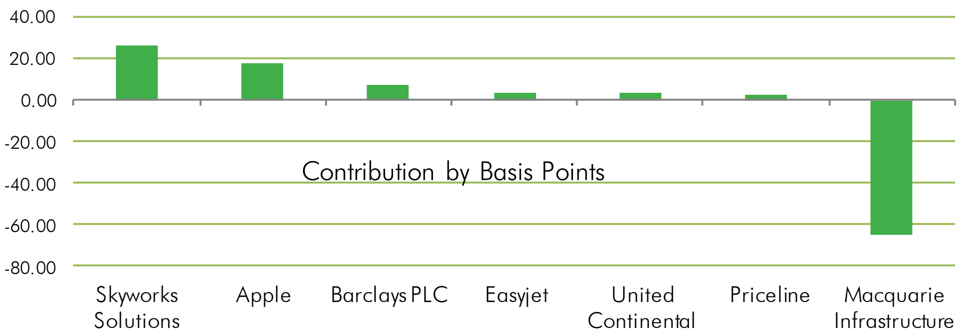
Top Movers



Skyworks Solutions, + 26.04 bps

We are the first to admit when we get it wrong but for once it seems appropriate to highlight when we get it right. In December, Skyworks was our biggest loser and at that time we wrote "Despite no significant downgrades, sentiment has turned against Skyworks as rumours of faltering interest in the iPhone X circulate. However, as noted above, we are less concerned about price action than fundamentals and the fundamentals remain strong". That confidence was royally rewarded this month when Skyworks produced the perfect trifecta during their quarterly earnings. Not only did they beat earnings expectations and raise earnings forecast for the next quarter but simultaneously announced that they were increasing their targeted cash return rate to shareholders from 40-50% to 60-75% of free cash flow. It is difficult not to like fundamentals like that.

Apple, + 17.67 bps

There are very few certainties left in the investment world but it seems that Apple announcing that they have beaten the street's expected EPS but are guiding lower for the next quarter. At the same time it is now a quarterly tradition that forecasters predict the end of this sequence with terrible consequences for the apple share price. This quarter and most other quarters, they were wrong and have paid the price as the share price rallied 6.38% despite the market moving lower. The numbers on Apple are terrifyingly large, in the last quarter they recorded a profit of $20.1bn on sales of $88.3bn. This is despite a quarterly drop in iPhone sales compared to the same quarter the previous year. The secret is that Apple are experts at extracting dollars from buyers either in ever increasing prices or services which users happily sign up for in perpetuity. A truly remarkable business model.

Barclays PLC, + 7.25 bps

It is pleasing to see a UK bank in the top movers for the second month running despite the FTSE 100 falling 4% on the month. Barclays recorded a solid 6% return on the month as greater volatility in the market and a steepening yield curve all promised better days ahead. However, during the month Barclays reported a net loss of nearly £2bn for 2017 hit by a charge related to the US tax overhaul. However, despite this setback, the company committed to increasing its dividend and potentially recommencing share buybacks after its Tier 1 ratio rose to 13.3%. Further comments regarding a healthy start to the year has seen investor sentiment rally and the bank, which had previously been out of favour with investors regained investor interest. Banks are not a natural home for the Orchard Fund but when the price is right, we are willing to invest

Top 5 Countries	
United States	66.18%
United Kingdom	21.34%
Jersey	2.93%
Bermuda	2.88%
France	2.30%

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

Fund AUM

£65.9m

Min Subscription

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

Easyjet, + 3.53 bps

Easyjet has been an absolute star since its post Brexit decline and that performance continues this month with a further modest contribution. The fundamentals of the business are very good at the moment aided by weaker players exiting the market which is leading to higher yields and higher payloads. This is an intoxicating mix which Easyjet is using to further expand its services. We are always mindful that the airline business can be highly cyclical and as such, we are not chasing this stock but our residual positions continue to bear fruit and aid performance. Our commitments are to sell our holdings at £14.00 until September and £15.00 until December, well below the current share price of £16.79.

United Continental Holdings, + 3.06

This was a recent addition to the portfolio which immediately came to the party and contributed positively to performance. We retain a core list of companies and sectors which meet our requirements and regularly enter and exit the portfolio as they become cheap or expensive. Other trades are opportunistic and take advantage of price dislocations in the market. United was such a trade after a 11% fall on announcements that it was reducing prices in what the market feared would spark a price war. We believe that move was excessive and were able to write a $65 put for March taking in an annualised 14%. That commitment expires in March and is currently some 4% below the current market price. There are no plans to rewrite this exposure should the option expire worthless.

Booking Holdings, (formerly Priceline) + 2.74 bps

Booking Holdings (formerly Priceline) is an exceptional company in a growth business. However, quarterly earnings can be volatile and often provide good opportunities to enter the stock. We entered the earnings season with a 1% holding hoping that bad results would see the stock set back and give us a chance to increase our exposure. Regrettably the earnings were good and the share price rallied 6.77% which meant there was no opportunity to write more positions but it did generate a positive return on the small holding. This type of trade is typical of our strategy whereby we plan for one scenario, but position ourselves to benefit if that scenario does not play out. It may not result in large gains but we work on the theory that small gains add up over time.

Macquarie Infrastructure Corp, - 65.44 bps

There is always that one stock which makes you question everything you do and this month it was MIC. This Fund owns some fundamentally solid businesses in aviation refuelling, ga and water and energy. Generally good infrastructure companies with wide moats and solid free cash flow earnings. This led to solid free cash flow growth and a good dividend yield. In the last quarter, one of their units saw a significant downturn which will requirement to repurpose some of the tankage in their IMTT gas storage business. This led to a forecast reduction in FCF and a dividend cut. The magnitude of the response (down over 40%) reflected the markets displeasure with management and their failure to flag these issues to the market. However, there is a suggestion of kitchen sinking here with the management taking the chance to get all bad news out at once. Only time will tell if we are right but for the moment, we remain long of the stock.

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UCITS V

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Dublin

Currencies
GBP, USD, EUR, CHF

Administrator
CACEIS Ireland Ltd

Dividend Policy
Distribution

Dealing Days
Daily

Fund AUM
£65.9m

Min Subscription
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