

Fundsmith Equity Fund

Short Form Report

For the six months ended 30 June 2024 (unaudited)

Profile of the Fund

Investment objective and policy

The investment objective of the Fundsmith Equity Fund (the “Fund”) is to achieve long-term growth (over 5 years) in value.

The Fund will invest in equities on a global basis. The Fund’s approach is to be a long-term investor in its chosen stocks. It will not adopt short-term trading strategies.

The Fund has stringent investment criteria which the Authorised Corporate Director (ACD) and the appointed investment manager adhere to in selecting securities for the Fund’s investment portfolio. These criteria aim to ensure that the Fund invests in businesses:

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

Risk profile

The Fund has no exposure to derivatives and no borrowings. Further, the investments are all in large publicly quoted companies where there is significant liquidity in the stock. The principal risk factor is the market price of the securities held by the Fund which is kept under review in light of the Fund’s objective.

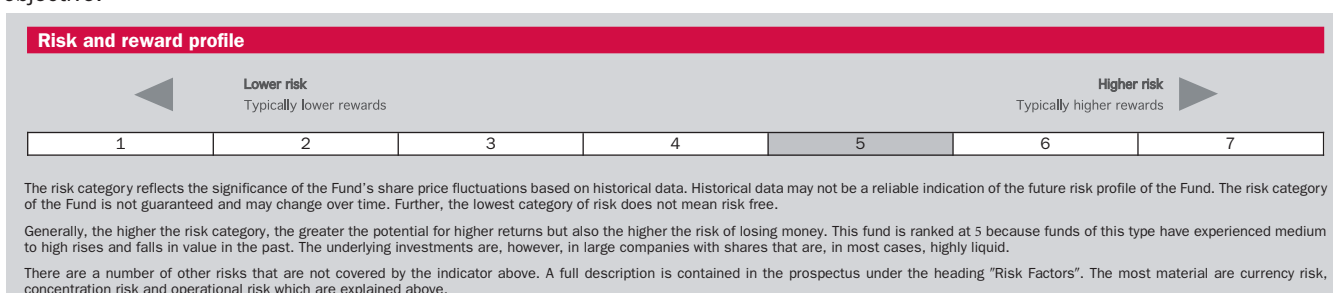
Currency risk: The Fund’s portfolio is a global share portfolio and many of the investments are not denominated in sterling. There is no currency hedging in place and the price of shares in the Fund may therefore rise or fall purely on account of exchange rate movements.

Concentration risk: The investment criteria adopted by the Fund significantly limits the number of potential investments. The Fund generally holds 20 to 30 stocks and so it is more concentrated than many other funds. This means that the performance of a single stock within the portfolio has a greater effect on the price of the shares of the Fund.

Operational risk: Failures or delays in operational processes may negatively affect the Fund. There is a risk that any company responsible for the safekeeping of the assets of the Fund may fail to do so properly or may become insolvent, which could cause loss to the Fund.

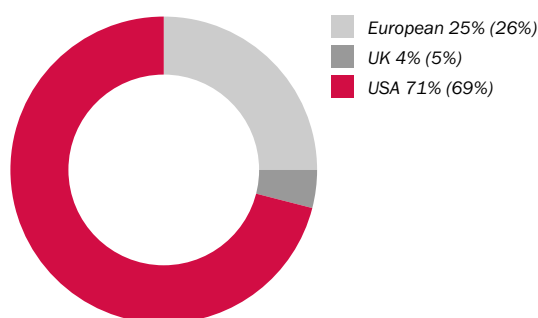
Risk warning

Any stock market investment involves risk. These risk factors are contained in the full Prospectus. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance.

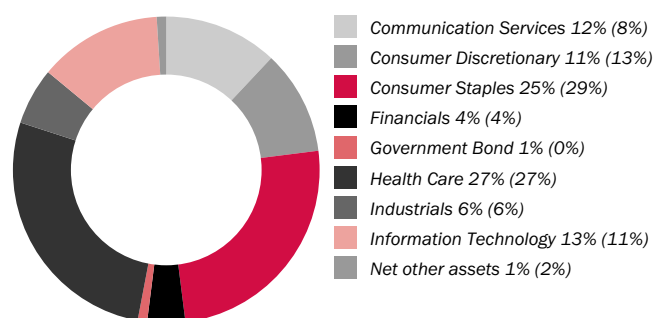


Information on the Fund

Breakdown by geography* as at 30 June 2024



Breakdown by sector as at 30 June 2024



The figures in brackets show comparative figures at 31 December 2023.

* Breakdown by geography is by country listing and not reflective of breakdown by operations.

Summary of Significant Changes

For the six months to 30 June 2024		For the six months to 30 June 2023	
Largest purchases	Cost (£)	Largest purchases	Cost (£)
Texas Instruments	191,082,264	Procter & Gamble	497,938,082
Fortinet	185,134,808	Unilever	260,406,885
Atlas Copco	90,243,460	Apple	96,180,025
Unilever	66,324,175	Church & Dwight	90,161,117
Mettler-Toledo International	45,118,922	Visa	25,131,509
Total	577,903,629	Total	969,817,618
Total purchases for the six months	1,267,721,245	Total purchases for the six months	1,051,664,712
Largest sales	Proceeds (£)	Largest sales	Proceeds (£)
Novo Nordisk	545,927,308	Adobe	551,281,458
Diageo	307,283,219	Amazon	525,254,260
McCormick	221,745,051	Church & Dwight	198,223,741
Microsoft	198,608,065	IDEXX Laboratories	186,005,801
LVMH Moët Hennessy Louis Vuitton	100,918,698	Estée Lauder	55,079,981
Total	1,374,482,341	Total	1,515,845,241
Total sales for the six months	2,175,705,341	Total sales for the six months	1,590,394,842

Investment Manager's review

July 2024

Dear Fellow Investor,

The table below shows the performance of the Fundsmith Equity Fund ('Fund') and other comparators during the first half of 2024 and since inception.

% Total Return	1st Jan to 30th June 2024	Inception to 30th June 2024	
		Cumulative	Annualised
Fundsmith Equity Fund¹	+9.3	+610.2	+15.4
Equities ²	+12.7	+369.6	+12.0
UK Bonds ³	-2.2	+23.7	+1.6
Cash ⁴	+2.6	+15.6	+1.1

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

¹T Class Accumulation shares, net of fees priced at midday UK time, source: Bloomberg.

²MSCI World Index, £ Net, priced at close of business US time, source: www.msci.com.

³Bloomberg Series-E UK Govt 5-10 yr Bond Index, source: Bloomberg.

⁴£ Interest Rate, source: Bloomberg.

Our Fund was up by 9.3% in the first six months of the year, 3.4 percentage points less than what is perhaps the most obvious comparator – the MSCI World Index (£ net).

An increase in value of 9% in a year would be in line with the long-term average for equities, so 9% in a half year would normally be cause for celebration except of course that it is less than the Index.

Part of the problem is that returns have been concentrated in a very few stocks. The S&P 500 Index in GBP returned 17% over the period and just five companies – Amazon, Apple, Meta, Microsoft and Nvidia – were responsible for 46% of the returns. 25% of the returns came from Nvidia alone.

We own three of those five stocks – Apple, Meta and Microsoft – although our Apple stake remains small as we wait patiently for the stock price to reflect the company's current trading. However, we do not own any Nvidia as we have yet to convince ourselves that its outlook is as predictable as we seek.

Without owning this stock, and indeed the whole five in at least an index weighting, outperformance was difficult to attain.

What did well for us in the first six months of 2024?

Here are the five biggest positive contributors to performance:

Stock	Attribution
Novo Nordisk	+3.4%
Meta Platforms	+2.7%
Microsoft	+2.0%
Alphabet	+1.0%
Stryker	+0.8%

Source: State Street.

As ever, we continue to make money with old friends.

Investment Manager’s review (continued)

The five biggest detractors from our Fund’s performance during the period were:

Stock	Attribution
L’Oréal	-0.7%
IDEXX	-0.6%
Nike	-0.6%
Brown-Forman	-0.5%
Waters	-0.5%

Source: State Street.

A downturn in pet owners visits to vets after the pandemic splurge and troubles in the Chinese economy account for most of the problems and leave us with little concern over the longer term outlook for most of these companies. In at least one case the problem is probably not the business but the management.

We prefer not to update the valuation at this stage of the year as although share prices are certain, the free cash flow (‘FCF’) on which we base our valuation has elements of seasonality so we will leave it until the year end to update the portfolio valuation.


Our portfolio turnover in the first half was 3.7%. Voluntary dealing (dealing not caused by redemptions or subscriptions) cost £693,032 during the half year (0.003% or 0.3 of a basis point).

The Ongoing Charges Figure for the T Class Accumulation shares was 1.04% and with the cost of all dealing added, the Total Cost of Investment was 1.05%.

During the period we began accumulating stakes in Texas Instruments, the manufacturer of analogue and embedded semiconductors and in April we began buying a new position for the fund, the name of which will be revealed when we have accumulated our desired weighting.

We continue to invest with the aim of long-term superior performance adjusted for risk.

Yours sincerely,



Terry Smith
CEO
Fundsmith LLP

***Disclaimer:** A Key Investor Information Document and an English language prospectus for the Fundsmith 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.*

Sources: Fundsmith LLP & Bloomberg 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.

MSCI World Index is the exclusive property of MSCI Inc. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or final products. This report is not approved, reviewed or produced by MSCI. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor’s and ‘GICS®’ is a service mark of MSCI and Standard & Poor’s.

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.

Performance Record

The per share net asset values in the table below are different from the published dealing prices that were available to investors. This is to comply with accounting rules that require the net asset values in this report to be based on close of day bid prices. The investment manager's review and factsheet uses dealing prices as the Fund could only be bought or sold at these prices.

	Share Class T - Accumulation			
	6 months to 30.06.24 (p)	12 months to 31.12.23 (p)	12 months to 31.12.22 (p)	12 months to 31.12.21 (p)
Change in net asset value per share				
Opening net asset value per share	646.74	575.03	665.95	551.66
Return before operating charges	61.43	78.13	(84.92)	120.61
Operating charges	(3.60)	(6.42)	(6.00)	(6.32)
Return after operating charges	57.83	71.71	(90.92)	114.29
Distributions	(0.75)	(1.82)	(1.02)	(0.77)
Retained distributions on accumulation shares	0.75	1.82	1.02	0.77
Closing net asset value per share	704.57	646.74	575.03	665.95
After direct transaction costs of:	0.03	0.08	0.05	0.09
Performance				
Return after operating charges	8.94%	12.47%	(13.65%)	20.72%
Other information	£	£	£	£
Closing net asset value	4,144,454,593	3,917,358,730	3,788,714,772	4,654,397,369
Closing number of shares	588,223,752	605,709,570	658,868,485	698,914,699
Ongoing charges figure*	1.04%	1.04%	1.04%	1.04%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
Prices	(p)	(p)	(p)	(p)
Highest share price	718.09	649.72	665.58	672.16
Lowest share price	636.23	581.80	523.76	529.56

*The Ongoing Charges Figure (OCF) is the share class's total annualised operating costs (excluding overdraft interest) expressed as a percentage of the average net assets of the share class.

Performance Record (continued)

The per share net asset values in the table below are different from the published dealing prices that were available to investors. This is to comply with accounting rules that require the net asset values in this report to be based on close of day bid prices. The investment manager's review and factsheet uses dealing prices as the Fund could only be bought or sold at these prices.

	Share Class T - Income			
	6 months to 30.06.24 (p)	12 months to 31.12.23 (p)	12 months to 31.12.22 (p)	12 months to 31.12.21 (p)
Change in net asset value per share				
Opening net asset value per share	587.76	524.06	608.00	504.28
Return before operating charges	55.83	71.20	(77.53)	110.19
Operating charges	(3.27)	(5.85)	(5.48)	(5.77)
Return after operating charges	52.56	65.35	(83.01)	104.42
Distributions	(0.68)	(1.65)	(0.93)	(0.70)
Retained distributions on accumulation shares	-	-	-	-
Closing net asset value per share	639.64	587.76	524.06	608.00
After direct transaction costs of:	0.03	0.07	0.05	0.08
Performance				
Return after operating charges	8.94%	12.47%	(13.65%)	20.71%
Other information	£	£	£	£
Closing net asset value	267,584,214	256,192,351	260,368,137	328,111,991
Closing number of shares	41,833,756	43,588,115	49,682,658	53,965,510
Ongoing charges figure*	1.04%	1.04%	1.04%	1.04%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
Prices	(p)	(p)	(p)	(p)
Highest share price	652.60	591.65	607.66	613.68
Lowest share price	578.20	530.24	478.18	484.08

*The Ongoing Charges Figure (OCF) is the share class's total annualised operating costs (excluding overdraft interest) expressed as a percentage of the average net assets of the share class.

Performance Record (continued)

The per share net asset values in the table below are different from the published dealing prices that were available to investors. This is to comply with accounting rules that require the net asset values in this report to be based on close of day bid prices. The investment manager's review and factsheet uses dealing prices as the Fund could only be bought or sold at these prices.

	Share Class R - Accumulation			
	6 months to 30.06.24 (p)	12 months to 31.12.23 (p)	12 months to 31.12.22 (p)	12 months to 31.12.21 (p)
Change in net asset value per share				
Opening net asset value per share	605.54	541.09	629.77	524.30
Return before operating charges	57.49	73.36	(80.30)	114.33
Operating charges	(4.98)	(8.91)	(8.38)	(8.86)
Return after operating charges	52.51	64.45	(88.68)	105.47
Distributions	-	-	-	-
Closing net asset value per share	658.05	605.54	541.09	629.77
After direct transaction costs of:	0.03	0.08	0.05	0.08
Performance				
Return after operating charges	8.67%	11.91%	(14.08%)	20.12%
Other information	£	£	£	£
Closing net asset value	601,397,482	557,410,151	507,931,300	563,850,008
Closing number of shares	91,390,217	92,051,376	93,871,572	89,532,639
Ongoing charges figure*	1.54%	1.54%	1.54%	1.54%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
Prices	(p)	(p)	(p)	(p)
Highest share price	671.08	608.33	629.38	635.67
Lowest share price	595.62	547.31	494.16	503.08

*The Ongoing Charges Figure (OCF) is the share class's total annualised operating costs (excluding overdraft interest) expressed as a percentage of the average net assets of the share class.

Performance Record (continued)

The per share net asset values in the table below are different from the published dealing prices that were available to investors. This is to comply with accounting rules that require the net asset values in this report to be based on close of day bid prices. The investment manager's review and factsheet uses dealing prices as the Fund could only be bought or sold at these prices.

	Share Class R - Income			
	6 months to 30.06.24 (p)	12 months to 31.12.23 (p)	12 months to 31.12.22 (p)	12 months to 31.12.21 (p)
Change in net asset value per share				
Opening net asset value per share	577.70	516.22	600.86	500.22
Return before operating charges	54.84	69.95	(76.59)	109.06
Operating charges	(4.75)	(8.47)	(8.05)	(8.42)
Return after operating charges	50.09	61.48	(84.64)	100.64
Distributions	-	-	-	-
Closing net asset value per share	627.79	577.70	516.22	600.86
After direct transaction costs of:	0.03	0.07	0.05	0.08
Performance				
Return after operating charges	8.67%	11.91%	(14.09%)	20.12%
Other information	£	£	£	£
Closing net asset value	17,431,414	17,395,029	12,717,890	30,471,679
Closing number of shares	2,776,617	3,011,091	2,463,675	5,071,350
Ongoing charges figure*	1.54%	1.54%	1.54%	1.54%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
Prices	(p)	(p)	(p)	(p)
Highest share price	640.22	580.36	600.49	606.48
Lowest share price	568.23	522.15	471.46	479.98

*The Ongoing Charges Figure (OCF) is the share class's total annualised operating costs (excluding overdraft interest) expressed as a percentage of the average net assets of the share class.

Performance Record (continued)

The per share net asset values in the table below are different from the published dealing prices that were available to investors. This is to comply with accounting rules that require the net asset values in this report to be based on close of day bid prices. The investment manager's review and factsheet uses dealing prices as the Fund could only be bought or sold at these prices.

	Share Class I - Accumulation			
	6 months to 30.06.24 (p)	12 months to 31.12.23 (p)	12 months to 31.12.22 (p)	12 months to 31.12.21 (p)
Change in net asset value per share				
Opening net asset value per share	655.28	582.05	673.40	557.27
Return before operating charges	62.25	79.11	(85.86)	121.90
Operating charges	(3.30)	(5.88)	(5.49)	(5.77)
Return after operating charges	58.95	73.23	(91.35)	116.13
Distributions	(0.98)	(2.46)	(1.60)	(1.07)
Retained distributions on accumulation shares	0.98	2.46	1.60	1.07
Closing net asset value per share	714.23	655.28	582.05	673.40
After direct transaction costs of:	0.03	0.08	0.05	0.09
Performance				
Return after operating charges	9.00%	12.58%	(13.57%)	20.84%
Other information	£	£	£	£
Closing net asset value	15,256,694,194	14,396,580,306	13,360,761,660	16,920,191,240
Closing number of shares	2,136,098,181	2,197,009,381	2,295,475,309	2,512,662,450
Ongoing charges figure*	0.94%	0.94%	0.94%	0.94%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
Prices	(p)	(p)	(p)	(p)
Highest share price	727.85	658.30	673.03	679.68
Lowest share price	644.65	588.93	529.86	535.00

*The Ongoing Charges Figure (OCF) is the share class's total annualised operating costs (excluding overdraft interest) expressed as a percentage of the average net assets of the share class.

Performance Record (continued)

The per share net asset values in the table below are different from the published dealing prices that were available to investors. This is to comply with accounting rules that require the net asset values in this report to be based on close of day bid prices. The investment manager's review and factsheet uses dealing prices as the Fund could only be bought or sold at these prices.

	Share Class I - Income			
	6 months to 30.06.24 (p)	12 months to 31.12.23 (p)	12 months to 31.12.22 (p)	12 months to 31.12.21 (p)
Change in net asset value per share				
Opening net asset value per share	588.20	524.43	608.45	504.38
Return before operating charges	55.87	71.28	(77.60)	110.24
Operating charges	(2.96)	(5.29)	(4.96)	(5.21)
Return after operating charges	52.91	65.99	(82.56)	105.03
Distributions	(0.88)	(2.22)	(1.46)	(0.96)
Retained distributions on accumulation shares	-	-	-	-
Closing net asset value per share	640.23	588.20	524.43	608.45
After direct transaction costs of:	0.03	0.07	0.05	0.08
Performance				
Return after operating charges	9.00%	12.58%	(13.57%)	20.82%
Other information	£	£	£	£
Closing net asset value	4,544,599,886	4,430,073,025	4,379,634,649	6,165,167,108
Closing number of shares	709,839,610	753,161,164	835,121,053	1,013,262,204
Ongoing charges figure*	0.94%	0.94%	0.94%	0.94%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
Prices	(p)	(p)	(p)	(p)
Highest share price	653.34	592.48	608.12	614.13
Lowest share price	578.65	530.65	478.76	484.22

*The Ongoing Charges Figure (OCF) is the share class's total annualised operating costs (excluding overdraft interest) expressed as a percentage of the average net assets of the share class.

Further Information

Reports and accounts

Each year, the ACD will publish on its website (www.fundsmith.co.uk) Annual and Interim Reports and Accounts for the Company discussing investment activity during the period and providing management commentary.

UK UCITS

The Company is an authorised Collective Investment Scheme constituted as a UK UCITS in accordance with the FCA rules.

Prospectus

The Fund Prospectus, an important document describing Fundsmith Equity Fund in detail, is available from the ACD, which is responsible for the management and administration of the Fund.

Also available are the Key Investor Information Document (KIID) and the Supplementary Information Document (SID).

The ACD for Fundsmith Equity Fund is Fundsmith LLP located at 33 Cavendish Square, London W1G 0PW.

All documents are available on the ACD's website.

Minimum investment

The Company has three different share classes:

I shares, R shares and T shares.

There are two types of share available in each class - Income shares or Accumulation shares.

The following table summarises the investment levels for T shares.

Minimum lump sum investment level	£1,000
Minimum regular sum investment level	£100
Minimum top-up investment amount	£250
Minimum holding level	£1,000

Publication of prices

The prices of shares are published daily on the ACD's website at www.fundsmith.co.uk. Shareholders can also obtain the current price of their Shares by calling the ACD on 0330 123 1815.

Dealing Charges

There are no dealing charges on the purchase, sale or switching of shares.

Dilution Adjustment

The ACD may impose a dilution adjustment to the share price. The dilution adjustment aims to mitigate the costs to the Company of making investments (when additional cash is available following new investment into the Company) or selling investments in order to meet redemption requests.

Further information regarding the circumstances in which a dilution adjustment may be applied is set out in the Prospectus.

Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD product report prepared by the ACD is published on the ACD's website at fundsmith.co.uk/documents

Contact details

Dealing and enquiries

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