

# Appian Small Companies Opportunities Fund

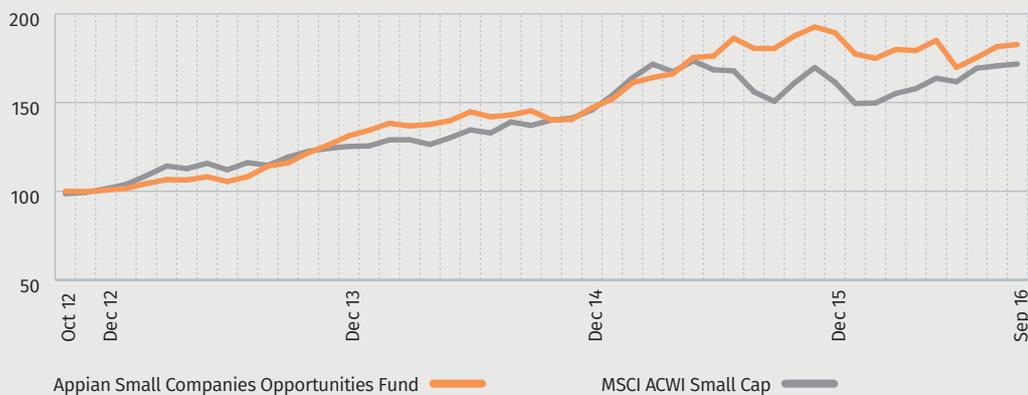
## Fact Sheet

SEPTEMBER 2016

### 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.

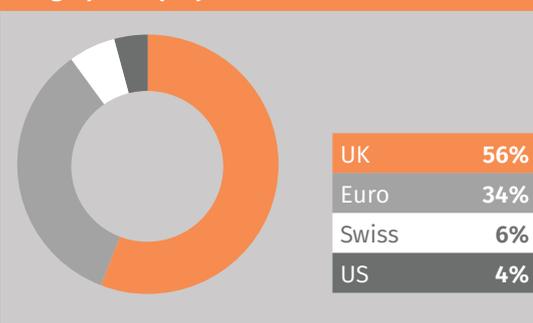
#### Performance of Appian Small Companies Opportunities Fund



#### Appian Small Companies Opportunities Fund Performance 30.09.2016

Period	2012	2013	2014	2015	2016 YTD
Fund Return	0.61%	30.50%	12.04%	28.75%	-3.52%

#### Geographic Equity Distribution



### Investment Team

Patrick J Lawless

John Mattimoe

Frank O'Brien

Eugene Kiernan

Niall Dineen

Lisa Neary

### Key Features

- Concentrated stock selection
- We meet and engage with management
- No entry, exit or performance fees
- Typically invest in lowly geared companies
- All stocks are publicly quoted
- Independent Trustee Custodian and Administrator

## Appian Small Companies Opportunities Fund Review Quarter 3 2016

After a very volatile first half, financial markets were relatively calm during Q3. Against that backdrop the Appian Small Companies Opportunities Fund (ASCOF) performed strongly posting a quarterly gain of 7.6%. This recoups much of the fall recorded in the challenging first half and brings the decline for the first nine months of 2016 to 3.5%.

With close to 55% of the fund invested in UK listed assets the Brexit 'leave' result was a major factor in the first half. However, as discussed in our Q2 commentary many of these companies have significant non-UK businesses so the fund's underlying exposure to the UK economy we believe is closer to 25% and we argued that the initial post referendum reaction in the share prices of such internationally focussed UK companies appeared overdone.

This view was validated over Q3 with many of our UK holdings posting strong gains as the market recognised that many of these are not UK dependent businesses. In particular, reporting season gave these companies the opportunity to highlight how their investment cases do not rely on whether the UK economy is impacted by Brexit or not. For example, Next15, the communications business which specialises on the tech sector rose by 38% over Q3 as it posted strong H1 results allowing investors appreciate that its client base is global and it has a robust business model.

M&A activity continued to be a positive theme for the Fund, with two of the Fund's largest holdings involved in deals in Q3. Shares in packaging company Powerflute gained 28% as it agreed to be bought by private equity while tech company Micro Focus rose by 36% in Q3 due to the announcement of its agreement to acquire the enterprise software business of Hewlett Packard. This deal will more than double Micro Focus' sales and represents its second transformational deal in two years. Elsewhere, ITV made an aborted approach to buy Entertainment One, a stock we only entered during Q2, and while a formal deal did not materialise the approach highlighted the stock's undervaluation and it gained 32% over the quarter.

Sterling continued to be a headwind for the fund as it weakened by a further 4% against the Euro, bringing its year to date decline to 15%, which represents an 8% drag within the Fund's year to date performance.

Our disciplined investment process involves a concentrated approach. While this may result in the Fund being exposed to short-term challenges such as Brexit reaction and sterling weakness, the crucial issue is that we continue to invest in high quality companies at attractive valuations.

### Top 5 Equity Holdings 30.09.2016

Name	Country	Sector	%
Jungheinrich	Eurozone	Machinery	5.14%
Powerflute	UK	Packaging	5.08%
Wireless Group Plc	UK	Media	4.70%
Micro Focus	UK	Software	4.44%
Playtech	UK	Technology	4.25%

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## Fund Facts

### LAUNCH DATE

**October 2012**

### NAME

**Appian Small Companies Opportunities Fund**

### FUND SIZE

**€37 million**

### PRICING FREQUENCY

**Monthly**

### PRICING BASIS

**Single Price**

### ANNUAL MANAGEMENT CHARGE

**1.5% 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.