

# Fundsmith Equity Fund Feeder

« Société d'Investissement à Capital Variable »

Annual report including audited Financial Statements  
as at 31 December 2016

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	8
Statement of Operations and Changes in Net Assets	9
Statistical Information	10
Statement of Changes in Shares	11
Statement of Investments and Other Net Assets	12
Notes to the Financial Statements	13
Appendix I – Remuneration Policy	20

## 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.

<b>Total return (%) I Class Accumulation Shares</b>	<b>2016</b>	<b>Since inception to 31 December 2016</b>	<b>Annualised since inception</b>
Fundsmith Equity Fund Feeder EUR <sup>1</sup>	9.6	169.7	21.2
MSCI World Index EUR <sup>2</sup>	10.7	111.6	15.6
Fundsmith Equity Fund Feeder CHF <sup>1</sup>	8.9	105.8	16.7
MSCI World Index SFR <sup>2</sup>	10.0	70.6	11.9
Fundsmith Equity Fund Feeder USD <sup>1</sup>	6.2	58.6	12.9
MSCI World Index USD <sup>2</sup>	7.5	31.9	7.5
Fundsmith Equity Fund Feeder GBP <sup>1</sup>	28.0	81.6	24.6
MSCI World Index GBP <sup>2</sup>	28.2	52.1	16.7
European Bonds <sup>3</sup>	6.6	73.9	11.3
Cash <sup>4</sup>	-0.3	0.9	0.2

<sup>1</sup> Net of Fees priced at midday UK time (source: Bloomberg)

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

<sup>3</sup> Bloomberg/EFFAS Bond Indices Euro Government 10 years (source: Bloomberg)

<sup>4</sup> 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 (Sterling weakness following the EU referendum being the most conspicuous) and the relative performance between share classes is therefore similar and shows the Fund slightly underperformed the benchmark in 2016. However the performance remains healthily above its benchmark over the long term and the Fund is still ranked in the top 10 best performing funds since inception out of over 1,500 funds in the Financial Express Offshore International Funds sector.

You will have received already our Annual Letter (it is also on the website) which goes into more detail on performance.

## 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 physically in Luxembourg in January, April, July and November. 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 AGRÉÉ

Following our appointment by the annual general meeting of the Shareholders dated 20 April 2016, we have audited the accompanying financial statements of Fundsmith Equity Fund Feeder (the "SICAV") and its sub-fund, which comprise the Statement of Net Assets and the Statement of Investments and Other Net Assets as at 31 December 2016 and the Statement of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

### *Responsibility of the Board of Directors of the SICAV for the financial statements*

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation 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.

### *Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

## Fundsmith Equity Fund Feeder

---

### REPORT OF THE REVISEUR D'ENTREPRISES AGRÉÉ (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréés* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Fundsmith Equity Fund Feeder and its sub-fund as at 31 December 2016, 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 of the financial statements.

#### *Other matter*

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.

## Fundsmith Equity Fund Feeder

---

### REPORT OF THE REVISEUR D'ENTREPRISES AGRÉÉ (CONTINUED)

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

For Deloitte Audit, *Cabinet de révision agréé*

Justin Griffiths, *Réviseur d'entreprises agréé*  
Partner

15 March 2017

## Fundsmith Equity Fund Feeder

---

### STATEMENT OF NET ASSETS AS AT 31 DECEMBER 2016

Fundsmith Equity Fund Feeder

EUR

---

	EUR
<b>Assets</b>	
Investments at net asset value (Note 3)	968,044,359
Receivable on subscriptions	8,944,628
Receivable for investment securities sold	2,485,388
Cash at bank (Note 3)	99,273
Deferred organisational expense (Note 3)	5,413
<b>Total assets</b>	<b>979,579,061</b>
<b>Liabilities</b>	
Payable for investment securities purchased	8,420,777
Payable on redemptions	2,962,969
Depositary and Administration fees payable (Note 7)	335,071
Management company fees payable (Note 5)	69,015
Professional fees payable	60,529
Taxe d'abonnement payable (Note 4)	59,306
Directors fees payable (Note 8)	6,201
<b>Total liabilities</b>	<b>11,913,868</b>
<b>Total Net Assets</b>	<b>967,665,193</b>

---

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 2016

Fundsmith Equity Fund Feeder

	<b>EUR</b>
<b>Net assets at the beginning of the year</b>	<b>592,938,406</b>
<b>Income</b>	
Dividend income (Note 3)	5,727,019
<b>Total income</b>	<b>5,727,019</b>
<b>Expenses</b>	
Depositary and Administration fees (Note 7)	578,553
Management company fees (Note 5)	123,979
Taxe d'abonnement (Note 4)	99,299
Audit fees	30,089
Organisational expense amortised (Note 3)	26,352
Directors fees (Note 8)	24,883
Legal fees	18,725
Other expenses	4,117
<b>Total expenses</b>	<b>905,997</b>
<b>Net investment gain</b>	<b>4,821,022</b>
Net realised profit/(loss) on	
- Investments (Note 3)	41,661,098
- Currencies	(901,722)
Change in unrealised appreciation on	
- Investments	15,684,749
- Currencies	62,957
<b>Net result of operations for the year</b>	<b>61,328,104</b>
Subscriptions for the year	600,527,164
Redemptions for the year	(285,561,758)
Distribution paid for the year (Note 11)	(1,566,723)
<b>Net assets at the end of the year</b>	<b>967,665,193</b>

The exchange rates used are:

- 1 EUR = 1.07495 CHF
- 1 EUR = 0.85840 GBP
- 1 EUR = 1.05600 USD

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

---

## Fundsmith Equity Fund Feeder

---

### STATISTICAL INFORMATION AS AT 31 DECEMBER 2016

	Currency	Total Net Assets As at 31 Dec 2016	Net Asset Value As at 31 Dec 2016	Total Net Assets As at 31 Dec 2015	Net Asset Value As at 31 Dec 2015	Total Net Assets As at 31 Dec 2014	Net Asset Value As at 31 Dec 2014
<b>Fundsmith Equity Fund Feeder</b>							
<b>Euro Classes</b>							
Class I Accumulation	EUR		26.97		24.61		20.11
Class I Income	EUR		25.69		23.70		19.57
Class T Accumulation	EUR		26.82		24.51		20.05
Class T Income	EUR		25.64		23.64		19.52
Class R Accumulation	EUR		26.23		24.09		19.80
Class R Income	EUR		25.74		23.64		19.53
<b>GB Pound Classes</b>							
Class I Accumulation	GBP		18.16		14.19		12.28
Class I Income	GBP		17.64		13.93		12.19
<b>Swiss Franc Classes</b>							
Class I Accumulation	CHF		20.58		18.90		17.16
Class I Income	CHF		19.59		18.16		16.66
<b>US Dollar Classes</b>							
Class I Accumulation	USD		15.86		14.93		13.61
Class I Income	USD		15.26		14.53		13.39
<b>Total Net Assets</b>	<b>EUR</b>	<b>967,665,193</b>		<b>592,938,406</b>		<b>428,124,738</b>	

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 2016

	Currency	Balance at 1 January 2016	Subscriptions	Redemptions	Balance at 31 December 2016
<b>Fundsmith Equity Fund Feeder</b>					
<b>Euro Classes</b>					
Class I Accumulation	EUR	7,134,408	3,149,329	5,150,096	5,133,641
Class I Income	EUR	2,272,628	710,634	592,254	2,391,008
Class T Accumulation	EUR	1,313,446	2,435,749	1,457,774	2,291,421
Class T Income	EUR	189,407	72,549	2,694	259,262
Class R Accumulation	EUR	222,332	561,132	270,312	513,152
Class R Income	EUR	291,311	21,182	286,388	26,105
<b>GB Pound Classes</b>					
Class I Accumulation	GBP	1,917,819	2,275,070	438,214	3,754,675
Class I Income	GBP	1,410,750	531,699	13,541	1,928,908
<b>Swiss Franc Classes</b>					
Class I Accumulation	CHF	2,767,657	305,392	1,016,012	2,057,037
Class I Income	CHF	281,641	849,820	134,879	996,582
<b>US Dollar Classes</b>					
Class I Accumulation	USD	11,127,479	18,082,073	3,837,523	25,372,029
Class I Income	USD	3,392,344	6,508,025	1,053,243	8,847,126
<b>Total</b>		<b>32,321,222</b>	<b>35,502,654</b>	<b>14,252,930</b>	<b>53,570,946</b>

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 2016

Quantity	Description	Currency	Acquisition Cost EUR	Net Asset Value	% of Net Assets
<b>Master Fund</b>					
299,059,297	Fundsmith Equity Fund - I Class (Income shares)	EUR	771,869,863	968,044,359	100.04
<b>Total Mutual Funds</b>			<b>771,869,863</b>	<b>968,044,359</b>	<b>100.04</b>
<b>Total Investments</b>			<b>771,869,863</b>	<b>968,044,359</b>	<b>100.04</b>
<b>Other Net Liabilities</b>				<b>(379,166)</b>	<b>(0.04)</b>
<b>Total Net Assets</b>				<b>967,665,193</b>	<b>100.00</b>

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](http://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 2016, 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 2016 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 will be 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 will be 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 50 million	0.015%
From EUR 50 million	0.010%

This annual fee is subject to a monthly minimum of EUR 1,000.

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, as specified in the following table:

Total Net Assets	Rate
EUR 0 - EUR 50 million	0.085%
From EUR 50 million	0.075%

This annual fee is subject to a monthly minimum of EUR 1,500.

#### 8. DIRECTORS FEES

Mr. Garry Pieters receives as compensation for services as Independent Director, an annual fee of EUR 25,000; subject to confirmation 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 2016, the expenses were below the expense cap.

## Fundsmith Equity Fund Feeder

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 10. SHARE CAPITAL

The Share Classes available as at 31 December 2016 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

#### 11. DISTRIBUTION PAID

A total amount of EUR 1,566,723 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 2016, 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](http://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.

## Fundsmith Equity Fund Feeder

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 13. AGGREGATE CHARGES (continued)

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	51,638	0.10	473,331	0.96	524,969	1.06
Class I Accumulation Shares	EUR	136,525	0.11	1,167,652	0.96	1,304,177	1.07
Class I Accumulation Shares	GBP	61,928	0.11	527,855	0.96	589,783	1.07
Class I Accumulation Shares	USD	259,313	0.11	2,205,177	0.96	2,464,490	1.07
Class I Income Shares	CHF	12,870	0.11	117,272	0.96	130,142	1.07
Class I Income Shares	EUR	56,665	0.11	508,736	0.96	565,401	1.07
Class I Income Shares	GBP	35,005	0.11	307,581	0.96	342,586	1.07
Class I Income Shares	USD	73,351	0.11	629,027	0.96	702,378	1.07
Class R Accumulation Shares	EUR	83,187	0.75	106,656	0.96	189,843	1.71
Class R Income Shares	EUR	11,237	0.75	14,356	0.96	25,593	1.71
Class T Accumulation Shares	EUR	109,257	0.25	416,896	0.96	526,153	1.21
Class T Income Shares	EUR	12,538	0.25	48,087	0.96	60,625	1.21
<b>Total at SICAV level</b>	<b>EUR</b>	<b>903,514</b>	<b>0.13</b>	<b>6,522,626</b>	<b>0.96</b>	<b>7,426,140</b>	<b>1.09</b>

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 2016.

#### 14. TRANSACTION COSTS

No transaction costs were charged to the SICAV in 2016.

#### 15. FEEDER OWNERSHIP OF THE MASTER

As at 31 December 2016, the Feeder ownership of the Master was equal to 9.11%.

## 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 financial year ending March 31, 2016; Fundsmith LLP had 17 members of personnel in total, including employees and Partners. The total amount of remuneration paid to Fundsmith LLP personnel during this period was GBP 5,822,405. Out of this figure, the total amount of remuneration paid to the Partners of Fundsmith LLP was GBP 2,809,759 whilst the total amount of remuneration paid to the employees of Fundsmith LLP was GBP 3,012,646.

Of the GBP 3,012,646 paid to Fundsmith employees, GBP 1,943,938 was variable remuneration and GBP 1,068,708 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 5,822,405 of total remuneration, GBP 3,878,467 was fixed remuneration and GBP 1,943,938 was variable remuneration.

The financial year of Fundsmith Equity Fund Feeder (FEFF) runs from January 1 to December 31, whereas the financial year of Fundsmith LLP runs from April 1 to March 31. The above figures are taken from the financial report and accounts of Fundsmith LLP for the period April 1, 2015 to March 31, 2016. 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 2,809,759.

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 FEFF.

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.