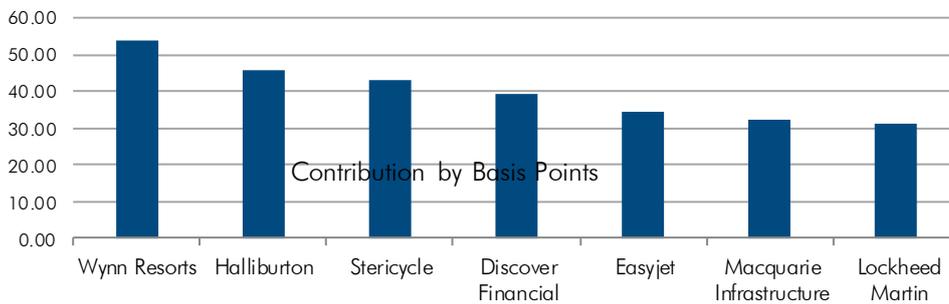


Orchard Fund Top Movers



Wynn Resorts, + 54.02 bps (Dec -16.33bps)

In talking about our highest movers this month we have noted their December movement to give investors a better perspective. Wynn Resorts held up relatively well in December and rose sharply in January as progressively improving fundamentals and the clearing of regulatory obstacles are allowing investors to look at the underlying fundamentals for the Company. In January, the Company agreed to pay a substantial fine in settlement of a Nevada Gaming Board review of the Company's supervision of former CEO Steve Wynn, but importantly that clears any challenge to their Nevada gaming licences. It improves the likelihood of a similar finding in Massachusetts, which would clear the way for the opening of the Encone Resort in Boston. Improvements in their Macau business also benefitted the outlook for the Company and we believe there is significant further upside from here.

Halliburton, + 45.47 bps (Dec -53.52bps)

Although this was a welcome return from Halliburton, in reality, we are simply back where we were at the end of November. The underlying oil price suffered a similar rollercoaster falling 11% in December before rallying 18% in January and now sits 6% higher than the end of November boding well for Halliburton's business going forward. The underlying business means that Halliburton will always be one of our more volatile holdings and we compensate for that by holding a position size below our norm, but we believe that the fundamentals of the business remain sound and that such volatility rewards us when we write options. We recently wrote the Jan \$40 call, some 30% above the current share price and increased our yield by 3% per annum

Stericycle, + 42.76 bps (Dec -64.43bps)

We have put the December losses alongside stocks to show where stocks have simply regained their losses of December. Stericycle has not even achieved that still being down over 20bps over the two months. This is despite the company recently posting a record run of 18 successive positive share price movements. Stericycle is still a show me story with the Company needing to produce strong quarterly earnings when it reports in February. It is trading at a significant discount to both the sector and the wider market after a series of management missteps and the bar is now low which would suggest that if management can prove that they are turning things around, there is significant upside from here. However, any further missteps and the market may be looking for further changes to the management of the Company.

Top 5 Countries

United States	53.62%
United Kingdom	17.86%
France	3.47%
Bermuda	2.41%
Canada	1.53%

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

£47.76m

Min Subscription

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



Discover Financial, + 39.06 bps (Dec -52.31 bps)

Discover Financial Services is another Company that has yet to recover its December losses partly because of a disappointing earnings announcement earlier this month. Despite this, the stock rallied 14% during the month as the market started to realise that trading on a P/E of 8, the stock is simply too cheap to continue to trade at these lowly levels. We continue to believe that the stock is undervalued but recognise that in the current interest rate environment, the upside may be limited. As such we have written a one year \$75 call for 3% which when combined with the 2% dividend yield gives us a 5% running yield for the year. Even after this month's sharp rise, the call is still 10% above the current market price offering significant further upside.

Easyjet, + 34.31 bps (Dec +1.4bps)

Easyjet joins a very small club of stocks which have risen in both December and January as they continue to recover from the Brexit falls in 2015. The underlying business is still robust but the Brexit uncertainty will continue to cast a cloud over the stock until it is finally resolved. As such we are realistic. The stock yields 3% and we have written a £14 call to increase that yield to an annualised 7% per annum, which ensures that we are handsomely paid for being patient. This is a cornerstone of the Orchard strategy to ensure that even if we don't enjoy the capital appreciation which we expect, we are earning enough for simply holding the stock to allow us to remain contentedly long. As it is, we expect to enjoy not only that acceptable yield but also to see some significant capital appreciation over the next year

Macquarie Infrastructure, + 32.06 bps (Dec -25.17bps)

Macquarie Infrastructure quite rightly was a net gainer over the two months as the exceptional 10% dividend yield continues to support the share price. Although that yield in itself is an excellent reason to hold this stock, we have been able to enhance it further by writing the January \$50 call for a further 2% yield. Were we to be called away at that price, we would have enjoyed an annualised return of 33% being made up of a 10% dividend yield, 2% yield enhancement and over 20% capital appreciation. It is exceptionally difficult for high dividend payers to generate that sort of capital appreciation for obvious reasons but were it to happen we would be very happy sellers. If not, we simply keep the premium.

Lockheed Martin, + 31.12 bps (Dec - 41.64 bps)

We normally comment on our biggest loser but as our only loss on the month was 0.5 of a basis point being the bid offer spread of a position initiated on the last day of the month, we decided it would be more reasonable to comment on our next largest winner. That was Lockheed Martin, which recovered some but not all of its December losses. It would be nice if that net loss could be put down to the world being a safer place with less military spending but sadly, that is not the case and with military tensions rising across the globe, we are very comfortable with this excellent Defence Manufacturer. The product range is comprehensive with a significant tail of orders which have yet to be fulfilled and so we are happy to continue to be long term holders of this excellent company. Again, we have written calls well above the current share price to enhance the yield of this stock further and make being patient even more attractive.

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 Policy	Distribution
Dealing Days	Daily
Fund AUM	£47.76m
Min Subscription	50,000 for individuals, 10,000 for platforms and designated bodies