

Appian Small Companies Opportunities Fund

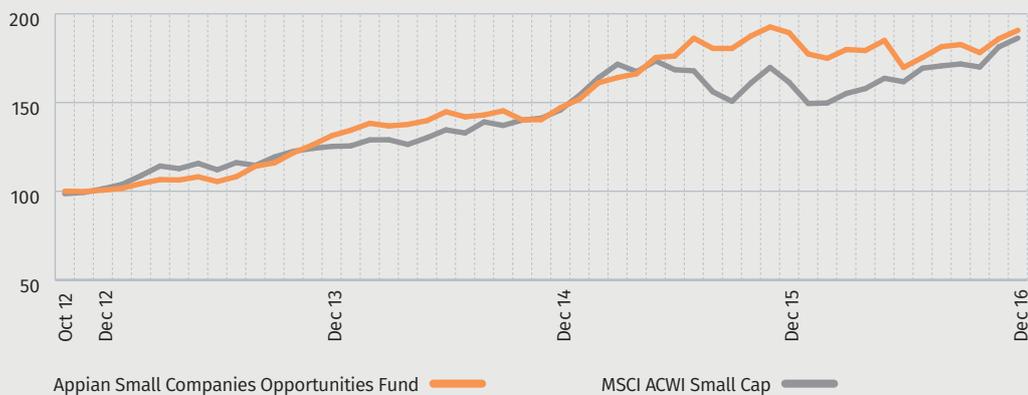
Fact Sheet

DECEMBER 2016

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.

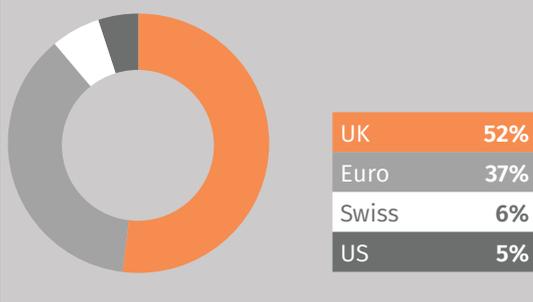
Performance of Appian Small Companies Opportunities Fund



Appian Small Companies Opportunities Fund Performance 31.12.2016

Period	2012	2013	2014	2015	2016
Fund Return	0.61%	30.50%	12.04%	28.75%	0.71%

Geographic Equity Distribution



Investment Team

Patrick J Lawless

John Mattimoe

Frank O'Brien

Eugene Kiernan

Niall Dineen

Lisa Neary

Key Features

- Concentrated stock selection
- We meet and engage with management
- No entry, exit or performance fees
- Typically invest in lowly geared companies
- All stocks are publicly quoted
- Independent Trustee Custodian and Administrator

Appian Small Companies Opportunities Fund Review Quarter 4 2016

The Appian Small Companies Opportunities Fund (ASCOF) had a good end to the year gaining 4.4% over Q4. This brought the performance for 2016 back into positive territory with a full-year return of +0.7% in what was a challenging year for financial markets.

The challenges in 2016 included concerns over Chinese economic activity, the 'leave' vote in the Brexit referendum, US electoral uncertainty, and volatility in currencies and commodity prices. Although Sterling firmed marginally against the Euro in Q4, its full-year decline of 14%, represents a 7% drag on the Fund's performance over 2016.

However, the Trump and Republican victories in the US elections in Q4 potentially ushers in a period of 'growth friendly' policies – if the promises of higher infrastructure spending and lower corporate taxes are implemented these will possibly stimulate employment, consumer spending and inflation in the US.

Many of our holdings performed well over Q4 as a result. The share price of Somero Enterprises, the US producer of concrete levelling equipment, rose by 22% as it would benefit from both higher construction activity and lower US corporate tax rates. Another US holding, J2 Global a provider of cloud services to businesses gained 23% on a sizeable acquisition deal which was recognised as a positive and logical step. We had only bought this stock in September as we believed the market underestimated the robustness of the cash generation of the group's mature communications services division and management's ability to reinvest successfully in its higher growth units.

Most of our UK positions continued their recovery from the initial post-referendum negative reaction. The most extreme example was Utilitywise, which helps small businesses in the UK lower their energy costs, which jumped by over 50% as the announcement of positive trading progress within the company highlighted that its business model was relatively unaffected by the uncertainty generated by the referendum result.

Lavendon, a UK provider of access equipment for hire, was the strongest gainer as it nearly doubled over Q4 as a bidding war emerged to acquire the company. Lavendon was the third company held by the Fund to agree to be acquired in 2016 and the 15th in four years.

Looking ahead, an improved outlook for corporate earnings growth and the US economy are the key positives, but geo-political risks remain, in particular how Brexit plays out and key elections in Germany, France and Holland. Consequently, further bouts of volatility are possible, but we will maintain our disciplined focus on attractively valued, high quality companies which has served us well over the past four years.

Top 5 Equity Holdings 31.12.2016

Name	Country	Sector	%
Jungheinrich	Eurozone	Machinery	5.14%
Powerflute	UK	Packaging	5.08%
Wireless Group Plc	UK	Media	4.70%
Micro Focus	UK	Software	4.44%
Playtech	UK	Technology	4.25%

Appian Asset Management Ltd is regulated by the Central Bank of Ireland. No part of this document is to be reproduced without our written permission. This document has been prepared and issued by Appian Asset Management Ltd on the basis of publicly available information, internally developed data and other sources believed to be reliable. It does not constitute an offer or an invitation to invest, or the provision of investment advice. No party should treat any of the contents herein as advice in relation to any investment. While all reasonable care has been given to the preparation of the information, no warranties or representation express or implied are given or liability accepted by Appian Asset Management Ltd or its affiliates or any directors or employees in relation to the accuracy fairness or completeness of the information contained herein. Any opinion expressed (including estimates and forecasts) may be subject to change without notice.

Fund Facts

LAUNCH DATE

October 2012

NAME

Appian Small Companies Opportunities Fund

FUND SIZE

€36 million

PRICING FREQUENCY

Monthly

PRICING BASIS

Single Price

ANNUAL MANAGEMENT CHARGE

1.5% p.a.

FUND CUSTODIAN

BNP Paribas Securities Services

STRUCTURE

Retail Investor Alternative Investment Fund

WARNING The value of your investment may go down as well as up. Past performance is not a reliable guide to future performance. These investments may be affected by changes in currency exchange rates.