

Appian Small Companies Opportunities Fund

Fact Sheet

MARCH 2019

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

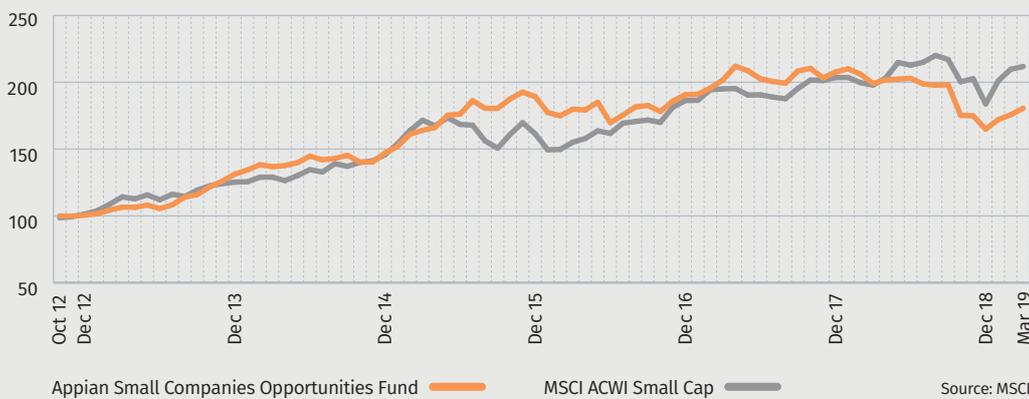
Niall Dineen

John Mattimoe

Pat Kilduff

Derek Heffernan

Performance of Appian Small Companies Opportunities Fund



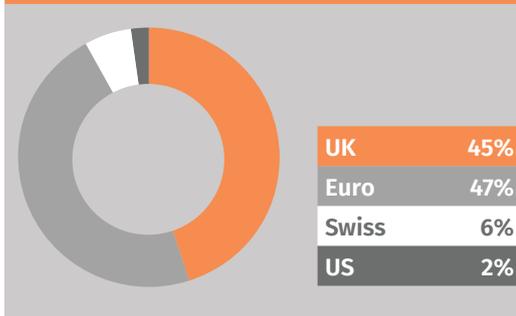
Appian Small Companies Opportunities Fund Performance 31.03.19

Period	2012	2013	2014	2015	2016	2017	2018	2019 YTD
Fund Return	0.61%	30.50%	12.04%	28.75%	0.71%	8.93%	-20.59%	9.49%

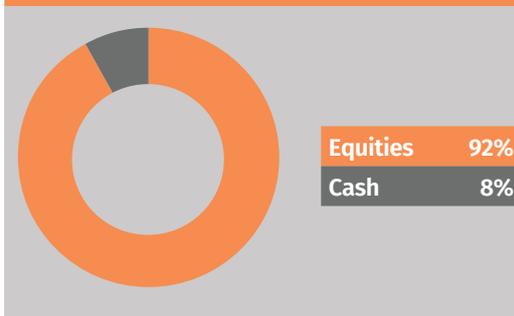
Key Features

- 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

Geographic Equity Distribution



Asset Allocation



Appian Small Companies Opportunities Fund Review, Quarter 1 2019

A strong start to 2019 for equity markets saw the Appian Small Companies Opportunities Fund (ASCOF) deliver a gain of 9.5% over Q1. Global share prices rebounded following the Q4 sell off as the fears, which exercised investors, were allayed by Central Banks. Particularly the US Federal Reserve, decisively moving to a more dovish approach re interest rate policy, and by the de-escalation in US / China trade tensions.

Two of the Fund's stocks gained c.50% over Q1. Micro Focus, the UK legacy software company, advanced as it demonstrated that it had successfully overcome last year's issues with the integration of the software arm it had acquired from Hewlett Packard Enterprise and signalled that its revenues, margins and cash generation were back on trend. IFG, the UK pension platform provider, agreed to a takeover offer from a Private Equity company at a healthy premium to its share price. For IFG shareholders, this crystallises much of the strategic value of its divisions which investors had been reluctant to recognise under the group's current structure.

The Fund's holdings in machinery companies (Jungheinrich, Bucher and Somero) benefited as concerns about a possible trade war eased. Two UK businesses (Bovis Homes and Forterra) which we introduced in late 2018 on the basis they were oversold and offered compelling value notwithstanding Brexit risks, both bounced by just over 30% in Q1.

Datalex was the main underperformer during Q1, after it warned that it was unable to fully recover costs it incurred implementing a significant new customer contract. We sold our position as the warning exposed weaknesses in the company's financial controls, which we believe, may take some time to address. We also sold our position in IRES REIT as its share price reached our target price.

During Q1, we started to build positions in three new names – Winnebago, the US producer of the eponymous RV; Wizz Air, a central European low fares airline; and Vidrala, a Spanish glass bottle manufacturer.

The speed of the recovery in equity markets since end-2018 is greater than we expected. While our stance towards equities remains positive, we do recognise that the possibility of bouts of volatility is now greater. Those pockets of the equity market where valuations are very high are more vulnerable to such bouts. The stocks in the ASCOF portfolio are, in our view, still attractively valued, with an average price / earnings ratio of 12.7x and a dividend yield of 3.25%. These are well managed, cash generative companies, and owning them at these valuations still represents a solid base from which good returns can be built over time.

Fund Facts

LAUNCH DATE

October 2012

NAME

Appian Small Companies Opportunities Fund

FUND SIZE

€38 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