

# Appian Euro Liquidity Fact Sheet Fund

JUNE 2017

## About Appian Asset Management

**A**ppian 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 30.06.17									
Period	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Appian Euro Liquidity Fund	2.84%	2.37%	1.10%	0.26%	-0.09%	-0.13%	-0.04%	-0.21%	-0.12%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%	-0.23%

## 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

## Appian Euro Liquidity Fund Review, Quarter 2 2017

The fund was down -0.05% for the second quarter as European interest rates continues to reside at historically low levels and where core inflation remains subdued.

Political and monetary authorities continue to dominate markets in the second quarter of 2017. Special focus was placed on global fiscal policies, the French Presidential and Parliamentary elections and the monetary meetings held by the European Central Bank (ECB) and the Federal Reserve (Fed).

Benchmark yields initially fell as investors realised the introduction of expansionary fiscal policy in the US was unlikely to materialise in 2017. However hawkish comments from members of the Federal Reserve, ECB and Bank of England at the end of the quarter saw a rise in yields in spite of inflation remaining subdued (with the notable exception of the UK).

The Fed increased the target range for the Federal Funds Rate by 25 basis points to 1.00- 1.25% at its June meeting for the fourth time in this economic cycle. Initially the hike saw a flattening of the yield curve as the Bond market believed inflation was indicative of future sub-par growth. The Fed remain comfortable that an increase in inflation to their target is imminent and that this will be reflected in wage growth. Yellen described inflation figures as being “noisy” and that she would require witnessing a trend of lower than expected figures before she would recommend the discontinuation of the hiking process. The Fed also highlighted the process by which it would reduce the size of its balance sheet. This will have an important effect on the long end of the curve.

For much of the quarter yields for core Eurozone bonds remained suppressed due to investors’ concerns with regards to low inflation in a relatively benign economic environment. However, in late June Draghi made what was perceived a hawkish speech. The ECB is certainly less concerned about the risk of deflation but they continue to be apprehensive about the structural weaknesses of certain Eurozone economies and the continuing space capacity to be found in the Eurozone.

Political uncertainty has dissipated in Europe with the election of Macron as French president and his parliamentary majority offers him a strong mandate to make the essential structural changes to the domestic economy. Political risk in the short term has also been eliminated in Italy with the failure of electoral reform and the regional election results which were unfavourable to the 5 Star Movement. However, this may prove to be a temporary balm to the Eurozone’s political woes as a general election in Italy is required before May 2018.

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

**€8 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**