Yacktman U.S. Equity Fund

Q2 2026 Commentary

Fund Manager

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Investment Objective

The Fund aims to achieve capital growth by investing predominantly in a concentrated portfolio of U.S. Equities.

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Opinions expressed whether in general or in both on the performance of individual investments and in a wider economic context represent the views of the contributor at the time of preparation.

The **Yacktman US Equity Fund** (the "Fund") is a sub-fund of Heptagon Fund ICAV, an open-ended umbrella-type investment vehicle authorised under UCITS regulations. Heptagon Capital Limited ("Heptagon") is the Investment Manager, and Yacktman Asset Management LP ("Yacktman") is the Sub-Investment Manager, meaning Yacktman exercises discretionary investment authority over the Fund. The Fund was launched on 14th December 2010 and had AUM of USD 299 million as of 30th June 2026. During Q2 2026, the Fund's C USD share class underperformed its benchmark, returning 7.8% compared to 13.7% for the Russell 1000 Value NR USD Index.

The views expressed represent the opinions of Yacktman as of 30th June 2026. They are not intended as a forecast or guarantee of future results and are subject to change without notice.

Introduction

The Yacktman portfolio underperformed the Russell 1000 Value Index in the second quarter of 2026 and year-to-date. The portfolio underperformed the S&P 500 in the second quarter but has outperformed that index year-to-date and over the trailing one-year period. We saw strong performance from several of our largest portfolio companies, while the energy investments have been providing a protective hedge given the war in Iran and the associated supply shocks experienced by markets at various points over the last several months. We carefully consider the price we pay for investments in the portfolio, and we believe we own companies at very attractive valuations. One example is Samsung, which we own at a valuation of three to four times forward consensus cash flow. Compared with other memory and foundry competitors, which trade at much higher valuations, Samsung allows us to participate in the growth of the AI infrastructure buildout at a price that offers significant protection against downside risks that may or may not materialise. This approach supports our core philosophy: to generate attractive risk- adjusted returns for investors.

Past performance does not predict future returns, the value of investments and income from them can fall as well as rise.

Contributors

Samsung (SSNLF)
Samsung Electronics remained a strong performer in the second quarter. The company remains one of the three leaders in memory chips, and supply remains extremely tight, with memory chips representing one of the key bottlenecks in the AI buildout. Samsung also became the world's most profitable company, surpassing Nvidia. A fourth competitor has joined the memory industry, but it is currently focused on the lower end of the memory market with NAND and DRAM products. Samsung also has a foundry business that competes with Taiwan Semiconductor, Intel and other players. Samsung's foundry business has required years of planning and investment, and it represents a small but growing strategic business for the company. We also own Samsung C&T in the portfolio, which was a standout performer for the quarter as well. Typical of chaebol structures in South Korea, Samsung C&T has an ownership stake in Samsung Electronics and provides construction services for the foundry buildout in Taylor, Texas.

U-Haul (UHAL)
U-Haul was also a strong contributor to results in the second quarter. The company announced a very large share buyback program during its earnings call in May, which is extremely accretive to shareholders. The company's last share buyback dates back to 2006. We have stayed in contact with U-Haul leadership as a large shareholder, and we are very pleased to see this shareholder- friendly capital allocation initiative.

Detractors

Energy
The energy companies that performed well in the first quarter amid the conflict in the Middle East pulled back in the second quarter following the reversal in oil prices. ConocoPhillips and Diamondback Energy were two of the largest detractors in the portfolio for the quarter. We began investing in the energy sector several years ago after the entire sector traded down due to the global pandemic. The energy companies underwent a transformation, reforming their capital allocation philosophy from boom-bust capital expenditures towards paying dividends to shareholders and deleveraging their balance sheets. The energy investments remain sensitive to changes in crude prices, but they also provide a natural hedge to the portfolio during a period of substantial geopolitical risks.

Cognizant Technology Solutions Corporation (CTSH)
Cognizant Technology Solutions Corporation was another detractor in the second quarter, as concerns over AI winners and losers continued to unfold. The company has a strong balance sheet and an inexpensive valuation, and AI may have a positive impact on the efficiency of its offshore operations.

Conclusion

We added two smaller positions to the portfolio in the second quarter: Broadridge Financial Solutions Inc. and Intuit Inc. Both companies traded down alongside many other software companies as the spectre of potential AI-related risks swept through the software sector. We continue to evaluate these companies and others in the software space as we identify valuations that compensate for potential terminal value risks.

We are navigating a market that continues to reach all-time highs in an environment that includes a broad array of risks. Active management continues to be under pressure, and passive indices are becoming increasingly concentrated. We have participated in some of the major tailwinds in the market without owning companies at lofty valuations. As is typical for Yacktman, we have a keen eye on the risks that are ever-present in this market, and we continue to evaluate how the portfolio companies are impacted by AI. We remain on the lookout for opportunities as companies are rerated and offer potential bargains. We feel very good about how the portfolio is positioned to both protect capital and take advantage of attractive opportunities as they present themselves.

Sincerely,
Heptagon Capital and Yacktman Asset Management

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Annualised Total Returns

	Q2 26	YTD	1-Year	3-Year	5-Year	10-Year
Yacktman US Equity Fund (UCITS)*	7.8%	11.7%	22.4%	12.9%	7.7%	11.0%
Russell 1000 Value NR USD	13.7%	15.9%	26.4%	17.0%	10.5%	10.8%

** Since C share class inception 14th December 2010*

Source: FactSet

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Risk Warnings

The Fund is subject to special risk considerations including geographic concentration risk, portfolio concentration risk and operational risk. The investment return and principal value of an investment will fluctuate so that the investor's shares, when redeemed, may be worth more or less than their original cost. Any investor should consider the investment objectives, risks and charges and expenses of the fund carefully before investing. Where an investment is denominated in a currency other than the investor's currency, changes in rates of exchange may have an adverse effect on the value, price of, or income derived from the investment.

SFDR

The Fund takes sustainability risks into account within the investment process, and this is disclosed in accordance with Article 6 requirements of the Sustainable Finance Disclosure Regulation ('SFDR') in the Fund's Prospectus. However, the Fund does not have as its objective sustainable investment and does not promote environmental or social characteristics for the purposes of the SFDR. Sustainability risks may occur in a manner that is not anticipated by the Sub-Investment Manager, there may be a sudden, material negative impact on the value of an investment and hence the returns of the Fund. As a result of the assessment of the impact of sustainability risks on the returns of the Fund, the Sub-Investment Manager aims to identified that the Fund may be exposed to sustainability risks and will aim to mitigate those risks.

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For all definitions of the financial terms used within this document, please refer to the glossary on our website: https://www.heptagon-capital.com/glossary

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