

Appian Euro Liquidity Fact Sheet Fund

SEPTEMBER 2014

About Appian Asset Management

Appian is an independent Irish owned asset management company. Since our establishment in 2003 our investment philosophy has been to achieve solid investment growth with the minimum of risk and volatility. Our objective is to preserve and grow capital through value investing on a sustainable, risk adjusted basis. We ignore investment fashions and do not leverage any of our investments.

The Appian Euro Liquidity Fund was set up in response to our clients' demands for a diversified Euro liquidity fund which would be actively and prudently managed with a view to minimising risk on cash deposits.

The Appian Euro Liquidity Fund has the following features:

- The fund may invest in bank deposits with terms of up to 5 years.
- The fund may invest in government and corporate debt securities with maturities of less than 5 years.
- No more than 30% of the fund can be placed on deposit with any single credit institution.
- Detailed due diligence and credit analysis is completed prior to any investment.
- The fund's investments are in Euro.
- The fund assets will be appropriately diversified through fundamental analysis of each investment.

Appian Euro Liquidity Fund Performance 01.10.2014						
Period	2009	2010	2011	2012	2013	2014 YTD
Appian Euro Liquidity Fund	2.84%	2.37%	1.10%	0.26%	-0.09%	-0.07%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.1%

Investment Team

Patrick J Lawless

John Mattimoe

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Key Features

- Focus on counterparty risk
- A well-diversified portfolio of cash and highly liquid assets
- All investments in Euro
- No entry, exit or performance fees
- No more than 30% with a single institution
- Independent Trustee Custodian and Administrator

Portfolio Comment for Q3 2014

The Liquidity fund recorded a positive return of +.03% for the quarter ending 30 September 2014. This reflected the greater weighting in cash deposits and an improvement in short term bond yields.

The ECB reduced the deposit rate to -.2% from -.1% and cut the Refi rate to .05% from .15%. Inflation in the Eurozone remains at unacceptably low levels for the ECB. Whilst inflation expectations are anchored downside risks have increased. However, the ECB doesn't see a danger of deflation presently. The ECB suggested that they have reached their limit in interest rate cuts. As a result the ECB signalled that they would begin a program of private asset buying. This would entail the purchase of asset back securities and covered bonds. A quantitative easing program is probable next year which will put further downward pressure on government bond yields (we have observed a negative yield associated with the 2 year Irish Government Bond over the quarter).

Mario Draghi in a speech at Jackson Hole reiterated the need for structural changes in some European economies and the likely requirement for appropriate growth friendly fiscal stimulus. GDP forecasts for 2014 have been reduced by the ECB with risks to the downside on their predictions. Unemployment remains at elevated levels and geopolitical concerns could further hinder future growth. It is expected that interest rates will remain at historically low levels for the foreseeable future.

With the support of the ECB we remain comfortable with our present exposure to domestic financial institutions although we await the results of the Asset Quality Review in late October which we expect will provide greater transparency to the financial strength of Irish Banks.

Fund Facts

LAUNCH DATE

January 2009

NAME

Appian Liquidity Fund

FUND SIZE

€12.4 million

PRICING FREQUENCY

Monthly

PRICING BASIS

Single Price

ANNUAL MANAGEMENT

CHARGE

0.25% p.a.

FUND CUSTODIAN

**BNP Paribas
Securities Services**

STRUCTURE

**Retail Investor Alternative
Investment Fund**