

# Investment Commentary

Solid and steady did it again with the A share class rising a further 0.66% to put the share class up over 5% on the year.

The consistency of returns this year is both gratifying and slightly worrying. It has now been a long time since the market has suffered a material setback and we are slightly overdue.

Volatility has remained low which makes it harder for the Orchard Fund to generate solid returns but we were blessed with a single day of volatility mid month which allowed us to take advantage of the higher premiums and reposition the portfolio. Thanks to that advantage we end May with a good amount of premium in the Fund and a fair prospect of further solid returns going forward.

As we noted last month, we continue to keep our exposure to the market at the lower end of our normal range as we are wary of a market setback at some point soon. The current bull market is very mature and whilst history never repeats itself, and the world is certainly a very different place now than it has ever been in the past, it would be imprudent to become overly aggressive at this point in the cycle.

So despite keeping our market exposure relatively low, we have out-performed our benchmark through a combination of stock picking and market timing. So far it has worked well but the past is no guarantee of the future. The biggest dilemma for any Fund Manager is the balance between fear and greed.

Normally, the latter overcomes the former and that is when markets crash, so we tend to err towards fear, knowing that even if we are wrong, we will still generate solid returns for our investors.

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It is one of the anomalies of the market that risk is perceived to be at its lowest when the market has risen sharply. This is wrong and the current complacency highlighted by the low level of volatility is a concern for us, but we continue to show caution and hold back cash waiting for opportunities. We are fortunate in that investment markets are rarely linear and that volatility, when it occurs, is a gift for the investor who has cash to spare and is brave enough to jump in when others are exiting the market. By being cautious now, we give ourselves the chance to be bolder later.

## Fund Facts

### Launch Date

14 January 2003

### Fund Manager

Richard Harwood  
(since inception)

### Fund Structure

UCITS V

### Domicile

Dublin

### Currencies

GBP, USD, EUR, CHF

### Administrator

CACEIS Ireland Ltd

### Dividend Yield

Target 6%  
2017 Est 6.22%

### Dividend Policy

Distribution

### Dealing Days

Daily

### Fund AUM

£73.6m

### Min Subscription

50,000 for individuals,  
10,000 for platforms and  
designated bodies