

Appian Equity Fund Fact Sheet

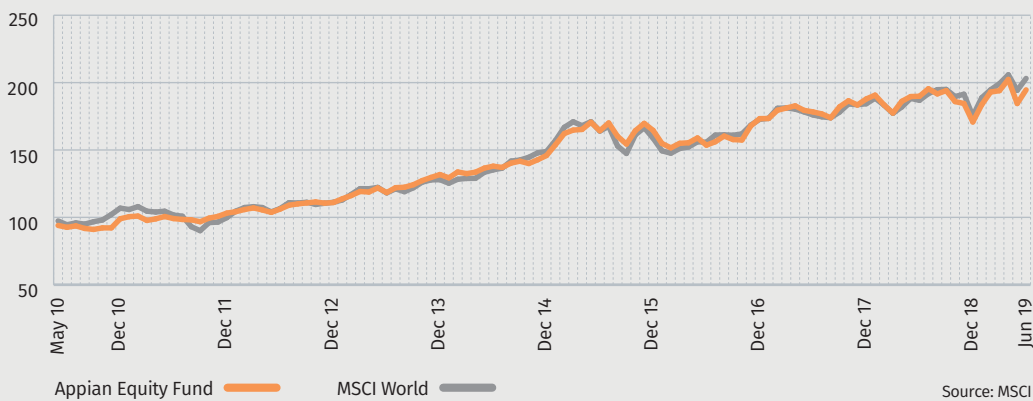


JUNE 2019

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.

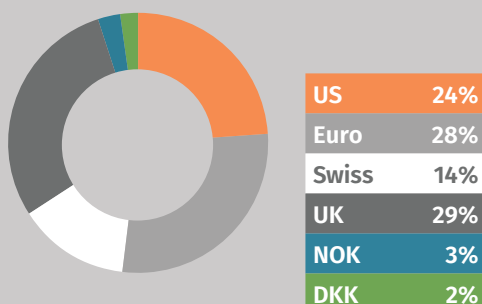
Performance of Appian Equity Fund



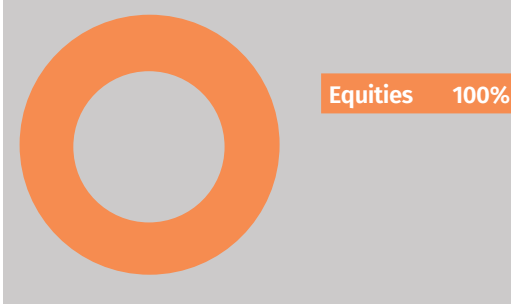
Appian Equity Fund Performance 30.06.19

Period	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD
Fund Return	4.25%	7.42%	18.73%	10.70%	12.77%	5.32%	8.42%	-9.11%	13.96%

Geographic Equity Distribution



Asset Allocation



Investment Team

Niall Dineen

John Mattimoe

Pat Kilduff

Derek Heffernan

Key Features

- Focus on companies with strong balance sheets
- Developed Stock Markets only
- Active stock selection
- No entry, exit or performance fees
- Lower volatility than global equity markets
- Sustainable long term returns
- Independent Trustee Custodian and Administrator

Appian Equity Fund Review, Quarter 2 2019

The Appian Equity Fund gained 0.32% in the second quarter, leaving its gains for the year at 13.96%. The modest advance during the quarter hides how volatile equity markets were, driven by noise around the trade dispute between the US and China. In June, the mood regarding trade turned positive with a trade agreement now seen as a likely outcome.

Markets were also helped by the prospect of looser monetary policy; the Federal Reserve signalled it would be open to an interest rate cut in July while the ECB is expected to cut rates in September.

Yara, the Norwegian Fertilizer company was a standout performer during the quarter, rising 18%. Yara held a capital markets day where they outlined an additional \$350m in cost reductions, an increase in the dividend pay-out to 50% from 40% and an IPO of their industrial nitrogen business (early 2020). Our Energy stocks underperformed in the second quarter as the oil price fell on global demand concerns. We remain comfortable in our overweight Energy position. Our Energy companies have many positive attributes – strong balance sheets, low-cost producers, disciplined when it comes to capital expenditures, and they are returning huge amounts of cash to shareholders.

We added Ashtead to the portfolio. Ashtead is an equipment rental company whose earnings are predominately generated in the US. The company has an almost 2% dividend yield and can grow earnings 10% p.a. for the next five years at least. Their cash generation profile is counter cyclical and they can cut capex substantially once they see weakness in their end markets. An 11x P/E multiple for a growing company that generates an 18% return on capital employed (ROCE) is a valuation opportunity.

We also added Rockwool, the Danish manufacturer of mineral wool insulation products. Rockwool will benefit from the increasing trend towards fire resistant insulation products. They are adding capacity in a controlled and disciplined manner. The ROCE is 23% and the company has significant room for growth. It trades on half the valuation of Kingspan, whilst still being exposed to the same long run growth drivers.

This quarter saw the fund exit its last position (Intel) in the information technology sector. The share price had reached a 17 year high and the valuation opportunity had disappeared (EV/Sales of 3.7X versus the long run average of 2.5X). We are of the opinion that the capital expenditure requirements for the company will be greater than what is anticipated by the market. We now have no exposure to the Technology segment of the market; lofty valuations make us doubtful that companies in this space will outperform over the long term.

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Fund Facts

LAUNCH DATE

May 2010

NAME

Appian Equity Fund

FUND SIZE

€38 million

PRICING FREQUENCY

Monthly

PRICING BASIS

Single Price

ANNUAL MANAGEMENT

CHARGE

1.5% p.a.

FUND CUSTODIAN

Citibank Europe Plc

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. If you invest in this fund you may lose some or all your investment.

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