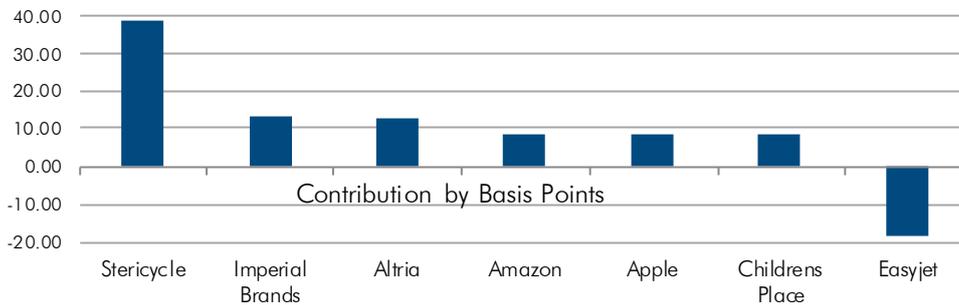


Orchard Fund Top Movers



Stericycle, + 38.72 bps

We have never had any doubt about the fundamentals of the waste disposal business or its place in our portfolio, but Stericycle's management have taken one misstep after another which has seen us have to fundamentally review our holding on several occasions. On each occasion, we believed that the road to redemption was not steep, but merely required management to implement the turnaround plan that they had already identified. Thankfully, this has finally started to happen and the stock has recovered sharply rising 33% since their last earnings report. This has been music to our ears, although admittedly the rally has been somewhat quicker, and has gone further than we had expected. As such we are rapidly approaching the call option which we wrote against our long holding, and whilst that limits our capital appreciation, the stock currently enjoys a running yield of 7.5% for 136 days.

Imperial Brands, + 13.09 bps

This is another industry that, however distasteful, is remarkably lucrative and enjoys almost unique characteristics. In many ways the addictive nature of cigarettes are both a blessing and a curse making the companies prone to regulatory and legal challenge but also making their offering price inelastic, which allows the manufacturers to enjoy exceptional levels of profitability and cash flow. Trading on single digit price earnings ratio and with a shareholder yield (the real yield to you the shareholder if you owned the whole company) of close to 10%, tobacco companies make attractive investments. The market recognised that value and we have seen the share price rally sharply this year out-performing the rally. The stocks still look cheap and there is potential for considerably better upside from here.

Altria, + 12.84 bps

Everything that we have written about Imperial Brands is also true for Altria but those solid fundamentals have been enhanced by the Altria Group's investment in Juul, the vaping firm, and Cronos, the cannabis producer. Although the timing of some of these investments may be questionable given that Altria tabled a \$6bn bid for the whole of Juul one year before it paid \$38bn for a minority stake, the strategy is being warmly welcomed by investors, who have caused the share price to rally from a low of \$43 in December to \$57 now. Thankfully, we had anticipated this recovery and agreed to sell our holding at \$60 until January. That commitment currently yields us an annualised 5.7%, on top of the 5.3% dividend yield, giving us an annualised holding yield of 11% as well as 5% potential capital appreciation.

Top 5 Countries

United States	70.68%
United Kingdom	15.34%
Canada	5.94%
France	3.48%
Bermuda	2.62%

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

£47m

Min Subscription

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



Amazon, + 8.39 bps

Much is spoken about the FANG stocks as it is easy to group them all together but we believe this is wrong. Amazon is a remarkable stock which we believe needs to be considered closely in its own right as it isn't always the easiest stock to understand. The basic business model is simple and well understood but the profitability, or rather lack of it for many years, caused some investors to look at the P/E ratio and simply declare it ludicrously expensive. They were wrong. Although the P/E looks demanding still trading at a forward P/E of 48, you have to fully understand the E part of that equation to understand why we are so comfortable with this holding. Earnings are starting to rise, which is comforting, but much more important is that the company is starting to prioritise profitability which should see the rate of earnings growth rise sharply.

Apple, + 8.37 bps

Despite its many detractors, and indeed our own lack of faith having reduced our position size before the last earnings announcement, Apple goes from strength to strength trying to refocus itself from a hardware to a services business. The business model is genuinely inspired and we have long marvelled at how many small entries for Apple go across the credit card statement each month, but despite this, we believe that Apple has run far enough for the time being and that it will prove exceptionally difficult for Apple to replace the reducing revenue from hardware fully. The replacement cycle on hardware is continuing to lengthen so we will not be chasing this stock for the time being. It is a great Company and if the price sets back we will become buyers again but for the moment, patience is required.

Children's Place, + 8.21 bps

As they would say in the A Team, "don't you love it when a plan comes together". This was not an easy investment for the Fund as it didn't sit easily with a few of our criteria but having done the due diligence, we believed the investment case was compelling and that the discount at which the stock was trading simply made no sense. Children's Place was basically being punished as the bankruptcy of one of its biggest competitors flooded the market with cheap produce. Whilst acknowledging the short term effect, the longer term consequence was significantly less supply meeting the same demand and as such we liked the outlook for the future. We were handsomely rewarded for the money we put to work.

Easyjet PLC, - 13.09 bps

It was perhaps optimistic that we would be able to get through this whole document without mentioning the dreaded B word but sadly, Easyjet reminded the market of what had been obvious to all for some time, namely that Brexit was causing uncertainty, which was leading to people delaying their plans. It is frustrating that the market reacts so severely when a Company confirms what most sane investors already knew but that is why there will always be short term price fluctuations. In the longer term, this is a solid company with a thriving and growing brand which offers a very attractive 5.7% dividend yield. Easyjet was one of our biggest losers on the initial Brexit vote and given that it buys its biggest input, aviation fuel, in US Dollars, it will always be prone to and affected by the weakness of the Pound, and will always be highly exposed to currency fluctuations, but the business remains sound and we remain happy investors.

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	£47m
Min Subscription	50,000 for individuals, 10,000 for platforms and designated bodies