

Fundsmith SICAV
Société d'investissement à capital variable
Registered office: 10, rue du Château d'Eau
L- 3364, Leudelange
RCS Luxembourg B164404

(the "**Fund**")

NOTICE TO SHAREHOLDERS OF THE FUND

Luxembourg, 1st March 2021

Dear Shareholder,

We are writing to advise you that the investment objective and policy of the sub-fund Fundsmith SICAV – Fundsmith Equity Fund (the "**Sub-fund**") in the Fund's prospectus has been updated in order to comply with new requirements imposed by the Sustainable Finance Disclosure Regulation 2019/2088 ("**SFDR**").

The Appendix to this letter shows the updated investment objective and policy wording in respect of the Sub-fund qualifying under Article 8 of SFDR.

The changes are intended to clarify the way in which the Sub-fund is currently managed. All other key features of the Sub-fund will remain the same. There is no change in the Sub-fund's investment style, investment philosophy, investment strategy, and the operation and/or manner in which the Sub-fund is being managed following these clarifications.

The prospectus further indicates that the benchmark does not take into account the ESG characteristics of the Sub-fund.

Should you require further information, please contact FundRock Management Company S.A. in its capacity of management company of the Fund, Fundsmith LLP, your financial advisor or your local distributor.

Yours faithfully,

On behalf of the board of directors of Fundsmith SICAV

Appendix

Previous Investment Objective and Policy	Enhanced Investment Objective and Policy and sustainability criteria
<p>The investment objective of the SICAV is to achieve long term growth in value.</p> <p>The SICAV will invest in equities on a global basis. The SICAV's approach is to be a long-term investor in its chosen stocks. It will not adopt short-term trading strategies. The SICAV has stringent investment criteria which the Investment Manager adheres to in selecting securities for the SICAV's investment portfolio. These criteria aim to ensure that the SICAV invests in:</p> <ul style="list-style-type: none"> (a) high quality businesses that can sustain a high return on operating capital employed; (b) businesses whose advantages are difficult to replicate; (c) businesses which do not require significant leverage to generate returns; (d) businesses with a high degree of certainty of growth from reinvestment of their cash flows at high rates of return; (e) businesses that are resilient to change, particularly technological innovation; and/or (f) businesses whose valuation is considered by the Investment Manager to be attractive. <p>It is envisaged that the investment portfolio of the SICAV will be concentrated, generally comprising between 20 and 30 stocks.</p> <p>In accordance with the investment objectives and policies of the SICAV and subject to applicable restrictions, the Investment Manager is authorised to borrow on behalf of the SICAV within the limits as set out under Article 50 of the UCI Law. The specific investment restrictions are as follows:</p> <ul style="list-style-type: none"> (a) the SICAV will not invest in units of other UCITS or other collective investment schemes with the exception of money market funds, in which the SICAV may invest up to 10% of its Net Asset Value; (b) the SICAV will not invest in derivatives and will not hedge any currency exposure arising from within the operations of an investee business nor from the holding of an investment denominated in a currency other than the Reference Currency; and (c) the SICAV does not intend to have an interest in immovable or tangible movable property. <p>Generally, the profile of the typical investor for whom the SICAV has been designed is an investor wishing to invest in stocks, shares and related financial instruments for the long term (at least 5 years) and who is prepared to accept fluctuations in the value of their investment and the risks associated with investing in the SICAV, as described in the section on "Risk Factors" of this Prospectus. The typical investor for each Class of Shares is specified in Appendix 1 to this Prospectus.</p>	<p>The investment objective of the Sub-fund is to achieve long term growth in value.</p> <p>The Sub-fund will invest in equities on a global basis. The Sub-fund's approach is to be a long-term investor in its chosen stocks. It will not adopt short-term trading strategies.</p> <p>The Sub-fund has stringent investment criteria which the Investment Manager adheres to in selecting securities for the Sub-fund's investment portfolio. These criteria aim to ensure that the Sub-fund invests in:</p> <ul style="list-style-type: none"> (a) high quality businesses that can sustain a high return on operating capital employed; (b) businesses whose advantages are difficult to replicate; (c) businesses which do not require significant leverage to generate returns; (d) businesses with a high degree of certainty of growth from reinvestment of their cash flows at high rates of return; (e) businesses that are resilient to change, particularly technological innovation; and/or (f) businesses whose valuation is considered by the Investment Manager to be attractive. <p>The Sub-fund takes sustainability risk and environmental, social and governance ("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.</p> <p>In addition to ESG criteria, other sustainability criteria are taken into account in the management of the Sub-fund such as the positive impacts a company may have through innovation and product development as well as negative impacts it may have on the environment and society. Companies are also expected to have good governance standards that protect the interests of minority investors'. The Investment Manager's responsible investment approaches can be summarised as "considering ESG issues when building a portfolio." and takes into account the following areas – integration screening, engagement and proxy voting.</p> <p>Issuers are assessed via an ESG and sustainability analysis, which covers the following elements:</p> <ul style="list-style-type: none"> • Integration: the main environmental and social considerations to be included in the Sub-fund's investment process are that the stock included in the Sub-fund's portfolio integrate environmental and social risks in their assessment of the sustainability of the company's return on capital. If a company does excessive damage to the environment or society then it's future return on capital will be lower. These risks include, amongst others, the

companies' supply chain and the companies' attempt to reduce their environmental footprint.

- Screening: the Investment Manager concentrates its investment decisions on good business companies by using financial screens.

- Engagement and proxy voting: the Investment Manager is seeking to engage with companies included in the portfolio of the Sub-fund by engaging with the executive management or senior management to promote long term capital allocation that promotes sustainable growth. The Investment Manager seeks to formally express approval or disapproval through voting on specific ESG proxies in these companies.

The investment universe is determined by the Investment Manager by using information provided by the companies (for example company sustainability reports) and third-party data.

Further information about the ESG characteristics applied is included in Fundsmith's responsible investment policy available upon request or online at the website www.fundsmith.eu and in the "Fundsmith's Approach to Responsible Investment" guide available on the same website.

It is envisaged that the investment portfolio of the Sub-fund will be concentrated, generally comprising between 20 and 30 stocks.

In accordance with the investment objectives and policies of the Sub-fund and subject to applicable restrictions, the Investment Manager is authorised to borrow on behalf of the Sub-fund within the limits as set out under Article 50 of the UCI Law. The specific investment restrictions are as follows:

- (a) the Sub-fund will not invest in units of other UCITS or other collective investment schemes with the exception of money market funds, in which the Sub-fund may invest up to 10% of its Net Asset Value;
- (b) the Sub-fund will not invest in derivatives and will not hedge any currency exposure arising from within the operations of an investee business nor from the holding of an investment denominated in a currency other than the Reference Currency; and
- (c) the Sub-fund does not intend to have an interest in immovable or tangible movable property.