Appian Fact Sheet

Euro Liquidity Fund

DECEMBER 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 volitality. 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.

Investment Team

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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

Appian Euro Liquidity Fund Performance 02.01.2015						
Period	2009	2010	2011	2012	2013	2014
Appian Euro Liquidity Fund	2.84%	2.37%	1.10%	0.26%	-0.09%	-0.13%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%

Portfolio Comment for Q4 2014

T he Liquidity Fund recorded a negative return of -0.05% for the quarter ending 31 December 2014. This brought the full year return to -0.13%. This reflected lower deposit rates offered by financial institutions and continued suppression of short term bond yields.

The ECB maintained interest rates at historically low levels. Falling oil prices, a weaker Euro and slowing growth in the Eurozone continues to subdue inflationary pressures. Fearing that a sustained period of low inflation could develop into an unwanted scenario of deflation the ECB has initiated unconventional monetary policy and it is likely that the ECB could begin this program to improve inflationary expectations in 2015. The anticipation of QE has lowered short dated Eurozone government bond yields with many countries offering negative returns on their short term debt.

The Asset Quality Review and Stress Test of European banks were completed in October. Most European banks passed. While limited amounts of capital are required, Italian banks showed the largest combined shortfall. From a domestic perspective Bank of Ireland and AIB had no requirement for further capital but it highlighted the risk associated with the long term viability of Permanent TSB.

The ability of European banks to source cheap funding in a low yield global economy has limited the attractiveness of interest rates available on basic deposits. This has placed pressure on the Liquidity Fund to achieve a positive return in an environment where the ECB is likely to maintain low interest rates for the foreseeable future. Presently we are reluctant to place funds on long term deposit with banks especially in light of likely continued geopolitical risk in the Eurozone as recently exemplified by the failed Greek Presidential election. The primary purpose of the Fund remains the continued security of the assets within the Fund with a secondary concern being its associated return.

Fund Facts

LAUNCH DATE
January 2009

NAME
Appian Liquidity Fund

FUND SIZE
€12.1 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**