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Fundsmith Equity Fund

Supplementary Information Document



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This document is dated 1 June 2012

The Financial Services Authority (“FSA”) is the UK’s independent financial services regulator. It requires us, Fundsmith LLP, to give you this important information to assist you in your investment decision.

You should read this document carefully so that you understand what you are buying and keep it safe for future reference.

1.

Introduction

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

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

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

Visit our website at www.fundsmith.co.uk

Call us on 0330 123 1815 (between 9.00am and 5.00pm on any business day)

Write to us at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW

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



2.

The Fund

The Fund is an investment company with variable capital, incorporated in England and Wales under registration number IC000846 and is authorised and regulated by the Financial Services Authority ("FSA").

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

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

Fundsmith is the Authorised Corporate Director ("ACD") of the Fund and is responsible for managing the Fund's affairs in accordance with FSA Rules. Investors can apply to invest in the Fund through Fundsmith. Fundsmith is authorised and regulated by the FSA and is on the FSA Register under number 523102. Fundsmith's head office is at 33 Cavendish Square, London W1G 0PW and its registered office address is 52-54 Gracechurch Street, London EC3V 0EH.

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

The auditors of the Fund are Deloitte LLP.



3.

Investment

Making an investment in the Fund

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

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

Online – visit the ACD's website at www.fundsmith.co.uk and complete an online application. Payment will need to be made by debit card or for regular savings by Direct Debit.

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

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

You may invest a lump sum, a regular amount or a combination of both. Under the regular savings plan, an investor agrees to make monthly contributions to the plan for investment in the Fund. The monthly contributions may be increased, decreased (subject to maintaining the prescribed minimum level of contribution) or suspended at any time. For regular investments you will need to complete the Direct Debit section on the relevant application form and send it to us. Your payments will be deducted monthly from your bank account on the first day of the month or the next business day where the first day of the month is not a business day. The minimum investment level for monthly savings is £100 per month. Subject to your account being above the minimum holding level, you may take a savings break at any time without penalty, as long as you maintain the minimum holding level, by sending us a written instruction. If payments are not made into the regular savings plan for 3 consecutive months and you hold less than the minimum shareholding level, we may require you to close your savings plan. If you would like to vary your monthly



investment amount, please send us a new application form advising us of the new amount you wish to invest or telephone us on 0330 123 1815. Contract notes will not be issued to shareholders investing through a regular savings plan, but a statement of shareholdings will be issued semi-annually.

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

We will usually invest your cash within one business day of receipt of your application form. If for any reason we are not able to process your investment immediately, any uninvested cash will be either returned to you or held on your behalf in a client bank account, in accordance with the FSA's Client Money Rules. No interest will be payable on your money in such an account.

Selling your investment in the Fund

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

Client categorisation

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

Prevention of money laundering

Under Money Laundering Regulations we are required, in certain circumstances, to obtain independent documentary evidence of the identity and permanent address of persons applying to invest in the Fund and, on occasion, of persons seeking to withdraw some or all of their investment. If we need to obtain independent evidence of your identity and permanent address, we may write and ask you for it. We will notify you if we require this information by letter. Until we receive satisfactory independent documentary evidence of your identity and permanent address, we may need to delay processing your investment instructions and/or to withhold any payments due to you from us in respect of your investment.

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

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

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

We recommend that you do not send original items of personal identity such as passports or driving licences. Instead copies of these can be certified by a solicitor, banker, building society official, authorised financial intermediary, regulated mortgage broker, accountant, doctor, minister of religion or police officer. Certified copies should be dated and signed “original seen” and be marked in what capacity the person is signing the document, where applicable a company stamp should be used. The person undertaking the certification must be easy to contact in case of any queries. Other documentation like utilities bills, have to be recently issued within the last three months and must be original. Photocopies cannot be accepted. We will return all documents to you as soon as possible.

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

Investor information

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

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

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

Every six months you will receive a statement showing a valuation of your investment as at 5 April and 5 October each year, together with a list of transactions during the six month period. Statements are issued within a month following the statement date. In addition a copy of the short form annual and half-yearly Report and Accounts for the Fund will be sent to you. Long-form versions of the Fund’s Report and Accounts are available on request.



4.

Information for ISA holders

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

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

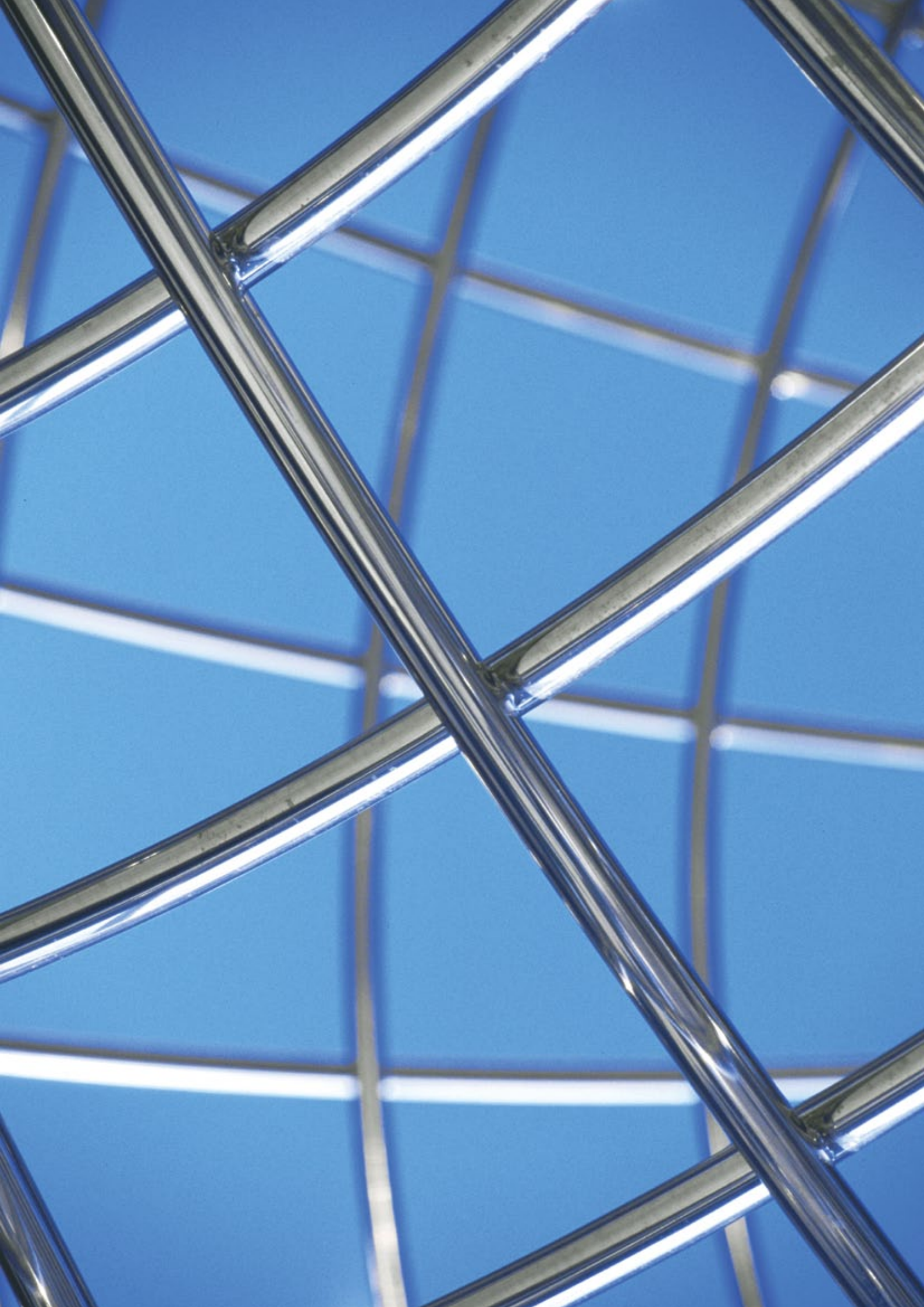
ISA's are available to all UK tax resident individuals over the age of 16 for a Cash ISA and over 18 for a Stocks and Shares ISA. As Fundsmith only offers a Stocks and Shares ISA, you must be over 18 to subscribe for our ISA.

The overall maximum subscription limit for an ISA is currently £11,280 each tax year. The full £11,280 can be invested in a Stocks and Shares ISA or you may put up to £5,640 in a Cash ISA and the remainder in a Stocks and Shares ISA.

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

The Fundsmith ISA is a Stocks and Shares ISA managed by Fundsmith LLP and invests solely in the Fundsmith Equity Fund. The Fundsmith ISA can be a tax efficient way of investing in the Fundsmith Equity Fund.

Investment in the Fundsmith ISA must be made using the ISA Application Form or the ISA Transfer Form. The detailed ISA Terms and Conditions are set out in Appendix 3. Please note the tax treatment depends upon the investor meeting the eligibility criteria for an ISA and the tax treatment of ISAs may be subject to change in the future.





5.

Information for Junior ISA

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

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

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

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


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

There are two types of Junior ISA:

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

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

The overall maximum subscription limit for Junior ISAs is currently £3,600 each tax year. Payments into a child’s Stocks and Shares Junior ISA and any Cash Junior ISA must not together exceed that limit each tax year.



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

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

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

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

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

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

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

6.

Additional information

Tax treatment

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

Stamp duty reserve tax ("SDRT") (currently at the rate 0.5%) is chargeable on the value of redemptions of shares in the Fund and on certain other transfers of shares. Certain transactions are exempt from SDRT, such as redemptions satisfied by pro rata in specie distribution of assets, certain third party transfers for no consideration and switches between income and accumulation shares provided they are not treated as redemptions. The Fund's exposure to SDRT will depend on the level of issue and redemption of shares and the type of assets held by the Fund. Assets other than UK equities are exempt investments. Fundsmith has decided that any SDRT will normally be borne by the Fund. Fundsmith considers that paying SDRT out of the Fund will not have a significant effect on performance. However, Fundsmith reserves the right to require the payment of an SDRT charge in relation to shares in the Fund (up to a maximum of 0.5% of the value of the shares involved in the transaction) whenever it considers that circumstances have arisen which make such imposition fair to all shareholders and potential shareholders. Fundsmith may impose an SDRT charge of up to a maximum rate of 0.5% on large deals even though no SDRT is imposed on smaller deals or where the SDRT charge is larger than that imposed on smaller deals. For these purposes a large deal is a transaction involving 0.5% or more of the value of the Fund.

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

distributions from the Fund are deemed to be paid or accumulated net of basic rate tax. Individuals subject to the higher rate of income tax may be subject to further income tax on distributions. Shareholders within the charge to UK corporation tax may have to separate dividend distributions into two. Any part representing dividends received by the Fund and which are exempt from corporation tax in its hands will be treated as dividend income and no further tax will be due on it. The remainder will be treated as an annual payment after deduction of tax at the lower rate. Corporation tax will be charged on the grossed up amount with the benefit of a credit for the tax already deducted.

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

Data protection

The personal information you provide to us will be used for a number of different purposes including: to manage and administer your shareholding; to offer investment products and services (except where asked not to do so); to contact you to provide details of any changes to the Fund; for internal analysis and research; to comply with legal or regulatory requirements and to identify you when you contact us. We may use external third parties to process personal information on our behalf in accordance with these purposes.

Where you have notified us of your financial or investment adviser, the personal information provided may be shared with such adviser. You should notify us in writing if you no longer wish personal information to be shared with your adviser or of any change in the adviser. The personal information provided may also be shared with other organisations in order to comply with any legal or regulatory requirements. We may also share personal information with companies within our group for the purposes set out above.

If we undergo a group reorganisation or are sold to a third party, the personal information provided to us may be transferred

to that reorganised entity or third party and used for the purposes set out above. We may transfer personal information to countries which are not EEA States. This may occur where servers, suppliers and/or service providers are located outside the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply in EEA States. In these circumstances we will take steps to safeguard your personal information.

With limited exceptions individuals have the right to ask for a copy of the personal information that is held by us. There may be a charge for this. If you wish to request details of the personal information held by us you should write to us at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW. If the information held is incorrect please let us know and it will then be changed.

Conflicts

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

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

Cancellation

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

Complaints

Any complaints concerning the Fund or Fundsmith should be referred to the Compliance Officer of Fundsmith at 33 Cavendish Square, London W1G 0PW. A copy of our complaints procedure explaining how complaints will be dealt with is available on request. If a complaint is not resolved to the satisfaction of the complainant it may, subject to the status of the complainant, be referred to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

Compensation

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of a claim up to a maximum limit of £50,000. Further information about compensation arrangements is available from us or the Financial Services Compensation Scheme at the following address:

Financial Services Compensation Scheme
7th Floor Lloyds Chambers
Portsoken Street
London E1 8BN
Telephone: 0800 678 1100
Email: enquiries@fscs.org.uk

Recording telephone calls

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

Language

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

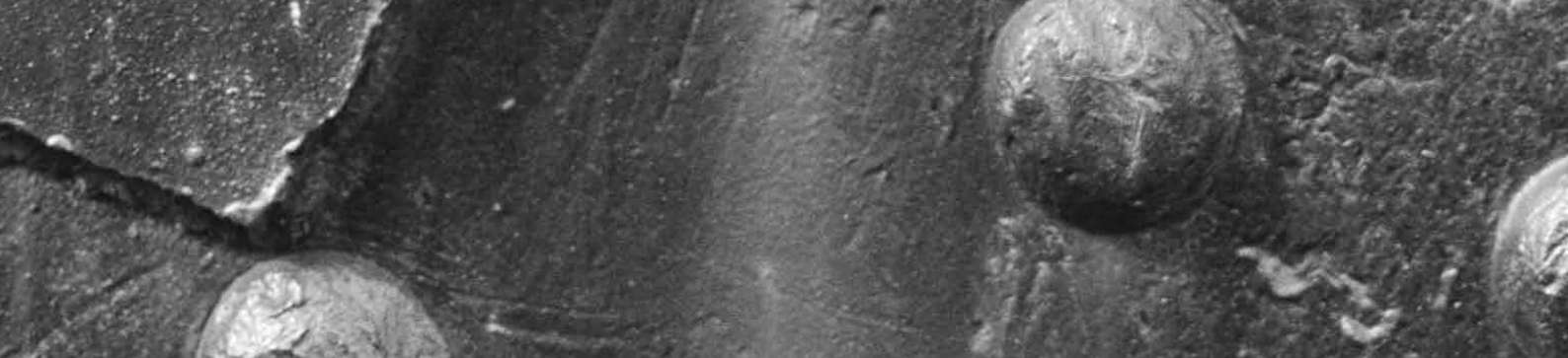
Alternative formats

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

Governing law

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





Appendix 1

Accounting reference dates:

31st December, 30th June

Income payment dates:

On or about the 28th February, 31st August

Fund information

Share classes	I Shares	R Shares	T Shares
Types of share:			
Accumulation	Yes	Yes	Yes
Income	Yes	Yes	Yes
Dealing levels			
Minimum initial lump sum			
Subscription	£5,000,000	£1,000	£1,000
Minimum monthly investment	N/A	N/A	£100
Minimum holding	£5,000,000	£1,000	£1,000
Minimum subsequent investment	£5,000	£250	£250
Minimum redemption	£5,000	£250	£250
Charges			
Annual management charge	0.90%	1.50%	1.00%
Preliminary or entry charge	Nil	Nil	Nil
Redemption charge	Nil	Nil	Nil
Switching charge	Nil	Nil	Nil
TER	1.10%	1.69%	1.20%



Appendix 2

Contact details

Shareholder administration:

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

The Company:

Fundsmith Equity Fund
33 Cavendish Square, London W1G 0PW
FSA Registration Number – IC000846

Authorised corporate director:

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

Registrar:

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

Depository:

State Street Trustees Limited
525 Ferry Road, Edinburgh EH5 2AW
FSA Registration Number – 186237

Auditors:

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

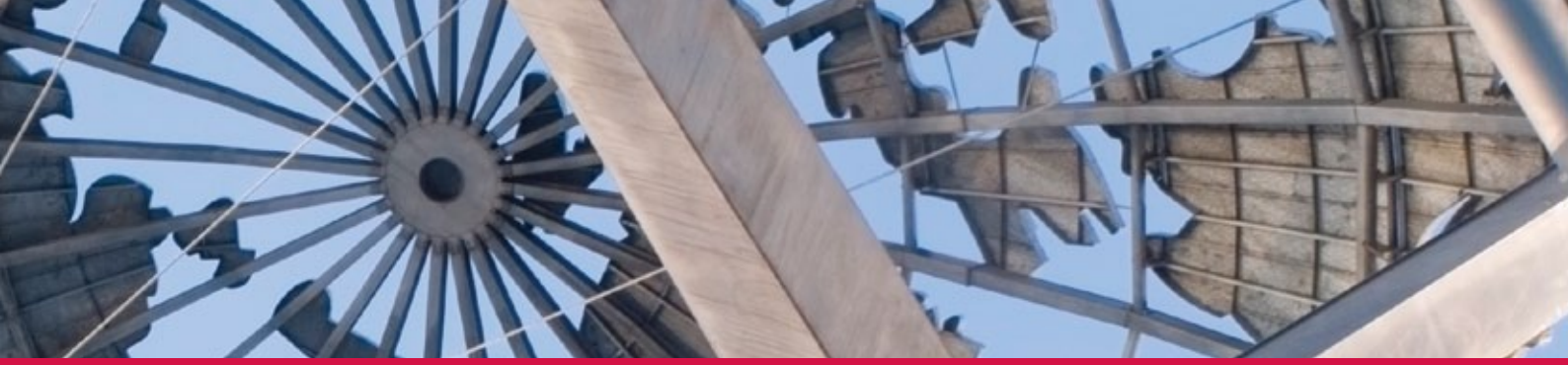
Financial Services Authority:

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

25 North Colonnade
Canary Wharf
London E14 5HS

Telephone: 0845 606 1234

Website: www.fsa.gov.uk





Appendix 3

ISA terms and conditions

1. Introduction

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

2. Definitions

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

“Application Form”	the application form or transfer application form as appropriate, which you complete in order to open your Fundsmith ISA;	“Prospectus”	the current prospectus for the Fund, as amended from time to time;
“Cash ISA”	an ISA consisting of cash deposits, national savings or investments in cash funds in accordance with the Regulations;	“Regulations”	the Individual Savings Account Regulations 1998, as amended from time to time;
“FSA”	the Financial Services Authority or any successor body which may assume some or all of its regulatory responsibilities from time to time;	“Service”	the service of acting as an ISA manager provided to you pursuant to these Terms;
“FSA Rules”	the FSA handbook of rules and guidance, as amended from time to time;	“Shares”	any class of shares in the Fund;
“Fund”	the Fundsmith Equity Fund;	“Stocks and Shares ISA”	an ISA which can invest in open ended investment companies, unit trusts, investment trusts, company shares and corporate bonds in accordance with the Regulations;
“HMRC”	HM Revenue & Customs;	“Supplementary Information Document”	this document containing information about the Fund and the Fundsmith ISA, as amended from time to time, which should be read in conjunction with the Key Investor Information Document;
“Income Payment Day”	any day noted in Appendix 1 of this document on which distributions of income from the Fund are made;	“Valuation Point”	the time, on any business day, at which the Fund is valued; and
“ISA”	an Individual Savings Account;	“We”, “Our” or “Us”	Fundsmith LLP.
“Key Investor Information Document”	the Key Investor Information Document for the relevant class of share, which contains important information about that class of shares and the Fund, as amended from time to time;		

3. Opening a Fundsmith ISA

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

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

4. Investing in your Fundsmith ISA

- 4.1 You may only invest your own money into the Fundsmith ISA.
- 4.2 You can invest into the Fundsmith ISA by either making one or more lump sum payments or by making regular monthly payments or a combination of the two, as detailed in this document. The total of all amounts invested in your Fundsmith ISA in any tax year must not be more than the annual limit set out in this document for a Stocks and Shares ISA.
- 4.3 If you are making regular savings, Direct Debit payments will be deducted monthly from your bank account on the first of the month, where this date is not a business day the payment will be deducted on the next business day.
- 4.4 If you want to stop saving either temporarily or completely, please let us know. If you then wish to start saving again, please let us know. You will not need to complete the Direct Debit instruction again unless you have cancelled your existing Direct Debit with your bank or building society or have not invested for 12 months. If payments are not made into the regular savings plan for 3 consecutive months and your shareholding is below the minimum holding level set out in this document, we reserve the right to terminate your ISA.
- 4.5 If you wish to change the amount of your monthly payment the change will be subject to the current minimum investment level which is set out in this document. You should also ensure that the total amount you invest in any tax year is within the annual limit set out in this document for a Stocks and Shares ISA.

- 4.6 The minimum: (i) overall holdings; (ii) initial lump sum investments; (iii) additional lump sum investments; and (iv) monthly savings amounts, for Shares in the Fund are set out in this document.

5. Transfers into a Fundsmith ISA

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

6. Cancellation

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

7. Investment choice and objectives

- 7.1 Upon our acceptance of your application your Fundsmith ISA payments will be used to purchase Shares in the Fund. You will be sent an acknowledgement letter and, if you have invested a lump sum, a contract note confirming the details of the transaction.
- 7.2 The dealing transactions for purchases of Shares will normally be effected by us at the next Valuation Point following our receipt and acceptance of your Application Form or, where you open your Fundsmith ISA by telephone, or online, your instructions. In order to comply with anti-money laundering regulations we may need to request additional evidence of identity from you. If this is the case we will write to you to request the relevant documentation. We reserve the right to refrain from investing your subscription or to freeze your Fundsmith ISA (in which case we will not accept your instructions to make a withdrawal or a subscription or pay any distributions to you) until adequate evidence of identity has been provided.
- 7.3 We shall not be entitled to make any investments or deposits on your behalf for your Fundsmith ISA other than as referred to in these Terms.
- 7.4 As the Fundsmith ISA only invests in Shares of the Fund, the investment objectives, policy and restrictions of your Fundsmith ISA will be the same as those of the Fund. These are described in the Key Investor Information Document.

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

8. Cash received into your Fundsmith ISA

8.1 We will not retain cash within your Fundsmith ISA and shall apply all monies received on your behalf to purchase Shares. Income arising from Shares held within your Fundsmith ISA will be dealt within accordance with paragraph 10 of these terms.

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

8.3 In the unlikely event that we hold client money for you which cannot be returned to you or which you do not claim for a period of at least 6 years we reserve the right, in accordance with FSA Rules, to cease to treat that money as client money and you consent to us releasing such money from a client bank account. We undertake that we will honour any valid claim from you or your personal representatives in relation to any such money released from the client bank account.

9. Ownership of shares

9.1 Shares held within your Fundsmith ISA will be registered in your name jointly with our nominee. The Fund does not issue share certificates.

9.2 You will own the beneficial title in all the Shares in your Fundsmith ISA. You agree that during the lifetime of your Fundsmith ISA you are and will remain the only beneficial owner of these Shares free from all charges. None of the Shares held within your Fundsmith ISA may be used as security for a loan.

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

10. Income payments and taxation

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

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

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

11. Where information is sent

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

12. Fundsmith ISA valuations and statements

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

13. Fund information

You will be sent all the information sent to holders of Shares in the Fund, as soon as it is available including the annual and half-yearly reports published in relation to the Fund and information in relation to any meeting of shareholders. You may attend and vote at meetings of shareholders of the Fund in relation to the Shares held in your Fundsmith ISA.

14. Instructing us

- 14.1 You may generally instruct us in writing, or online via our website, or by telephone. If you instruct us online, or by telephone we may require you to send written confirmation of your instructions to us at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW.
- 14.2 We will acknowledge your instructions by acting upon them unless we reasonably believe that to do so may be impracticable or might contravene these Terms, the Regulations or any other law or regulation.
- 14.3 We are not obliged to (and our present policy is not to) act on any notice, instruction or other communication from anyone other than you or your personal representative(s) but we may (if we choose to do so) act upon any notice, instruction or other communication that we reasonably believe to be from a person acting under your authority or that of your personal representative(s) or by order of the court.
- 14.4 All communications between us will be in English.

15. Recording telephone conversations

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

16. Disclosure of information

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

17. Information required

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

18. Transfers

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

19. Withdrawals from your Fundsmith ISA

- 19.1 You may instruct us to make cash withdrawals from your Fundsmith ISA at any time. However if the withdrawal reduces the value of the Shares in your Fundsmith ISA to below the minimum holding level set out in this document, we may treat the withdrawal as an instruction by you to terminate your Fundsmith ISA. If you ask us to make a withdrawal we will sell Shares at the next available Valuation Point and pay the proceeds to you in accordance with our settlement policy set out in this document.
- 19.2 Unless you instruct otherwise, when effecting a withdrawal request, Shares from the oldest ISA by year will be sold first.
- 19.3 Any sums invested in your Fundsmith ISA, even if subsequently withdrawn, will continue to count towards the annual investment limit for ISAs. The current limit is set out in this document.

20. Your right to terminate your Fundsmith ISA

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

21. Termination on death

- 21.1 Your Fundsmith ISA will terminate in the event of your death. We will accept instructions from your personal representatives once we receive all documentation we may reasonably require to ensure that those instructing us are duly authorised to do so. Your personal representatives may instruct us to transfer the Shares to them or to a beneficiary or, alternatively, the Shares may be sold and a transfer made in cash.
- 21.2 Under the Regulations, your Fundsmith ISA will cease to benefit from the tax advantages of ISAs from the date of your death.

22. Termination by us

- 22.1 We may terminate your Fundsmith ISA at any time by giving not less than 30 days written notice to you. At the end of the notice period your Shares will no longer be held within an ISA and will not have the tax benefits associated with an ISA. We shall have the discretion to have all of your Shares sold and the proceeds paid to you. You may, on receipt of our notice of termination and within the 30 day notice period, instruct us to transfer your Fundsmith ISA to another ISA manager.
- 22.2 We are entitled to terminate your Fundsmith ISA immediately if we are of the opinion that it is not possible to administer it in accordance with the Regulations or if it is rendered void as a result of a breach of the Regulations. We will notify you in writing if this occurs as soon as we become aware of it.

23. Remuneration and expenses

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

24. Complaints

- 24.1 If you have a complaint, you may write to the Compliance Officer who has been appointed by us to investigate and resolve complaints independently of our investment and administration departments. This senior member of staff will, on request, provide you with a statement describing our complaints procedure. You may write to the Compliance Officer at 33 Cavendish Square, London, W1G 0PW. If you are not satisfied with the way in which we have handled your complaint or disagree with our resolution of it, you may have the right to refer your complaint to the Financial Ombudsman Service, details of which are set out in this document.
- 24.2 We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations to you. Most types of investment business are covered up to a maximum limit of £50,000. Further information about compensation arrangements is available from the Financial Services Compensation Scheme at 7th Floor, Lloyds Chambers, Portsoken Street, London E18BN.

25. Liability

- 25.1 We will not be liable under these Terms for any loss arising from a fall in the value of Shares held within your Fundsmith ISA.
- 25.2 We will provide the Services described in these Terms using all reasonable care and skill and will only be liable to you in respect of losses arising from our (or our employees, nominees or delegates) negligence, wilful default, fraud, breach of these Terms or breach of an FSA Rule or the Regulations. We accept responsibility for our nominee company in accordance with these Terms.
- 25.3 Without prejudice to paragraph 25.2 above, provided that we have complied with FSA Rules in relation to business continuity and to the extent permitted by FSA Rules, we

will not be liable or have any responsibility of any kind for any loss or damage incurred or suffered by you as a result of any event or circumstance not reasonably within our control. In particular, where there is an obligation in these Terms which requires us to purchase or sell Shares within a certain time, and when the issuance or redemption of Shares or the valuation of the Fund is suspended in the circumstances set out in the Prospectus, the time period within which we must fulfil our obligation may be extended to 7 days after the end of the suspension.

26. Material interests

- 26.1 Pursuant to FSA Rules, we have implemented a 'Conflicts of Interest Policy' designed to detect and manage any conflict that may arise (if at all) between (i) our interests and the duties owed to you by us pursuant to these Terms or (ii) your interests and those of any other client of Fundsmith LLP. Conflicts are monitored by us on an ongoing basis. If circumstances arise such that our arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of the Fund or its Shareholders will be prevented, our senior management must act to ensure that appropriate action is taken in the best interests of the Fund and its Shareholders. Any such situation will be disclosed to Shareholders in the next annual or half yearly report together with details of the action taken by us to resolve the situation in the best interests of the Fund.
- 26.2 Further details about our Conflicts of Interest Policy are available on request.
- 26.3 For the avoidance of doubt when effecting transactions with or for you, we may have a material interest in the transaction. We will not allow any such interest to stand in the way of achieving fair treatment for you. We shall not be liable to account to you for any profit or benefit arising as a result of any such transaction.

27. Personal information

We are the data controller in respect of any personal information that you provide. Our data protection policy is set out in this document. This describes the way in which we may use your personal information.

28. Delegation and transfer

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

28.2 We may transfer to another company our rights and obligations under these Terms on giving you not less than 30 days written notice and provided that the company to whom the transfer is made has all necessary authorisations and approvals to act as an ISA manager. As part of the transfer process we may transfer all Shares and cash held in your Fundsmith ISA to the company or its nominee. You have the right to terminate your Fundsmith ISA at any time by following the procedure in paragraph 20 above.

29. Changes to the terms

29.1 We may amend these Terms at any time by giving you at least 30 days written notice unless shorter notice is required in order to comply with the Regulations or FSA Rules. You have the right to terminate your Fundsmith ISA at any time if you do not like any amendment made to these Terms by following the procedure in paragraph 20 above.

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

30. Third party rights

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

31. Governing law

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





Appendix 4

Junior ISA terms and conditions

1. Introduction

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

2. Definitions

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

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



3. Eligibility and status

- 3.1 Under the Regulations, an application to open a Junior ISA can only be made by a person aged 16 or over. A Junior ISA is opened in respect of a named eligible child. Where the child is under 16, only a person with parental responsibility for the child can apply to open a Junior ISA for that child. If the child is aged 16 or over, either the child or a person with parental responsibility for the child can apply to open the Junior ISA.
- 3.2 A child is an eligible child for a Junior ISA if the child does not have a Child Trust Fund and is either:
- 3.2.1 resident and ordinarily resident in the UK for tax purposes; or
 - 3.2.2 is a UK crown servant, or is married to or in civil partnership with a UK crown servant or is a dependant of a UK crown servant.
- 3.3 You confirm that you are eligible to open a Junior ISA on behalf of the Child in accordance with the criteria set out in paragraph 3.1 above and that the Child is eligible for a Junior ISA in accordance with paragraph 3.2 above.
- 3.4 Once we have accepted the Application Form and opened a Fundsmith Junior ISA for the Child, you will be the Registered Contact for the account and entitled to give us instructions in respect of that Fundsmith Junior ISA. The Registered Contact for a Junior ISA can only be changed in accordance with the procedures and requirements set out in the Regulations. If at any time you wish to change the Registered Contact please advise us in writing at Fundsmith LLP, PO Box 10846, Chelmsford, Essex CM99 2BW.

4. Opening a Fundsmith Junior ISA

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

- 4.2 If you apply to open a Fundsmith Junior ISA by telephone we will read back the required information and declarations to you and ask you to confirm it. You should tell us if anything is incorrect. If you apply online via our website, we will require you to make a declaration as part of the process. Whether you apply by telephone or online, if your corrections invalidate the Fundsmith Junior ISA for any reason under the Regulations the Child's Fundsmith Junior ISA will be rendered void and the account closed. In these circumstances the Shares will be sold and the proceeds of sale will be paid to the person who made the payment into the Child's Fundsmith Junior ISA. The amount received will reflect any rise or fall in the value of the Shares and accordingly may not be the same amount as the amount of the payment into the Child's Fundsmith Junior ISA. Please ensure as far as possible that any person making a payment into the Child's Fundsmith Junior ISA is aware of and accepts the arrangements set out in this paragraph.
- 4.3 We reserve the right to refuse to accept your application to open a Fundsmith Junior ISA.
- 4.4 In certain circumstances (as set out in this document) you will have the right to cancel your application for a Fundsmith Junior ISA within 14 days after receiving notice of your cancellation rights from us. Where you have cancellation rights, we will open the Child's Fundsmith Junior ISA and invest any payments made in Shares in accordance with paragraph 7. If you exercise your right to cancel within the cancellation period, the Shares will be sold and the proceeds of sale will be paid to you. The amount received will reflect any rise or fall in the value of the Shares and accordingly may not be the same amount as the amount of the payment into the Child's Fundsmith Junior ISA. The Child's Fundsmith Junior ISA will be treated as if it had never been opened and you will be entitled to open another Stocks and Shares Junior ISA on behalf of that Child. Please ensure as far as possible that any person making a payment into the Child's Fundsmith Junior ISA during any cancellation period is aware of your cancellation rights and accepts the arrangements set out in this paragraph.


5. Investing in a Fundsmith Junior ISA

- 5.1 Any person may make a payment into the Child's Fundsmith Junior ISA. All payments made into the Child's Fundsmith Junior ISA are gifts to the Child and cannot be repaid to the subscriber. The total of all amounts paid into the Child's Fundsmith Junior ISA and any Cash Junior ISA held for the Child in any tax year must not be more than the annual limit set out in the Regulations for Junior ISAs.
- 5.2 Investment into a Fundsmith Junior ISA can be made by either making one or more lump sum payments or by making regular monthly payments or a combination of the two, as detailed in this document. This document sets out the accepted methods of payment.
- 5.3 If you are making regular savings into a Fundsmith Junior ISA, direct debit payments will be deducted monthly from your bank account on the first day of the month. Where this day is not a business day the payment will be deducted on the next business day. If you wish to change the amount of your monthly payment please let us know. The change will be subject to the current minimum investment level which is set out in this document.
- 5.4 If you want to stop regular savings either temporarily or completely, please let us know. If you then wish to start saving again, please let us know. You will not need to complete the direct debit instruction again unless you have cancelled your existing direct debit with your bank or building society or have not invested for 12 months. If payments are not made into the regular savings plan for 3 consecutive months and the shareholding within the Child's Fundsmith Junior ISA is below the minimum holding level set out in this document, we reserve the right to require that you transfer the Child's Fundsmith Junior ISA to another Junior ISA manager.
- 5.5 The minimum: (i) overall holdings; (ii) initial lump sum investments; (iii) additional lump sum investments; and (iv) monthly savings amounts, for Shares in the Fund are set out in this document.
- 5.6 You should also ensure that the total amount you invest in any tax year in the Child's Fundsmith Junior ISA and any Cash Junior ISA held on behalf of the same Child is within the annual limit set out in the Regulations for Junior ISAs when aggregated together with any other subscriptions to the Child's Junior ISAs made in that tax year of which you are aware.

6. Transfers into a Fundsmith Junior ISA

- 6.1 If you are the registered contact for an existing Junior ISA with another ISA manager, which you wish to transfer to a Fundsmith Junior ISA, you may apply to transfer the cash value of the existing Junior ISA to us by completing and returning to us a transfer Application Form for the Fundsmith Junior ISA. Subject to our acceptance of your transfer application we will then arrange for the transfer to take place.
- 6.2 We accept whole or partial transfers of existing Junior ISAs subject to the requirements of the Regulations. The Regulations impose two limits on transfers:
 - 6.2.1 the Regulations do not permit partial transfers of Junior ISA investments made in the current tax year; you can only transfer the whole amount of such investments.
 - 6.2.2 transfers are also subject to the requirement that a Child may only have one Cash Junior ISA and one Stocks and Shares Junior ISA at any time.

Where the existing Junior ISA is a Cash Junior ISA, it may be transferred in whole or in part to the Fundsmith Junior ISA provided that current tax year subscriptions are transferred in full. However, where the existing Junior ISA is a Stocks and Shares Junior ISA, it must be transferred in full to the Fundsmith Junior ISA. Any current tax year subscriptions which are transferred to us still count towards the overall subscription limit for that year.

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- 6.3 We will act as manager of the Child's Fundsmith Junior ISA under these Terms from the date of the transfer of cash from the previous Junior ISA manager. The investment of the transferred cash into Shares will normally take place at the next Valuation Point after receiving the cash from the previous Junior ISA manager. The timing of the realisation of the cash value of the existing Junior ISA and its transfer to us is outside of our direct control and during this period the cash may not be invested and the Child may not therefore receive the benefit of any rise in the value of investments.
- 6.4 As we only offer a Stocks and Shares Junior ISA, any transfer-in to a Fundsmith Junior ISA of a Cash Junior ISA will, subject to our acceptance of the transfer application, be classified by us as a Stocks and Shares Junior ISA. Once the Child has a Stocks and Shares Junior ISA it will not be possible to convert it back to a Cash Junior ISA with the previous manager. A Child may only have one Stocks and Shares Junior ISA at any time.
- 6.5 We reserve the right to refuse to accept your application to transfer-in to a Fundsmith Junior ISA.

7. Investment choice and objectives

- 7.1 Upon our acceptance of your application and the opening of the Child's Fundsmith Junior ISA, payments into the Child's Fundsmith Junior ISA will be used to purchase accumulation Shares in the Fund. You will be sent an acknowledgement letter and, if a lump sum payment has been made, a contract note confirming the details of the transaction. Under the Regulations it is generally not permitted for any amount to be withdrawn from a Junior ISA. This includes any interest, dividend or other distribution arising from investments held within a Junior ISA. For this reason, the payments into a Fundsmith Junior ISA will be used to purchase accumulation Shares, where the income allocated to the Shares is credited to capital and reflected in the share price rather than being paid as an income distribution.
- 7.2 The dealing transactions for purchases of Shares will normally be effected by us at the next Valuation Point following the opening of the Child's Fundsmith Junior ISA.
- In order to comply with anti-money laundering regulations we may need to request additional evidence of identity from you. If this is the case we will write to you to request the relevant documentation. We reserve the right to refrain from investing any subscription or to freezing the Child's Fundsmith Junior ISA (in which case we will not accept instructions to make a subscription or a transfer) until adequate evidence of identity has been provided.
- 7.3 We shall not be entitled to make any investments or deposits for the Child's Fundsmith Junior ISA other than as referred to in these Terms.
- 7.4 As the Fundsmith Junior ISA only invests in Shares of the Fund, the investment objectives, policies and restrictions of a Fundsmith Junior ISA will be the same as those of the Fund. These are described in the Key Investor Information Document.
- 7.5 In providing the Service, we make no assessment as to whether or not the Service or any investment in the Shares pursuant to the Service is suitable for you or the Child. Accordingly, you do not benefit from the protection of FSA Rules that apply to assessment of suitability. If you require such an assessment you should seek advice from an independent financial adviser.

8. Cash received into a Fundsmith Junior ISA

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

8.3 In the unlikely event that we hold client money for the Child which cannot be returned or which is not claimed for a period of at least 6 years we reserve the right, in accordance with FSA Rules, to cease to treat that money as client money and you (on behalf of the Child) consent to us releasing such money from a client money bank account. We undertake that we will honour any valid claim from the Child in relation to any such money released from the client money bank account.

9. Ownership of shares

- 9.1 Shares held within the Child's Fundsmith Junior ISA will be registered jointly in your name and that of our nominee. The Fund does not issue share certificates.
- 9.2 The Child will beneficially own all the Shares.
- 9.3 None of the Shares held within the Child's Fundsmith Junior ISA may be used as security for a loan. No assignment of or charge over the Shares within the Child's Fundsmith Junior ISA is permitted.
- 9.4 We will not lend any of the Shares held in a Fundsmith Junior ISA to a third party or deposit them by way of collateral with a third party or otherwise borrow against the security of such Shares. We will not have any security interest or lien over Shares held in a Fundsmith Junior ISA or any rights of set-off in relation to the Child's Fundsmith Junior ISA.

10. Taxation

- 10.1 You authorise us to make the necessary claims from HMRC for tax credits or tax deducted in respect of the Shares and any income distributions in accordance with the Regulations. We may supply to HMRC all relevant information and documentation we believe to be appropriate for this purpose in accordance with the Regulations.
- 10.2 We may take such action as may reasonably be required to comply with any directions from or requirements of HMRC in relation to the Fundsmith Junior ISA. You agree to take any necessary steps within your control that may be required to remedy any breach of the Regulations in respect of the Child's Fundsmith Junior ISA.

10.3 We will notify you as soon as reasonably practicable if by reason of any failure to comply with the Regulations the Child's Fundsmith Junior ISA is or will become no longer exempt from tax.

11. Where information is sent

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

12. Fundsmith Junior ISA valuations and statements


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

13. Fund information

As the Registered Contact, you will be sent all the information sent to holders of Shares in the Fund, as soon as it is available including the annual and half-yearly reports published in relation to the Fund and information in relation to any meeting of shareholders. As the Registered Contact, you may attend and vote at meetings of shareholders of the Fund in relation to the Shares held in the Child's Fundsmith Junior ISA.

14. Instructing us

- 14.1 As the Registered Contact, you may generally instruct us in writing, or online via our website, or by telephone. If you instruct us online or by telephone we may require you to send written confirmation of your instructions to us at Fundsmith LLP PO Box 10846, Chelmsford, Essex CM99 2BW.
- 14.2 We will acknowledge your instructions by acting upon them unless we reasonably believe that to do so may be impracticable or might contravene these Terms, the Regulations or any other law or regulation.



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

14.4 All communications between us will be in English.

15. Recording telephone conversations

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

16. Disclosure of information

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

17. Information required

You will provide us with all information which we may reasonably require to enable us to carry out the Service, and undertake to inform us of any changes in the information given in the Application Form or by telephone or online in relation to your application or if any of the declarations or information provided to us ceases to be true. This is important as it may affect the tax status of the Child's Fundsmith Junior ISA.

18. Transfers out

18.1 As the Registered Contact, you may transfer the whole of the Child's Fundsmith Junior ISA to a Stocks and Shares Junior ISA managed by any other Junior ISA manager at any time by giving us valid notice. You may also transfer

the whole or part of the Child's Fundsmith Junior ISA to a Cash Junior ISA managed by any other ISA manager at any time by giving us valid notice. This notice must be on the transfer application form of the new Junior ISA manager. Under the Regulations, investments made in the current tax year must be transferred completely; partial transfers are not permitted.

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

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

19. Withdrawals from a Fundsmith Junior ISA

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

19.2 As the Registered Contact, we will follow your instructions in relation to the Child's Fundsmith Junior ISA in the event that a terminal illness claim is agreed with HMRC.

20. Termination

20.1 A Fundsmith Junior ISA can only be terminated prior to the Child's 18th birthday in the following circumstances:

20.1.1 the death of the Child;

20.1.2 by us or at the direction of HMRC where the Child's Fundsmith Junior ISA is void;

20.1.3 by us following the cancellation of the Child's Fundsmith Junior ISA in accordance with paragraph 4.4 above, in which circumstance the Child's Fundsmith Junior ISA is treated as never having been opened;

20.1.4 by us following the withdrawal of all assets in the Child's Fundsmith Junior ISA in accordance with an agreed terminal illness claim; or

20.1.5 by us following a full transfer of the assets to another Junior ISA manager.

20.2 You should notify us as soon as possible in the event the Child has died. Under the Regulations, the Child's Fundsmith Junior ISA will cease to benefit from the tax advantages of Junior ISAs from the date of their death.

20.3 We reserve the right to require you to transfer the Child's Fundsmith Junior ISA to another Junior ISA Manager. We may exercise this right in the circumstances described in paragraphs 5.4 and 18.3 above or if we determine for any reason that it is necessary for us to close the Child's Fundsmith Junior ISA. If we require you to transfer the Child's Fundsmith Junior ISA we will notify you of this in writing. You agree to implement the transfer in accordance with the procedure set out in paragraph 18 above within 60 days of our notification to you.

20.4 The Child's Fundsmith Junior ISA will automatically terminate on the Child's 18th birthday. We will contact the Child prior to their 18th birthday to obtain their instructions in relation to their Fundsmith Junior ISA once they reach

18. In the absence of any instructions from the Child, the Child's Fundsmith Junior ISA will become a Fundsmith ISA, which is a Stocks and Shares ISA which we will manage in accordance with the then applicable Fundsmith ISA Terms and Conditions. Under current HMRC guidance, the investments within the Child's Fundsmith Junior ISA will continue to have the tax advantages of an ISA, but further subscriptions to the ISA cannot be made until the required information and authorisations have been given to us. Full details of this will be sent to the Child prior to their 18th birthday.

21. Remuneration and expenses

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

22. Complaints

22.1 If you have a complaint, you may write to the Compliance Officer who has been appointed by us to investigate and resolve complaints independently of our investment and administration departments. This senior member of staff will, on request, provide you with a statement describing our complaints procedure. You may write to the Compliance Officer at 33 Cavendish Square, London, W1G 0PW. If you are not satisfied with the way in which we have handled your complaint or disagree with our resolution of it, you may have the right to refer your complaint to the Financial Ombudsman Service, details of which are set out in the Supplementary Information Document.

22.2 We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations to you. Most types of investment business are covered up to a maximum limit of £50,000. Further information about compensation arrangements is available from the Financial Services Compensation Scheme at 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN



23. Liability

- 23.1 We will not be liable under these Terms for any loss arising from a fall in the value of Shares held within a Fundsmith Junior ISA.
- 23.2 We will provide the Services described in these Terms using all reasonable care and skill and will only be liable to you in respect of losses arising from our (or our employees, agents nominees or delegates) negligence, wilful default, fraud, breach of these Terms or breach of an FSA Rule or the Regulations. We accept responsibility for our nominee company in accordance with the Terms.
- 23.3 Without prejudice to paragraph 23.2 above, provided that we have complied with FSA Rules in relation to business continuity and to the extent permitted by FSA Rules, we will not be liable or have any responsibility of any kind for any loss or damage incurred or suffered by you as a result of any event or circumstance not reasonably within our control. In particular, where there is an obligation in these Terms which requires us to purchase or sell Shares within a certain time, and when the issuance or redemption of Shares or the valuation of the Fund is suspended in the circumstances set out in the Prospectus, our obligation will be postponed until such suspension is lifted and we will then comply with the obligation as soon as reasonably practicable and in accordance with the Regulations.

24. Material interests

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

of the Fund and its Shareholders. Any such situation will be disclosed to Shareholders in the next annual or half yearly report together with details of the action taken by us to resolve the situation in the best interests of the Fund.


- 24.2 Further details about our Conflicts of Interest Policy are available on request.
- 24.3 For the avoidance of doubt when effecting transactions for the Child's Fundsmith Junior ISA, we may have a material interest in the transaction. We will not allow any such interest to stand in the way of achieving fair treatment for the Child. We shall not be liable to account to you or the Child for any profit or benefit arising as a result of any such transaction.

25. Personal information

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

26. Delegation and transfer

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



26.2 We may transfer to another company our rights and obligations under these Terms on giving you not less than 30 days written notice and provided that the company to whom the transfer is made has all necessary authorisations and approvals to act as a Junior ISA manager. As part of the transfer process we may transfer all Shares and cash held in the Child's Fundsmith Junior ISA to the company or its nominee.

27. Changes to the terms

27.1 We may amend these Terms at any time by giving you at least 30 days written notice unless shorter notice is required in order to comply with the Regulations or FSA Rules. You have the right to transfer the Child's Fundsmith Junior ISA to another Junior ISA Manager at any time if you do not like any amendment made to these Terms by following the procedure in paragraph 18 above.

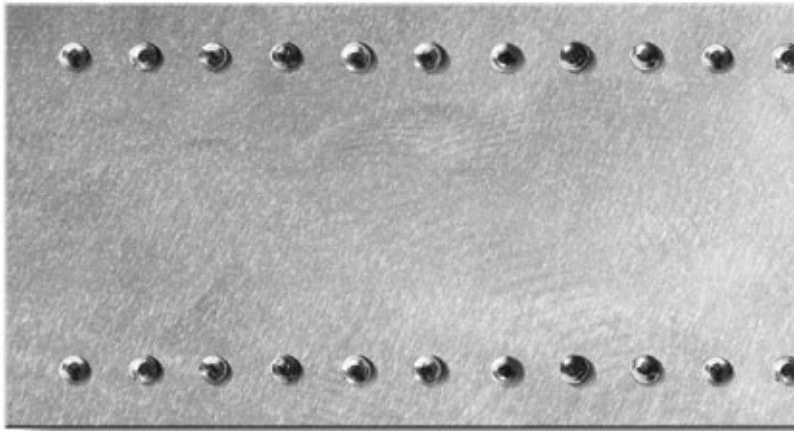
27.2 Where details are contained in the Key Investor Information Document or this document you are advised to obtain the most up to date versions of these from us, or your financial adviser.

28. Third party rights

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

29. Governing law

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



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