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Monthly Monitor

January 2018

2017 – Focussed on the Fundamentals

2017 may appear like a year when financial markets were extremely calm, but at various stages through the year markets had to grapple with issues which in the past would have seriously unnerved investors.

As we came into the year, the shadow of shock political results such as Brexit and the US Presidential election coloured investor views, as they weighed up a slew of European elections; the Netherlands, France and Germany. As these ultimately resulted in reasonable outcomes, markets were relieved. Where we did see some political surprise, as with the UK election, there was little long term market impact.

An escalation in geo-political tension in North Korea and in conflicts in the Middle East saw little stock market reaction. Even the unprecedented events in Catalonia had no impact on global markets, and in fact little enough impact in Spain, apart from an increase in market volatility.

Financial markets were focussed more on a very solid global economy, and for the first time in a number of years, corporate profits which didn't disappoint.

Currency played quite a significant role in investment outcomes in 2017, notably the US dollar. As the pace of the Eurozone economy surprised on the upside this year and as inflation in the US economy (which would mean higher interest rates sooner) failed to materialise, we saw a very significant weakening of the US currency relative to the Euro. The US dollar fell by c.15% against the Euro which clearly had an impact on returns from

performance by the US dollar was the weakest since 2003.

Overall stock market volatility remains exceptionally low and the usual measures of volatility such as the VIX index point to extremely subdued levels currently.

Looking ahead into 2018, continued growth in the global economy and in company profits will, we believe, remain key supports for markets. Investors would be happy to see a repeat of 2017's outcome on both of these, and consensus forecasts on economic and profits growth remain optimistic as we start the year. However it won't be a year without event risk and the pace and profile of the US Central Bank's policy of interest rate increases, as well as withdrawing support from the bond market, will be closely watched for spill-over impacts on bond yields and the broader financial market.

Our Value Fund remains well diversified over quality asset classes, and within our equity portfolios our principles of solid balance sheets, superior returns on capital and sustainable and growing free cash flows, will continue to help us steer a course through any market volatility.

	Fund Return 2017	Annualised Return last 5 Years
Appian Value Fund	+2.39%	+5.35%
Appian Equity Fund	+8.42%	+11.1%
Appian Small Company Fund	+8.93%	+15.61%

Eugene Kiernan, Appian's Head of Investment Strategy, appeared on Morning Ireland today to discuss the promising start of 2018.

[Click here to listen to Eugene Kiernan on Morning Ireland](#)



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Appian Unit Fund Prices

2 January 2018

Appian Value Fund	143.55
Appian Equity Fund	187.91
Appian Small Companies Opportunities Fund	207.78
Appian Liquidity Fund	105.77
Appian Ethical Value Fund	101.30
Appian Burlington Property Fund	108.81

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

Investment Team



Patrick J Lawless
Chief Executive Officer



Eugene Kiernan
Head of Investment Strategy



John Mattimoe
Senior Fund Manager



Pat Kilduff
Senior Fund Manager



Niall Dineen
Senior Fund Manager

[Click here for more information about our Investment Team](#)

Contact our Client Relationship Team



Kevin Menton
Director
Tel: (01) 662 3989 *direct*
[Click here to email Kevin](#)



John Flavin
Senior Relationship Manager
Tel: (01) 662 4053 *direct*
[Click here to email John](#)

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