Appian
Asset Management

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Appian Fact Sheet Euro Liquidity Fund

SEPTEMBER 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 30.09.17

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%	-0.22%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%	-0.35%

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 3 2017

The Fund was down -0.10% for the third quarter as the ECB kept interest rates at historically low levels and core inflation continued to reside at levels below the ECB's stated target.

Markets continue to focus on political developments and the actions and verbal communications from monetary authorities. Global growth was upgraded by the OECD and the IMF and both these institutions described this growth as being synchronised in nature.

Benchmark yields initially fell in the US as lower than expected inflation figures were released however, these falls were reversed as the Fed became more hawkish and the Trump administration announced their tax reform plans.

The Fed kept short term interest rates on hold. Nonetheless, at their September meeting they indicated that they expect to increase interest rates one more time in 2017 (with 3 more hikes forecasted for 2018). The hawkish rhetoric accompanying this meeting saw a shift in the yield curve with the market perceiving a change in Fed thinking with regards the low inflation figures. Janet Yellen, whilst expressing her view that low inflation remains a mystery, articulated her conviction that a rise in inflation to their target is imminent and that this will be reflected in wage growth. The Fed also announced their plans to reduce the size of their balance sheet. The scope and structure of this proposed reduction highlighted the concerns the Federal Reserve and investors have with regards this unique exercise.

For much of the quarter yields for core Eurozone bonds continued to be suppressed due to investors' concerns with low inflation in a relatively benign economic environment and continuing quantitative easing from the ECB. However, with increased political risk (the Catalan vote for independence and the better than expected result for the far right AFD party in the German elections) bond yields increased in the latter part of the quarter.

Geopolitical uncertainty (especially the bombastic behaviour of the North Korean administration) has yet to have a material effect on yields and Brexit continues to be perceived as a local issue. Investors may begin to focus on the ability of Greece to service its existing debt levels and the approaching Italian general election but over shadowing these issues in the Eurozone will likely be the next ECB meeting where Draghi is expected to announce the tapering of the ECB's quantitative easing program.

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
€7 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.