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January 2017

Monthly Monitor

An “Event-Full” year.

For investors, 2016 was marked less by economic fundamentals and more by a series of seismic events that impacted both markets and market sentiment. Events that, in truth, have yet to play out to their full extent.

At the start of the year, concerns over Chinese growth and a tumbling oil price saw global stocks lose 15% of their value in euro terms in the first six weeks. While markets slowly recovered, the first half of the year also brought us the lead up to the “Brexit” vote in the UK and its surprise outcome. This led to a short-term negative reaction in stock-markets with a more significant impact on Sterling, which immediately lost c. 12% on a trade weighted basis. The final few months of the year saw bond prices fall as investors began to price in some degree of monetary tightening and nascent inflation principally in the US, and markets also weighed up the prospect of a Donald Trump administration. In the near term, equity markets have chosen to focus on the growth bias in the President-elect’s rhetoric and we have seen a strong finish to this volatile year.

While US equities were strongly positive in the year, in Euro terms, both Europe and UK have been broadly flat. We produced positive returns across our funds in 2016 despite the heightened volatility in markets building on solid performance over the past three years.

	last 3 Years	
Appian Value Fund	+ 0.49%	+ 5.3%
Appian Equity Fund	+ 5.32%	+ 9.55%
Appian Small Company Fund	+ 0.71%	+ 13.26%

Our multi-asset funds such as the Appian Value Fund continue to benefit from solid diversification across a range of asset classes while our equity funds continue to be built upon core principles such as financial strength, superior cash flow and attractive valuations.

The financial market signposts for 2017 are reasonably clearly marked. There is a wave of critical elections (that we know of) in Europe, as France, The Netherlands and Germany go to the polls, and given the recent outcomes in the UK and the US, investors will take very little on faith in advance of the results. In the US, the Federal Reserve will look to walk a fine line with a series of interest rate increases that don't choke economic growth or drive the currency too high. We will also see how the rhetoric of the Trump campaign trail meets the reality of Washington politics and while 2017 may see some move on corporate tax rates, much of the spending proposals will take longer. The influence of the new US administration on the world stage may serve to heighten rather than dampen "geo-political risk" given the early glimpses we have seen and the heightened tensions in regions such as Syria and the South China Sea.

2017 should be another year of improving global growth and forecasts are for an improving bottom-line for companies as profits are expected to grow in excess of 10% according to consensus. This is a reasonably benign backdrop for markets as they look to navigate the events outlined and others.

We believe the core qualities and solid diversification within our funds leave us well positioned to steer a course through any market uncertainty and to do so, as we always have done, with substantially lower levels of risk.



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Appian Unit Fund Prices

3 January 2017

Appian Value Fund	140.20
Appian Equity Fund	173.32
Appian Small Companies Opportunities Fund	190.75
Appian Liquidity Fund	106.21
Appian Ethical Value Fund	99.45

For more detailed information on each of our funds click [here](#)

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