Yacktman U.S. Equity Fund

Q1 2025 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 377 million as of 31st March 2025. During Q1 2025, the Fund's C USD share class underperformed its benchmark, returning 0.8% compared to 2.0% for the Russell 1000 Value NR USD Index.

The views expressed represent the opinions of Yacktman as of 31st March 2025. They are not intended as a forecast or guarantee of future results and are subject to change without notice.

Introduction

The portfolio protected capital in a challenging market environment during the first quarter of 2025. The lofty valuations that index investors enjoyed in 2023 and 2024 have been tested this year, as companies that were "priced for perfection" face multiple risks and exogenous shocks. We saw a similar dynamic during the tech bubble in 1999–2000, after which index returns were essentially flat. In contrast, Yacktman delivered double-digit annualized returns during that "lost decade" from 2000–2009.

Yacktman's investment approach has historically protected capital in down markets(e.g., 2000, 2001, 2002, 2008, 2018, 2022), and such environments have historically led to some of our best returns for investors. Because we invest with a keen awareness of "what could go wrong," we tend to own companies that are well-positioned in times of turmoil and uncertainty. This also allows us to identify attractive mispricings when certain companies are overly punished by the market.

Contributors:

- **Samsung**

After underperforming in 2024, Samsung outperformed in the first quarter of 2025. While many large technology names sold off, Samsung showed resilience due to its fortress balance sheet and leadership positions in memory chips, foundry, and smartphones. Compared to peers—Apple in phones, TSMC in foundry, and Micron in memory chips— Samsung continues to offer an incredibly attractive valuation offering a multitude of options to unlock value.

- **Fox**

Fox Corporation was another top contributor to relative performance during Q1 2025, continuing its strong run from 2024. Fox has enjoyed viewership tailwinds for its news media business stemming from the change in administration, while Tubi, its ad-supported streaming service, continues to grow rapidly.

Detractors

- **U-Haul**

U-Haul was a detractor from relative returns in Q1 but our thesis remains intact with the company continuing to invest in both its truck rental business and self-storage business. We believe U-Haul is allocating capital like a long-term business owner's mindset, rather than optimizing for short-term quarterly results.

- **Bolloré**

Bolloré was another relative detractor during the first quarter, but the company continues to buy back shares at this inexpensive share price, and it holds a large net cash position on the balance sheet representing about a third of its market capitalization.

- **Microsoft & Alphabet**

Microsoft and Alphabet also detracted from performance in Q1, largely moving in concert with the sell-off in technology broadly with concerns about trade policy.

Conclusion

Since April 2, the market has continued to react to various tariff announcements from the U.S. administration and the subsequent responses from trading counterparties. Companies and investors alike are trying to manage through this period of acute uncertainty. The cascading impacts of the sweeping changes may be vast and long-lasting. We have entered this environment with a portfolio that is composed of resilient companies that are well-positioned to navigate a dynamic environment.

Yacktman has a differentiated track record and a strong history of protecting capital in challenging markets. We have maintained our discipline and have strong conviction in our approach despite a long period of time when our strategy has been out of favor. We feel strongly that the portfolio is well-positioned to withstand this dynamic and uncertain market environment.

Sincerely,
Heptagon Capital and Yacktman Asset Management

Annualized Total Returns As of 31st March 2025

	YTD	1-Year	3-Year	5-Year	10-Year
Yacktman US Equity Fund (UCITS)*	0.8%	-1.9%	2.9%	13.6%	8.7%
Russell 1000 Value NR USD	2.0%	6.5%	5.9%	15.4%	8.0%

** Since C share class inception 14th December 2010*
Source: Morningstar

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

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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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