HEPTAGON Capital

Yacktman U.S. Equity Fund

Q3 2026 Commentary

Fund Manager



Stephen Yacktman



Jason Subotky



Russell Wilkins



Adam Sues

Investment Objective

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

Contact

Heptagon Capital
63 Brook Street, Mayfair,
London W1K 4HS

Tel: +44 20 7070 1800
email london@heptagon-capital.com

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 302 million as of 30th September 2026. During Q3 2026, the Fund's C USD share class underperformed its benchmark, returning 2.3% compared to 2.5% for the Russell 1000 Value NR USD Index ("the Index").

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

Introduction

At Yacktman, we evaluate each investment with a keen eye to the risks that each company faces, and the current environment is full of uncertainty. AI introduces a broad array of new considerations in our work – adjusting terminal value assumptions for the impact of AI on each company, considering the introduction of new competition and disruptors to traditional markets, and re-evaluating companies that may have been misjudged by other investors and overly punished by perceived AI risk. The new costs of AI infrastructure buildouts are massive and cascading while at the same time the business cases for AI consumption by companies and consumers remain unproven. We also note the increasing cost of debt with rising interest rates, potential energy shortages caused by supply chain disruption, and the extravagant valuation multiples that exist in market indices, that continue to become increasingly concentrated. What could go wrong?

Contributors

Samsung (SSNLF)

Samsung continues to perform well this year and generates very strong cash flow. Forecasts imply that Samsung will generate cash flow equal to its entire market capitalisation within two to three years, a very attractive valuation for this global technology

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

leader. Samsung has participated in the enviable memory chip market, where demand continues to outstrip supply. As inference compute continues to trump the training compute requirements, and as physical AI applications ramp, we believe the demand for memory chips in the AI infrastructure buildout will only increase. Chip customers are paying higher prices and committing to longer term contracts to meet their demand, and Samsung's margins are expanding accordingly. Samsung has also been investing heavily in its foundry business, which is a high fixed cost business, where the financial results materialise as the fabs increase their capacity utilisation. Its US foundry business is expanding rapidly, as is the demand for chip production from customers such as Qualcomm, Nvidia, Tesla, Apple and Google.

Energy

The energy company investments (ConocoPhillips and EOG Resources, Inc.) have been strong performers this year with the war in Iran disrupting the global oil supply, causing crude prices to rise. We initially invested in the energy sector in 2021 when the entire industry traded down to low single digit weights in the indices. During the pandemic, crude prices plummeted, and the industry was forced to restructure. Companies de-levered their balance sheets and began to allocate capital in much more disciplined ways. They began paying dividends and avoiding speculative drilling. While the companies remain exposed to commodity price swings, we believe that they offer a natural hedge to a variety of macro risks in the market, protecting the portfolio in scenarios where these risks result in higher oil prices, which would negatively impact other companies in the portfolio.

Detractors

Cognizant Technology Solutions Corporation (CTSH)

Cognizant Technology Solutions continues to be a detractor as concerns linger about the impact of AI on its business. The company has launched a restructuring programme, and its investment in AI initiatives is focused on increasing the efficiency of its largely offshore workforce. The company has a healthy balance sheet, and management is taking action to respond to its challenges.

Fox Corporation (FOX)

Fox Corporation has detracted from performance this year, largely due to the market's reaction to its $22 billion acquisition of Roku. Fox's underlying television business performance has been strong, especially with the World Cup this year, but the investment in the streaming platform and the associated debt incurred have been a concern. Tubi, Fox's ad-supported streaming business, continues to grow and now represents 110 million active users globally. The user base skews young – an estimated 60% of viewers are Gen Z or Millennials, which is attractive to advertisers.

Conclusion

Today's market continues to hit new lofty levels, and the passive indices have become more and more concentrated. One story hit home. The New York City Comptroller, who oversees the city's five public pension funds for police officers, firefighters, teachers and other municipal employees, was on television recently describing his concern that, because his pensioners' equity portfolios are mostly invested in passive indices, an Anthropic listing would become an unintentional and outsized holding of their retirement assets. "We have skin in this game," he said, cautioning about the riskiness of the AI space and the outsized market capitalisation of Anthropic that would show up in his portfolios.

At Yacktman, we are evaluating the risks we identify in each company, and we require that the potential returns that we believe a company produces compensate us for those risks. The cost of debt is increasing, inflation is stubbornly sticky, there is a war in Iran impacting energy prices, consumers are becoming stretched – all against a backdrop of market highs. We maintain our conviction in the value of active management, and we continue to work to find companies that offer an attractive risk-adjusted return over time.

Sincerely,
Heptagon Capital and Yacktman Asset Management

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

Annualised Total Returns

	Q3 26	YTD	1-Year	3-Year	5-Year	10-Year
Yacktman US Equity Fund (UCITS)*	2.3%	14.4%	20.0%	14.5%	8.1%	11.1%
Russell 1000 Value NR USD	2.5%	18.8%	23.2%	19.4%	11.2%	10.7%

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

Source: FactSet

The views expressed represent the opinions of the Yacktman Asset Management L.P., as of 30th September 2026, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

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

Important Information

Past performance is not an indication or guarantee of future performance and no representation or warranty is made regarding future performance. This communication is for information purposes only. It is not an invitation or inducement to engage in investment activity.

The document is provided for information purposes only and does not constitute investment advice or any recommendation to buy or sell or otherwise transact in any investments.

The contents of this document are based upon sources of information which Heptagon Capital believes to be reliable. However, except to the extent required by applicable law or regulations, no guarantee, warranty or representation (express or implied) is given as to the accuracy or completeness of this document or its contents and, Heptagon Capital, its affiliate companies and its members, officers, employees, agents and advisors do not accept any liability or responsibility in respect of the information or any views expressed herein. 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. Where this document provides forward-looking statements which are based on relevant reports, current opinions, expectations and projections, actual results could differ materially from those anticipated in such statements. All opinions and estimates included in the document are subject to change without notice and Heptagon Capital is under no obligation to update or revise information contained in the document. Furthermore, Heptagon Capital disclaims any liability for any loss, damage, costs or expenses (including direct, indirect, special and consequential) howsoever arising which any person may suffer or incur as a result of viewing or utilising any information included in this document.

The document is protected by copyright. The use of any trademarks and logos displayed in the document without Heptagon Capital's prior written consent is strictly prohibited. Information in the document must not be published or redistributed without Heptagon Capital's prior written consent.

Heptagon Capital Limited has issued this communication as investment manager for Heptagon Fund ICAV, and is licensed to conduct investment services by the Malta Financial Services Authority. Heptagon Capital LLP, acting as Distributor, is authorised and regulated in the UK by the Financial Conduct Authority.

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.

Authorised & Regulated by the Financial Conduct Authority (FRN: 403304)

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

Disclaimers

FTSE Russell Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2026. FTSE Russell is a trading name of certain of the LSE Group companies. Russell® is a trade mark of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication. The S&P 500 ("Index") is a product of S&P Dow Jones Indices LLC, its affiliates and/or their licensors and has been licensed for use by Heptagon Fund ICAV. Copyright © 2025 S&P Dow Jones Indices LLC, its affiliates and/or their licensors. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit www.spdji.com. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and S&P Global Market Intelligence ("S&P") and is licensed for use by Heptagon Fund ICAV. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

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

Heptagon Capital, 63 Brook Street, Mayfair,
London W1K 4HS
Tel: +44 20 7070 1800
(FRN 403304)

Authorised & Regulated by the Financial Conduct Authority in the UK
12 Endeavour Square, London

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