ORCHARD CAPITAL MANAGEMENT

Orchard US Small Cap Value Fund

August 2026 Commentary and Update

August 2026 Fund Returns vs Index and Category

	1-Month	3-Month	YTD	1-Year	3-Year	5-Year
Investment	0.76	2.05	20.77	27.71	17.51	7.99
Category	0.50	2.29	16.54	20.05	14.12	4.85
Index	0.30	4.29	23.38	29.95	17.92	8.52
Quartile Rank						
Percentile Rank	35	53	12	12	16	7
# of Invest. in Cat.	249	246	240	225	154	132

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

The Orchard US Small Cap Value Fund outperformed the both the Russell 2000 Value Index and the Category average in August, +0.8% vs. +0.3% for the Index and +0.5% for the Morningstar US Small Cap Category average.   After a volatile month in July, August was a welcome period of relative quiet.

Our monthly drivers of return showed meaningful positive outperformance in the Materials and in Energy sectors (both of which suffered in the previous month), while Consumer Discretionary, Financials and Industrials lagged. Within Materials, Ferroglobe, Hudbay Minerals and Trekor Metals all supplied significant positive contribution. Ferroglobe's quarter was solid and its outlook is improving, but much of this month appears to be a reversion to what has been a difficult few months for part of the metal complex. Similarly, Hudbay and Trekor (renamed earlier from Taseko) enjoyed a positive shift in the underlying pricing of key metals prices including copper – both had good quarters. Energy was largely driven by good stock (and operating) performance out of Tidewater as pricing remains firm with improved outlook and the company closed on its acquisition of Wilson and Sons. On the negative side, Consumer discretionary saw every one of our positions provide negative contribution, but Garrett Motion was the largest negative. Garrett has seen its core business in autos and fleet vehicles perform well and its newer end markets (in battery cooling, compressors and energy) have added to the re-rating of a very well-run company, making it one of our largest winners in the last 18 months. We trimmed the position earlier in the year, but retain a position and a positive view on the name and do not see the month's performance as particularly relevant to the company's long or mid-term story. Enova was the largest drag in financials. A long and differentiated position for us, it gave back some of the meaningful outperformance it has contributed in the year. Its acquisition of Grasshopper bank is still on track and the company's operational and credit performance remains strong

Portfolio Positioning and Outlook

The solid 1st half has been joined by a choppy start to the 2nd half of 2026 and the promise of more with a series of midterm elections headlines and Fed decisions that may shift sentiment day-to-day but should not have huge consequences for our names outside of a large election surprise in November. That said, we remain vigilant on both fronts. The economy continues to be very healthy in areas of energy, AI spending and defense (and the underlying attendant suppliers), but more mixed in other areas. Banks have shown healthy credit and few warning signs. We have taken few incremental risks on the bank/lender side, but we do view the area as "safe to enter" for the right price. We remain interested in consumer and tech but remain underweight both (one for risk given the price, one for the price given the risk). Materials and energy have been very volatile, but the underlying thesis of our names and of the sub-sectors has strengthened in recent months. As we see it, if energy, AI and defense spending are to continue, many of their suppliers are deeply underpriced. We continue to see out names with disproportionate upside in the face of rising tides (and the balance sheets to manage through the volatility).

We look forward to your continued support and engagement,

The Team at Orchard Capital Management