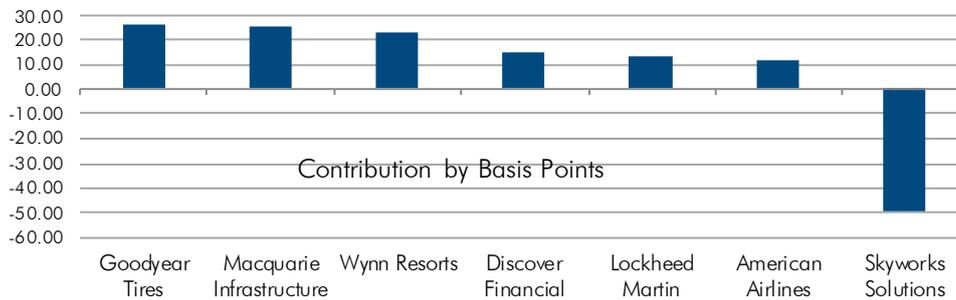


Orchard Fund Top Movers



Goodyear Tires, + 26.42 bps

Goodyear Tires is a vindication of keep it simple. A solid company with a product which is in constant demand reduces significant investment risks. There are factors which are impossible to eliminate and whether the Company can execute their business plan as well as Global Macro issues are two of the most important. In regard to executing their business plan, Goodyear have excelled of late, but the main factor again this month has been the on off Chinese US trade wars. Previously, the share price of Goodyear had declined in anticipation of reduced volumes of car sales but with the imminent meeting between Presidents Trump and Xi, investors have started to re-appraise the risks associated with the stock. Whilst we always acknowledged the short term risks associated with Goodyear, the fact that the stock trades on a P/E of 8 gives a good margin of safety, and in this case, that safety has turned in profit.

Macquarie Infrastructure, + 25.79 bps

We have spoken on many occasions about Macquarie Infrastructure and the fact that following their disappointing earnings announcement in the first quarter of 2018, the market would take a long time to trust the management again. We have looked at the stock anew and believe that not only will we continue to enjoy the near 10% dividend yield but that there is significant capital upside in this holding. This month, we again clipped the coupon and enjoyed a \$1 dividend as well as seeing the share price rally over 10% after their financial results at the end of October sparked investor interest. We are sure that MIC will continue to have its ups and downs but believe the fundamental picture supports better times ahead.

Wynn Resorts, + 23.21 bps

We don't always get it right but when we noted last month that the losses in Wynn seemed disproportionate to the fundamental news, and that we thought it would appear in this months report as one of the largest winners, we were thankfully right. The share price rose over 8% last month in a partial recovery from the recent losses. As we noted last month, the Wynn share price has discounted pretty much the worst case scenario in each of their jurisdictions and whilst it was possible that such a scenario could occur, it was unlikely. Since then the news out of Macau has improved, and whilst it is far from being as positive as it may well become, that small glimpse of light saw a sharp share price appreciation. If the news improves further it is likely that Wynn may be making many more appearances in this report for all the right reasons.

Top 5 Countries	
United States	64.39%
United Kingdom	17.38%
Jersey	4.52%
France	3.32%
Bermuda	2.77%

Fund Facts

Launch Date	14 January 2003
Fund Manager	Richard Harwood MitonOptimal Jersey Ltd (since inception)
Fund Structure	UCITS V
Domicile	Dublin
Currencies	GBP, USD, EUR, CHF
Administrator	CACEIS Ireland Ltd
Fund AUM	£50.36m
Min Subscription	50,000 for individuals, 10,000 for platforms and designated bodies



Discover Financial, + 15.05 bps

Discover Financial Services is best known as a credit card issuer and electronic payment services company. In addition, the Company issues student and personal loans and runs the Discover, Pulse and Diners Club networks. We like Discover Financial because it meets all of our investment criteria in spades. It has top decile rankings for shareholder yield, return on invested capital and Free Cash Flow yield and yet trades on an exceptionally cheap P/E ratio of 9.1. One of the advantages of the Orchard strategy is that we don't need to find reasons for the market to recognise the value of this stock, we simply need to ensure it doesn't fall to make a handsome return. While there are macro factors which will affect the Company share price, those fundamentals give us a lot of faith in this exceptionally well run company.

Lockheed Martin, + 13.56 bps

Lockheed Martin is one the leading security/military suppliers in the world with worldwide sales in excess of \$50bn. With over 70% of their sales in the US, they are heavily dependent on political priorities, which under the current Republican Presidency seem secure. Analyst forecasts continued solid growth over the next few years with international sales rising more sharply, particularly in the area of rotary and missile systems. Given the long term nature of many of their contracts, particularly the multi-year contracts for the F-35 Lightening II and F-22 Raptors means that the income stream of the Company is materially less volatile than many other companies, and whilst the market value of the stock can fluctuate with the wider market, the underlying earnings which we prefer to concentrate on offer solid support going forward.

American Airlines, + 11.56 bps

American Airlines is a good company at a good price but is along with any other airline, exposed to the oil price. As such we only have a small position but that was enough this month to generate over 11bps of performance. As well as better than expected load factors, this month the Company benefitted from lower oil prices which translated into better profits. The correlation between the oil price and airline stock is pretty close, albeit inverse, which considering most airlines have already hedged a large percentage of their requirements is surprising but American Airlines is one of the few airlines that doesn't hedge and as such, any fall in the oil price drops straight onto the bottom line.

Skyworks Solutions, - 50.41 bps

Skyworks solutions is a wireless semiconductor company which designs and manufactures radio frequency and complete semiconductor system solutions for mobile phones. It is one of the larger suppliers to Apple and this month that has hurt them badly as market expectations that iphone sales will fall sharply has hit the share price hard. In reality, although Apple is a major client there are many other clients and any decline in iphone sales will not be the death knell for the Company that the share price has currently built in. In the course of this year, the P/E ratio of skyworks has fallen from 19 to 11x earnings which appears to be a significant over-reaction. By financial year end 09/20, analysts expect that multiple to have fallen to 8.7x earnings which for a company whose revenues are still rising year on year is well and truly in the value camp. With a return on invested capital of 22% and a shareholder yield in excess of 8%, we are comfortable to remain long of this stock.

Fund Facts

Launch Date	14 January 2003
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Fund Structure	UCITS V
Domicile	Dublin
Currencies	GBP, USD, EUR, CHF
Administrator	CACEIS Ireland Ltd
Dividend Policy	Distribution
Dealing Days	Daily
Fund AUM	£50.36m
Min Subscription	50,000 for individuals, 10,000 for platforms and designated bodies