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# Monthly Monitor

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**May 2018**

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## The Return of the Celtic Tiger?

In the year in which a Grand Slam was won, it seems that Ireland is the prominent force in European Rugby. It is, however, in a more widely impactful area that Ireland is outperforming its Eurozone peers; economic growth.

Appian believes the economy is growing circa 4-5% p.a. Official GDP figures have become a source of ridicule due to the distortions caused by multinationals based in Ireland. As a result, the CSO has constructed an economic growth measure (GNI\*) that eliminates many of these anomalies to offer a fairer appraisal of the economy.

Using GNI\* the progress made by the Irish economy in recent years is nothing short of astonishing. The unemployment rate has fallen from a peak of 15.2% (Jan '12) to 5.9% and the NTMA estimate that Debt/GNI\* has fallen from 158% to 102%. This recovery has been less reliant on consumption and investment fuelled by borrowing, which make today's version of the Celtic Tiger more sustainable and very different to previous incarnations.



For Appian one of the methods of achieving exposure to the national economy has been via commercial property. Initially, Appian was attracted to the yields offered by properties within the environs of Dublin 2 and 4. As the economy continued its recovery, value in this asset class was to be found in the greater Dublin area. Our Value and Ethical Value Fund portfolios have gained exposure to this portion of the market via investing in the Appian Burlington Property Fund (a limited liquidity fund open only to qualifying investors). This Fund, presently, contains six commercial properties with an average net income yield of 7%.

At our recent Investment Seminar, Danny McCoy (CEO of Ibec) spoke of his concerns with regards potential domestic wage inflation and a loss of competitiveness. With a flexible labour market, however, (as reflected by salary cuts in the last downturn) this is not at the forefront of our concerns for the domestic economy. Nor is Brexit, as it seems that the majority of the House of Commons wish to remain in the Customs Union and the danger of fiscal ill-discipline remains limited with continuing oversight from the IMF. The real perils reside in speculative areas such as, trade wars and corporate tax reform.

There are always risks with any investment view and we at Appian place these threats at the forefront of our Investment evaluation process. Just as the Irish team undertook measured risks in orchestrating a winning last kick drop-goal in achieving their first step in a Grand Slam, Appian feels the risk reward trade-off for appropriate commercial property investments remains attractive and a lot less nerve -racking.



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## Appian Unit Fund Prices

*1 May 2018*

Appian Value Fund	<b>142.83</b>
Appian Equity Fund	<b>186.14</b>
Appian SCOF	<b>201.93</b>
Appian Liquidity Fund	<b>105.50</b>
Appian Ethical Value Fund	<b>100.79</b>
Appian Burlington Property Fund	<b>106.37</b>

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

# Investment Team



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