

Appian Euro Liquidity Fact Sheet Fund

SEPTEMBER 2015

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 01.10.2015							
Period	2009	2010	2011	2012	2013	2014	2015 YTD
Appian Euro Liquidity Fund	2.84%	2.37%	1.10%	0.26%	-0.09%	-0.13%	-0.05%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	0.13%

Investment Team

Patrick J Lawless

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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 2015

The Liquidity Fund recorded a negative return of 0.02% for the third quarter of 2015, cancelling out the 0.02% gain from the previous quarter. The Fund's year to date return is minus 0.05% to end September 2015. With the funding environment and credit profile of the main Irish Banks continuing to improve, the deposit rates available within the market place continue to fall. The current ECB Quantitative Easing (QE) programme is suppressing and distorting short-term bond yields within both the government and corporate space. So much so, positive short dated yields are increasingly difficult to source without moving out the investment horizon or significantly down the credit quality spectrum.

European inflation remains anaemic despite the current ECB QE programme. In fact, the European inflation rate could well turn negative over coming months for a short period due to base effects and the ongoing weakness of commodity prices. This in turn may prompt the ECB to expand and extend its existing QE programme in terms of scale and scope. We therefore expect short term interest rates to remain at these low levels for the foreseeable future.

Based on the above there will be continued pressure on the Fund to achieve a positive return. We maintain a laddered maturity profile for the investments in the Fund at this time in order to meet liquidity needs whilst attempting to maximise Fund return. The primary purpose of the Fund remains the continued security of Fund assets.

Fund Facts

LAUNCH DATE

January 2009

NAME

Appian Liquidity Fund

FUND SIZE

€11 million

PRICING FREQUENCY

Weekly

PRICING BASIS

Single Price

ANNUAL MANAGEMENT

CHARGE

0.25% p.a.

FUND CUSTODIAN

**BNP Paribas
Securities Services**

STRUCTURE

**Retail Investor Alternative
Investment Fund**