



Disclaimer – Important Notice



Smithson
Investment Trust

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Smithson Investment Trust Update - Performance



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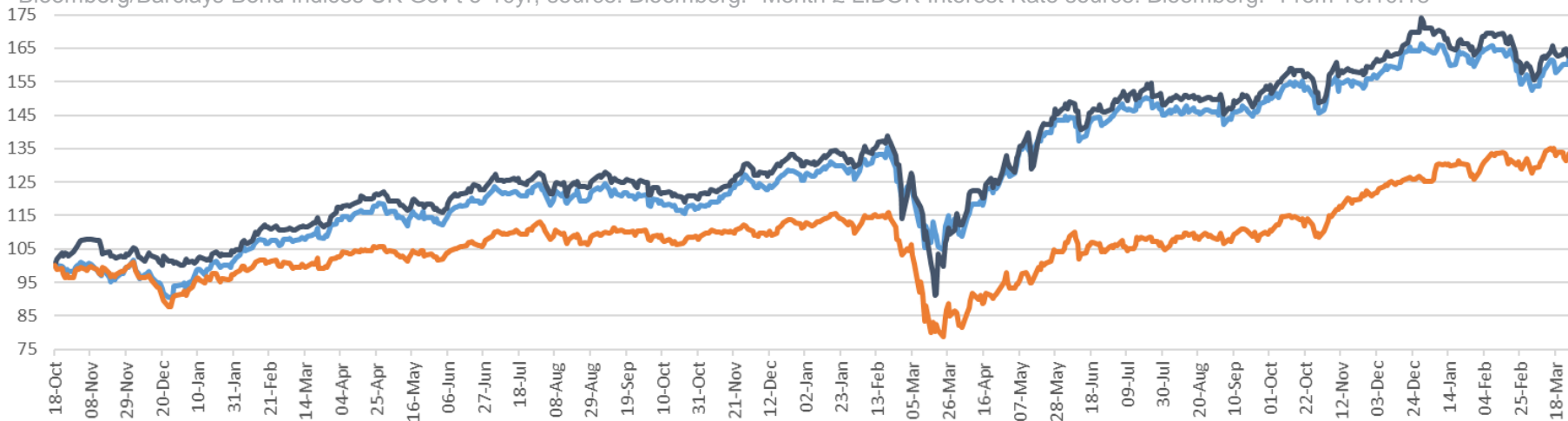
Performance Overview, % Return

	1Q 2021	2020	2019	2018*	Inception to 31.03.21	Annualised to 31.03.21
Smithson NAV ¹	-2.4	+31.4	+33.2	-5.8	+60.9	+21.4
Smithson Share Price	-3.0	+31.7	+29.8	+0.0	+65.8	+22.9
Equities ²	+6.4	+12.2	+21.9	-8.3	+33.4	+12.5
UK Bonds ³	-4.0	+4.6	+3.8	+2.1	+6.4	+2.6
Cash ⁴	+0.0	+0.3	+0.8	+0.2	+1.3	+0.5

¹Source: Bloomberg, starting NAV 1,000.

²MSCI World SMID Index, £ net, source: www.msci.com

³Bloomberg/Barclays Bond Indices UK Gov't 5-10yr, source: Bloomberg. ⁴Month £ LIBOR Interest Rate source: Bloomberg. *From 19.10.18



Source: Bloomberg

— Smithson NAV — Smithson share price — MSCI W SMID (GBP)

Day before launch (18th October 2018) rebased to 100.

Past performance is not a reliable indicator of future results. The value of your investment may go up as well as down and you may not get back the amount of your original investment.

Smithson Investment Trust Update – Top holdings and contributors



Top 10 Holdings as at 31-Mar-21

- Sabre (US)
- Rightmove (UK)
- Fevertree Drinks (UK)
- Temenos (SW)
- Domino's Pizza Enterprises (AUS)
- Domino's Pizza Group (UK)
- Fortinet (US)
- Cognex (US)
- IPG Photonics (US)
- Recordati (IT)

Top contributors & detractors: 2020

Top 5 Contributors

Security	Country	Sector	Contribution %
Ambu	Denmark	Health Care	3.4
Masimo	United States	Health Care	2.9
Fevertree Drinks	United Kingdom	Consumer Staples	2.6
Domino's Pizza Enterprises	Australia	Consumer Discretionary	2.6
IPG Photonics	United States	Information Technology	2.0

Top 5 Detractors

Security	Country	Sector	Contribution %
Sabre	United States	Information Technology	-1.7
Temenos	Switzerland	Information Technology	-0.3
Rightmove	United Kingdom	Communication Services	-0.1
Domino's Pizza Group	United Kingdom	Consumer Discretionary	0.1
Diploma	United Kingdom	Industrials	0.1

Smithson Exposure Breakdown



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Sector weightings: 31-Mar-21			Country weightings: 31-Mar-21			Sales exposure by region: 31-Dec-20	
Sector	Smithson	MSCI W SMID	Country of listing	Smithson	MSCI W SMID	Region	Smithson
Information Technology	45%	15%	USA	49%	58%	Europe	39%
Industrials	21%	18%	UK	20%	6%	North America	35%
Health Care	10%	10%	Australia	7%	3%	Asia Pacific	19%
Consumer Discretionary	10%	13%	Switzerland	7%	2%	Eurasia, Middle East, Africa	4%
Communication Services	5%	4%	Denmark	6%	1%	Latin America	3%
Consumer Staples	5%	4%	Germany	5%	2%		
Financials	3%	13%	Italy	4%	1%		
Materials	2%	8%	New Zealand	2%	0%		
Real Estate		8%	Other	0%	27%		
Utilities		4%	Cash	1%	0%		
Energy		3%					
Cash	1%						

Data for MSCI World SMID is market cap weighted.

Smithson Portfolio exposure based on weighted position sizes. For sales exposure by region, percentage splits are shown ex-cash, based on most recently-available full year data as at 31-Dec-20.

Data may add up to more or less than 100% due to rounding.



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

Buy Good Companies – Smithson Portfolio Look-through



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LTM figures	Smithson Investment Trust	MSCI SMID	Fundsmith Equity Fund
ROCE	31%#	6%	25%
Gross Margin	65%	34%	65%
Operating Profit Margin	28%	2%	23%
Cash Conversion	126%	80%	101%
Interest Cover	31x	5x	16x

Data for the MSCI World SMID Cap Index is shown ex-financials, with weightings as at 31st December 2020.

Data for MSCI World SMID Cap Index is on a weighted average basis, using last available reported financial year figures as at 31.12.20

Data for Smithson portfolio is on a weighted average basis, ex-cash, using last available reported financial year figures as at 31.12.20

Data for FEF portfolio is on a weighted average basis, ex-cash, using trailing 12 month data as at 31.12.20

Interest cover (EBIT ÷ net interest) data for Smithson, MSCI SMID and FEF is done on a median average basis.

LTM ROCE for Smithson excludes Rightmove, which had a return of >700%. **Including Rightmove, the weighted average ROCE would be 66%.**

Don't Overpay



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We compare free cash flow yields now to what we think they will be in 4-5 years' time. We then select the best combination of current value and future growth, allowing for potential risks that the business may face.

We compare the stocks with:

- Each other
- The market
- Bonds

	Historical Neutral FCF Yield		
	31-Dec-18	31-Dec-19	31-Dec-20
Smithson Investment Trust	3.9%	3.2%	2.9%
MSCI World SMID Index (ex-financials)	4.2%	3.5%	3.2%

In the 12 months to the last reported quarter (or half) for our portfolio companies, weighted average neutral free cash flow per share growth for Smithson was 10%*.

Source: Fundsmith research, Bloomberg.

Neutral FCF yield is operating cash flow less maintenance capex.

For both Smithson and the MSCI World SMID Index, Neutral FCF yield is measured on a weighted average basis (note Smithson weights are grossed up to an ex-cash basis), based on the latest available full year data as at the stated date.

Note that the Smithson Neutral FCF Yields at 31-Dec-18 and 31-Dec-19 have been restated to reflect the above calculation methodology. Previously disclosed yields (4.2% and 3.4% respectively) were based on trailing 12 month free cash flows to the stated date, which involved some use of estimated cash flows due to lags in reporting.

*Percentage change is not calculated if the TTM period contains a net loss. On a median average basis, growth was 10.7%.

Do Nothing – Theory vs. Practice



What we say:

- Ideal holding period is forever
- Voluntarily exit a position only if:
 - Management makes bad capital allocation decisions
 - Fundamental reappraisal of investment case
 - Valuation becomes too expensive
 - Superior investment opportunity identified
- Some portfolio turnover will be involuntary, e.g. in the event of a takeover

What we do:

	2019	2020	1Q 2021
New Companies Bought	Fevertree Drinks	Rational Qualys Fortinet	Rollins Wingstop
Companies Sold	CDK Global	Check Point	Abcam
Voluntary Turnover	6.1%	21.6%	
OCF	1.0%	1.0%	
Dealing costs*	0.04%	0.03%	
New shares issued	32.3 million	26.9 million	
Proceeds from new issuance (net of costs)	£377 million	£398 million	
Average premium to NAV	2.9%	2.9%	

* Voluntary dealing costs (excluding new share issuance)



- Our approach to ESG considerations is to take into account from the start of our research process all of the factors that may impact the potential for a business to sustain its returns into the future
- Environmental
 - 47% of portfolio companies report CO₂ emissions. Lowest emissions: Rightmove at 600t. Highest emissions: AO Smith at 138kt. Average emissions for portfolio of 105kt vs MSCI World average at 5.1mt.
 - Companies committed to significantly reduced or net zero carbon emission targets include Ambu, MSCI and Verisk amongst others
- Social
 - Women make up 25% of portfolio company Boards, which compares to the global average of 20%
- Corporate Governance
 - 37% of proxies were voted against management recommendation on remuneration policy
 - 80% of proxies were voted against management on shareholder proposals
- Smithson is represented on the Fundsmith Stewardship & Sustainability Committee
- Fundsmith are signatories to the UN PRI

Q&A

