Fundsmith SICAV

Société d'Investissement à Capital Variable

Annual Report and Audited Financial Statements
for the year ended 31 December 2024

R.C.S. Luxembourg B164404

Subscriptions can only be made on the basis of the current Prospectus and the Key Information Document ("KID") supplemented by the most recent annual report and audited financial statements or semi-annual report and unaudited financial statements, if published after such annual report and audited financial statements.

Fundsmith SICAV
Annual Report and Audited Financial Statements
For the year ended 31 December 2024

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Fundsmith LLP

Mr. Robert Vernon Parker, Director,
Fundsmith LLP
From 8 May 2024

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

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

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Until 31 December 2024
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Directors' Report

The Board of Directors is pleased to provide you with its annual report for the year ended 31 December 2024.

The Board is responsible for the overall management and control of the Fundsmith SICAV (the "SICAV") in accordance with its articles of association. The Board is further responsible for the implementation of each Sub-Fund's investment objective and policies as well as for oversight of the administration and operation of each Sub-Fund. The Board shall have the broadest powers to act in any circumstances on behalf of the SICAV, subject to the powers reserved by law to its Shareholders. The Board has delegated certain authorities to the Management Company in accordance with the SICAV's articles of association, the Prospectus and applicable law. The Management Company is responsible, subject to the overall supervision of the Board, for the provision of investment management services, administrative services and marketing services to the SICAV.

The Directors are also responsible for preparing the annual report and financial statements in accordance with applicable laws and regulations. The Directors consider that the annual report and financial statements provide a fair, balanced and understandable assessment of the SICAV's position and performance and provides all necessary information for Shareholders.

The Board of Directors has adopted the ALFI Code of Conduct (the "Code") which sets out principles of good governance. The Board of Directors considers that the SICAV has been in compliance with the Principles of the Code in all material aspects throughout the financial year.

During the reporting year, the SICAV had the following active Sub-Funds:

Fundsmith SICAV – Fundsmith Equity Fund – launched on 28 October 2011

Fundsmith SICAV – Fundsmith Sustainable Equity Fund – launched on 1 March 2021

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

Signed by:

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Director

Date: 20 February 2025

Investment Manager's review

January 2025

Dear Fellow Investor,

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

% Total Return	1st Jan to 31st Dec 2024	Inception to 31st Dec 2024		Sortino Ratio[5]
		Cumulative	Annualised	
Fundsmith Equity Fund EUR T Class[1]	+13.6	+541.8	+15.2	0.79
MSCI World Index EUR[2]	+26.6	+432.7	+13.5	0.65
European Bonds[3]	+0.3	+57.8	+3.5	
Cash[4]	+3.7	+5.5	+0.4	
Fundsmith Equity Fund CHF I Class[1]	+15.7	+336.1	+12.2	
MSCI World Index CHF[2]	+29.0	+284.9	+11.2	
Fundsmith Equity Fund USD I Class[1]	+6.9	+278.1	+11.9	
MSCI World Index USD[2]	+18.7	+219.3	+10.3	
Fundsmith Equity Fund GBP I Class[1]	+8.7	+324.6	+14.4	
MSCI World Index GBP[2]	+20.8	+263.5	+12.8	

[1] Accumulation Shares, net of fees, priced at 13:00 CET, launch dates, EUR T: 2.11.11, CHF I: 5.4.12, USD I: 13.3.13, GBP I: 15.4.14, source: Bloomberg. NB Prior to March 2019 performance relates to Fundsmith Equity Fund Feeder
[2] MSCI World Index priced at close of business US time, source: Bloomberg
[3] Bloomberg/EFFAS Bond Indices Euro Govt 10 yr., source: Bloomberg
[4] € Interest Rate, source: Bloomberg
[5] Sortino Ratio is since inception on 2.11.11 to 31.12.24, 3.5% risk free rate, source: Financial Express Analytics

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

Given we do not hedge currency exposure, the main difference in performance between the currency share classes is the relative currency movements in the year. The relative performance compared to the MSCI World Index ('Index') is therefore similar for each share class. The Fund underperformed this comparator in 2024 but a longer-term perspective may be useful and is certainly more consistent with our investment aims and strategy. Since inception, the share classes shown in the table have healthily outperformed. The T Class Accumulation shares has returned 1.7% p.a. more than the MSCI World Index since inception and has done so with significantly less downside price volatility as shown by the Sortino Ratio of 0.79 versus 0.65 for the Index. This simply means that the Fund has returned about 22%, ((0.79÷0.65)-1)x100, more than the Index for each unit of price volatility.

Outperforming the market or even making a positive return is not something you should expect from our Fund in every year or reporting period, and outperforming the market was more than usually challenging once again in 2024. Just five stocks (the 'Fab Five'?) Nvidia, Apple, Meta, Microsoft and Amazon provided 45% of the returns of the S&P 500 Index ('S&P 500') in 2024.

Investment Manager's review (continued)

This is similar to the concentration of returns provided by the so-called Magnificent Seven in 2023. Moreover, a single stock — Nvidia — produced over 20% of the S&P 500 returns in 2024.

Nor is this concentration of returns in a few technology companies a purely US phenomenon. In Germany 41% of the return from the DAX Index came from a single stock — SAP, the software company whose share price rose by 69% so that it is now trading on a mere 97x earnings.

Our Fund owns some but not all of these stocks and it was difficult to perform even in line with the Index unless you owned them at least in line with their index weighting. I do not intend to give a narrative of why we do not own all of them, but I will give some more detail on this point later in this letter.

In looking at individual stock contribution to performance I prefer to start with the problems. The bottom five detractors from the Fund's performance in 2024 were:

Stock	Attribution
L'Oréal	-1.6%
IDEXX	-1.1%
Nike	-0.7%
Brown-Forman	-0.7%
LVMH	-0.5%

Source: Northern Trust

L'Oréal and LVMH were both adversely affected by events in China where the economy is struggling under the weight of a moribund residential property sector and the associated credit problems. In neither case does it alter our view that these are fundamentally very good businesses. Moreover, the good news about business segments which perform poorly is that they wane in significance. China was the largest country/region for luxury goods sales in the world but recent performance has placed it behind America and maybe even Europe so the impact of its problems may wane over time.

IDEXX which makes veterinary diagnostic testing equipment and supplies is suffering from a slackening in the pace of vet visits after the scramble to adopt pets during the pandemic. As the industry leader in an area with real long-term growth prospects and a stock where we would probably struggle to buy back our position if we sold it, we intend to continue holding IDEXX and to try to smile through the pain of underperformance.

Nike is a stock we bought after the share price fall during the pandemic when investors seemed convinced there would be many fewer buyers of trainers. In fact, Nike had made great strides in online marketing and fulfilment. What we hadn't realised was that the then management would parlay this success into a problem by ignoring the traditional bricks & mortar retail channel, which has recovered as the pandemic passed, and in so doing open the door literally to competition. To be fair there have been other issues such as an increasing dependence on fashion and less on traditional exercise uses. However, the good news is that there has been a change of CEO this year. We see many commentators musing about the reasons why the US economy is so successful. Perhaps one reason is a quicker finger on the trigger when top executives do not deliver. In which context we note that Unilever's shares were up 20% in 2024. We await developments from Nike's new management who have after all inherited what is still the dominant market share in the sector.

Brown-Forman, one of the world's top five drinks companies and the distiller of Jack Daniel's Tennessee Whiskey has suffered from the fall in consumption from the pandemic highs and is probably seeing early signs of the adverse impact of weight loss drugs. We sold our Diageo stake during the year which I will cover later but retaining Brown-Forman keeps a foothold in what has long been a sector with good business characteristics and which has the potential benefits of family control, which can promote good long-term decision making, and a larger bias towards premium spirits than Diageo which may help obviate the impact of weight loss drugs ('drink less but better quality'). It is a company which survived Prohibition so we hope there is literally something in the DNA to help with these adverse circumstances.

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

Stock	Attribution
Meta Platforms	+4.5%
Microsoft	+1.9%
Philip Morris	+1.7%
Stryker	+1.6%
Automatic Data Processing	+1.5%

Source: Northern Trust

Investment Manager's review (continued)

For Meta and Microsoft I am simply going to repeat my comment from last year's letter albeit with the number of times updated:

'Meta Platforms' (formerly Facebook) performance makes me wonder whether I should have a fund which invests solely in the one stock in our portfolio each year for which we have received the most critical comments. Meta makes its third appearance in this list of top contributors while Microsoft appears for the ninth time having attracted strident criticism when we started buying at about $25 a share in 2011 (2023 year end price $376).' 2024 year end price was $422.

Philip Morris makes its 3rd appearance as it continues to show the benefits of its industry leading move into Reduced Risk Products ('RRPs') such as heat not burn tobacco products and its acquisition of Swedish Match with its nicotine pouch business. You can tell when some things are right by the people who oppose them. The governments and dysfunctional health organisations who have set their stance against these RRPs, which are proving to be an invaluable aid in reducing risk to smokers, is yet another indicator that Philip Morris is on the right track.

Stryker, which is making its 5th appearance, is benefitting from work on the backlog of elective surgical procedures which built up during the pandemic.

ADP which makes its 2nd appearance continues its metronomic performance. It rarely shoots the lights out in terms of performance but then neither does it disappoint which makes it a good stock for our strategy.

Given the number of repeat appearances in our top five contributors I am tempted to repeat one of our mantras which is that 'You make money with old friends'. However, two of those old friends which have been repeat contributors were detractors this year, namely L'Oréal and IDEXX. However, if anything I would regard this as a blip in their long-term record and we intend to (mostly) patiently await a return to form. In our view they are simply too good to sell and risk being uninvested when the tide turns.

We continue to apply a simple three step investment strategy:

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

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

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

Year ended	**Fundsmith Equity Fund Feeder SICAV Portfolio**								**S&P 500**	**FTSE 100**
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2024**	**2024**
ROCE	28%	29%	29%	25%	28%	32%	32%	31%	16%	17%
Gross Margin	63%	65%	66%	65%	63%	63%	63%	64%	45%	42%
Operating Margin	26%	28%	27%	23%	26%	27%	29%	30%	16%	15%
Cash Conversion	102%	95%	97%	101%	96%	88%	91%	86%	85%	90%
Interest Cover	17x	17x	16x	16x	23x	20x	20x	27x	9x	9x

Source: Fundsmith LLP/Bloomberg.

ROCE (Return on Capital Employed), Gross Margin, Operating Margin and Cash Conversion are the weighted mean of the underlying companies invested in by the Fundsmith Equity Fund Feeder/Sicav and mean for the FTSE 100 and S&P 500 Indices. The FTSE 100 and S&P 500 numbers exclude financial stocks. Interest Cover is median. 2017–2019 ratios are based on last reported fiscal year accounts as of 31st December and for 2020–24 are Trailing Twelve Months and as defined by Bloomberg.

Cash Conversion compares Free Cash Flow per Share with Net Income per Share.

In 2024 operating profit margins were higher in the portfolio companies than in the past. Gross margins and return on capital were steady. Importantly all of these metrics remain significantly better than the companies in the main indices (which include our companies). Moreover, if you own shares in companies during a period of inflation it is better to own those with high returns and gross margins.

Consistently high returns on capital are one sign we look for when seeking companies to invest in. Another is a source of growth — high returns are not much use if the business is not able to grow and deploy more capital at these high rates. So how did our companies fare in that respect in 2024? The weighted average free cash flow (the cash the companies generate after paying for everything except the dividend, and our preferred measure) grew by 15% in 2024.

The only metric which continues to lag its historical performance is cash conversion — the degree to which profits are delivered in cash. Although this recovered slightly to 91% in 2023, this is still below its historical level of around 100% and it declined again in 2024 to 86%. This was due to a sharp rise in capital expenditure at a small group of companies: Alphabet, Microsoft, Meta and Novo Nordisk. Novo is racing to build production capacity to supply enough of its weight loss drug Wegovy and finished the year spending €10 billion purchasing three manufacturing sites. The tech companies are in a race to build capacity of Artificial Intelligence ('AI') in the form of GPU chips and data centres. Whether this arms race produces adequate profits and returns for the amounts expended remains an open question to which I will return later. At least Novo is building capacity to produce a drug for which there is established demand and profitability and in which it currently has a competitive advantage.

The average year of foundation of our portfolio companies at the year-end was 1920. Collectively they are over a century old.

The second leg of our strategy is about valuation. The weighted average free cash flow ('FCF') yield (the free cash flow generated as a percentage of the market value) of the portfolio at the outset of 2024 was 3.0% and ended the year at 3.1%. The year-end median FCF yield on the S&P 500 was 3.7%.

Our portfolio consists of companies that are fundamentally a lot better than the average of those in the S&P 500, so it is no surprise that they are valued more highly than the average S&P 500 company. In itself this does not necessarily make the stocks expensive, any more than a lowly rating makes a stock cheap. However, we expect some of this disparity in valuation to be eradicated in 2025 if, as we expect, the cash conversion of our portfolio companies improves.

Turning to the third leg of our strategy, which we succinctly describe as 'Do nothing', minimising portfolio turnover remains one of our objectives and this was again achieved with a portfolio turnover of -1.2% during the period. It is perhaps more helpful to know that we spent a total of just 0.004% (less than half of a basis point) of the Fund's average value over the year on voluntary dealing (which excludes dealing costs associated with subscriptions and redemptions as these are involuntary). We sold three companies and purchased two. As last year this may seem like a lot of names for what is not a lot of turnover as in some cases the size of the holding sold or bought was small. We have held seven of the portfolio companies since inception in 2011, nine for more than ten years and 15 for over five years.

Why is this important? It helps to minimise costs and minimising the costs of investment is a vital contribution to achieving a satisfactory outcome as an investor. Too often investors, commentators and advisers focus on, or in some cases obsess about, the Annual Management Charge ('AMC') or the Ongoing Charges Figure ('OCF'), which includes some costs over and above the AMC, which are charged to the Fund. The OCF for 2024 for the T Class Accumulation shares was 1.08% (I Class shares 0.94%). The trouble is that the OCF does not include an important element of costs — the costs of dealing. When a fund manager deals by buying or selling, the fund typically incurs the cost of commission paid to a broker, the bid-offer spread on the stocks dealt in and, in some cases, transaction taxes such as stamp duty in the UK. This can add significantly to the costs of a fund, yet it is not included in the OCF.

We provide our own version of this total cost including dealing costs, which we have termed the Total Cost of Investment ('TCI'). For the T Class Accumulation shares in 2024 the TCI was 1.09% (I Class shares 0.95%), including all costs of dealing for flows into and out of the Fund, not just our voluntary dealing. We are pleased that our TCI is just 0.01% (1 basis point) above our OCF when transaction costs are taken into account. However, we would again caution against becoming obsessed with charges to such an extent that you lose focus on the performance of funds. It is worth pointing out that the performance of our Fund tabled at the beginning of this letter is after charging all fees which should surely be the main focus.

We sold our stakes in Diageo, McCormick and Apple during the year.

Diageo, which we had owned since inception, has exhibited problems with its new management, shown by a lack of information about its Latin American business which produced results far worse than the sector in this area. Moreover, we suspect the entire drinks sector is in the early stages of being impacted negatively by weight loss drugs. Indeed, it seems likely that the drugs will eventually be used to treat alcoholism such is their effect on consumption.

We sold McCormick as we had been disappointed by the slow response which the company exhibited in its ability to pass on input cost inflation so compressing its margins, together with its exposure to own label competition which has stiffened as inflation has caused consumers to trade down.

We began purchasing Apple two years ago at about $156 a share when its P/E was below the S&P 500 average and the growth in service revenues had somewhat convinced us that the much talked about ecosystem, tying its users to the products, might really exist. We correctly foresaw a number of reporting periods ahead when sales growth would be lacklustre and so bought a small stake hoping to add to it as the poor sales performance came to pass. We were right about the sales performance — its sales grew just 2% last year — but wrong about the share price which rose strongly, placing the shares on a rating about 50% higher than the S&P 500. We were not going to buy more stock against that background and it was occupying a place in our portfolio and so we sold our stake.

We started purchasing stakes in Atlas Copco and Texas Instruments during the year.

Atlas Copco is a Swedish industrial company which makes compressors, vacuum equipment, electrical and pneumatic tools and which has three characteristics which we find attractive:

- it outsources much of the manufacturing so making it capital light which enhances returns;
- it is highly decentralised with over 600 operating entities which have considerable autonomy in addressing their local market; and
- there is a controlling stake held by the Wallenberg family vehicle which should lead to good long-term decision-making since they have been in business for 151 years this year.

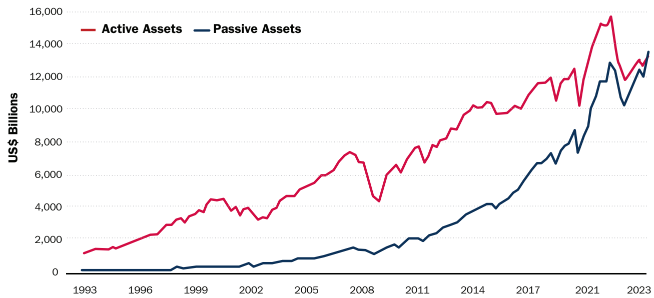
Texas Instruments is a manufacturer of analogue and embedded microprocessors which go into a wide range of consumer and industrial devices, automobiles, and communications equipment. It is investing ahead of a probable upturn in the semiconductor cycle although it is now apparent that there is not one cycle. Demand for GPUs of the sort made by Nvidia far from being in a down cycle has been on a lunar trajectory, and there are clear differences between the cycle for regular automotive chips and chips for electric vehicles or chips for other appliances, as well as between regions. However, Texas Instruments has a long history of investing well ahead of upswings in demand and producing handsome returns from it. It is also a beneficiary of the onshoring of semiconductor manufacturing to avoid the geopolitical risks of Taiwan and China.

Last year I spent some time in this letter discussing the rise of interest in AI, as one of the driving forces behind the rise of most of the Magnificent Seven stocks and especially Nvidia. This boom/hype (you choose) continued in 2024, but some of its characteristics changed. One is that it may have become more focused. It had been seen as a driver of share prices of companies which we had previously held such as Adobe and Intuit, both of which had blotted their copybook with us by engaging in over-priced and seemingly ill- conceived acquisitions or attempted acquisitions. Both of them significantly underperformed the market in 2024 as reality seemed to dawn on investors that AI may not be of immediate and/or universal benefit and could actually be detrimental. Conversely, this has had the effect of focusing investors' attention on fewer real immediate beneficiaries of the AI boom such as Nvidia.

During this period commentators have frequently asked whether the AI boom is the same as the Dotcom era and therefore will have a similar ending. In response I am tempted to quote Mark Twain, 'History doesn't repeat itself, but it rhymes.' Undoubtedly some of the AI enthusiasm is hype, as was the Dotcom mania, but there are a couple of key differences:

1. The leading company in the AI boom, Nvidia, is very profitable, albeit with a history of some downturns, whereas in the Dotcom boom a lot of the share price performance was driven by reference to clicks and eyeballs in the absence of any profits or even revenues. Even companies which were to rise Phoenix-like from the ashes after the Dotcom meltdown, such as Amazon, were not yet profitable; and
2. The rise of so-called passive or index funds

The Rise of Index Funds



Source: Morningstar.

In late 2023 passive investment via index funds exceeded the amount of assets held in active funds for the first time. They are now more than half of Assets Under Management ('AUM'). However, during the Dotcom boom only about 10% of AUM was in passive funds. As ever we do not always aid understanding with the labels which we sometimes use in investment. Index funds are not truly a passive strategy. There may be no fund manager taking investment decisions, but such index investing is in fact a momentum strategy.

The vast majority of index funds are market capitalisation weighted, like the indices on which they are based. The size of holdings in companies in the index fund is based upon their market value compared with the market value of the index. So when there are inflows to index funds the largest portion goes to the largest companies, and vice versa when there are outflows.

The result is that as money flows out of active funds and into index funds, as it has been doing, it drives the performance of the largest companies which are companies whose shares have already performed well which is how they came to be the largest companies by market value.

This is a self-reinforcing feedback loop which will operate until it doesn't. For example, were there to be an economic downturn which led to a reduction in tech spending, which is now so large a proportion of overall spending that it cannot be non-cyclical, one area of vulnerability might be spending on AI as it is not currently generating much revenue. Were the largest companies then to produce disappointing results, their share prices are likely to react badly which will drag down the index performance more than that of those active managers who are underweight in these stocks. But even if some scenario like this awaits us in the future, what exactly will cause this and when it may occur is difficult or impossible to predict.

Which brings me back to the subject of volatility which was raised at the start of this letter. We don't agree that true volatility is measured by ratios such as the Sharpe or Sortino ratio which look at the volatility of fund prices or share prices, but they are widely accepted as a measure. Moreover, whilst investors should rationally focus on volatility in the fundamental value of the businesses they invest in and accept higher price volatility if this leads to higher returns, it is easier said than done.

One problem is that it is difficult to remain calm and focus on the fundamental characteristics when the price volatility is sharply negative. Take a stock like Nvidia, which has been a spectacular performer for the past two years. The Nvidia share price fell by over two thirds as recently as 2021–2022. Would we or you feel comfortable owning it in such circumstances, and if not, might that share price performance cause us to make poor decisions? We have experience owning this sort of stock, as the performance of Meta demonstrates, but given how difficult they can be to own maybe one is enough for our portfolio at any one time.

In 2021–2022 Meta's stock price fell by 76%, but whilst we continued to own it despite this, to our current benefit, there are several key differences between the situation of Meta then and Nvidia now:

- Meta serves some 3.3 billion consumers and several million advertisers. Nvidia's demand is dominated by a literal handful of so-called hyperscalers building data centres to handle Large Language Models for AI.
- People sometimes ask us whether it is dangerous to own consumer stocks in an economic downturn. To which we reply yes, but it is not as dangerous as not being close to the consumer in those circumstances. If you think the performance of consumer companies is a worry in a downturn wait until you see what happens to their suppliers, especially the suppliers of capital equipment like factory machinery. A 5-10% downturn in sales revenues at the consumer companies can translate into a cessation of orders for some suppliers. Nvidia supplies capital goods — its latest generation GPU server sells for about $3m each — and a significant downturn in demand from its clients who do service consumers would be interesting to watch from a safe distance.
- Before its share price fall Meta was on a P/E of 28x whereas Nvidia is currently on a P/E of 54x.

All of which brings me to a reminder of what we are seeking to achieve with the Fundsmith Equity Fund and that is to produce a high likelihood of a satisfactory return rather than the chance of a spectacular return which could be spectacularly good or spectacularly bad.

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

Yours sincerely,

Terry Smith

Terry Smith
CEO
Fundsmith LLP

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

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The views and opinions expressed herein are those of Fundsmith as of the date hereof and are subject to change based on prevailing market and economic conditions and will not be updated or supplemented.

Sources: Fundsmith LLP, Bloomberg and FE Analytics unless otherwise stated. Data is as at 31st December 2024 unless otherwise stated.

Portfolio turnover is a measure of the fund's trading activity and has been calculated by taking the total share purchases and sales less total creations and liquidations divided by the average net asset value of the fund.

P/E ratios and Free Cash Flow Yields are based on trailing twelve month data and as at 31st December 2024 unless otherwise stated. Percentage change is not calculated if the TTM period contains a net loss.

The MSCI World Index is a developed world index of global equities across all sectors and, as such, is a fair comparison given the fund's investment objective and policy.

The Bloomberg/EFFAS Bond Indices Euro Govt 10 yr shows what you might have earnt if you had invested in Government Debt.

The € Interest Rate shows what you might have earnt if you had invested in cash.

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Fundsmith
Sustainable Equity Fund | SICAV

Investment Manager's review

January 2025

Dear Fellow Investor,

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

% Total Return	1st Jan to 31st Dec 2024	Inception to 31st Dec 2024		Sortino Ratio[5]
		Cumulative	Annualised	
Fundsmith Sustainable Equity Fund EUR T Class[1]	+13.0	+32.1	+7.5	0.38
MSCI World Index EUR[2]	+26.6	+69.1	+14.7	0.79
European Bonds[3]	+0.3	-26.4	-7.7	
Cash[4]	+3.7	+6.4	+1.6	
Fundsmith Sustainable Equity Fund CHF I Class[1]	+15.1	+13.8	+3.4	
MSCI World Index CHF[2]	+29.0	+46.7	+10.5	
Fundsmith Sustainable Equity Fund USD I Class[1]	+6.4	+14.8	+3.7	
MSCI World Index USD[2]	+18.7	+44.3	+10.0	
Fundsmith Sustainable Equity Fund GBP I Class[1]	+8.1	+27.6	+6.5	
MSCI World Index GBP[2]	+20.8	+61.0	+13.2	

[1] *Accumulation Shares, net of fees, priced at 13:00 CET, inception 1.3.21, source: Bloomberg*
[2] *MSCI World Index priced at close of business US time, source: Bloomberg*
[3] *Bloomberg Series-E Euro Govt 10+ Yr Bond Index, source: Bloomberg*
[4] *€ Interest Rate, source: Bloomberg*
[5] *Sortino Ratio is since inception to 31.12.24, 3.5% risk free rate, source: Financial Express Analytics*

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

Given we do not hedge currency exposure, the main difference in performance between the currency share classes is the relative currency movements in the year. The relative performance compared to the MSCI World Index ('Index') is therefore similar for each share class and shows the Fund underperformed in 2024.

Outperforming the market or even making a positive return is not something you should expect from our Fund in every year or reporting period, and outperforming the market was more than usually challenging once again in 2024. Just five stocks (the 'Fab Five'?) Nvidia, Apple, Meta, Microsoft and Amazon provided 45% of the returns of the S&P 500 Index ('S&P 500') in 2024. This is similar to the concentration of returns provided by the so-called Magnificent Seven in 2023. Moreover, a single stock — Nvidia — produced over 20% of the S&P 500 returns in 2024.

Nor is this concentration of returns in a few technology companies a purely US phenomenon. In Germany 41% of the return from the DAX Index came from a single stock — SAP, the software company whose share price rose by 69% so that it is now trading on a mere 97x earnings.

Investment Manager's review (continued)

Our Fund owns some but not all of these stocks and it was difficult to perform even in line with the Index unless you owned them at least in line with their index weighting. I do not intend to give a narrative of why we do not own all of them, but I will give some more detail on this point later in this letter.

In looking at individual stock contribution to performance I prefer to start with the problems. The bottom five detractors from the Fund's performance in 2024 were:

Stock	Attribution
L'Oréal	-1.6%
IDEXX	-1.0%
Zoetis	-0.5%
McCormick	-0.1%
Novo Nordisk	-0.1%

Source: Northern Trust

L'Oréal was adversely affected by events in China where the economy is struggling under the weight of a moribund residential property sector and the associated credit problems. However, this does not alter our view that L'Oréal is fundamentally a very good business. This is not the first time that a major economy it operates in has mis-fired and we believe its management can cope.

IDEXX which makes veterinary diagnostic testing equipment and supplies is suffering from a slackening in the pace of vet visits after the scramble to adopt pets during the pandemic. As the industry leader in an area with real long-term growth prospects and a stock where we would probably struggle to buy back our position if we sold it, we intend to continue holding IDEXX and to try to smile through the pain of underperformance.

Although Zoetis, the leading maker of veterinary pharmaceuticals, did not suffer from the same influences as IDEXX, as its drugs mainly treat chronic conditions, and it delivered double digit sales growth, it nonetheless suffered a derating.

McCormick which supplies flavourings, herbs, spices, and condiments disappointed in its slow response to the inflationary cost inputs in its ingredients and showed vulnerability to own label competition as consumers came under pressure so we sold the holding during the year.

Novo Nordisk was arguably our most surprising poor performer in 2024. It remains the market leader in weight loss drugs, which it pioneered, and the year was marked by a stream of news about other conditions which these drugs treat effectively and label expansion applications which drug regulators seem willing to approve. Yet not only did the share price fall 10% but it finished the year on a P/E ratio half that of its nearest competitor Eli Lilly.

In investment it is always better to travel hopefully than to arrive and there is certainly an arms race going on amongst drug companies to develop competitor drugs. Yet we are still dealing with a company in Novo which is the market leader and holds production and labelling advantages which should sustain that position, with revenues that are growing at 20% p.a. Moreover, we originally bought Novo because of its radical approach to drug discovery and would not rule out further developments.

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

Stock	Attribution
Stryker	+1.7%
ADP	+1.5%
Alphabet	+1.5%
Fortinet	+1.4%
Marriott	+1.4%

Source: Northern Trust

Stryker is benefitting from work on the backlog of elective surgical procedures which built up during the pandemic.

ADP which makes its second appearance continues its metronomic performance. It rarely shoots the lights out in terms of performance but then neither does it disappoint which makes it a good stock for our strategy.

Alphabet performed well in the light of the regulatory onslaught which it faced from various regulatory and competition authorities many of whom seem to think it should be illegal to compete effectively and after early setbacks with its AI models it seems that one early successful application of AI is in improving results for digital advertising.

Investment Manager's review (continued)

Fortinet was our fourth best performer as demand for its cyber security products began to return to normal after the post pandemic slump (the pandemic having boosted the need for secure routers because of increased working from home).

Marriott is the largest hotel group in the world with the largest and widest assortment of brands and the largest membership in its loyalty programme — Bonvoy. This is a case where size does seem to bring advantages. Real estate developers which already have one Marriott brand hotel are often prone to develop another brand, where they have the capacity to do so, as they already have a working relationship and Bonvoy members find the range of brands and properties makes it easier to use their loyalty points and are more likely to book direct so saving Marriott fees from the Online Travel Agents.

We continue to apply a simple four step investment strategy:

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

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

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

In 2024 returns on capital and operating profit margins dipped a little but gross margins were steady. Importantly all of these metrics remain significantly better than the companies in the main indices (which include our companies). Moreover, if you own shares in companies during a period of inflation it is better to own those with high returns and gross margins.

Consistently high returns on capital are one sign we look for when seeking companies to invest in. Another is a source of growth — high returns are not much use if the business is not able to grow and deploy more capital at these high rates. So how did our companies fare in that respect in 2024? The weighted average free cash flow (the cash the companies generate after paying for everything except the dividend, and our preferred measure) grew by 11% in 2024.

Year ended	Fundsmith Sustainable Equity Fund SICAV Portfolio				S&P 500	FTSE 100
	2021	2022	2023	2024	2024	2024
ROCE	28%	31%	34%	32%	16%	17%
Gross Margin	61%	61%	60%	60%	45%	42%
Operating Margin	25%	26%	29%	27%	16%	15%
Cash Conversion	97%	88%	93%	92%	85%	90%
Interest Cover	20x	19x	20x	24x	9x	9x

Source: Fundsmith LLP/Bloomberg.

ROCE (Return on Capital Employed), Gross Margin, Operating Margin and Cash Conversion are the weighted mean of the underlying companies invested in by the Fundsmith Sustainable Equity Fund and mean for the FTSE 100 and S&P 500 Indices.

The FTSE 100 and S&P 500 numbers exclude financial stocks. Interest Cover is median. Ratios are Trailing Twelve Months and as defined by Bloomberg.

Cash Conversion compares Free Cash Flow per Share with Net Income per Share.

The only metric which continues to lag its historic performance is cash conversion — the degree to which profits are delivered in cash. This is still below its historic level of around 100% and declined slightly in 2024 to 92%. This was due to a sharp rise in capital expenditure at a small group of companies: Alphabet, Microsoft and Novo Nordisk. Novo is racing to build production capacity to supply enough of its weight loss drug Wegovy and finished the year spending €10 billion purchasing three manufacturing sites. The tech companies are in a race to build capacity of Artificial Intelligence ('AI') in the form of GPU chips and data centres. Whether this arms race produces adequate profits and returns for the amounts expended remains an open question to which I will return later. At least Novo is building capacity to produce a drug for which there is established demand and profitability and in which it currently has a competitive advantage.

The average year of foundation of our portfolio companies at the year-end was 1935. Collectively they are 90 years old.

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

One of the metrics we use to assess sustainability risks is RepRisk's RepRisk Index (RRI), which measures a company's current reputational risk exposure based on controversies over the last 24 months. At the end of December 2024, the weighted average RepRisk Index for our portfolio was 27.3, slightly higher than the 26.8 it was at the start of the year and lower than the MSCI World's weighted average of 33.2. This implies that on average our portfolio has a lower exposure to reputational risks relating to sustainability factors than the MSCI World.

We use the RepRisk Index scores in two ways. First, to capture any coverage relating to the companies in the Fund's investible universe we may have missed in our routine research. Second, as a proxy for the absolute negative impacts a company has, particularly on society. While environmental impacts are relatively easy to measure (e.g. greenhouse gas emissions) and therefore assess, aggregate and scrutinise both absolutely and relatively between companies, impacts on society are often qualitative and much more challenging to assess objectively. Hence, we use the RRI as a proxy for evaluating these negative impacts. Although it isn't perfect it gives us a framework to assess and compare non-quantitative impacts between the companies in our investible universe.

The rise in the portfolio's RepRisk Index over the year was partly due to increases in the RRI at Zoetis and Fortinet of 24 and 21, respectively. This was offset by Home Depot's score decreasing by 16 and the removal of McDonald's and Johnson & Johnson from the portfolio, both of which had relatively high RRIs.

Zoetis's increase was due to news in March that the European Commission had started investigating whether the company violated antitrust regulations. The Commission said it was investigating whether the company broke competition rules by preventing the launch of a competing pain medicine for dogs with osteoarthritis. In response, Zoetis said that the matter referred to an experimental compound and reminded the Competition Commission that at the time of the acquisition, it had approved the acquisition of the competing pain treatment.

Fortinet's RRI increased this year after it released a statement in September saying that a hacker had accessed a "limited" number of customer files on a third-party cloud-based shared file drive. The breach did not result in any malicious activity. The increase in RRI was large because Fortinet usually has an RRI of 0, and this was the first negative news story since September 2021.

Home Depot's RRI fell as public criticism faded following accusations that some of the toilet paper it sold used pulp sourced from Asia Pulp and Paper last year. Asia Pulp and Paper has been linked to deforestation in Indonesia and other environmental offences.

At the end of 2024, the four companies with the highest RepRisk Index scores were:

Stock	RepRisk
Alphabet	63
Microsoft	61
Unilever	46
Procter & Gamble	42

Source: RepRisk

Alphabet and Microsoft are among the largest companies in the world and the products and services they offer are used by millions of people every day. As a result, both companies are subject to a large amount of media coverage. This inflates their RRI beyond what we would deem to be an accurate reflection of their negative impacts. Both companies were subject to antitrust scrutiny in the US and Europe in 2024 which contributed to their high RRIs.

Alphabet is under scrutiny in relation to its dominance in web search and digital advertising platforms, with the US Department of Justice (DOJ) proposing breaking up the company. The US Federal Trade Commission (FTC) launched a broad antitrust investigation into Microsoft's dominance of cloud computing and its bundling of Office products (Word, Excel, Teams etc.) and, in Europe, the European Commission charged Microsoft with antitrust violations relating to the bundling of Teams with Office 365. The Commission argued that this bundling gives teams an unfair advantage over competitors Slack and Zoom. In response, Microsoft has launched a version of Office 365 in Europe without Teams. The investigation is ongoing.

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

Unilever and P&G, both consumer goods companies, have high RRIs due to the scale and impact of their large, complex supply chains and their direct link to the consumer. We think both these companies are managing their impacts and consequent risks effectively. For example, Unilever is continuing its efforts to limit the potential for labour abuses and illegal deforestation in its palm oil supply chain by purchasing the palm plantations it sources palm oil from. Controversies from the company's palm oil supply chain have been a significant driver of its high RRI.

At the end of 2024, the four companies with the lowest RepRisk Index scores were:

Stock	RepRisk
Waters	0
IDEXX	0
Amadeus	0
Mettler-Toledo	0

Source: RepRisk

Waters and Mettler-Toledo remain on the list from 2023 and are joined this year by veterinary testing company IDEXX and travel technology company Amadeus.

The companies held in the Fundsmith Sustainable Equity Fund continue to show their commitment to reducing their contribution to climate change. At the end of 2024, the companies responsible for 92% of the Fund's emissions had already set 1.5°C aligned emission reduction targets with the Science Based Targets initiative (SBTi), with companies responsible for a further 5% of emissions in the process of doing so. This compares to 24% of the MSCI ACWI IMI[1]. Regarding net zero, companies responsible for 67% of the Fund's emissions had a validated target and those responsible for a further 10% were committed to setting net zero targets with the SBTi.

Greenhouse gas emissions are reported across scopes 1, 2 and 3, with each representing different aspects of a company's operations. Scope 1 emissions are those generated directly by the company, for example, through fuel combustion in boilers, furnaces, and vehicles controlled or owned by the business. Scope 2 emissions are indirectly generated by the company through purchases of electricity, heat, steam, and cooling. Scope 3 emissions result from activities not owned or controlled by the company, but that the company has indirect influence over, such as its supply chain. For this year's letter, we are focusing on scope 2 emissions.

The Greenhouse Gas (GHG) Protocol (the framework used to measure emissions) presents two methodologies for calculating scope 2 emissions: a "location-based" and a "market-based" approach. Location-based emissions are those that directly result from a company's grid electricity consumption. This approach uses the energy intensities, or energy mix, of the respective grids to calculate the emissions produced to generate the electricity consumed.

Market-based emissions account for this grid mix but also allow companies to apply renewable energy purchased via instruments such as Energy Attribution Certificates (EAC). These certificates are used by companies to reduce the reported quantity of non-renewable electricity consumed from the grid. As these certificates are used to replace the non-renewable electricity consumed from the grid with renewable energy, the market-based approach allows companies to reduce their scope 2 emissions accordingly.

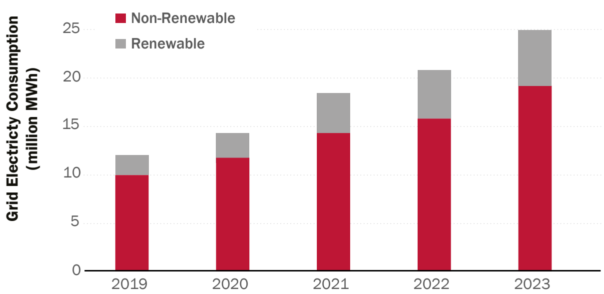
The market-based approach has come under criticism as some believe it can give a misleading representation of a company's emissions compared to the location-based method. While this may be true, location-based emissions take no account of a company's approach to renewable energy procurement and force it to only account for the grid's energy share, which they have little to no influence over. Allowing companies to purchase and apply EACs also promotes investment in clean energy projects as corporates create a market for these certificates.

Alphabet ('Google') is a good example of this as it has seen its consumption of electricity increase considerably over the past five years to meet the growing demand for AI-based products and services and scale up its data centres that train and operate the large language models on which AI products are based. As Alphabet has reported, these energy intensive processes are the driver of the company's growing electricity demands. Between 2019 and 2023, Google's electricity consumption increased by 13 million megawatt hours (MWh), reaching a total of over 25 million MWh in 2023. For context, the average medium-sized home in the UK consumes 2,700 kilowatt hours (KWh) of electricity a year[2]. Google's consumption in 2023 was equal to the annual requirement of over 9 million homes.

[1] *https://www.msci.com/documents/1296102/51038578/2024+November+MSCI+Net- Zero+Tracker.pdf/f2377c75-70cb-a14c-9c21-eb1d961d3d5e?t=1732289152071*

[2] *https://www.ofgem.gov.uk/average-gas-and-electricity-usage*

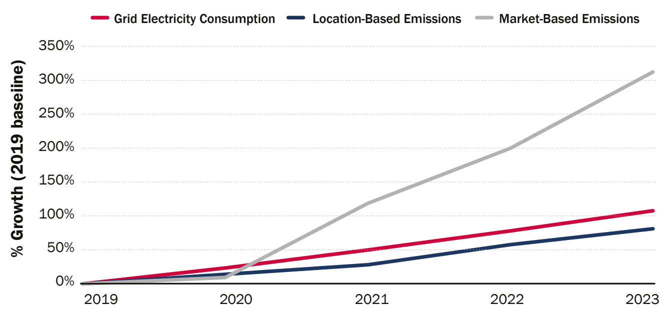
Figure 1: Google's Grid Electricity Consumption. Source: Fundsmith LLP



Google has committed to consuming 100% renewable electricity annually and, despite significant growth in its consumption, has met this commitment every year since 2017. Meeting this commitment has made Google one of the largest clean energy investors on the planet, acquiring almost 72 million MWh of renewable electricity via EACs between 2019-2023. The company purchased 19 million MWh in 2023 alone. Of course, location-based emissions do not account for these efforts and only consider the renewable electricity directly available via the grid. The proportion of renewable energy available to the company from the grid remained relatively static between 2019-2023, between 20-25% and, as a result, its location-based emissions increased at a similar rate to its electricity consumption during the period. Given that Google successfully matched 100% of the non-renewable electricity it drew from the grid with renewable energy during the 2019-2023 period, we would expect its market- based emissions to tell a very different story.

As Google removed all the non-renewable electricity consumed from the grid, using the market-based methodology ought to mean the company generated net zero emissions from electricity consumption and overall scope 2 emissions should not have experienced a significant change between 2019 and 2023. However, market-based scope 2 emissions actually increased by over 300%, reaching a total of 3.4 million metric tons CO_2e in 2023. Given the considerable efforts Google has gone to, how is this possible?

Figure 2: Growth in Google's Electricity Consumption and Emissions. Fundsmith LLP



The first reason is Google's approach to purchasing renewable energy. The company has prioritised purchasing what are known as "bundled" Energy Attribution Certificates (EACs) rather than the alternative "unbundled" versions. These bundled EACs are usually created via Power Purchase Agreements (PPA), which are direct agreements between the consumer, in this case Google, and the energy producer. Under a PPA, Google agrees to purchase a set amount of the energy generated by a proposed renewable project ahead of its development, providing key financing that may not otherwise be available. By prioritising this approach, Google aims to bring new renewable energy to the grid. The company believes this focus on additionality will have a significantly more positive impact on generating renewable energy versus buying unbundled EACs. The unbundled versions represent renewable energy that is being generated anyway, offering no additional renewable energy generation capacity.

Google's focus on bringing new clean energy projects to the grid results in variation in the regions where it can acquire renewable power. In Europe, where developing these projects is relatively easy, the company can acquire a surplus of clean electricity. However, the company runs at a deficit in areas where development is difficult, such as the Asia Pacific region. Google's renewable energy commitment is operated globally, meaning the company manages these regional deficits and surpluses to meet its commitment. This takes us to the second issue: greenhouse gas accountancy practices.

While the GHG Protocol allows companies to use EACs to offset emissions from electricity consumption, they do not follow the same global approach as Google. Instead, the Protocol requires companies to follow regional boundaries. These boundaries mean that companies can only offset their non-renewable electricity consumption with renewable energy generated within the same region; a MWh of non-renewable electricity consumed in Japan can only be offset with a MWh of renewable energy generated in Japan. This means the regional renewable energy surpluses generated by Google cannot be used to reduce emissions from non-renewable electricity consumption in regions where the company has a deficit. The global approach adopted by Google is, therefore, not aligned with the GHG Protocol's accounting method, which is why the company's market-based emissions have increased despite the company consuming 100% renewable electricity.

Google's experience highlights an important issue. Making knee-jerk judgments based on GHG Protocol reported emissions, as many have done, ignores the full story and the considerable progress the company is making in adding new renewable energy generation capacity, a key part of climate change mitigation.

The third leg of our strategy is about valuation. The weighted average free cash flow ('FCF') yield (the free cash flow generated as a percentage of the market value) of the portfolio at the outset of the 2024 was 3.2% and ended it at the same level. The year-end median FCF yield on the S&P 500 was 3.7%.

Our portfolio consists of companies that are fundamentally a lot better than the average of those in the S&P 500 so it is no surprise that they are valued more highly than the average S&P 500 company. In itself this does not necessarily make the stocks expensive, any more than a lowly rating makes a stock cheap. However, we expect some of this disparity in valuation to be eradicated in 2025 if, as we expect, the cash conversion of our portfolio companies improves.

Turning to the fourth leg of our strategy, which we succinctly describe as 'Do nothing', minimising portfolio turnover remains one of our objectives and this was again achieved with a portfolio turnover of 22.3% during the period. It is perhaps more helpful to know that we spent a total of just 0.02% (two basis points) of the Fund's average value over the year on voluntary dealing (which excludes dealing costs associated with subscriptions and redemptions as these are involuntary). We sold four companies and purchased three. As last year this may seem a lot of names for what is not a lot of turnover as in some cases the size of the holding sold or bought was small. We have held fourteen of the portfolio companies since inception in 2021.

Why is this important? It helps to minimise costs and minimising the costs of investment is a vital contribution to achieving a satisfactory outcome as an investor. Too often investors, commentators and advisers focus on, or in some cases obsess about, the Annual Management Charge ('AMC') or the Ongoing Charges Figure ('OCF'), which includes some costs over and above the AMC, which are charged to the Fund. The OCF for 2024 for the T Class Accumulation shares was 1.10% (I Class shares 0.97%). The trouble is that the OCF does not include an important element of costs — the costs of dealing. When a fund manager deals by buying or selling, the fund typically incurs the cost of commission paid to a broker, the bid-offer spread on the stocks dealt in and, in some cases, transaction taxes such as stamp duty in the UK. This can add significantly to the costs of a fund, yet it is not included in the OCF.

We provide our own version of this total cost including dealing costs, which we have termed the Total Cost of Investment ('TCI'). For the T Class Accumulation shares in 2024 the TCI was 1.14% (I Class shares 1.01%), including all costs of dealing for flows into and out of the Fund, not just our voluntary dealing. We are pleased that our TCI is just 0.04% (4 basis points) above our OCF when transaction costs are taken into account. However, we would again caution against becoming obsessed with charges to such an extent that you lose focus on the performance of funds. It is worth pointing out that the performance of our Fund tabled at the beginning of this letter is after charging all fees which should surely be the main focus.

We sold our stakes in McCormick, Johnson & Johnson, PepsiCo and McDonald's and purchased stakes in Greggs, Atlas Copco and Texas Instruments during the year.

We sold McCormick as we had been disappointed by the slow response which the company exhibited in its ability to pass on input cost inflation so compressing its margins, together with its exposure to own label competition which has stiffened as inflation has caused consumers to trade down.

We sold Johnson & Johnson which span out its consumer brands as Kenvue since we did not wish to remain in the business dominated by its drug pipeline, as successful as that has been in recent years, and the medical equipment business where we have a holding in Stryker which has performed better.

We sold McDonald's and purchased Greggs. Both are in the Quick Service Restaurant ("QSR") or fast food business. But we felt that Greggs has better growth prospects and we are able to try to seek that in smaller companies given the size of this Fund. And yes I sample the offerings of both businesses and my money literally is on the Greggs' sausage rolls although McDonald's has better coffee.

We sold PepsiCo as snacks are an area of consumption which is vulnerable based on the early data on the impact of weight loss drugs.

We bought a stake in Atlas Copco a Swedish industrial company which makes compressors, vacuum equipment, electrical and pneumatic tools and which has three characteristics which we find attractive:

- it outsources much of the manufacturing so making it capital light which enhances returns;
- it is highly decentralised with over 600 operating entities which have considerable autonomy in addressing their local market; and
- there is a controlling stake held by the Wallenberg family vehicle which should lead to good long-term decision-making since they have been in business for 151 years this year.

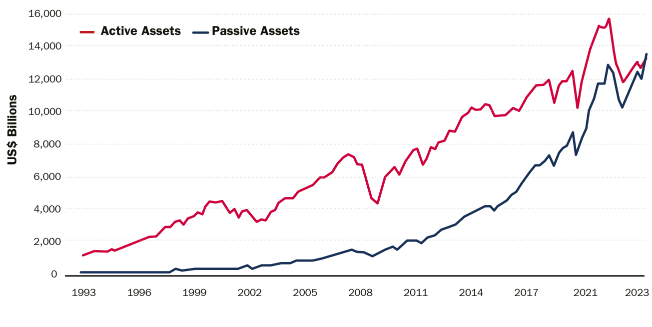
We bought Texas Instruments, a manufacturer of analogue and embedded microprocessors which go into a wide range of consumer and industrial devices, automobiles, and communications equipment. It is investing ahead of a probable upturn in the semiconductor cycle although it is now apparent that there is not one cycle. Demand for GPUs of the sort made by Nvidia far from being in a down cycle has been on a lunar trajectory, and there are clear differences between the cycle for regular automotive chips and chips for electric vehicles or chips for other appliances, as well as between regions. However, Texas Instruments has a long history of investing well ahead of upswings in demand and producing handsome returns from it. It is also a beneficiary of the onshoring of semiconductor manufacturing to avoid the geopolitical risks of Taiwan and China.

Last year I spent some time in this letter discussing the rise of interest in AI, as one of the driving forces behind the rise of most of the Magnificent Seven stocks and especially Nvidia. This boom/hype (you choose) continued in 2024, but some of its characteristics changed. One is that it may have become more focused. It had been seen as a driver of share prices of companies which we had previously held such as Adobe and Intuit, both of which had blotted their copybook with us by engaging in over-priced and seemingly ill- conceived acquisitions or attempted acquisitions. Both of them significantly underperformed the market in 2024 as reality seemed to dawn on investors that AI may not be of immediate and/or universal benefit and could actually be detrimental. Conversely, this has had the effect of focusing investors' attention on fewer real immediate beneficiaries of the AI boom such as Nvidia.

During this period commentators have frequently asked whether the AI boom is the same as the Dotcom era and therefore will have a similar ending. In response I am tempted to quote Mark Twain, 'History doesn't repeat itself, but it rhymes.' Undoubtedly some of the AI enthusiasm is hype, as was the Dotcom mania, but there are a couple of key differences:

1. The leading company in the AI boom, Nvidia, is very profitable, albeit with a history of some downturns, whereas in the Dotcom boom a lot of the share price performance was driven by reference to clicks and eyeballs in the absence of any profits or even revenues. Even companies which were to rise Phoenix-like from the ashes after the Dotcom meltdown, such as Amazon, were not yet profitable; and
2. The rise of so-called passive or index funds.

The Rise of Index Funds



Source: Morningstar.

In late 2023 passive investment via index funds exceeded the amount of assets held in active funds for the first time. They are now more than half of Assets Under Management ('AUM'). However, during the Dotcom boom only about 10% of AUM was in passive funds. As ever we do not always aid understanding with the labels which we sometimes use in investment. Index funds are not truly a passive strategy. There may be no fund manager taking investment decisions, but such index investing is in fact a momentum strategy.

The vast majority of index funds are market capitalisation weighted, like the indices on which they are based. The size of holdings in companies in the index fund is based upon their market value compared with the market value of the index. So when there are inflows to index funds the largest portion goes to the largest companies, and vice versa when there are outflows.

The result is that as money flows out of active funds and into index funds, as it has been doing, it drives the performance of the largest companies which are companies whose shares have already performed well which is how they came to be the largest companies by market value.

This is a self-reinforcing feedback loop which will operate until it doesn't. For example, were there to be an economic downturn which led to a reduction in tech spending, which is now so large a proportion of overall spending that it cannot be non-cyclical, one area of vulnerability might be spending on AI as it is not currently generating much revenue. Were the largest companies then to produce disappointing results, their share prices are likely to react badly which will drag down the index performance more than that of those active managers who are underweight in these stocks. But even if some scenario like this awaits us in the future, what exactly will cause this and when it may occur is difficult or impossible to predict.

Which brings me to the subject of volatility. We don't agree that true volatility is measured by ratios such as the Sharpe or Sortino ratio which look at the volatility of fund prices or share prices, but they are widely accepted as a measure. Moreover, whilst investors should rationally focus on volatility in the fundamental value of the businesses they invest in and accept higher price volatility if this leads to higher returns, it is easier said than done. One problem is that it is difficult to remain calm and focus on the fundamental characteristics when the price volatility is sharply negative. Take a stock like Nvidia, which has been a spectacular performer for the past two years. The Nvidia share price fell by over two thirds as recently as 2021–2022. Would we or you feel comfortable owning it in such circumstances, and if not, might that share price performance cause us to make poor decisions?

People sometimes ask us whether it is dangerous to own consumer stocks in an economic downturn. To which we reply yes, but it is not as dangerous as not being close to the consumer in those circumstances. If you think the performance of consumer companies is a worry in a downturn wait until you see what happens to their suppliers, especially the suppliers of capital equipment like factory machinery. A 5-10% downturn in sales revenues at the consumer companies can translate into a cessation of orders for some suppliers. Nvidia supplies capital goods — its latest generation GPU server sells for about $3m each — and a significant downturn in demand from its clients who do service consumers would be interesting to watch from a safe distance especially since Nvidia is currently on a P/E of 54x.

All of which brings me to a reminder of what we are seeking to achieve with the Fundsmith Sustainable Equity Fund and that is to produce a high likelihood of a satisfactory return rather than the chance of a spectacular return which could be spectacularly good or spectacularly bad.

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

Yours sincerely,

Terry Smith

Terry Smith
CEO
Fundsmith LLP

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

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

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

The views and opinions expressed herein are those of Fundsmith as of the date hereof and are subject to change based on prevailing market and economic conditions and will not be updated or supplemented.

Sources: Fundsmith LLP, Bloomberg and FE Analytics unless otherwise stated. Data is as at 31st December 2024 unless otherwise stated.

Portfolio turnover is a measure of the fund's trading activity and has been calculated by taking the total share purchases and sales less total creations and liquidations divided by the average net asset value of the fund.

P/E ratios and Free Cash Flow Yields are based on trailing twelve month data and as at 31st December 2024 unless otherwise stated. Percentage change is not calculated if the TTM period contains a net loss.

The MSCI World Index is a developed world index of global equities across all sectors and, as such, is a fair comparison given the fund's investment objective and policy.

The Bloomberg Series-E Euro Govt 10+ Yr Bond Index shows what you might have earnt if you had invested in Government Debt.

The € Interest Rate shows what you might have earnt if you had invested in cash.

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To the Shareholders of

Fundsmith SICAV

10, rue du Château d'Eau

L-3364 Leudelange

REPORT OF THE *REVISEUR D'ENTREPRISES AGREE*

Opinion

We have audited the financial statements of Fundsmith SICAV (the "SICAV") and of each of its sub-funds, which comprise the statement of net assets and the portfolio of investments as at December 31, 2024, and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the SICAV and of each of its sub-funds as at December 31, 2024, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

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

Other information

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of the *réviseur d'entreprises agréé* thereon.

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

Société à responsabilité limitée au capital de 360.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement 10022179

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

Responsibilities of the Board of Directors of the SICAV for the Financial Statements

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

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

Responsibilities of the *"réviseur d'entreprises agréé"* for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SICAV's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the SICAV.

- Conclude on the appropriateness of the Board of Directors of the SICAV's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SICAV's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *réviseur d'entreprises agréé* to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *réviseur d'entreprises agréé*. However, future events or conditions may cause the SICAV to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For Deloitte Audit, *Cabinet de révision agréé*

Elisabeth Layer

Elisabeth Layer, *Réviseur d'entreprises agréé*
Partner

February 20, 2025

Statement of Net Assets as at 31 December 2024

	Notes	Combined EUR	Fundsmith Equity Fund EUR	Fundsmith Sustainable Equity Fund EUR
Assets				
Investments at market value	2(c)	8,734,579,873	8,353,910,221	380,669,652
Cash at bank	2(c)	123,909,334	106,747,872	17,161,462
Subscriptions receivable	2(c)	11,359,020	11,357,527	1,493
Dividend income receivable	2(f)	7,361,570	7,292,599	68,971
Bank interest receivable	2(d)	168,034	145,192	22,842
Total assets		**8,877,377,831**	**8,479,453,411**	**397,924,420**
Liabilities				
Redemptions payable	2(c)	(11,297,892)	(11,296,954)	(938)
Management fees payable	3(a)	(7,654,992)	(7,340,084)	(314,908)
Depositary fees payable	3(c)	(229,085)	(219,094)	(9,991)
Administration fees payable	3(b)	(205,018)	(179,770)	(25,248)
Subscription tax payable	4	(470,446)	(460,028)	(10,418)
Professional fees payable		(36,956)	(35,233)	(1,723)
Other liabilities		(62,898)	(60,315)	(2,583)
Total liabilities		**(19,957,287)**	**(19,591,478)**	**(365,809)**
Total net assets		**8,857,420,544**	**8,459,861,933**	**397,558,611**

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

Statement of Operations and Changes in Net Assets for the year ended 31 December 2024

	Notes	Combined EUR	Fundsmith Equity Fund EUR	Fundsmith Sustainable Equity Fund EUR
Net assets at the beginning of the year		**8,698,110,184**	**8,361,093,951**	**337,016,233**
Income				
Dividend income	2(f)	98,433,431	94,319,162	4,114,269
Bond interest	2(e)	129	–	129
Net bank interest	2(d)	2,910,313	2,817,747	92,566
Total income		**101,343,873**	**97,136,909**	**4,206,964**
Expenses				
Management fees	3(a)	(89,404,434)	(85,930,746)	(3,473,688)
Depositary fees	3(c)	(1,378,087)	(1,321,722)	(56,365)
Administration fees	3(b)	(1,224,366)	(1,085,403)	(138,963)
Subscription tax	4	(1,902,040)	(1,860,228)	(41,812)
Professional fees		(45,362)	(42,980)	(2,382)
Directors' fees	3(d)	(80,000)	(76,705)	(3,295)
Other expenses		(298,132)	(279,204)	(18,928)
Total expenses		**(94,332,421)**	**(90,596,988)**	**(3,735,433)**
Net investment income		**7,011,452**	**6,539,921**	**471,531**
Net realised gain on:				
Investments		313,737,671	306,564,558	7,173,113
Foreign currency		3,719,955	3,667,828	52,127
Net realised gain for the year		**317,457,626**	**310,232,386**	**7,225,240**
Net change in unrealised gain on:				
Investments	2(c)	835,472,934	797,190,208	38,282,726
Foreign currency	2(b)	136,984	82,468	54,516
Net change in unrealised gain for the year		**835,609,918**	**797,272,676**	**38,337,242**
Increase in net assets as a result of operations		**1,160,078,996**	**1,114,044,983**	**46,034,013**
Movements in share capital				
Subscriptions		1,431,516,383	1,380,571,621	50,944,762
Redemptions		(2,430,219,154)	(2,393,804,462)	(36,414,692)
Distribution paid	5	(2,065,865)	(2,044,160)	(21,705)
(Decrease)/increase in net assets as a result of movements in share capital		**(1,000,768,636)**	**(1,015,277,001)**	**14,508,365**
Net assets at the end of the year		**8,857,420,544**	**8,459,861,933**	**397,558,611**

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

Statistical Information

Net Assets

	Currency	31 December 2024	31 December 2023	31 December 2022
Fundsmith Equity Fund				
Net asset value per:				
T Class Accumulation Shares	EUR	64.18	56.49	49.82
T Class Income Shares	EUR	60.41	53.24	46.97
USD T Class Accumulation Shares	USD	10.84	10.15	8.63
USD T Class Income Shares	USD	10.82	10.15	8.63
I Class Accumulation Shares	EUR	65.25	57.35	50.51
I Class Income Shares	EUR	60.66	53.46	47.19
CHF I Class Accumulation Shares	CHF	43.61	37.70	35.30
CHF I Class Income Shares	CHF	40.48	35.07	32.91
GBP I Class Accumulation Shares	GBP	42.46	39.07	35.12
GBP I Class Income Shares	GBP	40.26	37.15	33.46
USD I Class Accumulation Shares	USD	37.81	35.36	30.02
USD I Class Income Shares	USD	35.47	33.26	28.30
R Class Accumulation Shares	EUR	60.29	53.34	47.28
R Class Income Shares	EUR	59.16	52.33	46.39
USD R Class Accumulation Shares	USD	10.68	10.06	8.59
USD R Class Income Shares	USD	10.68	10.06	8.59
Total net assets	**EUR**	**8,459,861,933**	**8,361,093,951**	**8,040,343,457**
Fundsmith Sustainable Equity Fund				
Net asset value per:				
T Class Accumulation Shares	EUR	13.21	11.68	10.75
T Class Income Shares	EUR	13.20	11.69	10.75
I Class Accumulation Shares	EUR	13.28	11.73	10.78
I Class Income Shares	EUR	13.23	11.72	10.77
CHF I Class Accumulation Shares	CHF	11.38	9.89	9.65
GBP I Class Accumulation Shares	GBP	12.76	11.80	11.06
GBP I Class Income Shares	GBP	12.73	11.79	11.06
USD I Class Accumulation Shares	USD	11.48	10.79	9.55
USD I Class Income Shares	USD	11.44	10.78	9.55
R Class Accumulation Shares	EUR	12.95	11.52	10.65
R Class Income Shares*	EUR	–	11.52	10.65
Total net assets	**EUR**	**397,558,611**	**337,016,233**	**266,271,006**

* Share class became dormant during the year ended 31 December 2024. Please refer to Note 1.

Statistical Information (continued)

Changes in Shares Outstanding

	Currency	Balance as at 1 January 2024	Subscriptions	Redemptions	Balance as at 31 December 2024
Fundsmith Equity Fund					
T Class Accumulation Shares	EUR	20,424,199	3,172,833	(4,646,306)	18,950,726
T Class Income Shares	EUR	2,509,730	418,605	(503,573)	2,424,762
USD T Class Accumulation Shares	USD	9,464,148	2,494,580	(2,488,618)	9,470,110
USD T Class Income Shares	USD	557,210	41,291	(37,533)	560,968
I Class Accumulation Shares	EUR	23,548,035	5,917,567	(10,167,631)	19,297,971
I Class Income Shares	EUR	4,854,423	818,486	(1,526,026)	4,146,883
CHF I Class Accumulation Shares	CHF	3,502,422	433,459	(1,450,603)	2,485,278
CHF I Class Income Shares	CHF	1,060,199	70,558	(554,113)	576,644
GBP I Class Accumulation Shares	GBP	8,351,571	1,810,705	(2,031,251)	8,131,025
GBP I Class Income Shares	GBP	4,062,001	914,984	(1,531,360)	3,445,625
USD I Class Accumulation Shares	USD	116,473,554	6,527,521	(21,910,410)	101,090,665
USD I Class Income Shares	USD	8,337,494	1,037,645	(4,218,415)	5,156,724
R Class Accumulation Shares	EUR	10,970,918	4,186,364	(2,072,733)	13,084,549
R Class Income Shares	EUR	1,143,942	87,822	(330,244)	901,520
USD R Class Accumulation Shares	USD	2,887,031	4,657,363	(794,767)	6,749,627
USD R Class Income Shares	USD	26,379	17,721	(25,379)	18,721
Fundsmith Sustainable Equity Fund					
T Class Accumulation Shares	EUR	521,801	39,456	(365,129)	196,128
T Class Income Shares	EUR	3,795	62,795	(63,794)	2,796
I Class Accumulation Shares	EUR	14,813,293	425,455	(2,001,544)	13,237,204
I Class Income Shares	EUR	188,067	1,170	(87,825)	101,412
CHF I Class Accumulation Shares	CHF	375,116	30,073	(27,946)	377,243
GBP I Class Accumulation Shares	GBP	296,129	137,014	(4,563)	428,580
GBP I Class Income Shares	GBP	382,572	145,923	(88,644)	439,851
USD I Class Accumulation Shares	USD	14,152,654	2,749,590	(139,270)	16,762,974
USD I Class Income Shares	USD	334,646	1,020,636	(51,582)	1,303,700
R Class Accumulation Shares	EUR	48,672	34,468	(17,273)	65,867
R Class Income Shares*	EUR	1,000	–	(1,000)	–

* Share class became dormant during the year ended 31 December 2024. Please refer to Note 1.

Portfolio of Investments as at 31 December 2024

Fundsmith Equity Fund

Currency	Holdings	Description	Market value EUR	% of net assets
Transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market				
		Equities		
		Denmark		
DKK	1,427,542	Coloplast A/S - B	150,642,777	1.78
DKK	6,430,726	Novo Nordisk A/S - B	537,293,915	6.35
		Total Denmark	**687,936,692**	**8.13**
		France		
EUR	227,480	L'Oréal SA	77,400,070	0.92
EUR	469,188	LVMH Moet Hennessy Louis Vuitton SE	297,840,542	3.52
		Total France	**375,240,612**	**4.44**
		Spain		
EUR	2,293,255	Amadeus IT Group SA	156,078,935	1.84
		Total Spain	**156,078,935**	**1.84**
		Sweden		
SEK	3,884,560	Atlas Copco AB - A	57,144,683	0.68
		Total Sweden	**57,144,683**	**0.68**
		United Kingdom		
GBP	5,598,687	Unilever PLC	306,185,993	3.62
		Total United Kingdom	**306,185,993**	**3.62**
		United States		
USD	1,805,248	Alphabet Inc - A	333,564,816	3.94
USD	1,455,199	Automatic Data Processing Inc	410,346,923	4.85
USD	2,855,440	Brown-Forman Corp - B	103,540,333	1.22
USD	2,519,072	Church & Dwight Co Inc	253,349,546	3.00
USD	1,730,673	Fortinet Inc	158,852,631	1.88
USD	780,230	IDEXX Laboratories Inc	310,012,099	3.67
USD	1,271,420	Marriott International Inc - A	343,862,465	4.07
USD	1,392,035	Meta Platforms Inc - A	795,159,793	9.40
USD	217,560	Mettler-Toledo International Inc	255,715,747	3.02
USD	1,902,878	Microsoft Corp	779,941,586	9.22
USD	2,195,166	NIKE Inc - B	157,555,200	1.86
USD	1,606,931	Otis Worldwide Corp	143,274,981	1.69
USD	1,848,406	PepsiCo Inc	269,399,520	3.18
USD	3,389,065	Philip Morris International Inc	391,233,387	4.63
USD	1,718,874	Procter & Gamble Co	276,122,817	3.26
USD	1,671,308	Stryker Corp	582,913,157	6.89
USD	406,905	Texas Instruments Inc	73,904,082	0.87
USD	1,344,043	Visa Inc - A	407,857,487	4.82
USD	1,031,532	Waters Corp	368,660,422	4.36
		Total United States	**6,415,266,992**	**75.83**
		Total equities	**7,997,853,907**	**94.54**
Total transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market			**7,997,853,907**	**94.54**

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

Portfolio of Investments as at 31 December 2024 (continued)

Fundsmith Equity Fund (continued)

Currency	Holdings	Description	Market value EUR	% of net assets
Other transferable securities				
		Equities		
		France		
EUR	745,178	L'Oréal SA - Pref	253,546,815	3.00
EUR	301,277	L'Oréal SA - Pref 2026	102,509,499	1.21
		Total France	**356,056,314**	**4.21**
		Total equities	**356,056,314**	**4.21**
Total other transferable securities			**356,056,314**	**4.21**
Total portfolio			**8,353,910,221**	**98.75**
Other assets and liabilities			105,951,712	1.25
Net assets at the end of the year			**8,459,861,933**	**100.00**

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

Portfolio of Investments as at 31 December 2024 (continued)

Fundsmith Sustainable Equity Fund

Currency	Holdings	Description	Market value EUR	% of net assets
Transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market				
		Equities		
		Denmark		
DKK	129,254	Coloplast A/S - B	13,639,656	3.43
DKK	192,995	Novo Nordisk A/S - B	16,124,935	4.06
		Total Denmark	**29,764,591**	**7.49**
		France		
EUR	22,097	L'Oréal SA	7,518,504	1.89
		Total France	**7,518,504**	**1.89**
		Spain		
EUR	162,866	Amadeus IT Group SA	11,084,660	2.79
		Total Spain	**11,084,660**	**2.79**
		Sweden		
SEK	112,552	Atlas Copco AB - A	1,655,721	0.42
		Total Sweden	**1,655,721**	**0.42**
		United Kingdom		
GBP	505,881	Greggs PLC	16,888,363	4.25
GBP	371,969	Unilever PLC	20,342,573	5.11
		Total United Kingdom	**37,230,936**	**9.36**
		United States		
USD	98,940	Alphabet Inc - A	18,281,645	4.60
USD	66,607	Automatic Data Processing Inc	18,782,296	4.72
USD	192,033	Church & Dwight Co Inc	19,313,252	4.86
USD	144,233	Fortinet Inc	13,238,660	3.33
USD	56,537	Home Depot Inc	21,221,132	5.34
USD	33,961	IDEXX Laboratories Inc	13,493,868	3.39
USD	73,056	Marriott International Inc - A	19,758,393	4.97
USD	24,858	Mastercard Inc	12,580,433	3.16
USD	12,061	Mettler-Toledo International Inc	14,176,262	3.57
USD	53,513	Microsoft Corp	21,933,626	5.52
USD	88,539	Otis Worldwide Corp	7,894,193	1.99
USD	116,831	Procter & Gamble Co	18,767,929	4.72
USD	74,031	Stryker Corp	25,820,282	6.49
USD	14,972	Texas Instruments Inc	2,719,288	0.68
USD	63,006	Visa Inc - A	19,119,529	4.81
USD	57,343	Waters Corp	20,493,882	5.15
USD	88,250	Zoetis Inc	13,775,380	3.47
		Total United States	**281,370,050**	**70.77**
		Total equities	**368,624,462**	**92.72**
Total transferable securities and money market instruments admitted to an official stock exchange listing or dealt in on another regulated market			**368,624,462**	**92.72**

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

Portfolio of Investments as at 31 December 2024 (continued)

Fundsmith Sustainable Equity Fund (continued)

Currency	Holdings	Description	Market value EUR	% of net assets
Other transferable securities				
		Equities		
		France		
EUR	11,150	L'Oréal SA - Pref	3,793,787	0.95
EUR	24,251	L'Oréal SA - Pref 2026	8,251,403	2.08
		Total France	**12,045,190**	**3.03**
		Total equities	**12,045,190**	**3.03**
Total other transferable securities			**12,045,190**	**3.03**
Total portfolio			**380,669,652**	**95.75**
Other assets and liabilities			16,888,959	4.25
Net assets at the end of the year			**397,558,611**	**100.00**

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

Notes to the Financial Statements

1. The SICAV

Fundsmith SICAV (the "SICAV"), formerly Fundsmith Equity Fund SICAV, is an open-ended investment company incorporated under the laws of Luxembourg as a *Société d'Investissement à Capital Variable* in accordance with the provisions of Part I of the amended Law relating to Undertakings for Collective Investment of 17 December 2010 ("UCI Law"). The SICAV was incorporated for an unlimited period on 28 October 2011. The Articles of Incorporation were published in the *Mémorial C* on 14 November 2011. The SICAV changed its name to Fundsmith SICAV on 1 March 2021 and the Articles were amended with effect on 1 March 2021. The SICAV is registered with the Luxembourg Trade and Companies Register under number B164404.

The SICAV has appointed FundRock Management Company S.A. (the "Management Company") as its management company.

As at 31 December 2024, the SICAV consisted of two active sub-funds (the "Sub-Funds"):

Sub-Fund	Currency	Launch date
Fundsmith Equity Fund	EUR	28 October 2011
Fundsmith Sustainable Equity Fund	EUR	1 March 2021

Investment Objective

The investment objective of the Sub-Funds is to achieve long-term growth in value. The Sub-Funds will invest in equities on a global basis. The Sub-Funds' approach is to be a long-term investor in its chosen stocks. They will not adopt short-term trading strategies. The Sub-Funds have stringent investment criteria which the Investment Manager adheres to in selecting securities for the Sub-Funds' investment portfolios.

Share Classes

There were no share classes launched during the year ended 31 December 2024.

The following share class became dormant during the year ended 31 December 2024:

Sub-Fund and share class	Currency	Dormancy date
Fundsmith Sustainable Equity Fund		
R Class Income Shares	EUR	6 March 2024

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Preparation of the Financial Statements

The combined primary statements of these financial statements (Statement of Net Assets and Statement of Operations and Changes in Net Assets) are the arithmetic sum of the financial statements of all Sub-Funds.

These financial statements have been prepared in accordance with generally accepted accounting principles in Luxembourg.

The financial statements of the SICAV and each of its Sub-Funds have been prepared on a going concern basis.

This report is presented on the basis of the latest net asset value calculated during the financial year (i.e. 31 December 2024).

The reference currency of the SICAV and of each of its Sub-Funds is EUR and all the financial statements of the SICAV are presented in EUR.

(b) Foreign Currency Translation

Transactions and Balances

Foreign currency transactions are translated into the reference currency using the exchange rates prevailing on the dates of the transactions. Foreign currency assets and liabilities are translated into the base currency using the exchange rate prevailing at the Statement of Net Assets date and are detailed in Note 7.

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(b) Foreign Currency Translation (continued)

Foreign exchange gains and losses arising from translation are included in the Statement of Operations and Changes in Net Assets.

(c) Valuation of Investments, Assets and Liabilities

The SICAV's investments, assets and liabilities are valued as follows:

(i) Investment Securities Valuation

In calculating a net asset value, the Administrator may consult the Management Company and the Investment Manager with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvement of the Management Company/Investment Manager in determining the valuation price of the Sub-Funds' investments and the Management Company's/Investment Manager's other duties and responsibilities in relation to a Sub-Fund, the Management Company/Investment Manager will endeavour to resolve any such conflict of interest timely and fairly and in the interest of Shareholders.

The value of securities which are listed or dealt in on any stock exchange is based on the last available price at the point as at which the net asset value is determined.

The Board of Directors of the SICAV may adjust the value of any investment if having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, and deem such adjustment is required to reflect the fair value thereof.

Where the value of any investment is not ascertainable as described in the Articles, the value shall be the probable realisation value estimated by the Board of Directors of the SICAV, or by a competent person, with care and in good faith.

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

(ii) Cash at Bank

Cash at bank includes cash on hand or on deposit valued at its nominal/face value.

(iii) Assets

Assets, which include dividend income receivable, securities sold receivable, subscriptions receivable and prepaid expenses, are valued at nominal value unless it appears unlikely that such nominal amount is obtainable.

(iv) Liabilities

Liabilities, which include expenses payable and redemptions payable, are valued at nominal value.

(d) Bank Interest

Bank interest pertains to interest income from cash at bank. It is accrued on a daily basis and is disclosed in the Statement of Operations and Changes in Net Assets as net bank interest.

(e) Bond Interest

Bond interest is accrued on a daily basis, net of withholding tax.

(f) Dividend Income

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

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(g) Distributions

The SICAV may issue accumulation and/or income shares within each Sub-Fund. Accumulation shares do not pay any dividends whereas income shares give their owners the right to receive distributions.

(h) Total Net Asset Value

The total net asset value is equal to the difference between the total assets and the total liabilities of each Sub-Fund and the total net asset value of each share class is expressed in the reference currency of the relevant share class.

The net asset value per share is calculated as of each valuation day by dividing the total net asset value attributable to a share class by the total number of shares in issue or deemed to be in issue in that share class as of the relevant valuation day and rounding down the resulting total to two decimal places or such number of decimal places as the Board of Directors of the SICAV may determine.

(i) Transaction Costs

Transaction costs represent costs incurred by the SICAV in relation to the purchase and sale of transferable securities. Direct transaction costs are included in the net realised gain/loss and net change in unrealised gain/loss balances on investments in the Statement of Operations and Changes in Net Assets. They include fees and commissions paid to agents, advisers, brokers and dealers. Indirect transaction costs, charged by the Depositary for the execution of the SICAV's transactions, are included in the Depositary fees in the Statement of Operations and Changes in Net Assets. Direct and indirect transaction costs for the year ended 31 December 2024 are disclosed in Note 6.

(j) Swing Pricing

A Sub-Fund may suffer a reduction in value of its investments as a result of the transaction costs incurred in the purchase and sale of its underlying investments and of the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or conversions in and out of the Sub-Fund. This is known as "dilution". In order to counter this and to protect Shareholders' interests, the Board of Directors may decide to apply "swing pricing" as part of the valuation policy. This will mean that in certain circumstances the Board of Directors may make adjustments in the calculations of the net asset values per share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

If on any valuation day the aggregate value of transactions in shares of a Sub-Fund results in a net increase or decrease of shares which exceeds a threshold of 5% of such Sub-Fund's net asset value (relating to the cost of market dealing for that Sub-Fund), the net asset value of the Sub-Fund will be adjusted by an amount (not exceeding 0.25% of the net asset value) which reflects both the estimated fiscal charges and dealing costs that may be incurred by the Sub-Fund and the estimated bid/offer spread of the assets in which the Sub-Fund invests. This maximum amount will not vary even in case of change in market conditions (i.e. it will not be increased in unusual market conditions). The adjustment will be an addition when the net movement results in an increase of all shares of a Sub-Fund and a deduction when it results in a decrease.

Both Sub-Funds are in scope of swing pricing and for both Sub-Funds, no swing pricing was applied during the year ended 31 December 2024.

(k) Use of Estimates

The preparation of the financial statements in conformity with the Luxembourg legal and regulatory requirements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The Board of Directors of the SICAV may also disclose certain contingent assets and liabilities at the date of the financial statements which can affect income and expenses during the reporting year. Actual results could differ from those estimates.

Notes to the Financial Statements (continued)

3. Fees

(a) Management Fees

The SICAV remunerates the Management Company, the Investment Manager and the Distributor for their services out of an aggregate management fee, which is payable monthly in arrears and accrued as of each valuation day.

The annual management fee rates applicable to the share classes are expressed as a percentage of the total net assets of each share class and are specified in the following table:

Sub-Fund	T Class	I Class	R Class
Fundsmith Equity Fund	1.00%	0.90%	1.50%
Fundsmith Sustainable Equity Fund	1.00%	0.90%	1.50%

The above management fee rates are inclusive of Management Company fees which are calculated on the monthly average net asset value of the SICAV based on the following sliding scale rate:

Tier	Rate
Net asset value up to EUR 2 billion	0.0200%
Net asset value over EUR 2 billion and up to EUR 10 billion	0.0150%
Net asset value over EUR 10 billion	0.0100%

A minimum monthly fee of EUR 5,000 applies if the basis point fee for the SICAV does not reach the minimum fee applicable.

(b) Administration Fees

Northern Trust Global Services SE has been appointed as administrator (the “Administrator”) pursuant to the Central Administration Agreement. The Administrator provides the services of central administration agent, domiciliary and corporate agent, registrar and transfer agent to the SICAV.

The SICAV pays to the Administrator out of the assets of the Sub-Funds an annual fee, accrued as of each valuation day and payable monthly in arrears, for the fund accounting duties.

The annual rates applied at umbrella level are as specified in the following table:

Tier	Rate
EUR 0 - EUR 500 million	0.0300%
EUR 500 million - EUR 750 million	0.0200%
EUR 750 million - EUR 1,500 million	0.0100%
EUR 1,500 million - EUR 6,500 million	0.0075%
EUR 6,500 million - EUR 16,500 million	0.0050%
Above EUR 16,500 million	0.0025%

There is an additional charge of EUR 1,000 per annum for each share class, the first two share classes in each Sub-Fund being free of charge.

The Administrator is also entitled to a fee of EUR 9,000 per annum at umbrella level for acting as the domiciliary agent.

The SICAV also pays to the Administrator the following fees for the transfer agency services:

Service	Fee
Fund maintenance charge	EUR 2,000/Sub-Fund/annum
Investor maintenance fee	EUR 25/investor account/annum
Dealing fee	EUR 15/manual; EUR 5/automated transaction
Fund distribution fee per Sub-Fund up to 2 share classes	EUR 500/distribution/Sub-Fund
Investor Servicing Support from Northern Trust Asia during Asia time zone	EUR 85,000 p.a.

Notes to the Financial Statements (continued)

3. Fees (continued)

(c) Depositary Fees

Northern Trust Global Services SE has been appointed as depositary of the SICAV's assets (the "Depositary") pursuant to the Depositary Agreement. The Depositary is entrusted with the safekeeping of the SICAV's assets.

The Depositary has delegated to sub-delegates the responsibility for the safekeeping of the SICAV's financial instruments and cash. The identities of such appointed sub-delegates are set forth on www.altasmarketinteractive.com/GlobalMarketsandSubcustodiansListing.

The SICAV pays to the Depositary out of the assets of the Sub-Funds an annual fee, accrued as of each valuation day and payable monthly in arrears, for depositary duties.

The annual rates applied at umbrella level are as specified in the following table:

Total net assets	**Rate**
EUR 0 - EUR 1 billion	0.0100%
EUR 1 billion - EUR 3 billion	0.0090%
EUR 3 billion - EUR 5 billion	0.0080%
EUR 5 billion - EUR 10 billion	0.0070%
EUR 10 billion - EUR 20 billion	0.0060%
Over EUR 20 billion	0.0050%

The Depositary is also entitled to remuneration for its custody services and other ancillary services. The fees paid for custody services include safekeeping fees for each holding in the portfolios and transaction fees based on the country in which the holding is listed.

(d) Directors' Fees

Mr. Garry Pieters and Ms. Sheenagh Joy Gordon-Hart receive, as compensation for their services as Independent Directors, an annual fee of EUR 40,000 each, subject to approval by the general meeting of Shareholders of the SICAV. Until 31 December 2023, the annual fee to each Independent Director amounted to EUR 30,000. Mr. Paul Mainwaring and Mr. Robert Parker, who are Officers of Fundsmith LLP, do not receive a fee for acting as Directors.

(e) Performance Fees

The SICAV is not subject to performance fees.

4. Taxation

Under current Law and practice, the SICAV is not liable to any Luxembourg tax on profits or income.

The SICAV is, however, liable in Luxembourg to a subscription tax *("taxe d'abonnement")* of 0.01% per annum of its total net asset value for institutional shares (I share classes) and of 0.05% per annum of its total net asset value for retail shares (T and R share classes), such tax being payable quarterly on the basis of the value of the aggregate total net asset value of the SICAV at the end of the relevant calendar quarter.

No Luxembourg tax is payable on the realised capital appreciation of the assets of the SICAV.

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

5. Distribution Paid

During the year ended 31 December 2024, the Fundsmith Equity Fund distributed a total amount of EUR 2,044,160 and the Fundsmith Sustainable Equity Fund distributed a total amount of EUR 21,705.

Notes to the Financial Statements (continued)

6. Transaction Costs

During the year under review, the Sub-Funds incurred transaction costs as specified in the following table:

Sub-Fund	Direct transaction costs	Indirect transaction costs
Fundsmith Equity Fund	EUR 457, 917	EUR 116,412
Fundsmith Sustainable Equity Fund	EUR 167,773	EUR 3,340

7. Exchange Rates

The exchange rates used as at 31 December 2024 are as follows:

EUR 1 = CHF	0.942098
EUR 1 = DKK	7.457822
EUR 1 = GBP	0.830150
EUR 1 = SEK	11.450510
EUR 1 = USD	1.041050

8. Statement of Changes in the Portfolio

A statement of changes in the portfolio for the year ended 31 December 2024 is available upon request, free of charge, from the registered office of the SICAV.

9. Significant Events During the Year

With effect from 8 May 2024, Mr. Robert Parker was appointed as Director to the SICAV.

A new prospectus was issued in October 2024.

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

10. Subsequent Events

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

Appendix I – Remuneration Disclosures (Unaudited)

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

FundRock as subject to Chapter 15 of the UCI Law and AIFM must also comply with the guidelines of the European Securities and Markets Authority ESMA/2016/5758 and ESMA/2016/5799 to have sound processes in place. FundRock has established and applies a remuneration policy in accordance with the ESMA Guidelines on sound remuneration policies under the UCITS V Directive (ESMA 2016/575) and AIFMD (ESMA 2016/579) and any related legal & regulatory provisions applicable in Luxembourg.

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

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

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

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

The total amount of remuneration for the financial year ended 31 December 2023 paid by FundRock to its staff was EUR 14,194,779.

Fixed remuneration: EUR 13,452,850
Variable remuneration: EUR 741,929
Number of beneficiaries: 208

The aggregated amount of remuneration for the financial year ended 31 December 2023 paid by FundRock to identified staff/risk takers was EUR 1,867,063.

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

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

Appendix II – Securities Financing Transactions Regulation (Unaudited)

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

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

Appendix III – Risk Information (Unaudited)

As part of the risk-management process, the global exposure of the Sub-Funds is calculated using the relative value at risk ("VaR") approach. The benchmark used for the purpose of the calculation is MSCI World Index. The expected level of leverage for the Sub-Funds, calculated on the basis of the sum of the notionals, is 100% of the net asset value, although higher levels of leverage are possible.

VaR is calculated in the Sub-Fund's currency using historical methodology with a one-year look back, 0.9950 decay, 20 day time horizon and 99% confidence interval.

The following table presents the level of leverage employed during the year ended 31 December 2024 and the lowest, highest and average utilisation of the VaR limit calculated during the same year:

	Leverage			Average utilisation of VaR limit (200% - limit)		
Sub-Fund	**Minimum**	**Maximum**	**Average**	**Minimum**	**Maximum**	**Average**
Fundsmith Equity Fund	0.00%	0.00%	0.00%	34.06%	64.20%	48.83%
Fundsmith Sustainable Equity Fund	0.00%	0.00%	0.00%	30.98%	56.93%	44.41%

Appendix IV – Total Expense Ratio (Unaudited)

The total expense ratio ("TER") compares all operating expenses with the average net asset value of each Sub-Fund. The annualised TER for the year ended 31 December 2024 for each share class of the Sub-Funds is specified in the table below:

Sub-Fund and share class	Currency	TER (%)
Fundsmith Equity Fund		
T Class Accumulation Shares	EUR	1.08%
T Class Income Shares	EUR	1.08%
USD T Class Accumulation Shares	USD	1.08%
USD T Class Income Shares	USD	1.08%
I Class Accumulation Shares	EUR	0.94%
I Class Income Shares	EUR	0.94%
CHF I Class Accumulation Shares	CHF	0.94%
CHF I Class Income Shares	CHF	0.94%
GBP I Class Accumulation Shares	GBP	0.94%
GBP I Class Income Shares	GBP	0.94%
USD I Class Accumulation Shares	USD	0.94%
USD I Class Income Shares	USD	0.94%
R Class Accumulation Shares	EUR	1.58%
R Class Income Shares	EUR	1.58%
USD R Class Accumulation Shares	USD	1.59%
USD R Class Income Shares	USD	1.59%
Fundsmith Sustainable Equity Fund		
T Class Accumulation Shares	EUR	1.10%
T Class Income Shares	EUR	1.07%
I Class Accumulation Shares	EUR	0.97%
I Class Income Shares	EUR	0.96%
CHF I Class Accumulation Shares	CHF	0.97%
GBP I Class Accumulation Shares	GBP	0.97%
GBP I Class Income Shares	GBP	0.97%
USD I Class Accumulation Shares	USD	0.97%
USD I Class Income Shares	USD	0.97%
R Class Accumulation Shares	EUR	1.61%
R Class Income Shares*	EUR	1.56%

* Share class became dormant during the year ended 31 December 2024. Please refer to Note 1.

Appendix V – Information to Investors in Switzerland (Unaudited)

Representative in Switzerland

The representative in Switzerland is CACEIS Bank Montrouge, Zürich Branch, formerly known as RBC Investor & Treasury Services S.A., and is located at Bleicherweg 7, CH-8027 Zürich.

Paying Agent in Switzerland

The paying agent in Switzerland is CACEIS Bank Montrouge, Zürich Branch, formerly known as RBC Investor & Treasury Services S.A., and is located at Bleicherweg 7, CH-8027 Zürich.

Publications

Publications concerning the foreign collective investment scheme are made in Switzerland on www.fundinfo.com. Each time shares are issued or redeemed, the issue and the redemption prices or the net asset value together with a reference stating "excluding commissions" are published for all share classes on www.fundinfo.com. Prices are published daily.

Performance

The performance is defined as the total return of one share over a specified period, expressed as a percentage of the net asset value per share at the beginning of the observation period. The performance of each share class and of each comparator is detailed in the table below:

Sub-Fund and share class	Currency	Performance (%) Year 2024	Performance (%) Year 2023	Performance (%) Year 2022
Fundsmith Equity Fund				
T Class Accumulation Shares	EUR	13.61	13.38	-17.34
T Class Income Shares	EUR	13.61	13.38	-17.34
USD T Class Accumulation Shares	USD	6.78	17.63	-13.71
USD T Class Income Shares	USD	6.78	17.63	-13.72
I Class Accumulation Shares	EUR	13.77	13.54	-17.22
I Class Income Shares	EUR	13.77	13.54	-17.22
CHF I Class Accumulation Shares	CHF	15.68	6.80	-21.10
CHF I Class Income Shares	CHF	15.68	6.80	-21.10
GBP I Class Accumulation Shares	GBP	8.67	11.27	-12.60
GBP I Class Income Shares	GBP	8.67	11.27	-12.60
USD I Class Accumulation Shares	USD	6.93	17.80	-21.92
USD I Class Income Shares	USD	6.93	17.80	-21.92
R Class Accumulation Shares	EUR	13.04	12.81	-17.75
R Class Income Shares	EUR	13.04	12.81	-17.75
USD R Class Accumulation Shares	USD	6.24	17.05	-14.10
USD R Class Income Shares	USD	6.23	17.05	-14.09
Comparator: MSCI World Index	EUR	25.08	17.88	-12.80

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

Performance (continued)

Sub-Fund and share class	Currency	Performance (%) Year 2024	Performance (%) Year 2023	Performance (%) Year 2022
Fundsmith Sustainable Equity Fund				
T Class Accumulation Shares	EUR	13.02	8.72	-14.69
T Class Income Shares	EUR	13.02	8.72	-14.69
I Class Accumulation Shares	EUR	13.17	8.87	-14.57
I Class Income Shares	EUR	13.17	8.87	-14.57
CHF I Class Accumulation Shares	CHF	15.07	2.41	-18.57
CHF I Class Income Shares	CHF	–	–	-10.52
GBP I Class Accumulation Shares	GBP	8.10	6.70	-9.80
GBP I Class Income Shares	GBP	8.10	6.70	-9.80
USD I Class Accumulation Shares	USD	6.36	12.96	-19.42
USD I Class Income Shares	USD	6.36	12.96	-19.42
R Class Accumulation Shares	EUR	12.44	8.17	-15.11
R Class Income Shares*	EUR	7.21	8.17	-15.11
Comparator: MSCI World Index	EUR	25.08	17.88	-12.80

* Share class became dormant during the year ended 31 December 2024. Please refer to Note 1.

The performance is calculated in accordance with the guidelines published by the Asset Management Association Switzerland.

Past performance is no indication of current or future performance.

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

**Statement of Cash Flows for the year ended 31 December 2024,
with comparative figures for the year ended 31 December 2023**

Fundsmith Equity Fund

	2024 EUR	2023 EUR
Total return before distributions	1,114,044,983	1,048,751,218
less: capital gains on securities	(1,103,754,766)	(1,038,551,398)
less: accretion of market discount	–	(1,246,706)
Financing activities:		
Subscriptions	1,380,571,621	1,538,910,146
Redemptions	(2,393,804,462)	(2,265,325,730)
	(1,013,232,841)	(726,415,584)
Distributions to Shareholders	(2,044,160)	(1,585,140)
Investing activities:		
Net sales of investments	1,091,805,313	259,494,907
Working capital movements:		
Decrease/(increase) in debtors	41,891,813	(1,247,877)
(Decrease)/increase in creditors	(41,652,748)	43,064,692
Net increase/(decrease) in cash	87,057,594	(417,735,888)
Cash at bank at the beginning of the year	19,690,278	437,426,166
Cash at bank at the end of the year	106,747,872	19,690,278

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

Statement of Cash Flows for the year ended 31 December 2024,
with comparative figures for the year ended 31 December 2023 (continued)

Fundsmith Sustainable Equity Fund

	2024 EUR	2023 EUR
Total return before distributions	46,034,013	25,617,103
less: capital gains on securities	(45,455,839)	(25,712,916)
less: accretion of market discount	(129)	(39,895)
Financing activities:		
Subscriptions	50,944,762	61,491,154
Redemptions	(36,414,692)	(16,358,204)
	14,530,070	45,132,950
Distributions to Shareholders	(21,705)	(4,826)
Investing activities:		
Net sales/(purchases) of investments	100,231	(61,222,922)
Working capital movements:		
Decrease/(increase) in debtors	672,015	(592,300)
Decrease in creditors	(292,987)	(2,125,337)
Net increase/(decrease) in cash	15,565,669	(18,948,143)
Cash at bank at the beginning of the year	1,595,793	20,543,936
Cash at bank at the end of the year	17,161,462	1,595,793

Appendix VII – Sustainable Finance Disclosure Regulation (Unaudited)

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

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

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

Fundsmith Equity Fund

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

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

Fundsmith Sustainable Equity Fund

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

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

ANNEX IV

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

Product name: Fundsmith SICAV – Fundsmith Equity Fund **Legal entity identifier:** 5493007LIDK72VIBC263

Environmental and/or social characteristics

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

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

Did this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It made **sustainable investments with an environmental objective:** ___%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☒ It promoted E/S characteristics, but did **not make any sustainable investments**

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

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

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

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

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

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

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

	Total waste (metric tons/ £m FCF)	Hazardous waste (metric tons/ £m FCF)	Water use (m^3/ £m FCF)	Energy use (MWh/ £m FCF)	Greenhouse gas emissions (metric tons/ £m FCF)
Fundsmith Equity Sub-fund	12	0	1,289	499	47
MSCI World Index	589	18	25,899	1,264	383

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

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

- ***…and compared to previous periods?***

The Sub-fund's performance in relation to its promoted characteristics for the previous reporting period (01/01/2023 – 31/12/2023) is provided in the table below.

	Total waste (metric tons/ £m FCF)	Hazardous waste (metric tons/ £m FCF)	Water use (m^3/ £m FCF)	Energy use (MWh/ £m FCF)	Greenhouse gas emissions (metric tons/ £m FCF)
Fundsmith Equity Sub-fund	83	1	4,189	772	210
MSCI World Index	470	16	26,064	1,873	287

The Sub-fund saw decreases in intensity for each of the environmental indicators in the most recent reference period when compared to the previous refernence period. This was due to companies recording increased free cash flow combined with continued improvements in their absolute environmental impacts during the reference period. Across both reference periods, the Sub-fund significantly outperformed the MSCI World Index.

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

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

N/A

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

N/A

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

N/A

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

N/A

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

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

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

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

The principal adverse impacts of the Investment Manager's investment decisions on sustainability factors were considered during the reference period (01/01/2024 – 31/12/2024) through the assessment of all of the Sub-fund's underlying investments using the PAI indicators given in Commission Delegated Regulation (EU) 2022/1288 Table 1, where data availability and quality were ascertained. The PAI indicators considered included:

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

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

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

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

What were the top investments of this financial product?

The Sub-fund's top investments during the period are listed below. Top investments were calculated by taking the portfolio weight of each holding (including cash) at the end of each calendar quarter for the reference period (01/01/2024 – 31/12/2024) and averaging for the year.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/01/2024-31/12/2024

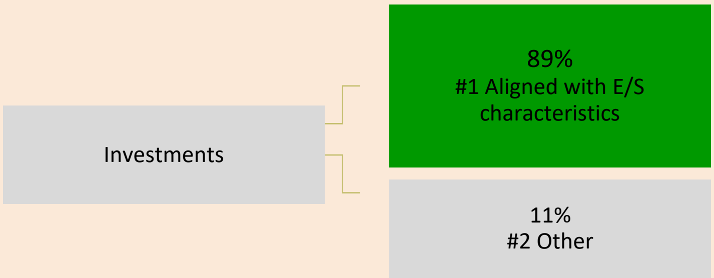
Largest investments	Sector	% Assets	Country
Microsoft Corp	*Technology*	*9%*	*United States*
Meta Platforms Inc	*Communications*	*8%*	*United States*
Novo Nordisk A/S	*Health Care*	*8%*	*Denmark*
Stryker Corp	*Health Care*	*8%*	*United States*
L'Oreal SA	*Consumer Staples*	*6%*	*France*
Visa Inc	*Financials*	*5%*	*United States*
Philip Morris International Inc	*Consumer Staples*	*4%*	*United States*
Automatic Data Processing Inc	*Industrials*	*4%*	*United States*

What was the proportion of sustainability-related investments?

N/A

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Sub-fund aimed to allocate 75% of its assets in alignment with the E/S characteristics it promotes, given as '**#1 Aligned with E/S characteristics**' in the chart above. However, during the reference period, 89% (2023: 86%) of the Sub-fund's assets met the promoted characteristics, as detailed in the section '*How did the sustainability indicators perform?*' of this annex. This therefore reduced the proportion of the Sub-fund's assets allocated to '**#2 Other**' from the target of 25% of assets to 11% (2023: 14%) during the period.

In which economic sectors were the investments made?

Sector (Bloomberg Industry Classification System)	Industry (Bloomberg Industry Classification System)	Proportion of investments
Communications	Media	12%
Consumer Discretionary	Consumer Discretionary Products	6%
	Consumer Discretionary Services	5%
Consumer Staples	Consumer Staple Products	26%
Financials	Financial Services	5%
Health Care	Health Care	27%
Industrials	Industrial Products	2%
	Industrial Services	4%
Technology	Software & Tech Services	11%
	Tech Hardware & Semiconductors	2%
Cash		2%

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

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

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

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

Taxonomy-aligned activities are expressed as a share of:

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

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

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

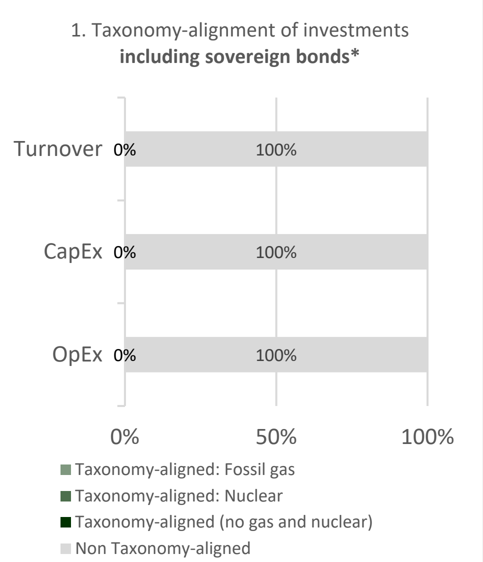
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

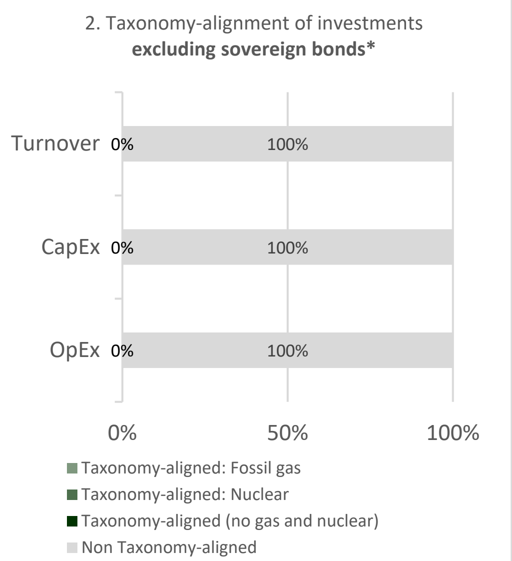
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

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





This graph represents 100% of the total investments.

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

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

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

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

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

  N/A

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

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

0%

What was the share of socially sustainable investments?

0%

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

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

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

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

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

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

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

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

- ***How does the reference benchmark differ from a broad market index?***

  N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  N/A

- ***How did this financial product perform compared with the reference benchmark?***

  N/A

- ***How did this financial product perform compared with the broad market index?***

  N/A

ANNEX IV

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

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

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

Product name: Fundsmith SICAV – Fundsmith Sustainable Equity Fund
Legal entity identifier: 529900QQY3MZWWNJDB76

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 74% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

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

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

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

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

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

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

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

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

How did the sustainability indicators perform?

	Total waste (metric tons/ £m FCF)	Hazardous waste (metric tons/ £m FCF)	Water use (m^3/ £m FCF)	Energy use (MWh/ £m FCF)	Greenhouse gas emissions (metric tons/ £m FCF)
Fundsmith Sustainable Equity Sub-fund	10	0	1,393	651	73
MSCI World Index	589	18	25,899	1,264	383

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

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

…and compared to previous periods?

The Sub-fund's performance in relation to its promoted characteristics for the previous reporting period (01/01/2023–31/12/2023) is provided in the table below.

	Total waste (metric tons/ £m of free cash flow)	Hazardous waste (metric tons/ £m of free cash flow)	Water use (m^3/ £m of free cash flow)	Energy use (MWh/ £m of free cash flow)	Greenhouse gas emissions (metric tons/ £m of free cash flow)
Fundsmith Sustainable Equity Sub-fund	81	1	4,751	933	276
MSCI World Index	470	16	26,064	1,873	287

The Sub-fund saw a decrease in intensity for each of the environmental indicators in the most recent reference period when compared to the previous refernence period. This was due to companies recording increased free cash flow combined with continued improvements in their absolute environmental impacts during the reference period. Across both reference periods, the Sub-fund significantly outperformed the MSCI World Index.

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

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

To qualify as a sustainable investment for the Sub-fund during the reference period (01/01/2024–31/12/2024) a company must have passed the Investment Manager's good governance test, relating to the four areas specified by the SFDR: sound management structures, employee relations, remuneration and tax compliance. Companies must also have passed the do no significant harm test, relating to environmental, social, human rights, anticorruption and antibribery matters, represented by the principal adverse impact indicators discussed in the previous section.

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

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

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

Sustainable Development Goal	% of Sub-fund's total assets making a positive contribution
5: Achieve gender equality and empower all women and girls	24%
13: Take urgent action to combat climate change and its impacts	66%

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

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

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

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

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

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

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

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

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

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

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

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

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

The principal adverse impacts of the Investment Manager's investment decisions on sustainability factors were considered during the reference period (01/01/2024–31/12/2024). All the Sub-fund's underlying investments were assessed using the PAI indicators given in Commission Delegated Regulation (EU) 2022/1288 Table 1, subject to data availability and quality. This includes:

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

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

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

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

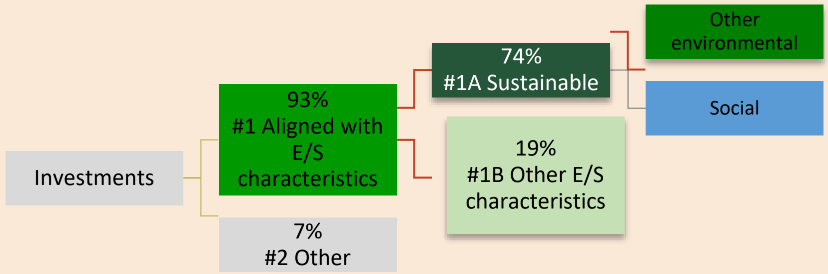
What were the top investments of this financial product?

The Sub-fund's top investments during the period are listed below. Top investments were calculated by taking the portfolio weight of each holding (including cash) at the end of each calendar quarter for the reference period (01/01/2024–12/31/2024) and averaging for the year.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/01/2024 – 31/12/2024

Largest investments	Sector	% Assets	Country
Stryker Corp	***Health Care***	***7%***	***United States***
Novo Nordisk A/S	***Health Care***	***6%***	***Denmark***
Microsoft Corp	***Technology***	***6%***	***United States***
L'Oreal SA	***Consumer Staples***	***6%***	***France***
Home Depot Co/The	***Consumer Discretionary***	***5%***	***United States***
Church & Dwight Co Inc	***Consumer Staples***	***5%***	***United States***
Waters Corp	***Health Care***	***5%***	***United States***
Unilever PLC	***Consumer Staples***	***5%***	***Britain***
Visa Inc	***Financials***	***5%***	***United States***
Procter & Gamble Co/The	***Consumer Staples***	***5%***	***United States***

What was the proportion of sustainability-related investments?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Sub-fund's proportion of sustainable investments was 74% for the reporting period.

Asset allocation describes the share of investments in specific assets.

- ***What was the asset allocation?***

The Sub-fund aimed to allocate 80% of its assets in alignment with the E/S characteristics it promotes, given as '**#1 Aligned with E/S** characteristics' in the chart above. During the reference period 93% of the Sub-fund's assets were aligned with the promoted characteristics (2023: 87%), as detailed in the section *'How did the sustainability indicators perform?'* of this annex. This therefore reduced the proportion of the Sub-fund's assets allocated to '**#2 Other**' from the target of 20% of assets to 7% (2023: 13%) during the period.

The Sub-fund has a commitment to allocate 70% of its assets towards sustainable investments, '**#1A Sustainable**'. During the reference period, 74% (2023: 78%) of the Sub-fund's assets were in investments the Investment Manager deemed as sustainable.

Investments contained in '**#1B Other E/S characteristics**' were 9% higher (2023: 1% lower) than the targeted 10% resulting from the increased proportion of investments that were aligned with the Sub-fund's promoted characteristics.

In which economic sectors were the investments made?

Sector (Bloomberg Industry Classification System)	Industry (Bloomberg Industry Classification System)	Proportion of investments
Communications	Media	4%
Consumer Discretionary	Consumer Discretionary Services	9%
	Retail & Wholesale - Discretionary	5%
Consumer Staples	Consumer Staple Products	20%
	Retail & Wholesale - Staples	4%
Financials	Financial Services	7%
Health Care	Health Care	32%
Industrials	Industrial Products	3%
	Industrial Services	5%
Technology	Software & Tech Services	9%
	Tech Hardware & Semiconductors	1%
Cash		2%

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

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

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

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

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

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

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

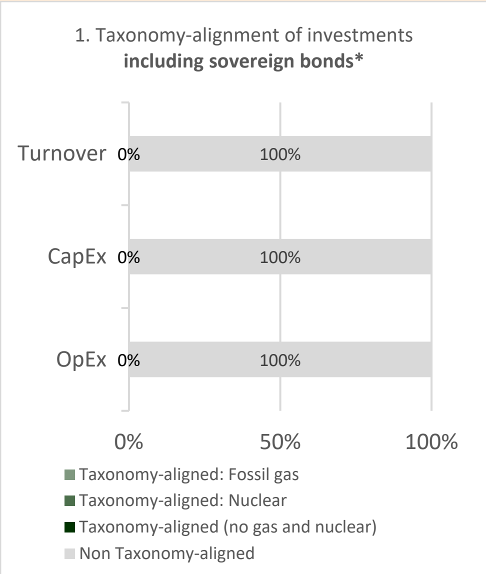
☒ No

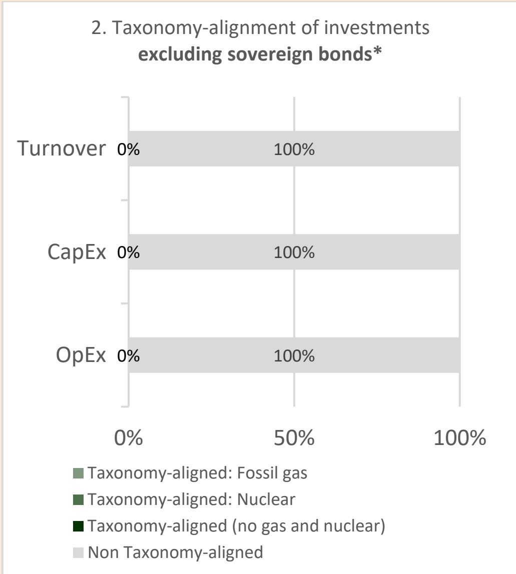
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas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

Taxonomy-aligned activities are expressed as a share of:

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

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





This graph represents 100% of the total investments.

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

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

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

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

  N/A

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

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

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

The Sub-fund's sustainable investments are assessed as those that contributed to at least one of the 17 United Nations Sustainable Development Goals (SDGs). Since these include both environmental and social goals, it is not possible to assess specific minimum shares for environmental and social investments in each case. The overall share of sustainable investments in relation to environmental and social objectives of the Sub-fund was 74% during the reference period.

What was the share of socially sustainable investments?

The Sub-fund's sustainable investments are assessed as those that contributed to at least one of the 17 United Nations Sustainable Development Goals (SDGs). Since these include both environmental and social goals, it is not possible to assess specific minimum shares for environmental and social investments in each case. The overall share of sustainable investments in relation to environmental and social objectives of the Sub-fund was 74% during the reference period.

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

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

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

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

The Sub-fund met its stated goal of allocating at least 70% of its assets towards companies making a posititive contribution towards at least one of the Sustainable Development Goals for the reference period (01/01/2024–31/12/2024). To ensure that companies met this criteria, the Investment Manager monitored their performance in relation to the do no significant harm and good governance tests, as detailed in the earlier sections of this annex. Alongside this, the Investment Manager monitored the investee companies' positive contribution towards the Sustainable Development Goals to ensure they remained as sustainable investments.

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

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

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

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

- ***How does the reference benchmark differ from a broad market index?***

  N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  N/A

- ***How did this financial product perform compared with the reference benchmark?***

  N/A

- ***How did this financial product perform compared with the broad market index?***

  N/A

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

Product name: Fundsmith SICAV – Fundsmith Equity Fund **Legal entity identifier:** 5493007LIDK72VIBC263

Summary

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

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024.

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

Table 1 – Indicators applicable to investments in investee companies

Climate and other environment-related indicators

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

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

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

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

Table 2 – Additional climate and other environment-related indicators

Indicators applicable to investments in investee companies

Climate and other environment-related indicators

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

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	**Metric**		**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	17,427	15,272	N/A	The Fundsmith Equity Sub-fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to
		Scope 2 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	31,410	15,502	N/A	

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

		Scope 3 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	554,924	503,364	N/A	any of the six listed metrics will be subject to further analysis and potentially engagement.
		Total GHG emissions of investee companies expressed in tonnes of CO2 equivalent	603,761	534,143	N/A	
	2. Carbon footprint	Total GHG emissions expressed per million EUR invested	69	64	N/A	
	3. GHG intensity of investee companies	GHG emissions per million EUR invested	320	268	N/A	

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

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	The Fundsmith Equity Sub-fund does not invest in any companies active in the fossil fuels sector.	The Fundsmith Equity Sub-fund does not invest in any companies active in the fossil fuels sector.	N/A	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as share of total energy intensity	The Fundsmith Equity Sub-fund does not invest in any company that is involved in the production of energy. The Sub-fund's share of non-renewable energy consumption was 17%.	N/A	N/A	

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

	6. Energy consumption intensity per high impact climate sector	Energy consumption in MWh per million EUR of revenue of investee companies, per high impact climate sector	**High Impact Climate Sector**	**Impact (MWh / €M revenue)**	**High Impact Climate Sector**	**Impact (MWh / €M revenue)**	N/A	
			Agriculture, Forestry and Fishing	No Exposure	Agriculture, Forestry and Fishing	No exposure		
			Mining and Quarrying	No Exposure	Mining and Quarrying	No exposure		
			Manufacturing	30	Manufacturing	50		
			Electricity, Gas, Steam and Air Conditioning Supply	No Exposure	Electricity, Gas, Steam and Air Conditioning Supply	No exposure		
			Water Supply; Sewage, Waste Management and Remediation Activities	No Exposure	Water Supply; Sewage, Waste Management and Remediation Activities	No exposure		

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

			Construction	No Exposure	Construction	No exposure		
			Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	No Exposure	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	0		
			Transportation and Storage	No Exposure	Transportation and Storage	No exposure		
			Real Estate Activities	No Exposure	Real Estate Activities	No exposure		

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

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	The Fundsmith Equity Sub-fund expects investee companies to avoid causing a significant negative impact on biodiversity as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

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

Water	8. Pollution of water	Tonnes of pollution emitted into water generated by investee companies per million EUR invested	0.00	0	N/A	Sub-fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

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

Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested	0.02	0	N/A	The Fundsmith Equity Sub-fund expects investee companies to avoid causing a significant negative impact on the natural environment resulting from the hazardous/radioactive waste generated by their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

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

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Non-respect of OECD Guidelines for Multinational Enterprises or the UN Guiding Principles including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration and the International Bill of Human Rights	Share of investments in investee companies that have been involved in non-respect of the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles, including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration and the International Bill of Human Rights	9%	6%	N/A	The Fundsmith Equity Sub-fund expects investee companies to adhere to the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises. Investee companies are also expected to have the necessary processes to monitor compliance with both frameworks and mechanisms to handle any potential violations. Any company assessed to be an outlier in relation to either indicator, or who we conclude to

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

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	5%	N/A	be having significant adverse impact will be subject to further analysis and potentially engagement.

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

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	3%	6%	N/A	The Fundsmith Equity Sub-fund considers gender equality at investee companies by looking at the gender pay gap and ratio of male to female board members, subject to the availability and quality of such data. Any company assessed to be an outlier in relation to either indicator, or who we conclude to be having significant adverse impact will be subject to further analysis and potentially engagement.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	39%	37%	N/A	

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

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	The Fundsmith Equity Sub-fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	The Fundsmith Equity Sub-fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	N/A	The Fundsmith Equity Sub-fund does not invest in companies exposed to controversial weapons. This is achieved through screening and excluding any company involved in the production, sales or distribution of controversial weapons from the Sub-fund's investable universe.

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

Other indicators for principal adverse impacts on sustainability factors						
Adverse sustainability impact		**Metric**	**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	1%	0%	N/A	The Fundsmith Equity Sub-fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

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

Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	**Non-renewable energy source**	**% portfolio using source**	**Non-renewable energy source**	**% portfolio using source**	N/A	
			Coal	0.01%	Coal	0.01%		
			Oil	6.31%	Oil	6.27%		
			Gas	20.07%	Gas	21.02%		

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

Water, waste and material emissions	7. Investments in companies without water management policies	Share of investments in investee companies without water management policy	6%	0%	N/A	The Fundsmith Equity Sub-fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

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

Product name: Fundsmith SICAV – Fundsmith Sustainable Equity Fund **Legal entity identifier:** 529900QQY3MZWWNJDB76

Summary

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

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024.

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

Table 1 – Indicators applicable to investments in investee companies

Climate and other environment-related indicators

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

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

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

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

Table 2 – Additional climate and other environment-related indicators

Indicators applicable to investments in investee companies

Climate and other environment-related indicators

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

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

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	**Metric**		**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	950	668	N/A	The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis
		Scope 2 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	1,647	1,056	N/A	
		Scope 3 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	33,030	30,905	N/A	
		Total GHG emissions of investee companies expressed in tonnes of CO2 equivalent	35,627	32,630	N/A	

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

	2. Carbon footprint	Total GHG emissions expressed per million EUR invested	93	111	N/A	and potentially engagement.
	3. GHG intensity of investee companies	GHG emissions per million EUR invested	427	389	N/A	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	The Fundsmith Sustainable Equity Sub-fund does not invest in any companies active in the fossil fuels sector.	The Fundsmith Sustainable Equity Sub-fund does not invest in any companies active in the fossil fuels sector.	N/A	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as share of total energy intensity	The Fundsmith Sustainable Equity Sub-fund does not invest in any company that is involved in the production of energy. The Sub-fund's share of non-renewable energy consumption was 16%	30% of portfolio companies consume energy from non-renewable sources. No companies directly involved with energy production.	N/A	

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

	6. Energy consumption intensity per high impact climate sector	Energy consumption in MWh per million EUR of revenue of investee companies, per high impact climate sector	**High Impact Climate Sector**	**Impact (MWh / €M revenue)**	**High Impact Climate Sector**	**Impact (MWh / €M revenue)**	N/A	
			Agriculture, Forestry and Fishing	0	Agriculture, Forestry and Fishing	N/A		
			Mining and Quarrying	0	Mining and Quarrying	N/A		
			Manufacturing	25	Manufacturing	50		
			Electricity, Gas, Steam and Air Conditioning Supply	0	Electricity, Gas, Steam and Air Conditioning Supply	N/A		

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

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

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

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact on biodiversity as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

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

Water	8. Emissions to water	Tonnes of pollution emitted into water generated by investee companies per million EUR invested	0.00	0	N/A	The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

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

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested	0.00	0	N/A	The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact on the natural environment resulting from the hazardous/radioactive waste generated by their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

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

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

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

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	6%	N/A	relation to either indicator, or who we conclude to be having significant adverse impact will be subject to further analysis and potentially engagement.

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

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	4%	5%	N/A	The Fundsmith Sustainable Equity Sub-fund considers gender equality at investee companies by looking at the gender pay gap and ratio of male to female board members, subject to the availability and quality of such data. Any company assessed to be an outlier in relation to either indicator, or who we conclude to be having significant adverse impact will be subject to further analysis and potentially engagement.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	39%	35%	N/A	

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

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	The Fundsmith Sustainable Equity Sub-fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	The Fundsmith Sustainable Equity Sub-fund does not invest in any companies involved in the manufacture or selling of controversial weapons.	N/A	The Fundsmith Sustainable Equity Sub-fund does not invest in companies exposed to controversial weapons. This is achieved through screening and excluding any company involved in the production, sales or distribution of controversial weapons from the Sub-fund's investable universe.

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

Other indicators for principal adverse impacts on sustainability factors						
Adverse sustainability impact		**Metric**	**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	1%	1%	N/A	The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact as a result of their greenhouse gas emissions. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.

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

Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	**Non-renewable energy source**	**% portfolio using source**	**Non-renewable energy source**	**% portfolio using source**	N/A	
			Coal	0.00%	Coal	0.01%		
			Oil	5.94%	Oil	6.32%		
			Gas	21.80%	Gas	23.99%		

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

Water, waste and material emissions	7. Investments in companies without water management policies	Share of investments in investee companies without water management policy	10%	1%	N/A	The Fundsmith Sustainable Equity Sub-fund expects investee companies to avoid causing a significant negative impact on water quality as a result of their operations. Any company assessed to be an outlier or who we conclude to have a significant adverse impact in relation to any of the six listed metrics will be subject to further analysis and potentially engagement.