



Disclaimer – Important Notice



Smithson
Investment Trust

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Performance



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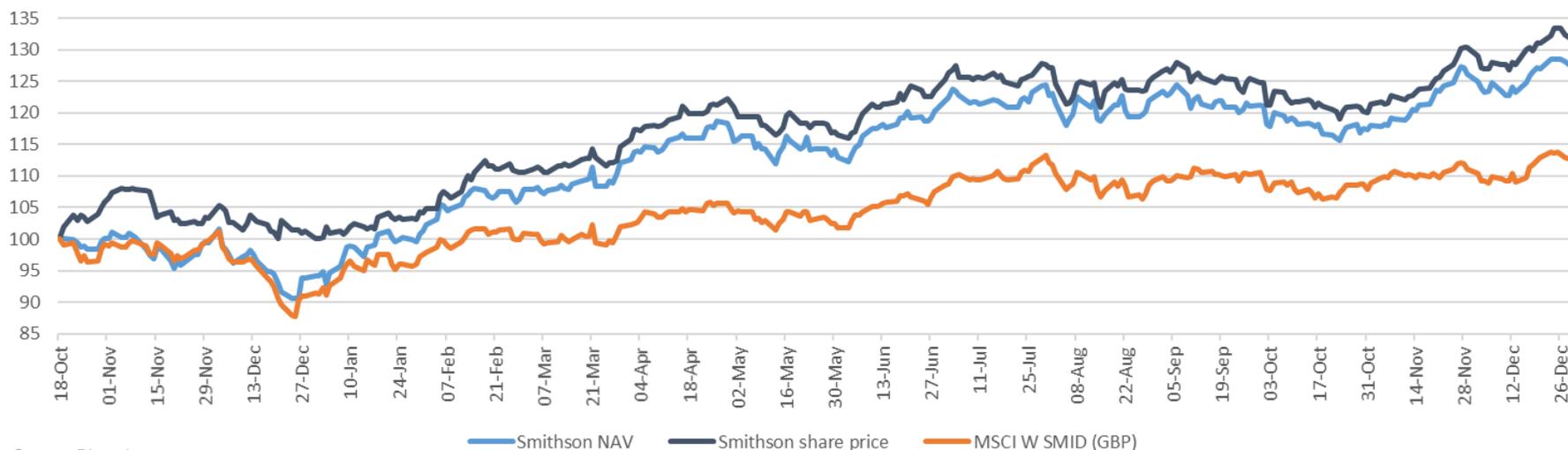
Performance Overview, % Return

	2019	2018*	Inception to 31.12.19	Annualised to 31.12.19
Smithson NAV ¹	+33.2	-5.8	+25.5	+20.8
Smithson Share Price	+29.8	+0.0	+29.8	+24.2
Equities ²	+21.9	-8.3	+11.8	+9.7
UK Bonds ³	+3.8	+2.1	+6.0	+4.9
Cash ⁴	+0.8	+0.2	+1.0	+0.9

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

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.

Contributors and Detractors Since Inception



Top 5 Contributors			
Security	Country	Sector	Contribution %
ANSYS	United States	Information Technology	2.4
Halma	United Kingdom	Information Technology	2.2
Rightmove	United Kingdom	Communication Services	2.1
Paycom	United States	Information Technology	1.8
Masimo	United States	Health Care	1.8

Top 5 Detractors			
Security	Country	Sector	Contribution %
CDK Global	United States	Information Technology	-0.9
CHR Hansen	Denmark	Materials	-0.4
Sabre	United States	Information Technology	-0.4
Fevertree Drinks	United Kingdom	Consumer Staples	-0.3
Check Point	United States	Information Technology	-0.1

Smithson Exposure Breakdown



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Sector weightings: 31-Dec-19			Country weightings: 31-Dec-19			Sales exposure by region: 31-Dec-19	
Sector	Smithson	MSCI W SMID	Country of listing	Smithson	MSCI W SMID	Region	Smithson
Information Technology	40%	13%	USA	46%	55%	Europe	40%
Industrials	21%	18%	UK	24%	7%	North America	36%
Health Care	16%	10%	Denmark	8%	1%	Asia Pacific	18%
Consumer Discretionary	7%	12%	Switzerland	6%	3%	Eurasia, Middle East, Africa	4%
Communication Services	5%	4%	Australia	6%	3%	Latin America	3%
Consumer Staples	4%	4%	Italy	4%	1%		
Financials	3%	13%	New Zealand	3%	0%		
Materials	1%	7%	Germany	2%	2%		
Real Estate		10%	Other	0%	28%		
Energy		3%	Cash	2%	0%		
Utilities		4%					
Cash	2%						

Data for MSCI World SMID as at 31-Dec19, market cap weighted.

Smithson Portfolio exposure based on weighted position sizes.

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

2. Smithson Investment Strategy – Same as Fundsmith



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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	28% [#]	11%	29%
Gross Margin	66%	33%	66%
Operating Profit Margin	32%	8%	27%
Cash Conversion	104%	84%	97%
Interest Cover	34x	5x	16x

Data for the MSCI World SMID Cap Index is shown ex-financials, with weightings as at 31st December 2019.

Data for MSCI World SMID Cap Index is on a weighted average basis, using last available reported financial year figures as at 31.12.19

Data for Smithson and FEF portfolios are on a weighted average basis, ex-cash, using last available reported financial year figures as at 31.12.19

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 >1000%. **Including Rightmove, the weighted average ROCE would be 76%.**

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	30-Jun-19	31-Dec-19
Smithson Investment Trust	4.2%	3.7%	3.4%
MSCI World SMID Index (ex-financials)	4.2%	3.7%	3.5%

In the 12 months to 31-Dec-19, we estimate 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 Smithson, Neutral FCF yield is measured on a weighted average basis, over the trailing 12-months to the stated date. This may involve some use of estimated cash flow data due to lags in reporting.

For the MSCI World SMID Index, Neutral FCF yield is measured on a weighted average basis, based on the latest available full year data as at the stated date.

Neutral free cash flow per share growth for Smithson in the last 12 months may involve some use of estimates where year end data was not reported by 31-Jan-20.

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 did in 2019:

New Companies Bought	Companies Sold
Fevertree Drinks	CDK Global

Voluntary Turnover	6.1%
OCF	1.0%
Dealing costs*	0.04%

New shares issued	30.6 million
Proceeds from new issuance	£362.4 million
Average premium to NAV	2.9%

* Voluntary dealing costs (excluding new share issuance)

Performance 2020 Year to Date



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Performance Overview to 26 March 2020, % Return

	Jan 2020	Feb 2020	Mar 2020 ³	YTD 2020 ³
Smithson NAV ¹	+0.2	-4.7	-4.1	-8.4
Smithson Share Price	-0.3	-11.9	-2.5	-14.3
Equities ²	-1.4	-6.2	-13.3	-20.4

¹Source: Bloomberg.

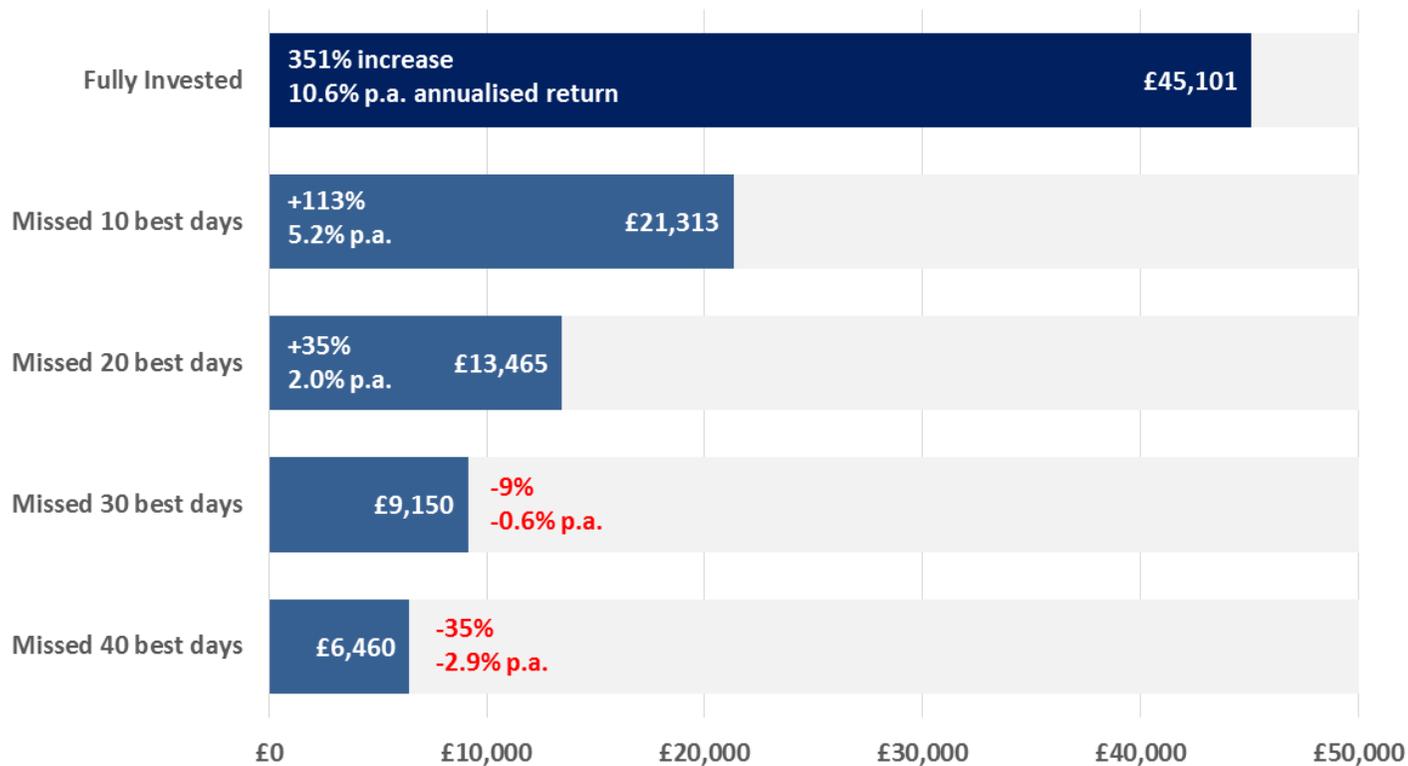
²MSCI World SMID Index, £ net, source: www.msci.com

³To 26 March 2020

Do Nothing



£10,000 invested in the S&P 500 (with dividends reinvested) for 15 years (31-Dec-02 to 31-Dec-17)



Being fully invested for 15 years would give you over twice the money (or an extra £23,788) than someone missing the 10 best days in the market.

Source: Bloomberg, Fundsmith Research.

Data compiled using S&P 500 net total return index in GBP

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