

Appian Equity Fund

Fact Sheet



DECEMBER 2018

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 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

Niall Dineen

John Mattimoe

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Performance of Appian Equity Fund



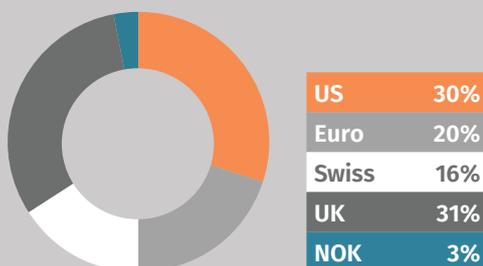
Key Features

- Focus on companies with strong balance sheets
- Developed Stock Markets only
- Active stock selection
- No entry, exit or performance fees
- Lower volatility than global equity markets
- Sustainable long term returns
- Independent Trustee Custodian and Administrator

Appian Equity Fund Performance 31.12.18

Period	2011	2012	2013	2014	2015	2016	2017	2018 YTD
Fund Return	4.25%	7.42%	18.73%	10.70%	12.77%	5.32%	8.42%	-9.11%

Geographic Equity Distribution



Asset Allocation



Appian Equity Fund Review, Quarter 4 2018

The Appian Equity Fund fell 12% during Q4, erasing its gains for the year and finishing down 9.1% for 2018. The final quarter of 2018 saw a sell-off in global equities driven by fears that a recession may be triggered by the combination of rising interest rates in the US and the ongoing trade tensions between the US and China. The sell-off towards year-end meant that 2018 finished as the worst year for most major equity indices in the last decade. The S&P finished down 6%, the DAX down 18% and many Emerging markets suffering losses in excess of 20%.

During the fourth quarter, our healthcare stocks performed strongly with Merck being the standout performer, up 10% during the quarter as the market began to fully appreciate the full potential of its cancer drug, Keytruda. Merck finished the year as the best performing stock in the S&P, up 35%. Walgreen Boots was another standout performer rising 15% during the quarter, before we took the decision to sell the stock during November.

The energy sector was the worst performing sector during the quarter as oil prices experienced substantial falls as fears arose as to the outlook for demand with a slowing global economy and fears that OPEC may not have the ability to react quickly with supply cuts. BP and Royal Dutch Shell both saw their share prices fall over 15% during the quarter.

During the quarter, the sell-off produced opportunities and the Fund added positions in Smiths Group, the UK industrial company and the US Homebuilder DR Horton. DR Horton is a great example of the opportunity that has arisen in the market. Today, the company generates a cash flow return on capital of 12%, whilst trading on a price earnings ratio of 8. DR Horton has established itself as the leading homebuilder in the US and the predominant player in lower cost housing, which is where the pent-up demand is located within the US housing system.

As well as exiting Walgreens, the Fund's position in Sainsbury was also sold. Sainsbury had performed well since purchase, rising over 30% after the company entered merger discussions with Asda. The decision was taken that the risk to this deal being completed had increased significantly and therefore we exited the position.

After a disappointing end to 2018, the focus now shifts to what 2019 will bring. We enter the year with significant value in the equity market as highlighted by the Appian Equity Fund starting the year on a price earnings ratio of 11 and showing a dividend yield of 4.5% in the Fund. There is plenty of negativity around in the form of a slowing economy and unpredictable politics, but we believe the underlying strength of our companies will allow them to navigate through this environment and continue growing their businesses and their dividends.

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Fund Facts

LAUNCH DATE

May 2010

NAME

Appian Equity Fund

FUND SIZE

€33 million

PRICING FREQUENCY

Monthly

PRICING BASIS

Single Price

ANNUAL MANAGEMENT

CHARGE

1.5% p.a.

FUND CUSTODIAN

Citibank Europe Plc

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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