

View this email in your browser



# Monthly Monitor

**July 2017**

## Jonah Lomu or Sir Edmund Hillary???

If asked to name the most famous New Zealander, the default answer would usually refer to the history making achievements of Lomu and Hillary in their chosen fields of rugby union and mountaineering. Both men certainly captivated the world, however, it is a certain Don Brash, Head of the New Zealand Central Bank (NZCB), who can be described as a true innovator and in certain, albeit selective, circles as the most famous native of this island nation.

The introduction of inflation targeting monetary policies in 1989 by the NZCB has been largely responsible in the subjugation of one of the greatest dangers of any modern economy. It may seem like a distant memory but inflation was rampant in the 1970's and 1980's, not least in Ireland where inflation peaked at around 23% in October 1981. At the time inflation affected developed economies via wage negotiations, investment choices and most importantly consumer purchasing decisions. By anchoring inflation to a specified target, the NZCB created a degree of confidence that allowed the economy to operate with the elimination of one of its greatest uncertainties. The NZCB was quickly followed by the central banks of Canada, Sweden, UK, US, Japan and the Eurozone who conducted monetary policy with a stated annual inflation target. But is inflation targeting now obsolete?

Due to the consequences of the credit crisis, increased unemployment and excess capacity, the dangers of inflation became temporarily redundant. This allowed central banks to

what they perceive to be a normalised interest rate environment. They are certainly aware of the consequences their novel policies have had on asset prices. Unfortunately, inflation, or the lack thereof, remains a conundrum for investors and central banks alike.

In spite of decent global growth this year, core inflation in the US (1.4%) and the Eurozone (1.1%) remains stubbornly below the central banks' targets. It is particularly confounding for economists that there is limited US wage growth in an economy that has an unemployment rate of 4.3%. Thus far theories that have been proposed to explain this anomaly include the opioid crisis, declining birth rates, the rate of incarceration, secular stagnation, employee insecurity and the negative effects of globalisation and technology. With continuing low inflation it becomes more difficult for central banks to justify any decision that normalises (increases) interest rates. This in turn creates understandable concerns for asset prices.

A resolution to this economic mystery will largely dictate Appian's short term investment decisions where, as always, we will be cognizant of the associated downside risks much like a mountaineer on Mount Everest.



*The information contained in this material is not financial advice. Nor does it constitute an offer for the purchase or sale of any financial instruments, trading strategy, product or service. No one receiving this material should treat any of its contents as constituting advice. It does not take into account the investment objectives, knowledge, experience or financial situation of any particular person. You should seek advice in the context of your own personal circumstances prior to investing or taking out any product from your own independent adviser.*

*This material has been prepared and issued by Appian Asset Management Limited on the basis of publicly available information, internally developed data and other sources believed to be reliable. While all reasonable care has been given to the preparation of the information, no warranties or representation, express or implied are given or liability accepted by Appian Asset Management Limited or its affiliates or any directors or employees in relation to the accuracy, fairness or completeness of the information contained herein. Any opinion expressed (including estimates and forecasts) may be subject to change without notice.*

*If you decide to invest in the Appian Unit Trust, further information in relation to all risks is provided in the Fund Prospectus and supplements. This material is available from Appian Asset Management Limited, 42 Fitzwilliam Place, Dublin 2. If you invest in the Appian Unit Trust, you may lose some or all of the money you invest. The value of your investment may go down as well as up. This investment may be affected by changes in currency rates.*

*References to past performance are for illustrative purposes only and are not a reliable guide to future performance. Projected returns are estimates only. Forecasted returns depend on assumptions that involve subjective judgement and on analysis that may or may not be correct.*

*The above disclaimer and limitations of liability are applicable to the fullest extent permitted by law, whether in Contract, Statute, Tort (including without limitation, negligence) or otherwise.*

*Appian Asset Management Limited is regulated by the Central Bank of Ireland.*

---

## Appian Unit Fund Prices

---

Subscribe	Past Issues	Translate ▼
Appian Value Fund	<b>142.02</b>	
Appian Equity Fund	<b>178.30</b>	
Appian Small Companies Opportunities Fund	<b>202.65</b>	
Appian Liquidity Fund	<b>106.08</b>	
Appian Ethical Value Fund	<b>98.91</b>	

For more detailed information on each of our funds click [here](#)

# Investment Team



Patrick J Lawless  
*Chief Executive Officer*



Eugene Kiernan  
*Head of Investment Strategy*



John Mattimoe  
*Senior Fund Manager*



Pat Kilduff  
*Senior Fund Manager*



Niall Dineen  
*Senior Fund Manager*

[Click here for more information about our Investment Team](#)

## Contact our Client Relationship Team



Kevin Menton  
*Director*  
Tel: (01) 662 3989 *direct*  
[Click here to email Kevin](#)



John Flavin  
*Senior Relationship Manager*  
Tel: (01) 662 4053 *direct*  
[Click here to email John](#)



Follow Appian on Twitter



Connect with Appian on LinkedIn

[Subscribe](#)

[Past Issues](#)

[Translate](#) ▼



**Appian**  
Asset Management

---

*Copyright © 2017 appianasset, All rights reserved.*

[unsubscribe from this list](#) [update subscription preferences](#)