

Supplementary Information Document



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This document is dated 1 April 2020 You should read this document carefully so that you understand what you are buying and keep it safe for future reference.

Issued by Fundsmith LLP
Registered in England and Wales no: OC354233



1.

Introduction

This document sets out important information about Fundsmith LLP (“Fundsmith”, “we” or “us”), the Fundsmith Equity Fund and the Fundsmith Sustainable Equity Fund (each a “Fund” and together the “Funds”). It contains information which Fundsmith is required to provide to you but it does not provide complete and comprehensive information in relation to the Funds. **Investors should therefore read this document in conjunction with the relevant Key Investor Information Document and the Prospectus of the Fund or Funds you wish to invest in.**

The Key Investor Information Document provides essential information about a Fund to enable investors to make an informed investment decision. This includes details of the Fund’s investment objective and policy, the risk and reward profile, costs and charges and performance information. The Prospectus contains comprehensive information about a Fund. Both documents are available from us on request, free of charge and can also be found on our website.

The value of an investment in a Fund and the income arising from it may fall as well as rise and can be affected by changes in exchange rates. Investors may not get back the amount of their original investment. Past performance is not a reliable indicator of future results.

If you require further information about a Fund please contact us:

At the Fundsmith website;

- For Fundsmith Equity Fund:
www.fundsmith.co.uk
- For Fundsmith Sustainable Equity Fund:
www.fundsmith.green

Call us on 0330 123 1815 (between 9.00am and 5.00pm on any business day) Write to us at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW

Nothing in this document should be interpreted as giving you financial advice. If you have any doubt about whether an investment in a Fund is suitable for you please consult your own financial adviser.



2.

The Funds

Each Fund is established as an investment company with variable capital, incorporated in England and Wales and is authorised and regulated by the Financial Conduct Authority (“FCA”).

An investment company with variable capital is an investment product which offers indirect investment in financial markets. Investors’ money is pooled with that of other investors who chose to invest in the Fund. The Fund will use this money to buy investments, in our case stocks and shares, in accordance with its investment objective and policies. Each investor invests in shares in the Fund, as it is itself a company.

Information about our approach to investing and the investment objectives, policies and strategies of our Funds is set out below.

Fundsmith Equity Fund

The Fund’s objective is to achieve long-term (over 5 years) growth in value, investing in shares of companies on a global basis. The Fund’s approach is to be a long-term investor in its chosen stocks and it will not adopt short-term trading strategies. The Fund aims to invest in businesses:

- that can sustain a high return on operating capital employed;
- whose advantages are difficult to replicate;
- which do not require significant borrowing to generate returns;
- with a high degree of certainty of growth from reinvestment of their cash flows at high rates of return;
- that are resilient to change, particularly technological innovation;
- whose valuation is considered to be attractive;

The Fund will not invest in other funds, property or derivatives nor hedge any currency exposure. The Fund will not borrow money, except in unusual circumstances. The investment portfolio of the Fund will be concentrated, generally comprising between 20–30 stocks. The Fund is actively managed meaning that the fund manager uses their expertise to select investments to achieve the Fund’s objective. The Fund does not track and is not managed by reference to any particular benchmark. The Fund does not have any specific geographical or sector focus.

This Fund invests for the long-term and may not be appropriate for investors who plan to withdraw their money within 5 years.



Fundsmith Sustainable Equity Fund

The Fund's objective is to achieve long-term (over 5 years) growth in value, investing in shares of companies on a global basis. The Fund's approach is to be a long-term investor in its chosen stocks and it will not adopt short-term trading strategies. The Fund aims to invest in businesses:

- that can sustain a high return on operating capital employed;
- whose advantages are difficult to replicate;
- which do not require significant borrowing to generate returns;
- with a high degree of certainty of growth from reinvestment of their cash flows at high rates of return;
- that are resilient to change, particularly technological innovation;
- whose valuation is considered to be attractive;

The Fund will not invest in businesses which have substantial interests in any of the following sectors:

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

Potential investments are screened in accordance with Fundsmith's sustainable investment policy. Fundsmith evaluates sustainability in the widest sense, taking into account not only the companies handling of environmental social and governance policies and practice but also their policies and practices on research and development, new product innovation, dividend policy, and adequacy of capital investment.

The Fund will not invest in other funds, property or derivatives nor hedge any currency exposure. The Fund will not borrow money, except in unusual circumstances. The investment portfolio of the Fund will be concentrated, generally comprising between 20–30 stocks. The Fund is actively managed meaning that the fund manager uses their expertise to select investments to achieve the

Fund's objective. The Fund does not track and is not managed by reference to any particular benchmark. The Fund does not have any specific geographical or sector focus.

This Fund invests for the long-term and may not be appropriate for investors who plan to withdraw their money within 5 years.

For both Funds, in the Fund's Prospectus and other marketing material, a number of comparisons are provided for ease of reference to enable the reader to have a general and consistent comparison for the Fund's performance. The following comparators are used:

Equities – We show the performance of the MSCI World Index, in Sterling net with dividends reinvested (priced at the close of US business and sourced from www.msci.com.) The MSCI World Index is a market capitalisation weighted index of global developed world equities. This shows what you might have earned if you had invested in a broad portfolio of global developed world equities;

Bonds – We show Bloomberg/Barclays Bond Indices UK Govt 5-10 yr (source: Bloomberg). This shows what you might earn if you had invested in UK Government Debt; and

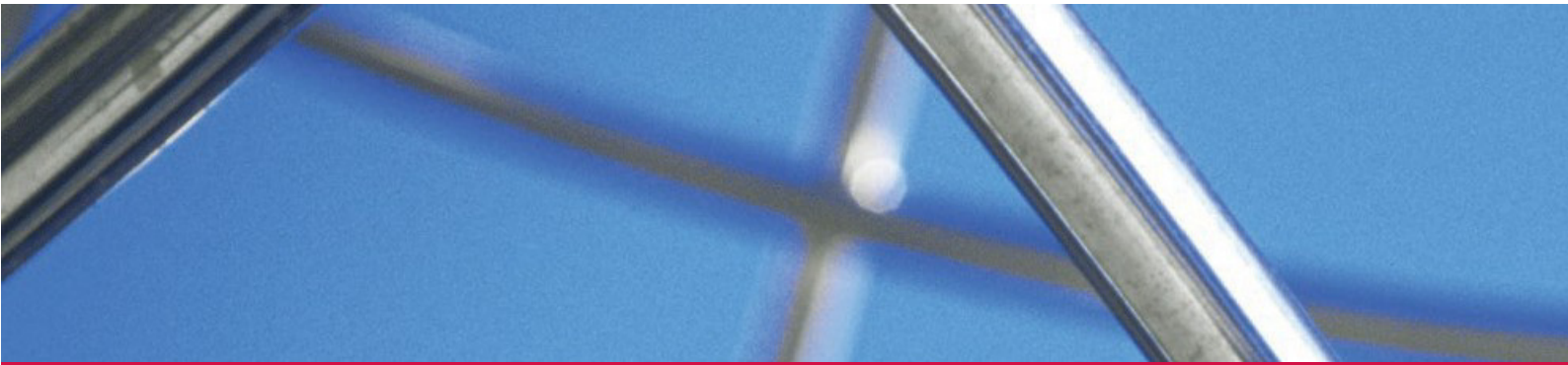
Cash – We show 3 Month £ LIBOR Interest Rate (source: Bloomberg). This is a proxy for what you might be able to earn for cash deposits.

Different classes of share have been issued in respect of each Fund, distinguished by their criteria for subscription, fee structure and whether or not they provide an income. Details of the share classes available in relation to the Funds are set out in Appendix 1.

Fundsmith is the Authorised Corporate Director ("ACD") of the Funds and is responsible for managing the Funds' affairs in accordance with FCA Rules. Investors can apply to invest in the Funds through Fundsmith. Fundsmith is authorised and regulated by the FCA and is on the Financial Services Register under number 523102. Fundsmith's registered office and head office is at 33 Cavendish Square, London W1G 0PW.

The Depository of the Funds is State Street Trustees Limited. The Depository is responsible for the safekeeping of the property of the Funds.

The auditors of the Funds are Deloitte LLP.



3.

Investment

Making an investment in the Fund

Generally, you may invest by post, telephone or for Fundsmith Equity Fund only by completing the relevant application form online via Fundsmith's website.

Prior to investing you should obtain the Key Investor Information Document for the Fund and class of share which you propose to purchase. We recommend that you review this carefully prior to investing. The Key Investor Information Document can be obtained from our website.

By post – Simply complete the relevant application form for the Fund in which you wish to invest and post it to the address on the form or pass it to your financial adviser. Your application form must be accompanied by the appropriate payment. Payment may be a personal cheque, made payable to Fundsmith LLP, an electronic transfer for larger payments or, for regular savings, please complete the Direct Debit section on the application form.


Online – (For Fundsmith Equity Fund only) visit our website and complete an online application. Payment will need to be made by debit card or for regular savings by Direct Debit.

By telephone – you can buy shares in the Funds directly by telephoning us on 0330 123 1815 on any business day between 9.00am and 5.00pm. Please note telephone calls may be recorded. Payment will need to be made by debit card.

Fundsmith may require you to provide additional identity information for anti-money laundering purposes (see below).

Please note, that children below the age of legal capacity (which is 18 years old in England and Wales and 16 years old in Scotland) cannot purchase shares directly. A Junior ISA account can be opened for children. This is described in section 5 below.

You may invest a lump sum, a regular amount or a combination of both. You can only have a regular savings plan for the T Class. Under the regular savings plan, an investor agrees to make monthly contributions to the plan for investment in the relevant Fund. The monthly contributions may be increased, decreased (subject to maintaining the prescribed minimum level of contribution) or suspended at any time. For regular investments you will need to complete the Direct Debit section on the relevant application form and send it to us. Your payments will be deducted monthly from your bank account on the first



day of the month or the next business day where the first day of the month is not a business day. The minimum investment level for monthly savings is £100 per month. Subject to your account being above the minimum holding level, you may take a savings break at any time without penalty, as long as you maintain the minimum holding level, by sending us a written instruction. If payments are not made into the regular savings plan for 3 consecutive months and you hold less than the minimum shareholding level for that Fund, we may require you to close your savings plan. If you would like to vary your monthly investment amount, please send us a new application form advising us of the new amount you wish to invest or telephone us on 0330 123 1815. Contract notes will not be issued to shareholders investing through a regular savings plan, but a statement of shareholdings will be issued semi-annually.

After we receive your application form or telephone instructions, your purchase order will be processed. The price at which you invest in a Fund is determined by reference to the net asset value of the Fund at the next valuation point, which is 12 noon on each business day. Applications received before 12 noon on a business day will be processed at the price determined from the valuation on that day. Applications received after 12 noon will be processed on the next business day. The share price may be subject to a dilution adjustment. Further details of the dilution adjustment can be found in the full Prospectus for the relevant Fund. The price of shares in the Funds depends on fluctuations in the financial markets outside of Fundsmith's control. Past performance is no indicator of future performance.

Full payment must be made by the 4th business day following the day on which we process your application. This date will be set out on your contract note. If payment is not received by this date we reserve the right to cancel your purchase but you will remain responsible for any losses incurred as a result of non-payment.

If for any reason we are not able to process your investment immediately, any uninvested cash will be either returned to you or held on your behalf in a client bank account, in accordance with the FCA's Client Money Rules. No interest will be payable on your money in such an account.

Selling your investment in the Funds

You can sell your investment in a Fund by writing to us at Fundsmith LLP, PO Box 10846, Chelmsford, Essex, CM99 2BW or telephoning us on 0330 123 1815. Instructions received by telephone will need to be confirmed in writing on a renunciation form which we will send to you or can be downloaded via our website. We will sell your shares at the next valuation point following receipt of your instructions. Once we have received all necessary documents to complete the transaction we will send you the sale proceeds either by bank transfer or by cheque, normally within four business days. The share price may be subject to a dilution adjustment.

Client categorisation


As an individual investor, you will be categorised as a retail client for the purposes of FCA Rules.

Prevention of money laundering

In order to comply with various laws and regulations designed to combat money laundering and other financial crime we operate anti-money laundering procedures at the time of initial investment and on an ongoing basis.

As a result we are required, in certain circumstances, to obtain independent documentary evidence of the identity and permanent address of persons applying to invest in a Fund. We also need to verify the identity of the beneficial owner of the investment and we may be required to obtain information on the source of the wealth and funds for the investment. We may also need additional information if you or the beneficial owner of the investment is a politically exposed person or an associate of a politically exposed person. Our anti-money laundering procedures apply to all applicants and investors in our Funds.

We may use electronic databases to check your identity and address and this will often be sufficient. However, we may sometimes need to obtain further independent evidence of your identity, permanent address or other relevant information. We may therefore write and ask you for it.



Until we receive satisfactory independent documentary evidence of your identity, permanent address or other relevant information, we may need to delay processing your investment instructions and/or to withhold any payments due to you from us in respect of your investment.

It would help us avoid the need to obtain this documentary evidence if you could, wherever possible, pay for any lump sum investment you make by either an electronic transfer or a cheque drawn on your own (or joint) personal bank account. Where you are investing money using a cheque made out by your building society, you must arrange for them to certify on the back of the cheque the name of the person from whose account payment is being made.

If we request evidence of identity from you, we will require documentation to verify both your name and permanent address. Below are some examples of acceptable types of evidence. We will require two documents.

- **Current signed passport**
- **Current signed UK photo-card driving licence**
- **Current full UK driving licence (old version)**
- **Recent HM Revenue & Customs tax notification**
- **Recent local authority tax bill**
- **Recent bank or building society statement or passbook containing current address**
- **Recent utilities bill**

For a Junior ISA we may also require evidence of the identity of the child for whom the Junior ISA is opened. If we do need to do this the following types of document may be requested:

- **Current passport**
- **Birth certificate**
- **NHS medical card**
- **Child benefit documentation**
- **Child tax credit documentation**
- **National insurance card (for those aged 16 or over)**

We recommend that you do not send original items of personal identity such as passports, birth certificates or driving licences. Instead copies of these can be certified by a solicitor, banker, building society official, authorised financial intermediary, regulated mortgage broker or accountant.

Certified copies should be dated and signed “original seen” and be marked in what capacity the person is signing the document, where applicable a company stamp should be used. The person undertaking the certification should not be a family member and must be easy to contact in case of any queries.

Other documentation like utilities bills, have to be recently issued within the last three months and must be original. Photocopies cannot be accepted. We will return all documents to you as soon as possible.

In accordance with our anti-money laundering procedures we may at anytime request further documentary evidence of your identity or that of the beneficial owner or other relevant information. We reserve the right to withhold the proceeds of a sale of shares or the payment of income on the shares until satisfactory evidence is provided.

If you have any questions about the documentation required, if it is requested, please contact us on 0330 123 1815.

Investor information

You can obtain the latest share prices of the Funds by:

- **Visiting our website where price and performance information is available**
- **Calling us on 0330 123 1815 between 9.00am and 5.00pm, Monday to Friday**
- **Referring to the Daily Telegraph or Financial Times**

Please note that these prices are historical and are not the prices at which you would be able to deal. The assets of the Funds are valued at 12 noon each business day and deals are always priced at the next valuation point.

Every six months you will receive a statement showing a valuation of your investment as at 5 April and 5 October each year, together with a list of transactions during the six month period. Statements are issued within a month following the statement date.

In addition the Funds’ half yearly and annual Report and Accounts are available on request or via our website.



4.

Information for ISA holders

An Individual Savings Account (“ISA”) is a tax efficient shelter in which you can place your investments. Under current regulations, all income and capital growth generated within your ISA is free of UK income tax and capital gains tax. There are various types of ISA including:

- **A Stocks and Shares ISA, which can consist of investments such as investment companies with variable capital, unit trusts, investment trusts, company shares, corporate bonds and cash;**
- **A Cash ISA, which can consist of bank or building society deposits, national savings and cash funds;**
- **An Innovative Finance ISA, which can consist of peer-to-peer loans and cash; and**
- **Lifetime ISAs, which can be used as a savings vehicle to buy your first home or for your retirement.**

ISA's are available to all UK tax resident individuals over the age of 16 for a Cash ISA and over 18 for other types of ISA. As Fundsmith only offers a Stocks and Shares ISA, you must be over 18 to subscribe for our ISA.

An individual is only permitted to pay into one of each kind of ISA in each tax year.

From 6 April 2017 the overall maximum subscription limit for an ISA is £20,000 each tax year. The full amount can be invested in a single type of ISA e.g. a Stocks and Shares ISA or you can split your investment between each type of ISA in such proportion as you choose. You must ensure that your contributions into a Fundsmith ISA (together with the value of contributions to any other type of ISA which you may have) do not exceed the maximum subscription limit of £20,000.



You can transfer from one type of ISA to another type of ISA, for example, from a Cash ISA into a Stocks and Shares ISA. You can also transfer an existing Stocks and Shares ISA to another Stocks and Shares ISA with a different provider. For any ISA transfer to us, please note that this can take up to 30 days to process. During this time your investment will be in cash and you will not therefore be exposed to any gain or fall in the stock markets.

The Fundsmith ISA is a Stocks and Shares ISA managed by Fundsmith LLP and permits investment into the Fundsmith Equity Fund and the Fundsmith Sustainable Equity Fund. The Fundsmith ISA can be a tax efficient way of investing in these Funds.

Investment in the Fundsmith ISA must be made using the ISA Application Form or the ISA Transfer Form. The detailed ISA Terms and Conditions are set out in Appendix 3. The minimum payment amount for the Fundsmith ISA is £1,000 lump sum or £100 per month in regular savings. Payment can be made by cheque, debit card or, for regular savings, by direct debit.

From 6 April 2018 the tax benefits of an ISA will continue after the ISA holder dies until the earlier of the completion of the administration of the deceased's estate, the closure of the ISA account or the third anniversary of the date of the deceased's death.

Fundsmith also provides an Additional Permitted Subscription ISA. When a person dies, their surviving spouse is entitled to an additional ISA allowance, based on the value of the deceased's ISA investments on the date of their death or at the end of the period during which a deceased's ISA can continue to be treated as an ISA, whichever is the higher amount. This is known as the Additional Permitted Subscription (APS) Allowance.

If you want to invest your APS allowance in a Fundsmith ISA, you will need to complete the APS ISA Application Form. This can be found on our website together with APS ISA General Guidance which provides more information about the APS ISA.

We will set up a separate ISA account for your APS allowance (the "APS ISA"). We will do this so that HMRC is able to identify how your APS allowance has been used. You are permitted to invest in both an APS ISA and our standard Stocks and Shares ISA in the same tax year and the maximum subscription limit referred to above does not apply to the APS allowance.

The APS allowance must be used within a certain time period. Please read the General Guidance on the APS Allowance for further details.

Under the ISA Regulations, it is possible to invest your APS allowance in instalments, subject to the above time constraints. If you decide to invest your APS allowance in instalments, you will also need to complete an Additional Permitted Subscription (APS) Cash Dealing form for each subsequent investment.

Please note the tax treatment depends upon the investor meeting the eligibility criteria for an ISA and the tax treatment of ISAs may be subject to change in the future.

5.

Information for Junior ISA

A Junior ISA is an Individual Savings Account (“ISA”) for children who do not have a Child Trust Fund. It is a tax efficient shelter for a child’s savings and investments. Under current regulations, all income and capital growth generated within a Junior ISA is free of UK income tax and capital gains tax.

There are two types of Junior ISA:

- **A Stocks and Shares Junior ISA, which can consist of investments such as open-ended investment companies, unit trusts, investment trusts, company shares, corporate bonds and cash; and**
- **A Cash Junior ISA, which can consist of bank or building society deposits, national savings and cash funds.**

A child can have only one Stocks and Shares Junior ISA and one Cash Junior ISA at any one time.

Anyone with parental responsibility for an eligible child can open a Junior ISA for that child. Eligible children over the age of 16 can also open a Junior ISA for themselves. Junior ISA’s are available to all UK resident children under the age of 18 who do not have a Child Trust Fund.

A Junior ISA is held in the name of the child and the investments within the Junior ISA are beneficially owned by the child. Junior ISAs are managed for the child by a person known as the “registered contact”; this is usually the person with parental responsibility for the child.

Anyone (not just the registered contact) can make a payment into a child’s Junior ISA. All payments are gifts to the child and cannot be subsequently returned to the person making the payment.

The investments in a Junior ISA cannot generally be withdrawn prior to the child’s 18th birthday.



The overall maximum subscription limit for the 2020-21 tax year for Junior ISAs will be £9,000. Payments into a child's Stocks and Shares Junior ISA and any Cash Junior ISA must not together exceed that limit each tax year.

The person who is the registered contact can request a transfer of a Junior ISA. A child can only have one Cash Junior ISA and one Stocks and Shares Junior ISA at any one time, so it is not possible to transfer a Cash Junior ISA into a Stocks and Shares Junior ISA if the child already has a Stocks and Shares Junior ISA with a different provider.

For any Junior ISA transfer to us, please note that this can take up to 30 days to process. During this time the investment will be in cash and will not therefore be exposed to any gain or fall in the stock markets.

The Fundsmith Junior ISA is a Stocks and Shares Junior ISA managed by Fundsmith LLP which permits investment in accumulation shares of the Fundsmith Equity Fund and the Fundsmith Sustainable Equity Fund.

An application to open a Fundsmith Junior ISA must be made using the Junior ISA Application Form or the Junior ISA Transfer Form. Only a person with parental responsibility for a child or a child aged 16 or over can apply to open a Fundsmith Junior ISA.

The detailed Junior ISA Terms and Conditions which apply to the Fundsmith Junior ISA are set out in Appendix 4.

The minimum payment amount for the Fundsmith Junior ISA is a £1000 lump sum or £100 per month in regular savings. Payment can be made by cheque, debit card or, for regular savings, by direct debit.

Please note the tax treatment of Junior ISAs may be subject to change in the future.

6.

Additional information

Tax treatment

This section provides a general summary of the tax treatment of the Funds and typical investors. Further information is contained **in the Prospectus of each Fund. If you are in any doubt as to your tax position you should seek professional advice.**

Each Fund is exempt from UK corporation tax on chargeable gains realised on the disposal of investments held by it. Dividends from companies received by a Fund are likely to be exempt from corporation tax in the Fund's hands. A Fund will be subject to corporation tax at the basic rate of income tax (currently 20%) on other types of income (including on any profit on trading transactions) after deducting allowable expenses. Income and other amounts arising from or on a disposal of foreign securities may be subject to a withholding tax. Where this is the case the Fund may be entitled to a tax credit for the withholding against its UK corporation tax liability.

If you are an individual resident in the UK, you may be liable to UK Capital Gains Tax on gains arising from the sale or disposal of shares in a Fund. If you are within the charge to UK corporation tax you may be liable to corporation tax on chargeable gains arising from the sale or disposal of shares in a Fund. Switching between accumulation shares and income shares should not generally be treated as a disposal for tax purposes and should not therefore trigger a charge to capital gains tax.

No tax is deducted from any dividend distributions paid by a Fund. As of 6 April 2018, UK resident individuals benefit from a tax-free dividend allowance on the first £2,000 of dividends received or accumulated in each tax year from any investments. Depending on their personal tax position, UK resident individuals may be subject to income tax on distributions which exceed the allowance regardless of whether these are paid out (as will be the case for Income Shares) or accumulated within a Fund (as will be the case for Accumulation Shares). Shareholders within the charge to UK corporation tax may have to separate dividend distributions into two parts. Any part representing dividends received by the Fund and which are exempt from corporation tax in its hands will be treated as dividend income and no further tax will generally be due on it. The remainder will be treated as an annual payment after deduction of tax at the basic rate of income tax. Corporation tax will be charged on the grossed up amount with the benefit of a credit for the tax already deducted.

The taxation regime in respect of the income or capital gains received by individual investors depends on the tax law applicable to the personal situation of each individual investor and/or to the place where capital is invested. These statements are based on the law and HM Revenue & Customs practice as known as at the date of this document.

Data protection

This section describes the way in which we may use your personal information.

Please read this section carefully to understand how we collect, process and share your personal information.

We will only use your personal information to the extent that it is provided to us, or otherwise obtained by us, as set out in this section. We endeavour to ensure that your personal information is handled in accordance with the “Data Protection Legislation”, including (i) the UK Data Protection Act 2018, (ii) the EU General Data Protection Regulation (iii) the Privacy and Electronic Communications (EC Directive) Regulations 2003, and (iv) all similar or related legislation relating to the processing of personal information and/or privacy applicable to us.

By applying to invest in a Fund and/or otherwise engaging with us, you acknowledge that we may collect, process and transfer your personal information as set out in this section.

In this section, for the purposes of the Data Protection Legislation, the data controllers are:

- the relevant Fund in which you invest;
- Fundsmith; and
- Fundsmith Investment Services Limited

(a) Personal information that we collect from you

When you apply to invest in a Fund or otherwise engage with us (e.g. by sending us emails, contacting us via telephone, visiting or making an enquiry through our website or making transactions with us), you provide personal information about yourself including your name and contact details (e.g. your address, email

address and telephone number), certain financial information and various other necessary personal information (e.g. identity documentation, date of birth, national insurance number and bank details). Where you make use of your online account, we may also collect information about your use of your online account (e.g. your IP address and choice of web browser).

We also have CCTV in some of our offices for the purpose of crime prevention and where this is relevant, we will display appropriate notices.

(b) Personal information that we receive from other sources

We may receive information from third parties who collect personal information from you and pass it on to us. For example, as part of our anti-money-laundering processes for both prospective and existing investors or where we receive contact details and other personal information from your financial adviser. Where this is the case the third party is responsible for obtaining any relevant consents from you to ensure you are happy with the ways in which your personal information will be used but, once we have received it, we will only use it in accordance with the terms of this section.

(c) What we do with your personal information

Some of the personal information we collect or acquire is collected or processed so we can perform a contract with you, some for the purpose of legal compliance and some for the purposes of our legitimate business interests (such as to carry out and improve our business, analyse the use of our services and support our investors).

We will use your personal information in order to (i) manage and administer your shareholding, (ii) contact you to provide details of any changes to a Fund, (iii) conduct internal analysis and research, (iv) comply with legal or regulatory requirements, and (v) identify you when you contact us.

Where you have explicitly consented, or where we otherwise have a right to do so, we may also use your personal information to let you know about our other services, investment products and events, to provide investment commentary or articles that may be of interest to you and/or inform you about important changes or developments to our services, by post, telephone and e-mail.

We may also use the personal information to customise our website according to your interests.

If you change your mind about us using your personal information in the ways described in this section, please let us know by contacting us by using the details set out at the end of this section, although please note that we have to retain some personal information in certain circumstances in order to comply with our legal and regulatory obligations.

You may also opt out of receiving marketing communications from us by following the instructions outlined in the relevant communication.

(d) How we share your personal information

Where you have notified us of your financial or investment adviser, the personal information provided may be shared with such adviser. You should notify us in writing if you no longer wish personal information to be shared with your adviser or of any change in the adviser. The personal information you provide may also be shared with other organisations or companies within our group in order for us to comply with any legal or regulatory requirements, for our internal business purposes or to provide our services to you. We may also share your personal information with our service providers and their respective agents (including cloud hosting providers) as necessary. By submitting your personal information to us, you acknowledge that such third parties shall process your personal information. We ask all third parties to treat your personal information securely and in accordance with this document, and will take reasonable steps to enforce this.

If we undergo a group reorganisation or are sold to a third party, the personal information provided to us may be transferred to that reorganised entity or third party and used for the purposes set out above.

In addition, it may be necessary to disclose your personal information if we are under a duty to disclose your personal information in order to comply with any legal or regulatory obligation (such as anti-money laundering obligations), enforce our rights under this document and any other agreement with you, or to protect our, or any affiliates' rights, property, or safety. This includes exchanging information with other companies and organisations for the purposes of fraud protection and prevention.

(e) Sensitive personal information

Sensitive personal information is personal information concerning an individual's (i) racial or ethnic origin, (ii) political opinions, (iii) religious beliefs or other beliefs of a similar nature, (iv) membership of a trade union, (v) physical or mental health or condition, (vi) sexual life or orientation, (vii) commission or alleged commission by him/her of any offence, or (viii) involvement in any proceedings for any offence committed or alleged to have been committed by him/her, the disposal of such proceedings or the sentence of any court in such proceedings.

You may provide us with sensitive personal information from time to time in connection with your application or otherwise. In such cases, the provision of this information is entirely voluntary and subject to your express consent. However, we may be unable to carry out some activities necessary to process your application, instructions or other requests without the provision of such information.


Where we do receive sensitive personal information, we will only keep such information for as long as strictly necessary in order to comply with our obligations under the law.

(f) Our security and data retention measures, and any transfers we make outside of the EEA

We take steps to protect your personal information from unauthorised access and against unlawful processing, accidental loss, destruction and damage.

Save in respect of sensitive personal information as set out above, we will only keep your personal information for as long as we reasonably require and, in any event, only for as long as the Data Protection Legislation allows.

In processing your personal information, it may be necessary for us to transfer your personal information to countries which are not EEA States. This may occur where servers, suppliers and/or service providers are located outside the EEA. Your personal information may also be accessed by staff operating outside the EEA who work for us, or an affiliate, or for one of our service providers or suppliers. For example, DST Financial Services Europe Limited and DST Financial Services International Limited (the companies we use to provide administrative support)



have operations outside the EEA, and may need to access your personal information in order to provide us with their services.

In these circumstances, we will all take reasonably necessary steps to safeguard your personal information and ensure that it is used in accordance with this section and Data Protection Legislation. This means that we will only transfer your personal information to third parties outside the EEA if (i) that third party is situated in a country that has been confirmed by the European Commission to provide adequate protection to personal information, (ii) that third party has agreed (by way of written contract or by some other form of data transfer mechanism approved by the European Commission) to provide all protections to your personal information as required by the Data Protection Legislation, or (iii) we have your explicit consent to do so (such as where you have requested such a transfer). Where any transfer takes place under a written contract, you have the right to request a copy of that contract and may do so by contacting us on the details set out at the end of this section. For the avoidance of doubt, in the event that the UK is no longer a part of the EEA, references in this paragraph to the EEA shall mean the EEA and the UK.

(g) Accessing and updating your personal information

You have the right to ask us not to process your personal information for marketing or research purposes. You can exercise your right to prevent such processing when completing your application form. You can also exercise the right at any time by contacting us at the details set out at the end of this section.

You have the right to ask to see the personal information we hold about you and to ask us to (i) make any changes to ensure that any personal information we hold about you is accurate and up to date, (ii) erase or stop processing any personal information we hold about you where there is no longer a legal ground for us to hold it, or (iii) in some circumstances, transfer any information we hold about you to a specified third party. If you wish to do this, please contact us at Fundsmith LLP, PO Box 10846, Chelmsford, Essex, CM99 2BW.

(h) Complaints

Should you have any queries or complaints in relation to how we use your personal information, please contact us at Fundsmith LLP, PO Box 10846, Chelmsford, Essex, CM99 2BW. Should you wish to take any complaints or queries further, you have the right to contact the competent data protection regulator, such as the Information Commissioner's Office in the UK, regarding such issues.

Conflicts

Fundsmith has a Conflicts of Interest Policy which contains the details of identified conflicts or potential conflicts of interest and the procedures it follows in order to avoid, minimise and manage such conflicts or potential conflicts. Fundsmith is structured and organised in a way so as to minimise the risks of a client's interests being prejudiced by conflicts of interest and will wherever possible try to ensure that a conflict of interest does not arise. In the event that a conflict of interest cannot be avoided Fundsmith will always act in the best interests of a Fund and ensure that the Fund is fairly treated. If circumstances arise such that Fundsmith's arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of a Fund or its shareholders will be prevented, the senior management of Fundsmith must act to ensure that appropriate action is taken in the best interests of the Fund and its shareholders. Any such situation will be disclosed to shareholders in the next annual or half yearly report together with details of the action taken by Fundsmith to resolve the situation in the best interests of the Fund.

The Conflicts of Interest Policy is reviewed by senior management of Fundsmith at least once a year or whenever there are material changes in the business services to be offered by Fundsmith. A copy of the current Conflicts of Interest Policy is available from Fundsmith on request.



Cancellation

Individual investors, as retail clients, will have the right to cancel your investment within 14 days. A cancellation notice will be sent to you. If you wish to cancel your investment you will need to sign and date the cancellation notice and return it to us at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW within 14 days. We will then return your money less any fall in value of the shares. If you do not exercise your right to cancel within 14 days you will continue to hold your investment.

Complaints

Any complaints concerning the Funds or Fundsmith should be referred to the Compliance Officer of Fundsmith at PO Box 10846, Chelmsford, Essex CM99 2BW. Information about our complaints handling process is available on request and on our website. If a complaint is not resolved to the satisfaction of the complainant it may, subject to the status of the complainant, be referred to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

Compensation

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on your status, the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of a claim up to a maximum limit of £85,000. Further information about compensation arrangements is available from us or the Financial Services Compensation Scheme at the following address:

Financial Services Compensation Scheme
10th Floor
Beaufort House
15 St Botolph Street
London EC3A 7QU
Telephone: 0800 678 1100
Website: www.fscs.org.uk

Recording telephone calls

We may record telephone conversations to offer you additional security, improve our service standards and to resolve complaints. Telephone calls may also be recorded for training purposes.

Language

This document, the Key Investor Information Document, the full Prospectus and all other communications and documentation sent to you will be in English.

Alternative formats

Copies of this document, the Key Investor Information Document, the full Prospectus and the Fund's annual and half-yearly Report and Accounts can be provided to you in large print on request.

Governing law

Any contract or relationship entered into with us or the Fund will be governed by the laws of England and Wales and subject to the exclusive jurisdiction of the English courts.

Appendix 1

Fund information	Fundsmith Equity Fund			Fundsmith Sustainable Equity Fund	
Share class	I Class	R Class	T Class	I Class	T Class
Types of share					
Accumulation	Yes	Yes	Yes	Yes	Yes
Income	Yes	Yes	Yes	Yes	Yes
Dealing levels					
Minimum initial lump sum	£5,000,000	£1,000	£1,000	£5,000,000	£1,000
Minimum monthly investment	N/A	N/A	£100	N/A	£100
Minimum holding	£5,000,000	£1,000	£1,000	£5,000,000	£1,000
Minimum subsequent investment	£5,000	£250	£250	£5,000	£250
Minimum redemption	£5,000	£250	£250	£5,000	£250
Charges					
Annual management charge	0.90%	1.50%	1.00%	0.90%	1.00%
Preliminary/entry charge	Nil	Nil	Nil	Nil	Nil
Redemption charge	Nil	Nil	Nil	Nil	Nil
Switching charge	Nil	Nil	Nil	Nil	Nil
OCF	0.95%	1.55%**	1.05%	1.05%	1.15%*

Accounting reference dates

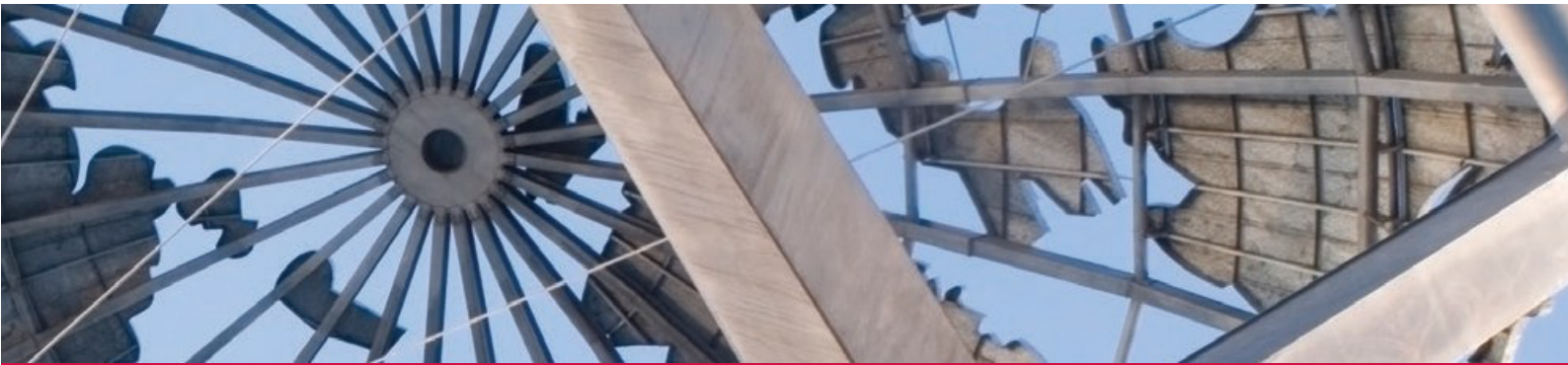
31st December, 30th June

Income payment dates

On or about 28th February and 31st August

*As this share class is new the OCF has been estimated.

**OCF for Fundsmith Equity Fund R Class is 1.55% for Income shares and 1.55% for Accumulation shares.



Appendix 2

Contact details

Shareholder administration: Fundsmith

PO Box 10846, Chelmsford, Essex CM99 2BW

The Funds

Fundsmith Equity Fund
33 Cavendish Square, London W1G 0PW
Registration Number – IC000846
FCA Product Reference Number – 529093

Fundsmith Sustainable Equity Fund
33 Cavendish Square, London W1G 0PW
Registration Number – IC001098
FCA Product Reference Number – 784191

Authorised corporate director

Fundsmith LLP
33 Cavendish Square, London W1G 0PW Financial
Services Registration Number – 523102

Registrar

DST Financial Data Services Limited
DST House, St Nicholas Lane, Basildon, Essex SS15 5FS

Depository:

State Street Trustees Limited
Quatermile 3, 10 Nightingale Way, Edinburgh. EH3 9EG
Financial Services Registration Number – 186237

Auditors

Deloitte LLP
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR

Financial Conduct Authority

The Company, ACD and Depository are all authorised and regulated by the FCA. The FCA can be contacted at:

12 Endeavour Square
London E20 1JN

Telephone: 0800 111 6768
Website: www.fca.org.uk



Appendix 3

ISA terms and conditions

1. Introduction

- 1.1 The following terms and conditions (“Terms”) together with the completed Application Form constitute a legal agreement between you and us, Fundsmith LLP, that sets out the services that we will provide and how we will manage your Individual Savings Account (the “Fundsmith ISA”).
- 1.2 **These Terms and the Application Form should be read in conjunction with the Key Investor Information Documents and the rest of this document which contain important information about the Funds. For your own benefit and protection you should read these Terms, the Application Form, the Key Investor Information Documents and the rest of this document carefully before completing and signing the Application Form.** If you do not understand any point please contact us for further information. More detailed information about the Funds is contained in each Fund’s Prospectus which is available on request or from our website.
- 1.3 The Fundsmith ISA is also governed by the Individual Savings Account Regulations 1998, as amended from time to time, which take precedence over the Terms in the event of any inconsistency.
- 1.4 Fundsmith LLP is authorised and regulated by the FCA in the way it conducts its investment business. In providing you with a service pursuant to these Terms, you will be classified as a Retail Client in accordance with FCARules.
- 1.5 The Fundsmith ISA is a Stocks and Shares ISA as defined below.

2. Definitions

In these Terms the following words have the meanings set out below.

“Additional Permitted Subscription”	additional subscriptions which can be made to an ISA by an individual following the death of their spouse or civil partner;	“ISA”	an Individual Savings Account;
“Application Form”	the application form or transfer application form as appropriate, which you complete in order to open your Fundsmith ISA;	“Key Investor Information Document”	the Key Investor Information Document for the relevant class of share in a Fund, which contains important information about that class of shares and the Fund, as amended from time to time;
“Document”	this supplementary information document containing information about the Funds and the Fundsmith ISA, as amended from time to time, which should be read in conjunction with each Fund’s Prospectus and Key Investor Information Documents;	“Prospectus”	the current prospectus for a Fund, as amended from time to time;
“FCA”	the Financial Conduct Authority or any successor body which may assume some or all of its regulatory responsibilities from time to time;	“Regulations”	the Individual Savings Account Regulations 1998, as amended from time to time;
“FCA Rules”	the FCA handbook of rules and guidance, as amended from time to time;	“Service”	the service of acting as an ISA manager provided to you pursuant to these Terms;
“Fund”	the Fundsmith Equity Fund or Fundsmith Sustainable Equity Fund, together referred to as the “Funds” ;	“Shares”	any class of shares in a Fund;
“HMRC”	HM Revenue & Customs;	“Stocks and Shares ISA”	an ISA which can invest in open ended investment companies, unit trusts, investment trusts, company shares, corporate bonds and cash in accordance with the Regulations;
“Income Payment Day”	any day noted in Appendix 1 of this Document on which distributions of income from the Fund are made;	“Valuation Point”	the time, on any business day, at which a Fund is valued; and
		“We”, “Our” or “Us”	Fundsmith LLP.

3. Opening a Fundsmith ISA

- 3.1 You may make an application to open a Fundsmith ISA in either of the following ways: (i) in writing by completing the Application Form; or (ii) by telephone, or (iii) if investing in Fundsmith Equity Fund only online via our website. You will be required to provide the same information that is asked for in the Application Form and make the same declarations in all cases.
- 3.2 If you apply to open a Fundsmith ISA by telephone we will read back the required information and declarations to you and ask you to confirm it. If you apply online via our website, you will be asked to make the declaration as part of the process and we will notify you of the declaration. You should tell us if anything is incorrect. We reserve the right not to accept your corrections and if the corrections invalidate your Fundsmith ISA for any reason under the Regulations your ISA will be rendered void and your ISA account closed. If this happens your investment in the Shares will not have the tax benefits associated with an ISA.
- 3.3 If your application is not complete in all respects we may open your Fundsmith ISA on a provisional basis. In these circumstances your Fundsmith ISA payment will be used to buy Shares and we will ask you for the missing information. If you do not provide us with the missing information within 30 days of the date on which we received your application, your ISA will be rendered void and your ISA account closed. If this happens your investment in the Shares will not have the tax benefits associated with an ISA.
- 3.4 If your Fundsmith ISA is rendered void under either paragraph 3.2 or 3.3 above unless you instruct us otherwise, we will transfer the Shares to you but you will not have the tax benefits associated with an ISA. If you instruct us to return your subscription to you, we will sell your Shares and the money paid to you will reflect any rise or fall in the value of the Shares since the date of investment; accordingly you may not get back your subscription in full.
- 3.5 We reserve the right to refuse to accept your application to open a Fundsmith ISA. We do not accept applications from U.S. citizens or those who are tax resident in the United States of America.

3.6 If we receive your completed Application Form prior to the tax year to which it relates, we cannot invest your monies until the start of that tax year. In these circumstances we will retain your payment in a non interest bearing client bank account pending the start of the relevant tax year.

3.7 In order to comply with anti-money laundering regulations we will need to verify your identity when you open a Fundsmith ISA and may need to request additional evidence of identity or other relevant information from you from time to time. If this is the case we will write to you to request the relevant information. We reserve the right to refrain from investing your money or to freeze your Fundsmith ISA (in which case we will not accept your instructions to make a withdrawal, to accept or invest money or to pay any distributions to you) until adequate evidence of identity has been provided.

4. Investing in your Fundsmith ISA

- 4.1 You may only invest your own money into the Fundsmith ISA.
- 4.2 You can invest into the Fundsmith ISA by either making one or more lump sum payments or by making regular monthly payments or a combination of the two, as detailed in this Document. The total of all amounts invested in your Fundsmith ISA in any tax year (together with the amounts paid into any other ISA which you may have) must not be more than the annual limit set out in section 4 of this Document. Special rules apply to any Additional Permitted Subscription limit to which you may be entitled. Paragraph 6 below explains this in more detail.
- 4.3 If you are making regular savings, Direct Debit payments will be deducted monthly from your bank account on the first of the month, where this date is not a business day the payment will be deducted on the next business day. For regular savings, you will need to select which Fund you wish to invest in on the Application Form. It is not possible to split your monthly investment between the Funds.
- 4.4 If you want to change the Fund in which you are investing or if you want to stop regular saving either temporarily or completely, please let us know. If you then wish to start saving again, please let us know. You will not need to complete the Direct Debit instruction again unless you have cancelled your existing Direct Debit with your bank or building society

or have not invested for 12 months. If payments are not made into the regular savings plan for 3 consecutive months and your shareholding is below the minimum holding level for the Fund set out in this Document, we reserve the right to terminate your ISA.

- 4.5 If you wish to change the amount of your monthly payment the change will be subject to the current minimum monthly payment level which is set out in this Document. You should also ensure that the total amount you invest in ISAs in any tax year is within the annual limit set out in section 4 of this Document.
- 4.6 The minimum: (i) overall holdings; (ii) initial lump sum investments; (iii) additional lump sum investments; and (iv) monthly savings amounts, for Shares in the Funds are set out in Appendix 1 of this Document.

5. Transfers into a Fundsmith ISA

- 5.1 If you have an existing ISA with another ISA manager, some or all of which you wish to invest in a Fundsmith ISA, you may apply to transfer the cash value of your existing ISA to us by completing and returning to us a transfer Application Form for the Fundsmith ISA. Subject to our acceptance of your transfer application, we will then arrange for the transfer to take place on your behalf. We accept whole or partial transfers of existing ISAs but the Regulations do not permit partial transfers of ISA investments made in the current tax year; you can only transfer the whole amount of such investments.
- 5.2 We will act as manager of your Fundsmith ISA under these Terms from the date of the transfer of cash from your previous ISA manager. The investment of the transferred cash into Shares will normally take place at the next Valuation Point after receiving the cash from your previous ISA manager. The timing of the realisation of the cash value of your existing ISA and its transfer to us is outside of our direct control and during this period you may not be invested and may not therefore receive the benefit of any rise in the value of investments.
- 5.3 As we only offer a Stocks and Shares ISA, any transfer-in to a Fundsmith ISA of a different type of ISA will, subject to our acceptance of your application, be classified by us as a

Stocks and Shares ISA. You may only open one Stocks and Shares ISA each tax year.

- 5.4 We reserve the right to refuse to accept your application to transfer-in to a Fundsmith ISA.

6. Additional permitted subscriptions

- 6.1 If you are eligible for Additional Permitted Subscriptions, you may apply to open a separate Fundsmith ISA solely for those Additional Permitted Subscriptions. You will need to complete and return to us an Additional Permitted Subscriptions ISA Application Form. We do not accept Additional Permitted Subscriptions into an existing Fundsmith ISA. We reserve the right to refuse to accept your application.
- 6.2 By applying to open a Fundsmith ISA for Additional Permitted Subscriptions you confirm and agree that:
- 6.2.1 your spouse or civil partner was an ISA holder and died on or after 3rd December 2014;
- 6.2.2 you were living together with your spouse or civil partner at the date of their death. For these purposes you will be treated as living together unless you were separated by court order, a deed of separation or as a factual matter in circumstances where the separation was likely to be permanent;
- 6.2.3 the payments made as Additional Permitted Subscriptions are made within the relevant time limits prescribed in the Regulations (these are described in our General Guidance on the APS Allowance which is available on our website).
- 6.2.4 the amount of your Additional Permitted Subscriptions does not exceed the higher of the value of the deceased's ISAs held with a particular ISA manager at the date of their death or the value of the deceased's ISA at the end of the period during which the deceased's ISA can continue to be treated as an ISA as set out in paragraph 22. For these purposes the value of all the deceased's ISAs held with the same ISA manager can be combined to provide a total amount relating to that ISA manager (an "APS limit").



6.3 Once you have opened a Fundsmith ISA for Additional Permitted Subscriptions, you may make one or more cash payments into it provided that these payments are made within the prescribed time limit and do not exceed the APS limit. Where we were not the deceased's ISA manager, you will need to determine which of the deceased's ISA manager's APS limits will apply to your Fundsmith ISA. We will ask you to provide information to us about this on the Additional Permitted Subscriptions ISA Application Form. Please note that should you make payments into your Fundsmith ISA which are less than the APS limit for the selected ISA manager, you cannot use the balance to make payments into another ISA.

6.4 Where the deceased held a Fundsmith ISA which you have inherited, you may make an in-specie transfer of the deceased's ISA investments into your APS ISA. This will need to be completed within 180 days of your inheriting the deceased's ISA. Further information on the process to make an in-specie transfer can be found in our General Guidance on the APS Allowance which is available on our website.

7. Cancellation

You will have the right to cancel your Fundsmith ISA within 14 days after receiving notice of your cancellation rights from us. If you exercise your right to cancel, your Shares will be sold and the proceeds of sale will be repaid to you. The amount which you receive will reflect any rise or fall in the value of the Shares and accordingly you may not get back your subscription in full. If you cancel your Fundsmith ISA following a transfer from another manager we will only repay money to you, not to your previous manager.

8. Investment choice and objectives

8.1 Upon our acceptance of your application your Fundsmith ISA payments will be used to purchase Shares in the Funds according to your instructions given in the Application Form. You will be sent an acknowledgement letter and, if you have invested a lump sum, a contract note confirming the details of the transaction.

8.2 The dealing transactions for purchases of Shares will normally be effected by us at the next Valuation Point following our receipt and acceptance of your Application Form or, where you open your Fundsmith ISA by telephone, or online, your instructions.

8.3 We shall not be entitled to make any investments or deposits on your behalf for your Fundsmith ISA other than as referred to in these Terms.

8.4 As the Fundsmith ISA only invests in Shares of the Funds, the investment objectives, policy and restrictions of your Fundsmith ISA will be the same as those of the Funds which you select to invest in. These are described in this Document and the Key Investor Information Documents.

8.5 In providing you with the Service, we make no assessment as to whether or not the Service or any investment made by you in the Shares pursuant to the Service is suitable for you. Accordingly, you do not benefit from the protection of FCA Rules that apply to assessment of suitability. If you require such an assessment you should seek advice from a financial adviser.

9. Cash received into your Fundsmith ISA

9.1 We will not retain cash within your Fundsmith ISA and shall apply all monies received on your behalf to purchase Shares in accordance with your instructions. Income arising from Shares held within your Fundsmith ISA will be dealt with in accordance with paragraph 11 of these Terms.

9.2 Where we receive any cash on your behalf that we are unable to apply to the purchase of Shares within one business day, such monies will either be returned to you or will be credited to a client bank account. All money within the client bank account will be held by us on your behalf pursuant to these Terms in accordance with FCA Rules, but interest will not be payable on monies held in such an account.

9.3 Very occasionally the situation may arise where we are holding cash within your Fundsmith ISA in circumstances where we no longer have any contact with you. In the unlikely event that we are unable to trace you after taking



reasonable steps to do so in accordance with FCA's Rules and there has been no movement on your cash balance for at least six years, provided that we satisfy any requirements of the FCA, then you consent to us releasing any unclaimed client money balance held for you from our client bank account and we will pay that balance to a registered charity of our choice. Where we pay away any client money balance that was held on your behalf in this manner, we undertake to make good any valid claim which you or your legal successors or assigns may have in relation to any such balance (except where such balance is equal to or less than £25) in the event that you or your legal successors or assigns seek to reclaim the balance in the future.

9.4 In the event that we transfer all or part of our business to a third party, you agree that we may transfer any client money balance that we hold for you in a client bank account to that third party where such money relates to the business being transferred, provided that:

9.4.1 the relevant third party will hold the transferred client money balance in accordance with the FCA's rules relating to client money; or

9.4.2 we have otherwise exercised all due skill, care and diligence to assess that the third party will apply adequate measures to protect the transferred client money balance,

and provided that the terms of the transfer require that the third party will return the relevant client money balance to you as soon as is practicable if you so request. We will notify you of any such transfer within 7 days and provide you with certain information about the transfer in accordance with FCA's Rules.

10. Ownership of shares

10.1 Shares held within your Fundsmith ISA will be registered in your name jointly with our nominee. The Funds do not issue share certificates.

10.2 You will own the beneficial title in all the Shares in your Fundsmith ISA. You agree that during the lifetime of your Fundsmith ISA you are and will remain the only beneficial

owner of these Shares free from all charges. None of the Shares held within your Fundsmith ISA may be used as security for a loan.

10.3 We will not lend any of your Shares to a third party or deposit them by way of collateral with a third party or otherwise borrow on your behalf against the security of such Shares. We will not have any security interest or lien over your Shares or any rights of set-off in relation to your Fundsmith ISA.

10.4 Very occasionally the situation may arise where we are holding Shares within your Fundsmith ISA in circumstances where we no longer have any contact with you. If we are unable to trace you after taking reasonable steps to do so in accordance with FCA Rules and we have held Shares on your behalf for at least 12 years and have not received any instructions relating to those Shares from you or from anybody acting on your behalf during that period, provided that we satisfy any FCA Rules and any other requirements, then you consent to us liquidating any unclaimed Shares held on your behalf at their prevailing market value at the time of liquidation and paying away the proceeds, or otherwise transferring ownership of the unclaimed Shares themselves, to a registered charity of our choice. These Shares would cease to be held within the Fundsmith ISA and you would no longer have the tax benefits associated with an ISA. Where we liquidate or transfer unclaimed Shares in this manner, we undertake to pay to you, or your legal successors or assigns, a sum equal to the value of the Shares at the time that they were liquidated or transferred to the relevant charity in the event that you or your legal successors or assigns seek to reclaim the unclaimed Shares in the future. However, this money will not form part of an ISA.

11. Income payments and taxation

11.1 We will collect all distributions of income payable by a Fund as soon as practicable. Any distributions of income will be paid (in respect of income Shares) or reinvested (in respect of accumulation Shares) as detailed in this Document. If you wish distributions of income to be paid to you from your Fundsmith ISA you should complete the income payments section of the Application Form.



11.2 Any distributions of income paid to you may be paid gross of tax on the relevant Income Payment Day. You authorise us to make the necessary claims from HMRC for tax credits or tax deducted in respect of the Shares and any income distributions in accordance with the Regulations for credit to your Fundsmith ISA or for our reimbursement when we have pre-funded a tax credit. We may supply to HMRC all relevant information and documentation we believe to be appropriate for this purpose in accordance with the Regulations.

11.3 We may take such action as may reasonably be required to comply with any directions from or requirements of HMRC in relation to your Fundsmith ISA.

12. Where information is sent

All communication to you will be sent to the address given in your Application Form or for applications made by telephone or online, to the address you provide at that time, unless you notify us of another address.

13. Fundsmith ISA valuations and statements

We will send you a statement containing a valuation of your Fundsmith ISA as at the close of business on 5 April and 5 October each year (although, if circumstances dictate, we may move any such date by up to two weeks), together with details of all transactions made on your behalf since the date of the previous valuation. The statement will be sent to you within 25 business days of the date of the valuation.

14. Fund information

You will be sent all the information sent to holders of Shares in each Fund in which you have invested as soon as it is available and information in relation to any meeting of shareholders. You may attend and vote at meetings of shareholders of each Fund in which you have invested in relation to the Shares in that Fund held in your Fundsmith ISA.

15. Instructing us

15.1 You may generally instruct us in writing, or online via our website, or by telephone. If you instruct us online or by telephone we may require you to send written confirmation of your instructions to us at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW.

15.2 We will acknowledge your instructions by acting upon them unless we reasonably believe that to do so may be impracticable or might contravene these Terms, the Regulations or any other law or regulation.

15.3 We are not obliged to (and our present policy is not to) act on any notice, instruction or other communication from anyone other than you or your personal representative(s) but we may (if we choose to do so) act upon any notice, instruction or other communication that we reasonably believe to be from a person acting under your authority or that of your personal representative(s) or by order of the court.

15.4 All communications between us will be in English.

16. Recording telephone conversations

We may record any telephone conversations that we have with you to offer you additional security, improve our service standards and to resolve complaints. Telephone calls may also be recorded for training purposes. Copies of telephone recordings and communications with you will be available on request for a period of 5 years and, where requested by the FCA, for a period of up to 7 years.

17. Disclosure of information

We may disclose any information arising in connection with a transaction under these Terms to any ISA manager to whom you transfer your Fundsmith ISA, to HMRC, FCA or any other relevant authority or as required by such authority (whether or not pursuant to compulsion of law or regulation) and we shall not be under any liability for any such disclosure which we make in good faith.

18. Information required

You will provide us with all information which we may reasonably require to enable us to carry out the Service, and undertake to inform us of any changes in the information given in the Application Form or by telephone or online in relation to your application or if any of the declarations or information provided to us ceases to be true. This is important as it may affect the tax status of your ISA. You will immediately inform us in the event that you become aware that you are no longer eligible to contribute to or to hold a Fundsmith ISA.



19. Transfers

- 19.1 You may transfer part or all of your Fundsmith ISA to a Stocks and Shares ISA or another type of ISA managed by any other ISA manager at any time by giving us valid notice. This notice must be on the transfer application form of the new ISA Manager. Under the Regulations, investments made in the current tax year must be transferred completely; partial transfers are not permitted.
- 19.2 Where you wish to transfer all or part of your Fundsmith ISA holdings to another ISA Manager, we shall on receipt of valid instructions on the transfer form sell the Shares you wish to transfer at the next available Valuation Point and send the resulting cash to your new ISA Manager. The transfer of cash will be made within any reasonable time period that you may specify or, if none, as soon as is reasonably possible following receipt of your instructions, and in any event not more than 30 calendar days from the receipt of your transfer instruction.
- 19.3 Should you decide to transfer only part of your Fundsmith ISA, we shall have discretion to terminate your Fundsmith ISA if the remaining Shares would be below the minimum holding level for the relevant Fund set out in Appendix 1 of this Document. In these circumstances we will notify you and give you an option of either transferring the remainder of your Fundsmith ISA to another ISA Manager, or of having the remaining Shares sold and the proceeds of the sale paid to you. We will give you a reasonable time within which to respond to our notification but if you do not respond within that time we may sell the remaining Shares in your Fundsmith ISA and pay the proceeds of the sale to you.

20. Withdrawals from your Fundsmith ISA

- 20.1 You may instruct us to make withdrawals from your Fundsmith ISA at any time. However if the withdrawal reduces the value of the Shares in your Fundsmith ISA to below the minimum holding level for the relevant Fund set out in Appendix 1 of this Document, we may treat the withdrawal as an instruction by you to terminate your Fundsmith ISA. If you ask us to make a cash withdrawal we will sell Shares in accordance with your instructions at the next available Valuation Point and pay the proceeds to you in accordance with our settlement policy set out in section 2 of this Document.

Alternatively, you may instruct us to make a withdrawal by transferring Shares in a Fund to you which we will do within any reasonable time period that you may specify or, if none, as soon as reasonably possible following receipt of your instructions and in any event within 30 calendar days.

- 20.2 Unless you instruct otherwise, when effecting a cash withdrawal request, Shares in the relevant Fund from the oldest ISA by year will be sold first.
- 20.3 Any sums invested in your Fundsmith ISA, even if subsequently withdrawn, will continue to count towards the annual investment limit for ISAs. The current limit is set out in section 4 of this Document.

21. Your right to terminate your Fundsmith ISA

- 21.1 You are free at any time to terminate your Fundsmith ISA by giving us an instruction to that effect. On termination of your Fundsmith ISA you can choose to have (i) all of your Shares sold and the proceeds either paid to you or transferred to another ISA Manager; or (ii) some or all of your Shares transferred to another ISA Manager and the remaining Shares treated in accordance with sub-paragraph (i) above. We will sell your Shares (if relevant) at the next available Valuation Point following receipt of your instruction. The payment or transfer (as the case may be) of Shares or cash will be made as soon as is reasonably practicable following receipt of your instructions or as provided in the Regulations in relation to a transfer to another ISA Manager.
- 21.2 Termination of your Fundsmith ISA shall be without prejudice to the completion of transactions already initiated. In all cases, cash proceeds will only be paid out in respect of Shares sold when all settlement monies due on the purchase of those Shares have been received.

22. ISA status following death

- 22.1 From 6 April 2018, in the event of your death, your Fundsmith ISA will continue in existence and will have the tax advantages of an ISA until the earlier of:
- 22.1.1 the completion of the administration of your estate;
- 22.1.2 the third anniversary of the date of your death; or

22.1.3 the closure of your ISA by your personal representatives.

During this period it is not possible for any additional subscriptions to be made to your ISA.

22.2 We will accept instructions in relation to your Fundsmith ISA from your personal representatives once we receive all documentation we may reasonably require to ensure that those instructing us are duly authorised to do so. Your personal representatives may instruct us to transfer the Shares to them or to a beneficiary or, alternatively, the Shares may be sold and a transfer made in cash.

23. Termination by us

23.1 We may terminate your Fundsmith ISA at any time by giving not less than 30 days written notice to you. At the end of the notice period your Shares will no longer be held within an ISA and will not have the tax benefits associated with an ISA. We shall have the discretion to have all of your Shares sold and the proceeds paid to you. You may, on receipt of our notice of termination and within the 30 day notice period, instruct us to transfer your Fundsmith ISA to another ISA manager in accordance with the procedure set out in paragraph 19 above.

23.2 We are entitled to terminate your Fundsmith ISA immediately if we are of the opinion that it is not possible to administer it in accordance with the Regulations or if it is rendered void as a result of a breach of the Regulations. We will notify you in writing if this occurs as soon as we become aware of it.

24. Remuneration and expenses

You will be subject to the normal charges payable in respect of the Shares held in your Fundsmith ISA. Details of the current charges in relation to each Fund are set out in Appendix 1 and the Key Investor Information Documents. We do not receive any payment or remuneration from your investment in your Fundsmith ISA other than the normal charges payable in respect of Shares in the Funds.

25. Complaints

25.1 If you have a complaint, you may write to the Compliance Officer who has been appointed by us to investigate and resolve complaints independently of our investment and administration departments. This senior member of staff will, on request, provide you with a statement describing our complaints procedure. You may write to the Compliance Officer at PO Box 10846, Chelmsford, Essex CM99 2BW. If you are not satisfied with the way in which we have handled your complaint or disagree with our resolution of it, you may have the right to refer your complaint to the Financial Ombudsman Service, details of which are set out in section 6 of this Document.


25.2 We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations to you. Most types of investment business are covered up to a maximum limit of £85,000. Further information about compensation arrangements is available from the Financial Services Compensation Scheme at 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.

26. Liability

26.1 We will not be liable under these Terms for any loss arising from a fall in the value of Shares held within your Fundsmith ISA.

26.2 We will provide the Services described in these Terms using all reasonable care and skill and will be liable to you in respect of losses arising from our (or our employees, nominees or delegates) negligence, wilful default, fraud, breach of these Terms or breach of an FCA Rule or the Regulations. We accept responsibility for our nominee company in accordance with these Terms. Nothing in these Terms excludes or restricts any duty or liability we may have to you under the regulatory system.

26.3 Without prejudice to paragraph 26.2 above, provided that we have complied with FCA Rules in relation to business continuity and to the extent permitted by FCA Rules, we will not be liable or have any responsibility of any kind for any loss or damage incurred or suffered by you as a result of any event or circumstance not reasonably within our



control. In particular, where there is an obligation in these Terms which requires us to purchase or sell Shares within a certain time, and when the issuance or redemption of Shares or the valuation of the Fund is suspended in the circumstances set out in the Prospectus, the time period within which we must fulfil our obligation may be extended to 7 days after the end of the suspension.

27. Material interests

27.1 Pursuant to FCA Rules, we have implemented a 'Conflicts of Interest Policy' designed to detect and manage any conflict that may arise (if at all) between (i) our interests and the duties owed to you by us pursuant to these Terms or (ii) your interests and those of any other client of Fundsmith LLP. Conflicts are monitored by us on an ongoing basis. If circumstances arise such that our arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of a Fund or its Shareholders will be prevented, our senior management must act to ensure that appropriate action is taken in the best interests of the Fund and its Shareholders. Any such situation will be disclosed to Shareholders of that Fund in the next annual or half yearly report together with details of the action taken by us to resolve the situation in the best interests of the Fund.

27.2 Further details about our Conflicts of Interest Policy are available on request.

27.3 For the avoidance of doubt when effecting transactions with or for you, we may have a material interest in the transaction. We will not allow any such interest to stand in the way of achieving fair treatment for you. Subject to the Regulations, we shall not be liable to account to you for any profit or benefit arising as a result of any such transaction.

28. Personal information

We are the data controller in respect of any personal information that you provide. Our data protection policy is set out in section 6 of this Document. This describes the way in which we may use your personal information and you acknowledge this usage and the fact that your personal information may be transferred outside of the European Union.

29. Delegation and transfer

29.1 We may delegate any of our functions, discretions and duties under these Terms and may provide the delegate with information about you and your Fundsmith ISA. We will, however, remain liable to you for the performance of any such delegated matters. We shall satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under these Terms is competent to carry out those functions and responsibilities.

29.2 We may transfer to another company our rights and obligations under these Terms on giving you not less than 30 days written notice and provided that the company to whom the transfer is made has all necessary authorisations and approvals to act as an ISA manager. As part of the transfer process we may transfer all Shares and cash held in your Fundsmith ISA to the company or its nominee. You have the right to terminate your Fundsmith ISA at any time by following the procedure in paragraph 21 above.

30. Changes to the terms

30.1 We may amend these Terms at any time by giving you at least 30 days written notice unless shorter notice is required in order to comply with the Regulations or FCA Rules. You have the right to terminate your Fundsmith ISA at any time if you do not like any amendment made to these Terms by following the procedure in paragraph 21 above.

30.2 Where details are contained in the Key Investor Information Documents or this Document you are advised to obtain the most up to date version's of these from us, or your financial adviser.

31. Third party rights

The provisions of the Contracts (Rights of Third Parties) Act 1999 will not apply to these Terms.

32. Governing law

These Terms shall be governed by and construed in accordance with the law of England and Wales and both you and we agree to submit to the non-exclusive jurisdiction of the English courts.



Appendix 4

Junior ISA terms and conditions

1. Introduction

- 1.1 The following terms and conditions (“Terms”) together with the completed Application Form constitute a legal agreement between you (the “Registered Contact”) and us, Fundsmith LLP, that sets out the services that we will provide and how we will manage the Junior Individual Savings Account (the “Fundsmith Junior ISA”) which you open.
- 1.2 **These Terms and the Application Form should be read in conjunction with the Key Investor Information Documents and the rest of this document which contains important information about the Funds. For your own benefit and protection you should read these Terms, the Application Form, the Key Investor Information Documents and the rest of this document carefully before completing and signing the Application Form.** If you do not understand any point please contact us for further information. More detailed information about the Funds is contained in each Fund’s Prospectus which is available on request or from our website.
- 1.3 The Fundsmith Junior ISA is also governed by the Individual Savings Account Regulations 1998, as amended from time to time, which take precedence over the Terms in the event of any inconsistency.
- 1.4 Fundsmith LLP is authorised and regulated by the FCA in the way it conducts its investment business. In providing services pursuant to these Terms, you will be classified as a Retail Client in accordance with FCA rules.
- 1.5 The Fundsmith Junior ISA is a Stocks and Shares Junior ISA as defined below.



2. Definitions

In these Terms the following words have the meanings set out below.

“Application Form”	the application form or transfer application form as appropriate, which you complete in order to open the Fundsmith Junior ISA;	“HMRC”	HM Revenue & Customs;
“Cash Junior ISA”	a Junior ISA consisting of cash deposits, national savings or investments in cash funds in accordance with the Regulations;	“Junior ISA”	a Junior Individual Savings Account;
“Child”	the individual under the age of 18 named in the Application Form as the child on whose behalf the Fundsmith Junior ISA is opened;	“Key Investor Information Document”	the Key Investor Information Document for the relevant class of share in a Fund, which contains important information about that class of shares and the Fund, as amended from time to time;
“Document”	this supplementary information document containing information about the Funds and the Fundsmith Junior ISA, as amended from time to time, which should be read in conjunction with each Fund’s Prospectus and the Key Investor Information Documents;	“Prospectus”	the current prospectus for a Fund, as amended from time to time;
“FCA”	the Financial Conduct Authority or any successor body which may assume some or all of its regulatory responsibilities from time to time;	“Registered Contact”	the person as defined in the Regulations who may give us instructions in respect of the Child’s Fundsmith Junior ISA;
“FCA Rules”	the FCA handbook of rules and guidance, as amended from time to time;	“Regulations”	the Individual Savings Account Regulations 1998, as amended from time to time;
“Fund”	the Fundsmith Equity Fund or Fundsmith Sustainable Equity Fund, together referred to as the “Funds” ;	“Service”	the service of acting as a Junior ISA manager provided pursuant to these Terms;
		“Shares”	any class of accumulation shares in a Fund;
		“Stocks and Shares Junior ISA”	a Junior ISA which can invest in open ended investment companies, unit trusts, investment trusts, company shares, corporate bonds and cash in accordance with the Regulations;
		“Valuation point”	the time on any business day, at which a Fund is valued;
		“We”, “Our” or “Us”	Fundsmith LLP.

3. Eligibility and status

3.1 Under the Regulations, an application to open a Junior ISA can only be made by a person aged 16 or over. A Junior ISA is opened in respect of a named eligible child. Where the child is under 16, only a person with parental responsibility for the child can apply to open a Junior ISA for that child. If the child is aged 16 or over, either the child or a person with parental responsibility for the child can apply to open the Junior ISA.

3.2 Unless the Junior ISA is being opened in order to accept a transfer in of a Child Trust Fund held for the child where the residency requirements set out below do not apply, a child is an eligible child for a Junior ISA if the Child is either:

3.2.1 resident in the UK for tax purposes; or

3.2.2 is a UK crown servant, or is married to or in civil partnership with a UK crown servant or is a dependant of a UK crown servant.

A child cannot hold both a Junior ISA and a Child Trust Fund. If the child has a Child Trust Fund this must be transferred to the Fundsmith Junior ISA in full in accordance with paragraph 6.3 and the Child Trust Fund will then be closed.

3.3 You confirm that you are eligible to open a Junior ISA on behalf of the Child in accordance with the criteria set out in paragraph 3.1 above and that the Child is eligible for a Junior ISA in accordance with paragraph 3.2 above.

3.4 Once we have accepted the Application Form and opened a Fundsmith Junior ISA for the Child, you will be the Registered Contact for the account and entitled to give us instructions in respect of that Fundsmith Junior ISA. The Registered Contact for a Junior ISA can only be changed in accordance with the procedures and requirements set out in the Regulations. If at any time you wish to change the Registered Contact please advise us in writing at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW.

4. Opening a Fundsmith Junior ISA

4.1 The application to open a Fundsmith Junior ISA can be made in writing by completing the Application Form by telephone or if investing in Fundsmith Equity Fund only, online via our website. Whichever method is chosen you will be required to provide the same information that is asked for in the Application Form and make the same declarations.

4.2 If you apply to open a Fundsmith Junior ISA by telephone we will read back the required information and declarations to you and ask you to confirm it. If you apply online via our website, you will be asked to make a declaration as part of the process and we will notify you of the declaration. You should tell us if anything is incorrect. If your corrections invalidate the Fundsmith Junior ISA for any reason under the Regulations the Child's Fundsmith Junior ISA will be rendered void and the account closed. In these circumstances the Shares will be sold and the proceeds of sale will be paid to the person who made the payment into the Child's Fundsmith Junior ISA. The amount received will reflect any rise or fall in the value of the Shares and accordingly may not be the same amount as the amount of the payment into the Child's Fundsmith Junior ISA. Please ensure as far as possible that any person making a payment into the Child's Fundsmith Junior ISA is aware of and accepts the arrangements set out in this paragraph.

4.3 We reserve the right to refuse to accept your application to open a Fundsmith Junior ISA. We do not accept applications from U.S. citizens or those who are tax resident in the United States of America.

4.4 In order to comply with anti-money laundering regulations we will need to verify your identity and that of the Child when you open a Fundsmith Junior ISA and may need to request additional evidence of identity from you prior to implementing your investment instructions. If this is the case we will write to you to request the relevant documentation. We reserve the right to refrain from investing money or to freeze the Child's Fundsmith Junior ISA (in which case we will not accept instructions to make a subscription or a transfer) until adequate evidence of identity has been provided.

4.5 You will have the right to cancel your application for a Fundsmith Junior ISA within 14 days after receiving notice of your cancellation rights from us. Where you have cancellation rights, we will open the Child's Fundsmith Junior ISA and invest any payments made in Shares in accordance with paragraph 7. If you exercise your right to cancel within the cancellation period, the Shares will be sold and the proceeds of sale will be paid to you. The amount received will reflect any rise or fall in the value of the Shares and accordingly may not be the same amount as the amount of the payment into the Child's Fundsmith Junior ISA. The Child's Fundsmith Junior ISA will be treated as if it had never been opened and you will be entitled to open another Stocks and Shares Junior ISA on behalf of that Child. Please ensure as far as possible that any person making a payment into the Child's Fundsmith Junior ISA during any cancellation period is aware of your cancellation rights and accepts the arrangements set out in this paragraph.

5. Investing in a Fundsmith Junior ISA

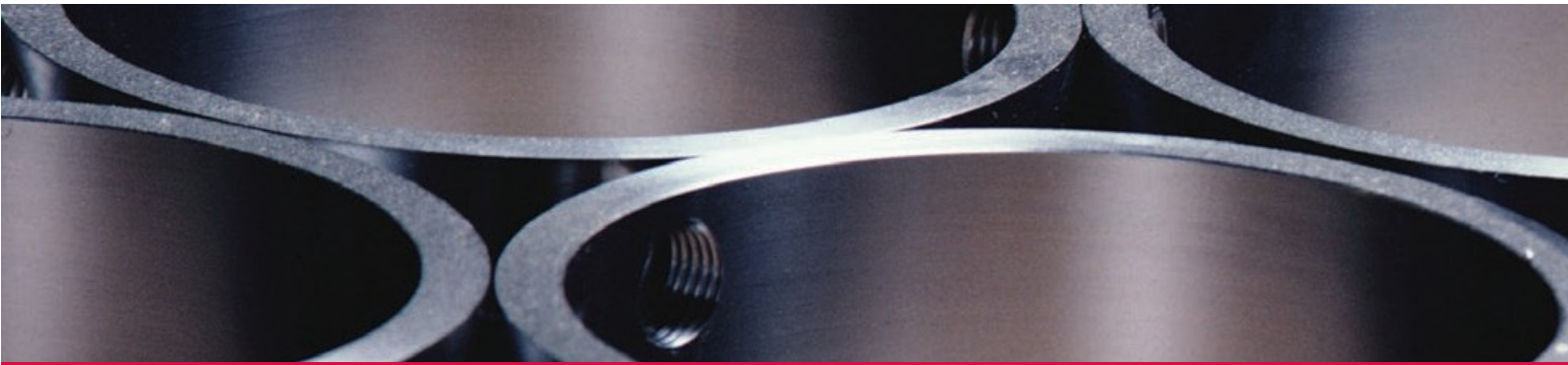
- 5.1 Any person may make a payment into the Child's Fundsmith Junior ISA. All payments made into the Child's Fundsmith Junior ISA are gifts to the Child and cannot be repaid to the subscriber. The total of all amounts paid into the Child's Fundsmith Junior ISA and any Cash Junior ISA held for the Child in any tax year must not be more than the annual limit for Junior ISAs set out in section 5 of this Document.
- 5.2 Investment into a Fundsmith Junior ISA can be made by either making one or more lump sum payments or by making regular monthly payments or a combination of the two, as detailed in this Document. Section 3 of this Document sets out the accepted methods of payment.
- 5.3 If you are making regular monthly savings into a Fundsmith Junior ISA, direct debit payments will be deducted monthly from your bank account on the first day of the month. Where this day is not a business day the payment will be deducted on the next business day. For regular savings you will need to select which Fund to invest in on the Application Form. It is not possible to split your monthly investment between the Funds. If you wish to change the Fund in which the Junior ISA is invested or the amount of

your monthly payment please let us know. The change will be subject to the current minimum monthly payment level which is set out in Appendix 1 of this Document.

- 5.4 If you want to stop regular savings either temporarily or completely, please let us know. If you then wish to start saving again, please let us know. You will not need to complete the direct debit instruction again unless you have cancelled your existing direct debit with your bank or building society or have not invested for 12 months. If payments are not made into the regular savings plan for 3 consecutive months and the shareholding within the Child's Fundsmith Junior ISA is below the minimum holding level for the Fund set out in Appendix 1 of this Document, we reserve the right to require that you transfer the Child's Fundsmith Junior ISA to another Junior ISA manager.
- 5.5 The minimum: (i) overall holdings; (ii) initial lump sum investments; (iii) additional lump sum investments; and (iv) monthly savings amounts, for Shares in the Funds are set out in Appendix 1 of this Document.
- 5.6 You should also ensure that the total amount you invest in any tax year in the Child's Fundsmith Junior ISA and any Cash Junior ISA held on behalf of the same Child is within the annual limit for Junior ISAs set out in section 5 of this Document when aggregated together with any other subscriptions to the Child's Junior ISAs made in that tax year of which you are aware.

6. Transfers into a Fundsmith Junior ISA

- 6.1 If you are the registered contact for an existing Junior ISA with another ISA manager, which you wish to transfer to a Fundsmith Junior ISA, you may apply to transfer the cash value of the existing Junior ISA to us by completing and returning to us a transfer Application Form for the Fundsmith Junior ISA. Subject to our acceptance of your transfer application we will then arrange for the transfer to take place.
- 6.2 We accept whole or partial transfers of existing Junior ISAs subject to the requirements of the Regulations. The Regulations impose two limits on transfers:

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- 6.2.1 the Regulations do not permit partial transfers of Junior ISA investments made in the current tax year; you can only transfer the whole amount of such investments.
 - 6.2.2 transfers are also subject to the requirement that a Child may only have one Cash Junior ISA and one Stocks and Shares Junior ISA at any time.
 - 6.2.3 Where the existing Junior ISA is a Cash Junior ISA, it may be transferred in whole or in part to the Fundsmith Junior ISA provided that current tax year subscriptions are transferred in full. However, where the existing Junior ISA is a Stocks and Shares Junior ISA, it must be transferred in full to the Fundsmith Junior ISA. Any current tax year subscriptions which are transferred to us still count towards the overall subscription limit for that year.
- 6.3 If you are the registered contact for an existing Child Trust Fund which you wish to transfer to a Fundsmith Junior ISA, you may apply to transfer the cash value of the existing Child Trust Fund to us by completing and returning to us a transfer Application Form for the Fundsmith Junior ISA. Subject to our acceptance of your transfer application we will then arrange for the transfer to take place. You can only transfer the whole amount of any Child Trust Fund into a Junior ISA.
- 6.4 We will act as manager of the Child's Fundsmith Junior ISA under these Terms from the date of the transfer of cash from the previous Junior ISA manager or Child Trust Fund manager. The investment of the transferred cash into Shares will normally take place at the next Valuation Point after receiving the cash from the previous Junior ISA manager or Child Trust Fund manager. The timing of the realisation of the cash value of the existing Junior ISA or Child Trust Fund and its transfer to us is outside of our direct control and during this period the cash may not be invested and the Child may not therefore receive the benefit of any rise in the value of investments.
- 6.5 As we only offer a Stocks and Shares Junior ISA, any transfer-in to a Fundsmith Junior ISA of a Cash Junior ISA will, subject to our acceptance of the transfer application, be classified by us as a Stocks and Shares Junior ISA. A Child may only have one Stocks and Shares Junior ISA at any time.
- 6.6 We reserve the right to refuse to accept your application to transfer-in to a Fundsmith Junior ISA.

7. Investment choice and objectives

- 7.1 Upon our acceptance of your application and the opening of the Child's Fundsmith Junior ISA, payments into the Child's Fundsmith Junior ISA will be used to purchase accumulation Shares in the Funds in accordance with the Registered Contact's instructions given in the Application Form. You will be sent an acknowledgement letter and, if a lump sum payment has been made, a contract note confirming the details of the transaction. Under the Regulations it is generally not permitted for any amount to be withdrawn from a Junior ISA. This includes any interest, dividend or other distribution arising from investments held within a Junior ISA. For this reason, the payments into a Fundsmith Junior ISA will be used to purchase accumulation Shares of the selected Fund, where the income allocated to the Shares is credited to capital and reflected in the share price rather than being paid as an income distribution.
- 7.2 The dealing transactions for purchases of Shares will normally be effected by us at the next Valuation Point following the opening of the Child's Fundsmith Junior ISA.
- 7.3 We shall not be entitled to make any investments or deposits for the Child's Fundsmith Junior ISA other than as referred to in these Terms.
- 7.4 As the Fundsmith Junior ISA only invests in Shares of the Funds, the investment objectives, policies and restrictions of a Fundsmith Junior ISA will be the same as those of the Funds which the Registered Contact has selected to invest in. These are described in this document and the Key Investor Information Documents.

7.5 In providing the Service, we make no assessment as to whether or not the Service or any investment in the Shares pursuant to the Service is suitable for you or the Child. Accordingly, you do not benefit from the protection of FCA Rules that apply to assessment of suitability. If you require such an assessment you should seek advice from a financial adviser.

8. Cash received into a Fundsmith Junior ISA

8.1 We will not retain cash within the Fundsmith Junior ISA and shall apply all monies received into the Child's Fundsmith Junior ISA to purchase Shares in accordance with the Registered Contact's instructions.

8.2 Where we receive any cash into the Child's Fundsmith Junior ISA that we are unable to apply to the purchase of Shares within one business day, such monies will either be returned to the person making the payment or will be credited to a sterling client money bank account. All money within the client money bank account will be held by us on behalf of the Child pursuant to these Terms in accordance with FCA Rules, but interest will not be payable on monies held in such an account.

8.3 Very occasionally the situation may arise where we are holding cash within the Fundsmith Junior ISA in circumstances where we no longer have any contact with you or the Child. In the unlikely event that we are unable to trace you or the Child after taking reasonable steps to do so in accordance with FCA's Rules and there has been no movement on the cash balance within the Child's Fundsmith Junior ISA for at least six years, provided that we satisfy any requirements of the FCA, then you consent to us releasing any unclaimed client money balance held for the Child from our client bank account and we will pay that balance to a registered charity of our choice. Where we pay away any client money balance that was held on the Child's behalf in this manner, we undertake to make good any valid claim which the Child or his legal successors or assigns may have in relation to any such balance (except where such balance is equal to or less than £25) in the event that the Child or his legal successors or assigns seek to reclaim the balance in the future.

8.4 In the event that we transfer all or part of our business to a third party, you agree that we may transfer any client money balance that we hold for the Child in a client bank account to that third party where such money relates to the business being transferred, provided that

8.4.1 the relevant third party will hold the transferred client money balance in accordance with the FCA's Rules relating to client money; or

8.4.2 we have otherwise exercised all due skill, care and diligence to assess that the third party will apply adequate measures to protect the transferred client money balance,

and provided that the terms of the transfer require that the third party will return the relevant client money balance to the Child as soon as is practicable if you so request. We will notify you of any such transfer within 7 days and provide you with certain information about the transfer in accordance with FCA's Rules.

9. Ownership of shares

9.1 Shares held within the Child's Fundsmith Junior ISA will be registered jointly in your name and that of our nominee. The Funds do not issue share certificates.

9.2 The Child will beneficially own all the Shares.

9.3 None of the Shares held within the Child's Fundsmith Junior ISA may be used as security for a loan. No assignment of or charge over the Shares within the Child's Fundsmith Junior ISA is permitted.

9.4 We will not lend any of the Shares held in a Fundsmith Junior ISA to a third party or deposit them by way of collateral with a third party or otherwise borrow against the security of such Shares. We will not have any security interest or lien over Shares held in a Fundsmith Junior ISA or any rights of set-off in relation to the Child's Fundsmith Junior ISA.

9.5 Very occasionally the situation may arise where we are holding Shares within a Fundsmith Junior ISA in circumstances where we no longer have any contact with

you or the Child. If we are unable to trace you or the Child after taking reasonable steps to do so in accordance with FCA Rules and we have held Shares in the Child's Fundsmith Junior ISA for at least 12 years and have not received any instructions relating to those Shares from you or from anybody acting on your behalf during that period, provided that we satisfy any FCA Rules and any other requirements, then you consent to us liquidating any unclaimed Shares held in the Child's Fundsmith Junior ISA at their prevailing market value at the time of liquidation and paying away the proceeds, or otherwise transferring ownership of the unclaimed Shares themselves, to a registered charity of our choice. These Shares would cease to be held with the Fundsmith Junior ISA and would no longer have the tax benefits associated with a Junior ISA. Where we liquidate or transfer unclaimed Shares in this manner, we undertake to pay to the Child or his legal successors or assigns, a sum equal to the value of the Shares at the time that they were liquidated or transferred to the relevant charity in the event that the Child or his legal successors or assigns seek to reclaim the unclaimed Shares in the future. However, this money will not form part of a Junior ISA.

10. Taxation

- 10.1 You authorise us on behalf of the Child to make the necessary claims from HMRC for tax credits or tax deducted in respect of the Shares and any income distributions in accordance with the Regulations. We may supply to HMRC all relevant information and documentation we believe to be appropriate for this purpose in accordance with the Regulations.
- 10.2 We may take such action as may reasonably be required to comply with any directions from or requirements of HMRC in relation to the Fundsmith Junior ISA. You agree to take any necessary steps within your control that may be required to remedy any breach of the Regulations in respect of the Child's Fundsmith Junior ISA.
- 10.3 We will notify you as soon as reasonably practicable if by reason of any failure to comply with the Regulations the Child's Fundsmith Junior ISA is or will become no longer

exempt from tax. If we are instructed by HMRC that the Child's Fundsmith Junior ISA is void, we will notify you of this. The Shares held within the Child's Fundsmith Junior ISA will be sold and the proceeds, after making any appropriate deductions in respect of tax, will be paid to the child.

11. Where information is sent

All communication to you as the Registered Contact, will be sent to the address given in the Application Form or for applications made by telephone or online, to the address you provide at that time, unless you notify us of another address.

12. Fundsmith Junior ISA valuations and statements

We will send you a statement containing a valuation of the Child's Fundsmith Junior ISA as at the close of business on 5 April and 5 October each year (although, if circumstances dictate, we may move any such date by up to two weeks), together with details of all transactions for the Child's Fundsmith Junior ISA since the date of the previous valuation. The statement will be sent to you within 25 business days of the date of the valuation.

13. Fund information

As the Registered Contact, you will be sent all the information sent to holders of Shares in the Funds in which the Child's Fundsmith Junior ISA is invested, as soon as it is available and information in relation to any meeting of shareholders. As the Registered Contact, you may attend and vote at meetings of shareholders of a Fund in relation to the Shares in that Fund held in the Child's Fundsmith Junior ISA.

14. Instructing us

- 14.1 As the Registered Contact, you may generally instruct us in writing, or online via our website, or by telephone. If you instruct us online or by telephone we may require you to send written confirmation of your instructions to us at Fundsmith LLP PO Box 10846, Chelmsford, Essex CM99 2BW.

14.2 We will acknowledge your instructions by acting upon them unless we reasonably believe that to do so may be impracticable or might contravene these Terms, the Regulations or any other law or regulation.

14.3 We are not obliged to (and our present policy is not to) act on any notice, instruction or other communication from anyone other than you or your personal representative(s) but we may (if we choose to do so) act upon any notice, instruction or other communication that we reasonably believe to be from a person acting under your authority or that of your personal representative(s) or by order of the court.

14.4 All communications between us will be in English.

15. Recording telephone conversations

We may record any telephone conversations that we have with you to offer you additional security, improve our service standards and to resolve complaints. Telephone calls may also be recorded for training purposes. Copies of telephone recordings and communications with you will be available on request for a period of 5 years and, where requested by the FCA, for a period of up to 7 years.

16. Disclosure of information

We may disclose any information arising in connection with a transaction under these Terms to any Junior ISA manager to whom the Child's Fundsmith Junior ISA may be transferred, to HMRC, FCA or any other relevant authority or as required by such authority (whether or not pursuant to compulsion of law or regulation) and we shall not be under any liability for any such disclosure which we make in good faith.

17. Information required

You will provide us with all information which we may reasonably require to enable us to carry out the Service, and undertake to inform us of any changes in the information given in the

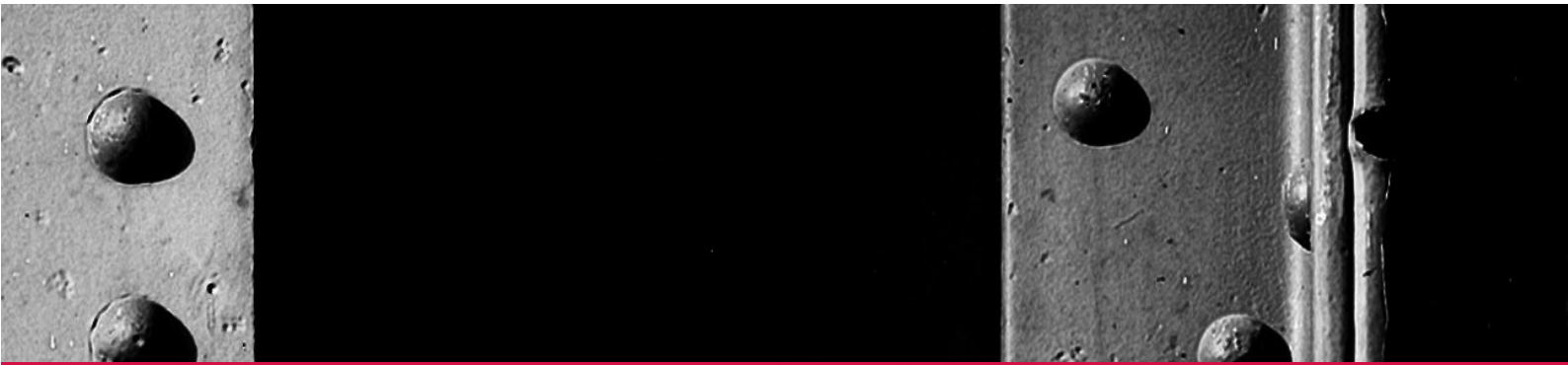
Application Form or by telephone or online in relation to your application or if any of the declarations or information provided to us ceases to be true. This is important as it may affect the tax status of the Child's Fundsmith Junior ISA.

18. Transfers out

18.1 As the Registered Contact, you may transfer the whole of the Child's Fundsmith Junior ISA to a Stocks and Shares Junior ISA managed by any other Junior ISA manager at any time by giving us valid notice. You may also transfer the whole or part of the Child's Fundsmith Junior ISA to a Cash Junior ISA managed by any other Junior ISA manager at any time by giving us valid notice. These notices must be on the transfer application form of the new Junior ISA manager. Under the Regulations, investments made in the current tax year must be transferred completely; partial transfers are not permitted. Please note that a Child may only have one Cash Junior ISA and one Stocks and Shares Junior ISA at any time.

18.2 Where you wish to transfer all or part of the Child's Fundsmith Junior ISA holdings to another Junior ISA manager, we shall on receipt of valid instructions on the transfer form sell the Shares you wish to transfer at the next available Valuation Point and send the resulting cash to the new Junior ISA manager. The transfer of cash will be made within any reasonable time period that you may specify or, if none, as soon as is reasonably possible following receipt of your instructions, and in any event not more than 30 calendar days from the receipt of your transfer instruction.

18.3 Should you decide to transfer only part of the Child's Fundsmith Junior ISA to a Cash Junior ISA, we shall have discretion to close the Child's Fundsmith Junior ISA if the remaining Shares would be below the minimum holding level for the relevant Fund set out in Appendix 1 of this Document. In these circumstances we will notify you and require you to transfer the remainder of the Child's Fundsmith Junior ISA to another Junior ISA Manager.



19. Withdrawals from a Fundsmith Junior ISA

- 19.1 The Regulations do not generally permit any withdrawal of investments or cash to be made from a Junior ISA account prior to the Child's 18th birthday. In relation to the Fundsmith Junior ISA, investments within the account may only be withdrawn prior to the Child's 18th birthday on the closure of the Child's Fundsmith Junior ISA in accordance with paragraph 20.1 below or where the Child has a terminal illness and a terminal illness claim is agreed with HMRC.
- 19.2 As the Registered Contact, we will follow your instructions in relation to the Child's Fundsmith Junior ISA in the event that a terminal illness claim is agreed with HMRC.

20. Termination

- 20.1 A Fundsmith Junior ISA can only be terminated prior to the Child's 18th birthday in the following circumstances:
- 20.1.1 the death of the Child;
 - 20.1.2 by us or at the direction of HMRC where the Child's Fundsmith Junior ISA is void;
 - 20.1.3 by us following the cancellation of the Child's Fundsmith Junior ISA in accordance with paragraph 4.4 above, in which circumstance the Child's Fundsmith Junior ISA is treated as never having been opened;
 - 20.1.4 by us following the withdrawal of all assets in the Child's Fundsmith Junior ISA in accordance with an agreed terminal illness claim; or
 - 20.1.5 by us following a full transfer of the assets to another Junior ISA manager.
- 20.2 You should notify us as soon as possible in the event the Child has died. Under the Regulations, the Child's Fundsmith Junior ISA will cease to benefit from the tax advantages of Junior ISAs from the date of their death.

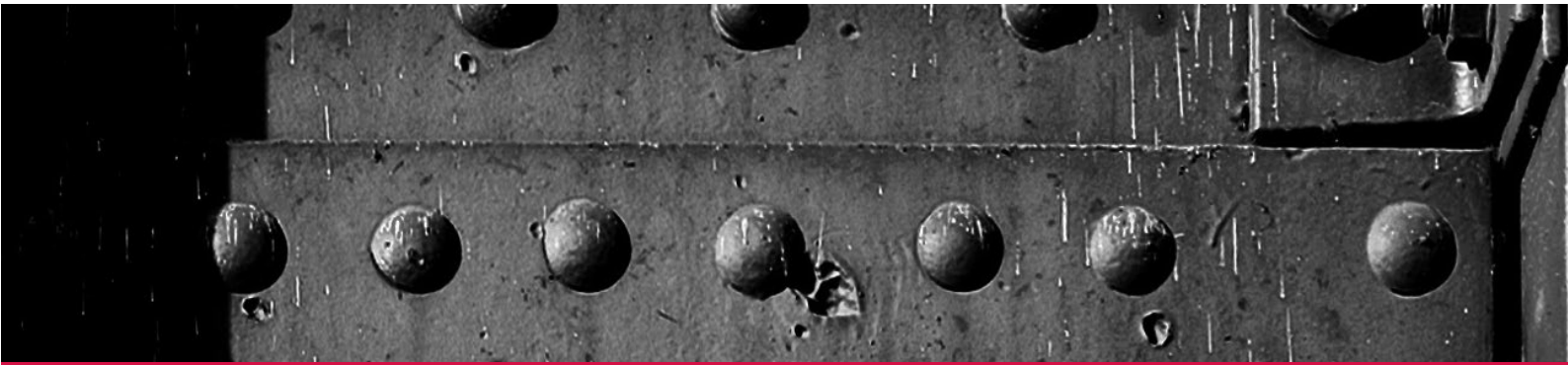
- 20.3 We reserve the right to require you to transfer the Child's Fundsmith Junior ISA to another Junior ISA Manager. We may exercise this right in the circumstances described in paragraphs 5.4 and 18.3 above or if we determine for any reason that it is necessary for us to close the Child's Fundsmith Junior ISA. If we require you to transfer the Child's Fundsmith Junior ISA we will notify you of this in writing. You agree to implement the transfer in accordance with the procedure set out in paragraph 18 above within 60 days of our notification to you.
- 20.4 The Child's Fundsmith Junior ISA will automatically terminate on the Child's 18th birthday. We will contact the Child prior to their 18th birthday to obtain their instructions in relation to their Fundsmith Junior ISA once they reach 18. In the absence of any instructions from the Child, the Child's Fundsmith Junior ISA will become a Fundsmith ISA, which is a Stocks and Shares ISA which we will manage in accordance with the then applicable Fundsmith ISA Terms and Conditions. Under current HMRC guidance, the investments within the Child's Fundsmith Junior ISA will continue to have the tax advantages of an ISA, but further subscriptions to the ISA cannot be made until the required information and authorisations have been given to us. Full details of this will be sent to the Child prior to their 18th birthday.

21. Remuneration and expenses

The Child's Fundsmith Junior ISA is subject to the normal charges payable in respect of the Shares held within it. Details of the current charges in relation to each Fund are set out in Appendix 1 and the Key Investor Information Documents. We do not receive any payment or remuneration for providing the Services other than the normal charges payable in respect of Shares in the Funds.

22. Complaints

- 22.1 If you have a complaint, you may write to the Compliance Officer who has been appointed by us to investigate and resolve complaints independently of our investment and administration departments. This senior member of staff



will, on request, provide you with a statement describing our complaints procedure. You may write to the Compliance Officer at PO Box 10846, Chelmsford CM99 2BW. If you are not satisfied with the way in which we have handled your complaint or disagree with our resolution of it, you may have the right to refer your complaint to the Financial Ombudsman Service, details of which are set out in section 6 of this Document.

22.2 We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations to you. Most types of investment business are covered up to a maximum limit of £85,000. Further information about compensation arrangements is available from the Financial Services Compensation Scheme at 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.

23. Liability

23.1 We will not be liable under these Terms for any loss arising from a fall in the value of Shares held within a Fundsmith Junior ISA.

23.2 We will provide the Services described in these Terms using all reasonable care and skill and will be liable to you in respect of losses arising from our (or our employees, agents nominees or delegates) negligence, wilful default, fraud, breach of these Terms or breach of an FCA Rule or the Regulations. We accept responsibility for our nominee company in accordance with the Terms. Nothing in these terms excludes or restricts any duty or liability we may have to you under the regulatory system.

23.3 Without prejudice to paragraph 23.2 above, provided that we have complied with FCA Rules in relation to business continuity and to the extent permitted by FCA Rules, we will not be liable or have any responsibility of any kind for any loss or damage incurred or suffered by you as a result of any event or circumstance not reasonably within our

control. In particular, where there is an obligation in these Terms which requires us to purchase or sell Shares within a certain time, and when the issuance or redemption of Shares or the valuation of the Fund is suspended in the circumstances set out in the Prospectus, our obligation will be postponed until such suspension is lifted and we will then comply with the obligation as soon as reasonably practicable and in accordance with the Regulations.

24. Material interests

24.1 Pursuant to FCA Rules, we have implemented a 'Conflicts of Interest Policy' designed to detect and manage any conflict that may arise (if at all) between (i) our interests and the duties owed to you by us pursuant to these Terms or (ii) your interests and those of any other client of Fundsmith LLP. Conflicts are monitored by us on an ongoing basis. If circumstances arise such that our arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of a Fund or its Shareholders will be prevented, our senior management must act to ensure that appropriate action is taken in the best interests of the Fund and its Shareholders. Any such situation will be disclosed to Shareholders of that Fund in the next annual or half yearly report together with details of the action taken by us to resolve the situation in the best interests of the Fund.

24.2 Further details about our Conflicts of Interest Policy are available on request.

24.3 For the avoidance of doubt when effecting transactions for the Child's Fundsmith Junior ISA, we may have a material interest in the transaction. We will not allow any such interest to stand in the way of achieving fair treatment for the Child. Subject to the Regulations, we shall not be liable to account to you or the Child for any profit or benefit arising as a result of any such transaction.

25. Personal information

- 25.1 Please advise us in writing at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW of any changes to your or the Child's personal information, including any change of address.
- 25.2 We are the data controller in respect of any personal information that you provide. Our data protection policy is set out in section 6 of this Document. This describes the way in which we may use your and the Child's personal information and you acknowledge this usage and the fact that personal information may be transferred outside of the European Union.

26. Delegation and transfer

- 26.1 We may delegate any of our functions, discretions and duties under these Terms and may provide the delegate with information about you, the Child and the Child's Fundsmith Junior ISA. We will, however, remain liable to you for the performance of any such delegated matters. We shall satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under these Terms is competent to carry out those functions and responsibilities.
- 26.2 We may transfer to another company our rights and obligations under these Terms on giving you not less than 30 days written notice and provided that the company to whom the transfer is made has all necessary authorisations and approvals to act as a Junior ISA manager. As part of the transfer process we may transfer all Shares and cash held in the Child's Fundsmith Junior ISA to the company or its nominee.

27. Changes to the terms

- 27.1 We may amend these Terms at any time by giving you at least 30 days written notice unless shorter notice is required in order to comply with the Regulations or FCA Rules. You have the right to transfer the Child's Fundsmith Junior ISA to another Junior ISA Manager at any time if you do not like any amendment made to these Terms by following the procedure in paragraph 18 above.
- 27.2 Where details are contained in the Key Investor Information Documents or this Document you are advised to obtain the most up to date versions of these from us, or your financial adviser.

28. Third party rights

Except in relation to any rights expressly given to a third party (including the Child) in these Terms, the provisions of the Contracts (Rights of Third Parties) Act 1999 will not apply to these Terms.

29. Governing law

These Terms shall be governed by and construed in accordance with the law of England and Wales and both you and we agree to submit to the non-exclusive jurisdiction of the English courts.



Fundsmith

33 Cavendish Square
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Fundsmith Equity Fund

Prospectus

Fundsmith
Buy good companies
Don't overpay
Do nothing

This document constitutes the Prospectus for Fundsmith Equity Fund (the “Company”) which has been prepared in accordance with the Collective Investment Schemes Sourcebook published by the Financial Conduct Authority (the “FCA”) as part of its Handbook of Rules and Guidance made under the Financial Services and Markets Act 2000 (the “Act”).

Fundsmith LLP as the Authorised Corporate Director (the “ACD”) of the Company is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus does not contain any untrue or misleading statement or omit any matters required by the FCA Rules to be included in it.

The provisions of the Instrument of Incorporation of the Company are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus has been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by Fundsmith LLP.

This Prospectus is currently only available in English. Copies of this Prospectus can be provided in large print upon request.

Copies of this Prospectus have been sent to the FCA and the Depositary.

If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.

This Prospectus is dated and is valid as at 31 January 2020.

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

As the Company is established in the UK, this Prospectus has been drafted for distribution in the United Kingdom and certain sections (for example those relating to tax) are intended for United Kingdom investors only. However, the Company may, subject to approval by the appropriate authority, be made available to investors in other jurisdictions, both within and outside of the European Union. Supplementary information may be made available to investors in such jurisdictions by way of a country-specific addendum, dependent upon the legal and regulatory requirements of each country or jurisdiction. The Prospectus may also be translated into the language of the country in which the Company is to be made available, dependent upon the legal and regulatory requirements of each country or jurisdiction. Potential investors who are based outside the United Kingdom should read Section 36 of this Prospectus on “Overseas Shareholders” and any country-specific addendum relevant to their jurisdiction which is referred to there. Notwithstanding the information provided in Section 36, potential investors based outside the UK are required to inform themselves of the legal requirements and restrictions in their own jurisdiction and act in accordance with them. This Prospectus does not amount to a solicitation or offer to any person in any jurisdiction in which such solicitation or offer would be unauthorised or unlawful.

The Company is offering its Shares on the basis of the information contained in this Prospectus. No person has been authorised by the Company to give any information or to make any representations in connection with the offering of the Shares other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

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Directory of contact details

Shareholder administration:

Fundsmith LLP
PO Box 10846, Chelmsford, Essex CM99 2BW

Telephone: 0330 123 1815
Website: www.fundsmith.co.uk

The Company:

Fundsmith Equity Fund
33 Cavendish Square, London W1G 0PW
Registration Number – IC000846
FCA Product Reference Number – 529093

Authorised Corporate Director:

Fundsmith LLP
33 Cavendish Square, London W1G 0PW FCA
Registration Number – 523102

Registrar:

DST Financial Services International Limited
DST House, St Nicholas Lane, Basildon, Essex SS15 5FS

Depository:

State Street Trustees Limited
Quartermile 3, 10 Nightingale Way, Edinburgh EH3 9EG FCA
Registration Number – 186237

Auditors:

Deloitte LLP
London

Financial Conduct Authority:

The Company, ACD and Depository are all authorised and regulated by the Financial Conduct Authority (“FCA”). The FCA can be contacted at:

12 Endeavour Square
London E20 1JN

Telephone: 0800 111 6768 (Consumer helpline)

Website: www.fca.org.uk

Definitions

Definitions

In this Prospectus the words and expressions set out in the first column below shall have the meanings set out opposite them unless the context otherwise requires.

Accumulation Share	shares (of whatever class), in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Rules net of any tax deducted or accounted for by the Company;
ACD	Fundsmith LLP, the authorised corporate director of the Company;
Act	Financial Services and Markets Act 2000 as amended;
Auditor	Deloitte LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
Approved Bank	any approved bank within the definition contained in the glossary of definitions to the FCA Handbook (as applied in COLL), including UK banks, building societies, banks supervised by the central bank or banking regulator of an OECD country, credit institutions within an EEA State, banks regulated in the Isle of Man or the Channel Islands and banks supervised by the South African Reserve Bank;
Brexit Day	the day on which the UK leaves the EU;
Brexit Implementation	31 December 2020;
Completion Day	
Business Day	any day on which the London Stock Exchange is open for business;
Company	Fundsmith Equity Fund;
Dealing Day	9.00 am to 5.00 pm on each Business Day excluding any day on which the ACD has notified the Depositary that it is not open for normal business or as otherwise agreed between the ACD and the Depositary;

Depository	State Street Trustees Limited, the depository of the Company or such other entity as is appointed to act as depository;	OECD	the Organisation for Economic Co-operation and Development;
EEA State	a member state of the European Union and any other state which is within the European Economic Area;	OEIC Regulations	the Open-Ended Investment Companies Regulations 2001 as amended from time to time;
EU	the European Union;	Register	the register of Shareholders of the Company;
FCA	the Financial Conduct Authority or any successor body which may assume its regulatory responsibilities from time to time;	Regulations	the OEIC Regulations, the FCA Rules, the Act and any regulations made under it and, post Brexit Implementation Completion Day, any retained EU law under the European Union (Withdrawal) Act 2018 which is directly applicable to the Company;
FCA Handbook	the FCA handbook of rules and guidance made under the Act, as amended from time to time;	Scheme Property	the property of the Company to be given to the Depository for safe-keeping;
FCA Rules	the rules contained in the Collective Investment Schemes Sourcebook of the FCA Handbook which shall include the requisite parts of the Glossary but not include guidance or evidential requirements, as amended from time to time;	Share	a share in the Company (including larger denomination shares and smaller denomination shares);
Income Share	Shares (of whatever class), in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof net of any tax deducted or accounted for by the Company;	Shareholder	the registered holder of a Share;
Investment Manager	Fundsmith Investment Services Limited;	UCITS Directive	the EC Council Directive of 13 July 2009 (2009/65/EC) as amended or superseded on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities;
Net Asset Value or NAV	the value of the Scheme Property of the Company less all the liabilities of the Company as calculated in accordance with the Company's Instrument of Incorporation;	UCITS Scheme	an authorised collective investment scheme constituted in accordance with the UCITS Directive, or, post Brexit Implementation Completion Day as a UK UCITS in accordance with the FCA Rules.

All terms not otherwise defined shall bear the meanings given to them in the FCA Rules.

1.

The Company

1. The Company

- 1.1** The Fundsmith Equity Fund is incorporated in England and Wales as an open-ended investment company with variable capital, whose effective date of authorisation by the FCA was 19th October 2010. Its registration number is IC000846. Its FCA product reference number is 529093. The Company has an unlimited duration.
- 1.2** The Head Office of the Company is at 33 Cavendish Square, London W1G 0PW and this is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.
- 1.3** The Company has been established as a UCITS Scheme.
- 1.4** The operation of the Company is governed by the Regulations, its Instrument of Incorporation and this Prospectus.
- 1.5** The base currency of the Company is pounds sterling.
- 1.6** The maximum share capital of the Company is currently £100,000,000,000 and the minimum is £100. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's current Net Asset Value.
- 1.7** Shareholders in the Company are not liable for the debts of the Company. Shareholders are not liable to make any further payment after they have paid the price on the purchase of shares.
- 1.8** Generally, the profile of the typical investor for whom the Company 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 Company as described in this Prospectus.

2.

Investment objectives and policy

2. Investment objectives and policy

Investment Objective

- 2.1** The investment objective of the Company is to achieve long term growth (over 5 years) in value.

Investment Policy

- 2.2** The Company will invest in equities on a global basis.
- 2.3** The Company's approach is to be a long-term investor in its chosen stocks. It will not adopt short-term trading strategies.
- 2.4** The Company has stringent investment criteria which the ACD and the Investment Manager, adheres to in selecting securities for the Company's investment portfolio. These criteria aim to ensure that the Company invests in high quality businesses:
- that can sustain a high return on operating capital employed;
 - whose advantages are difficult to replicate;
 - which do not require significant leverage to generate returns;
 - with a high degree of certainty of growth from reinvestment of their cash flows at high rates of return;
 - that are resilient to change, particularly technological innovation;
 - whose valuation is considered by the Company to be attractive.

- 2.5** Investors should be aware that the application of these investment criteria significantly limits the number of potential investments which the ACD and the Investment Manager will consider to be appropriate investments for the Company's portfolio. It is envisaged that the investment portfolio of the Company will be concentrated, generally comprising between 20 and 30 stocks.

Investment Restrictions

- 2.6** The Company is a UCITS Scheme. In accordance with the investment objectives and policies and subject to the following restrictions, the Company will utilise

the investment and borrowing powers available to it for a UCITS Scheme, the relevant aspects of which are summarised below in section 2.10. The specific investment restrictions are as follows:

- **The Company will not invest in units of other UCITS or other collective investment schemes.**
- **The Company 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 sterling.**
- **The Company does not intend to have an interest in immovable or tangible movable property.**

2.7 The Company will not use securities financing transactions or total return swaps.

Eligible Markets

2.8 The eligible securities markets for the Company are set out in Appendix 1.

Comparisons

2.9 The Company is not managed with reference to any benchmark. In the ACD's fund factsheet and other marketing material, a number of comparisons are provided for ease of reference to enable the reader to have a general and consistent comparison for the Company's performance. The following are used:

- **Equities – The ACD shows the performance of the MSCI World Index, in Sterling net with dividends reinvested (priced at the close of US business and sourced from www.msci.com). The MSCI World Index is a market capitalisation weighted index of global developed world equities. This shows what you might have earned if you had invested in a broad portfolio of global developed world equities.**
- **Bonds – The ACD shows Bloomberg/Barclays Bond Indices UK Govt 5-10 yr (source: Bloomberg). This shows what you might earn if you had invested in UK Government Debt.**

- **Cash – The ACD shows 3 Month £ LIBOR Interest Rate (source: Bloomberg). This is a proxy for what you might be able to earn for cash deposits.**

The ACD is not suggesting that these are the only comparisons that are relevant or, indeed, the best for an individual investor and investors may prefer others.

UCITS Investment Powers

2.10 The Scheme Property of a UCITS Scheme must be invested with the aim of providing a prudent spread of risk. There are strict limits on the types of investment that can be made, and on both the spread and concentration of investments held by the Company. The following is a brief summary of the investment and borrowing powers of a UCITS Scheme which are relevant to the Company given its investment objectives and policies. A full description of the investment and borrowing powers of a UCITS Scheme can be found within Chapter 5 of the Collective Investment Schemes Sourcebook of the FCA Handbook, which is available at www.handbook.fca.org.uk.

2.10.1 Types of investment

As a UCITS Scheme, the Scheme Property of the Company may consist of:

- **transferable securities; and**
- **deposits held with an Approved Bank, cash or near cash.**

The ACD intends that the Company will normally be fully invested, but Scheme Property may be held in the form of cash or near cash when the ACD reasonably regards this as necessary in order to enable the redemption of shares or for the efficient management of the Company.

Transferable securities

Transferable securities include shares in companies and other securities equivalent to shares in companies.

The Company may only invest in transferable securities that fulfil the following criteria (and subject to the investment limits set out below):

- (i) the potential loss which the Company may incur

with respect to holding the transferable security is limited to the amount paid for it;

- (ii) its liquidity does not compromise the ability of the Company to comply with its obligation to redeem Shares at the request of any Shareholder at a price based on NAV;
- (iii) a reliable valuation is available for it as follows:
 - (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- (iv) appropriate information is available for it as follows:
 - (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
 - (b) in the case of a transferable security not admitted to or dealt with on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

(v) it is negotiable; and

(vi) its risks are adequately captured by the risk management process of the ACD.

Transferable securities admitted to or dealt in on an eligible market will be deemed to meet the conditions in (ii) and (v) unless the ACD has information that would lead to a different determination. The ACD will assess the liquidity risk that may result from investment in illiquid transferable securities in the light of the obligation to redeem Shares at the request of Shareholders at a price based on NAV.

Transferable securities held by the Company must generally be approved securities, that is securities admitted to or dealt on an eligible market, and must remain so until disposed of by the Company. No more than 10% in value of the Scheme Property may consist of transferable securities which are not approved securities and approved money market instruments. If a market ceases to be an eligible market, investments on that market cease to be approved securities and must then be included in the calculation of the 10% restriction on investing in non approved securities. See Appendix 1 for details of the eligible markets of the Company.

A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company, at any time when payment is required, without contravening the FCA Rules.

The ACD has adopted a risk management and liquidity management process that takes account of the investment objectives and policies of the Company and which enables the ACD to measure and monitor the risk of the Company's positions and their contribution to the overall risk and liquidity profile of the Company.

Deposits

The Company may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn and mature in no more than 12 months.

2.10.2 Investment limits

The spread requirements are as follows and for these purposes companies in the same group are regarded as a single body. The specific limits are:

- (i) the Company can invest up to 5% in value of its Scheme Property in transferable securities issued by any single body. This limit rises to 10% in respect of up to 40% in value of the Scheme Property. For these purposes certificates representing certain securities are treated as equivalent to the underlying security;
- (ii) not more than 20% in value of the Scheme Property can be in deposits held with a single body. In applying this limit all uninvested cash (except cash representing distributable income or credited to a distribution account that the Depositary holds) should be included;
- (iii) not more than 20% in value of the Scheme Property can consist of transferable securities and approved money market instruments issued by the same group. When applying the limits set out in (i) this provision would allow the Company to invest up to 5% in the transferable securities of each of four group member companies, or 10% in two of them (if applying the 40% limit); and
- (iv) the Company's holdings in any combination of transferable securities or deposits issued by a single body must not exceed 20% in value of its Scheme Property overall.

The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote at a general meeting of that body corporate if the Company has the power to influence significantly the conduct of business of that body corporate (or would be able to do so after the acquisition of the transferable securities). The Company is to be taken to have power to influence significantly if it exercises or controls the exercise of 20% or more of the voting rights in that body corporate.

The Company must not acquire transferable securities which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them and represent more than 10% of these securities issued by that body corporate.

2.10.3 Borrowing

The Company may, on the instructions of the ACD and subject to the FCA Rules, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property.

Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property.

3.

Shares

3. Shares

- 3.1** The Company's Instrument of Incorporation allows for several classes of Share to be issued. The Company currently offers Shares within three share classes: I Shares, R Shares and T Shares. The I Share Class is aimed primarily at pension fund, corporate or other institutional investors who are seeking to invest at least £5,000,000 as a minimum with an Annual Management Charge of 0.9%. The T Share and R Share Classes are for individuals or other investors wishing to invest at least £1,000 as a minimum. The difference between these classes is the charging structure. For the T Class, the Annual Management Charge is 1.0% as opposed to 1.5% for the R Class. The R Class is designed for investors who use an intermediary who is paid trail commission (subject to the intermediary being able to receive trail commission). Further Share classes may be made available in due course, as the ACD may decide.
- 3.2** The minimum initial investment, subsequent investment size, minimum holding level and minimum redemption size for each Share class is set out on page 27. These limits may be waived at the discretion of the ACD.
- 3.3** The Company has issued both Income Shares and Accumulation Shares. Holders of Income Shares are entitled to receive distributions of income on each income allocation date. Holders of Accumulation Shares are not entitled to be paid any dividend income attributed to their shares, but that dividend income is instead automatically transferred to and retained as part of the capital assets of the Company attributable to the Accumulation Shares. This is reflected in the price of an Accumulation Share.
- 3.4** The Shares go ex-dividend on 31 December and 30 June and the income is allocated on those dates. The income is paid on or around 28 February and on or around 31 August each year. Shares purchased between the date the Shares go ex-dividend and the payment date do not give the Shareholder any right to participate in the income that was accrued and was allocated to Shareholders on the register on the relevant income allocation date and the transaction will be marked 'xd' to ensure the basis of the purchase is clear.

- 3.5** It is not possible under the OEIC Regulations and FCA Rules to have fractions of a share. Accordingly, the rights attached to Shares of each class are expressed in two denominations – smaller denomination and larger denomination. Each class includes larger and smaller denomination Shares in the ratio of 1:1000. Rights of smaller denomination Shares are therefore in proportion to those of the larger denomination Shares in the same ratio. Whenever more than 1000 smaller denomination Shares of any class are included in any registered holding the ACD shall consolidate 1000 of such Shares into a larger denomination Share of the same class.
- 3.6** The Shares are not listed or traded on any stock exchange.
- 3.7** Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in one class for Shares of a different class. Details of this switching facility and the relevant restrictions are set out in Section 11.
- 3.8** Shares in the Company are, and will continue to be, widely available. The intended categories of investors are retail investors and institutional investors. Shares in the Company will be marketed and made available sufficiently widely to reach the intended categories of investors for each share class and in a manner appropriate to attract those categories of investors.

4.

Management and administration

4. Management and administration

4.1 Authorised corporate director

- 4.1.1 The authorised corporate director of the Company is Fundsmith LLP which is a limited liability partnership incorporated in England and Wales under the Limited Liability Partnerships Act 2000. The ACD was incorporated on 16th April 2010. The ACD's registered office is at 33 Cavendish Square, London, W1G 0PW. The ACD's total members' capital is £7,000,000.
- 4.1.2 The ACD is authorised and regulated by the Financial Conduct Authority. The ACD is currently the sole director of the Company. The ACD is responsible for managing and administering the Company's affairs in compliance with the Regulations.
- 4.1.3 The main business activities of the ACD are, (i) acting as an authorised corporate director; (ii) discretionary investment management services; (iii) providing investment advice; and (iv) acting as an alternative investment fund manager. The ACD acts as the authorised corporate director of Fundsmith Sustainable Equity Fund.
- 4.1.4 The members of the ACD are listed in Appendix 3. The main business activities of the members of the ACD other than those connected with the Company are set out in Appendix 3.
- 4.1.5 The ACD has delegated the following functions, (i) transfer agency and shareholder dealing to DST Financial Services Europe Limited; (ii) registrar and shareholder administration to DST Financial Services International Limited; (iii) accounting, valuation and pricing to State Street Bank and Trust Company; (iv) dealing services to Northern Trust Securities LLP each as more fully described in Section 7 below and (v) discretionary investment management services to the Investment Manager, Fundsmith Investment Services Limited, as more fully described in Section 4.3 below.

4.2 Terms of ACD's appointment

- 421 The ACD was appointed by an agreement dated 27th October 2010 between the Company and the ACD (the "ACD Agreement"). Under the ACD Agreement, the ACD is responsible for the management and administration of the Company's affairs. Subject to the FCA Rules, the ACD has full power to delegate (and authorise its delegates to sub-delegate) all or any part of its duties as ACD.
- 422 The ACD Agreement provides that the appointment may be terminated upon 6 months' written notice by either the ACD or the Company. In certain circumstances the ACD Agreement may be terminated immediately by notice in writing by either the ACD, the Company or the Depositary. Except in relation to the winding up of the Company, termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the ACD. On termination, the ACD is entitled to its pro rata fees and expenses up to but excluding the date of termination and any additional expenses necessarily incurred in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement.
- 423 Under the ACD Agreement the Company agrees, to the extent allowed under the Regulations, to indemnify and hold harmless the ACD against losses, liabilities, costs, claims, actions, damages, expenses or demands incurred by the ACD arising out of the performance of its duties as ACD except where caused by the fraud, negligence, wilful default, breach of duty or bad faith of the ACD.

424 The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes from or in connection with its dealings in Shares, any transaction in Scheme Property or from the provision of services to the Company. The fees to which the ACD is entitled are set out in Section 29.

425 Copies of the ACD Agreement are available to Shareholders upon request.

4.3 Delegation to Fundsmith Investment Services Limited

431 The ACD has entered into an agreement with the Investment Manager dated 2 February 2015 (the "Delegation Agreement") under which the Investment Manager provides certain investment research and portfolio management services to the ACD in relation to the Company. The Investment Manager and the ACD are controlled by the same persons. The Investment Manager has discretion without prior reference to the ACD to make investment decisions in relation to the Scheme Property in accordance with the investment criteria of the Company and subject to the investment objectives and policies of the Company, the provisions of the Prospectus and the requirements of applicable law. The ACD will remain responsible for the overall investment strategy, risk management and for monitoring and supervising the Investment Manager. The Investment Manager will also undertake some marketing and marketing support functions in relation to the Company.

- 4.32 The Delegation Agreement with the Investment Manager can be terminated by the ACD on giving the Investment Manager three months notice in writing and at any time if in the ACD's discretion this would be in the best interests of the Shareholders.
- 4.33 The Investment Manager will exercise reasonable care and skill in the performance of its functions. Under the Delegation Agreement the ACD provides indemnities to the Investment Manager (except in the case of any matter arising as a direct result of its fraud, negligence, wilful default, bad faith, material breach of the Delegation Agreement or material breach of applicable law or regulation) to the extent that the ACD is able itself to recover such loss under the terms of the ACD Agreement with the Company. The ACD remains fully responsible to the Company for the acts or omissions of the Investment Manager. Any fees payable to the Investment Manager will be borne by the ACD out of its annual management charge. The Investment Manager is not liable to account for any profit it makes from or in connection with any transaction in the Scheme Property or from the provision of services to the ACD.
- 4.34 The Investment Manager provides similar services to the ACD in relation to other funds managed by the ACD and also acts as discretionary investment manager for its own clients.

5.

The depositary

5. The depositary

5.1 The depositary

5.1.1 State Street Trustees Limited is the Depositary of the Company. The Depositary's registered office is at 20 Churchill Place, London E14 5HJ with its head office at Quatermile 3, 10 Nightingale Way, Edinburgh EH3 9EG. The Depositary is a private limited company incorporated in England and Wales on 24 October 1994 (Registered Number: 02982384). The Depositary's ultimate holding company is State Street Corporation, Massachusetts, U.S.A.

5.2 Terms of depositary's appointment

5.2.1 The appointment of the Depositary has been made under an agreement (the "Depositary Agreement") dated 27th October 2010 between the Company, the ACD and the Depositary. This agreement was amended to incorporate changes required under UCITS V legislation and this new agreement was dated 14 April 2016.

5.2.2 The Depositary Agreement may be terminated on three months written notice by the Depositary, the Company or the ACD provided that the Depositary may not retire voluntarily except upon the appointment of a new depositary.

5.3 Depositary Fees

5.3.1 The fees to which the Depositary is entitled are set out in Section 30.

5.4 Depositary's functions

5.4.1 The principal business of the Depositary is acting as depositary and trustee of collective investment schemes.

5.4.2 The Depositary has been entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Company's Instrument of Incorporation;
- ensuring that the value of the Shares is calculated in accordance with applicable law and the Company's Instrument of Incorporation;
- carrying out the instructions of the ACD unless they conflict with applicable law and the Company's Instrument of Incorporation;
- ensuring that in transactions involving the assets of the Company any consideration is remitted within the usual time limits;
- ensuring that the income of the Company is applied in accordance with applicable law and the Company's Instrument of Incorporation;
- monitoring of the Company's cash and cash flows; and
- safe-keeping of the Company's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

5.5 Depositary's liability

- 5.5.1 In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholders.
- 5.5.2 In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, or, post Brexit Implementation Completion Day, the Regulations, the Depositary shall return

financial instruments of identical type or the corresponding amount to the Company without undue delay.

5.5.3 The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive, or, post Brexit Implementation Completion Day, the Regulations.

5.5.4 In case of a loss of financial instruments held in custody, the Shareholders may invoke the liability of the Depositary directly or indirectly through the ACD, provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.

5.5.5 The Depositary will be liable to the Company for all other losses suffered by the Company as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive, or, post Brexit Implementation Completion Day, the Regulations.

5.5.6 The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

5.6 Delegation

- 5.6.1 The Depositary has full power to delegate the whole or any part of its safe-keeping functions. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement.
- 5.6.2 Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are contained in Appendix 5 to the Prospectus.

5.7 Conflicts of Interest

5.7.1 The Depository is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depository or its affiliates engage in activities under the depository agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Company;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivatives, principal lending, broking, market making or other financial transactions with the Company either as principal or agent and in the interests of itself, or for other clients.

5.7.2 In connection with the above activities, the Depository or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to the Company the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;

- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken for the Company, including based upon information in its possession that is not available to the Company;
- (iv) may provide the same or similar services to other clients including competitors of the Company; and
- (v) may be granted creditors' rights by the Company which it may exercise.

5.7.3 The ACD may use an affiliate of the Depository to execute foreign exchange, spot or swap transactions for the account of the Company. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

5.7.4 Where cash belonging to the Company is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

5.7.5 The ACD may also be a client or counterparty of the Depository or its affiliates.

5.7.6 Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

- (i) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- (ii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- (iii) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
- (iv) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

5.7.7 In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholders.

5.7.8 The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

5.7.9 Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

6.

The auditors

6. The auditors

The auditors of the Company are Deloitte LLP.

7.

Administration and register of shareholders

7. Administration and register of shareholders

- 7.1** The ACD has appointed DST Financial Services Europe Limited to act as the transfer agent to the Company with responsibility for administration functions in relation to dealings in Shares.
- 7.2** DST Financial Services International Limited has been appointed to provide administration services in relation to Shareholders and to maintain the Register of Shareholders. The Register may be inspected at DST House, St Nicholas Lane, Basildon, Essex SS15 5FS during normal office hours.
- 7.3** The ACD has appointed State Street Bank and Trust Company to undertake certain functions including Company accounting, valuation of the Scheme Property, calculation of the Net Asset Value of the Company and pricing of Shares.
- 7.4** The ACD has appointed Northern Trust Securities LLP to provide dealing desk facilities and execution analytics.

8.

Buying, selling and switching shares

8. Buying, selling and switching shares

8.1 Dealing hours

The dealing office of the ACD is open from 9.00 am until 5.00 pm on each Dealing Day to receive requests for the purchase, redemption and switching of Shares. Any such requests received up to 12 noon on a Dealing Day will be dealt with on that day. Requests received after 12 noon on a Dealing Day will be dealt with on the following Dealing Day. All transactions will be effected at prices determined at the next valuation point following receipt of such request.

8.2 Basis of dealing

The ACD will usually facilitate the buying and selling of Shares for investors. When an investor wishes to buy Shares, the ACD will sell Shares to the investor. When an investor wishes to sell Shares, the ACD will buy those Shares from the investor. When buying and selling Shares from investors in this way, the ACD is dealing as a principal. The price at which Shares are bought and sold is determined by reference to the Net Asset Value of the Share (see Section 20 below). In the normal course of business, the ACD matches the aggregated net transactions in Shares undertaken each day with investors with a transaction which the ACD undertakes with the Company and does not hold any ongoing position in the Shares. In exceptional circumstances, the ACD may hold an ongoing position in Shares which it acquires using its own money and use this to satisfy investors' requests to buy and sell Shares. In these circumstances, the ACD may make a profit from dealing in Shares as principal. The ACD is not accountable to Shareholders for any profit it makes in dealing in Shares as principal. The Instrument of Incorporation of the Company grants powers to the ACD to allow the direct issue and cancellation of Shares by the Company. If these powers are utilised, the ACD will ensure that such issues and cancellations are made in accordance with the FCA Rules and that at each valuation point there are at least as many Shares in issue of any class as there are Shares registered to Shareholders for the class. The ACD will not, when arranging the issue or cancellation of Shares in these circumstances do, or omit to do, anything that would result in its or an associate's benefit to the detriment of Shareholders or that would otherwise result in the unfair treatment of Shareholders.

8.3 Money laundering

- 8.3.1 The Company is subject to various laws and regulations designed to combat money laundering and other financial crime. The ACD is responsible for ensuring compliance with the relevant legislation and regulations. The ACD operates anti-money laundering and anti-financial crime procedures and will not knowingly allow the Company to be used to facilitate any form of money laundering or financial crime activity.
- 8.3.2 As a result, the ACD is required to perform risk assessments to identify any money laundering or terrorist financing risks that it could face. The ACD will be required to identify and verify the identity of any applicant for Shares or of the person on whose behalf the application is being made. The ACD will also be required to identify, and where appropriate, verify the beneficial owner of the applicant. In any case, the ACD may be required to obtain information on the source of wealth and funds for the investment. To the extent that the applicant or, where relevant, the beneficial owner has been identified as a politically exposed person or an associate or family member of a politically exposed person, the ACD may request additional information. The ACD has to apply these procedures at the time of investment and on an ad hoc basis.
- 8.3.3 Where such information has been requested, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares or pay income on Shares to the applicant or investor until sufficient information has been supplied to satisfy the ACD's anti-money laundering requirements.
- 8.3.4 If the ACD allows an applicant to purchase Shares pending completion of its anti-money laundering procedures and the applicant does not provide satisfactory evidence of identity or source of wealth and funds to the ACD within a reasonable period of the ACD's request for it, the ACD reserves the right to sell any Shares purchased by the applicant and return the proceeds of sale or take such other action as may, in the reasonable opinion of the ACD, be appropriate in the circumstances. Any proceeds of sale returned may be less than the original investment.

- 8.3.5 If at any time the ACD determines that further documentary evidence of an existing investor's or beneficial owner's identity or other relevant information is required, the ACD reserves the right to request this and to withhold the proceeds of a redemption of Shares or payment of income on Shares until satisfactory evidence is provided. If the ACD has reasonable grounds for suspecting that the funds used to purchase Shares may represent the proceeds of crime, the ACD reserves the right to sell any Shares purchased by the applicant, and take such action with regard to the proceeds as it deems appropriate, taking relevant rules, regulations and official guidance into account.

8.4 Failure to prevent facilitation of tax evasion

- 8.4.1 Two new corporate criminal offences for failure to prevent the facilitation of tax evasion were created by the Criminal Finances Act 2017. These offences impose criminal liability on a company if it fails to prevent the criminal facilitation of tax evasion by a "person associated" with the company. There is a defence to the charge if the company can show that it had in place "reasonable prevention procedures" at the time the facilitation took place. Consequently, it may be the case that applicants for Shares may be subject to additional verification and information requirements as part of these procedures.

9.

Buying shares

9. Buying shares

9.1 Procedure

- 9.1.1 Initial investments can be made by sending a completed application form to the ACD either by post or by completing the online form via the ACD's website or by telephone to the ACD on 0330 123 1815. Application forms are available from the ACD; please contact the ACD on 0330 123 1815 or visit www.fundsmith.co.uk. Telephone calls may be recorded.
- 9.1.2 Payment for Shares will normally be made by bankers draft, bank transfer, cheque or debit card. Payment will be made in Sterling and should accompany the application for Shares. Transactions for the purchase of Shares settle on the 4th Business Day following the relevant Dealing Day and full payment must be made by that date. The ACD may cancel any purchase contract where the payment is not honoured in full within 4 Business Days of the relevant Dealing Day. The applicant remains liable for any loss incurred by the ACD in the case of non-settlement.
- 9.1.3 The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In particular, the ACD may exercise this discretion if it reasonably believes the applicant's ownership of the Shares will lead to additional tax or regulatory requirements for the Company or the ACD, if the ACD determines that the applicant poses a money laundering or terrorist financing risk, or if the applicant has been or intends to engage in market timing activities. For these purposes, market timing activities include investment techniques which involve short term trading in and out of shares generally to take advantage of variations in the price of shares between the daily valuation points. Short term trading

of this nature may often be detrimental to long term Shareholders, in particular the frequency of dealing may lead to additional dealing costs which can affect long term performance. In addition, the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

- 9.1.4 The number of Shares issued will be the greatest number of larger denomination Shares with the balance of the subscription amount being used to purchase smaller denomination Shares.
- 9.1.5 Monies received by the ACD as payment for Shares will be paid into a client money bank account. On the day of settlement, these monies will be transferred into the ACD's own dealing account which will complete the applicant's purchase of the Shares. The ACD will separately pay the Company in relation to any Shares which it is acquiring from the Company. No interest payment will be made on any client money held by the ACD. The client money will be held in a client bank account with National Westminster Bank plc.
- 9.1.6 Applicants for Shares who are retail clients may have the right to cancel the transaction within 14 days of receipt of a cancellation notice sent to them by the ACD. Shareholders switching Shares will not be entitled to cancel the transaction. If a Shareholder cancels his contract, he will receive a refund of the amount invested either in full or adjusted to reflect any rise or fall in Share price since the date of investment. This may result in a loss on the part of the Shareholder. If a Shareholder wishes to exercise his right to cancel, he should write to the ACD at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW. Shareholders will not be able to exercise their cancellation rights after 14 calendar days of receipt of their

cancellation notice. Shareholders should note that in certain circumstances, there may be a delay in returning their investment.

- 9.1.7 T Class Shares may be bought through a regular savings plan. To invest in this way, Shareholders will need to complete the relevant application form and provide direct debit instructions to the ACD. Under the regular savings plan, the Shareholder agrees to make monthly contributions to the plan for investment in the Company. Monthly contributions may be increased, decreased (subject to maintaining the prescribed minimum level of contribution) or stopped at any time by notifying the ACD. If payments are not made into the regular savings plan for 3 consecutive months and the Shareholder holds less than the minimum holding for that class, the ACD reserves the right to redeem the Shareholders' entire holding in that class. Contract notes will not be issued to Shareholders investing through a regular savings plan, but individual statements of Shareholders' Shares will be issued semi-annually.
- 9.1.8 Joint applications to purchase Shares may be made by more than one person, but the Company is not obliged to register a Share in the names of more than four joint Shareholders.

9.2 Documentation

- 9.2.1 Purchasers will receive a contract note setting out the details of the transaction including the number of and the price paid for their Shares. The contract note will normally be issued no later than the close of business on the Business Day following the Dealing Day on which the purchase is made. Purchasers will also receive (if applicable) a notice of their right to cancel the purchase. Further details concerning cancellation rights are given above in Section 9.1.6.

9.2.2 Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's Register of Shareholders. Statements in respect of half yearly distributions of income will show the number of Shares held by the Shareholder in respect of which the distribution is made. Individual statements of a Shareholder's (or, when Shares are jointly held, the first named holder's) Shares will also be issued at any time on request by the registered holder.

9.3 In Specie purchases

The ACD's policy is not to accept an in specie transfer of securities as payment for a purchase of Shares.

9.4 Minimum subscriptions and holdings

9.4.1 The minimum initial and subsequent subscription levels for, and minimum holdings of each class of Shares, are set out below. The ACD may at its discretion accept subscriptions lower than the minimum amount.

9.4.2 If a holding is below the minimum holding level for that class of Share, the ACD has a discretion to require redemption of the entire holding.

9.5 Children

Children below the age of legal capacity (which is 18 years old in England and Wales and 16 years old in Scotland) cannot purchase Shares directly. If a person wishes to purchase Shares on behalf of a child he will need to purchase the Shares in his own name and hold them as trustee on behalf of the child. Once the child reaches the age of legal capacity the Shares can be transferred directly into the name of the child following the procedure set out in Section 14. Any person contemplating this should consider the potential tax consequences and if necessary take professional tax advice.

Share classes	I Shares	R Shares	T Shares
Types of share:			
Accumulation	Yes	Yes	Yes
Income	Yes	Yes	Yes
Dealing levels			
Minimum initial lump sum subscription	£5,000,000	£1,000	£1,000
Minimum monthly investment	N/A	N/A	£100
Minimum holding	£5,000,000	£1,000	£1,000
Minimum subsequent investment size	£5,000	£250	£250
Minimum redemption	£5,000	£250	£250

10.

Selling shares

10. Selling shares

10.1 Procedure

- 10.1.1 Every Shareholder has the right to require that the ACD redeem his Shares on any Dealing Day except in circumstances described below in Sections 10.1.4 and Sections 10.1.5.
- 10.1.2 Part of a Shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the Shares to be redeemed is less than any minimum redemption amount set out on page 27, or would result in a Shareholder holding less than the minimum holding for that class of Share, also set out on page 27. In the latter case the Shareholder may be asked to redeem his entire shareholding.
- 10.1.3 Requests to redeem Shares may be made to the ACD by telephone on 0330 123 1815, in writing to Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW, or via the website at www.fundsmith.co.uk. Telephone calls may be recorded. The ACD may require telephone instructions to be confirmed in writing on a renunciation form, which will be sent to the Shareholder. Once accepted by the ACD a redemption is irrevocable.
- 10.1.4 Shares may not be redeemed during any period of suspension of dealing (see further Section 16 below). Shareholders requesting redemptions at such times will be notified of the suspension and, unless withdrawn, redemption requests will be considered as at the next Dealing Day following the end of such suspension.
- 10.1.5 The ACD may permit deferrals of redemptions at any valuation point to the next valuation point if requested redemptions exceed 10% of the Scheme Property. In such circumstances any redemption requests relating to the earlier valuation point will be dealt with in priority to redemption requests received at the next following valuation point.

10.2 Documentation

A contract note giving details of the number and price of Shares sold will be sent to the selling Shareholder (the first named on the register, in the case of joint Shareholders) or their duly authorised agents together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the Shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the Business Day following the valuation point by reference to which the redemption price is determined.

10.3 Settlement

On the settlement day, a transfer of redemption monies will be made from the ACD's dealing account into a client money bank account and the redemption amount will be held in that account until payment is made to the redeeming Shareholder. Settlement will normally be made by bank transfer, unless otherwise requested, and will be sent within four Business Days of the later of:

- **satisfactory completion of the ACD's anti-money laundering and anti-terrorist financing procedures;**
- **if required, receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant Shareholders and completed as to the appropriate number of Shares, together with any other appropriate evidence of title; or**
- **the valuation point following receipt by the ACD of the request to redeem.**

No interest payment will be made on any client money held by the ACD. The client money will be held in a client bank account with National Westminster Bank plc.

10.4 In specie redemption

10.4.1 If a Shareholder requests the redemption of Shares, the ACD may, if it considers the deal is substantial in relation to the total size of the Company, arrange for the Company to cancel the Shares and transfer Scheme Property to the Shareholder instead of paying the price of the Shares in cash, or, if required by the Shareholder, pay the net proceeds of sale of the relevant Scheme Property to the Shareholder. A deal involving Shares representing 5% or more in value of the Company will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a Shareholder whose Shares represent less than 5% in value of the Company.

10.4.2 In such cases, the ACD will serve a notice on the Shareholder within two Business Days of receipt of the redemption instructions that it proposes to make an in specie redemption, setting out the Scheme Property to be transferred to the Shareholder. The Shareholder may within four Business Days of receiving the notice serve a notice on the ACD requiring the ACD to realise the selected Scheme Property and pay the proceeds to the Shareholder.

10.4.3 The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders.

11.

Switching

11. Switching

- 11.1 If applicable, a holder of Shares may at any time switch all or some of his Shares (Old Shares) for Shares of another class of the Company (New Shares). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Shares are redeemed and the New Shares are issued.
- 11.2 Switching may be effected by contacting the ACD either by telephone on 0330 123 1815 or in writing to Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW and the Shareholder may be required to complete a switching form (which, in the case of joint Shareholders must be signed by all the joint holders). A switching Shareholder must be eligible to hold that class of Shares into which the switch is to be made.
- 11.3 If the switch would result in the Shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding for that class of Share, the ACD may, in its discretion, convert the whole of the Shareholder's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provisions on selling Shares shall apply equally to a switch.
- 11.4 A Shareholder who switches Shares in one class for Shares in any other class will not be given a right by law to withdraw from or cancel the transaction.
- 11.5 Potential investors should consult their own professional advisors as to the implications of switching of Shares under the laws of the jurisdictions in which they may be subject to tax.

12.

Dealing charges

12. Dealing charges

12.1 No preliminary or entry charges

The ACD does not impose any charge on the issue or sale of Shares to investors.

12.2 No redemption charge

The ACD does not make any charge on the cancellation or redemption of Shares.

12.3 No switching fee

No switching fee is payable on the switching of Shares of one class for Shares of another class.

13.

Other dealing information

13. Other dealing information

13.1 Dilution adjustment

- 13.1.1 The basis on which the Scheme Property is valued for the purpose of calculating the price of Shares as stipulated in the FCA Rules and the Company's Instrument of Incorporation is summarised in Section 19. Many investments are valued for these purposes at their mid market price. The actual cost of purchasing or selling investments comprising the Scheme Property may be higher or lower than the mid market value used in calculating the Share price – for example, due to dealing charges, taxes or through dealing at prices other than the mid-market price. These costs may have an adverse effect on the Net Asset Value, known as “dilution”. The FCA Rules allow the cost of dilution to be met by the Company or to be recovered from the Shareholders who are buying or selling Shares. The ACD has decided that its policy on dilution is that it will make a dilution adjustment to the price of Shares for those Shareholders who are buying or selling Shares in the circumstances set out below.
- 13.1.2 The dilution adjustment will be calculated by reference to the estimated costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes.
- 13.1.3 The ACD may apply a dilution adjustment on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected, and if in applying a dilution adjustment, so far as practicable, it is fair to all Shareholders and potential Shareholders.

13.1.4 The need to apply a dilution adjustment will depend on the volume of sales or redemptions. It is therefore not possible to predict accurately whether a dilution adjustment to the price of a Share will be made on any particular Dealing Day. The dilution adjustment will not normally be applied unless the net creations or redemptions exceed 5% of the value of the Company. If a dilution adjustment is not made there may be an adverse impact on the value of the Scheme Property. A positive dilution adjustment will increase the Share price from mid price and will typically apply where the Company is experiencing net purchases of Shares. A negative dilution adjustment will decrease the Share price from mid price and will typically apply where the company is experiencing net redemptions of Shares. The dilution adjustment has only been applied four times since the Fund was launched and not for the past five years. When applied, this dilution adjustment has been of the magnitude of +/- 0.15% of the price of a Share.

14.

Transfer

14. Transfer

Shareholders are entitled to transfer their Shares to another person or body, subject to the restrictions on Shareholders set out in the compulsory transfer and redemption provisions in Section 15, the transferee meeting the eligibility criteria for that class of Share and satisfactory completion of anti-money laundering and financial crime procedures. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be sent to the ACD at PO Box 10846, Chelmsford, Essex CM99 2BW in order for the transfer to be registered. At present, transfer of Shares by electronic communication is not accepted. The ACD may require confirmation that Stamp Duty Reserve Tax has been paid in respect of the transfer and may refuse to register a transfer unless a provision for Stamp Duty Reserve Tax has been paid.

15.

Restrictions and compulsory transfer and redemption

15. Restrictions and compulsory transfer and redemption

15.1 The ACD may from time to time take such action and impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, including being used for the facilitation of money laundering or terrorist financing, or in circumstances which would result in the Company incurring a tax liability or other adverse consequences. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, transfer or switching of Shares.

15.2 If it comes to the notice of the ACD or if the ACD reasonably believes it to be the case that any Share ("affected Shares"):

- (i) is owned directly or beneficially in breach of any law or regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (ii) is held in a manner, or is owned by a person who does not provide the ACD with satisfactory information about their identity (or the identity of their owners or controlling persons), and where the holding or the refusal to provide the information may result in the Company incurring any liability to taxation which the Company would not be able to recoup itself, breaching any law or regulation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or

(iii) is held in any manner in respect of which the Shareholder in question is not qualified to hold such Shares;

or if the ACD is not satisfied that the holding of any Share may not give rise to a situation discussed in (i), (ii) or (iii), the ACD may give notice to the Shareholder of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such Shares in accordance with the FCA Rules. If any Shareholder upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected Shares to a person qualified to own them or submit a written request for their redemption or cancellation to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or any beneficial owner is qualified and entitled to hold the affected Shares, he shall be deemed upon the expiry of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

The ACD may also redeem, cancel and/or withhold income and/or the proceeds of a redemption or cancellation of Shares held by any person who fails to provide satisfactory evidence of identity or source of wealth or funds or other information required in accordance with the ACD's anti-money laundering and anti-terrorist financing procedures within a reasonable period of the ACD's request for such information (where the length of the "reasonable period" shall be determined by, and at the discretion of, the ACD), or where the ACD has reasonable grounds for suspecting that the funds used to purchase the Shares may represent the proceeds of crime (where "reasonable grounds" for suspicion shall be determined by, and at the discretion of, the ACD, with reference to the applicable rules, regulations and official guidance).

15.2 A Shareholder who becomes aware that he is holding or owns affected Shares shall immediately, unless he has already received a notice as set out above, either transfer all his affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption or cancellation of all his affected Shares. This may include a situation where a Shareholder has moved to a different jurisdiction which either does or may give rise to a situation described in Section 15.2(i), (ii) or (iii) above.

16.

Suspension of dealings in the Company

16. Suspension of dealings in the Company

- 16.1 The ACD may, with the prior agreement of the Depositary, or must if the Depositary so requires, temporarily suspend, without prior notice to Shareholders, the issue, cancellation, sale and redemption of Shares in the Company, if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders (for example, but without limitation, on the closure or suspension of dealing on a relevant stock exchange, or the inability of the ACD to ascertain properly the value of any or all of the assets or realise any material part of the assets of the Company).
- 16.2 The ACD will notify Shareholders as soon as is practicable of any decision to suspend dealings and the exceptional circumstances which have led to the decision to do so. The ACD and Depositary will keep the suspension under ongoing review and will conduct a formal review of the reasons for the suspension at least every 28 days. Shareholders will be kept informed in writing of updates concerning any suspension. The FCA will be notified immediately of any suspension of dealing in Shares and will be kept informed of the results of the formal reviews conducted by the ACD and Depositary.
- 16.3 Re-calculation of the Share price for the purpose of dealings in Shares will commence on the next valuation point following the ending of the suspension.
- 16.4 During any suspension, the ACD will permit a Shareholder to withdraw any redemption request provided that this withdrawal is in writing and is received before the period of suspension ends. Any redemption request not withdrawn will be dealt with on the next Dealing Day following the end of the suspension.

17.

Governing law

17. Governing law

All deals in Shares are governed by English law.

18.

Valuation of the Company

18. Valuation of the Company

- 18.1 The price of a Share in the Company is calculated by reference to the Net Asset Value of the Company. There is only a single price for each class and type of Share as determined from time to time by reference to a particular valuation point. The Net Asset Value of the Company is currently calculated daily on each Dealing Day at 12:00 noon.
- 18.2 The ACD may at any time during a Business Day carry out an additional valuation if the ACD considers it desirable to do so. Additional valuations may be carried out in connection with any scheme of amalgamation or reconstruction or on the day the annual or half yearly accounting period ends.

19.

Calculation of the net asset value

19. Calculation of the net asset value

- 19.1 The Net Asset Value of the Company shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.
- 19.2 All the Scheme Property (including receivables) of the Company is to be included, subject to the following provisions.
- 19.3 Scheme Property which is not cash (or other assets dealt with in Section 19.4) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
- (i) any transferable security:
 - (a) if a single price for buying and selling the security is quoted, at that price; or
 - (b) if separate buying and selling prices are quoted, at the average of those two prices; or
 - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which in the opinion of the ACD is fair and reasonable;
 - (ii) property other than that described in (i) above shall be valued at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 19.4 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.

- 19.5 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all consequential action required by the Regulations shall be assumed (unless the contrary is shown) to have been taken.
- 19.6 Subject to Section 19.7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 19.7 All agreements are to be included under Section 19.6 which are, or ought reasonably to have been, known to the person valuing the property.
- 19.8 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and value added tax, stamp duty and stamp duty reserve tax will be deducted.
- 19.9 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 19.10 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 19.11 An estimated amount for accrued claims for tax of whatever nature which may be recoverable and any stamp duty reserve tax provision anticipated to be released will be added.
- 19.12 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 19.13 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 19.14 Currency or values in currencies other than the base currency shall be converted at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders. The ACD's current policy is to apply prevailing spot exchange rates.

20.

Price per share in the Company and each class

20. Price per share in the Company and each class

The price per Share at which Shares are issued or sold to investors is the Net Asset Value of that type of Share as adjusted by any dilution adjustment the ACD may apply. The price per Share at which Shares are cancelled or redeemed is the Net Asset Value per Share for that type of Share as adjusted by any dilution adjustment the ACD may apply. Details of the ACD's dilution adjustment policy is set out in Section 13.1 above.

21.

Pricing basis

21. Pricing basis

Dealing in Shares is on a forward pricing basis. A forward price is the price calculated at the next valuation point after the request to purchase, redeem or switch is accepted by the ACD.

22.

Publication of prices

22. Publication of prices

- 22.1 The prices of Shares are published daily on the ACD's website at www.fundsmith.co.uk, the Daily Telegraph and in the Financial Times. Shareholders can also obtain the current price of their Shares by calling the ACD on 0330 123 1815.
- 22.2 Neither the ACD nor the Company can be held responsible for any errors in the publication of prices by any third party. As Shares in the Company will be issued or sold and cancelled or redeemed on a forward pricing basis, the price at which investors can deal will not necessarily be the same as the published price.

23.

Risk factors

23. Risk factors

Potential investors should consider the following risk factors before investing in the Company.

23.1 General risks

The investments of the Company are subject to market fluctuations and other risks inherent with investment in stocks and shares. As such, the price of Shares in the Company and the income from them can go down as well as up and an investor may not get back the amount invested. There is no assurance that the investment objectives of the Company will actually be achieved. Inflation may occur over the duration of an investment in the Company which can reduce the value of the investment in real terms.

23.2 Long-term investment strategy

The Company's investment philosophy is to seek to invest in companies which will provide higher than average risk adjusted returns over the long-term. The Company does not seek to engage in short-term trading strategies to generate returns. Accordingly any investment in the Company should be viewed as a long term investment.

23.3 Concentration

The Company's investment approach is to invest in a relatively small number of securities (subject to the spread and concentration limits set out above). This may result in portfolio concentration in sectors, countries, or other groupings. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss to the Company than if a larger number of investments were made.

23.4 Investment currency risks

In addition, the values, in pounds sterling terms, of investments that are not denominated in pounds sterling may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of Shares. The Company will not hedge currency exposures.

23.5 Political and/or environmental risks

The investee companies may operate in countries where the ownership rights may be uncertain and development of the resources of investee companies may be subject to disruption due to factors including civil disturbances, industrial action, interruption of power supplies, as well as adverse climatic conditions.

23.6 Counterparty risk

The Company will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. In particular, it should be noted that transactions may not always be delivery versus payment and this may expose the Company to greater counterparty risk and potentially to loss in excess of the counterparty's obligations to the Company.

23.7 Settlement risks

Any investment in stocks and shares involves a level of settlement risk. This arises where a settlement in a transfer system does not take place as expected because a counterparty does not pay or deliver on time or as expected. Usually such transactions will settle later when the appropriate payment or delivery has been made but occasionally the transaction will fail. Delays or failures in settlement can cause loss to the Company.

23.8 Custodian risks

Certain assets within the Scheme Property may be held by a local custodian or securities depository rather than the Depository or global custodian. Although unlikely, there is a risk of loss of assets as a result of the insolvency, negligence or fraudulent action of the local custodian or securities depository or even the global custodian. The liability of the Depository is explained in section 5.5 above.

23.9 Liquidity risk

There is a risk that an investment cannot be liquidated in a timely manner at a reasonable price. In certain circumstances this could lead to the Company being unable to meet redemptions requests. Please see Section 24.4 for further information in relation to the ACD's approach to liquidity risk management.

23.10 Performance risk

Investors are reminded that risk levels will depend on individual investment selections made by the ACD and the Investment Manager.

23.11 Cancellation risk

If the value of the investment falls before notice of cancellation is given, a full refund of the original investment may not be provided but rather the original amount less the fall in value.

23.12 Financial Transaction Tax

Certain countries within the EU ("FTT jurisdictions") are proposing to introduce a financial transaction tax ("FTT") on certain financial transactions which have a connection with an FTT jurisdiction. A financial transaction may be connected with an FTT jurisdiction where one party is established (or deemed to be established) in an FTT jurisdiction. One of the factors that may be taken into account is where the transaction is of a financial instrument issued in an FTT jurisdiction. Many of the details relating to the FTT are still being discussed. If the FTT is implemented, it may have an impact on the economic returns to the Company.

23.13 The Base Erosion and Profit Shifting Project (the “BEPS Project”)

The OECD, is currently undertaking a project, known as the BEPS Project, with the aim that jurisdictions should change their domestic tax laws and introduce additional or amended provisions in double taxation treaties.

Several of the areas of tax law on which the BEPS Project is focussing are potentially relevant to the ability of the Company to efficiently realise and/or repatriate income and capital gains from the jurisdictions in which they arise. Depending on the extent to and manner in which relevant jurisdictions implement changes in those areas of tax law, the ability of the Company to do those things may be adversely impacted.

The implementation of the BEPS Project is likely to be a time of significant tax legislative changes for the OECD jurisdictions in which the Company will be investing. These changes may include, for example, restrictions on interest and other deductions for tax purposes and/or restrictions on an entity’s ability to rely on a double tax treaty. Such changes could lead to additional tax being suffered by the Company, and it is possible that increased taxation payable by investee businesses as a result of these measures could reduce economic returns for the Company. Depending on how the BEPS Project is implemented, any changes to tax laws, or double tax treaties based on recommendations made by the OECD in relation to the BEPS Project, may also result in additional reporting and disclosure obligations for investors.

In addition, the OECD proposes to take forward further work on fundamental changes to the international tax system. The programme of work is divided into two pillars:

- 'Pillar One' addresses the allocation of taxing rights between jurisdictions and seeks to review the nexus between profit allocation and a 'business' presence in a jurisdiction. The OECD may propose that some taxing rights are instead allocated to the jurisdiction in which the business customers are based; and

- 'Pillar Two' (also referred to as the "GloBE" proposal) focuses on the remaining BEPS Project issues, and broadly seeks to ensure that the profits of affected multi-national enterprises are subject to a minimum rate of tax.

The OECD's stated aim is to achieve a consensus solution across both pillars by the end of 2020. Depending on how the proposals for the two pillars are developed, and on how such proposals are implemented by various jurisdictions, there may be a material impact on the taxation of the Company and investee businesses, and the taxation of returns to Shareholders.

23.14 Foreign withholding tax risk

There is a risk that the Company may be subject to foreign withholding tax or other taxation on income it receives from, or amounts realised on the disposal of investments in, foreign countries. Whether or not the Company may be entitled to double tax relief for such foreign withholding tax or other taxation will depend upon the provisions of the appropriate double tax treaty, but it may be the case that the availability of relief to the Company will be restricted.

23.15 Risks associated with the UK leaving the EU ("Brexit")

The UK has voted in a referendum to leave the EU, known as Brexit. Brexit was originally scheduled to take effect on 29 March 2019, but it has been postponed. Brexit is now scheduled to occur on 31 January 2020. There is still considerable uncertainty as to the UK's future relationship with the EU but it is envisaged that as from 31 January 2020 there will be an implementation period until 31 December 2020, the Brexit Implementation Completion Day. During the implementation period the Company will continue to be treated as a UCITS. The political, economic and legal consequences of Brexit are not yet fully known. There may be increased volatility in the financial markets. Changes in the currency exchange rates may make it more expensive for the Company to buy investments that are not denominated in pounds sterling. There is likely to be a period of political, regulatory and commercial uncertainty as the UK implements its exit from the EU. Depending on the terms of the agreement reached with the EU if any, covering the period after the Brexit Implementation Completion Day, the Company may or may not continue to be treated as a UCITS after the Brexit Implementation Completion Day and the laws and regulations governing the Company may in future diverge from those of the EU. This may lead to changes in the operation of the Company or the rights of Shareholders.

24.

Investment due diligence, risk management and liquidity management

24. Investment due diligence, risk management and liquidity management

- 24.1** The ACD and the Investment Manager have a rigorous investment due diligence process. The investment criteria which the Investment Manager adheres to in selecting securities for the Company's investment portfolio are summarised in Section 2.4.
- 24.2** The ACD and the Investment Manager operate a comprehensive, quantitative screening process which analyses the financial results of potential investments. This process identifies potential investee companies which may meet the Company's investment criteria. Further research and due diligence is undertaken to determine whether or not the stock is suitable for the portfolio. Only a small percentage of the investment universe meets the Company's criteria. As a result, the Company's investment portfolio is concentrated, generally comprising between 20 and 30 stocks.
- 24.3** The ACD's risk management process reflects the investment objectives and policy of the Company. The Company does not invest in derivatives or undertake currency hedging. The market risk of the Company's investment portfolio is monitored regularly by the risk management function and procedures are in place to ensure that appropriate action is taken if the ACD's internal risk limits are breached.
- 24.4** Liquidity risk refers to the possibility that the Company may not be able to sell the shares in investee companies in a timely manner in order to raise sufficient cash to meet Shareholder redemption requests. The Company only invests in equities of large companies which are traded on eligible markets. This reduces the liquidity risk for the Company. The liquidity profile of the investment portfolio is analysed and monitored regularly so as to ensure that it is appropriate for the Company's redemption policy. The ACD includes information in relation to the liquidity profile of the investment portfolio in the Company's factsheet on its website at www.fundsmith.co.uk.

In exceptional circumstances, for example, if the Company received significant levels of Shareholder redemption requests and/or there was significant equity market volatility leading to substantial sales in the market of the shares in investee companies, the ACD may be required to use liquidity management tools which could impact Shareholder's rights to redeem their Shares. These tools include the ACD's ability to apply a dilution levy which will adjust the price at which Shares are redeemed to reflect the actual costs associated with selling the shares in investee companies (see Section 13.1), the possibility that the ACD may exercise its rights to temporarily borrow money in order to provide the cash required to meet redemption requests (see Section 2.10.3), the ability of the ACD to defer the processing of redemption requests by one business day to provide more time to sell shares in the investment portfolio (see Section 10.1.5 on deferred redemption) and the possibility that dealing in Shares will be suspended completely (see Section 16 on suspension). In the event of a shortage of liquidity, the ACD will consider both the interests of those Shareholders wishing to redeem and the interests of continuing Shareholders. The ACD's approach to a shortage of liquidity may vary depending on the circumstances giving rise to the liquidity shortage, but suspension of dealings will be considered to be a measure of last resort.

- 24.5** The ACD's policies and procedures, including those in relation to risk management and liquidity management, ensure that the Company's investment portfolio complies with the detailed investment rules applicable to UCITS Schemes.
- 24.6** Shareholders can receive further information in relation to liquidity management and risk management including the quantitative limits applied, the methods used in relation to those quantitative limits and any recent development of the risk and yields of the main categories of investment in the portfolio on request from the ACD.

25.

Execution policy

25. Execution policy

25.1 General

The ACD and the Investment Manager must act in the Company's best interests when placing orders for execution and take all sufficient steps to achieve the best possible result for the Company, taking into account the execution factors and criteria set out below.

The ACD and the Investment Manager have delegated order execution to Northern Trust Securities LLP ("Northern Trust"). Northern Trust is a global institution specialising in trade execution.

Northern Trust provides the ACD and the Investment Manager with comprehensive dealing desk functions which operate globally and facilitate access to all relevant brokers and execution venues. Northern Trust has sophisticated trading systems and techniques which allow the ACD and the Investment Manager to access liquidity whilst minimising market impact.

Northern Trust adheres to detailed trading protocols established by the ACD and the Investment Manager. For each trade Northern Trust considers the execution factors and the execution criteria set out below and determines the most appropriate approach to the execution of the order with a view to achieving the best possible result for the Company.

25.2 Execution criteria

The following execution criteria are taken into consideration:

- Client categorisation
- The characteristics of the order
- The characteristics of the financial instrument
- The characteristics of the execution venue

25.3 Execution factors

The execution factors include:

- Price
- Liquidity (relative order size or financial instruments underlying liquidity)
- Speed
- Cost
- Settlement reliability
- Nature of the execution venue (regulated versus unregulated market venue)

Northern Trust will utilise their experience to determine the relative importance of each of the factors on a case by case basis. Generally, the ACD and Investment Manager's trading protocols place greater weight on the execution factors of price, likelihood of execution and settlement, size and nature of order and market impact. There may be circumstances where other factors may be more important or relevant.

25.4 Execution venues and techniques

In executing and/or transmitting orders a combination of different execution techniques may be used. Northern Trust can trade on a regulated exchange or a multi-lateral trading facility, cross the order with another client, trade with another bank or broker or commit its own capital to complete the trade. The execution venues include:

- Regulated markets
- Multi-lateral trading facilities
- Internal and external crossing networks
- Systematic internalisers
- Market makers, brokers, banks and other liquidity providers

Northern Trust ensures that all brokers and execution venues are under an obligation to provide best execution in relation to the trade.

Neither Northern Trust nor the underlying brokers structure or charge commissions in any way that discriminates between venues.

25.5 Monitoring and review

The ACD will assess the effectiveness of the execution arrangements on an ongoing basis and undertakes a formal review on an annual basis.

26.

Corporate governance and voting strategy

26. Corporate governance and voting strategy

- 26.1 The ACD and the Investment Manager assess the corporate governance of portfolio companies as part of the investment due diligence process.
- 26.2 A key concern of the ACD is that the management of a portfolio company allocates capital in a logical manner designed to create value for shareholders. In particular, the ACD monitors how free cash flow generated by portfolio companies is deployed between organic investment in the business, acquisitions and returned to shareholders via dividends and share buybacks.
- 26.3 The ACD is also particularly interested in how management remuneration is structured in order to ensure that managements' interests coincide as closely as possible with those of shareholders and they are encouraged to make capital allocation and other decisions motivated by this principle.
- 26.4 The ACD is also concerned that the businesses, which the Company invests in, are run on a sustainable basis. This is particularly important, as the investment strategy is one of "buy and hold" with returns to Shareholders delivered by the value which the portfolio companies compound overtime, rather than from buying and selling stocks.
- 26.5 The ACD engages directly with management on these issues and will generally exercise voting rights on all corporate governance and other matters through the Depositary. The ACD will ensure that all corporate actions and voting rights are exercised to the exclusive benefit of the Company.
- 26.6 Details of all corporate actions and voting decisions will be made available to Shareholders free of charge on request from the ACD.

27.

Conflicts of interest

27. Conflicts of interest

- 27.1 The ACD has a Conflicts of Interest Policy which contains the details of identified conflicts or potential conflicts of interest and the procedures it follows in order to avoid, minimise and manage such conflicts or potential conflicts. The ACD is structured and organised in a way so as to minimise the risks of a client's interests being prejudiced by conflicts of interest and will wherever possible try to ensure that a conflict of interest does not arise. In the event that a conflict of interest cannot be avoided the ACD will always act in the best interests of the Company and ensure that the Company is fairly treated. If circumstances arise such that the ACD's arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of the Company or its Shareholders will be prevented, the senior management of the ACD must act to ensure that appropriate action is taken in the best interests of the Company and its Shareholders. Any such situation will be disclosed to Shareholders in the next annual or half yearly report together with details of the action taken by the ACD to resolve the situation in the best interests of the Company.
- 27.2 The Conflicts of Interest Policy is reviewed by senior management of the ACD at least once a year or whenever there are material changes in the business services to be offered by the ACD. A copy of the current Conflicts of Interest Policy is available from the ACD on request.
- 27.3 The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes. The Depositary when acting as such must act solely in the interests of the relevant investors.
- 27.4 The FCA Rules contain provisions governing any transaction with the Company, which is carried out by, or with any "affected person", which will include the ACD, an associate of the ACD, the Depositary and an associate of the Depositary. These provisions allow an affected person to buy from or sell property to the Company, lend money to the Company or accept a deposit of cash from the Company if certain conditions are met. The conditions vary depending on the type of transaction but are designed to ensure the Company is treated on a normal arms-length commercial basis.

28.

Fees and expenses

28. Fees and expenses

28.1 General

28.1.1 To the extent permitted by FCA Rules, the Company may pay out of the Scheme Property charges and expenses incurred by the Company, which will include the following expenses:

- (i) the fees and expenses payable to the ACD as set out in Section 29 and to the Depositary (as set out in Section 30);
- (ii) expenses incurred in acquiring and disposing of investments, including broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (iii) fees and expenses of DST Financial Services Europe Limited and DST Financial Services International Limited in relation to their services including transfer agency, share dealing, share registration and shareholder services generally. These fees are charged to the ACD on an aggregate basis in relation to the Company and Fundsmith Sustainable Equity Fund which is also managed by the ACD. These fees include a fixed annual charge of £333,551 together with additional charges levied on a per transaction basis for share dealings, share registration, distributions and investor events. The Company's pro rata share of the fixed annual charge is expected to be approximately £333,545. There is a minimum aggregate annual charge of £458,633. These fees, which are subject to annual increases calculated by reference to the Retail Price Index, are calculated monthly and will be paid as soon as reasonably practicable thereafter;

- (iv) any fees and expenses in respect of establishing and maintaining the Register and any sub-register of Shareholders which are not included within (iii) above;
- (v) fees and expenses for Company administration, pricing, valuation, fund accounting and related services. State Street Bank and Trust Company's fees are currently charged on a sliding scale from 0.025% to the current marginal rate of 0.0025% of the Net Asset Value of the Company subject to a minimum annual fee of £25,200. These rates include the required services for two classes of Share. There are also additional charges for each additional share class of £600 per annum (other than in respect of two share classes), for UK tax reporting of £1,500 per annum and German Tax Reporting of £2,220 per annum. These fees are calculated and accrue due monthly and will be paid as soon as reasonably practicable thereafter;
- (vi) any costs incurred in publishing details of the Net Asset Value of the Company and the price of the Shares in a national or other newspaper or any other form of media;
- (vii) any cost incurred in producing, distributing and dispatching income distributions and other payments made by the Company;
- (viii) any cost incurred in preparing, printing and distributing reports, accounts, statements, contract notes and other like documentation;
- (ix) any fees, expenses or disbursements of any legal, tax or other professional adviser of the Company;
- (x) any costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its directors;
- (xi) any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;
- (xii) liabilities arising on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of Shares;
- (xiii) interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (xiv) taxation and duties payable in respect of the Scheme Property or on the issue or redemption of Shares;
- (xv) the audit fees of the Auditors and any properly incurred expenses of the Auditors. The Auditors' fees are currently charged at the rate of £12,000 per annum;

- (xvi) the fees of the FCA, in accordance with the Fees Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
 - (xvii) any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
 - (xviii) any expenses incurred in relation to notary and consul services;
 - (xix) any payment otherwise due by virtue of a change to the Regulations;
 - (xx) any costs incurred in amending the Instrument of Incorporation or this Prospectus including costs in respect of meetings of Shareholders convened for these purposes;
 - (xxi) any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any service provider to the Company;
 - (xxii) payments or cost in relation to the preparation of any Key Investor Information Documents, Supplementary Information Documents or other similar documentation required to be prepared under the Regulations or in order to comply with relevant laws or regulations;
 - (xxiii) any costs incurred in the establishment and authorisation of the Company; and
 - (xxiv) any other payments permitted to be paid out of the Scheme Property under the Regulations as provided for in the Instrument of Incorporation of the Company;
- 28.1.2 Any value added tax payable on these fees, charges and expenses will be added to such fees, charges and expenses and paid out of the Scheme Property.
- 28.1.3 Expenses are allocated between capital and income in accordance with FCA Rules and approved accounting standards.
- 28.1.4 To the extent permitted under FCA Rules, the ACD and the Depositary are permitted to be reimbursed for the set up costs incurred in relation to the authorisation and establishment of the Company.

29.

Charges payable to the ACD

29. Charges payable to the ACD

- 29.1 In consideration for carrying out its duties and responsibilities the ACD is entitled to an annual management charge paid by the Company out of the Scheme Property.
- 29.2 The annual management charge is calculated and accrues daily and is payable in respect of each calendar month as soon as practicable after the month end and in any event within 15 Business Days of the date of the invoice. The annual management charge is calculated by reference to the Net Asset Value of the Company on the previous Business Day except for the first accrual where it is calculated by reference to the Net Asset Value at the first valuation point of the Company. The valuation used for each day which is not a Business Day will be the value on the previous Business Day. The current annual management charges for each Share class are 0.9% for the I share class, 1% for the T share class and 1.5% for the R share class.
- 29.3 The ACD is also entitled to reimbursement of all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties.
- 29.4 The ACD's annual management charge is generally taken from income. However, where the amount of income received by the Company is insufficient to meet the annual management charge plus all other expenses attributable to the Company, then some or all of such charges and expenses may be charged against the capital of the Company. This will only be done with the approval of the Depositary and may constrain capital growth.
- 29.5 The ACD may not introduce a new category of remuneration for its services unless the introduction has been approved by an extraordinary resolution of Shareholders in the Company.
- 29.6 The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property unless, not less than 60 days before the increase, the ACD gives notice in writing of the increase and the date of its commencement to all Shareholders and has revised and made available the Prospectus to reflect the new rate or amount and the date of its commencement.
- 29.7 Any value added tax on any fees, charges or expenses payable to the ACD will be added to such fees, charges and expenses and be paid out of the Scheme Property.

30.

Depository's fee

30. Depository's fee

- 30.1 The Depository is entitled to receive a periodic fee out of the Scheme Property for its services as depository. The fee will accrue and be calculated daily and is payable in respect of each calendar month as soon as practicable after the month end and in any event within 15 Business Days of the date of invoice. The fee is calculated by reference to the Net Asset Value of the Company on the previous Business Day except for the first accrual, where it is calculated by reference to the Net Asset Value at the first valuation point of the Company. The valuation used for each day which is not a Business Day will be the value calculated on the previous Business Day. The rate of the fee is agreed between the ACD and the Depository and is 0.02% of the Net Asset Value, for the first £2bn of AUM, and 0.0175% for the balance of AUM, subject to a minimum fee of £10,200 per annum.
- 30.2 In addition to the periodic fee referred to above, the Depository shall also be entitled to be paid or reimbursed for transaction and custody charges in relation to transaction handling and safekeeping of the Scheme Property. These charges are of such amounts as may be agreed by the ACD and the Depository and will be within the range set out below.

Item	Range
Transaction charges	£10 to £100 per transaction
Free cash movements	£12.50 per transaction
Custody charges	0.0075% to 0.50% per annum subject to a minimum custody charge of £25,200 per annum

- 30.3 Transaction charges vary from country to country, dependent on the markets and the value of the stock involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges again vary from country to country depending on the markets and the value of the stock involved and are payable as agreed from time to time by the ACD and the Depositary.
- 30.4 The Depositary will also be entitled to payment from the Scheme Property for reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Agreement, the Regulations or by the general law including but not limited to:
- (i) the acquisition, holding and disposal of Scheme Property;
 - (ii) the collection of and distribution to Shareholders of dividends, interest and any other income;
 - (iii) the maintenance of distribution accounts;
 - (iv) the conversion of foreign currency;
 - (v) registration of assets in the name of the Depositary or its nominee or agents;
 - (vi) borrowings or other permitted transactions;
 - (vii) communications with any parties (including telex, facsimile, SWIFT and electronic mail);
 - (viii) taxation matters;
 - (ix) insurance matters;
 - (x) costs relating to banking and banking transactions;
- (xi) preparation of the Depositary's annual report;
 - (xii) taking professional advice including legal, tax, accountancy or other advice;
 - (xiii) conducting legal proceedings;
 - (xiv) the convening and/or attendance at meetings of Shareholders; and
 - (xv) modification of the Instrument of Incorporation, Prospectus, and negotiation and/or modification of the Depositary Agreement and any other agreement entered into between the Depositary and its delegates.
- 30.5 Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses and be paid out of the Scheme Property.
- 30.6 In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it in accordance with the FCA Rules by the Depositary.

31.

Shareholder meetings and voting rights

31. Shareholder meetings and voting rights

31.1 Annual general meeting

The Company will not hold annual general meetings.

31.2 Requisitions of meetings

31.2.1 The ACD or the Depositary may requisition a general meeting at any time. Prior to each general meeting the Depositary shall nominate an individual to act as a chairman.

31.2.2 Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

31.3 Notice of meetings

Shareholders will receive at least 14 days' notice of a Shareholders' meeting. Where a general meeting is adjourned, such notice of the adjourned meeting shall be given to the Shareholders as the ACD shall determine is reasonable in the circumstances provided that when a meeting is adjourned for 30 days or more or for an indefinite period, not less than 7 days notice of the adjourned meeting shall be given. Notices of meetings and adjourned meetings will be sent to Shareholders at their addresses on the Register.

31.4 Quorum

The quorum for a meeting is two Shareholders, present in person or by proxy. If a quorum is not present within 15 minutes (which shall be deemed a reasonable time) after the time appointed for the start of the meeting, if the meeting was convened on the requisition of Shareholders it shall be dissolved. In any other case the meeting will be adjourned. The quorum for an adjourned meeting is also two Shareholders present in person or by proxy, however if a quorum is not present within 15 minutes (which shall be deemed a reasonable time) after the time appointed for the adjourned meeting then one person entitled to be counted in a quorum shall be the quorum and if there is no such person the meeting shall be dissolved.

31.5 Voting rights

31.5.1 At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

31.5.2 On a poll the voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price (s) of all the Shares in issue. A poll may be demanded by the Chairman of the meeting, by the Depositary or by two or more Shareholders present in person or by proxy.

31.5.3 A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

31.5.4 Except where the Regulations or the Instrument of Incorporation of the Company require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution will be passed by a simple majority of the votes validly cast for and against the resolution.

31.5.5 In the case of joint Shareholders the vote of the senior Shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the other joint holders and for this purpose seniority is determined by the order in which the names stand in the Register.

31.5.6 The ACD is entitled to receive notice of and attend any meeting of Shareholders but may not be counted in the quorum for a meeting. Neither the ACD nor any associate (as defined in the FCA Rules) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or its associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or its associate has received voting instructions.

“Shareholders” in this context means those persons entered on the Register at a time determined by the ACD (which shall be not less than 48 hours before the time fixed for the meeting) which shall be stated in the notice of meeting .

32.

Class meetings

32. Class meetings

The rights attached to a class of Shares may only be varied in accordance with the FCA Rules and the Company's Instrument of Incorporation. The provisions in section 31 relating to the procedures to be followed at a general meeting of the Company apply also to any Share Class meetings.

33.

Taxation

33. Taxation

The following is only intended as a general summary of United Kingdom ("UK") tax law and HM Revenue & Customs ("HMRC") practice, as at the date of this Prospectus, which is applicable to the Company and to individuals who are resident in the UK for tax purposes, certain UK tax-exempt shareholders and UK resident corporate Shareholders who are the absolute beneficial owners of a shareholding in the Company held as an investment. The summary's applicability will depend upon the particular circumstances of each Shareholder (for example, different rules may apply to certain institutional investors such as life insurance companies, pension funds, life reinsurance businesses or overseas life assurance businesses, who are subject to special tax regimes). It should not be treated as legal or tax advice. Accordingly, if Shareholders are in any doubt as to their taxation position or if they may be subject to tax in a jurisdiction other than the UK, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

33.1 Taxation of the Company on chargeable gains

The Company will be exempt from corporation tax on chargeable gains arising on the disposal of its investments provided such gains do not represent profits on a trading transaction. However, any gains realised on disposing of holdings in non-reporting offshore funds may be taxable as income not capital. The Company's investment strategy makes it highly unlikely that the Company should invest in a non-reporting offshore fund.

33.2 Taxation of the Company on income

Dividends received from UK and non-UK companies will generally be exempt from corporation tax (subject to satisfying certain conditions). In relation to other income, the Company will be liable to corporation tax at a rate equal to the basic rate of income tax, currently 20%, on such income after deducting allowable expenses (which include fees payable to the ACD and to the Depositary).

33.3 Relief for the Company in respect of foreign withholding taxes

To the extent that the Company receives income from, or realises amounts on the disposal of investments in, non-UK entities or assets it may be subject to non-UK withholding or other taxation in those jurisdictions. To the extent it relates to income, this non-UK tax may be able to be treated as an expense for UK corporation tax purposes, or it may be treated, to the extent not relievable under a double tax treaty, as a credit against UK corporation tax up to certain limits and subject to certain conditions.

33.4 Taxation of the shareholders - Income distributions

Depending on their personal tax position, UK resident individual Shareholders may be liable to UK income tax on dividends and other distributions of income ("distributions") regardless of whether these dividends are reinvested in the Company (for Accumulation Shares) or paid to the Shareholder (for Income Shares). No tax is deducted from, and there are no tax credits attached to, any dividend distributions paid by the Company.

For individual Shareholders resident in the UK, the first £2,000 of dividends and dividend distributions received or accumulated in each tax year will be free of income tax (the "dividend allowance"). Where an individual's dividends and dividend distributions from all sources exceed the dividend allowance, the excess will be liable to income tax at the dividend tax rates reflecting the Shareholder's highest rate of tax. These rates are 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Dividends received within a Shareholders dividend allowance count towards total taxable income and affect the rate of tax due on any dividends received exceeding it.

UK tax exempt shareholders which include UK Charities, UK registered pension funds and UK resident individuals who have invested via an ISA, should not be subject to UK income tax on dividends and other distributions of income tax by the Company.

Distributions to Shareholders within the charge to corporation tax are deemed to comprise two elements:

- where the Company's gross income is not wholly derived from franked investment income, part of any distribution will be deemed to be reclassified as an annual payment received by such Shareholders after deduction of income tax at the basic rate, currently 20% (deemed tax deducted). Such Shareholders will be subject to corporation tax on the grossed-up amount of the annual payment but will be entitled to a credit for the deemed tax deducted. This credit is, however, restricted to the lower of the deemed tax deducted and the Shareholder's share of the Company's corporation tax liability (after double tax relief on overseas income) for the period; and
- the remainder, which comprises franked investment income is generally exempt from UK corporation tax.

Details of the proportions of distributions comprising franked investment income and annual payments will be shown on the tax voucher issued to the corporate Shareholder.

These rules do not apply or are modified in relation to life insurance companies, in particular those with pensions and ISA business, life reinsurance business or overseas life assurance business.

33.5 Taxation of shareholders – capital gains

Individual Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of Shares. Individuals generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of their Shares. The resulting gains will be taxable at the capital gains tax rate applicable to the individual (currently 10% for basic rate taxpayers and 20% for those whose total income and chargeable gains are above the higher rate threshold), and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions (the annual exemption from capital gains tax for UK resident individuals is £12,000 for 2019/2020). UK tax-exempt Shareholders, which include UK charities, UK registered pension funds, and UK resident individuals who have invested via an ISA, would not normally be expected to be liable to capital gains tax on their disposal of Shares.

Shareholders within the charge to corporation tax are taxed on the chargeable gains made computed by deducting from the net sales proceeds the chargeable gain base cost in respect of their Shares. Shareholders within the charge to corporation tax do not qualify for the annual exemption. They are, however, entitled to indexation allowance on the basic cost from the date of acquisition until 31 December 2017.

In the case of Accumulation Shares, all income distributions which have been accumulated to share capital (except equalisation amount) should be deducted from this gain.

Special rules apply to life insurance companies who beneficially own Shares.

33.6 Taxation of the shareholders – inheritance tax

A gift by a Shareholder of his shareholding in the Company or the death of a Shareholder may give rise to a liability to UK inheritance tax, except where the Shareholder is neither domiciled in the UK, nor deemed to be domiciled in the UK under special rules which apply to certain long term UK residents and individuals who were born in the UK under a UK domicile of origin and provided the Company

qualifies as an open-ended investment company under section 236 Financial Services and Markets Act 2000. For these purposes, a transfer of a shareholding at less than the full market value may be treated as a gift.

33.7 Stamp Duty Reserve Tax

As a general rule, there is no charge to Stamp Duty Reserve Tax when Shareholders surrender or redeem their shares. Such a charge may arise however where:

- a redemption takes the form of a non-pro rata in specie redemption; or
- a Shareholder transfers their shares to a third party.

33.8 Tax information reporting regimes

In order to comply with legislation implementing the UK's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the international Common Reporting Standard and US provisions commonly known as FATCA), the Company or the ACD will collect and report information about Shareholders for this purpose, including information to verify their identity, tax residence and tax status. The Company may also have to report information about a Shareholder's beneficial owners, indirect owners or other types of account holders in circumstances where the relevant Shareholder is not an individual holding shares on their own behalf.

When requested to do so by the Company or the ACD, Shareholders must provide information to be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities. If a Shareholder does not provide the necessary information, the ACD may take appropriate action against such Shareholders, including invoking the compulsory transfer and redemptions provisions set out in section 15.2.

33.9 Mandatory disclosure rules for cross-border arrangements

The EU has introduced new mandatory disclosure rules for cross-border arrangements which satisfy certain hallmarks, as part of a new directive widely referred to as DAC 6. The scope of the arrangements and the hallmarks are very wide, and are not limited to aggressive tax planning. Although the first disclosures are not required until Summer 2020, the rules will apply retrospectively to any arrangements put in place on or after 25 June 2018. Shareholders resident in EU Member States may be subject to wide ranging disclosure obligations under these new rules in respect of their investment in the Company. All Shareholders should seek guidance from their own tax advisors in respect of the potential application of these new rules.

34.

Income equalisation

34. Income equalisation

- 34.1 Income equalisation applies in relation to the Company.
- 34.2 Part of the purchase price of a Share reflects the value of income attributable to the Share which has accrued since the record date of the last income distribution for Income Shares or deemed distribution for Accumulation Shares. This income equalisation amount is returned to the Shareholder with the first allocation of income in respect of the Share after it was purchased.
- 34.3 The amount of income equalisation is either the actual amount of income included in the issue price of that Share or is calculated by dividing the aggregate of the amounts of income included in the price of Shares issued or sold to Shareholders in that annual or interim accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.
- 34.4 The amount representing the income equalisation in the share's price is a return of capital and is not taxable in the hands of Shareholder. For Income Shares, this amount should be deducted from the cost of shares in computing any capital gain realised on their disposal. For Accumulation Shares, the equalisation amount is reinvested alongside the taxed income. This means no adjustment need be made to the cost of the shares in calculating the relevant capital gains tax.

35.

Winding up of the Company

35. Winding up of the Company

- 35.1 The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Rules.
- 35.2 The procedure for winding-up the Company pursuant to FCA Rules is only available where the Company is solvent; in an insolvency situation the Company must be wound up pursuant to Part V of the Insolvency Act 1986.
- 35.3 Where the Company is to be wound up under the FCA Rules, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) that the Company will be able to meet its liabilities within 12 months of the date of the statement. The Company may not be wound up under the FCA Rules if there is a vacancy in the position of ACD at the relevant time.
- 35.4 The Company will be wound up under the FCA Rules if:
- (i) an extraordinary resolution to that effect is passed by Shareholders; or
 - (ii) the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the Share capital of the Company is below its prescribed minimum); or
 - (iii) the ACD or Depositary requests the FCA to revoke the order declaring the Company to be an authorised open-ended investment company with variable capital and the FCA has agreed that on the conclusion of the winding-up of the Company it will accede to that request; or
 - (iv) Shareholders approve a scheme of amalgamation of the Company with another body or scheme.
 - (v) Shareholders approve a scheme of reconstruction which results in all the property of the reconstructed scheme becoming the property of two or more authorised or recognised schemes.

- 35.5 On the occurrence of any of the above:
- (i) The parts of the FCA Rules and the Instrument of Incorporation relating to pricing, dealing and investment and borrowing will cease to apply to the Company.
 - (ii) The Company will cease to issue and cancel Shares in the Company and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them.
 - (iii) No transfer of a Share shall be registered and no other change to the register shall be made without the sanction of the ACD.
 - (iv) The Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company.
 - (v) The corporate status and powers of the Company and, subject to the provisions of this section, the powers of the ACD remain until the Company is dissolved.
- 35.6 In the case of an amalgamation or reconstruction, the ACD shall wind up the Company in accordance with the approved scheme of amalgamation or reconstruction.
- 35.7 In all other cases, the ACD shall, as soon as practicable after the Company falls to be wound up, realise the Scheme Property and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to Shareholders proportionately to their rights to participate in the Scheme Property as described in Appendix 2. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be discharged, the ACD shall arrange for the Depositary to make a final distribution to Shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to Shareholders. The ACD shall arrange for all the Shares in the Company to be cancelled on or prior to the date on which the final account is sent to Shareholders.
- 35.8 The Depositary must notify the FCA once the winding up of the Company is complete and at the same time either the ACD or the Depositary will request the FCA to revoke the Company's authorisation order.
- 35.9 On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company, will be paid into court within one month of dissolution.
- 35.10 Following the completion of the winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder within four months of the completion of the winding up.

36.

Overseas shareholders

36. Overseas shareholders

36.1 General

This Prospectus is intended for distribution in the United Kingdom only. The distribution of this Prospectus and the offering of shares in the Company may be restricted in other jurisdictions. Potential investors are required to inform themselves of the legal requirements and restrictions of their own jurisdiction and act accordingly. This Prospectus does not amount to a solicitation or offer by any person in any jurisdiction in which such solicitation or offer would be unauthorised or unlawful.

As the Company is established in the UK, this Prospectus has been drafted for distribution in the United Kingdom and certain sections (for example those relating to tax) are intended for United Kingdom investors only. However, the Company may, subject to any approval by the appropriate authority, be made available to investors in other jurisdictions, both within and outside of the European Union. Supplementary information may be made available to investors in such jurisdictions by way of a country-specific addendum, dependent upon the legal and regulatory requirements of each country or jurisdiction. The Prospectus may also be translated into the language of the country in which the Company is to be made available, dependent upon the legal and regulatory requirements of each country or jurisdiction.

36.2 United States

The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended. They may not be offered, sold or transferred in the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia or offered or sold to any U.S. Person. The Company has not and does not intend to be registered under the United States Investment Company Act of 1940, as amended.

The Company will reject any application for Shares from a U.S. Person and may require a shareholder who is or may become a U.S. Person to redeem or transfer his shares in accordance with this Prospectus.

36.3 Singapore

The offer or invitation of Shares in the Company, which is the subject of this Prospectus, 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. The Company is not authorised or recognised by the Monetary Authority of Singapore (the "MAS") and the Shares are not allowed to be offered to the retail public. This Prospectus and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA and accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares 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 (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;
- (iii) securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:
 - (a) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
 - (b) where no consideration is or will be given for the transfer;
 - (c) where the transfer is by operation of law;
 - (d) as specified in Section 305A(5) of the SFA; or
 - (e) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

36.4 Australia

Fundsmith LLP is a limited liability partnership with registered office at 33 Cavendish Square, London W1G 0PW, United Kingdom (“UK”), established under the Limited Liability Partnerships Act 2000 in the UK, as amended from time to time (the “Act”). Under the Act, the limited liability partnership’s members are liable for the debts of the partnership up to the amount of their contributions (i.e. they can only lose what they have invested).

Fundsmith LLP is authorised and regulated by the Financial Conduct Authority (“FCA”) in the UK and under UK law with FCA registration number 523102 as a firm permitted to provide regulated products and services. The investors’ attention is drawn to the fact that UK law is different from Australian law.

Fundsmith LLP is also registered with the Australian Securities and Investments Commission (“ASIC”) as a foreign company with ARBN 619 916 791 and relies on the relief under Class Order 03/1099 – UK regulated financial services providers. As such, Fundsmith LLP is exempted from the requirement to hold an Australian Financial Services (“AFS”) licence to conduct financial services business in Australia.

37.

General information

37. General information

37.1 Accounting periods

The annual accounting period of the Company ends each year on 31 December (the accounting reference date). The interim accounting period of the Company ends each year on 30 June.

37.2 Income allocations

37.2.1 Allocations of income are made in respect of the income available for allocation in each annual and interim accounting period.

37.2.2 In the case of Income Shares, the ACD will distribute income on or around the annual and interim income distribution dates (being 28 February and 31 August respectively). Distributions of income in respect of Income Shares for the Company are paid by cheque or by bank transfer.

37.2.3 In the case of Accumulation Shares, the ACD will reinvest the income allocated, this will be reflected in the price of the Accumulation Shares.

37.2.4 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Company.

37.2.5 The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Company in respect of that period, and deducting the charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received

within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditors.

- 37.2.6 Each allocation of income made at the time when more than one class of Share is in issue shall be calculated by reference to the relevant Shareholders proportionate interests in the property of the Company as detailed in Appendix 2.

37.3 Annual reports

Annual reports of the Company will be published within four months of the end of each annual accounting period and half-yearly reports will be published within two months of the end of each interim accounting period. These reports will be available, free of charge, upon request from the ACD or can be obtained via the ACD's website at www.fundsmith.co.uk.

37.4 Documents of the Company

- 37.4.1 The following documents may be inspected free of charge between 9.00 am and 5.00 pm every Business Day at the offices of the ACD at 33 Cavendish Square, London W1G 0PW.

- (i) the most recent annual and half-yearly reports of the Company;
- (ii) the Prospectus; and
- (iii) the Instrument of Incorporation (and any amending instrument of incorporation).

- 37.4.2 Copies of the above documents may also be requested. The ACD may make a charge at its discretion for copies of the Instrument of Incorporation.

37.5 Further information

In addition to this Prospectus, potential investors should also read the Key Investor Information documents in relation to each class of share and the Company's Supplementary Information Document. These documents are available, free of charge, on request from the ACD and can be obtained via the ACD's website at www.fundsmith.co.uk.

37.6 Notices

Notices and documents will be sent to the Shareholders at their address in the Register. Shareholders should notify the ACD in writing at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW of any change of address.

37.7 Complaints

Complaints concerning the operation of the Company should be referred to the ACD at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW in the first instance. If the complaint is not dealt with satisfactorily then it may, subject to the status of the complainant, be referred to The Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London, E14 9SR.

38.

Remuneration

38. Remuneration

The ACD has established remuneration policies and practices for its UCITS Remuneration Code staff that:

- Are consistent with and promote sound and effective risk management;
- Do not encourage risk taking which is inconsistent with the risk profile of the Company;
- Do not impair the ACD's compliance with its duty to act in the best interests of Shareholders, and include measures to avoid conflicts of interest with the Company; and
- Are in line with the ACD's business strategies, objectives, values and long-term interests and with those of the Company.

The FCA's rules in relation to remuneration are based around a set of principles, or themes. The ACD must apply these principles in a way which is appropriate given its size, internal organisation and the nature, scale and complexity of its business.

The following is intended to provide only a brief summary of the ACD's remuneration policy. Further details may be requested directly from the ACD.

The ACD is a small business with about thirty members of staff in addition to its Partners. The Founding Partners form the ACD's Management Committee.

The ACD's structure and business model creates a strong, natural alignment of interest between the Partners, the firm, the Company and its shareholders. Some of the remuneration principles may apply to "Remuneration Code Staff" rather than all staff. The Partners and any other lead investment manager are Remuneration Code Staff.

The ACD distinguishes its approach to remuneration between the Founding Partners, other Partners, other Remuneration Code Staff and other employees.

Each of the Partners is paid a fixed proportion of the net profits of the ACD according to their ownership of the ACD, as stipulated in the ACD's Limited Partnership Agreement (being the constitutional document of the ACD). The Founding Partners do not receive any salary, nor are they eligible for any discretionary bonus.

The other Partners and other Remuneration Code Staff receive salary, certain benefits and are eligible for an award of an annual discretionary bonus. Any award of a discretionary bonus for these individuals is subject to certain restrictions and qualifications.

With regard to the ACD's other employees the remuneration package comprises a basic salary, the possibility of being awarded an annual discretionary bonus and certain benefits.

All decisions on remuneration are made by unanimous agreement of the Management Committee. Employees' salaries are set at competitive levels and are sufficiently high to allow a fully flexible approach to be taken to awarding (or not awarding) an annual bonus. The payment of bonus is entirely at the ACD's discretion and depends on both the financial position of the firm and the outcome of the individual's performance review.

In the opinion of the Partners, the Remuneration Policy and procedures of ACD are consistent with, and support the achievement of the objectives of the UCITS Remuneration Code.

Further details on the up-to-date Remuneration Policy including a description on how the remuneration and benefits are calculated is available on the ACD's website: www.fundsmith.co.uk. A paper copy may also be obtained from the ACD free of charge upon request.

Appendix 1

Eligible markets

A market is eligible for the purposes of the FCA Rules if it is:

- (i) a regulated market as defined in the FCA Handbook;
- (ii) a market in an EEA State which is regulated, operates regularly and is open to the public; or
- (iii) any other market not falling within (a) or (b) above if:
 - (a) the ACD, after consultation with the Depositary, decides that market is appropriate for these purposes on the basis that it is regulated, operates regularly, is recognised as a market or exchange by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors; and
 - (b) the Depositary has taken reasonable care to determine that:
 - (1) adequate custody arrangements can be provided for the investment dealt in on that market; and
 - (2) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

The ACD has determined that any market or exchange on which transferable securities admitted to official listing are dealt in or traded established in the countries below shall be an eligible market.

Austria	Ireland
Belgium	Luxembourg
Denmark	Netherlands
Finland	Norway
France	Portugal
Germany	Spain
Greece	UK

In addition, the following securities markets are also eligible markets.

- | | | | |
|---------------------|---|--------------------------|---|
| 1. Australia | any member of The Australia
Stock Exchange Limited | 9. New Zealand | The New Zealand Stock Exchange |
| 2. Brazil | Bolsa de Valores de São Paulo
Bolsa de Valores do Rio de Janeiro | 10. Philippines | The Philippine Stock Exchange |
| 3. Canada | any stock exchange prescribed
for the purposes of the Canadian
Income Tax Act, and, The Toronto
Stock Exchange | 11. Singapore | The Singapore Exchange |
| 4. China | Shanghai Stock Exchange
Shenzhen Stock Exchange | 12. South Africa | The JSE Securities Exchange |
| 5. Hong Kong | The Hong Kong Exchanges | 13. Sweden | The Stockholm Stock Exchange |
| 6. India | The Bombay Stock Exchange
The National Stock Exchange | 14. Switzerland | SWX Swiss Exchange
The Zurich Stock Exchange
The Geneva Stock Exchange
The Basle Stock Exchange |
| 7. Japan | The Tokyo Stock Exchange
The Osaka Securities Exchange | 15. United States | The American Stock Exchange
The New York Stock Exchange
The Philadelphia Stock Exchange
NASDAQ and any exchange
registered with the Securities &
Exchange Commission as a
national Stock Exchange |
| 8. Mexico | The Mexican Stock Exchange | | |

Appendix 2

Allocation of rights to participate in the property of the Company

If there is more than one class of Share in issue or more than one type of Share within a class, the proportionate interests of each class and type of Share in the assets and liabilities of the Company shall be ascertained as follows:

- (i) A notional account shall be maintained for each class or type of Shares referred to here as a "class" of Share. Each account shall be referred to as a "Proportion Account".
- (ii). The word "proportion" in the following paragraphs means the proportion which the balance on a Proportion Account at the relevant time bears to the balance on all the Proportion Accounts of the Company at that time.
- (iii) There shall be credited to a Proportion Account:
 - (a) the subscription money for the issue of Shares of the relevant class;
 - (b) that class's proportion of the amount by which the Net Asset Value of the Company exceeds the total subscription money for all Shares in the Company;
 - (c) that class's proportion of the Company income received and receivable; and
 - (d) any notional tax benefit under paragraph 5 below.
- (iv). There shall be debited to a Proportion Account:
 - (a) the redemption payment for the cancellation of Shares of the relevant class of Shares;
 - (b) that class's proportion of any amount by which the Net Asset Value of the Company falls short of the total subscription money for all Shares in the Company;
 - (c) all distributions of income (including equalisation if any) made to Shareholders of that class of Shares;
 - (d) all costs, charges and expenses incurred solely in respect of that class of Shares;
 - (e) that class's proportion of the costs, charges and expenses incurred in respect of that class of Shares and one or more other classes in the Company, but not in respect of the Company as a whole;

- (f) that class's proportion of the costs, charges and expenses incurred in respect of or attributable to the Company as a whole; and
 - (g) any stamp duty reserve tax charge; and
 - (h) any notional tax liability under paragraph 5.
- (v) Any tax liability in respect of the Company and any tax benefit received or receivable in respect of the Company shall be allocated between Share classes in order to achieve, so far as possible, the same result as would have been achieved if each class of Shares were itself a Company so as not materially to prejudice any class. The allocation shall be carried out by the ACD after consultation with the auditors.
- (vi) Where a class of Shares is denominated in a currency which is not the base currency, the balance on the Proportion Account shall be converted into the base currency in order to ascertain the proportions of all classes. Conversions between currencies shall be at a rate of exchange decided by the ACD as being a rate that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

The Proportion Accounts are notional accounts maintained for the purpose of calculating proportions. They do not represent debts from the Company to Shareholders or the other way round.

Each credit and debit to a Proportion Account shall be allocated to that account on the basis of that class' proportion immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.

When Shares are issued thereafter each such Share shall represent the same proportionate interest in the property of the Company as each other Share of the same denomination and class of Shares then in issue and the respective proportion of income allocated to a particular class shall be allocated equally between each Share of the same class.

Appendix 3

Members of the ACD

This Appendix lists the significant business activities of the members of the ACD outside of their role as members of the ACD.

Terry Smith

Significant business activities:

Director of International Value Investments Ltd
Director of Value Investments Limited

No Le Lu II, LLC

Significant business activities:

This is an investment vehicle for Mr Julian Robins

Mark Laurence

Significant business activities:

Non Executive Director of Dart Group plc

Simon Godwin

No Significant business activities

International Value Investments Limited

Significant business activities:

This is an investment vehicle for Mr Terry Smith

Daniel Washburn

No Significant business activities

Greville Ward

No Significant business activities

Conrad Rey

No Significant business activities

In addition the ACD has the following independent representatives on the ACD's management committee:

John Spencer

Non executive director of Fundsmith Emerging Equities Trust PLC, tpSEF Inc and ICAP Global Derivatives Limited

James Quaile

Non executive director of ICAP SEF (US) LLC, ICAP Global Derivatives Limited and tpSEF Inc

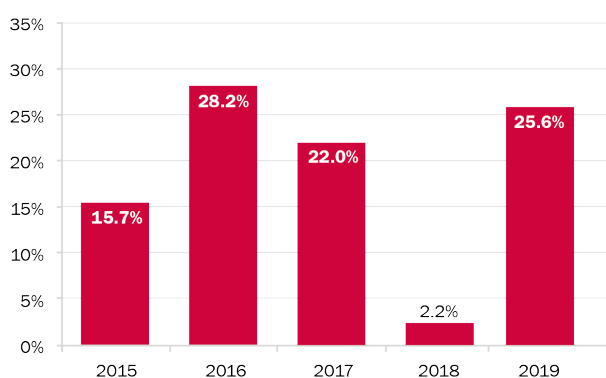
Jeff Randall

Non executive director of Babcock International PLC and independent non executive at BDO LLP

Appendix 4

Past performance

The performance of the T Class shares for the past five years is set out below:



This performance is calculated based on the net asset value per class (which includes all charges) and assuming the income has been re-invested in the fund.

Past performance is not necessarily a guide to future performance. The performance is shown in Pounds Sterling.

The performance of the I Class and the R Class differs because of the different Annual Management Charges. The equivalent graphs for both these classes are available from the relevant KIID, which can be obtained from www.fundsmith.co.uk or by calling 0330 123 1815.

Appendix 5

Delegation of Custody

The Depository has delegated its safekeeping duties to State Street Bank and Trust Company with registered office at Copley Place.

100, Huntington Avenue, Boston, Massachusetts 02116, USA, with an office at 20 Churchill Place, Canary Wharf, London E14 5HJ, UK, whom it has appointed as its global sub-custodian.

At the date of this prospectus State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network as listed below.

Market	Subcustodian
Albania	Raiffeisen Bank sh.a.
Argentina	Citibank, N.A., Buenos Aires
Australia	The Hongkong and Shanghai Banking Corporation Limited
Austria	Deutsche Bank AG UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Bangladesh	Standard Chartered Bank
Belgium	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Brussels branch)
Benin	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Bermuda	HSBC Bank Bermuda Limited
Federation of Bosnia and Herzegovina	UniCredit Bank d.d.
Botswana	Standard Chartered Bank Botswana Limited
Brazil	Citibank, N.A.
Bulgaria	Citibank Europe plc, Bulgaria Branch UniCredit Bulbank AD
Burkina Faso	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Canada	State Street Trust Company Canada
Chile	Banco Itaú Chile S.A.
People's Republic of China	HSBC Bank (China) Company Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited) China Construction Bank Corporation (for A-share market only) Citibank N.A. (for Shanghai – Hong Kong Stock Connect market only) The Hongkong and Shanghai Banking Corporation Limited (for Shanghai – Hong Kong Stock Connect market only) Standard Chartered Bank (Hong Kong) Limited (for Shanghai – Hong Kong Stock Connect market)

Market	Subcustodian
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria
Costa Rica	Banco BCT S.A.
Croatia	Privredna Banka Zagreb d.d. Zagrebacka Banka d.d.
Cyprus	BNP Paribas Securities Services, S.C.A., Greece (operating through its Athens branch)
Czech Republic	Československá obchodní banka, a.s. UniCredit Bank Czech Republic and Slovakia, a.s.
Denmark	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Copenhagen branch)
Egypt	Citibank N.A. Cairo Branch
Estonia	AS SEB Pank
Eswatini	Standard Bank Swaziland Limited
Finland	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Finland Plc.) Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Helsinki branch)
France	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Paris branch)
Republic of Georgia	JSC Bank of Georgia
Germany	State Street Bank International GmbH Deutsche Bank AG
Ghana	Standard Chartered Bank Ghana Limited
Greece	BNP Paribas Securities Services, S.C.A.
Guinea-Bissau	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Hong Kong	Standard Chartered Bank (Hong Kong) Limited
Hungary	Citibank Europe plc Magyarországi Fióktelepe UniCredit Bank Hungary Zrt.

Market	Subcustodian
Iceland	Landsbankinn hf.
India	Deutsche Bank AG Citibank N.A. Mumbai
Indonesia	Deutsche Bank AG
Ireland	State Street Bank and Trust Company, United Kingdom branch
Israel	Bank Hapoalim B.M.
Italy	Deutsche Bank S.p.A. Intesa Sanpaolo S.p.A.
Ivory Coast	Standard Chartered Bank Côte d'Ivoire S.A.
Japan	Mizuho Bank, Limited The Hongkong and Shanghai Banking Corporation Limited
Jordan	Standard Chartered Bank
Kazakhstan	JSC Citibank Kazakhstan
Kenya	Standard Chartered Bank Kenya Limited
Republic of Korea	Deutsche Bank AG The Hongkong and Shanghai Banking Corporation Limited
Kuwait	HSBC Bank Middle East Limited (as delegate of The HongKong and Shanghai Banking Corporation Limited)
Latvia	AS SEB banka
Lithuania	AB SEB bankas
Malawi	Standard Bank Limited
Malaysia	Deutsche Bank (Malaysia) Berhad Standard Chartered Bank Malaysia Berhad
Mali	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Mauritius	The Hongkong and Shanghai Banking Corporation Limited

Market	Subcustodian
Mexico	Banco Nacional de México, S.A.
Morocco	Citibank Maghreb
Namibia	Standard Bank Namibia Limited
Netherlands	Deutsche Bank AG
New Zealand	The Hongkong and Shanghai Banking Corporation Limited
Niger	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Nigeria	Stanbic IBTC Bank Plc.
Norway	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Norge ASA) Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Oslo branch)
Oman	HSBC Bank Oman S.A.O.G. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Pakistan	Deutsche Bank AG
Panama	Citibank, N.A.
Peru	Citibank del Perú, S.A.
Philippines	Deutsche Bank AG
Poland	Bank Handlowy w Warszawie S.A.
Portugal	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Lisbon branch)
Puerto Rico	Citibank N.A.
Qatar	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Romania	Citibank Europe plc, Dublin – Romania Branch

<i>Market</i>	<i>Subcustodian</i>
Russia	AO Citybank
Saudi Arabia	HSBC Saudi Arabia Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Senegal	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Serbia	UniCredit Bank Serbia JSC
Singapore	Citibank N.A.
Slovak Republic	UniCredit Bank Czech Republic and Slovakia, a.s.
Slovenia	UniCredit Banka Slovenija d.d.
South Africa	FirstRand Bank Limited Standard Bank of South Africa Limited
Spain	Deutsche Bank S.A.E.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited
Republic of Srpska	UniCredit Bank d.d.
Sweden	Skandinaviska Enskilda Banken AB (publ)
Switzerland	Credit Suisse AG UBS Switzerland AG
Taiwan - R.O.C.	Deutsche Bank AG Standard Chartered Bank (Taiwan) Limited
Tanzania	Standard Chartered Bank (Tanzania) Limited
Thailand	Standard Chartered Bank (Thai) Public Company Limited
Togo	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Tunisia	Union Internationale de Banques

<i>Market</i>	<i>Subcustodian</i>
Turkey	Citibank, A.Ş. Deutsche Bank A.Ş.
Uganda	Standard Chartered Bank Uganda Limited
Ukraine	PJSC Citibank
United Arab Emirates Dubai Financial Market	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Arab Emirates Dubai International Financial Center	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Arab Emirates Abu Dhabi	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Kingdom	State Street Bank and Trust Company, United Kingdom branch
Uruguay	Banco Itaú Uruguay S.A.
Vietnam	HSBC Bank (Vietnam) Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Zambia	Standard Chartered Bank Zambia Plc.
Zimbabwe	Stanbic Bank Zimbabwe Limited (as delegate of Standard Bank of South Africa Limited)



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