Appian
Asset Management

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Appian Fact Sheet Euro Liquidity Fund

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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 30.06.19

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%	-0.46%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%	-0.47%	-0.38%	-0.21%

Investment Team

Niall Dineen

John Mattimoe

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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

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Appian Euro Liquidity Fund Review, Quarter 2 2019

The Fund was down -0.27% for the second quarter and -0.46% year to date, 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 depressed rates on cash deposits.

At their most recent meeting, the ECB adjusted their GDP and inflation forecasts. GDP for '19 is expected to be 1.2% (versus a previous forecast of 1.1%) whilst for 2020 it is expected to be 1.4% (from 1.6% previously). Their inflation forecasts remain comfortably below their mandated target at 1.3% and 1.4% for '19 and '20 respectively. Draghi did recognise the headwinds to the economy, not least from the threat of protectionism, and relayed the message that in his opinion there was considerable room for more quantitative easing (QE). Notably, the ECBs forward guidance became more dovish with interest rates expected to be on hold through H1 '20. Since the meeting however, expectations for growth have been downgraded further as reflected in the government bond market, with some forecasters suggesting that the ECB will be required to cuts rates further (possibly as soon as their September meeting) and re-start QE concurrently or shortly thereafter.

In spite of the trade war (China vs. US) respite from the recent G20 meeting, disruption to global trade as advocated by the Trump administration is likely to continue to act as a brake on future growth. The European auto sector has long been listed as an area of grievance for the Trump administration but in recent days there has been speculation that their attention may be diverted to the European aerospace sector.

On a more positive note, the Eurozone unemployment rate whilst a lagging indicator continues to fall and there is some evidence of real wage growth. Fiscal policy will also play a more prominent part in future stimulus packages in the Eurozone. In addition, the European parliamentary elections passed without the worryingly forecasted surge in numbers of populists MEPs, which if it had materialised would have introduced a significant degree of uncertainty via demands for unorthodox economic policies. Although the Italian government remain in conflict with the EU on their proposed budget any possibility of penal retribution has been delayed until H2 '19.

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.