

# Appian Euro Liquidity Fact Sheet Fund

SEPTEMBER 2018

## About Appian Asset Management

**A**ppian 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 30.09.18										
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%	-0.59%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%	-0.47%	-0.30%

## 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

## Appian Euro Liquidity Fund Review, Quarter 3 2018

The Fund was down -0.17% for the third quarter as the ECB held interest rates at historically low levels, core inflation continues to reside at levels well below the ECB's stated target and EU Banks offer miserly rates on cash deposits.

The ECB indicated that the purchased amount of Bonds via their Quantitative Easing (QE) programme will be reduced to €15bn a month for the last 3 months of the year and the QE programme will be completed as we enter 2019. Draghi has noted in recent ECB meetings that the trade war and emerging market concerns have had limited impact on the Eurozone economy.

Investor focus in Europe during Q3 was directed to the actions and comments of the populist government in Italy. The modus operandi of the global populist movement was aptly described as "sell the dream, create an enemy and enact unsustainable policies". With high debt levels, low levels of growth and structural deficiencies in its economy Italy is perceived as the "weak man" of Europe and the "unsustainable policy" proposed by 5Star and the League was their fiscal budget plans.

Ultimately the bond market may be the disciplinarian on the more audacious election promises made. As there have been no contagion effects thus far the ECB will be unlikely to extend QE or initiate an Italian bond buying programme (as this would be perceived as monetary financing of specific government policies and also be far removed from their primary mandate of price stability).

The ECB remains confident in the recovery of the Eurozone economy and yet at the same time maintains a dovish stance by stating the first hike in short term interest rates will not materialise until after the summer of 2019. Much like the Federal Reserve as they exited their QE programme, we expect changes in monetary policy on the part of the ECB to be gradual and transparently communicated. One area of focus that will become more important for European money markets is the likely successor to Mario Draghi whose term is scheduled to end in November 2019. Expect plenty of speculation on this issue in the coming months.

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**