

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DEPOSITARY AND ADMINISTRATION FEES

The SICAV pays to the Depositary out of the assets of the SICAV an annual fee, accrued as of each Valuation Day and payable monthly in arrears, which is expressed as a percentage of the Net Asset Value, as specified in the following table:

| Total Net Assets | Rate |
|-------------------------------|--------|
| EUR 0 - EUR 1 billion | 0.012% |
| EUR 1 billion - EUR 2 billion | 0.007% |
| From EUR 2 billion | 0.000% |

The SICAV pays to the Administrator out of the assets of the SICAV an annual fee, accrued as of each Valuation Day and payable monthly in arrears, which is expressed as a percentage of the Net Asset Value, concretely 0.05%.

8. DIRECTORS FEES

Mr. Garry Pieters receives as compensation for services as Independent Director, an annual fee of EUR 25,000; subject to approval by the general meeting of shareholders of the SICAV. Mr. Terry Smith and Mr. Simon Godwin do not receive a fee for acting as Directors.

9. REIMBURSEMENT FEES

Fundsmith LLP has decided to limit total expenses, other than Management Company Fees in respect of Share Classes. Therefore, to the extent that total expenses would exceed the expense cap (currently equal to 0.20% excluding management fees), Fundsmith LLP would reduce the fees accordingly. For the year ended 31 December 2017, the expenses were below the expense cap.

10. SHARE CAPITAL

The Share Classes available as at 31 December 2017 are the following:

| | Currency | Minimum Subscription |
|-----------------------------|----------|----------------------|
| Class I Accumulation Shares | CHF | CHF 6,000,000 |
| Class I Accumulation Shares | EUR | EUR 5,000,000 |
| Class I Accumulation Shares | GBP | GBP 5,000,000 |
| Class I Accumulation Shares | USD | USD 6,000,000 |
| Class I Income Shares | CHF | CHF 6,000,000 |
| Class I Income Shares | EUR | EUR 5,000,000 |
| Class I Income Shares | GBP | GBP 5,000,000 |
| Class I Income Shares | USD | USD 6,000,000 |
| Class R Accumulation Shares | EUR | EUR 2,000 |
| Class R Income Shares | EUR | EUR 2,000 |
| Class T Accumulation Shares | EUR | EUR 2,000 |
| Class T Income Shares | EUR | EUR 2,000 |

Fundsmith Equity Fund Feeder

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. DISTRIBUTION PAID

A total amount of EUR 1,796,004 was distributed over the year.

12. CHANGES IN THE COMPOSITION OF PORTFOLIO AND MASTER REPORTS

The list of movements in the portfolio composition for the year ended 31 December 2017, and the annual and semi-annual reports of the Master Fund are available on request from State Street Bank and Trust Company, 20 Churchill Place, London E14 5HJ, United Kingdom or from the website (www.fundsmith.co.uk).

13. AGGREGATE CHARGES

The SICAV is investing in "Income Shares" of the "I Share Class" of the Master Fund. At the level of the Master Fund, the fees, charges and expenses associated include an annual management charge paid to the Management Company and other expenses of the Master Fund.

At the SICAV level, the Management Company fees payable by the SICAV for the different Share Classes offered, is set at such rates that, for any given Share Class, the aggregate amount of the Management Company fees for that Share Class and the annual management charge payable at the level of the Master Fund for the Class I (Income shares), in which the SICAV invests, corresponds to the annual management charge that would have been payable by an investor investing directly in the relevant Share Class of the Master Fund.

The aggregate charges of the SICAV (after fee reimbursements) and the Master Fund are detailed in the following table. The SICAV's Ongoing Charges and Fees ("OCF") and aggregate charges are based on the average holdings by the Feeder in the Master during the year.

| Class | | Charges at Class level | | Charges at Master Fund level | | Aggregate charges | |
|-----------------------------|------------|------------------------|-------------|------------------------------|-------------|-------------------|-------------|
| | | Amount (in EUR) | OCF (%) | Amount (in EUR) | OCF (%) | Amount (in EUR) | OCF (%) |
| Class I Accumulation Shares | CHF | 52,092 | 0.11 | 442,156 | 0.95 | 494,248 | 1.06 |
| Class I Accumulation Shares | EUR | 242,896 | 0.11 | 2,014,651 | 0.95 | 2,257,547 | 1.06 |
| Class I Accumulation Shares | GBP | 122,765 | 0.11 | 1,035,494 | 0.95 | 1,158,259 | 1.06 |
| Class I Accumulation Shares | USD | 550,731 | 0.11 | 4,665,071 | 0.95 | 5,215,802 | 1.06 |
| Class I Income Shares | CHF | 21,461 | 0.11 | 183,970 | 0.95 | 205,431 | 1.06 |
| Class I Income Shares | EUR | 81,139 | 0.11 | 685,418 | 0.95 | 766,557 | 1.06 |
| Class I Income Shares | GBP | 53,332 | 0.11 | 442,251 | 0.95 | 495,583 | 1.06 |
| Class I Income Shares | USD | 162,603 | 0.11 | 1,383,705 | 0.95 | 1,546,308 | 1.06 |
| Class R Accumulation Shares | EUR | 165,152 | 0.76* | 207,147 | 0.95 | 372,299 | 1.71 |
| Class R Income Shares | EUR | 12,931 | 0.76* | 16,148 | 0.95 | 29,079 | 1.71 |
| Class T Accumulation Shares | EUR | 202,746 | 0.26** | 756,299 | 0.95 | 959,045 | 1.21 |
| Class T Income Shares | EUR | 15,605 | 0.25** | 58,976 | 0.95 | 74,581 | 1.20 |
| Total at SICAV level | EUR | 1,683,453 | 0.13 | 11,891,286 | 0.95 | 13,574,739 | 1.08 |

* These positions include 0.60% of management fee.

** These positions include 0.10% of management fee.

Fundsmith Equity Fund Feeder

NOTES TO THE FINANCIAL STATEMENTS (continued)

The amount charged to the SICAV within the Master Fund has been calculated based on the Ongoing Charges Figure as disclosed in the Final Report and Accounts of the Master Fund for the year ended 31 December 2017.

14. TRANSACTION COSTS

No transaction costs were charged to the SICAV in 2017.

15. FEEDER OWNERSHIP OF THE MASTER

As at 31 December 2017, the Feeder ownership of the Master was equal to 10.34%.

Fundsmith Equity Fund Feeder

APPENDIX I - REMUNERATION POLICY

We are required to make this remuneration disclosure to the Funds' investors in accordance with the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive as amended by Directive 2014/91/EU (UCITS V Directive).

During the year ending 31 March 2017, Fundsmith LLP ('Fundsmith') had 19 members of personnel in total, including employees and Partners. The total amount of remuneration paid to Fundsmith personnel during this period was GBP 19,052,741. Out of this figure, the total amount of remuneration paid to the Partners of Fundsmith LLP was GBP 14,158,194 whilst the total amount of remuneration paid to the employees of Fundsmith LLP was GBP 4,894,547.

Of the GBP 4,894,547 paid to Fundsmith employees, GBP 3,720,469 was variable remuneration and GBP 1,174,078 was fixed remuneration.

The partners of Fundsmith LLP are not paid a bonus. All of their remuneration is fixed as it is based on a fixed proportion of Fundsmith LLP's net profits.

Overall, therefore, of the GBP 19,052,741 of total remuneration, GBP 15,332,272 was fixed remuneration and GBP 3,720,469 was variable remuneration.

The financial year of Fundsmith Equity Fund Feeder (FEFF) runs from 1 January to 31 December, whereas the financial year of Fundsmith LLP runs from 1 April to 31 March. The above figures are taken from the financial report and accounts of Fundsmith LLP for the period 1 April 2016 to 31 March 2017. These figures have been independently audited and filed with Companies House.

The rules require us to disclose both the amount of remuneration paid in total, and the amount paid to "Identified Staff" (broadly, senior management and/or risk takers). Fundsmith's only Identified Staff are the Partners. The Partners all fall within the category of "senior management"; two of the Partners also fall within the category of risk-takers and also one in the category of control staff. To avoid duplication all Partners' remuneration is disclosed within the category of senior management. The total remuneration therefore paid to senior management is GBP 14,158,194.

The information above relates to Fundsmith LLP as a whole, and we have not broken it down by reference to FEFF or the other funds that we manage. Nor have we shown the proportion of remuneration which relates to the income we earn from our management of FEFF. We have not provided such a breakdown because this does not reflect the way we work or the way we are organised at Fundsmith. All of the Partners and most of our employees are involved in the management of FEFF. We have not included information relating to remuneration paid by Fundsmith Investment Services Limited, to whom Fundsmith LLP delegates certain portfolio management activities.

Remuneration at Fundsmith LLP is deliberately straightforward. Our employees are paid a competitive salary. At the end of each financial year, our employees' performance is reviewed by the Partners in order to determine whether or not a bonus should be paid. All bonus decisions are agreed unanimously by the Partners.

Fundsmith Equity Fund Feeder

APPENDIX I - REMUNERATION POLICY (continued)

The Partners are each paid a fixed proportion of Fundsmith LLP's net profits. We consider that this is the best way to ensure that our Partners' interests are completely aligned with our investors' interests over the long term. This alignment of interest is reinforced by the fact that Fundsmith Partners have invested a significant amount in FEF.

The Management Committee of Fundsmith LLP has reviewed the Remuneration Policy and considers that it meets all regulatory requirements and is satisfied that no irregularities occurred during the period.

Any investor who would like more information on how we adhere to the Principles of the Remuneration Code may request a summary of our Remuneration Policy.

Fundsmith Equity Fund Feeder

APPENDIX II – SFTR DISCLOSURE (UNAUDITED)

The SICAV does not use any instruments falling into the scope of "SFTR".