

# Appian Euro Liquidity Fact Sheet Fund

SEPTEMBER 2019

## 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 30.09.19

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%	-0.76%
Moneybate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%	-0.47%	-0.38%	-0.28%

## Investment Team

Niall Dineen

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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

## Appian Euro Liquidity Fund Review, Quarter 3 2019

The Fund was down -0.30% for the second quarter and -0.76% year to date, as the ECB cut its deposit rate by 10bps to bring it to -0.50%. The Refi rate remains at historically low levels of 0%, as 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 1.1% (versus a previous forecast of 1.2%) whilst for 2020 it is expected to be 1.2% (from 1.4% previously). Their inflation forecasts remain comfortably below their mandated target with CPI expected to only reach 1.5% by 2021. Mario Draghi did recognise the headwinds to the economy, not least from the threat of protectionism, and as a result in addition to the deposit rate cut, Quantitative Easing (i.e. bond buying) is to be restarted from November 1st. This was far from a unanimous decision within the ECB and over the following days those who dissented made their views public. Fortunately, Christine Lagarde (Draghi's replacement) should have the necessary political skills (as reflected in her previous roles as the French Finance Minister and Head of the IMF) to manage the divergent views of the ECB governors. Draghi did highlight that the effectiveness of monetary policy is diminishing and that fiscal stimulus would be required in the future. A message that was not warmly welcomed by some European countries.

Global PMIs have shown a downward trajectory in recent months as the trade war concerns become reflected in corporate confidence. For a recovery in growth some form of resolution is required and this will probably also necessitate monetary and fiscal stimulus where appropriate. The global economy remains vulnerable to an exogenous shock which may increase the probability of a recession. Such a possible shock in the Eurozone would be a hard "no deal" Brexit.

On a more positive note, the Eurozone unemployment rate whilst a lagging indicator continues to fall and the new Italian government is perceived as being more EU friendly.

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