



Orchard US Small Cap Value Fund  
**May 2026 Commentary and Update**

May 2026 Fund Returns vs Index and Category						
	1-Month	3-Month	YTD	1-Year	3-Year	5-Year
Investment	0.46	6.26	18.34	41.43	19.78	6.09
Category	3.47	7.32	13.94	31.08	16.40	4.74
Index	2.79	8.62	18.30	44.36	20.22	7.27
Quartile Rank						
Percentile Rank	91	62	28	27	35	48
# of Invest. in Cat.	578	563	553	508	384	342

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

The Orchard US Small Cap Value Fund underperformed the Russell 2000 Value Index and the Category average in May, +0.5% vs. +2.8% for the Index and +3.5% for the Morningstar US Small Cap Category average. After a blistering first few months, our performance moderated for the month of May while categories and stocks that had suffered or lagged caught up partially in the month.

Monthly Drivers of Return

At a sector view, Industrials and Financials were the largest drags on performance, followed by Health Care. Much of the negative relative contribution in Industrials was driven by FTAI Infrastructures as the announcement of its sale of power and related assets underwhelmed the market. We are of two views on the transaction. We expected this announcement would come and we applaud the company for simplifying its operations and balance sheet in its move to focus on its advantages in short line rail. However, frenzy for independent power and data infrastructure has been so robust that the price tag on the deal clearly left a great deal of value to the buyer and not to FIP (or its shareholders). That said, we are strong proponents of the underlying rail business and its value in a clearer, de-levered scenario. Financials as a sector and was one of the few that suffered and our names generally underperformed, though there wasn't any one name to call out. Health Care remains underweight, though we were also disappointed with the results from Heron. Its commercialized products have great potential and better efficacy/safety metrics, but its operational and sales turnaround has not shown any sign of accelerating critical product revenue. While we see potential in the name, we lost conviction and the catalysts for value were feeling stale – we sold our position. On the positive side, Consumer Discretionary was the only notable outperforming sector, driven by very strong operational and stock performance from Garrett Motion. Garret has been one of our best performers and has shown what a truly excellent management team can do when they are focused. We bought the stock as a preferred shortly after it emerged from bankruptcy (driven by legacy asbestos liability) and it has returned to growth in sales and margins in multiple regions and multiple channels while investing for the future. We still like the stock but did trim it as the position has grown.



## Portfolio Positioning and Outlook

After so many market swings already this year, a modest month leaves us fundamentally in the same place as we were earlier in the year. We continue to trim some of our positions and have increased others as price fluctuations for individual names have outstripped an already volatile market. Newer names have already entered the portfolio and we should expect more. At the same time, we have seen the chop of policy and geopolitical announcements and while we feel good about the values of many names in our universe, cash has served as a good option for flexibility for the fund to act on opportunities (within reason). On the macro front, energy prices remain high-but not catastrophic in the US and while inflation remains persistently high, it has had moderate, not severe impact on demand. The burden of that impact remains on the consumer and certain producer while others (notably government, power/AI infrastructure and certain cost-plus producers) have accelerated industrial activity and blunted any negatives on inflation so far. We remain poised to navigate an economy that remains both uneven and robust.

We look forward to your continued support and engagement,

The Team at Orchard Capital Management

## Important Information

This is a marketing communication. Please refer to the Fund's Prospectus, the relevant Supplement and the Key Information Document (KID) before making any final investment decisions.

This document is provided for information purposes only and does not constitute investment advice, an offer to sell or a solicitation to buy any financial instrument or interest in the Fund.

The views expressed are those of the Investment Manager as of the date of publication and may change without notice. References to specific securities or sectors are for illustrative purposes only and should not be regarded as investment recommendations.

Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and investors may not recover the full amount invested.

The Fund is authorised as a UCITS by the Central Bank of Ireland.