

# Appian Small Companies Opportunities Fund

## Fact Sheet



MARCH 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.

### Investment Team

Patrick J Lawless

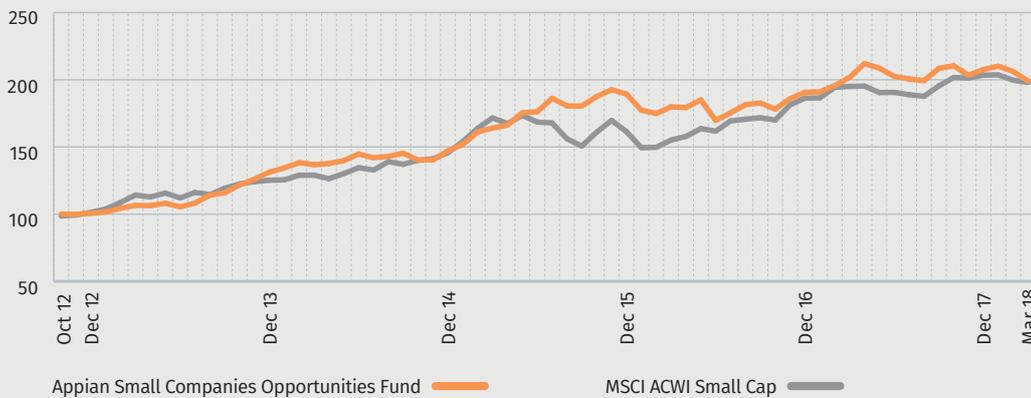
Eugene Kiernan

John Mattimoe

Niall Dineen

Pat Kilduff

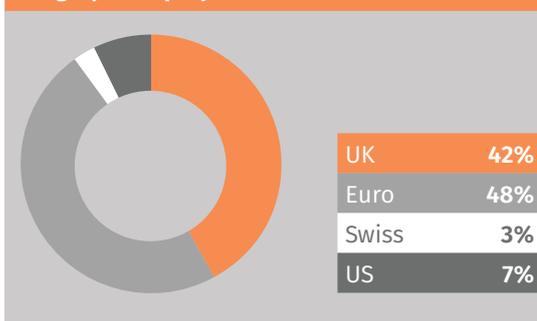
### Performance of Appian Small Companies Opportunities Fund



### Appian Small Companies Opportunities Fund Performance 31.03.18

Period	2012	2013	2014	2015	2016	2017	2018 YTD
Fund Return	0.61%	30.50%	12.04%	28.75%	0.71%	8.93%	-4.14%

### Geographic Equity Distribution



### 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 1 2018

Equity markets saw a difficult start to the year and the Appian Small Companies Opportunities Fund (ASCOF) posted a decline of 4.1% for the first quarter of 2018.

Despite a supportive economic environment investor attention focused on concerns over rising interest rates and bond yields and threats of trade wars. While such issues weighed on equity markets, the Fund was impacted by a stock specific issue more than anything else.

Micro Focus, the UK software company, closed the acquisition of the software arm of Hewlett Packard Enterprise last September. However, during Q1 it warned that the integration of this large acquisition is causing greater disruption than planned and that its sales in the current year will be lower than expected. Its share price fell by 60% as a result. While investors were rightly disappointed over the news our view is that the reaction is overdone as there is not a problem with the company's underlying products and the business model is not fundamentally broken. But first management need to re-establish credibility, and we have capacity to add to our position should they start to do so, but equally we won't be sentimental should we conclude that this may take too long.

The Micro Focus move alone accounted for circa two thirds of the Q1 performance of the Fund. Outside of that the rest of the Fund was relatively resilient, helped by positive moves by a number of holdings.

Somero Enterprises, the US producer of specialist concrete equipment, gained 26% on the back of reporting better than expected results for 2017 and a positive outlook for 2018. Draper Esprit, the investor in developing technology companies, advanced 23% as the value of its portfolio of companies posted strong growth and it successfully deployed the funds it raised in 2017 quicker than expected. Shares in specialist insurer Randall & Quilter rose by 13% in Q1 as it delivered further positive progress on its expansion plans.

During Q1 we started to build a position in one new holding – Hudson Technologies, the largest US supplier and recycler of refrigerant chemicals. We also took advantage of bouts of volatility to add to some of our existing positions, including Datalex (Irish provider of software for airlines), Kronos (German producer of high-speed bottling equipment) and J2 Global (US cloud services company).

Although we continue to expect that equity markets may exhibit a greater degree of volatility around returns than in recent years, we remain encouraged by a supportive economic and earnings outlook and we believe that the companies we own are well positioned to successfully execute their own business strategies.

### Top 5 Equity Holdings 31.03.18

Name	Country	Sector	%
Jungheinrich	Eurozone	Machinery	4.81%
Somero Enterprises Inc	UK	Industrials	4.48%
Draper Esprit Plc	UK	Financial Services	3.86%
Randall & Quilter Investment	UK	Financial Services	3.74%
Playtech	UK	Software	3.76%

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## Fund Facts

### LAUNCH DATE

**October 2012**

### NAME

**Appian Small Companies Opportunities Fund**

### FUND SIZE

**€46 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. If you invest in this fund you may lose some or all your investment.

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