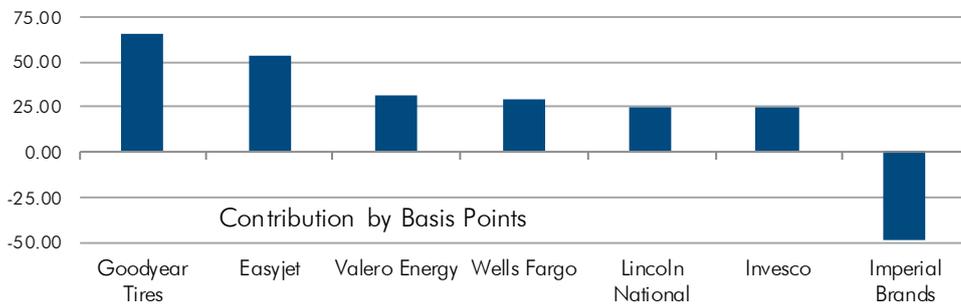


Orchard Fund Top Movers



Goodyear Tires, +65.94 bps

Goodyear was one of the most prominent beneficiaries of the value bounce early in September returning over 25% on the month. Despite this remarkable rise, the stock finished the month with a forward P/E ratio of just 8.6 times 2020 earnings. There was little fundamental news to support such a sharp move but to be fair, there was an equal lack of news which had pressured the share price in previous months. Quite simply, the stock had become far too cheap starting the month on a P/E of just over 6 and with a dividend yield above 5%, that simply did not reflect the fundamentals of the business. Thankfully, the market started to recognise that value this month and we were the beneficiaries of that. We believe that there is a lot more to come and that the stock still offers real value.

Easyjet, +53.38 bps

It is unfortunate when somebody else's misfortune is good news for you but unfortunately that was the case for Easyjet this month where the collapse of Thomas Cook provided added impetus for Easyjet allowing the share price to soar 19% during the month. The removal of excess capacity helped lift some of the negative overhang caused by the ongoing Brexit uncertainty. We have now reached the point in many stocks where any resolution to Brexit, either way, will likely be regarded as a positive as the uncertainty caused by the current impasse in a real impediment to planning by both industries and consumers alike.

Valero Energy, +31.56 bps

Valero was again a beneficiary of someone else's misfortune as the attack on the Saudi Oil production caused a spike in oil prices and a recovery in the value of oil refiners. The oil industry is in a fine balance at any time and a significant disruption causes spikes in prices, which materially impact short term profitability. The longer term picture remains solid with the business enjoying good flows with profitability expected to rise significantly over the next few years. We have two positions in Valero which expire in October. The \$85 put is very close to the current market price of \$85.24 and as such, that options carries an exceptionally high annualised yield of 58% albeit only for 18 days whilst our second commitment is at \$80. We are not rolling these positions yet as the Company releases results on the 24th October and we will step aside and await their release before making further commitments.

Top Countries	
United States	53.68%
United Kingdom	13.76%
Bermuda	3.42%

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

£33.6m

Min Subscription

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



Wells Fargo & Co, +28.68 bps

Wells Fargo benefitted from the appointment of Charles Scharf as President and CEO following the resignation of Tim Sloan in March. Sloan had spent the last few years trying to persuade lawmakers and regulators that the Company had reformed itself after a succession of scandals but never truly achieved his goal. The appointment of Charles Scharf who was previously head of Bank at New York Mellon draws a line under past indiscretions and allows the company to be reviewed for what it is now. That should see a revaluation of the stock as the fundamentals of the business remain sound and the stock trades on a modest P/E accompanied by an attractive dividend yield in excess of 4%. The bounce following Scarf's appointment is hopefully the beginning of that process.

Lincoln National Corp, +25.16 bps

Lincoln National Corp was simply a beneficiary of the focus on value as there was no significant news during the month which justified the 14% bounce during the month, although it would be unfair not to point out the 19% fall last month on a comparable lack of relevant news. We are very close to our strike of \$60 which expires in October, which again means that we have a lot of money to make over the next 18 days if the strike stays above \$60. If it doesn't, we will roll the position as, trading on a P/E close to 6 with earnings rising, this stock is the epitome of value. As an aside, it is noteworthy that despite the erratic share price movements, analysts forecast of earnings haven't moved at all in the last two months.

Invesco Ltd, +24.43 bps

Another beneficiary of the focus on value as the share price recovered 8% after September's fall. Despite this recovery, the stock remains firmly in the value camp trading at a modest P/E ratio of just 7 with earnings continuing to rise. Even better, this is a simple business model so there are few non cash items included in that ratio, which means that those profits are largely generated in cash that can be either returned to shareholders in the form of the attractive 7.7% dividend yield or in further value enhancing share buy backs. Given the low P/E ratio, this is one of the few firms, where we favour the use of share buybacks.

Imperial Brands PLC, -49.8 bps

Imperial Brands along with all other tobacco businesses has been seriously hampered this month by the controversies surrounding vaping. Following deaths attributed to vaping, the market has deemed that vaping will soon be banned and have written off any value attributed to vaping from the Company's share prices. Much like smoking, I believe it is naive to believe that vaping doesn't cause health issues and we are shocked by the speed at which these incidents have occurred, but we are equally convinced that vaping will not be banned in entirety and that people, despite the evidence, will carry on vaping. There is already counterclaim from the vaping industry that these deaths have been caused by the use of counterfeit products, which we neither believe or discard but simply believe that the value written off is excessive and that there will likely be a bounce from these current depressed levels.

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

£33.6m

Min Subscription

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