



Fundsmith Equity Fund
Interim Report and Accounts

For the six months ended 30 June 2017 (unaudited)



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*The above information collectively forms the Authorised Corporate Director's report.

Profile of the fund

Investment objective and policy

The aim of Fundsmith Equity Fund (“the Fund”) is to achieve long term growth 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 any 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 the light of the Fund’s objectives.

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 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.

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.

Risk and reward profile



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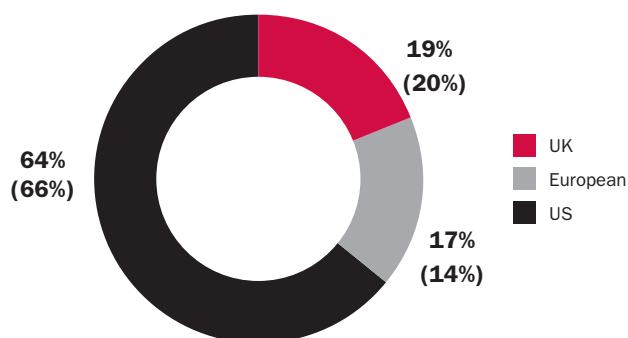
The risk category reflects the significance of the Fund’s share price fluctuations based on historical data. Historical data may not be a reliable indication of the future risk profile of the fund. The risk category of the Fund is not guaranteed and may change over time. Further, the lowest category of risk does not mean risk free.

Generally, the higher the risk category, the greater the potential for higher returns but also the higher the risk of losing money. The Fund is in Category 5 reflecting the risks inherent in the Fund’s investment portfolio, including that of capital losses. The underlying investments are, however, in large companies with shares that are highly liquid.

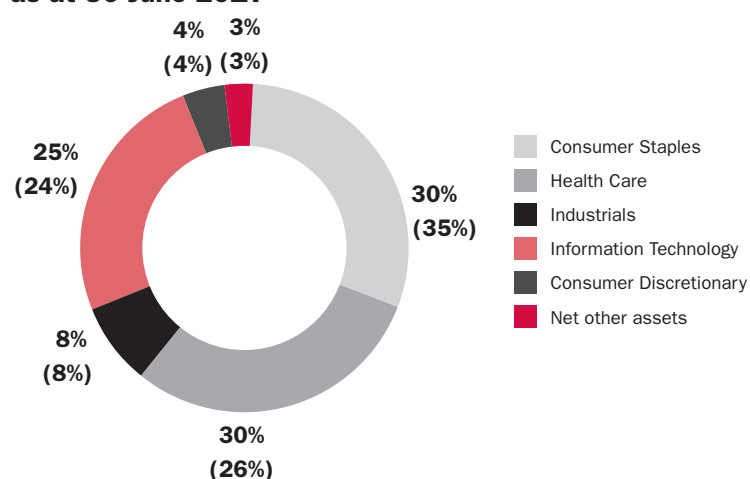
There are a number of other risks that are not covered by the indicator above. A full description is contained in the prospectus under the heading “Risk Factors”. The most material are currency risk and concentration risk which are explained above.

Information on the fund

Breakdown by geography*
as at 30 June 2017



Breakdown by sector
as at 30 June 2017



The figures in brackets show comparative figures at 31 December 2016.

Summary of significant changes

For the six months to 30 June 2017		For the six months to 30 June 2016	
Largest purchases	Cost (£)	Largest purchases	Cost (£)
Novo Nordisk	250,633,332	JM Smucker	226,237,478
Intuit	109,941,712	Estee Lauder Companies	146,265,496
Automatic Data Processing	99,973,922	Paypal	145,088,440
Waters	93,003,605	Waters	110,474,383
Intertek	65,919,040	Amadeus IT	106,815,629
Total	619,471,611	Total	734,881,426
Total purchases for the six months	1,074,829,345	Total purchases for the six months	1,764,492,129
Largest sales	Proceeds (£)	Largest sales	Proceeds (£)
JM Smucker	140,182,067	Procter & Gamble	95,276,499
Reckitt Benckiser	18,679,638		-
Total	158,861,705	Total	95,276,499
Total sales for the six months	158,861,705	Total sales for the six months	95,276,499

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

Portfolio statement

as at 30 June 2017 (unaudited)	Holdings	Market Value £	Percentage of Net Assets (%)
Consumer Discretionary 4.46% (4.27%)			
InterContinental Hotels	11,846,768	505,264,655	4.46
		505,264,655	4.46
Consumer Staples 29.69% (34.67%)			
Colgate-Palmolive	1,874,820	107,085,098	0.95
Diageo	9,943,508	225,568,479	1.99
Dr Pepper Snapple	5,137,295	360,681,343	3.18
Estée Lauder Companies	3,730,957	275,915,724	2.44
Imperial Brands	9,081,160	313,163,803	2.77
JM Smucker	2,043,846	186,329,574	1.65
L'Oreal	1,409,013	225,711,304	1.99
Nestle	3,416,623	228,998,794	2.02
Pepsico	5,097,139	453,611,360	4.01
Philip Morris International	5,011,396	453,548,965	4.00
Reckitt Benckiser	2,354,516	183,228,435	1.62
Unilever	8,377,699	348,093,393	3.07
		3,361,936,272	29.69
Health Care 29.47% (26.47%)			
Becton Dickinson and Company	2,240,503	336,787,528	2.97
CR Bard	2,442,546	595,293,492	5.26
IDEXX Laboratories	4,242,323	527,377,073	4.66
Johnson & Johnson	3,881,952	395,747,602	3.49
Novo Nordisk	13,295,158	438,157,166	3.87
Stryker	4,916,442	525,718,505	4.64
Waters	3,658,421	518,129,450	4.58
		3,337,210,816	29.47
Industrials 7.94% (7.58%)			
3M	2,072,513	332,566,568	2.94
Intertek	5,680,382	239,541,709	2.12
Kone	8,331,637	326,598,514	2.88
		898,706,791	7.94
Information Technology 25.31% (24.39%)			
Amadeus IT	13,322,238	612,837,757	5.41
Automatic Data Processing	4,907,117	387,283,547	3.42
Intuit	1,019,308	104,298,718	0.92
Microsoft	10,226,596	543,065,020	4.79
Paypal	13,615,665	563,048,640	4.97
Sage	44,173,368	303,912,772	2.68
Visa	4,886,284	353,110,558	3.12
		2,867,557,012	25.31
Portfolio of investments		10,970,675,546	96.87
Net other assets		355,006,301	3.13
Total net assets		11,325,681,847	100.00

Comparative figures shown in brackets relate to 31 December 2016.

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to an official stock exchange listings.

Investment Manager's review

The table below shows the performance of the Fund during the first half of 2017 and since inception compared with a number of benchmark indices:

	01.01.17 – 30.06.17 %	Since inception Cumulative %	Annualised %
Fundsmith Equity Fund	13.4	236.3	20.0
MSCI World	5.3	121.7	12.7
FTSE100	4.7	66.9	8.0
UK Gilts	0.5	33.1	4.4
Cash	0.2	4.2	0.6

Our Fund outperformed what is perhaps the most obvious benchmark – the MSCI World Index – by a bit over 8% during the first half of 2017. It outperformed the FTSE100 Index which is relevant to many of our UK investors by a little more.

The main contributors to our performance in the first half of 2017:

TOP 5	% Contribution*
CR Bard Inc	1.59
Idexx Laboratories Inc	1.38
Amadeus IT Group SA	1.29
Waters Corp	1.13
Paypal Holdings Inc	1.11

CR Bard was bid for during the period by one of our other holdings Becton Dickinson. We believe that Bard is a good business and we will retain a holding in it through Becton Dickinson.

The top five detractors from our Fund's performance during the period were:

BOTTOM 5	% Contribution*
Jm Smucker Co/The	-0.28
Automatic Data Processing	-0.2
Dr Pepper Snapple Group Inc	-0.15
Intuit Inc	-0.02
Colgate Palmolive Co	0.08

At the moment J M Smucker is not reaping the benefits of its acquisition of Big Heart Pet Brands which we had expected. We are keen on investments in companies which supply goods and services for companion animals or pets as they are commonly known. Our investment in IDEXX which has performed well yet again is in the area. Big Heart is also a business which we had held and which made good returns for us before it was taken private, but at the moment Smucker is struggling to make it work.

With regard to portfolio changes, we did not make any outright sales of holdings during the period. We began purchasing a holding in Intuit. It is the leading provider of online accounting services to US businesses and as such is complementary to our holding in Sage which is the UK business we own in the same sector.

Our portfolio turnover was -0.44% (negative 0.44%). Once again I am faced with the task of trying to explain the concept of negative turnover. It is likely to arise during a period when we had flows into our Fund and relatively little dealing activity using the formula which we are obliged to use for this calculation.

Perhaps more meaningful is the question of how much we spent on dealing. Voluntary dealing – in which we made a decision to buy or sell a stock rather than deploying flows into the Fund – cost £301,837 in the first half of 2017 which is 0.003% or a third of a basis point (a basis point or bp or “bip” as it is pronounced being one hundredth of a percent) of the average value of the Fund in this period. This is very low.

*Contribution shows the gross contribution to the Fund's return by stock as calculated by State Street Investment Analytics.

Investment Manager's review (continued)

The Ongoing Charges Figure or OCF for our Fund was just 5bps over the Annual Management Charge down from 8bps in the first half of 2016. If you are paying 1% AMC, as I am for my investment in the Fund, then the OCF is 1.05% down from 1.08% last year. If you add the costs of all dealing to derive the Total Cost of Investment or TCI this rises to 1.06% down from 1.12%.

We eagerly await the outcome of the consultation which will follow the Financial Conduct Authority's ("FCA") recently published Asset Management Market Study because we are confident that the TCI on the Fundsmith Equity Fund will compare favourably with any disclosure of "all-in fees" including dealing costs by the remainder of the active asset management industry.

This is an important subject but more heat than light is generated by the discussion of fees. In order to maximise your returns you need to maximise the returns you can attain after the total cost of investment. Investors often seem to focus simply on the AMC or at most the OCF, which includes administrative costs charged to the fund, and work on the basis that minimising that is their primary goal. However, this is only part of the picture of what you pay before you get the benefit of the performance of the shares in your fund. You need to also take into account the costs of dealing as well as any fees paid to any intermediaries. Moreover, some investors focus on the fees but ignore the performance. There is not much point in minimising fees whilst accepting poor performance. I accept that a low fee poorly performing fund is better than one with high fees but that is a bit like saying it's better to be run over by a small car than by a lorry. Whilst it's hard to disagree, surely it's best to cross the road carefully and avoid getting hit at all.

We are confident that the TCI on the Fundsmith Equity Fund is very competitive partly because we deal so infrequently but we will have to await the outcome of the FCA's consultation in order to demonstrate that.

Terry Smith
Fundsmith LLP
22 August 2017

Report of the Authorised Corporate Director of Fundsmith Equity Fund

For the six months ended 30 June 2017 (unaudited)

The Authorised Corporate Director (“ACD”) of Fundsmith Equity Fund (the “Company”) is Fundsmith LLP. The ACD is the sole director of the Company. The Depositary is State Street Trustees Limited and the Independent Auditors are Deloitte LLP.

The Company is an authorised open-ended investment company with variable capital under Regulation 12 (Authorisation) of the OEIC regulations and the shareholders are not liable for the debts of the Company. The Company is structured as an umbrella company (“Fund”) having the investment powers equivalent to those of a securities Company.

The investment objective of the Fund, the Company’s policy for pursuing that objective and a review of the Fund’s investment activities for the relevant period are set out in the fund review contained in this Annual Report and Financial Statements.

Statement of Authorised Corporate Director’s Responsibilities

The Authorised Corporate Director of Fundsmith Equity Fund is responsible for preparing the Interim Report and the financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (“the OEIC Regulations”), the Financial Conduct Authority’s Collective Investment Scheme’s Sourcebook (“COLL”) and the Company’s Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare financial statements for each annual accounting period which: are in accordance with United Kingdom Generally Accepted Accounting Practice (“United Kingdom Accounting Standards and applicable law”), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and the Statement of Recommended Practice: “Financial Statements of Authorised Funds” issued by the Investment Association (“IA”) (formerly known as the Investment Management Association (IMA)) in May 2014; and give a true and fair view of the financial position of the Company as at the end of that period and the net revenue and the net capital gains or losses on the property of the Company for that period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards and the IMA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the IMA SORP and applicable United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Semi Annual and Annual Report and the financial statements are published and maintained by the ACD (“ACD’s website”). The ACD is responsible for the maintenance and integrity of the information included on the ACD’s website, so far as it relates to the Company. The work carried out by the auditors does not involve consideration of the maintenance and integrity of the ACD’s website. Visitors to the ACD’s website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The ACD confirms that they have complied with the above requirements in preparing the financial statements.

In accordance with COLL 4.5.8BR, the Interim Report and the financial statements were approved by the partners of the ACD of the Company and authorised for issue on • .

Simon Godwin
Partner

Fundsmith LLP

as Authorised Corporate Director of Fundsmith Equity Fund
22 August 2017

Performance Record

As at 30 June 2017

Change in net assets per share	30.06.17 (p)	T Class (Accumulation shares)		
		31.12.16 (p)	31.12.15 (p)	31.12.14 (p)
Opening net asset value per share	294.75	231.35	199.97	162.16
Return before operating charges	44.70	66.24	33.65	39.70
Operating charges	(3.38)	(2.84)	(2.27)	(1.89)
Return after operating charges	41.32	63.40	31.38	37.81
Distributions	(1.76)	(2.21)	(2.34)	(2.05)
Retained distributions on accumulation shares	1.76	2.21	2.34	2.05
Closing net asset value per share	336.07	294.75	231.35	199.97
After direct transaction costs of:	0.04	0.13	0.13	0.16
Performance				
Return after operating charges	14.02%	27.40%	15.70%	23.32%
Other information				
	£	£	£	£
Closing net asset value	1,843,712,833	1,483,593,346	999,310,168	741,941,491
Closing number of shares	548,616,574	503,333,749	431,944,155	371,035,373
Ongoing charge figure*	1.05%	1.06%	1.07%	1.09%
Direct transaction costs	0.01%	0.05%	0.06%	0.09%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	349.68	305.18	233.13	202.30
Lowest share price	293.66	221.51	196.44	155.45

Change in net assets per share	30.06.17 (p)	T Class (Income shares)		
		31.12.16 (p)	31.12.15 (p)	31.12.14 (p)
Opening net asset value per share	275.28	217.80	190.37	156.18
Return before operating charges	41.74	62.21	31.80	37.97
Operating charges	(3.15)	(2.66)	(2.15)	(1.81)
Return after operating charges	38.59	59.55	29.65	36.16
Distributions	(1.64)	(2.07)	(2.22)	(1.97)
Retained distributions on accumulation shares	-	-	-	-
Closing net asset value per share	312.23	275.28	217.80	190.37
After direct transaction costs of:	0.03	0.12	0.12	0.15
Performance				
Return after operating charges	14.02%	27.34%	15.57%	23.16%
Other information				
	£	£	£	£
Closing net asset value	161,510,539	139,644,464	109,730,718	92,563,157
Closing number of shares	51,728,414	50,727,913	50,382,100	48,622,593
Ongoing charge figure*	1.05%	1.06%	1.07%	1.09%
Direct transaction costs	0.01%	0.05%	0.06%	0.09%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	326.59	285.76	220.17	193.31
Lowest share price	274.26	208.54	185.52	149.73

*The Ongoing Charge Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

The net asset value figures in the above table are different from the published dealing prices that were available for investors on the 30 June. This is to comply with accounting rules that require us to publish the net asset value in this report based on close of day prices. The dealing prices were used in the investment managers review and the factsheet as the fund could only be bought or sold at those prices.

Performance Record (continued)

As at 30 June 2017

Change in net assets per share	30.06.17 (p)	R Class (Accumulation shares)		
		31.12.16 (p)	31.12.15 (p)	31.12.14 (p)
Opening net asset value per share	285.82	225.47	195.86	159.64
Return before operating charges	44.07	64.42	32.85	38.91
Operating charges	(4.82)	(4.07)	(3.24)	(2.69)
Return after operating charges	39.25	60.35	29.61	36.22
Distributions	(0.93)	(0.88)	(1.25)	(1.16)
Retained distributions on accumulation shares	0.93	0.88	1.25	1.16
Closing net asset value per share	325.07	285.82	225.47	195.86
After direct transaction costs of:	0.03	0.12	0.12	0.15
Performance				
Return after operating charges	13.73%	26.77%	15.12%	22.69%
Other information				
	£	£	£	£
Closing net asset value	184,832,510	151,796,524	91,894,710	114,715,949
Closing number of shares	56,859,380	53,108,693	40,756,530	58,569,039
Ongoing charge figure*	1.55%	1.56%	1.57%	1.59%
Direct transaction costs	0.01%	0.05%	0.06%	0.09%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	338.29	296.25	227.21	198.17
Lowest share price	284.62	215.83	191.78	152.95

Change in net assets per share	30.06.17 (p)	R Class (Income shares)		
		31.12.16 (p)	31.12.15 (p)	31.12.14 (p)
Opening net asset value per share	274.90	217.60	190.21	156.09
Return before operating charges	42.38	61.93	31.74	37.87
Operating charges	(4.63)	(3.79)	(3.14)	(2.62)
Return after operating charges	37.75	58.14	28.60	35.25
Distributions	(0.89)	(0.84)	(1.21)	(1.13)
Retained distributions on accumulation shares	-	-	-	-
Closing net asset value per share	311.76	274.90	217.60	190.21
After direct transaction costs of:	0.03	0.12	0.12	0.15
Performance				
Return after operating charges	13.73%	26.72%	15.03%	22.58%
Other information				
	£	£	£	£
Closing net asset value	19,611,747	18,124,119	43,076,791	45,962,297
Closing number of shares	6,290,728	6,592,971	19,796,535	24,163,678
Ongoing charge figure*	1.55%	1.58%	1.57%	1.59%
Direct transaction costs	0.01%	0.05%	0.06%	0.09%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	325.36	285.01	219.46	192.72
Lowest share price	273.75	208.29	185.24	149.57

*The Ongoing Charge Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

The net asset value figures in the above table are different from the published dealing prices that were available for investors on the 30 June. This is to comply with accounting rules that require us to publish the net asset value in this report based on close of day prices. The dealing prices were used in the investment managers review and the factsheet as the fund could only be bought or sold at those prices.

Performance Record (continued)

As at 30 June 2017

Change in net assets per share	I Class (Accumulation shares)			
	30.06.17 (p)	31.12.16 (p)	31.12.15 (p)	31.12.14 (p)
Opening net asset value per share	296.56	232.53	200.78	162.66
Return before operating charges	44.81	66.64	33.82	39.85
Operating charges	(3.07)	(2.61)	(2.07)	(1.73)
Return after operating charges	41.74	64.03	31.75	38.12
Distributions	(1.93)	(2.50)	(2.56)	(2.24)
Retained distributions on accumulation shares	1.93	2.50	2.56	2.24
Closing net asset value per share	338.30	296.56	232.53	200.78
After direct transaction costs of:	0.04	0.13	0.13	0.16
Performance				
Return after operating charges	14.07%	27.54%	15.81%	23.44%
Other information				
	£	£	£	£
Closing net asset value	5,188,514,322	4,038,574,367	1,665,042,251	843,461,107
Closing number of shares	1,533,717,635	1,361,786,758	716,047,119	420,087,945
Ongoing charge figure*	0.95%	0.96%	0.97%	0.98%
Direct transaction costs	0.01%	0.05%	0.06%	0.09%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	351.99	306.99	234.32	203.12
Lowest share price	295.49	222.66	197.37	155.94

Change in net assets per share	I Class (Income shares)			
	30.06.17 (p)	31.12.16 (p)	31.12.15 (p)	31.12.14 (p)
Opening net asset value per share	275.31	217.81	190.38	156.18
Return before operating charges	41.60	62.26	31.80	37.97
Operating charges	(2.85)	(2.43)	(1.95)	(1.64)
Return after operating charges	38.75	59.83	29.85	36.33
Distributions	(1.79)	(2.33)	(2.42)	(2.13)
Retained distributions on accumulation shares	-	-	-	-
Closing net asset value per share	312.27	275.31	217.81	190.38
After direct transaction costs of:	0.03	0.12	0.12	0.15
Performance				
Return after operating charges	14.08%	27.47%	15.68%	23.26%
Other information				
	£	£	£	£
Closing net asset value	3,927,499,896	3,231,524,070	1,645,010,538	1,161,061,308
Closing number of shares	1,257,725,075	1,173,767,633	755,248,320	609,850,760
Ongoing charge figure*	0.95%	0.96%	0.97%	0.98%
Direct transaction costs	0.01%	0.05%	0.06%	0.09%
Prices				
	(p)	(p)	(p)	(p)
Highest share price	326.78	285.88	220.29	193.40
Lowest share price	274.32	208.56	185.56	149.74

*The Ongoing Charge Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

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Statement of total return

For the six months ended 30 June 2017 (unaudited)

	01.01.17 to 30.06.17		01.01.16 to 30.06.16	
	£	£	£	£
Income				
Net capital gains		1,245,258,428		869,933,073
Revenue	118,494,023		67,663,562	
Expenses	(50,208,940)		(27,446,965)	
Interest payable and similar charges	(17,501)		(13,920)	
Net revenue before taxation	68,267,582		40,202,677	
Taxation	(8,373,846)		(6,708,866)	
Net revenue after taxation		59,893,736		33,493,811
Total return before distributions		1,305,152,164		903,426,884
Distributions		(59,893,783)		(33,493,525)
Change in net assets attributable to shareholders from investment activities		1,245,258,381		869,933,359

Statement of change in net assets attributable to Shareholders

For the six months ended 30 June 2017 (unaudited)

	01.01.17 to 30.06.17		01.01.16 to 30.06.16	
	£	£	£	£
Opening net assets attributable to shareholders		9,063,256,890		4,554,065,176
Amounts receivable on issue of shares	1,118,736,398		1,984,839,216	
Amounts payable on cancellation of shares	(141,338,063)		(374,297,487)	
		977,398,335		1,610,541,729
Change in net assets attributable to shareholders from investment activities		1,245,258,381		869,933,359
Retained distribution on accumulation shares		39,768,241		24,662,484
Closing net assets attributable to shareholders		11,325,681,847		7,059,202,748

The above statement shows the comparative closing net assets at 30 June 2016 whereas the current accounting period commences 1 January 2017.

Balance Sheet

As at 30 June 2017 (unaudited)

Assets				
	30.06.17		31.12.16	
	£	£	£	£
Fixed assets				
Investments		10,970,675,546		8,826,019,976
Current assets				
Debtors	82,183,917		51,095,233	
Cash and bank balances	380,358,425		216,533,094	
Total current assets		462,542,342		267,628,327
Total assets		11,433,217,888		9,093,648,303
Liabilities				
Investment liabilities				
Creditors				
Distribution payable on income shares	23,416,441		10,409,079	
Other creditors	84,119,600		19,982,334	
Total other liabilities		107,536,041		30,391,413
Total liabilities		107,536,041		30,391,413
Net assets attributable to shareholders		11,325,681,847		9,063,256,890

Notes to the financial statements

For the six months ended 30 June 2017 (unaudited)

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared in accordance with FRS 102 under the historical cost basis, as modified by the revaluation of investments, and in accordance with the revised Statement of Recommended Practice (SORP) for Authorised UK Funds issued by the Investment Management Association (the IMA) (now known as the Investment Association) in May 2014.

The ACD is confident that the Company will continue in operation for the foreseeable future. The Company has adequate financial resources and its assets consist of securities which are readily realisable. As such, the financial statements have been prepared on the going concern basis.

The accounting policies applied are consistent with those of the financial statements for the year ended 31 December 2016 and are described in those financial statements.

Further information

Report and accounts

Each year, we publish annual and semi-annual reports discussing investment activity during the period and providing management commentary. The reports are also available online at www.fundsmith.co.uk/documents.

UCITS IV

The Fund is an Undertaking for Collective Investment in Transferable Securities (“UCITS IV”) for the purpose of the Council Directives 2001/107/EC (“the Management Directive”) and 2001/108/EC (“the Product Directive”).

Prospectus

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

Also available are the Key Investor Information Document (KIID) and the Supplementary Information Documents (SID). The above documents are available at www.fundsmith.co.uk/documents.

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

Minimum investment

The company has three different types of share classes:

I shares, R shares and T shares.

The T share class has been used as the representative share class.

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 most recent share prices will be published daily in the Daily Telegraph or Financial Times.

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 full Prospectus.

Contact details

Dealing and enquiries

Fundsmith LLP
PO Box 10846
Chelmsford
Essex
CM99 2BW
United Kingdom

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

Registered office

Fundsmith Equity Fund
33 Cavendish Square
London
W1G 0PW
United Kingdom

Authorised and regulated by The Financial Conduct Authority.
FCA Registration Number IC00846

Authorised Corporate Director

Fundsmith LLP
33 Cavendish Square
London
W1G 0PW
United Kingdom

Authorised and regulated by The Financial Conduct Authority.
FCA Registration Number 523102

Registrar

International Financial Data Services Limited
IFDS House
St Nicholas Lane
Basildon
Essex
SS15 5FS
United Kingdom

Phone 0800 328 1571
9.00 am to 5.00 pm, Monday to Friday

Administrator

State Street Bank and Trust Company
20 Churchill Place
London
E14 5HJ
United Kingdom

Depository

State Street Trustees Limited
525 Ferry Road
Edinburgh
EH5 2AW
United Kingdom

Authorised and regulated by The Financial Conduct Authority.
FCA Registration Number 186237

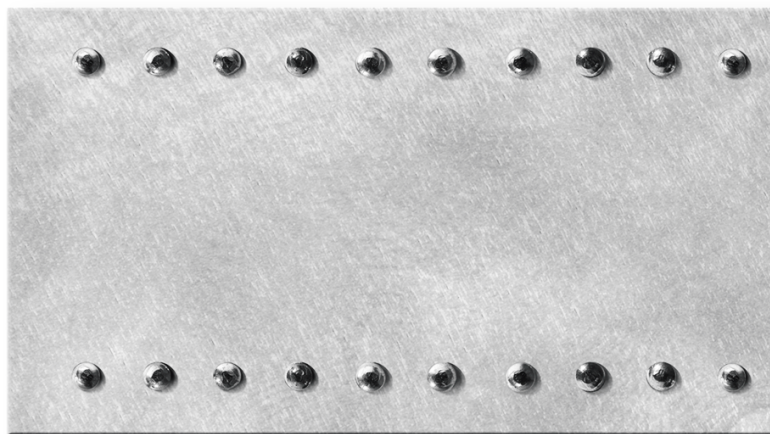
Independent auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ
United Kingdom

Financial Conduct Authority

25 North Colonnade
Canary Wharf
London
E14 5HS
United Kingdom

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



Fundsmith

33 Cavendish Square
London
W1G 0PW
UK

T 0330 123 1815
E enquiries@fundsmith.co.uk
W www.fundsmith.co.uk