

Yacktman U.S. Equity Fund

Q3 2025 Commentary

Fund Manager



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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 290 million as of 30th September 2025. During Q3 2025, the Fund's C USD share class underperformed its benchmark, returning 4.5% compared to 5.2% for the Russell 1000 Value NR USD Index.

The views expressed represent the opinions of Yacktman as of 30th September 2025. They are not intended as a forecast or guarantee of future results and are subject to change without notice.

Investment Objective

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

Introduction

The portfolio lagged behind the Russell 1000 Value Index in both the third quarter and year-to-date 2025. The S&P 500 Index, after posting mid-20 percent returns in both 2023 and 2024, has returned to all-time highs with many quality companies trading at extremely expensive valuations. The market remains momentum-driven with the greatest predictor of share price winners being companies with rising share prices. We believe the environment is full of risks; geopolitical, regulatory, leverage, supply chain, and tariffs, to name a few. At Yacktman, we constantly consider "what could go wrong" and evaluate companies and their business performance across economic cycles. We carefully consider the price that we pay for an investment, and we seek opportunities where the value of the company is misunderstood and the price we pay fairly compensates us for the risks.

We remember in late 2000, Steve Yacktman (Portfolio Manager) coined the phrase "good train day" during his daily commute on Chicago's Metra Northwest Line, where Yacktman was headquartered before moving to Austin. Commuters typically sat in the same seats each evening, which meant they regularly overheard Steve's phone conversations with fellow Portfolio Manager Jason Subotky, who was living in the Bay Area at the time.

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

The market had peaked in March 2000, briefly rebounded in the fall from an initial correction, and then began a steep decline. As stocks fell, Steve would often say to Jason, “Yeah, it’s a good train day.” His voice wasn’t exactly quiet, and the phrase became increasingly unwelcome among fellow passengers—many of whom were watching their dot-com investments unravel. The downturn continued through late 2002.

Following the dot-com bubble, the S&P 500 was essentially flat over the 2000-2009 time period. Yacktman annualized double-digit returns over that decade. This type of environments with tumultuous markets have been when Yacktman produces its best results for investors. We believe that the portfolio is well positioned to deliver strong risk-adjusted returns, and we are excited about how this is setting up.

| Contributors

Samsung

Samsung has been a solid contributor to performance after having detracted from results last year. The company announced its first design win with Nvidia for high bandwidth memory (HBM) chips this quarter. Samsung was late to the AI party, and this milestone validates its position in the HBM chip market.

Memory chips can be found in a vast array of end products from data centre servers to automobiles and refrigerators. There is a finite production capacity for DRAM and a small number of players who can provide these components. Samsung remains a leader in semiconductor fabrication and benefits from its locations that are not in Taiwan (South Korea and Texas). Samsung is also enjoying tailwinds from the continued regulatory improvements in South Korea, a trend that we believe will continue to unfold as governance and market access improve.

Alphabet

Alphabet has participated in the AI frenzy despite the longer-term risks to its advertising revenue.

Fox

Fox benefited from the Murdoch family resolving its disputes and removing the ambiguity of succession. Lachlan Murdoch will take the reins, removing the risk of voting control split between the four siblings.

| Detractors

Bolloré

Bolloré was a detractor for the quarter but the underlying thesis is very much intact. Just a few years ago, Bolloré was a complicated conglomerate that had high leverage, an African port and logistics company, a European freight forwarding company, ownership in Vivendi, and ownership in Universal Music Group. Today, the company has simplified its holdings to Vivendi and Universal Music Group plus significant net cash on the balance sheet from the sale of non-media assets. Universal Music group continues to be a strong component of value, and it is expected to be listed in the US later this year or early next year. We believe that Bolloré’s NAV is worth mid-teens, and with the current share price in the mid-single digits, the investment represents an extremely attractive value. Meanwhile, the company continues to make moves to further simplify its structure.

U-Haul

U-Haul also detracted from performance for the quarter and for the year. The company continues to invest its cashflow to build out its self-storage business. Self-storage REIT analysts are accustomed to evaluating the economics of this part of the business with initial capital investment followed by low occupancy until a location matures and produces strong recurring revenue at higher occupancy. Because U-Haul also has a truck rental business, the company does not cleanly fit into a sector category, and it is not widely followed by analysts. We appreciate the disciplined capital allocation that U-Haul’s leaders continue to demonstrate.

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I Conclusion

One of the benefits of managing a strategy for over thirty years is the experience of managing capital through the dot-com bubble, the telecom bubble, the GFC, and the global pandemic. No one can see a market bubble until it corrects, but when stock prices have become too expensive and they fall, most investors suddenly become focused on risk. Yacktman is constantly focused on risks, and we have constructed a portfolio of companies that we believe is well-positioned to protect capital and to offer a differentiated returns stream with active management. We look forward to another set of “good train days.”

Sincerely,

Heptagon Capital and Yacktman Asset Management

The views expressed represent the opinions of the Yacktman Asset Management L.P., as of 30th September 2025, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

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I Annualized Total Returns

	Q3 25	YTD	1-Year	3-Year	5-Year	10-Year
Yacktman US Equity Fund (UCITS)*	4.5%	9.0%	5.6%	12.0%	10.8%	10.2%
Russell 1000 Value NR USD	5.2%	11.1%	8.8%	16.2%	13.1%	9.9%

* Since C share class inception 14th December 2010

Source: FactSet

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I 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.

I 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 identify 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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