Fundsmith
Emerging Equities Trust plc

Owner's Manual

Fundsmith
Buy good companies
Don't overpay
Do nothing

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Introduction

FEET was launched in 2014 as an investment trust to invest in emerging and frontier market companies that have the same characteristics of those held by the Fundsmith Equity Fund.

At the time of launch, the Trust's investment policy was to invest in businesses that had the majority of their operations in, or revenue derived from, developing economies* and which provided direct exposure to the rise of the consumer classes in those countries.

Several years on from launch we retain our view that the rise of the consuming classes presents an outstanding opportunity for investors willing to take a long-term view. Our investment strategy remains unchanged – investing in good companies that typically make their money by a large number of everyday repeat relatively predictable transactions; trying not to overpay when buying shares in those companies; and then doing as little dealing as possible in order to minimise the expenses of the fund. We believe this strategy allows the companies' attractive returns, reinforced by high barriers to entry, to compound for investors with the minimum of interference from ourselves.

The businesses we own will benefit from the environment created by a growing number of people in the markets in which they operate, those people getting wealthier and the resulting changes to consumption patterns, most notably the opportunities offered by premiumisation.

As the economies, societies and capital markets in which the fund operates have developed, new trends have emerged which we have sought to benefit from by changing our investment policy in 2021 to allow for investment in companies that will benefit from the broader social and/or economic development of those countries.

We believe that the enhanced opportunities which this opens up, albeit initially likely to be incremental, will be positive for investors with a mandate which allows the fund to benefit, in particular, from the development of human capital (enhanced by greater education), services, software, technology industries and financial services. These industries are typically benefiting from increasing numbers of highly skilled graduates entering the labour market, the development of local capital markets to fund the development of these industries, and the diversification of savings cultures away from traditional assets such as cash or gold. Digitalisation and, in particular, increased smart phone penetration is allowing the growth of new segments which a decade ago in emerging markets either did not exist or were in the nascent stage of development.

FEET was launched as an investment trust rather than an open-ended fund as the shares of the companies in which FEET invests are often illiquid. Simply put, too many funds match illiquid investments with an open-ended structure and suffer the consequences in a period of redemptions. Conversely, when markets are at their most exuberant and investment opportunities potentially at their most challenging, such funds may attract too much liquidity, forcing the managers to invest in businesses which they wouldn't (and in our view shouldn't) otherwise invest in. We see neither as compatible with our investment process or for maximising returns for investors.

* Where we refer to our investments in Developing Economies or Emerging Markets we mean countries other than those included in the MSCI World Index, i.e. in the widest possible sense. Clearly when referring to others' references to emerging markets, developing economies or the developing world their own definition applies.

Too many funds match illiquid investments with an open ended structure and suffer the consequences in a period of redemptions.

How do we invest your money – our investment process

We have a simple three-phase investment process at Fundsmith:

1. Buy good companies
2. Don't overpay
3. Do nothing

These three pillars of our investment process are in this order for a reason. A high quality company, with strong returns on capital reinvested, will always perform better over the long term than a company with low returns, even if the low return company's shares are purchased at a discounted price.

1. Buy good companies

We will only invest in good businesses, by which we mean businesses that can sustain a high return on operating capital employed. In cash. We look at cash, not accounting profit as the latter can be easily manipulated. The former, cannot. We do not buy into the market's obsession with earnings per share as, setting aside the potential for manipulation of it, it takes into no account the level of capital needed to generate those earnings or the return generated on it. Instead, we want to invest in businesses that understand the scarcity of capital, and seek to optimise the returns from it.

First, the businesses we own must be able to generate superior returns. We look for businesses which can generate attractive returns on the capital they have invested in their business, in cash. We are not interested in businesses which are unable to do this, as simply put, they will not create the value we seek.

The second element of a good business is one that can reinvest those superior returns back into the business to generate further returns at a high and sustainable level. Given the opportunities available in developing economies, we would naturally expect the businesses we own to be in markets exhibiting superior, long-term growth. With these compounded returns, the business you own will become more valuable over the period of your ownership. In effect, the company is accreting value on behalf of its investors. There is no point in having a business with superior returns if it cannot, or will not, do anything with the cash flows its superior returns produce.

Third, we focus on investing in businesses operating in markets where there are high degrees of repeat transactions, typically making goods consumed at regular intervals and fulfilling a need the purchaser would struggle to defer. This has led to a fund concentrated on Fast Moving Consumer Goods, Healthcare and Technology.

Where we have ventured outside of businesses which do not fit the mantra of having repeat, high frequency transactions, it has been into businesses where there is a combination of first, need on behalf of their customer base which means deferring purchases would be counterproductive and second, an environment where supernormal returns are unlikely to be competed away.

Fourth, for a business to compound returns for investors into the future, returns should be sustainable which can come from both the nature of the industry the businesses we own operate in, and also the characteristics surrounding it.

The businesses which the Trust owns typically derive an advantage from one, if not more, of several characteristics; intangible assets such as brand names, patents, customer relationships, distribution networks, installed bases of equipment or software (providing a captive market for services, spare and upgrades) or dominant market shares. A number of the companies the Trust owns will possess several of these characteristics. In emerging markets, the role of government policy and regulation, and whether that is favourable to the operating environment and thus returns of the business in which the fund invests in is also important.

Businesses which have invested in the development of intangible assets are attractive to us. This is because it is hard to replicate these assets unlike physical assets which can be replicated by anyone with a big enough budget. Often, new physical assets will be better than the original by being able to install the latest technology and operate the latest best practices. In contrast, intangible assets are more difficult to replicate as they will have been built up over decades and simply cannot be competed away.

Emerging markets bring operational issues to businesses which to us present opportunities in two ways – either for incumbents, hard to replicate strong market positions, or for disruptors, technology that circumvents existing, more traditional approaches to doing business. Both of these types of businesses exhibit the power of intangibles.

2. **Don't overpay**

Warren Buffett said it is far better to buy a wonderful company at a fair price than a fair company at a wonderful price' whilst Benjamin Graham said that observation over many years has taught us that the chief losses to investors come from the purchase of low quality securities. We strongly concur. We also believe it is easier to spot a great business than to predict a share price. We try not to overpay, but if we did, we would at least have the assurance that in the short to medium term we would expect a business to grow into its share price, whilst in the long-run we would anticipate it to compound returns. This goes back to the previous pillar – the businesses we own must be both high quality and able to grow.

That does not mean that we are indiscriminate about what we pay. What it does mean is that we carry out detailed analysis on what we think a business's ability to maintain growth into the long-term and sustain its competitive advantage. We then value businesses using the free cash flow of the business after tax and interest, but before dividends are paid and adding back any capital expenditure which is not needed to maintain the business in its current state. Comparing the free cashflow yield (the free cash flow produced by a company) to its market capitalisation gives us our metric of valuation – the neutral free cash flow yield.

3. Do nothing

After buying good companies at reasonable (or ideally better) prices, we hope that we need to take no further action: i.e. do nothing. This will then facilitate the compounding of our investments over time as the companies continue to reinvest their cash flows, effectively doing the 'heavy-lifting' on behalf of their investors.

Our investment activity is determined very much by quality of idea, not quantity of ideas. We do not kid ourselves (or investors) that we will be able to find a plethora of companies that fit our quality and valuation criteria and where we have a high level of conviction that they will compound in value over the years. Our conviction is determined by our own cautious analysis, investigation and evaluation, rather than happenstance or on the whim of ideas peddled by stockbrokers.

Do nothing of course does not mean that we buy a stock and forget about it. Indeed, when we own a business we continually evaluate results and news from that company to see if the investment thesis continues to hold, at the same time improving our knowledge about that business and the environment in which it operates.

Only in four circumstances will we sell a holding. First, where management makes bad capital allocation decisions which in both emerging and developed markets typically manifests itself in acquisitions. Since the inception of FEET, we have been surprised at the number of growing emerging market businesses who want to dilute that growth and stretch management time by buying often mature, and quite frequently, underperforming businesses in developed markets. Second, where we are forced to make a fundamental reappraisal of the investment case – typically due to regulatory, fiscal or economic policy changes. Third, where valuation becomes indefensible, although our investment process is much more determined by the quality of what we own than what the market may from time to time make it worth. The fourth instance of where we would sell a holding is where we have identified a superior investment opportunity. Simply put, running a concentrated portfolio encourages us not to become 'stamp collectors' but concentrate our resources, and your investment, on those ideas where we have the highest level of conviction.

Active Emerging Markets funds have been about as successful as most active fund management – in other words not very successful at all.

How we run your money

Aside from the unwavering adherence to the Fundsmith investment mantra of buy good companies, don't overpay and do nothing, there are a number of facets to running money in emerging markets which although obvious to us, may not be obvious to others.

First, we run a concentrated portfolio. At launch in 2014, we suggested that the fund would be normally invested in between 35 and 55 companies. We now seek to have between 25 and 40 holdings. This allows us to concentrate the portfolio on owning those businesses in whose prospects we have the greatest conviction and allowing us to concentrate on what we know best. It goes without saying, that in a concentrated portfolio, any new addition must be at least as good as what is in that portfolio already.

Second, we do not hedge currencies. We do not purport to be experts on currencies, and quite often in our experience currencies can often do the opposite of what supposed 'experts' predict. On top of this is complexity – those emerging and frontier market currencies you may want to hedge are, by definition, likely to be the most difficult and expensive to hedge. Currency hedging is also a slightly uncertain concept in a portfolio where we try and own stocks for the very long term.

Third, we do not attempt market timing. Simply put, we do not attempt to manage the percentage in equities in our portfolio to reflect any view of market levels, timing, trends or developments. We do not have the skill to do so, and are bemused when so many fund managers claim they can.

Fourth, we avoid rotation. We have already pointed out that our investment process precludes us from investing in 'value' stocks as they are an anathema to us, in terms of description, the returns they typically offer and the risk provided by typically the amount of debt required to generate returns. We would suggest that as a long-term investor it would be far more beneficial to own a business with a powerful business franchise that can reinvest the cash it generates at a high rate of return. Even should these stocks be out of favour in the stock market, their underlying businesses will still be creating value for shareholders.

Fifth, and following on from market timing, just as we seek to avoid leverage in the businesses we own, we do not use leverage for ongoing fund management purposes. We take the view that our underlying investors can choose how much exposure they want to the fund, rather than us compound the risk on their behalf. The only time where we would conceivably use leverage is if we are forced, as is the case in some countries, to put cash aside for a rare participation in an IPO ahead of the event. This is obviously more preferable than selling shares we already own without any certainty of allocation in the IPO.

Sixth, we are not IPO junkies. This does not mean we do not invest in IPOs, but rarely choose do so. The team's extensive experience in capital markets give us a healthy degree of cynicism when it comes to flotations. Although emerging markets do not see the level of flotations coming out of private equity businesses where operating and financial performance may have been 'pushed hard' to engineer an exit at an attractive valuation to those exiting, we still take a cautious view. Not all IPOs replicate their performance as a private business on public markets (the flotation process itself can be damaging to business performance) and even if this is not the case, we would rather buy a business when we had greater confidence in its ability to meet our exacting investment criteria.

Seventh and following on from our aversion to IPOs, we do not invest in early stage unquoted businesses with no track record of success. Whilst other funds may choose to do so, we will not as we do not kid either ourselves or you that we have the ability to spot and value a business which has no guarantee of success. It also goes without saying that a business which is unquoted is unlikely to be at the stage of its development where it is making returns attractive enough for us to even consider investing. We buy businesses, not business plans.

Eighth, we do not engage in the 'greater fool theory'. Any business the Trust owns must be a business we genuinely want to own for a very long period of time. We do not buy businesses knowing that they are not good businesses in the hope that someone else will come along later and pay a higher price for them. When we invest we assume that there is no greater fool than us, and seek to minimise the risks of ownership.

Ninth, we are not fixated on benchmarks. Over time you will want to assess our performance against a range of benchmarks – the performance of cash, bonds, equities and other funds and we will provide comparisons to help you in that process.

Instead of pandering to the whim of a benchmark, we are only concerned with the change in the intrinsic value of the companies we own, not the price the market places on them day to day. Our investment approach leads us to focus on the quality and prospects of the businesses we own, not their exposure to fund flows based around changes to a company's weighting in a benchmark which for us has little relevance. It does however lead us to having a markedly different approach to emerging market investment.

As long-term investors, we feel short-term comparisons with other asset prices or indices are unhelpful and unwarranted as we are not trying to provide instant gratification associated with short-term performance. In our view a year is not only a short period of time, but it is a measure more relevant to astronomy than investment.

FEET invests in companies which have the same characteristics as the Fundsmith Equity Fund but which have the majority of their operations in, or revenue derived from, Developing Economies.

How do we approach emerging markets?

At the time we launched FEET, we said that our approach to emerging markets is significantly different to most other investors. This remains the case. Why?

The irrelevance of the index

Driven by our rigorous investment process, the composition of our portfolio is substantially different to the index as, to us, large elements of the index are uninvestible.

The index is driven by the flows of passive funds. Out active share – how the components of our fund differ from the composition of the index is high (it has consistently been around, or above 95%) and this will likely always be the case. Of course, this means that when there are strong fund flows into emerging markets, this liquidity will be positively impacting the share prices of the stocks in the index, the vast majority of which we have no desire to invest in.

The flip side is that our portfolio, if compared to the index, would have more attractive characteristics in terms of the financial performance of the businesses we own, whether it be in terms of profitability ratios or returns on capital. As investors, these are far more important facets.

Avoiding financial leverage

In addition, the index does not discriminate between companies with financial risk and those without. Many of the larger index constituents are banks or financial services companies, both of which require their capital to be levered up several times to get what they deem to be acceptable returns. A number of index constituents are property companies, which in addition to their voracious need for leverage also often have foreign currency denominated borrowings, adding an additional layer of risk to the investment.

Walmart México y Centroamérica

We seek to avoid companies with financial leverage or ones that require debt to generate an adequate return on shareholders' equity. Financially leveraged companies may be attractive to some investors when their returns and profits are increasing and credit is readily available. Should returns start to fall, the risk is amplified and should capital be hard to access in such circumstance, the consequences can be disastrous.

The geographical consequences of our approach – The China syndrome

Just as our approach tends to direct us to invest in certain sectors, it has also produced a noticeably different outcome to the index in terms of geography. We do not deliberately make big geographic bets on countries just to mirror the index. Instead, the geographical make-up of our portfolio is an outcome of where the best investment opportunities fitting our mandate are located. This has given us a distinct geographical difference relative to the index, and of course to those ETFs tracking it.

China is the largest constituent of the index, but it's index exposure is not actually what you may think. Its weighting comprises a smorgasbord of Chinese companies listed in the US, Chinese companies listed in Hong Kong, Hong Kong companies and Chinese companies listed in China. The smallest element of the Chinese component of the index is, oddly enough, Chinese companies listed in mainland China.

Since inception, the Trust has been consistently under-exposed to China as we have not found a significant number of companies which fit our exacting quality criteria.

There have been an inordinate number of 'Chinese' companies we have analysed that have had issues around corporate governance, accounting standards, shareholder structures, control, voting rights, legal ownership and regulation. All of these are valid reasons for us not to invest, even before the often dubious capital allocation of Chinese companies is taken into account. The regulatory and legal processes in the PRC are generally one-sided and lack any coherent right of appeal, or guarantees of protection for business assets or intellectual property rights. This is best exemplified by the collapse of the Ant Financial IPO in 2020, showing that if businesses do not comply with the diktat of the authorities, their options are limited. There have been subsequent high profile regulatory moves against the property, education, technology and gaming sectors, none of which have been favourable to investors.

We do not deliberately make big geographic bets on countries to mirror the index. Instead the geographical make-up of our portfolio is an outcome of where the best investment opportunities fitting our mandate are located.

We are also of the view that the listing of Chinese companies in the US (often the market of choice) has been done with far less scrutiny than either US companies face or Chinese companies would face in Hong Kong. The documentary 'the China Hustle' estimated that by 2018 at least US$50bn had been lost by investors in Chinese companies listed in the US which later proved to be frauds. Caveat Emptor indeed. Meanwhile, the valuation of equities in China or Hong Kong is often skewed by fund flows from mainland Chinese investors for whom quality and risk can not always be taken as the prime investment objective.

Moreover, driving the long-term prospects of those businesses we own (or can own) in China is where the country finds itself in the development cycle. China is now a middle-income country, but finding itself exposed to the issues middle-income countries typically face-deteriorating demographics, productivity issues and an economy which has been raised on an addiction to capital investment, with returns on that capital trending down over time. Most of China's growth has been debt-funded, with the finances of some provincial governments and state owned enterprises particularly stretched. To us, this has all the hallmarks of a story which may not end well.

Unlike (we suspect) a number of other emerging market investors, we will not own a company in China on the pretext that it is a good company in a local context. It has to be a good company in the context of both how we invest and relative to the other opportunities available to the Trust. This explains the variance between where we have invested and where the index arbitrarily invests.

Section 4

About a fifth of the companies in our Investable Universe for FEET are quoted subsidiaries, associates or franchisees of the multinational companies in the Investable Universe for the Fundsmith Equity Fund.

Environmental, Social and Governance

We believe our approach to investment produces favourable outcomes across all three elements of the ESG spectrum – Environmental, Social and Governance.

We take very strong notice of governance when we look at whether a business is worthy of inclusion in the Investible Universe from which we draw those companies the fund invests in. When we look at governance, we are doing more than just taking a cursory look at board structure and remuneration. We look at aspects as diverse as shareholder structure, familial links in the business, whether there are differentiated voting rights, the transparency and level of disclosure, management integrity and, if it is raising capital, why it is doing so.

In addition, when we own a company, we regularly engage with management on business performance and governance issues. All proxies we receive are analysed and voted on by ourselves, not an external agency. Fundsmith is also a signatory of the UN PRI and the Trust manager sits on our in-house ESG committee.

Emerging markets bring their own governance challenges. We have seen a lot of cases of corporate governance in potential investee companies which has left us horrified. We have seen a Thai retailer where the directors were found guilty of buying shares in another listed company shortly before the company they run (they were not removed from the board for their malpractice) made a bid for the very same business they had bought shares on their own account in. We have come across more than one instance in Indonesia where the directors' own the distribution arm of the listed company, meaning that they get extended credit terms for their own business at the detriment of those investing in the listed company. We have also seen companies where there is a husband and wife in Chief Executive and Chief Financial officer positions, which leads us to question objectivity.

And then, there is the influence of governments in companies where they still have an economic interest. We sold our holding in TravelSky after the business started using its balance sheet to set up joint ventures seemingly for the benefit of other Chinese government backed businesses in totally unrelated areas such as insurance and mobile telephony. We sometimes get asked why we have never invested in Kweichow Moutai, one of China's largest listed companies with, on paper, attractive returns. This is a business which has on more than one occasion bought assets from the provincial government which is the controlling shareholder, including a financially–stretched toll road operator. It has also made one-off payments to its controlling shareholder and, we think, runs the risk of having its lucrative sales and marketing function taken off it by the same shareholder. Going back to the point of not investing in companies which may be good in a local context, in this and many other cases, what may be fine for others, is not fine for us.

Going back to our investment philosophy, the nature of the businesses we invest in preclude the fund from investing in cyclical businesses many of which are asset intensive and offer low returns. This means that we do not invest in mining, agribusiness (such as palm oil production) oil and gas and heavy industries. Nor do we invest in cement, a sector in favour with so many fund managers in emerging markets that is one of the most environmentally destructive industries on the planet. The low returns on invested capital prevalent in the banking sector means that we also do not invest in those who finance these environmentally-destructive activities.

The majority of the businesses we own are brand owners, and thus have to protect their brands. Just as long-term investors we expect all of the businesses we own to be environmentally responsible in the sense that they do not damage their operating environment to the long-term detriment of the business, we by default expect them to be stewards of their brands. Encompassed in this is the, often not immaterial, time and monetary investments the businesses we own put into helping the less fortunate in society. Where, how and how much a business reinvests in social good is always something we evaluate when we deem whether a company can fit into our investible universe.

Fundsmith was founded in line with Sir John Templeton's axiom that "If you want to have a better performance than the crowd, you must do things differently from the crowd".

The fund manager

Fundsmith is focused on delivering superior investment performance at a reasonable cost. It was established to be different from its peers so as to achieve a different result in line with Sir John Templeton's axiom that "If you want to have a better performance than the crowd, you must do things differently from the crowd." The rigorous research process of Fundsmith is central to what we do. We apply exacting standards to potential investments to produce a portfolio of resilient businesses with excellent performance. Minimising the costs we incur on behalf of our customers in implementing our strategy also sits at the heart of our philosophy.

Fundsmith was established in 2010 by Terry Smith. The business is owned and controlled by its partners, who have worked closely together over many years, and is headquartered in London, with offices in Connecticut, USA and Mauritius. It is structured to survive Terry Smith's demise and continue with the same investment philosophy. All partners of the firm have a significant co-investment in our Funds delivering a clear alignment of interest. Ancillary activities are outsourced to some of the world's leading providers in order to deliver high-quality operations whilst allowing the Fundsmith team to focus on investment analysis, portfolio management and customer care. As at 31st December 2020 we managed £33bn on behalf of some of the world's largest and most sophisticated wealth managers and private banks as well as for prominent families, charities, endowments and individuals invested in our fund range; Fundsmith Equity Fund (UK OEIC), Fundsmith Equity Fund Sicav (Luxembourg SICAV), Fundsmith Equity Fund L.P. (Delaware L.P.), Fundsmith Emerging Equities Trust plc (London Stock Exchange Listed Investment Trust) and the Smithson Investment Trust ((London Stock Exchange Listed Investment trust) and Smithson L.P. (Delaware L.P.).

The Fundsmith Emerging Equities Trust is managed by Michael O'Brien (based in London), who reports to Terry Smith the firms Chief Investment Officer. He is assisted by the Assistant Portfolio Manager, Sandip Patodia, and Thomas Boles, both of whom are based in London and Jonathan Imlah in the USA. All joined Fundsmith before FEET was launched in 2014. The main biographies are;

Terry Smith

Chief Executive & Chief Investment Officer

Terry Smith graduated in History from University College Cardiff in 1974. He worked for Barclays Bank from 1974-83 and became an Associate of the Chartered Institute of Bankers in 1976. He obtained an MBA at The Management College, Henley in 1979. He became a stockbroker with W Greenwell & Co in 1984 and was the top-rated bank analyst in London from 1984-89. In 1990 he became head of UK Company Research at UBS Phillips & Drew, a position from which he was dismissed in 1992 following the publication of his best-selling book Accounting for Growth. He joined Collins Stewart shortly after and became a director in 1996. In 2000 he became Chief Executive and led the management buy-out of Collins Stewart, which was floated on the London Stock Exchange five months later. In 2003 Collins Stewart acquired Tullett Liberty and followed this in 2004 with the acquisition of Prebon Group, creating the world's second largest inter-dealer broker. Collins Stewart and Tullett Prebon were demerged in 2006 with Terry remaining CEO of Tullett Prebon until September 2014. In 2010 he founded Fundsmith where he is CEO and CIO. In 2012 he was appointed a Member of the New Zealand Order of Merit for services to New Zealand-UK relations following the success of his campaign to commemorate the New Zealander, Air Marshal Sir Keith Park.

Michael O'Brien

Portfolio Manager, Fundsmith Emerging Equities Trust

Michael joined Fundsmith in October 2013. He began his career at Guinness Flight Global Asset Management (subsequently Investec Asset Management) in 1994 as an analyst, taking responsibility for the Group's UK Small and Emerging Companies Funds in 1997, and subsequent to this the Recovery Fund. Michael also was an investment advisor to the Group's Venture Capital Trust. In 2000 Michael joined Collins Stewart as a UK analyst covering a wide range of sectors and was also instrumental in the development of the Firm's research product. As well as being responsible for the ongoing management of the trust, Michael covers Asian equities.

Michael holds an MPhil from Cambridge University and a first class degree from the University of Birmingham.

Sandip Patodia

Assistant Portfolio Manager, Fundsmith Emerging Equities Trust

Sandip Patodia joined Fundsmith in 2014 from Morgan Stanley, where he had been a Vice-President within the UK Investment Banking team. Sandip spent four years with Morgan Stanley as a corporate broker, providing corporate finance advice to UK listed companies on all aspects of their interaction with the equity markets. Prior to that he spent four years working as a M&A adviser at Ernst & Young. Sandip holds a first class honours degree in Electronics and Computer Science from Aston University and is a qualified Chartered Accountant with the Institute of Chartered Accountants of Scotland.

Tom Boles

Analyst, Fundsmith Equity Fund, Fundsmith Emerging Equities Trust EEMEA & Head of Sustainability

Tom joined Fundsmith in 2013 having completed an MSc in Economics and Finance at the University of Bristol with Distinction in 2012. He wrote his dissertation on the Persistence of Performance in the Mutual Fund Management Industry. He completed a BSc in Economics in 2011, also at Bristol University. Tom is a CFA® charter holder.

Jonathan Imlah

Analyst, Fundsmith Emerging Equities Trust LatAm and Smithson Investment Trust

Jonathan joined Fundsmith in 2013 from Canaccord Genuity where he was the lead technology analyst since 2010. He was previously at Altium Securities where he covered technology for 6 years, latterly as Head of Research. Prior to Altium, he worked in the large-cap technology team at Dresdner Kleinwort covering pan-European IT services. Jonathan was Techmark analyst of the year in 2007 and was number 1 or 2 in his sector in the FT Starmine survey between 2006 and 2010. Prior to taking up a career as an analyst Jonathan was a country investment report writer working in Spain, India, Russia, Hungary, Brazil, Peru, Zimbabwe and Guatemala. Jonathan has an MBA from INSEAD and a degree in French and Philosophy from St Andrews University and is a fluent Spanish speaker.

What do we charge you?

Consistent with the Fundsmith Equity Fund's approach we will seek to minimise the total cost of investment in the Fundsmith Emerging Equities Trust. This includes negotiating the best possible rates for brokerage, custody and accounting services and maintaining low portfolio turnover.

Our Annual Management Charge for FEET is 1.0% of the value of funds which we manage for you per annum. The annual OCF for 2021 which was 1.3%. We do not charge performance fees unlike many of the competing London listed investment trusts. Our interests are aligned, in a better way, as substantial co-investors in the fund.

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