Appian
Asset Management

42 Fitzwilliam Place, Dublin 2
T: +353 1 662 3001
www.appianasset.ie

Appian Fact Sheet Euro Liquidity Fund

MARCH 2017

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.

Appian Euro Liquidity Fund Performance 3.4.2017

Period	2009	2010	2011	2012	2013	2014	2015	2016	Q1 2017
Appian Euro Liquidity Fund	2.84%	2.37%	1.10%	0.26%	-0.09%	-0.13%	-0.04%	-0.21%	-0.07%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%	-0.12%

Investment Team

- Patrick J Lawless
- Eugene Kiernan
- John Mattimoe
- Niall Dineen
- Pat Kilduff

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

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Appian Euro Liquidity Fund Review, Quarter 1 2017

The fund was down -.07% for the first quarter as European interest rates reside at historically low levels and where core inflation remains subdued.

Political and monetary authorities continue to dominate markets in the first quarter of 2017. Special focus was placed on the Trump administration and their ability to enact their agenda, the beginning of the European election cycle and the monetary meetings held by the European Central Bank (ECB) and the Federal Reserve (Fed).

The Fed increased the target range for the Federal Funds Rate by 25 basis points to .75- 1% at its March meeting for the third time in this economic cycle. The progression of managing this hike was exemplary as prior to the meeting numerous Fed Governors released statements indicating to the market the reasoning for the proposed hike. The lack of a negative reaction from Bond and Equity markets justified the Fed's move as they begin the process of normalising rates. The press conference post the meeting was relatively dovish especially in light of Yellen's comments that the Fed would tolerate inflation temporarily overshooting its 2% target.

Yields for core Eurozone bonds remained suppressed due to investors' concerns surrounding redenomination risk and the distortionary effects of the ECB's quantitative easing (QE) program. However, a beneficial exchange rate, less austerity and an accommodating monetary authority have created upgraded forecasts for GDP for the Eurozone with the added consequence that the ECB may follow the Fed in the process of normalising interest rates in 2018. Indeed the ECB held a meeting in March where it was rumoured discussions were held about increasing the deposit rate whilst QE continued.

Political uncertainty remains an issue with upcoming general elections scheduled for France and Germany and a possible general election being called in Italy. However, the first of the general elections held in Europe that was of concern to investors due to the rise of populism was held in the Netherlands. Whilst the Anti-Europe Freedom party did better than the previous election with the attainment of 20 seats this was significantly lower than the polled suggestion of 30 seats. A centrist pro Europe coalition is likely to be formulated over the next few months.

The primary focus of the Fund is the security of assets and this is reflected in both the duration and credit quality of the Fund's counterparties.

Fund Facts

LAUNCH DATE
January 2009

NAME
Appian Liquidity Fund

FUND SIZE
€10 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

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.