Appian
Asset Management

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Appian Fact Sheet Euro Liquidity Fund

MARCH 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.

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 31.03.19

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 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%	-0.19%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%	-0.47%	-0.38%	-0.08%

Investment Team

- Niall Dineen
- John Mattimoe
- Pat Kilduff
- Derek Heffernan

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 1 2019

The Fund was down -0.19% for the first quarter as the ECB held interest rates at historically low levels, core inflation continues to reside at levels below the ECB's stated target and EU Banks offer miserable rates on cash deposits.

At their most recent meeting, the ECB formally downgraded their GDP and inflation forecasts. In addition, the ECB moved away from their projection that the first interest rate hike would not materialise until after the summer. It now seems more likely that an interest rate increase will not materialise until 2020 at the earliest. More alarmingly, the rating agency Fitch have highlighted the possibility of the ECB reintroducing quantitative easing. Draghi noted the headwinds to growth that the EZ economy was experiencing with the most notable being concerns with regards trade wars, slowing Chinese growth, Brexit and a German economy that has been negatively impacted by woes in its auto sector. Draghi also commented on the ECB's negative interest rate. Whilst he felt that overall the negative rate has been beneficial for the Eurozone economy he acknowledged that there might be some adverse implications associated with the -0.4% rate and that it may be a subject worthy of a more detailed review and analysis.

There is a concern that the next stage of global trade war may arise via the placing of tariffs on the European auto sector by the Trump administration. Trump is presently reviewing this possibility on the grounds of "national security" and although tariffs in general make little economic sense, this administration might be reluctant to enter a new trade conflict with an upcoming Presidential election scheduled for 2020.

However, it is not all-disheartening news in the Eurozone. Existing low levels of unemployment and the largest fiscal stimulus since the great financial crisis will assist a recovery. France, post the "Yellow Vest" protest, have forecasted that they will run a budget deficit of circa 3%, as will Italy courtesy of election promises made by the governing Populist leaders. More noteworthy is the general political recognition in Germany that a boost to fiscal spending is required especially in the area of infrastructure.

Unlike its Mediterranean neighbour Italy, that went into a technical recession, Spain continues to record positive GDP growth with a minority government and an upcoming general election.
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

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.