

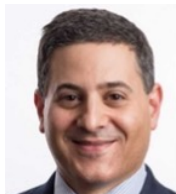
Yacktman U.S. Equity Fund

Q3 2022 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 **Heptagon Yacktman US Equity Fund** (the "Fund") is a sub-fund of Heptagon Fund ICAV which is an open-ended umbrella type investment vehicle authorised pursuant to 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 618m USD as of 30th September 2022. During Q3 2022, the Fund (I USD share class) outperformed its benchmark returning -4.9% compared to -5.8% for the Russell 1000 Value NR USD Index.

In the third quarter, the market declined due to multiple factors: inflationary pressures, rate hikes, corporate earnings reductions, and geopolitical tensions, to list just a few of the reasons. Although equity prices are somewhat lower, valuations in the U.S. remain at elevated levels, especially considering normalized earnings are likely meaningfully lower than today's numbers.

One of the most frequent questions we are asked is what we think will happen to the market. We typically answer that we don't know what will happen in the short term and we don't invest in the market – we own individual securities which should be the long-term driver of our results. As valuations remain elevated and risks have increased in recent years, we believe the long-term results for the market could be modest, and an active approach like ours will be far more important to investors than passive and indexed alternatives.

During the quarter, we added to energy exposure on the sharp selloff in oil stocks. Although we largely avoided the energy sector for most of our 30-year history, we think the significant underinvestment for new supply coupled with the better capital discipline in the industry has made for an extremely attractive risk/reward equation for investors.

Currently, several of our top ideas are undergoing meaningful business transformations even though the positive benefits have scarcely been noticed by the general market. Bolloré, one of our top holdings, is currently simplifying its business by selling its African port and logistics business. The transaction is expected

to close in the next six months, and the cash proceeds will take the company from levered to cash-rich. Given Bolloré's history of doing attractive, opportunistic deals, the cash could be coming in at an excellent time.

Bolloré's shares trade at a steep discount to what we think they are worth, in part due to a complex ownership structure where the company is controlled by an entity called Compagnie de l'Odet (Odet), which in turn is part owned by Bolloré. In the last couple of quarters, Odet has executed one of the most aggressive share purchases we have seen, buying more than 100 million shares of Bolloré. As a reminder, we think all of today's market cap of Bolloré is accounted for by its publicly traded holding of Universal Music Group, a leading owner of music rights and publishing.

I Contributors and Detractors

Schwab's shares rose during the quarter, helped by solid current earnings and the benefits to forward earnings the company expects to accrue in a higher rate environment.

Amerco's stock performed well in the second quarter but remains steeply discounted. The company is the U.S. leader in do-it-yourself moving and has built a valuable public storage business that largely gets ignored. Recently, the company announced a name change to U-Haul and stock split and is studying additional ways to have the share price become more reflective of the value of the businesses.

ConocoPhillips performed well during the quarter amidst extreme volatility in energy prices.

Samsung Electronics' shares struggled during the quarter with general weakness in semiconductor shares and downward earnings revisions. Despite near-term business challenges, we believe Samsung's stock is incredibly attractive with around 40% of the market cap in net cash and investments, and strong earnings from a wide variety of businesses from semiconductors to displays, to mobile phones.

Canadian Natural Resources was weaker during the quarter amidst the volatility in the energy sector.

Tyson Foods' (Tyson) shares sold off during the quarter, though we remain enthusiastic about its long-term prospects. Much like U-Haul's highly valuable public storage business being overlooked by investors, Tyson's prepared foods business is similarly neglected.

I Conclusion

For additional information, please listen to our recent conference call which goes into greater detail about our thoughts and holdings. We feel positive about the positioning of the fund today, with some extremely underappreciated and undervalued securities versus a market which continues to have high valuation given the risks that exist. As always, we will be patient, diligent, and objective when managing the fund.

Sincerely,
Heptagon Capital and Yacktman Asset Management

The views expressed represent the opinions of the Yacktman Asset Management L.P., as of 30th September 2022, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

Past performance is no guide to future performance, and the value of investments and income from them can fall as well as rise

Annualized Total Returns As of 30th September 2022

	Q3 22	YTD	1-Year	3-Year	5-Year	10-Year
Yacktman US Equity Fund (UCITS)*	-4.9%	-17.4%	-13.0%	7.7%	8.7%	8.7%
Russell 1000 Value NR USD	-5.8%	-18.2%	-11.9%	3.7%	4.5%	8.4%

* Class I Shares

Source: Morningstar

I 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.

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.

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

Past performance is no guide to future performance, and the value of investments and income from them can fall as well as rise

I Disclaimers

FTSE Russell Source: London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). © LSE Group 2021. 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 © 2021 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 is no guide to future performance, and the value of investments and income from them can fall as well as rise