Appian
Asset Management

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Appian Fact Sheet Euro Liquidity Fund

DECEMBER 2016

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 volitality. 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 31.12.2016

Period	2009	2010	2011	2012	2013	2014	2015	2016
Appian Euro Liquidity Fund	2.84%	2.37%	1.10%	0.26%	-0.09%	-0.13%	-0.04%	-0.21%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%

Investment Team

Patrick J Lawless

John Mattimoe

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Eugene Kiernan

Niall Dineen

Lisa Neary

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 Review Quarter 4 2016

Political and monetary policy events dominated market movements in the fourth quarter of 2016. The main events contributing to bond movement in the fourth quarter were central bank meetings (US and Europe), a 'no' vote in the Italian constitutional referendum and Trump's victory in the US elections.

During December, the European Central Bank ("ECB") decided to extend quantitative easing by nine months, at a reduced monthly rate of €80 billion per month. This offers the first hints of an exit strategy, while the six-month extension of the programme has diluted investor concern about a market tantrum, preventing a potentially sharp tightening in financial conditions. The ECB is encouraged by signs that the economy is performing well in the face of political uncertainty.

In the US, the Federal Reserve increased the target range for the federal funds rate by 25 basis points to 0.50% to 0.75% at its December meeting for the second time in this economic cycle. In addition to the 25 basis point hike at this FOMC meeting, the new projects show that Fed officials now anticipate an additional three 25 basis points rate hike next year.

Political uncertainty dominated markets in Italy following the 'no' vote in the referendum on Senate reform. Italian bond yields underperformed other European markets in the run up to the referendum.

Ten-year yields have been declining for most of this decade, with German borrowing costs dipping below zero for the first time just before the middle of this year. However since July 2016, a reverse in this trend has occurred and the US election in November further triggered a sharp rise in US yields with the 10 year increasing from 1.77% to 2.44% by the end of 2016. A number of factors have contributed to a rise in yields over the fourth quarter; global inflation showing signs of improvement, increasing speculation over effectiveness of central bank monetary stimulus and increased alertness to fiscal policy playing a more active role going forward in reflating the economy.

Despite the taper tantrum, the bond component of the fund made a positive contribution to the performance of the fund for the quarter following the ECB's announcement to expand the criteria for its bond buying programme to include bonds with maturity of 1 year and bonds yielding lower than the current deposit rate of -.40%. However, banks are continuing to lower their deposit rates making it an extremely challenging environment for deposit type investing.

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
€13 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

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.