Orchard Capital Management

Orchard US Small Cap Value Fund

April 2026 Commentary and Update

April 2026 Fund Returns vs Index and Category

	1-Month	3-Month	YTD	1-Year	3-Year	5-Year
Investment	14.15	7.10	17.80	52.64	18.51	6.29
Category	10.61	4.38	9.46	33.55	14.41	4.50
Index	9.66	7.71	15.09	46.34	18.34	7.33
Quartile Rank						
Percentile Rank	12	18	3	8	21	23
# of Invest. in Cat.	334	328	325	288	232	210

Source: Morningstar Direct. Investment return for Institutional USD class as of April 2026 | Category: Morningstar US Small-Cap Equity as of April 2026 | Index: Russell 2000 Value TR USD as of April 2026.

The Orchard US Small Cap Value Fund outperformed the Russell 2000 Value Index and the Category average in April, +14.2% vs. +9.7% for the Index and +10.6% for the Morningstar US Small Cap Category average. Swings in monthly performance for the market, the category and the Fund continue, but have generally been to our benefit. We have had a powerful YTD and 1 year performance, up over 50% April-to-April.

Monthly Drivers of Return

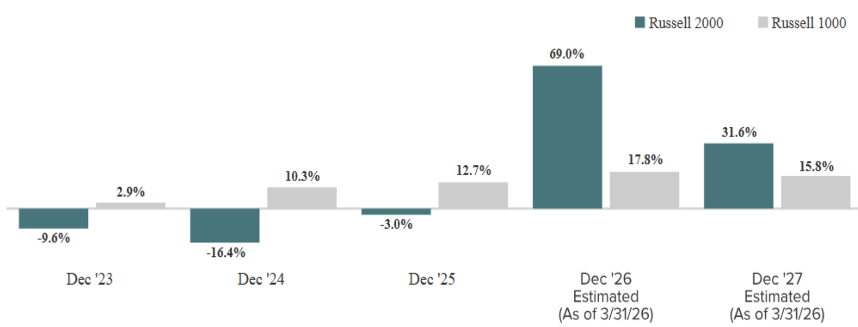
With a powerful month of returns, there were a number of significant positive contributors. At a sector view, Industrials and Materials were the largest relative contributors, with meaningful positives out of Consumer Discretionary, Financials and Energy. All 6 of our industrial names were positive, but ArcBest was the most meaningful – the freight broker showed positive signs in a trucking environment where there haven't been many winners (but ArcBest have maneuvered well and quite profitably). The most impactful single name contributor in the overall portfolio was Garrett Motion. The company reported another successful quarter and accelerated its growth in both its fleet and consumer segments with strong margins and then followed up with additional traction in future markets. On the negative side, Technology, Real Estate and Communication Services were drags on the portfolio. We are underweight all three sectors and allocation attribution was a substantial part of the underperformance. Within Tech, Riot Platforms climbed with a powerful move in the sector, up 39%, but the entire sector moved similarly, and we only had 3% in that one name. Still the company progress further on its path as a hyperscaler infrastructure partner, with chip giant AMD moving to expand its presence in one of Riot's Texas sites. Real Estate was a similar story, where our one holding, Franklin BSP, was up "only" 7% in April against a sector up 8.8% with a larger weight. In sum, however, we are pleased with our single name and our source of weighting as we have been rewarded in the past for taking positions that are well-placed in a volatile, inflationary period.

Portfolio Positioning and Outlook

With swings in the market driven by policy and geopolitics, investor are being asked to deal with "extra" volatility and we are tasked with divining the real-world long and intermediate-term impacts on the prospects and economics for our names and our universe. It has provided us with opportunities in the past months to purchase new names or add to others during the dips, to lighten or exit others that have met our intrinsic value targets or that have grown to outsize positions. It has also improved the certainty of certain theses on companies in areas of industrials, materials and energy while adding risks in consumer and other niches. We have acted to benefit from some of this volatility, though we do feel fortunate in that much of our portfolio names reside in areas where the environment is strengthening long-term value rather than weakening it. In all of this noise, we are seeing sectors that were largely ignored for a decade now observing multi-year opportunities and a universe with ample prospects for us to find more.

Small Cap Earnings Growth Continues to Trend Ahead of Large Cap in the US

Russell Index Year-Over-Year Earnings Growth



Source: FactSet

With regard to the outlook for 2026, we remain relatively positive. There are real risks of denting global demand from the energy shock resulting from the closing of the Straits of Hormuz. To date, any impact has been speculative outside of fuel prices, so we are watching for impacts on other industrial and consumer end markets. The prospects for earnings growth outside of a shock remain quite attractive for small caps as interest costs and revenue growth are driving earnings acceleration for the universe on an absolute and relative basis. Regardless, our overweight positions land us on a path where energy and other areas of inflation can also help many of our holdings as sales move with fuel and materials prices and as other firms face less price-sensitive buyers (local and federal government buyers). Our experience is that the price volatility is still there, but the end result for many of our names is likely to be a net positive.

We look forward to your continued support and engagement,

The Team at Orchard Capital Management