

Fundsmith SICAV

Société d'Investissement à Capital Variable

Annual Report and Audited Financial Statements
for the year ended 31 December 2025

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.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Table of Contents

	Page
Directory, Administration and Management	2
Directors' Report	3
Investment Manager's Review	
Fundsmith SICAV – Fundsmith Equity Fund	4
Fundsmith SICAV – Fundsmith Sustainable Equity Fund	13
Report of the <i>Réviseur d'Entreprises Agréé</i>	24
Statement of Net Assets	27
Statement of Operations and Changes in Net Assets	28
Statistical Information	29
Portfolio of Investments	
Fundsmith SICAV – Fundsmith Equity Fund	31
Fundsmith SICAV – Fundsmith Sustainable Equity Fund	33
Notes to the Financial Statements	35
Appendix I – Remuneration Disclosures (Unaudited)	42
Appendix II – Securities Financing Transactions Regulation (Unaudited)	43
Appendix III – Risk Information (Unaudited)	44
Appendix IV – Total Expense Ratio (Unaudited)	45
Appendix V – Information to Investors in Switzerland (Unaudited)	46
Appendix VI – Information to Investors in Australia (Unaudited)	48
Appendix VII – Sustainable Finance Disclosure Regulation (Unaudited)	50
Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited)	70

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Directory, Administration and Management

Registered Office

10, rue du Château d'Eau
L-3364 Leudelange
Grand Duchy of Luxembourg

Board of Directors of the SICAV

Mr. Paul Mainwaring, Director,
Fundsmith LLP

Mr. Robert Vernon Parker, Director,
Fundsmith LLP

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

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

Management Company

FundRock Management Company S.A.
5, Heienhaff
L-1736 Senningerberg
Grand Duchy of Luxembourg

Investment Manager

Fundsmith Investment Services Limited
c/o Hawksford (Mauritius) Limited
C2-401, 4th Floor, Office Block C,
Grand Baie La Croisette
Grand Baie
Republic of Mauritius

Distributor

From 1 September 2025
Fundsmith Partners UK Limited
33, Cavendish Square
London, W1G 0PW
United Kingdom

Distributor

Until 31 August 2025
Fundsmith LLP
33, Cavendish Square
London, W1G 0PW
United Kingdom
Authorised and regulated by The Financial Conduct Authority

Promoter

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

Independent Auditor

Deloitte Audit, *société à responsabilité limitée*
20, boulevard de Kockelscheuer
L-1821 Luxembourg
Grand Duchy of Luxembourg

**Administrator (Central Administration Agent,
Domiciliary Agent, Registrar and Transfer Agent)**

Northern Trust Global Services SE
10, rue du Château d'Eau
L-3364 Leudelange
Grand Duchy of Luxembourg

Depositary

Northern Trust Global Services SE
10, rue du Château d'Eau
L-3364 Leudelange
Grand Duchy of Luxembourg

Legal Adviser

Elvinger Hoss Prussen, *société anonyme*
2, place Winston Churchill
L-1340 Luxembourg
Grand Duchy of Luxembourg

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Directors' Report

The Board of Directors is pleased to provide you with its annual report for the year ended 31 December 2025.

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 annual report and financial statements in accordance with applicable laws and regulations. The Directors consider that the 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 year.

During the reporting year, 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

Information on the environmental and social characteristics of the Sub-Funds, disclosing under Article 8 of Sustainable Finance Disclosure Regulation, is made available in the unaudited section of the annual report, in Appendix VII - Sustainable Finance Disclosure Regulation (Unaudited).

There is no evidence that the going concern assumption made by the Board of Directors when preparing the financial statements of the SICAV is inappropriate.

Director

Date: 26 February 2026

Investment Manager's review

This report reproduces the Annual Letter that was sent to investors and published on the website in mid-January.

January 2026

Dear Fellow Investor,

The table below shows performance figures for the last calendar year and the cumulative and annualised performance of the Fundsmith Equity Fund – a sub fund of the Fundsmith SICAV ('Fund' or 'SICAV') and various comparators. Please note the differing start dates for the various share classes, noted below the table.

% Total Return	1 st Jan to 31 st Dec 2025	Inception to 31 st Dec 2025		Sortino Ratio ⁵
		Cumulative	Annualised	
Fundsmith Equity Fund EUR T Class¹	-4.5	+513.1	+13.6	0.74
MSCI World Index EUR ²	+6.8	+468.8	+13.1	0.68
European Bonds ³	-3.8	+51.8	+3.0	
Cash ⁴	+2.2	+7.8	+0.5	
Fundsmith Equity Fund CHF I Class¹	-5.5	+312.2	+10.9	
MSCI World Index CHF ²	+6.3	+310.6	+10.8	
Fundsmith Equity Fund USD I Class¹	+7.9	+308.2	+11.6	
MSCI World Index USD ²	+21.1	+286.7	+11.1	
Fundsmith Equity Fund GBP I Class¹	+0.6	+327.2	+13.2	
MSCI World Index GBP ²	+12.8	+309.8	+12.8	

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

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.

⁵ Sortino Ratio is since inception on 2.11.11 to 31.12.25, 3.5% risk free rate, source: Financial Express Analytics

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

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. The relative performance compared to the MSCI World Index ('Index') is therefore similar for each share class. The Fund underperformed this comparator in 2025 but a longer-term perspective may be useful and is certainly more consistent with our investment aims and strategy.

Since inception, the share classes shown in the table have outperformed. The T Class Accumulation shares have returned 0.5% p.a. more than the MSCI World Index since inception and has done so with less downside price volatility as shown by the Sortino Ratio of 0.74 versus 0.68 for the Index. This simply means that the Fund has returned about 9% more than the Index for each unit of price volatility, of which more later.

Investment Manager’s review (continued)

Outperforming the market or even making a positive return is not something you should expect from our Fund in every year or reporting period, and outperforming the market was challenging once again in 2025.

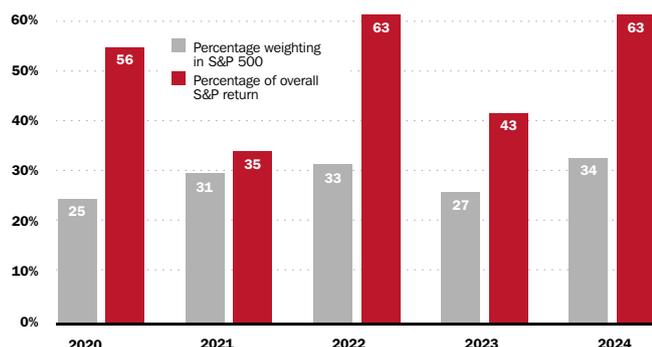
Before I turn to the reasons for the performance I should explain that contrary to the suggestion of some commentators I am not seeking to ‘blame’ anyone or anything for our Fund’s relative performance. What I am seeking to do is explain it so that our investors have a clear understanding of what has happened and why. An explanation is not an excuse. I wonder how those commentators or our investors would view it if we offered no explanation. I see three main issues at play.

1. Index Concentration

The domination of returns by a small group of major ‘technology’ stocks became so pronounced by 2023 that it gave rise to one of those snappy descriptors that market commentators favour with the so-called Magnificent Seven: Alphabet (Google), Amazon, Apple, Meta (Facebook), Microsoft, Nvidia, and Tesla. This continued in 2024 after Jensen Huang, the CEO of Nvidia, made several public appearances at which he extolled the upcoming transformation of computing by artificial intelligence (‘AI’), powered of course by Nvidia’s chips. The result was akin to firing the starting gun in a race in which capital expenditure on semiconductor chips and data centers by the major tech companies – the so-called hyperscalers – spiralled upwards in an arms race matched only by the performance of their shares.

The result of this can be seen in these charts:

Concentration of Performance From Top 10 Stocks in S&P 500

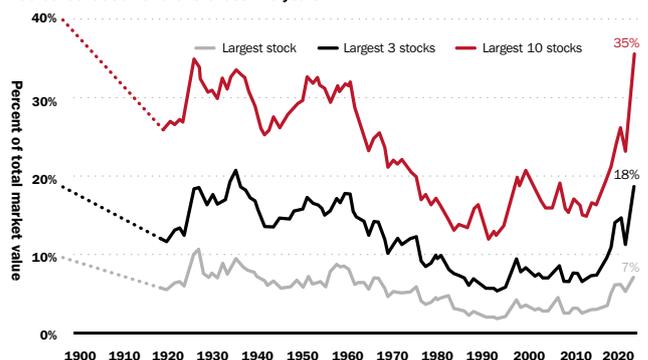


Source: UBS Global Investment Returns Yearbook 2025

It continued in 2025 and as a consequence, the top ten stocks were 39% of the value of the S&P 500 Index (‘S&P’) at the end of 2025 and provided 50% of the total return it delivered in USD.

Is this different to the past?

US Market Concentration Over Last 125 years



Source: UBS Global Investment Returns Yearbook 2025

This second chart shows that the last time the US market value was this concentrated was in 1930. What happened next? It took until 1954 for the S&P to regain its 1930 high. Although this is regarded as prehistoric by most investors today it is wise to remember that the S&P (not the NASDAQ) did not regain its 2000 high until 2007 and then promptly lost it again in the Credit Crisis until 2013. When bubbles burst they can cause many lost years or even decades.

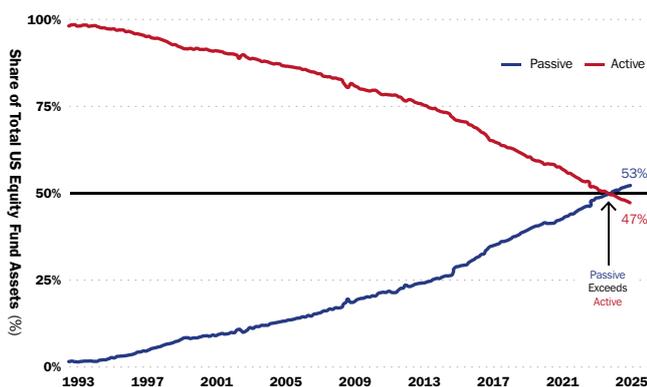
It was difficult to even perform in line with the index in recent years if you did not own most of these stocks in their market weightings, and we would not do so even if we became convinced that they were all good companies of the sort we seek to invest in, which we are not. It would in our view represent too much of a portfolio risk to own them all, just as we would not own all five of the drinks companies we have in our Investible Universe even if we thought that prospects for the sector were good. Our Fund is a portfolio, not a sectoral bet.

Investment Manager's review (continued)

2. The Growth of Assets in Index Funds

The rise of the Magnificent Seven and the AI stocks also had a strong tailwind from the increase in assets held in index funds. In 2023 the proportion of US equities fund assets held in index tracking funds passed 50% for the first time.

Active vs Passive Fund Share of US Equity Fund Assets



Source: Research Affiliates, Data as at 31st Dec 2024

The financial services industry sometimes does not aid understanding with the labels it employs. Index funds and index ETFs are often labelled 'passives' in contrast with 'active' funds, like Fundsmith Equity Fund, which have a fund manager making investment decisions. The 'passives' mostly track the index they invest in by holding the stocks in proportion to their market value. Far from being passive in any normally accepted sense of the word, this makes them a momentum strategy.

A momentum investment strategy is one in which the investor buys stocks which are performing strongly. If you redeem money from an active fund like Fundsmith Equity Fund and invest it in an S&P 500 Index tracker fund your new fund will buy the index stocks in proportion to their market value. Currently about 7% of it will go into Nvidia which we do not own. About 35% will go into the Magnificent Seven of which we own only three stocks – Alphabet, Meta and Microsoft. This gives added momentum to those stocks we do not own which are a major part of the index.

John Bogle, the pioneer of index investing who founded Vanguard, the index fund manager, was asked at the 2017 Berkshire

Hathaway annual meeting if there was a level of assets in index funds which would distort markets and he agreed that there was, although he had no method of determining that level. We may already have reached it.

In 2021 the National Bureau of Economic Research ('NBER') in Cambridge, Massachusetts published research entitled 'In search of the origins of financial market fluctuations: the inelastic markets hypothesis'. You may not have heard of this as it is not the sort of thing to take for a read on a long flight. However, it has some startling revelations which are relevant to the current market.

It starts with the seemingly uncontroversial assertion that \$1 (or \$1m or \$1bn) switched between either stocks or bonds (or any other switch) does not affect the intrinsic value of either. If you redeem funds from an active fund like Fundsmith Equity Fund to place them in an index fund it does not alter the valuation of the stocks we have to sell to fund the redemption or the stocks that the index fund buys. However, the NBER paper shows that in reality such a switch has a multiplier effect of anything from 3:1 to 8:1, an average of about 5.5:1. The inflow from such switches pushes up the value of the stocks purchased by an average of five times the amount invested. To say this flies in the face of fundamental investment theory would be a masterly understatement.

The NBER paper attributes this to the inelasticity of demand and supply for equities. Over 50% of equities are in index funds which have no discretion over what they buy. Moreover, some portion of the so-called active funds which are left are managed in a way that makes them unlikely to bet against what is happening in the index. Apart from any mandate restrictions, fund managers have long realised the career preserving nature of so-called closet indexation in which they do not stray far from the index weightings. Given our experience in recent years, who can blame them?

The NBER research could in one sense be regarded as a statement of the blindingly obvious impact of the rise of index funds, but what is far from obvious is the scale of that impact. Nor does the fact that something may seem obvious, once it is explained, mean that it should then be ignored.

Investment Manager's review (continued)

It may make no fundamental sense to buy Tesla shares on a Price Earnings Ratio ('PE') of 327 (which is its current rating) but it is the ninth largest company in the S&P 500 Index by value so not holding it is a perilous position to take when money is flowing into index funds.

John Bogle was right. The increasing proportion of equities held by index funds are invested without any regard to the quality or valuation of the shares bought which produces dangerous distortions.

Contrary to popular belief, the stock market is not a substitute for online casinos but rather a mechanism for valuing companies, raising capital and providing liquidity. When this becomes distorted the result is often a major misallocation of capital.

Sir John Templeton, who founded the eponymous investment management group, once said, 'The four most dangerous words in investing are: This time it's different'. He was pointing out that there are always people who are willing to rationalise outbursts of investment mania but they are always proven wrong when the bubble bursts and investment fundamentals reassert themselves.

We have seen this before, not only in the Dotcom boom and bust, but in other examples such as the Japanese market in the late 1980s. Then we were told that the PE of over 50 on the Nikkei Index was okay because Japanese accounting was conservative. In fact the market was just over-valued. After the subsequent fall in the Nikkei it took until 2024 for the index to regain the peak it attained in 1989.

When companies and/or investors are encouraged by soaring share prices and valuations to believe that capital is almost free, some disastrous investment decisions follow. They seem to act as though the cost of the capital that companies are investing is to some degree the reciprocal of their PE ratio. So, a PE of 50 equates to a cost of capital of 2% ($100 \div 50$). This is utter nonsense.

The cost of equity does not vary inversely with the valuation and is perhaps best estimated by the cost of so-called risk-free capital, being the yield on long-dated government bonds plus what is called an equity risk premium. It is not a bad starting point when trying to estimate a cost of equity capital to look at the long-term return on equities as it is in effect an opportunity cost: what return should an investor expect from equity investment

over the long term? That is what they should demand as a cost of supplying equity by owning shares — the cost of equity capital. US equities have averaged a return of about 9% p.a. over the past century. It certainly isn't 2%.

If companies or investors start making decisions which deviate much from that assumption based upon soaring share valuations the outcome will be disastrous. In 2000 Vodafone, the UK based mobile phone operator which was one of the leaders in the Dotcom boom, bid for Mannesmann, the German mobile operator. At the time Vodafone was on a PE of 54 and Mannesmann was on a PE of 56. That points to another fallacy — managements often justify what they are paying for assets in booms and bubbles by the fact that they are paying by issuing over-valued or highly-valued shares. Hang on a minute, what does that imply for investors? We can see the results insofar as Vodafone's shares peaked at a value of 570p in 2000 when it bid for Mannesmann and they are now trading at 99p. When value is destroyed by bad capital investment decisions there is always a reckoning.

Perhaps the executives running some of the leading AI companies have a clear view of the future and can foresee that AI will produce not just a transformation in our lives and the way we work but also incremental cash flows such that the returns on the humongous amounts of capital they are investing will be adequate or better than adequate. But if not, we can expect Sir John Templeton's adage to be proven to be right once again, albeit maybe after a longer period and larger scale of irrational exuberance than we have seen in the past, driven by the momentum of index investing.

However, even if we are right in diagnosing this move to index funds as one of the causes of our recent underperformance and it is laying the foundations of a major investment disaster, I have no clue how or when it will end except to say badly.

With sincere respect to the late Sir John Templeton whom I quoted earlier, I think this time it may be different. Not in the sense that the Magnificent Seven/AI boom is different but rather in the scale it may attain and how long it may persist. When we had the Dotcom boom the proportion of AUM which was in index funds was under 10%. The dominance of index funds now makes the rise of these large stocks a self-fulfilling prophecy.

Investment Manager's review (continued)

3. Dollar weakness

Just to add to the headwinds, the US dollar fell against the euro from about \$1.04/EUR at the start of the year to \$1.17 at year end:

USD vs EUR Exchange Rate



Source: Bloomberg

I doubt this reflects relative strength of the Eurozone economy or satisfaction with government policy. The Trump administration is obviously keen to see interest rates lower and to reduce the trade deficit. Neither of these aims is compatible with a strong dollar.

Dollar weakness can also be seen in the price of gold which is at a 50 year high of \$4,319 per ounce. There is lots of speculation about the reasons for the strength of the gold price but to some extent I view it as an expression of weakness in the currency in which gold is priced.

This affects the EUR value of our Fund since the majority of the companies are listed in the United States and more importantly that is their biggest single source of revenue.

I hope that all of this may go some way towards explaining what we have been facing in terms of competition from index funds and the performance of large tech companies in particular in recent years with the added handicap of dollar weakness.

These events have convinced me that Tommy Docherty was an optimist. In the week when he was fired as manager of Manchester United and his wife filed for divorce he said, 'In life when one door closes, another slams in your face'. I think I know how he felt.

Perhaps a more pertinent question is what are we going to do about it?

We could:

1. Start buying stocks in all the large companies which dominate the indices, and/or
2. Become momentum investors who buy shares which are performing strongly irrespective of their fundamental merits.

We are not going to do either. If you want an index fund you can buy one with much lower costs than we or any other active investment manager apply. Nor are we momentum investors and there are better exponents of this investment strategy than us. I would just offer one note of caution if you are thinking of taking this approach. Good momentum investors in my experience buy shares which are going up and sell them when they start going down. They do not convince themselves, for example, that because they have bought Nvidia shares when they are going up, they know what is going to happen with AI or GPUs.

We won't be buying shares in companies simply because they are large and dominate the index weightings and performance unless we become convinced that they are good businesses of the sort we wish to own which have long term relatively predictable sources of growth and more than adequate returns on the capital they invest.

Whilst we are going to stick to our investment strategy we will of course seek to do it better. We are fans of many of the late Charlie Munger's pronouncements but the one which best applies here is 'Any year that you don't destroy one of your best-loved ideas is probably a wasted year.' More to follow.

Looking at individual stock contribution to performance in 2025 as usual I prefer to start with the problems. The bottom five detractors from the Fund's performance in 2025 were:

Stock	Attribution
Novo Nordisk	-3.1
Automatic Data Processing	-1.0
Church & Dwight	-1.0
Stryker	-0.9
Procter & Gamble	-0.9

Source: Northern Trust

Investment Manager's review (continued)

Novo Nordisk managed to reaffirm my belief that you should never say 'Things can't get any worse'. The company has parlayed a market leading position in what is probably the most exciting drug development for about three decades into a secondary position and has failed to prevent illegal generic competition in its core US market.

One of our mantras has been that we should always invest in businesses which could be run by an idiot so that performance is not heavily reliant upon management. We have been made painfully aware that the range of businesses which can be run by an idiot is much more limited than we thought and hereafter we will aim to be more aware of the impact that poor management can have. Our experience also suggests that when we encounter poor management, engagement to change it is less effective than selling the shares. Meanwhile Novo Nordisk has appointed a new CEO and made wholesale board changes and the present rating (a PE of 13) appears to us to be expecting very little. If we did not already own it I suspect we would contemplate buying it as a good business which has been depressed by a 'glitch', albeit a rather large glitch.

ADP as a provider of payroll and HR software has suffered from weakness in the US jobs market. In view of the outlook for this core market we hope – with some nervousness – that the guidance management has given on future revenues is conservative. Not because we rely on it, but the market does.

Church & Dwight, the consumer staples business, seems to be suffering from the fact that the mixed fortunes of different groups of consumers in the US economy, far from driving consumers towards its discount products, is instead impoverishing those consumers who naturally gravitate towards them.

Stryker, the medical equipment and devices company which is a stalwart of our portfolio had a disappointing share price performance despite a year of c10% growth

Procter & Gamble was caught up in the general malaise surrounding consumer staples which have been adversely affected as the air has been sucked out of the room by the race to invest in AI.

In an age in which analysts rely on spoon fed forecasts in the form of 'guidance' and there is limited liquidity as the NBER paper suggests, results which fall short of optimistic guidance can produce spectacularly bad share price movements.

For the year, the top five contributors to the Fund's performance were:

Stock	Attribution
Alphabet	+2.4
IDEXX	+1.9
Philip Morris	+1.2
Meta Platforms	+0.6
L'Oréal	+0.5

Source: Northern Trust

Alphabet makes its first appearance.

IDEXX, the veterinary diagnostic equipment business, makes its seventh appearance having resurrected its position from being a detractor last year when it was suffering from the ebbing of the Covid era mania for pet adoption.

Philip Morris makes its fourth appearance as it continues to show the benefits of its industry leading move into reduced-risk products ('RRPs') such as 'heat-not-burn' tobacco products and its nicotine pouch business.

Meta makes its fourth appearance in this list of top contributors while L'Oréal appears for the third time and benefitted from the recovery in the China market and outperformed the beauty category in sales performance, as usual.

We continue to apply a simple three step investment strategy:

- Buy good companies
- Don't overpay
- Do nothing

I will review how we are doing against each of those in turn.

As usual we seek to give some insight into the first and most important of these – whether we own good companies – by giving you the following table which shows what Fundsmith Equity Fund would be like if instead of being a fund it was a company and accounted for the stakes which it owns in the portfolio on a 'look-through' basis, and compares this with the market, in this case the FTSE 100 and the S&P 500. This also shows you how the portfolio has evolved over time.

Investment Manager's review (continued)

Year ended	Fundsmith Equity Fund Feeder/ SICAV Portfolio								S&P 500	FTSE 100
	2018	2019	2020	2021	2022	2023	2024	2025	2025	2025
ROCE	29%	29%	25%	28%	32%	32%	31%	31%	17%	17%
Gross Margin	65%	66%	65%	63%	63%	63%	64%	62%	45%	43%
Operating Margin	28%	27%	23%	26%	27%	29%	30%	28%	18%	17%
Cash Conversion	95%	97%	101%	96%	88%	91%	86%	94%	89%	99%
Interest Cover	17x	16x	16x	23x	20x	20x	27x	29x	9x	8x

Source: Fundsmith LLP/Bloomberg.

ROCE (Return on Capital Employed), Gross Margin, Operating Margin and Cash Conversion are the weighted mean of the underlying companies invested in by the Fundsmith Equity Fund and mean for the FTSE 100 and S&P 500 Indices. The FTSE 100 and S&P 500 numbers exclude financial stocks. Interest Cover is median. 2018–2019 ratios are based on last reported fiscal year accounts as of 31st December and for 2020–25 are Trailing Twelve Months and as defined by Bloomberg. Cash Conversion compares Free Cash Flow per Share with Net Income per Share

In 2025 return on capital, gross margins and operating profit margins were all high and steady.

Consistently high returns on capital are one sign we look for when seeking companies to invest in. Another is a source of growth — high returns are not much use if the business is not able to grow and deploy more capital at these high rates. So how did our companies fare in that respect in 2025? The weighted average free cash flow (the cash the companies generate after paying for everything except the dividend, and our preferred measure) grew by 16%.

From a fundamental perspective, which is what we seek to focus on, we are confident that our portfolio companies will continue to perform well over the business and market cycles. The quality of our portfolio companies is as high as it has ever been and collectively they continue to grow free cash flow quicker than the historical average of the portfolio. The underlying business performance remains our primary focus. If we get that right then our Fund will emerge with the intrinsic value of its investments maintained or enhanced, as sooner or later, share prices reflect fundamentals, not the other way around.

Encouragingly, the average year of foundation of our portfolio companies at the year-end was 1919. Collectively they are over a century old.

The only metric which continues to lag its historical performance is cash conversion — the degree to which profits are delivered in cash. Although this recovered slightly to 94% in 2025, this is still below its historical level of around 100%. This was due to a sharp rise in capital expenditure at a small group of companies:

Alphabet, Microsoft and Meta. The tech companies are in a race to build capacity for AI in the form of GPU chips and data centres. Whether this arms race produces adequate profits and returns for the amounts expended remains an open question.

As we can see, our tech companies are ramping up capital expenditure along with Amazon:

Capex For Major Tech Companies

\$bn	2020	2021	2022	2023	2024	2025E	2026E
Alphabet	22.3	24.6	31.5	32.3	52.5	85.3	91.8
Amazon	40.1	61.1	63.6	52.7	83.0	113.8	124.1
Meta	15.2	18.7	31.4	27.3	37.3	68.5	96.3
Microsoft ¹	15.4	20.6	23.9	28.1	44.5	64.6	86.0
Total	93.0	125.0	150.4	140.4	217.3	332.2	398.2

¹Microsoft year to June

Source: Fundsmith

And this table does not include some companies which have major capex commitments like Oracle which has announced it will spend some \$50 billion in 2025/6 or CoreWeave which is predicting around \$25 billion of capex in 2026.

When commentators discuss the future of artificial intelligence and whether there is a bubble in AI investments they often seem to miss the point. AI may have a profound effect on our lives and employment but that does not guarantee that investment in it will attain an adequate return or that returns will gravitate to the present incumbents.

Investment Manager's review (continued)

One company which intrigues us in this respect is Apple. Depending upon your point of view it has either been left behind in the scramble to build Large Language Models ('LLMs') and hyperscale to provide AI infrastructure or it has opted out of the race. As a result, its capital expenditure in 2025 was a mere \$12 billion which pales into insignificance in comparison with the companies in the table above.

It may be making a virtue of necessity but maybe Tim Cook the CEO is working on an old adage, 'You don't have to own a cow to sell milk'. Apple has its devices and about a billion mostly high-end consumers locked into them and increasingly into its services. It seems unlikely that there will be a shortage of LLMs that the hyperscalers will want to offer Apple for iPhone users. If this is indeed the business model Apple is relying on it may not bode well for the LLM developers and/or hyperscalers' profitability.

The second leg of our strategy is about valuation. The weighted average free cash flow ('FCF') yield (the free cash flow generated as a percentage of the market value) of the portfolio at the outset of 2025 was 3.1% and ended the year at 3.6%. The year-end FCF yield of the S&P 500 was 2.8% and MSCI World was 3.1%. Our portfolio stocks have become a lot more lowly valued than the S&P as the free cash flow of many of the major stocks which now dominate the index has shrunk or disappeared in the face of massive capex spending on AI.

Our portfolio consists of companies that are fundamentally a lot better than the average of those in the S&P 500, and in the past we have explained that it is no surprise if they are valued more highly than the average S&P 500 company. In itself this does not necessarily make the stocks expensive, any more than a lowly rating makes a stock cheap but they are now significantly cheaper than the S&P. But it also raises an obvious concern about what will happen to the market.

Turning to the third leg of our strategy, which we succinctly describe as 'Do nothing', minimising portfolio turnover remains one of our objectives and this was again achieved with a portfolio turnover of 12.3% during the period. It is perhaps more helpful to know that we spent a total of just 0.008% (just under one basis point) of the Fund's average value over the year on voluntary dealing (which excludes dealing costs associated with subscriptions and redemptions as these are involuntary). We sold two companies, purchased four and received a holding in Magnum Ice Cream which was spun out from Unilever. As last

year this may seem like a lot of names for what is not a lot of turnover as in some cases the size of the holding sold or bought was small. We have held six of the portfolio's 29 companies since inception in 2010, 10 for more than 10 years and 16 for over five years.

Why is this important? It helps to minimise costs and minimising the costs of investment is a vital contribution to achieving a satisfactory outcome as an investor. Too often investors, commentators and advisers focus on, or in some cases obsess about, the Annual Management Charge ('AMC') or the Ongoing Charges Figure ('OCF'), which includes some costs over and above the AMC, which are charged to the Fund. The OCF for 2025 for the T Class Accumulation shares was 1.04% (I Class shares 0.94%). The trouble is that the OCF does not include an important element of costs – the costs of dealing. When a fund manager deals by buying or selling, the fund typically incurs the cost of commission paid to a broker, the bid-offer spread on the stocks dealt in and, in some cases, transaction taxes such as stamp duty in the UK. This can add significantly to the costs of a fund, yet it is not included in the OCF.

We provide our own version of this total cost including dealing costs, which we have termed the Total Cost of Investment ('TCI'). For the T Class Accumulation shares in 2025 the TCI was 1.10% (I Class shares 0.96%), including all costs of dealing for flows into and out of the Fund, not just our voluntary dealing. We are pleased that our TCI is just 0.02% (2 basis points) above our OCF when transaction costs are taken into account. However, we would again caution against becoming obsessed with charges to such an extent that you lose focus on the performance of funds. It is worth pointing out that the performance of our Fund tabled at the beginning of this letter is after charging all fees which should surely be the main focus.

We sold our stakes in Brown-Forman and PepsiCo and started purchasing stakes in Zoetis, EssilorLuxottica, Intuit and Wolters Kluwer during the year.

Brown-Forman and PepsiCo's snack business seem to us to be directly in the crosshairs of the impact of reduced appetites from weight loss drugs. Whether or not our Novo Nordisk investment

finally comes good, we believe that weight loss drugs and their impact are here to stay. In addition, the alcoholic drinks business faces headwinds from the impact of Generation Z's drinking habits (lack of) and the legalisation of cannabis.

Investment Manager's review (continued)

Zoetis is the leading veterinary pharmaceutical company. Apart from tapping into the long term growth in pet healthcare spend, it has the advantage that multi-billion dollar sales blockbuster drugs do not exist in veterinary care and so they attract less generic competition. Zoetis's share price had a poor period caused by concerns over side effects associated with Librelva, its drug for chronic pain from osteoarthritis (my lurcher has it). Our veterinary consultant tells me she still prescribes it as the benefits outweigh the potential side effects.

EssilorLuxottica arose from the merger of French and Italian companies which dominate the market for eyeglasses, both frames and lenses. There is a tailwind for this business from people who do not yet have access to vision correction. In addition, it has some interesting innovations such as the Stellest lenses which help prevent deterioration for children with myopia and of course the Meta AI glasses.

We previously sold a position we held in Intuit, the accounting and tax software company, after it acquired Mailchimp in 2021 because we felt that Mailchimp fell outside its circle of competence and they paid about three times the right price, something which they attempted to justify by pointing out that half the consideration paid was in Intuit shares. What this implied about their valuation seemed obvious to us. For a while after we sold the shares AI hype drove the price but latterly the poor performance of the Mailchimp acquisition has become evident and reflected in the share price. We have started to rebuild a stake in the hope that the management has learned from the debacle.

Wolters Kluwer is the leader in technical publishing used by professionals in health, tax, accounting, risk & compliance and legal. It seems to have become viewed as an AI disruption victim but this seems about as true as the now discredited view that Adobe and Intuit were AI beneficiaries. This view has driven the PE to <19x and it is still growing at c5% p.a. with a ROIC of 18% and ROE of about 50%.

We intend to continue holding a portfolio of good businesses in the hope and expectation that their strong fundamental returns will shine through into superior share price and fund performance over the long term and that in the interim our fund will prove relatively immune from any shocks which arise if or when the present extraordinary market conditions unwind.

Finally, once more I wish you a happy New Year and thank you for your continued support for our Fund.

Yours sincerely,



Terry Smith
CEO
Fundsmith LLP

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

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

Fundsmith Equity Fund (SICAV), which is the subject of this document, does not relate to a collective investment scheme which is authorised under section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or Recognised under section 287 of the SFA. This document has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of units in the Fund may not be circulated or distributed, nor may units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than 1. To an institutional investor under section 304 of the SFA; or 2. To a relevant person pursuant to section 305(1) of the SFA or any person pursuant to section 305(2) of the SFA (and such distribution is in accordance with the conditions specified in section 305 of the SFA); or 3. Otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. In particular, for investment fund that are not authorised or recognised by the MAS, units in such funds are not allowed to be offered to the retail public. This document and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply and investors should consider carefully whether the investment is suitable for them. In particular, for investment fund that are not authorised or recognised by the MAS, units in such funds are not allowed to be offered to the retail public. This document and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply and investors should consider carefully whether the investment is suitable for them.

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 and FE Analytics unless otherwise stated. Data is as at 31st December 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. P/E ratios and Free Cash Flow Yields are based on trailing twelve month data and as at 31st December 2025 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 earned if you had invested in Government Debt. The € Interest Rate shows what you might have earned 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.

Investment Manager's review

This report reproduces the Annual Letter that was sent to investors and published on the website in mid-January.

January 2026

Dear Fellow Investor,

The table below shows performance figures for the last calendar year and the cumulative and annualised performance of the Fundsmith Sustainable Equity Fund – a sub fund of the Fundsmith SICAV ('Fund' or 'SICAV') since inception on 1st March 2021 and various comparators.

% Total Return	1 st Jan to 31 st Dec 2025	Inception to 31 st Dec 2025		Sortino Ratio ⁵
		Cumulative	Annualised	
Fundsmith Sustainable Equity Fund EUR T Class¹	-10.6	+18.1	+3.5	0.05
MSCI World Index EUR ²	+6.8	+80.5	+13.0	0.63
European Bonds ³	-3.8	-29.2	-6.9	
Cash ⁴	+2.2	+8.7	+1.7	
Fundsmith Sustainable Equity Fund CHF I Class¹	-11.5	+0.7	+0.1	
MSCI World Index CHF ²	+6.3	+56.1	+9.6	
Fundsmith Sustainable Equity Fund USD I Class¹	+1.0	+15.9	+3.1	
MSCI World Index USD ²	+21.1	+74.7	+12.2	
Fundsmith Sustainable Equity Fund GBP I Class¹	-5.8	+20.1	+3.9	
MSCI World Index GBP ²	+12.8	+81.6	+13.1	

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

¹ Accumulation Shares, net of fees, priced at 13:00 CET, inception 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

⁵ Sortino Ratio is since inception to 31.12.25, 3.5% risk free rate, source: Financial Express Analytics

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. The relative performance compared to the MSCI World Index ('Index') is therefore similar for each share class and shows the Fund underperformed in 2025.

Outperforming the market or even making a positive return is not something you should expect from our Fund in every year or reporting period, and outperforming the market was challenging once again in 2025.

Before I turn to the reasons for the performance I should explain that contrary to the suggestion of some commentators I am not seeking to 'blame' anyone or anything for our Fund's relative performance. What I am seeking to do is explain it so that our investors have a clear understanding of what has happened and why. An explanation is not an excuse. I wonder how those commentators or our investors would view it if we offered no explanation. I see three main issues at play.

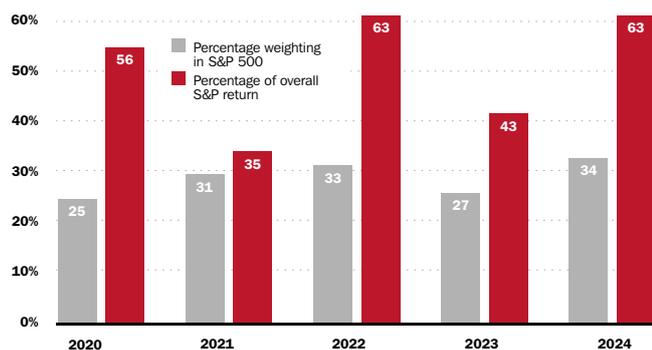
Investment Manager’s review (continued)

1. Index Concentration

The domination of returns by a small group of major ‘technology’ stocks became so pronounced by 2023 that it gave rise to one of those snappy descriptors that market commentators favour with the so-called Magnificent Seven: Alphabet (Google), Amazon, Apple, Meta (Facebook), Microsoft, Nvidia, and Tesla. This continued in 2024 after Jensen Huang, the CEO of Nvidia, made several public appearances at which he extolled the upcoming transformation of computing by Artificial Intelligence (‘AI’), powered of course by Nvidia’s chips. The result was akin to firing the starting gun in a race in which capital expenditure on semiconductor chips and data centers by the major tech companies – the so-called hyperscalers – spiralled upwards in an arms race matched only by the performance of their shares.

The result of this can be seen in these charts:

Concentration of Performance From Top 10 Stocks in S&P 500

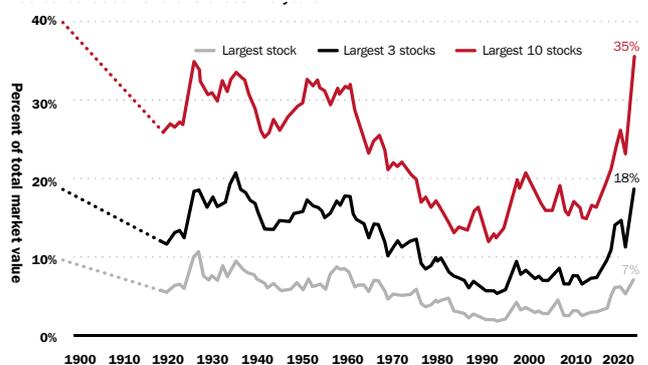


Source: UBS Global Investment Returns Yearbook 2025

It continued in 2025 and as a consequence, the top ten stocks were 39% of the value of the S&P 500 Index (‘S&P’) at the end of 2025 and provided 50% of the total return it delivered in USD.

Is this different to the past?

US Market Concentration Over Last 125 years



Source: UBS Global Investment Returns Yearbook 2025

This second chart shows that the last time the US market value was this concentrated was in 1930. What happened next? It took until 1954 for the S&P to regain its 1930 high. Although this is regarded as prehistoric by most investors today it is wise to remember that the S&P (not the NASDAQ) did not regain its 2000 high until 2007 and then promptly lost it again in the Credit Crisis until 2013. When bubbles burst they can cause many lost years or even decades.

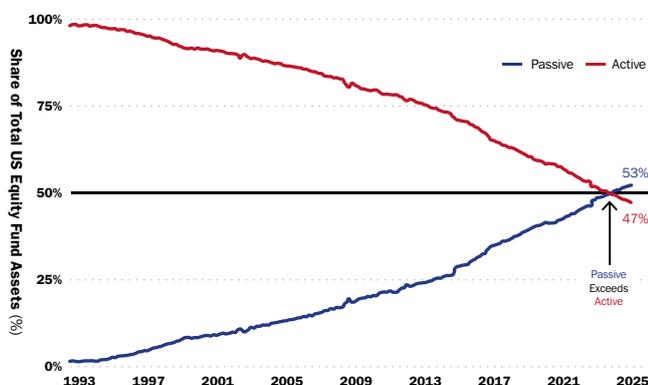
It was difficult to even perform in line with the index in recent years if you did not own most of these stocks in their market weightings, and we would not do so even if we became convinced that they were all good companies of the sort we seek to invest in, which we are not. It would in our view represent too much of a portfolio risk to own them all, just as we would not own all five of the drinks companies we have in our Investible Universe even if we thought that prospects for the sector were good. Our Fund is a portfolio, not a sectoral bet.

2. The Growth of Assets in Index Funds

The rise of the Magnificent Seven and the AI stocks also had a strong tailwind from the increase in assets held in index funds. In 2023 the proportion of equities held in index tracking funds passed 50% for the first time.

Investment Manager's review (continued)

Active vs Passive Fund Share of US Equity Fund Assets



Source: Research Affiliates, Data as at 31st Dec 2024

The financial services industry sometimes does not aid understanding with the labels it employs. Index funds and index ETFs are often labelled 'passives' in contrast with 'active' funds, like Fundsmith Sustainable Equity Fund, which have a fund manager making investment decisions. The 'passives' mostly track the index they invest in by holding the stocks in proportion to their market value. Far from being passive in any normally accepted sense of the word, this makes them a momentum strategy.

A momentum investment strategy is one in which the investor buys stocks which are performing strongly. If you redeem money from an active fund like Fundsmith and invest it in an S&P 500 Index tracker fund your new fund will buy the index stocks in proportion to their market value. Currently about 7% of it will go into Nvidia which we do not own. About 35% will go into the Magnificent Seven of which we own only two stocks – Alphabet and Microsoft. This gives added momentum to those stocks we do not own which are a major part of the index.

John Bogle, the pioneer of index investing who founded Vanguard, the index fund manager, was asked at the 2017 Berkshire Hathaway annual meeting if there was a level of assets in index funds which would distort markets and he agreed that there was, although he had no method of determining that level. We may already have reached it.

In 2021 the National Bureau of Economic Research ('NBER') in Cambridge, Massachusetts published research entitled 'In search of the origins of financial market fluctuations: the

inelastic markets hypothesis'. You may not have heard of this as it is not the sort of thing to take for a read on a long flight. However, it has some startling revelations which are relevant to the current market.

It starts with the seemingly uncontroversial assertion that \$1 (or \$1m or \$1bn) switched between either stocks or bonds (or any other switch) does not affect the intrinsic value of either. If you redeem funds from an active fund like Fundsmith to place them in an index fund it does not alter the valuation of the stocks we have to sell to fund the redemption or the stocks that the index fund buys. However, the NBER paper shows that in reality such a switch has a multiplier effect of anything from 3:1 to 8:1, an average of about 5.5:1. The inflow from such switches pushes up the value of the stocks purchased by an average of five times the amount invested. To say this flies in the face of fundamental investment theory would be a masterly understatement.

The NBER paper attributes this to the inelasticity of demand and supply for equities. Over 50% of equities are in index funds which have no discretion over what they buy. Moreover, some portion of the so-called active funds which are left are managed in a way that makes them unlikely to bet against what is happening in the index. Apart from any mandate restrictions, fund managers have long realised the career preserving nature of so-called closet indexing in which they do not stray far from the index weightings. Given our experience in recent years, who can blame them?

The NBER research could in one sense be regarded as a statement of the blindingly obvious impact of the rise of index funds, but what is far from obvious is the scale of that impact. Nor does the fact that something may seem obvious, once it is explained, mean that it should then be ignored.

It may make no fundamental sense to buy Tesla shares on a Price Earnings Ratio ('PE') of 327 (which is its current rating) but it is the ninth largest company in the S&P 500 Index by value so not holding it is a perilous position to take when money is flowing into index funds.

John Bogle was right. The increasing proportion of equities held by index funds are invested without any regard to the quality or valuation of the shares bought which produces dangerous distortions.

Investment Manager's review (continued)

Contrary to popular belief, the stock market is not a substitute for online casinos but rather a mechanism for valuing companies, raising capital and providing liquidity. When this becomes distorted the result is often a major misallocation of capital.

Sir John Templeton, who founded the eponymous investment management group, once said, 'The four most dangerous words in investing are: This time it's different'. He was pointing out that there are always people who are willing to rationalise outbursts of investment mania but they are always proven wrong when the bubble bursts and investment fundamentals reassert themselves.

We have seen this before, not only in the Dotcom boom and bust, but in other examples such as the Japanese market in the late 1980s. Then we were told that the PE of over 50 on the Nikkei Index was OK because Japanese accounting was conservative. In fact the market was just over-valued. After the subsequent fall in the Nikkei it took until 2024 for the index to regain the peak it attained in 1989.

When companies and/or investors are encouraged by soaring share prices and valuations to believe that capital is almost free, some disastrous investment decisions follow. They seem to act as though the cost of the capital that companies are investing is to some degree the reciprocal of their PE ratio. So, a PE of 50 equates to a cost of capital of 2% ($100 \div 50$). This is utter nonsense.

The cost of equity does not vary inversely with the valuation and is perhaps best estimated by the cost of so-called risk-free capital, being the yield on long-dated government bonds plus what is called an equity risk premium. It is not a bad starting point when trying to estimate a cost of equity capital to look at the long-term return on equities as it is in effect an opportunity cost: what return should an investor expect from equity investment over the long term? That is what they should demand as a cost of supplying equity by owning shares – the cost of equity capital. US equities have averaged a return of about 9% p.a. over the past century. It certainly isn't 2%.

If companies or investors start making decisions which deviate much from that assumption based upon soaring share valuations the outcome will be disastrous. In 2000 Vodafone, the UK based mobile phone operator which was one of the leaders in the Dotcom boom, bid for Mannesmann, the German mobile operator. At the time Vodafone was on a PE of 54 and Mannesmann was on a PE of 56. That points to another fallacy – managements often justify what they are paying for assets in booms and bubbles by the fact that they are paying by issuing over-valued or highly-valued shares. Hang on a minute, what does that imply for investors? We can see the results insofar as Vodafone's shares peaked at a value of 570p in 2000 when it bid for Mannesmann and they are now trading at 99p. When value is destroyed by bad capital investment decisions there is always a reckoning.

Perhaps the executives running some of the leading AI companies have a clear view of the future and can foresee that AI will produce not just a transformation in our lives and the way we work but also incremental cash flows such that the returns on the humongous amounts of capital they are investing will be adequate or better than adequate. But if not, we can expect Sir John Templeton's adage to be proven to be right once again, albeit maybe after a longer period and larger scale of irrational exuberance than we have seen in the past, driven by the momentum of index investing.

However, even if we are right in diagnosing this move to index funds as one of the causes of our recent underperformance and it is laying the foundations of a major investment disaster, I have no clue how or when it will end except to say badly.

With sincere respect to the late Sir John Templeton whom I quoted earlier, I think this time it may be different. Not in the sense that the Magnificent Seven/AI boom is different but rather in the scale it may attain and how long it may persist. When we had the Dotcom boom the proportion of AUM which was in index funds was under 10%. The dominance of index funds now makes the rise of these large stocks a self-fulfilling prophecy.

Investment Manager's review (continued)

3. Dollar weakness

Just to add to the headwinds, the US dollar fell against the euro from about \$1.04/EUR at the start of the year to \$1.17 at year end:

USD vs EUR Exchange Rate



Source: Bloomberg

I doubt this reflects relative strength of the Eurozone economy or satisfaction with government policy. The Trump administration is obviously keen to see interest rates lower and to reduce the trade deficit. Neither of these aims is compatible with a strong dollar.

Dollar weakness can also be seen in the price of gold which is at a 50 year high of \$4,319 per ounce. There is lots of speculation about the reasons for the strength of the gold price but to some extent I view it as an expression of weakness in the currency in which gold is priced.

This affects the EUR value of our Fund since the majority of the companies are listed in the United States and more importantly that is their biggest single source of revenue.

I hope that all of this may go some way towards explaining what we have been facing in terms of competition from index funds and the performance of large tech companies in particular in recent years with the added handicap of dollar weakness.

These events have convinced me that Tommy Docherty was an optimist. In the week when he was fired as manager of Manchester United and his wife filed for divorce he said, 'In life when one door closes, another slams in your face'. I think I know how he felt.

Perhaps a more pertinent question is what are we going to do about it?

We could:

1. Start buying stocks in all the large companies which dominate the indices, and/or
2. Become momentum investors who buy shares which are performing strongly irrespective of their fundamental merits.

We are not going to do either. If you want an index fund you can buy one with much lower costs than we or any other active investment manager apply. Nor are we momentum investors and there are better exponents of this investment strategy than us. I would just offer one note of caution if you are thinking of taking this approach. Good momentum investors in my experience buy shares which are going up and sell them when they start going down. They do not convince themselves, for example, that because they have bought Nvidia shares when they are going up, they know what is going to happen with AI or GPUs.

We won't be buying shares in companies simply because they are large and dominate the index weightings and performance unless we become convinced that they are good businesses of the sort we wish to own which have long term relatively predictable sources of growth and more than adequate returns on the capital they invest.

Whilst we are going to stick to our investment strategy we will of course seek to do it better. We are fans of many of the late Charlie Munger's pronouncements but the one which best applies here is 'Any year that you don't destroy one of your best-loved ideas is probably a wasted year.' More to follow.

Looking at individual stock contribution to performance in 2025 as usual I prefer to start with the problems. The bottom five detractors from the Fund's performance in 2025 were:

Stock	Attribution
Novo Nordisk	-2.1%
Greggs	-1.8%
Church & Dwight	-1.6%
Zoetis	-1.3%
Procter & Gamble	-1.2%

Source: Northern Trust

Investment Manager's review (continued)

Novo Nordisk managed to reaffirm my belief that you should never say 'Things can't get any worse'. The company has parlayed a market leading position in what is probably the most exciting drug development for about three decades into a secondary position and has failed to prevent illegal generic competition in its core US market.

One of our mantras has been that we should always invest in businesses which could be run by an idiot so that performance is not heavily reliant upon management. We have been made painfully aware that the range of businesses which can be run by an idiot is much more limited than we thought and hereafter we will aim to be more aware of the impact that poor management can have. Our experience also suggests that when we encounter poor management, engagement to change it is less effective than selling the shares. Meanwhile Novo Nordisk has appointed a new CEO and made wholesale board changes and the present rating (a PE of 13) appears to us to be expecting very little. If we did not already own it I suspect we would contemplate buying it as a good business which has been depressed by a 'glitch', albeit a rather large glitch.

Greggs has suffered in the general malaise surrounding the UK hospitality sector. Although the shares look cheap to us on a PE of 11 with still growing units and sales, they have become cheaper whilst we held them.

Church & Dwight, the consumer staples business, seems to be suffering from the fact that the mixed fortunes of different groups of consumers in the US economy, far from driving consumers towards its discount products, is instead impoverishing those consumers who naturally gravitate towards them.

Zoetis is the leading maker of veterinary pharmaceuticals. We began buying after concerns had surfaced about side effects from its drug for pain in osteoarthritis in dogs. The shares have continued to be weak but we feel sure that the secular tailwinds from increased spending on pets' medical care will support the business.

Procter & Gamble was caught up in the general malaise surrounding consumer staples which have been adversely affected as the air has been sucked out of the room by the race to invest in AI.

In an age in which analysts rely on spoon fed forecasts in the form of 'guidance' and there is limited liquidity as the NBER paper suggests, results which fall short of optimistic guidance can produce spectacularly bad share price movements.

For the year, the top five contributors to the Fund's performance were:

Stock	Attribution
Alphabet	+1.9%
IDEXX	+1.8%
L'Oréal	+0.5%
Microsoft	+0.3%
Mettler-Toledo	+0.2%

Source: Northern Trust

Alphabet makes its first appearance.

IDEXX, the veterinary diagnostic equipment business, makes its second appearance having resurrected its position from being a detractor last year when it was suffering from the ebbing of the Covid era mania for pet adoption.

L'Oréal appears for the second time and benefitted from the recovery in the China market and outperformed the beauty category in sales performance, as usual.

Microsoft enters the top five contributors for the second time. Whilst we gratefully accept this performance we remain wary of the impact of the AI hype/boom.

Mettler Toledo has begun to bounce back for the effects of its logistics problem in Europe and the downturn in China.

We continue to apply a simple four step investment strategy:

- Buy good companies
- Sustainability screen
- Don't overpay
- Do nothing

I will review how we are doing against each of those in turn.

As usual we seek to give some insight into the first and most important of these – whether we own good companies – by giving you the following table which shows what Fundsmith Sustainable Equity Fund would be like if instead of being a fund it was a company and accounted for the stakes which it owns in the portfolio on a 'look-through' basis, and compares this with the market, in this case the FTSE 100 and the S&P 500 Index. This also shows you how the portfolio has evolved over time.

Investment Manager's review (continued)

Year ended	Fundsmith Sustainable Equity Fund SICAV Portfolio					S&P 500	FTSE 100
	2021	2022	2023	2024	2025	2025	2025
ROCE	28%	31%	34%	32%	30%	17%	17%
Gross Margin	61%	61%	60%	60%	60%	45%	43%
Operating Margin	25%	26%	29%	27%	26%	18%	17%
Cash Conversion	97%	88%	93%	92%	94%	89%	99%
Interest Cover	20x	19x	20x	24x	34x	9x	8x

Source: Fundsmith LLP/Bloomberg.

ROCE (Return on Capital Employed), Gross Margin, Operating Margin and Cash Conversion are the weighted mean of the underlying companies invested in by the Fundsmith Equity Fund and mean for the FTSE 100 and S&P 500 Indices. The FTSE 100 and S&P 500 numbers exclude financial stocks. Interest Cover is median. 2018–2019 ratios are based on last reported fiscal year accounts as of 31st December and for 2020–25 are Trailing Twelve Months and as defined by Bloomberg. Cash Conversion compares Free Cash Flow per Share with Net Income per Share

In 2025 return on capital, gross margins and operating profit margins were all high and steady.

Consistently high returns on capital are one sign we look for when seeking companies to invest in. Another is a source of growth — high returns are not much use if the business is not able to grow and deploy more capital at these high rates. So how did our companies fare in that respect in 2025? The weighted median free cash flow (the cash the companies generate after paying for everything except the dividend, and our preferred measure) grew by 13%.

From a fundamental perspective, which is what we seek to focus on, we are confident that our portfolio companies will continue to perform well over the business and market cycles. The quality of our portfolio companies is as high as it has ever been and collectively they continue to grow free cash flow quicker than the historical average of the portfolio. The underlying business performance remains our primary focus. If we get that right then our Fund will emerge with the intrinsic value of its investments maintained or enhanced, as sooner or later, share prices reflect fundamentals, not the other way around.

Encouragingly, the average year of foundation of our portfolio companies at the year-end was 1926. Collectively they are a little under a century old.

The only metric which continues to lag its historical performance is cash conversion — the degree to which profits are delivered in cash. Although this recovered slightly to 94% in 2025, this is still below its historical level of around 100%. This was due to a sharp rise in capital expenditure at a small group of companies:

Alphabet and Microsoft. The tech companies are in a race to build capacity for AI in the form of GPU chips and data centres. Whether this arms race produces adequate profits and returns for the amounts expended remains an open question.

As we can see, our tech companies are ramping up of capital expenditure along with Amazon and Meta:

Capex For Major Tech Companies

\$bn	2020	2021	2022	2023	2024	2025E	2026E
Alphabet	22.3	24.6	31.5	32.3	52.5	85.3	91.8
Amazon	40.1	61.1	63.6	52.7	83.0	113.8	124.1
Meta	15.2	18.7	31.4	27.3	37.3	68.5	96.3
Microsoft ¹	15.4	20.6	23.9	28.1	44.5	64.6	86.0
Total	93.0	125.0	150.4	140.4	217.3	332.2	398.2

¹Microsoft year to June

Source: Fundsmith

And this table does not include some companies which have major capex commitments like Oracle which has announced it will spend some \$50 billion in 2025/6 or CoreWeave which is predicting around \$25 billion of capex in 2026.

When commentators discuss the future of Artificial Intelligence and whether there is a bubble in AI investments they often seem to miss the point. AI may have a profound effect on our lives and employment but that does not guarantee that investment in it will attain an adequate return or that returns will gravitate to the present incumbents.

Investment Manager’s review (continued)

One company which intrigues us in this respect is Apple. Depending upon your point of view it has either been left behind in the scramble to build Large Language Models (‘LLMs’) and hyperscale to provide AI infrastructure or it has opted out of the race. As a result, its capital expenditure in 2025 was a mere \$12 billion which pales into insignificance in comparison with the companies in the table above.

It may be making a virtue of necessity but maybe Tim Cook the CEO is working on an old adage, ‘You don’t have to own a cow to sell milk’. Apple has its devices and about a billion mostly high-end consumers locked into them and increasingly into its services. It seems unlikely that there will be a shortage of LLMs that the hyperscalers will want to offer Apple for iPhone users. If this is indeed the business model Apple is relying on it may not bode well for the LLM developers and/or hyperscalers’ profitability.

The second leg of our strategy is to employ a negative sector-based sustainability screen, excluding companies operating in sectors with excessive sustainability-related risk (aerospace and defence, brewers, distillers and vintners, casinos and gaming, gas and electric utilities, metals and mining, oil, gas and consumable fuels, pornography and tobacco). We then assess company sustainability in the widest sense, evaluating a business’s handling of risks and opportunities and their policies and practices covering research and development, new product innovation, dividend payments, and the adequacy and productivity of capital investment.

One of the metrics we use to assess sustainability risks is RepRisk’s RepRisk Index (RRI), which measures a company’s current reputational risk exposure based on controversies over the last 24 months. At the end of December 2025, the weighted average RepRisk Index for our portfolio was 28.5, higher than the 27.3 at the start of the year and lower than the MSCI World’s weighted average of 34.5. This implies that, on average, our portfolio has a lower exposure to reputational risks relating to sustainability factors than the MSCI World.

The portfolio’s RepRisk Index rose over the year, partly due to increases in the RRI at Marriott and IDEXX of 23 and 17, respectively. This was offset by the addition of Intuit, Wolters Kluwer, and EssilorLuxottica to the portfolio, all of which had lower RRIs than Mastercard, which was sold from the portfolio.

Marriott’s RepRisk increased after a guest of its St. Regis hotel brand alleged that they were sexually harassed by a staff

member in the US. IDEXX’s increase is due to its inclusion in a PETA report on animal testing. IDEXX usually experiences very little negative news, which means the scale of the RRI increase is larger. IDEXX creates machines for vets to use to diagnose pets, so it shouldn’t be that surprising that they are involved in animal testing, given it’s their main business.

At the end of 2025, the four companies with the highest RepRisk Index scores were:

Stock	RepRisk
Alphabet	64
Microsoft	58
Marriott	52
Novo Nordisk	49

Source: RepRisk

Marriott and Novo Nordisk have replaced Unilever and P&G in this list, respectively, with the top two remaining unchanged.

Alphabet and Microsoft are among the largest companies in the world, and their products and services are used by millions of people every day. As a result, both companies are subject to extensive media coverage. This inflates their RRI beyond what we would consider an accurate reflection of their negative impacts. Both companies faced continued antitrust scrutiny in the US and Europe in 2025, which contributed to their high RRIs.

We expect the companies we invest in to manage this regulatory risk effectively and do not currently think that Microsoft or Alphabet are excessively abusing their market position. One reason Microsoft and Alphabet have such strong positions is their continued success in developing superior products and services compared to their competitors.

At the end of 2025, the four companies with the lowest RepRisk Index scores were:

Stock	RepRisk
Waters	0
Mettler-Toledo	0
Wolters Kluwer	5
ADP	11

Source: RepRisk

Investment Manager’s review (continued)

Waters and Mettler-Toledo remain on the list from 2024, and this year are joined by payroll company ADP and new holding Wolters Kluwer, which provides expert information and software to accountants, lawyers, doctors and other professionals.

We use the RepRisk Index scores in two ways. First, to capture any coverage relating to the companies in the Fund’s investable universe that we may have missed in our routine research. Second, as a proxy for the absolute negative impacts a company has, particularly on society. While environmental impacts are relatively easy to measure (e.g., greenhouse gas emissions) and therefore assess, aggregate, and scrutinise both absolutely and relatively across companies, impacts on society are often qualitative and much more challenging to assess objectively. Hence, we use the RRI as a proxy for evaluating these negative impacts. However, it isn’t perfect for our uses as mentioned above. Companies with larger public profiles, such as Alphabet and Microsoft, receive significantly more media coverage than many of the other names in the Fund’s investable universe, which inflates their RRI scores beyond what we would deem to be a fair reflection of their impact. Further, companies that are rarely subject to negative press experience excessively large RRI increases when news does appear. This ‘novelty’ factor makes sense for reputational risk but is imprecise for measuring the scale, both absolute and relative, of net negative impact, especially given that it doesn’t consider the positive impacts of a company’s products and services.

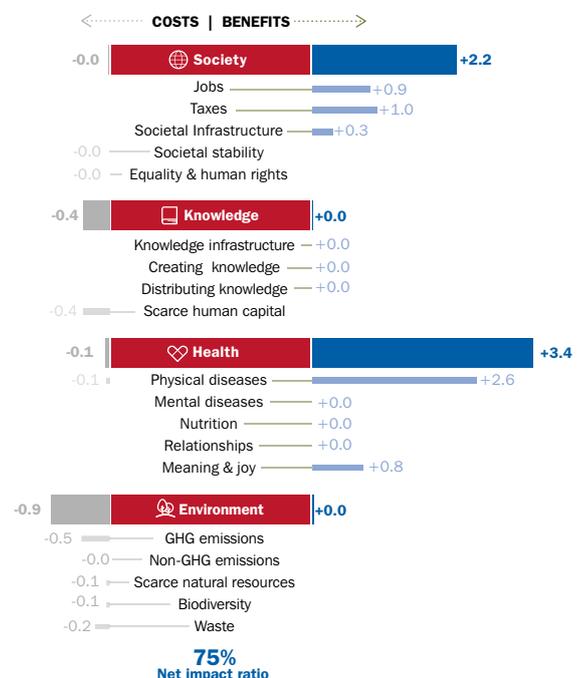
With this in mind, we have come across and started using data from a Finnish company called The Upright Project. It uses a science-based approach to calculate a business’s net impact by accounting for upstream and downstream impacts, based on the products and services it produces. The company uses academic studies and proprietary modelling to quantify the net impact of over 150,000 products and services.

Upright’s net impact model comprises two main parts: a macro model and a company model. The macro model uses a database of over 200m scientific articles and Upright’s own deep learning algorithm to calculate the negative, positive, and net impact of a product or service. The company model then aggregates the positive and negative impacts of all the products/services sold by a company, proportional to revenues, to calculate the net impact of the overall business.

A company’s net impact ratio is expressed as a percentage, with a positive score indicating a net positive impact and a negative score indicating a net negative impact. A score of 10%, for example, would suggest that a company produces 10% more positive impacts from its products and services than negative impacts. The net impact of a product/service is measured across four dimensions: environment, health, society, and knowledge, which we think is a better reflection of the impact companies have.

Below is an example of the scorecard for EssilorLuxottica, the company ranked with the highest positive impact in the portfolio

EssilorLuxottica Net Impact Breakdown



Ranks in the **top 3%** across the global universe of companies

Source: Data from Upright

This provides a much clearer breakdown of the company's impact across the different subcategories and greater transparency into what drives these scores. EssilorLuxottica makes the vast majority of prescription lenses worldwide, which is why it has a significant positive benefit on Physical Diseases. With 5.6 positive impacts and just -1.4 negative impacts it has an overall 75% net impact ratio ((5.6-1.4)/5.6).

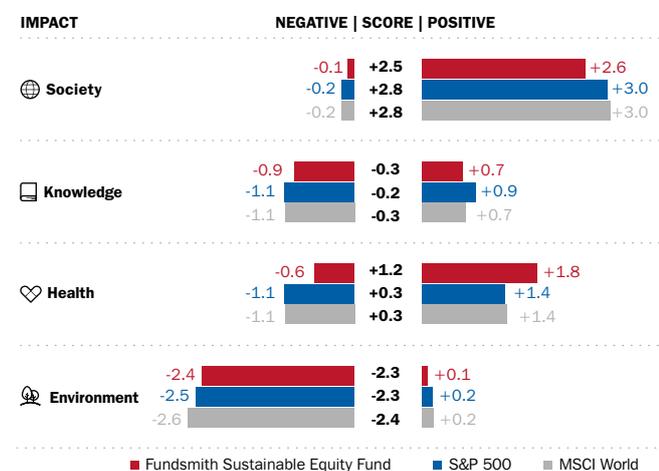
We have been using data from the Upright Project for about a year to inform the net-negative impact assessment. We are also going to start using it in the annual sustainability summary and quarterly Sustainability Factsheets instead of the RepRisk data, as we think it provides a more accurate proxy of a company's impact on society and the environment.

Overall, the Fundsmith Sustainable Equity Fund performs similarly to the MSCI World in the 'Knowledge' and 'Environment' but significantly outperforms in the 'Health', mainly due to our higher exposure to healthcare companies.

The Fund slightly underperforms the index in 'Society', largely due to underperformance in the societal infrastructure subcategory. The main topics considered in societal infrastructure are energy, transportation, water and sanitation, and industrial infrastructure, areas in which we do not invest. The result is that our companies' positive contribution to these areas is lower than that of the MSCI World, not because the companies in which we invest have a higher negative impact.

Overall, the Fundsmith Sustainable Equity Fund has a net impact ratio of 22% compared to 10% for the S&P 500 and 7% for the MSCI World, with the scores split by category as below:

Net Impact Ratio



Source: Data from Upright

The companies held in the Fundsmith Sustainable Equity Fund also continue to show their commitment to reducing their contribution to climate change. At the end of 2025, companies which are responsible for 94% of the Fund's emissions had already set 1.5°C-aligned emission reduction targets under the Science Based Targets initiative (SBTi), with a further 4% of the Fund's emissions being in the process of doing so. Furthermore, 80% of the portfolio by weight had climate targets approved by the SBTi, compared to 21% of the MSCI All Country World Index¹ and 88% of the Fund's emissions were covered by a company-wide target to reach net zero emissions by at least 2050.

The third leg of our strategy is about valuation. The weighted average free cash flow ('FCF') yield (the free cash flow generated as a percentage of the market value) of the portfolio at the outset of 2025 was 3.2% and ended the year at 3.6%. The year-end FCF yield of the S&P 500 was 2.8% and MSCI World was 3.1%. Our portfolio stocks have become a lot more lowly valued than the S&P as the free cash flow of many of the major stocks which now dominate the index has shrunk or disappeared in the face of massive capex spending on AI.

Our portfolio consists of companies that are fundamentally a lot better than the average of those in the S&P 500, and in the past we have explained that it is no surprise if they are valued more highly than the average S&P 500 company. In itself this does not necessarily make the stocks expensive, any more than a lowly rating makes a stock cheap but they are now significantly cheaper than the S&P. But it also raises an obvious concern about what will happen to the market.

Turning to the fourth leg of our strategy, which we succinctly describe as 'Do nothing', minimising portfolio turnover remains one of our objectives and this was again achieved with a portfolio turnover of 18.3% during the period. It is perhaps more helpful to know that we spent a total of just 0.02% (two basis points) of the Fund's average value over the year on voluntary dealing (which excludes dealing costs associated with subscriptions and redemptions as these are involuntary). We sold one company, purchased three and received a holding in Magnum Ice Cream which was spun out from Unilever. As last year this may seem like a lot of names for what is not a lot of turnover as in some cases the size of the holding sold or bought was small. We have held fourteen of the portfolio's 27 companies since inception in 2021.

Why is this important? It helps to minimise costs and minimising the costs of investment is a vital contribution to achieving a satisfactory outcome as an investor. Too often investors, commentators and advisers focus on, or in some cases obsess about, the Annual Management Charge ('AMC') or the Ongoing Charges Figure ('OCF'), which includes some costs over and above the AMC, which are charged to the Fund. The OCF for 2025 for the T Class

¹<https://www.msci-institute.com/wp-content/uploads/2025/11/MSCI-Transition-Finance-Tracker-Q3-2025-201125.pdf>

Accumulation shares was 1.12% (I Class shares 0.97%). The trouble is that the OCF does not include an important element of costs – the costs of dealing. When a fund manager deals by buying or selling, the fund typically incurs the cost of commission paid to a broker, the bid-offer spread on the stocks dealt in and, in some cases, transaction taxes such as stamp duty in the UK. This can add significantly to the costs of a fund, yet it is not included in the OCF.

We provide our own version of this total cost including dealing costs, which we have termed the Total Cost of Investment ('TCI'). For the T Class Accumulation shares in 2025 the TCI was 1.19% (I Class shares 1.04%), including all costs of dealing for flows into and out of the Fund, not just our voluntary dealing. We are pleased that our TCI is just 0.07% (7 basis points) above our OCF when transaction costs are taken into account. However, we would again caution against becoming obsessed with charges to such an extent that you lose focus on the performance of funds. It is worth pointing out that the performance of our Fund tabled at the beginning of this letter is after charging all fees which should surely be the main focus.

We sold our stake in Mastercard and started purchasing stakes in EssilorLuxottica, Intuit and Wolters Kluwer during the year.

We reduced the Fund's exposure to payment processors by selling our stake in Mastercard ahead of the Trump administration proposals to cap rates on credit card lending.

EssilorLuxottica arose from the merger of French and Italian companies which dominate the market for eyeglasses, both frames and lenses. There is a tailwind for this business from people who do not yet have access to vision correction. In addition, it has some interesting innovations such as the Stellest lenses which help prevent deterioration for children with myopia and of course the Meta AI glasses.

We previously sold a position we held in Intuit, the accounting and tax software company, after it acquired Mailchimp in 2021 because we felt that Mailchimp fell outside its circle of

competence and they paid about three times the right price, something which they attempted to justify by pointing out that half the consideration paid was in Intuit shares. What this implied about their valuation seemed obvious to us. For a while after we sold the shares AI hype drove the price but latterly the poor performance of the Mailchimp acquisition has become evident and reflected in the share price. We have started to rebuild a stake in the hope that the management has learned from the debacle.

Wolters Kluwer is the leader in technical publishing used by professionals in health, tax, accounting, risk & compliance and legal. It seems to have become viewed as an AI disruption victim but this seems about as true as the now discredited view that Adobe and Intuit were AI beneficiaries. This view has driven the PE to <19x and it is still growing at c.5% p.a. with a ROIC of 18% and ROE of about 50%.

We intend to continue holding a portfolio of good businesses in the hope and expectation that their strong fundamental returns will shine through into superior share price and fund performance over the long term and that in the interim our fund will prove relatively immune from any shocks which arise if or when the present extraordinary market conditions unwind.

Finally, once more I wish you a happy New Year and thank you for your continued support for our Fund.

Yours sincerely,



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.

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

Fundsmith SICAV - Fundsmith Sustainable Equity Fund, which is the subject of this document, does not relate to a collective investment scheme which is authorised under section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or recognised under section 287 of the SFA. This document has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of units in the Fund may not be circulated or distributed, nor may units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than 1. To an institutional investor under section 304 of the SFA; or 2. To a relevant person pursuant to section 305(1) of the SFA or any person pursuant to section 305(2) of the SFA (and such distribution is in accordance with the conditions specified in section 305 of the SFA); or 3. Otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. In particular, for investment fund that are not authorised or recognised by the MAS, units in such funds are not allowed to be offered to the retail public. This document and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply and investors should consider carefully whether the investment is suitable for them. In particular, for investment fund that are not authorised or recognised by the MAS, units in such funds are not allowed to be offered to the retail public. This document and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply and investors should consider carefully whether the investment is suitable for them.

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 and FE Analytics unless otherwise stated. Data is as at 31st December 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. P/E ratios and Free Cash Flow Yields are based on trailing twelve month data and as at 31st December 2025 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 earned if you had invested in Government Debt. The € Interest Rate shows what you might have earned 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 financial 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.

To the Shareholders of
Fundsmith SICAV
10, rue du Château d'Eau
L - 3364 Leudelange

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

Opinion

We have audited the financial statements of Fundsmith SICAV (the "SICAV") and of each of its sub-funds, which comprise the statement of net assets and the portfolio of investments as at December 31, 2025, and the statement of operations and 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 the SICAV and of each of its sub-funds as at December 31, 2025, and of the results of their operations and changes in their 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 July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *réviseur d'entreprises agréé* for the Audit of the Financial Statements" section of our report. We are also independent of the SICAV in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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 stated in the annual report but does not include the financial statements and our report of the *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 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.

Responsibilities 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 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 SICAV'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 SICAV 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

The objectives of our audit 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 the *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 dated July 23, 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 dated July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism 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 SICAV'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 the 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 SICAV'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 SICAV 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*

Elisabeth Layer, *Réviseur d'entreprises agréé*
Partner

February 26, 2026

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Statement of Net Assets as at 31 December 2025

	Notes	Combined EUR	Fundsmith Equity Fund EUR	Fundsmith Sustainable Equity Fund EUR
Assets				
Investments at market value	2(c)	5,995,670,814	5,925,636,719	70,034,095
Cash at bank	2(c)	61,373,389	60,514,416	858,973
Subscriptions receivable	2(c)	4,780,483	4,778,970	1,513
Dividend income receivable	2(f)	3,608,743	3,593,404	15,339
Bank interest receivable	2(d)	46,026	44,985	1,041
Total assets		6,065,479,455	5,994,568,494	70,910,961
Liabilities				
Redemptions payable	2(c)	(17,054,960)	(17,032,616)	(22,344)
Due to brokers	2(g)	(3,320)	(3,320)	–
Management fees payable	3(a)	(5,262,010)	(5,205,014)	(56,996)
Depositary fees payable	3(c)	(93,241)	(90,691)	(2,550)
Administration fees payable	3(b)	(98,352)	(90,306)	(8,046)
Subscription tax payable	4	(344,679)	(342,568)	(2,111)
Professional fees payable		(19,699)	(19,467)	(232)
Other liabilities		(165,145)	(150,700)	(14,445)
Total liabilities		(23,041,406)	(22,934,682)	(106,724)
Total net assets		6,042,438,049	5,971,633,812	70,804,237

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

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Statement of Operations and Changes in Net Assets for the year ended 31 December 2025

	Notes	Combined EUR	Fundsmith Equity Fund EUR	Fundsmith Sustainable Equity Fund EUR
Net assets at the beginning of the year		8,857,420,544	8,459,861,933	397,558,611
Income				
Dividend income	2(f)	84,510,990	81,166,496	3,344,494
Bond interest	2(e)	695,736	688,532	7,204
Net bank interest	2(d)	2,611,356	2,531,493	79,863
Total income		87,818,082	84,386,521	3,431,561
Expenses				
Management fees	3(a)	(73,475,629)	(71,043,811)	(2,431,818)
Depositary fees	3(c)	(1,105,932)	(1,067,294)	(38,638)
Administration fees	3(b)	(1,095,308)	(988,727)	(106,581)
Subscription tax	4	(1,500,457)	(1,478,279)	(22,178)
Professional fees		(56,362)	(55,824)	(538)
Directors' fees	3(d)	(80,000)	(76,540)	(3,460)
Other expenses		(326,552)	(307,697)	(18,855)
Total expenses		(77,640,240)	(75,018,172)	(2,622,068)
Net investment income		10,177,842	9,368,349	809,493
Net realised gain/(loss) on:				
Investments	2(c), 2(j)	1,101,280,335	1,075,852,453	25,427,882
Foreign currency	2(b)	(19,783,531)	(19,632,091)	(151,440)
Net realised gain for the year		1,081,496,804	1,056,220,362	25,276,442
Net change in unrealised loss on:				
Investments	2(c)	(1,505,562,035)	(1,440,812,033)	(64,750,002)
Foreign currency	2(b)	(179,517)	(123,132)	(56,385)
Net change in unrealised loss for the year		(1,505,741,552)	(1,440,935,165)	(64,806,387)
Decrease in net assets as a result of operations		(414,066,906)	(375,346,454)	(38,720,452)
Movements in share capital				
Subscriptions		748,721,148	733,052,215	15,668,933
Redemptions		(3,148,388,800)	(2,844,713,000)	(303,675,800)
Distribution paid	5	(1,247,937)	(1,220,882)	(27,055)
Decrease in net assets as a result of movements in share capital		(2,400,915,589)	(2,112,881,667)	(288,033,922)
Net assets at the end of the year		6,042,438,049	5,971,633,812	70,804,237

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

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Statistical Information

Net Assets

		Currency	31 December 2025	31 December 2024	31 December 2023
Fundsmith Equity Fund					
Net asset value per:					
T Class Accumulation Shares	EUR		61.31	64.18	56.49
T Class Income Shares	EUR		57.66	60.41	53.24
CHF T Class Accumulation Shares*	CHF		10.17	–	–
CHF T Class Income Shares*	CHF		10.17	–	–
USD T Class Accumulation Shares	USD		11.68	10.84	10.15
USD T Class Income Shares	USD		11.65	10.82	10.15
I Class Accumulation Shares	EUR		62.42	65.25	57.35
I Class Income Shares	EUR		57.92	60.66	53.46
CHF I Class Accumulation Shares	CHF		41.22	43.61	37.70
CHF I Class Income Shares	CHF		38.18	40.48	35.07
GBP I Class Accumulation Shares	GBP		42.72	42.46	39.07
GBP I Class Income Shares	GBP		40.43	40.26	37.15
USD I Class Accumulation Shares	USD		40.82	37.81	35.36
USD I Class Income Shares	USD		38.20	35.47	33.26
R Class Accumulation Shares	EUR		57.31	60.29	53.34
R Class Income Shares	EUR		56.23	59.16	52.33
USD R Class Accumulation Shares	USD		11.46	10.68	10.06
USD R Class Income Shares	USD		11.46	10.68	10.06
Total net assets	EUR		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		11.81	13.21	11.68
T Class Income Shares	EUR		11.70	13.20	11.69
I Class Accumulation Shares	EUR		11.89	13.28	11.73
I Class Income Shares	EUR		11.82	13.23	11.72
CHF I Class Accumulation Shares	CHF		10.07	11.38	9.89
CHF I Class Income Shares*	CHF		10.02	–	–
GBP I Class Accumulation Shares	GBP		12.01	12.76	11.80
GBP I Class Income Shares	GBP		11.97	12.73	11.79
USD I Class Accumulation Shares	USD		11.59	11.48	10.79
USD I Class Income Shares	USD		11.51	11.44	10.78
R Class Accumulation Shares	EUR		11.52	12.95	11.52
R Class Income Shares*	EUR		11.52	–	11.52
Total net assets	EUR		70,804,237	397,558,611	337,016,233

* Share class launched during the year ended 31 December 2025. Please refer to Note 1.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Statistical Information (continued)

Changes in Shares Outstanding

	Currency	Balance as at 1 January 2025	Subscriptions	Redemptions	Balance as at 31 December 2025
Fundsmith Equity Fund					
T Class Accumulation Shares	EUR	18,950,726	2,098,931	(7,187,504)	13,862,153
T Class Income Shares	EUR	2,424,762	165,788	(1,215,938)	1,374,612
CHF T Class Accumulation Shares*	CHF	–	72,835	(27,189)	45,646
CHF T Class Income Shares*	CHF	–	1,001	–	1,001
USD T Class Accumulation Shares	USD	9,470,110	617,417	(6,541,881)	3,545,646
USD T Class Income Shares	USD	560,968	123,537	(495,224)	189,281
I Class Accumulation Shares	EUR	19,297,971	2,082,625	(8,808,925)	12,571,671
I Class Income Shares	EUR	4,146,883	132,873	(1,383,954)	2,895,802
CHF I Class Accumulation Shares	CHF	2,485,278	95,588	(829,278)	1,751,588
CHF I Class Income Shares	CHF	576,644	15,292	(289,713)	302,223
GBP I Class Accumulation Shares	GBP	8,131,025	648,450	(4,154,070)	4,625,405
GBP I Class Income Shares	GBP	3,445,625	261,247	(1,764,254)	1,942,618
USD I Class Accumulation Shares	USD	101,090,665	3,284,473	(25,530,837)	78,844,301
USD I Class Income Shares	USD	5,156,724	707,910	(2,984,888)	2,879,746
R Class Accumulation Shares	EUR	13,084,549	3,415,541	(4,681,102)	11,818,988
R Class Income Shares	EUR	901,520	67,792	(341,342)	627,970
USD R Class Accumulation Shares	USD	6,749,627	5,799,250	(2,270,723)	10,278,154
USD R Class Income Shares	USD	18,721	9,168	(7,197)	20,692
Fundsmith Sustainable Equity Fund					
T Class Accumulation Shares	EUR	196,128	18,524	(30,521)	184,131
T Class Income Shares	EUR	2,796	20	–	2,816
I Class Accumulation Shares	EUR	13,237,204	226,006	(12,892,987)	570,223
I Class Income Shares	EUR	101,412	6,450	(96,488)	11,374
CHF I Class Accumulation Shares	CHF	377,243	14,200	(214,399)	177,044
CHF I Class Income Shares*	CHF	–	1,001	–	1,001
GBP I Class Accumulation Shares	GBP	428,580	294	(116,190)	312,684
GBP I Class Income Shares	GBP	439,851	75,488	(128,895)	386,444
USD I Class Accumulation Shares	USD	16,762,974	1,011,918	(13,144,443)	4,630,449
USD I Class Income Shares	USD	1,303,700	50,882	(991,159)	363,423
R Class Accumulation Shares	EUR	65,867	33,580	(22,020)	77,427
R Class Income Shares*	EUR	–	1,000	–	1,000

* Share class launched during the year ended 31 December 2025. Please refer to Note 1.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Portfolio of Investments as at 31 December 2025

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	1,427,542	Coloplast A/S - B	104,561,336	1.75
DKK	5,717,708	Novo Nordisk A/S- B	248,725,717	4.17
Total Denmark			353,287,053	5.92
France				
EUR	223,372	EssilorLuxottica SA	60,176,417	1.01
EUR	241,200	L'Oréal SA	88,315,380	1.48
EUR	458,894	LVMH Moët Hennessy Louis Vuitton SE	293,875,717	4.92
Total France			442,367,514	7.41
Netherlands				
EUR	223,738	Wolters Kluwer NV	19,715,793	0.33
Total Netherlands			19,715,793	0.33
Spain				
EUR	2,293,255	Amadeus IT Group SA	143,420,168	2.40
Total Spain			143,420,168	2.40
Sweden				
SEK	7,377,952	Atlas Copco AB - A	112,837,993	1.89
Total Sweden			112,837,993	1.89
United Kingdom				
GBP	1,876,565	Magnum Ice Cream Co NV	25,341,469	0.42
GBP	5,118,044	Unilever PLC	285,165,247	4.78
Total United Kingdom			310,506,716	5.20
United States				
USD	1,218,952	Alphabet Inc - A	324,195,945	5.43
USD	1,240,943	Automatic Data Processing Inc	273,639,269	4.58
USD	2,519,072	Church & Dwight Co Inc	180,991,180	3.03
USD	1,730,673	Fortinet Inc	118,226,444	1.98
USD	540,142	IDEXX Laboratories Inc	312,604,159	5.24
USD	168,468	Intuit Inc	95,805,207	1.60
USD	1,201,321	Marriott International Inc - A	319,898,870	5.36
USD	479,856	Meta Platforms Inc - A	271,329,431	4.54
USD	217,560	Mettler-Toledo International Inc	261,183,721	4.37
USD	646,403	Microsoft Corp	267,700,746	4.48
USD	2,195,166	NIKE Inc - B	116,583,437	1.95
USD	1,247,324	Otis Worldwide Corp	93,406,730	1.56
USD	2,055,022	Philip Morris International Inc	283,629,873	4.75
USD	1,718,874	Procter & Gamble Co	210,543,206	3.53
USD	1,205,864	Stryker Corp	362,717,187	6.07
USD	692,875	Texas Instruments Inc	103,216,027	1.73
USD	1,002,986	Visa Inc - A	301,387,102	5.05
USD	991,808	Waters Corp	322,911,581	5.41
USD	1,083,340	Zoetis Inc	116,290,467	1.95
Total United States			4,336,260,582	72.61
Total equities			5,718,395,819	95.76
Total transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market			5,718,395,819	95.76

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

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Portfolio of Investments as at 31 December 2025 (continued)

Fundsmith Equity Fund (continued)

Currency	Holdings	Description	Market value EUR	% of net assets
Other transferable securities				
		Equity		
		France		
EUR	566,000	L'Oréal SA - Pref	207,240,900	3.47
		Total France	207,240,900	3.47
		Total equity	207,240,900	3.47
		Total other transferable securities	207,240,900	3.47
		Total portfolio	5,925,636,719	99.23
		Other assets and liabilities	45,997,093	0.77
		Net assets at the end of the year	5,971,633,812	100.00

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

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Portfolio of Investments as at 31 December 2025 (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	35,858	Coloplast A/S - B	2,626,445	3.71
DKK	53,690	Novo Nordisk A/S- B	2,335,566	3.30
		Total Denmark	4,962,011	7.01
France				
EUR	5,959	EssilorLuxottica SA	1,605,354	2.27
EUR	3,538	L'Oréal SA	1,295,439	1.83
		Total France	2,900,793	4.10
Netherlands				
EUR	9,196	Wolters Kluwer NV	810,351	1.14
		Total Netherlands	810,351	1.14
Spain				
EUR	45,251	Amadeus IT Group SA	2,829,998	4.00
		Total Spain	2,829,998	4.00
Sweden				
SEK	32,563	Atlas Copco AB - A	498,017	0.70
		Total Sweden	498,017	0.70
United Kingdom				
GBP	191,164	Greggs PLC	3,678,491	5.19
GBP	15,631	Magnum Ice Cream Co NV	211,084	0.30
GBP	66,033	Unilever PLC	3,679,202	5.20
		Total United Kingdom	7,568,777	10.69
United States				
USD	12,771	Alphabet Inc - A	3,396,611	4.80
USD	15,142	Automatic Data Processing Inc	3,338,949	4.72
USD	47,579	Church & Dwight Co Inc	3,418,473	4.83
USD	34,317	Fortinet Inc	2,344,277	3.31
USD	9,321	Home Depot Inc	2,740,082	3.87
USD	5,503	IDEXX Laboratories Inc	3,184,830	4.50
USD	2,144	Intuit Inc	1,219,260	1.72
USD	15,419	Marriott International Inc - A	4,105,914	5.80
USD	2,778	Mettler-Toledo International Inc	3,335,027	4.71
USD	8,152	Microsoft Corp	3,376,062	4.77
USD	4,189	Otis Worldwide Corp	313,696	0.44
USD	27,769	Procter & Gamble Co	3,401,398	4.80
USD	11,470	Stryker Corp	3,450,112	4.87
USD	8,949	Texas Instruments Inc	1,333,112	1.88
USD	8,792	Visa Inc - A	2,641,907	3.73
USD	12,247	Waters Corp	3,987,363	5.63
USD	24,968	Zoetis Inc	2,680,175	3.79
		Total United States	48,267,248	68.17
		Total equities	67,837,195	95.81
Total transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market			67,837,195	95.81

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

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Portfolio of Investments as at 31 December 2025 (continued)

Fundsmith Sustainable Equity Fund (continued)

Currency	Holdings	Description	Market value EUR	% of net assets
Other transferable securities				
		Equity		
		France		
EUR	6,000	L'Oréal SA - Pref	2,196,900	3.10
		Total France	2,196,900	3.10
		Total equity	2,196,900	3.10
Total other transferable securities			2,196,900	3.10
Total portfolio			70,034,095	98.91
Other assets and liabilities			770,142	1.09
Net assets at the end of the year			70,804,237	100.00

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

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

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 31 December 2025, 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

The following share classes were launched during the year ended 31 December 2025.

Sub-Fund and share class	Currency	Launch date
Fundsmith Equity Fund		
CHF T Class Accumulation Shares	CHF	3 April 2025
CHF T Class Income Shares	CHF	3 April 2025
Fundsmith Sustainable Equity Fund		
CHF I Class Income Shares*	CHF	1 April 2025
R Class Income Shares**	EUR	1 April 2025

* Share class became dormant on 14 February 2022 and was relaunched on 1 April 2025.

** Share class became dormant on 6 March 2024 and was relaunched on 1 April 2025.

There were no share classes that became dormant during the year ended 31 December 2025

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 year (i.e. 31 December 2025).

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(a) Preparation of the Financial Statements (continued)

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.

(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 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.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(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.

(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 year ended 31 December 2025 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

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(k) Swing Pricing (continued)

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 year for Fundsmith Equity Fund while swing pricing was applied during the year for Fundsmith Sustainable Equity Fund.

As at 31 December 2025, 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 year. Actual results could differ from those estimates.

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.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Notes to the Financial Statements (continued)

3. Fees (continued)

(b) Administration Fees (continued)

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.

(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.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Notes to the Financial Statements (continued)

3. Fees (continued)

(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 year ended 31 December 2025, the Fundsmith Equity Fund distributed a total amount of EUR 1,220,882 and the Fundsmith Sustainable Equity Fund distributed a total amount of EUR 27,055.

6. Transaction Costs

During the year 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 1,175,545	EUR 135,513
Fundsmith Sustainable Equity Fund	EUR 213,636	EUR 5,015

7. Exchange Rates

The exchange rates used as at 31 December 2025 are as follows:

EUR 1 = CHF	0.930931
EUR 1 = DKK	7.468826
EUR 1 = GBP	0.873063
EUR 1 = SEK	10.799477
EUR 1 = USD	1.174750

8. Statement of Changes in the Portfolio

A statement of changes in the portfolio for the year ended 31 December 2025 is available upon request, free of charge, from the registered office of the SICAV.

9. Significant Events During the Year

A revised prospectus was issued in September 2025.

The revised prospectus reflects the change in Distributor from Fundsmith LLP to Fundsmith Partners UK Limited and the change in the global exposure calculation method of the Sub-Funds from the relative value-at-risk approach to the commitment approach. Refer to Appendix III – Risk Information (Unaudited) for further details.

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

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Notes to the Financial Statements (continued)

10. Subsequent Events

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

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix I – Remuneration Disclosures (Unaudited)

FundRock Management Company S.A. (“FundRock”) as subject to CSSF Circular 18/698 has implemented a remuneration policy in compliance with Articles 111a and 111b of the UCI Law and/or Article 12 of the amended Law on Alternative Investment Fund Managers of 12 July 2013 (“AIFM Law”), respectively.

FundRock as subject to Chapter 15 of the UCI Law and AIFM must also comply with the guidelines of the European Securities and Markets Authority ESMA/2016/575 and ESMA/2016/579 to have sound processes in place. FundRock has established and applies a remuneration policy in accordance with the ESMA Guidelines on sound remuneration policies under the UCITS V Directive (ESMA 2016/575) and AIFMD (ESMA 2016/579) and any related legal and regulatory provisions applicable in Luxembourg.

Further, consideration has been given to the requirements as outlined in Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector, the SFDR Requirements.

The remuneration policy is aligned with the business strategy, objectives, values and interests of FundRock and the funds that it manages and of the investors in such funds, and which includes, *inter alia*, measures to avoid conflicts of interest; and it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the funds that the Management Company manages.

FundRock ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that FundRock’s employees who are identified as risk-takers are not remunerated based on the performance of the funds under management.

A paper version of the remuneration policy is made available free of charge to investors at FundRock’s registered office. FundRock’s remuneration policy can also be found at the official website: <https://www.fundrock.com/policies-and-compliance/remuneration-policy/>

Remuneration for the financial year ended 31 December 2024 paid by FundRock to its staff:

- Total remuneration: EUR 9,805,298
- Fixed remuneration: EUR 9,486,232
- Variable remuneration: EUR 319,066
- Number of beneficiaries at year-end: 214

Type	Fixed Remuneration	Variable Remuneration	Total
Identified Staff	1,442,562	76,271	1,518,834
Staff	8,043,670	242,795	8,286,464
Total (EUR)	9,486,232	319,066	9,805,298

The aggregated amount of remuneration for the financial year ended 31 December 2024 paid by FundRock to identified staff/ risk takers was EUR 1,518,834.

The total amount of remuneration is based on a combination of the assessment of the performance of the individual, the overall results of FundRock, and when assessing individual performance, financial as well as non-financial criteria are taken into account.

The policy is subject to annual review by the compliance officer and the update is performed by HR department of FundRock and is presented for review to the Remuneration Committee and approval by the Board of FundRock.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix II – Securities Financing Transactions Regulation (Unaudited)

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

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

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix III – Risk Information (Unaudited)

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.

During the year, the Board of Directors of the SICAV resolved to change the global exposure calculation method of the Sub-Funds from the relative value-at-risk approach to 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.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix IV – Total Expense Ratio (Unaudited)

The total expense ratio (“TER”) compares all operating expenses with the average net asset value of each Sub-Fund. The annualised TER for the year ended 31 December 2025 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	1.08
T Class Income Shares	EUR	1.08
CHF T Class Accumulation Shares*	CHF	1.10
CHF T Class Income Shares*	CHF	1.09
USD T Class Accumulation Shares	USD	1.08
USD T Class Income Shares	USD	1.08
I Class Accumulation Shares	EUR	0.94
I Class Income Shares	EUR	0.94
CHF I Class Accumulation Shares	CHF	0.94
CHF I Class Income Shares	CHF	0.94
GBP I Class Accumulation Shares	GBP	0.94
GBP I Class Income Shares	GBP	0.94
USD I Class Accumulation Shares	USD	0.94
USD I Class Income Shares	USD	0.94
R Class Accumulation Shares	EUR	1.58
R Class Income Shares	EUR	1.58
USD R Class Accumulation Shares	USD	1.59
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	0.97
I Class Income Shares	EUR	0.97
CHF I Class Accumulation Shares	CHF	0.98
CHF I Class Income Shares*	CHF	0.99
GBP I Class Accumulation Shares	GBP	0.98
GBP I Class Income Shares	GBP	0.98
USD I Class Accumulation Shares	USD	0.97
USD I Class Income Shares	USD	0.97
R Class Accumulation Shares	EUR	1.62
R Class Income Shares*	EUR	1.63

* Share class launched during the year ended 31 December 2025. Please refer to Note 1.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix V – Information to Investors in Switzerland (Unaudited)

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.

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 (%) Year 2025	Performance (%) Year 2024	Performance (%) Year 2023
Fundsmith Equity Fund				
T Class Accumulation Shares	EUR	-4.47	13.61	13.38
T Class Income Shares	EUR	-4.47	13.61	13.38
CHF T Class Accumulation Shares*	CHF	1.71	–	–
CHF T Class Income Shares*	CHF	1.71	–	–
USD T Class Accumulation Shares	USD	7.80	6.78	17.63
USD T Class Income Shares	USD	7.80	6.78	17.63
I Class Accumulation Shares	EUR	-4.34	13.77	13.54
I Class Income Shares	EUR	-4.34	13.77	13.54
CHF I Class Accumulation Shares	CHF	-5.47	15.68	6.80
CHF I Class Income Shares	CHF	-5.47	15.68	6.80
GBP I Class Accumulation Shares	GBP	0.60	8.67	11.27
GBP I Class Income Shares	GBP	0.60	8.67	11.27
USD I Class Accumulation Shares	USD	7.95	6.93	17.80
USD I Class Income Shares	USD	7.95	6.93	17.80
R Class Accumulation Shares	EUR	-4.95	13.04	12.81
R Class Income Shares	EUR	-4.95	13.04	12.81
USD R Class Accumulation Shares	USD	7.25	6.24	17.05
USD R Class Income Shares	USD	7.26	6.23	17.05
Comparator: MSCI World Index	EUR	5.37	25.08	17.88

* Share class launched during the year ended 31 December 2025. Please refer to Note 1.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix V – Information to Investors in Switzerland (Unaudited) (continued)

Performance (continued)

Sub-Fund and share class	Currency	Performance (%) Year 2025	Performance (%) Year 2024	Performance (%) Year 2023
Fundsmith Sustainable Equity Fund				
T Class Accumulation Shares	EUR	-10.60	13.02	8.72
T Class Income Shares	EUR	-10.60	13.02	8.72
I Class Accumulation Shares	EUR	-10.47	13.17	8.87
I Class Income Shares	EUR	-10.47	13.17	8.87
CHF I Class Accumulation Shares	CHF	-11.53	15.07	2.41
CHF I Class Income Shares*	CHF	-6.37	–	–
GBP I Class Accumulation Shares	GBP	-5.84	8.10	6.70
GBP I Class Income Shares	GBP	-5.84	8.10	6.70
USD I Class Accumulation Shares	USD	1.03	6.36	12.96
USD I Class Income Shares	USD	1.03	6.36	12.96
R Class Accumulation Shares	EUR	-11.04	12.44	8.17
R Class Income Shares*	EUR	-4.64	7.21	8.17
Comparator: MSCI World Index	EUR	5.37	25.08	17.08

* Share class launched during the year ended 31 December 2025. Please refer to Note 1.

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.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VI – Information for Investors in Australia (Unaudited)

**Statement of Cash Flows for the year ended 31 December 2025,
with comparative figures for the year ended 31 December 2024**

Fundsmith Equity Fund

	2025	2024
	EUR	EUR
Total (loss)/return before distributions	(375,346,454)	1,114,044,983
less: capital losses/(gains) on securities	364,959,580	(1,103,754,766)
less: accretion of market discount	(220,073)	–
<u>Financing activities:</u>		
Subscriptions	733,052,215	1,380,571,621
Redemptions	(2,844,713,000)	(2,393,804,462)
	(2,111,660,785)	(1,013,232,841)
Distributions to Shareholders	(1,220,882)	(2,044,160)
<u>Investing activities:</u>		
Net sales of investments	2,063,533,995	1,091,805,313
<u>Working capital movements:</u>		
Decrease in debtors	10,377,959	41,891,813
Increase/(decrease) in creditors	3,343,204	(41,652,748)
Net (decrease)/increase in cash	(46,233,456)	87,057,594
Cash at bank at the beginning of the year	106,747,872	19,690,278
Cash at bank at the end of the year	60,514,416	106,747,872

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VI – Information for Investors in Australia (Unaudited) (continued)

**Statement of Cash Flows for the year ended 31 December 2025,
with comparative figures for the year ended 31 December 2024 (continued)**

Fundsmith Sustainable Equity Fund

	2025	2024
	EUR	EUR
Total (loss)/return before distributions	(38,720,452)	46,034,013
less: capital losses/(gains) on securities	39,322,120	(45,455,839)
less: accretion of market discount	(2,996)	(129)
<u>Financing activities:</u>		
Subscriptions	15,668,933	50,944,762
Redemptions	(303,675,800)	(36,414,692)
	(288,006,867)	14,530,070
Distributions to Shareholders	(27,055)	(21,705)
<u>Investing activities:</u>		
Net sales of investments	271,316,433	100,231
<u>Working capital movements:</u>		
Decrease in debtors	75,413	672,015
Decrease in creditors	(259,085)	(292,987)
Net (decrease)/increase in cash	(16,302,489)	15,565,669
Cash at bank at the beginning of the year	17,161,462	1,595,793
Cash at bank at the end of the year	858,973	17,161,462

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VII – Sustainable Finance Disclosure Regulation (Unaudited)

Starting from 1 January 2022, Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”) requires detailed disclosures in the periodic reports of environmental, social and governance-focused products. On 6 April 2022, the European Commission adopted the final Regulatory Technical Standards (“RTS”) designed to provide further guidance on the implementation of Regulation (EU) 2019/2088 on SFDR. The RTS are applicable since 1 January 2023.

An environmental, social and governance (“ESG”) assessment on investments is conducted in accordance with the Investment Manager’s responsible investment approaches by using information provided by the companies as well as third-party data and applying exclusion criteria as further defined below.

The Sub-Funds listed below promote environmental and/or social characteristics within the meaning of Article 8 of SFDR.

Fundsmith Equity Fund

The Fundsmith Equity Fund takes sustainability risk and ESG characteristics into account as part of its selection process. In that respect, the Sub-Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR. For the assessment, areas like corporate strategy, corporate governance, transparency and the product and service range of a company are taken into account.

In accordance with its investment criteria, the Sub-Fund promotes environmental characteristics and may invest in one or more underlying investments that contribute to climate change mitigation and/or climate change adaptation.

Fundsmith Sustainable Equity Fund

The Fundsmith Sustainable Equity Fund takes sustainability risk and ESG characteristics into account as part of its selection process. In that respect, the Sub-Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR. For the assessment, areas like corporate strategy, corporate governance, transparency and the product and service range of a company are taken into account.

In accordance with its investment criteria, the Sub-Fund promotes environmental characteristics and may invest in one or more underlying investments that contribute to climate change mitigation and/or climate change adaptation.

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Fundsmith SICAV – Fundsmith Equity Fund

Legal entity identifier: 5493007LIDK72VIBC263

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Yes

It made **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective:** ___%

No

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

This Sub-fund promoted environmental and social characteristics by investing in high quality business with good governance practices. These businesses have demonstrated low exposure to sustainability risks as a result of their high quality and the Sub-fund performed significantly better than expected. The Investment Manager uses exclusions, ESG integration and active ownership as part of the Sub-fund’s investment process to help achieve and maintain these characteristics.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Exclusions are used to prevent investment in companies with any exposure to controversial weapons or controversial jurisdictions, substantial exposure to fossil fuel extraction, refinement, and/or combustion, and those with substantial exposure to mining. Substantial exposure is quantified as generating more than 5% of revenue from the listed activities. Through the application of the Sub-fund’s binding exclusions, it met its stated commitment to reduce the scope of investments by at least 10% during the reporting period.

The Sub-fund’s underlying investments resulted in a portfolio with a significantly lower environmental footprint (measured by the intensity of total waste generated, hazardous waste generated, water usage, energy consumption, and greenhouse gas emissions against free cash flow [FCF] in pound sterling) compared to the average company, which the Investment Manager represented by using the weighted average of the MSCI World Index for the chosen metrics. This index does not take into account the environmental and social characteristics promoted by the Sub-fund and was chosen for comparison purposes. The chosen sustainability indicators are not subject to assurance by an auditor or review by a third-party for current or previous years.

The Sub-fund’s underlying investments also reduced the negative E/S impacts the investments have and generated positive impacts through the allocation of capital to research and development to drive innovation in the products/ services the investee companies offer. The Investment Manager measured the impact that this innovation had on E/S characteristics through improvements in the environmental metrics mentioned earlier and through other qualitative measures, such as improvements to human health and welfare.

● **How did the sustainability indicators perform?**

	Total waste (metric tons/ £m FCF)	Hazardous waste (metric tons/ £m FCF)	Water use (m ³ / £m FCF)	Energy use (MWh/ £m FCF)	CO ₂ e emissions (metric tons/ £m FCF)
Fundsmith Equity Sub-fund	8	1	1,158	536	52
MSCI World Index	426	37	45,676	1,215	301

The Sub-fund performed significantly better across all five of the sustainability indicators used compared to the average company, represented by the weighted average scores for the MSCI World Index.

The Sub-fund also considered the principal adverse impacts of its investment decisions on sustainability factors. The outcome of this assessment is detailed in the ‘How did this financial product consider principal adverse impacts on sustainability factors?’ section below.

● **...and compared to previous periods?**

The Sub-fund’s performance in relation to its promoted characteristics for the reporting periods 01/01/2024 – 31/12/2024 (2024), 01/01/2023 – 31/12/2023 (2023), and 01/01/2022 – 31/12/2022 (2022) are provided in the table below.

	Total waste (metric tons/ £m FCF)	Hazardous waste (metric tons/ £m FCF)	Water use (m ³ / £m FCF)	Energy use (MWh/ £m FCF)	CO ₂ e emissions (metric tons/ £m FCF)
2024					
Fundsmith Equity Sub-fund	12	0	1,289	499	47
MSCI World Index	589	18	25,899	1,264	383
2023					
Fundsmith Equity Sub-fund	83	1	4,189	772	210
MSCI World Index	470	16	26,064	1,873	287
2022					
Fundsmith Equity Sub-fund	23	0	878	558	68
MSCI World Index	791	18	31,562	3,406	344

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Sub-fund's performance across each of the environmental indicators in the most recent reporting period was broadly similar to the performance in 2024. The Sub-fund decreased its total waste and water use and experienced small increases in its hazardous waste, energy use, and greenhouse gas emissions. The increases in energy use and greenhouse gas emissions intensity were largely driven by the growing energy demands of the data centres operated by a couple of the Sub-fund's underlying investments and slightly suppressed cash flow following increased capital expenditure on data centre-related development. Across all reference periods, the Sub-fund significantly outperformed the MSCI World Index.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

N/A

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

N/A

How were the indicators for adverse impacts on sustainability factors taken into account?

N/A

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The principal adverse impacts of the Investment Manager’s investment decisions on sustainability factors were considered during the reference period (01/01/2025 – 31/12/2025) through the assessment of all of the Sub-fund’s underlying investments using the PAI indicators given in Commission Delegated Regulation (EU) 2022/1288 Table 1, where data availability and quality were ascertained. The PAI indicators considered included:

- Greenhouse gas emissions
- Biodiversity
- Water
- Waste
- Social and employee matters

Additionally, the three following indicators were used from Table 2 of that regulation, where data availability and quality could be ascertained, and were assessed:

- Carbon emission reduction plans
- Non-renewable energy usage
- Water management

The judgement of an adverse impact is based on the materiality of the indicator to the company’s activities and that business’s performance compared to that of similar businesses within the investable universe of the Sub-fund as a comparison. The performance of the Sub-fund in relation to each of the listed principal adverse impact indicators is available in Appendix VIII of this document.



What were the top investments of this financial product?

The Sub-fund’s top investments during the period are listed below. Top investments were calculated by taking the portfolio weight of each holding (including cash) at the end of

each calendar quarter for the reference period (01/01/2025 – 31/12/2025) and averaging for the year.

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 01/01/2025 – 31/12/2025

Largest investments	Sector	% Assets	Country
<i>Meta Platforms Inc</i>	<i>Communications</i>	7%	UNITED STATES
<i>Microsoft Corp</i>	<i>Technology</i>	7%	UNITED STATES
<i>Stryker Corp</i>	<i>Health Care</i>	7%	UNITED STATES
<i>Philip Morris International Inc</i>	<i>Consumer Staples</i>	5%	UNITED STATES
<i>L'Oreal SA</i>	<i>Consumer Staples</i>	5%	FRANCE
<i>Visa Inc</i>	<i>Financials</i>	5%	UNITED STATES
<i>IDEXX Laboratories Inc</i>	<i>Health Care</i>	5%	UNITED STATES
<i>Automatic Data Processing Inc</i>	<i>Industrials</i>	5%	UNITED STATES
<i>Waters Corp</i>	<i>Health Care</i>	5%	UNITED STATES
<i>Alphabet Inc</i>	<i>Communications</i>	5%	UNITED STATES

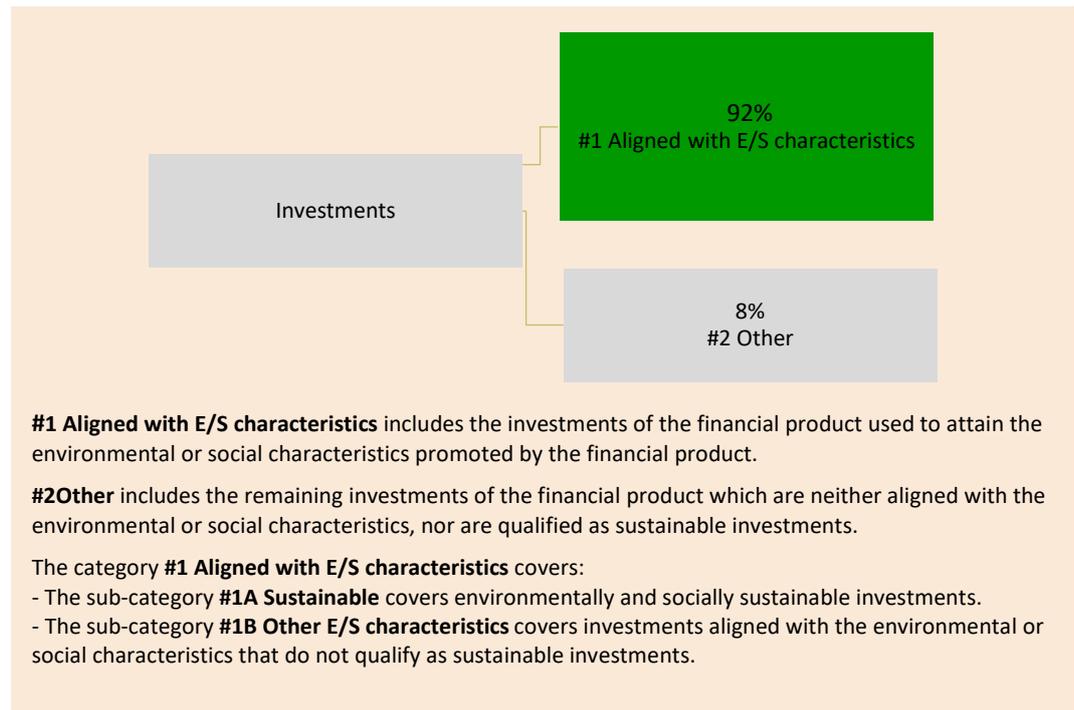


What was the proportion of sustainability-related investments?

N/A

● What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



The Sub-fund aimed to allocate 75% of its assets in alignment with the E/S characteristics it promotes, given as '**#1 Aligned with E/S characteristics**' in the chart above. However, during the reference period, 92% (2024: 89%) of the Sub-fund's assets met the promoted characteristics, as detailed in the section '*How did the sustainability indicators perform?*' of this annex. This therefore reduced the proportion of the Sub-fund's assets allocated to '**#2 Other**' from the target of 25% of assets to 8% (2024: 11%) during the period.

For reference, historic allocations are provided in the table below.

Historical comparisons of the asset allocation for article 8	2022	2023	2024
#1 Aligned with E/S characteristics	89%	86%	89%
#2 Other	11%	14%	11%

● **In which economic sectors were the investments made?**

Sector (Bloomberg Industry Classification System)	Industry (Bloomberg Industry Classification System)	Proportion of investments
Communications	Media	12%
Consumer Discretionary	Consumer Discretionary Products	6%
	Consumer Discretionary Services	7%
Consumer Staples	Consumer Staple Products	21%
Financials	Financial Services	5%
Health Care	Health Care	28%
Industrials	Industrial Products	3%
	Industrial Services	5%
Technology	Software & Tech Services	10%
	Tech Hardware & Semiconductors	2%
Cash		2%

The Sub-fund had no exposure to any economic sector or sub-sector deriving revenues from the exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

0%. The Sub-fund did not make any sustainable investments.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹²?**

- Yes:
 - In fossil gas
 - In nuclear energy
- No

¹² Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

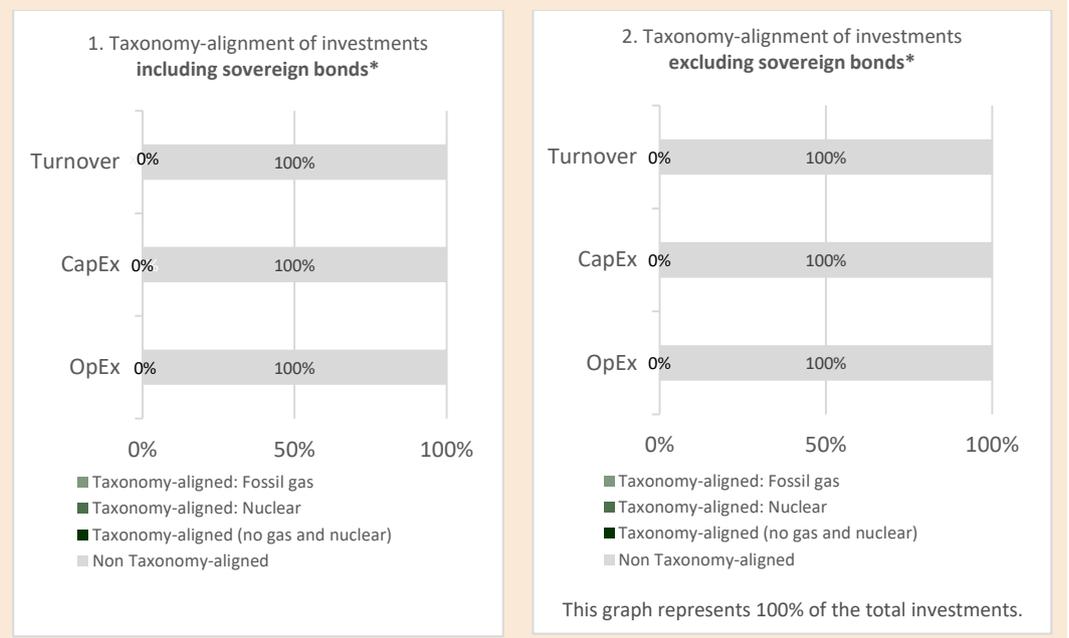
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What was the share of investments made in transitional and enabling activities?**

0%. The Sub-fund did not have a commitment to a minimum proportion of investments in transitional and enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

0%



What was the share of socially sustainable investments?

0%



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under "other" were companies that failed to meet all of the Sub-fund's promoted characteristics. These investments were included in the assessment of

the Sub-fund's adverse impacts to ensure they were not causing significant harm to other sustainability indicators. These investments were included in the Sub-fund's portfolio to benefit the Sub-fund's financial performance and to ensure the Sub-fund's holdings were sufficiently diversified. Also included in "other" was cash held during the reference period for liquidity management purposes. Minimum environmental or social safeguards were not considered.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Through the use of the Sub-fund's sustainability indicators mentioned above, the Sub-fund aligned with its promoted E/S characteristics and the investee companies were shown to have performed well. The Investment Manager monitored all investee companies' performance on a continuous basis throughout the reference period to ensure that the promoted characteristics were being met on an ongoing basis.

Should an investee company be at risk of failing to meet the promoted characteristics, or should the Investment Manager require more data regarding an investee's performance, engagement is used. This was not necessary during the reference period.



How did this financial product perform compared to the reference benchmark?

N/A. The Sub-fund did not use a reference benchmark.

- ***How does the reference benchmark differ from a broad market index?***
N/A
- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***
N/A
- ***How did this financial product perform compared with the reference benchmark?***
N/A
- ***How did this financial product perform compared with the broad market index?***
N/A

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Fundsmith SICAV – Fundsmith Sustainable Equity Fund

Legal entity identifier: 529900QQY3MZWWNJDB76

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 72% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective <input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

To what extent were the environmental and/or social characteristics promoted by this financial product met?

This Sub-fund promoted environmental and social characteristics by investing in high quality business with good governance practices as well as sustainable investments. These businesses have demonstrated low exposure to sustainability risks as a result of their high quality and the Sub-fund performed significantly better than expected. The Sub-fund uses exclusions, ESG integration and active ownership to achieve and maintain these characteristics.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-fund excludes companies that generate revenue from industries/ sub-industries deemed to have an excessive net negative impact on the environment and society from its investible universe (IU). This included:

- Aerospace & Defence,
- Brewers, Distillers & Vintners,
- Casinos & Gaming,
- Gas Utilities,
- Electric Utilities,
- Metals & Mining,
- Oil, Gas & Consumable Fuels,
- Pornography, and
- Tobacco.

Exclusions are also used to prevent investment in companies with any exposure to controversial weapons or controversial jurisdictions, substantial exposure to fossil fuel extraction, refinement, and/or combustion, and those with substantial exposure to mining. Substantial exposure is quantified as generating more than 5% of revenue from the listed activities. Through the application of the Sub-fund's binding exclusions, it met its stated commitment to reduce the scope of investments by 15% during the reporting period.

The Sub-fund's underlying investments resulted in a portfolio with a significantly lower environmental footprint (measured by total waste generated, hazardous waste generated, water usage, energy consumption, and greenhouse gas emissions against free cash flow [FCF] in pound sterling) compared to the average company, which the Investment Manager represented by using the weighted average of the MSCI World Index for the chosen metrics. This index does not take into account the environmental and social characteristics promoted by the Sub-fund and was chosen for comparison purposes. The chosen sustainability indicators are not subject to assurance by an auditor or review by a third-party for current or previous years.

The Sub-fund's underlying investments also reduced their negative E/S impacts and generated positive impacts through allocating capital to research and development to drive innovation in the products/ services the investee companies offered. The Investment Manager measured the impact that this innovation had on E/S characteristics through improvements in the environmental metrics mentioned earlier and through qualitative measures, such as improvements to human health and welfare. The Investment Manager balances this positive influence against negative impacts to make the assessment of the business's net impact.

The Sub-fund met the guidelines on funds' names using ESG or sustainability-related terms as detailed by the European Securities and Markets Authority during the reporting period. As detailed in the forthcoming sections, the Sub-fund exceeded the 80% threshold linked to the proportion of investments used to meet environmental or social characteristics in accordance with the binding elements of the investment strategy. The Sub-fund also met the requirements of the EU Paris-aligned Benchmark.

● **How did the sustainability indicators perform?**

	Total waste (metric tons/ £m FCF)	Hazardous waste (metric tons/ £m FCF)	Water use (m ³ / £m FCF)	Energy use (MWh/ £m FCF)	CO ₂ e emissions (metric tons/ £m FCF)
Fundsmith Sustainable Equity Sub-fund	12	1	1,716	636	88
MSCI World Index	426	37	45,676	1,215	301

The Sub-fund performed significantly better across all five of the sustainability indicators used compared to the average company, represented by the weighted average scores for the MSCI World Index.

The Sub-fund also considered the principal adverse impacts of its investment decisions on sustainability factors. The outcome of this assessment is detailed in the ‘How did this financial product consider principal adverse impacts on sustainability factors?’ section below.

● **...and compared to previous periods?**

The Sub-fund’s performance in relation to its promoted characteristics for the reporting periods 01/01/2024 – 31/12/2024 (2024), 01/01/2023 – 31/12/2023 (2023), and 01/01/2022 – 31/12/2022 (2022) are provided in the table below.

	Total waste (metric tons/ £m FCF)	Hazardous waste (metric tons/ £m FCF)	Water use (m ³ / £m FCF)	Energy use (MWh/ £m FCF)	CO ₂ e emissions (metric tons/ £m FCF)
2024					
Fundsmith Sustainable Equity Sub-fund	10	0	1,393	651	73
MSCI World Index	589	18	25,899	1,264	383
2023					
Fundsmith Sustainable Equity Sub-fund	81	1	4,751	933	276
MSCI World Index	470	16	26,064	1,873	287
2022					
Fundsmith Sustainable Equity Sub-fund	30	0	1,346	312	56
MSCI World Index	791	18	31,562	3,406	344

The Sub-fund saw minor increases in its total waste, hazardous waste, and greenhouse gas emissions compared to the previous reporting period (2024). The Sub-fund’s water use increased by 323 m³/£m FCF compared to 2024. This was driven by changes to the construction of the Sub-fund’s underlying portfolio that increased the weight of two companies with relatively high water use intensity relative to the portfolio in the previous period. Greenhouse gas emissions decreased slightly compared to 2024. The Sub-fund’s environmental footprint

remains significantly below that of the MSCI World, as with each of the earlier reference periods provided.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The objective of the Sub-fund’s sustainable investments was to make a positive contribution to either the environment or society evidenced by alignment with at least one of the UN’s Sustainable Development Goals.

To qualify as a sustainable investment for the Sub-fund during the reference period (01/01/2025–31/12/2025) a company must have passed the Investment Manager’s good governance test, relating to the four areas specified by the SFDR: sound management structures, employee relations, remuneration and tax compliance. Companies must also have passed the do no significant harm test, relating to environmental, social, human rights, anticorruption and antibribery matters, represented by the principal adverse impact indicators discussed in the previous section.

The sustainable investments contributed to these objectives by allocating capital towards projects that benefit at least one of the 17 Sustainable Development Goals. The table below details the percentage of the Sub-fund’s portfolio by weight that the Investment Manager judged to have made a positive contribution to the listed Sustainable Development Goals. The Sub-fund’s investments can contribute positively to more than one of the Goals simultaneously.

The Investment Manager’s assessment for a positive contribution to the Sustainable Development Goals and their underlying targets used a pass-fail approach. This method was based upon both qualitative and quantitative analysis of a business’s activities.

Each investee company that qualified as sustainable was assessed against SDG 5 (Gender Equality) and SDG 13 (Climate Action). Companies were tested for a positive contribution to gender equality through their board and executive suite composition. A proportion of >30% female representation was considered to be a positive contribution. Corporates were judged to make a positive contribution to the climate through having a greenhouse gas emissions reduction target at least in line with the 2015 Paris Agreement and approved by the Science Based Targets initiative. Companies also had to have submitted a response to the CDP’s Climate Change questionnaire. Companies can make a positive contribution by generating at least 20% of their revenues from activities aligned with Sustainable Development Goals and their underlying targets.

Sustainable Development Goal	% of Sub-fund’s total assets making a positive contribution
5: Achieve gender equality and empower all women and girls	31%
13: Take urgent action to combat climate change and its impacts	68%

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

The sustainable investments made by the Sub-fund were assessed for significant harm to any environmental or social sustainable investment objective using the Investment Manager’s do no significant harm test. The test assesses a company’s performance relating to the 14 mandatory principal adverse impact indicators and three additional environment-related adverse impact indicators.

Alongside this assessment, the Investment Manager carried out continual internal monitoring and research to ensure that companies allocated capital as sustainable investments adhered to the do no significant harm thresholds set and continued to meet the Investment Manager’s exclusion criteria.

During the reference period no sustainable investment made by the Sub-fund was found to be causing significant harm to any environmental or social sustainable investment objective.

— *How were the indicators for adverse impacts on sustainability factors taken into account?*

The indicators used for the Investment Manager’s adverse impact assessment are detailed in the section ‘How did this financial product consider the principal adverse impacts on sustainability factors?’ contained within this annex.

— *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Sub-fund’s sustainable investments were assessed for their alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The sustainable investments made by the Sub-fund were aligned with the guidelines promoted by both the OECD and UN.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The principal adverse impacts of the Investment Manager's investment decisions on sustainability factors were considered during the reference period (01/01/2025–31/12/2025). All the Sub-fund's underlying investments were assessed using the PAI indicators given in Commission Delegated Regulation (EU) 2022/1288 Table 1, subject to data availability and quality. This includes:

- Greenhouse gas emissions
- Biodiversity
- Water
- Waste
- Social and employee matters

Additionally, three indicators were used from Table 2 of that regulation, where data availability and quality could be ascertained, were assessed, including:

- Carbon emission reduction plans
- Non-renewable energy usage
- Water management

The judgement of an adverse impact is based on the materiality of the indicator to the company's activities and that business's performance compared to that of similar businesses within the investable universe of the Sub-fund as a comparison. The performance of the Sub-fund in relation to each of the listed principal adverse impact indicators is available in Appendix VIII of this document.



What were the top investments of this financial product?

The Sub-fund's top investments during the period are listed below. Top investments were calculated by taking the portfolio weight of each holding (including cash) at the end of each calendar quarter for the reference period (01/01/2025–12/31/2025) and averaging for the year.

Largest investments	Sector	% Assets	Country
<i>Stryker Corp</i>	<i>Health Care</i>	<i>6%</i>	<i>United States</i>
<i>Unilever PLC</i>	<i>Consumer Staples</i>	<i>6%</i>	<i>Britain</i>
<i>L'Oreal SA</i>	<i>Consumer Staples</i>	<i>5%</i>	<i>France</i>
<i>Marriott International Inc/MD</i>	<i>Consumer Discretionary</i>	<i>5%</i>	<i>United States</i>
<i>Automatic Data Processing</i>	<i>Industrials</i>	<i>5%</i>	<i>United States</i>
<i>Microsoft Corp</i>	<i>Technology</i>	<i>5%</i>	<i>United States</i>
<i>Waters Corp</i>	<i>Health Care</i>	<i>5%</i>	<i>United States</i>
<i>Church & Dwight Co Inc</i>	<i>Consumer Staples</i>	<i>5%</i>	<i>United States</i>
<i>Procter & Gamble Co/The</i>	<i>Consumer Staples</i>	<i>5%</i>	<i>United States</i>
<i>Greggs PLC</i>	<i>Consumer Staples</i>	<i>5%</i>	<i>Britain</i>

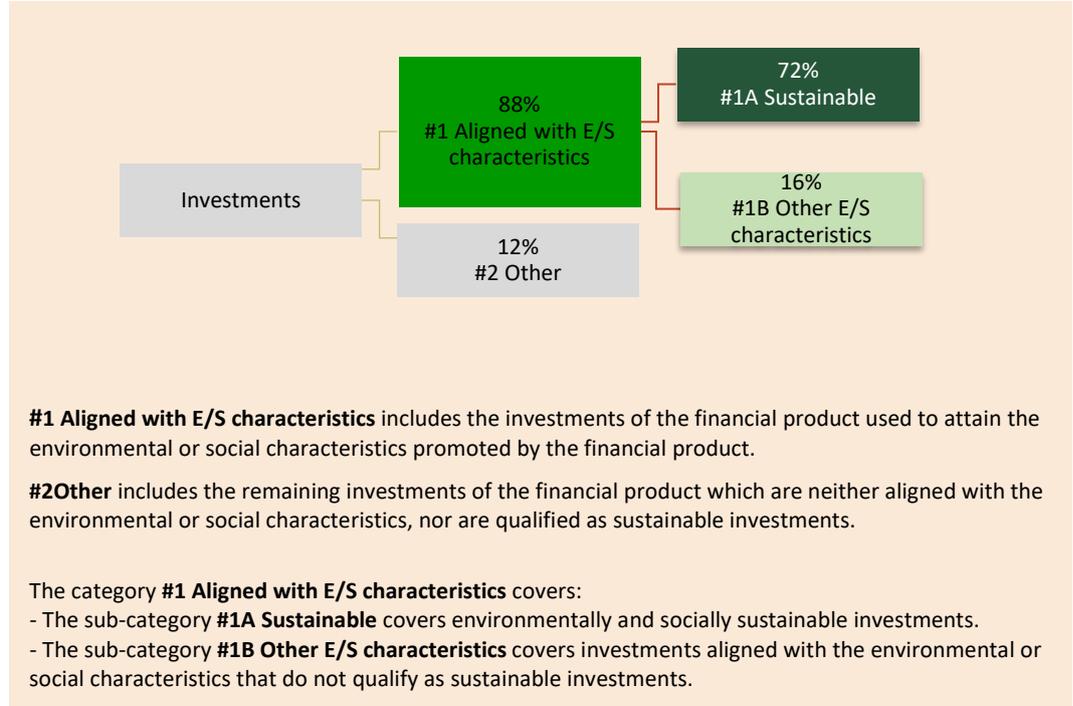
The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 01/01/2025 – 31/12/2025



What was the proportion of sustainability-related investments?

The Sub-fund's proportion of sustainable investments was 72% for the reporting period.

● What was the asset allocation?



The Sub-fund aimed to allocate 80% of its assets in alignment with the E/S characteristics it promotes, given as '**#1 Aligned with E/S characteristics**' in the chart above. During the reference period 88% of the Sub-fund's assets were aligned with the promoted characteristics (2024: 93%), as detailed in the section '*How did the sustainability indicators perform?*' of this annex. This therefore reduced the proportion of the Sub-fund's assets allocated to '**#2 Other**' from the target of 20% of assets to 12% (2024: 7%) during the period.

The Sub-fund has a commitment to allocate 70% of its assets towards sustainable investments, '**#1A Sustainable**'. During the reference period, 72% (2024: 74%) of the Sub-fund's assets were in investments the Investment Manager deemed as sustainable. The Sub-fund does not split its sustainable investments between and social objectives due to the pass/fail methodology used to assess sustainable investments.

Investments contained in '**#1B Other E/S characteristics**' were 6% higher (2024: 9% higher) than the targeted 10% resulting from the increased proportion of investments that were aligned with the Sub-fund's promoted characteristics.

For reference, historic allocations are provided in the table below.

Historical comparisons of the asset allocation for Article 8	2022	2023	2024
#1 Aligned with E/S characteristics	92%	87%	93%
#2 Other	8%	13%	7%
#1A Sustainable	70%	78%	74%
#1B Other E/S characteristics	22%	9%	19%

● **In which economic sectors were the investments made?**

Sector (Bloomberg Industry Classification System)	Industry (Bloomberg Industry Classification System)	Proportion of investments
Communications	Media	5%
Consumer Discretionary	Consumer Discretionary Services	9%
	Retail & Wholesale - Discretionary	4%
Consumer Staples	Consumer Staple Products	21%
	Retail & Wholesale - Staples	5%
Financials	Financial Services	5%
Health Care	Health Care	32%
Industrials	Industrial Products	2%
	Industrial Services	5%
Technology	Software & Tech Services	9%
	Tech Hardware & Semiconductors	2%
Cash		1%

The Sub-fund had no exposure to any economic sector or sub-sector deriving revenues from the exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels.

● **To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

0%. The Sub-fund did not make any Taxonomy-aligned investments.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?**

- Yes:
- In fossil gas In nuclear energy
- No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

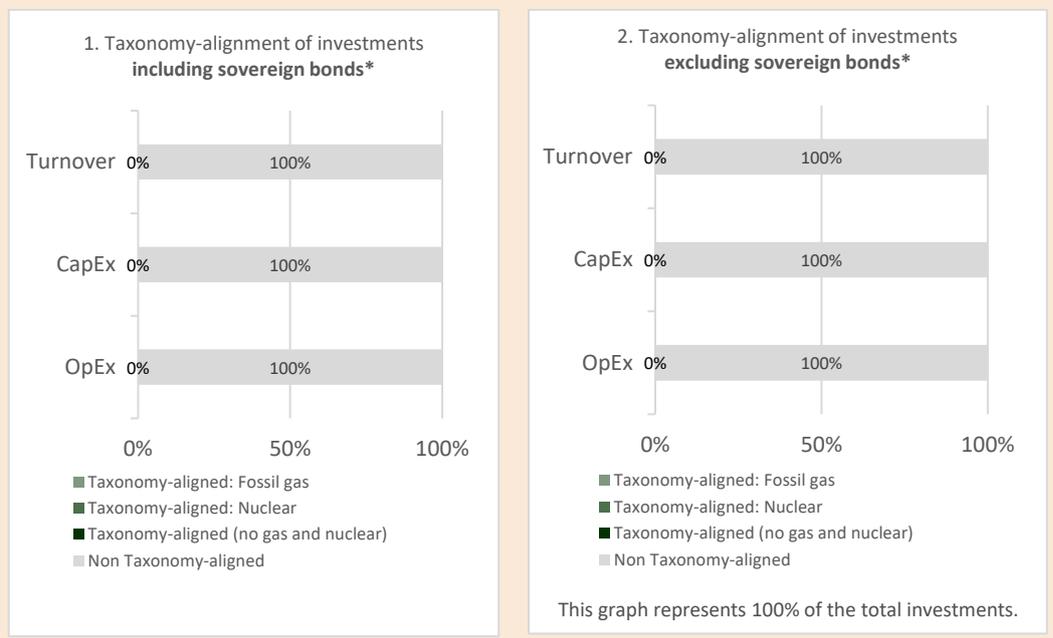
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What was the share of investments made in transitional and enabling activities?**

0%. The Sub-fund did not have a commitment to a minimum proportion of investments in transitional and enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The Sub-fund did not have a commitment to make sustainable investments aligned with the EU Taxonomy, therefore all sustainable investments made during the reference period were not aligned with the EU Taxonomy. Data is not yet available at sufficient scale or quality to estimate the alignment of the Sub-fund’s investments with the EU Taxonomy.

The Sub-fund’s sustainable investments are assessed as those that contributed to at least one of the 17 United Nations Sustainable Development Goals (SDGs). During the reporting period, 68% of the Sub-fund’s investments were assessed as making a

positive contribution to the environment through their alignment with SDG 13: Take urgent action to combat climate change and its impacts. Individual investments can make a positive contribution can be both environmentally and socially sustainable and as such the percentages provided here and in the response to *'What was the share of socially sustainable investments?'* below will add to a number larger than the Sub-funds total share of sustainable investments.

What was the share of socially sustainable investments?

The Sub-fund's sustainable investments are assessed as those that contributed to at least one of the 17 United Nations Sustainable Development Goals (SDGs). During the reporting period, 31% of the Sub-fund's investments were assessed as making a positive contribution to the society through their alignment with SDG 5: Achieve gender equality and empower all women and girls. Individual investments can make a positive contribution can be both environmentally and socially sustainable and as such the percentages provided here and in the response to *'What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?'* above will add to a number larger than the Sub-funds total share of sustainable investments.



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under "other" were companies that did not qualify as sustainable investments and failed to meet all of the Sub-fund's promoted characteristics. These investments were included in the assessment of the Sub-fund's adverse impacts to ensure they were not causing significant harm to other sustainability indicators. These investments were included in the Sub-fund's portfolio to benefit the Sub-fund's financial performance and to ensure the Sub-fund's holdings were sufficiently diversified. Also included in "other" was cash held during the reference period for liquidity management purposes. Minimum environmental or social safeguards were not considered for cash held by the Sub-fund.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Through the use of the Sub-fund's sustainability indicators mentioned above as well as the assessment of alignment with the UN SDGs, the Sub-fund aligned with its promoted E/S characteristics and sustainable investments, and the investee companies were shown to have performed well. The Investment Manager monitored all investee companies' performance on a continual basis throughout the reference period to ensure that the promoted characteristics were being met.

The Sub-fund met its stated goal of allocating at least 70% of its assets towards companies making a positive contribution towards at least one of the Sustainable Development Goals for the reference period (01/01/2025–31/12/2025). To ensure that companies met these criteria, the Investment Manager monitored their performance in relation to the do no significant harm and good governance tests, as detailed in the earlier sections of this

annex. Alongside this, the Investment Manager monitored the investee companies' positive contribution towards the Sustainable Development Goals to ensure they remained as sustainable investments.

Should an investee company be at risk of failing to meet the promoted characteristics or should the Investment Manager require more data regarding an investee's performance, engagement is used. This was not necessary during the reference period.



How did this financial product perform compared to the reference benchmark?

N/A. The Sub-fund did not use a reference benchmark.

- ***How does the reference benchmark differ from a broad market index?***
N/A
- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***
N/A
- ***How did this financial product perform compared with the reference benchmark?***
N/A
- ***How did this financial product perform compared with the broad market index?***
N/A

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited)

Product name: Fundsmith SICAV – Fundsmith Equity Fund

Legal entity identifier: 5493007LIDK72VIBC263

Summary

Fundsmith SICAV – Fundsmith Equity Fund considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Fundsmith SICAV – Fundsmith Equity Fund.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2025 to 31 December 2025.

The principal adverse impact indicators considered by the Sub-fund are summarised below.

Table 1 – Indicators applicable to investments in investee companies

Climate and other environment-related indicators

- Greenhouse gas emissions
 - PAI 1. GHG emissions.
 - Scope 1, 2, 3, and total greenhouse gas emissions
 - PAI 2. Carbon footprint
 - PAI 3. GHG intensity of investee companies
 - PAI 4. Exposure to companies active in the fossil fuel sector
 - PAI 5. Share of non-renewable energy consumption and production
 - PAI 6. Energy consumption per high impact climate sector
- Biodiversity
 - PAI 7. Activities negatively affecting biodiversity-sensitive areas
- Water
 - PAI 8. Emissions to water
- Waste
 - PAI 9. Hazardous waste and radioactive waste ratio

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

- Social and employee matters
 - PAI 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
 - PAI 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
 - PAI 12. Unadjusted gender pay gap
 - PAI 13. Board gender diversity
 - PAI 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Table 2 – Additional climate and other environment-related indicators

Indicators applicable to investments in investee companies

Climate and other environment-related indicators

- Emissions
 - 4. Investments in companies without carbon emission reduction initiatives
- Energy performance
 - 5. Breakdown of energy consumption by type of non-renewable sources of energy
- Water, waste and material emissions
 - 7. Investments in companies without water management policies

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric		Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	10,622	17,427	N/A	The Fundsmith Equity Sub-fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.
		Scope 2 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	24,286	31,410	N/A	
		Scope 3 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	698,162	554,924	N/A	

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

		Total GHG emissions of investee companies expressed in tonnes of CO2 equivalent	733,070	603,761	N/A
	2. Carbon footprint	Total GHG emissions expressed per million EUR invested	108	69	N/A
	3. GHG intensity of investee companies	GHG emissions per million EUR invested	494	320	N/A
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	The Fundsmith Equity Sub-fund does not invest in any companies active in the fossil fuels sector.	The Fundsmith Equity Sub-fund does not invest in any companies active in the fossil fuels sector.	N/A
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from	The Fundsmith Equity Sub-fund does not invest in any company that is involved in the production of energy. The Sub-fund's share of non-renewable energy consumption was 19%	The Fundsmith Equity Sub-fund does not invest in any company that is involved in the production of energy. The Sub-fund's share of non-renewable energy consumption was 17%	N/A

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

		non-renewable energy sources compared to renewable energy sources, expressed as share of total energy intensity					
	6. Energy consumption intensity per high impact climate sector	Energy consumption in MWh per million EUR of revenue of investee companies, per high impact climate sector	High Impact Climate Sector	Impact (MWh / €M revenue)	High Impact Climate Sector	Impact (MWh / €M revenue)	N/A
			Agriculture, Forestry and Fishing	No Exposure	Agriculture, Forestry and Fishing	No Exposure	
			Mining and Quarrying	No Exposure	Mining and Quarrying	No Exposure	
			Manufacturing	25	Manufacturing	30	
			Electricity, Gas, Steam and Air Conditioning Supply	No Exposure	Electricity, Gas, Steam and Air Conditioning Supply	No Exposure	

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

			Water Supply; Sewage, Waste Management and Remediation Activities	No Exposure	Water Supply; Sewage, Waste Management and Remediation Activities	No Exposure		
			Construction	No Exposure	Construction	No Exposure		
			Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	No Exposure	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	No Exposure		
			Transportation and Storage	No Exposure	Transportation and Storage	No Exposure		
			Real Estate Activities	No Exposure	Real Estate Activities	No Exposure		

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	<p>The Fundsmith Equity Sub-fund expects investee companies to avoid causing a significant negative impact on biodiversity as a result of their operations.</p> <p>Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.</p>
Water	8. Pollution of water	Tonnes of pollution emitted into water generated by investee companies per million EUR invested	0.00	0.00	N/A	<p>Sub-fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations.</p> <p>Any company assessed to be an outlier or who we conclude to have a</p>

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

						significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested	0.04	0.02	N/A	<p>The Fundsmith Equity Sub-fund expects investee companies to avoid causing a significant negative impact on the natural environment resulting from the hazardous/radioactive waste generated by their operations.</p> <p>Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.</p>

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Non-respect of OECD Guidelines for Multinational Enterprises or the UN Guiding Principles including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration and the International Bill of Human Rights	Share of investments in investee companies that have been involved in non-respect of the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles, including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration and the International Bill of Human Rights	11%	9%	N/A	<p>The Fundsmith Equity Sub-fund expects investee companies to adhere to the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises. Investee companies are also expected to have the necessary processes to monitor compliance with both frameworks and mechanisms to handle any potential violations.</p> <p>Any company assessed to be an outlier in relation to either indicator, or who we conclude to be having significant adverse</p>

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	7%	0%	N/A	impact will be subject to further analysis and potentially engagement.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	2%	3%	N/A	The Fundsmith Equity Sub-fund considers gender equality at investee companies by looking at the gender

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	37%	39%	N/A	<p>pay gap and ratio of male to female board members, subject to the availability and quality of such data.</p> <p>Any company assessed to be an outlier in relation to either indicator, or who we conclude to be having significant adverse impact will be subject to further analysis and potentially engagement.</p>
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	The Fundsmith Equity Sub-fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	The Fundsmith Equity Sub-fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	N/A	The Fundsmith Equity Sub-fund does not invest in companies exposed to controversial weapons. This is achieved through screening and excluding any company involved in the production, sales or distribution of controversial weapons from the Sub-fund's investable universe.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Other indicators for principal adverse impacts on sustainability factors								
Adverse sustainability impact		Metric	Impact [year n]		Impact [year n-1]		Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	5%		1%		N/A	<p>The Fundsmith Equity Sub-fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions.</p> <p>Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.</p>
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	Non-renewable energy source	% portfolio using source	Non-renewable energy source	% portfolio using source	N/A	
			Coal	0.00%	Coal	0.01%		
			Oil	3.91%	Oil	6.31%		
			Gas	16.97%	Gas	20.07%		

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Water, waste and material emissions	7. Investments in companies without water management policies	Share of investments in investee companies without water management policy	8%	6%	N/A	<p>The Fundsmith Equity Sub-fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations.</p> <p>Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.</p>
-------------------------------------	---	--	----	----	-----	--

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Product name: Fundsmith SICAV – Fundsmith Sustainable Equity Fund **Legal entity identifier:** 529900QY3MZWWNJDB76

Summary

Fundsmith SICAV – Fundsmith Sustainable Equity Fund considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Fundsmith SICAV – Fundsmith Sustainable Equity Fund.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2025 to 31 December 2025.

The principal adverse impact indicators considered by the Sub-fund are summarised below.

Table 1 – Indicators applicable to investments in investee companies

Climate and other environment-related indicators

- Greenhouse gas emissions
 - PAI 1. GHG emissions.
 - Scope 1, 2, 3, and total greenhouse gas emissions
 - PAI 2. Carbon footprint
 - PAI 3. GHG intensity of investee companies
 - PAI 4. Exposure to companies active in the fossil fuel sector
 - PAI 5. Share of non-renewable energy consumption and production
 - PAI 6. Energy consumption per high impact climate sector
- Biodiversity
 - PAI 7. Activities negatively affecting biodiversity-sensitive areas
- Water
 - PAI 8. Emissions to water
- Waste
 - PAI 9. Hazardous waste and radioactive waste ratio

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

- Social and employee matters
 - PAI 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
 - PAI 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
 - PAI 12. Unadjusted gender pay gap
 - PAI 13. Board gender diversity
 - PAI 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Table 2 – Additional climate and other environment-related indicators

Indicators applicable to investments in investee companies

Climate and other environment-related indicators

- Emissions
 - 4. Investments in companies without carbon emission reduction initiatives
- Energy performance
 - 5. Breakdown of energy consumption by type of non-renewable sources of energy
- Water, waste and material emissions
 - 7. Investments in companies without water management policies

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	462	950	N/A	The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.
		Scope 2 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	837	1,647	N/A	
		Scope 3 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	21,935	33,030	N/A	
		Total GHG emissions of investee companies expressed	23,235	35,627	N/A	

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

		in tonnes of CO2 equivalent			
	2. Carbon footprint	Total GHG emissions expressed per million EUR invested	111	93	N/A
	3. GHG intensity of investee companies	GHG emissions per million EUR invested	465	427	N/A
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	The Fundsmith Sustainable Equity Sub-fund does not invest in any companies active in the fossil fuels sector.	The Fundsmith Sustainable Equity Sub-fund does not invest in any companies active in the fossil fuels sector.	N/A
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy	The Fundsmith Sustainable Equity Sub-fund does not invest in any company that is involved in the production of energy. The Sub-fund's share of non-renewable energy consumption was 20%	The Fundsmith Sustainable Equity Sub-fund does not invest in any company that is involved in the production of energy. The Sub-fund's share of non-renewable energy consumption was 16%	N/A

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

		sources, expressed as share of total energy intensity					
	6. Energy consumption intensity per high impact climate sector	Energy consumption in MWh per million EUR of revenue of investee companies, per high impact climate sector	High Impact Climate Sector	Impact (MWh / €M revenue)	High Impact Climate Sector	Impact (MWh / €M revenue)	N/A
			Agriculture, Forestry and Fishing	0	Agriculture, Forestry and Fishing	0	
			Mining and Quarrying	0	Mining and Quarrying	0	
			Manufacturing	27	Manufacturing	25	
			Electricity, Gas, Steam and Air Conditioning Supply	0	Electricity, Gas, Steam and Air Conditioning Supply	0	

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

			Water Supply; Sewage, Waste Management and Remediation Activities	0	Water Supply; Sewage, Waste Management and Remediation Activities	0		
			Construction	0	Construction	0		
			Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	17		
			Transportation and Storage	0	Transportation and Storage	0		
			Real Estate Activities	0	Real Estate Activities	0		

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	<p>The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact on biodiversity as a result of their operations.</p> <p>Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.</p>
Water	8. Emissions to water	Tonnes of pollution emitted into water generated by investee companies per million EUR invested	0.00	0.00	N/A	<p>The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations.</p> <p>Any company assessed to be an outlier or who we conclude to have a significant adverse impact</p>

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

						in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested	0.00	0.00	N/A	<p>The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact on the natural environment resulting from the hazardous/radioactive waste generated by their operations.</p> <p>Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.</p>

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in non-respect of the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles, including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration and the International Bill of Human Rights	9%		11%	N/A	<p>The Fundsmith Sustainable Equity Sub-fund expects investee companies to adhere to the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises. Investee companies are also expected to have the necessary processes to monitor compliance with both frameworks and mechanisms to handle any potential violations.</p> <p>Any company assessed to be an outlier in relation to either indicator, or who we conclude to be having</p>

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	6%	0%	N/A	significant adverse impact will be subject to further analysis and potentially engagement.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	1%	4%	N/A	The Fundsmith Sustainable Equity Sub-fund considers gender equality at investee companies by looking at the gender pay gap and ratio of male to female board members, subject to the availability and quality of such data.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a	37%	39%	N/A	

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

		percentage of all board members				Any company assessed to be an outlier in relation to either indicator, or who we conclude to be having significant adverse impact will be subject to further analysis and potentially engagement.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	The Fundsmith Sustainable Equity Sub-fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	The Fundsmith Sustainable Equity Sub-fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	N/A	The Fundsmith Sustainable Equity Sub-fund does not invest in companies exposed to controversial weapons. This is achieved through screening and excluding any company involved in the production, sales or distribution of controversial weapons from the Sub-fund's investable universe.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Other indicators for principal adverse impacts on sustainability factors								
Adverse sustainability impact		Metric	Impact [year n]		Impact [year n-1]		Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	4%		1%		N/A	The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	Non-renewable energy source	% portfolio using source	Non-renewable energy source	% portfolio using source	N/A	
			Coal	0.00%	Coal	0.00%		
			Oil	3.39%	Oil	5.94%		
			Gas	18.88%	Gas	21.80%		

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2025

Appendix VIII – Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Unaudited) (continued)

Water, waste and material emissions	7. Investments in companies without water management policies	Share of investments in investee companies without water management policy	14%	10%	N/A	<p>The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations.</p> <p>Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.</p>
-------------------------------------	---	--	-----	-----	-----	--