Appian
Asset Management

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Appian Fact Sheet Euro Liquidity Fund

DECEMBER 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 31.12.18

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%	-0.82%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%	-0.47%	-0.38%

Investment Team

Niall Dineen

John Mattimoe

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 4 2018

The Fund was down -0.23% for the fourth quarter and down -0.82% for 2018 as the ECB held interest rates at historically low levels, core inflation resides at uncomfortably low levels and EU Banks (flush with liquidity) offer miserly rates on cash deposits.

At their most recent meeting, the ECB formally declared the conclusion of their Quantitative Easing programme at the end of December. However, the ECB reiterated their forecast that the first interest rate hike would not materialise until after the summer of 2019. In addition, they will continue to reinvest the maturing proceeds of their existing portfolio. ECB forecasts for inflation in 2019 (1.6%) remain below their stated target as they follow the playbook of the Federal Reserve as they exited from exceptional monetary measures taken since the Great Financial Crisis. Draghi noted the headwinds to growth that the EZ economy was experiencing with the most notable being concerns with regards trade wars, emerging market weakness and volatility in financial markets.

An inordinate amount of Investor focus was directed to the actions of the populist government in Italy, as they negotiated their 2019 budget with the EC. Ultimately, an agreement was reached where a budget deficit of slightly above 2% was permitted. This was certainly above the EC's initial stated target of 1.5% but probably highlights the political realities of an upcoming EU parliamentary election in May and the Macron fiscal stimulus.

The Macron fiscal stimulus was born out of the "Yellow Vest" protests, which were supported by a significant proportion of the French population. Ultimately, it strikes a blow to Macrons reformist credentials where necessary structural changes are required for the long-term health of the economy. Like his predecessors (Hollande and Sarkozy) Macron attempted to dissipate the protests with a series of measures that included an increase in the minimum wage and the delay of the implementation of fuel tax (the catalyst for the protest) for six months.

The reluctance of Italian and French politicians to make unpopular economically responsible changes to their respective economies will guarantee that EZ potential growth will continue to be dwarfed by other economic regions with implications for monetary policy and interest rates applied to cash.

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
€5 million

PRICING FREQUENCY
Weekly

PRICING BASIS
Single Price

ANNUAL MANAGEMENT CHARGE
0.25% p.a.

FUND CUSTODIAN
Citibank Europe Plc

STRUCTURE
Retail Investor Alternative Investment Fund