

Appian Euro Liquidity Fact Sheet Fund

MARCH 2018

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 31.03.18										
Period	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 YTD
Appian Euro Liquidity Fund	2.84%	2.37%	1.10%	0.26%	-0.09%	-0.13%	-0.04%	-0.21%	-0.42%	-0.20%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%	-0.47%	-0.14%

Investment Team

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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

Appian Euro Liquidity Fund Review, Quarter 1 2018

The Fund was down -0.20% for the first quarter as the ECB holds interest rates at historically low levels, core inflation continues to reside at levels below the ECB's stated target and EU Banks offer miserly rates on cash deposits.

Just as with Equity and Bond markets, global money markets experienced greater volatility in Q1 as repatriation flows from US corporates post the cut in the US corporate tax rate impacted the setting of the Libor rate. The general consensus is that this is a temporary issue that does not reflect any solvency concerns within the Banking sector.

Benchmark yields rose in the US as investors evaluated the inflationary aspects of the Trump fiscal stimulus. In addition, the Federal Reserve continued on their path of monetary tightening with a further increase in short term interest rates of .25% at their March meeting. The forecast from market participants is there could possibly be a further 2 or 3 hikes in 2018 but as always this will be date dependent (not least with the risks associated with a possible trade war between the US and China).

Like the US, German bund yields initially increased but fears of a trade war (where Germany with its export orientated economy is particularly exposed) saw a precipitous fall as the end of the quarter approached. In spite of political risks associated with Italy and Spain yields fell in both countries over the quarter as the economic health of the general EZ economy was perceived as being much improved. The ECB continue to be cautious in the reduction of their monetary stimulus, with the market believing that the first hike in short term interest rates will not materialize until Q2 of 2019. At the time of this note it is believed that the ECB will maintain its Quantitative Easing programme in the last quarter of this year but at a reduced amount per month. Despite concerns with regards the degree of non-performing loans on the balance sheets of certain banks, liquidity is plentiful with little competition for cash deposits.

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

€6 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**