

Q3 2022

# YACKTMAN U.S. EQUITY FUND

\*A sub-fund of Heptagon Fund ICAV

The Fund has been classified as an Article 6 for the purposes of the EU's Sustainable Finance Disclosure Regulation ('SFDR'). The Fund takes sustainability criteria into account within the investment process but does not have sustainable investment as its objective and does not promote environmental or social characteristics.

Heptagon Capital, 63 Brook Street, Mayfair, London W1K 4HS  
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Authorised & Regulated by the Financial Conduct Authority  
12 Endeavour Square, London, E20 1JN

# IMPORTANT INFORMATION

The following presentation provides information on the Yacktman U.S Equity Fund (the “Fund”), a sub-fund of Heptagon Fund ICAV which is an open-ended umbrella type investment company authorised pursuant to UCITS regulations. Heptagon Capital Limited (“Heptagon”) is the Investment Manager, Yacktman Asset Management LP (“Yacktman”) is the Sub-Investment Manager meaning Yacktman exercises discretionary investment authority over the Fund and Carne Global Fund Managers (Ireland) Limited is the Manager.

Yacktman manages the Fund according to similar investment principles and execution of approach as those used for its other offerings. However, due to certain factors including, but not limited to, differences in cash flows, fees, expenses, performance calculation methods, and portfolio sizes and composition, there may be variances between the investment returns demonstrated by the Fund and Yacktman’s other offerings.

Any performance data quoted represents past performance. Performance figures are also shown for the Russell 1000 Value Index and the S&P 500 Net Return Index (“S&P 500”). The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower expected growth rates. The Russell 1000 Index represents the 1,000 largest U.S. companies in the equity market. The S&P 500 Index is an American stock market index that includes the 500 largest companies by market capitalization. It is designed to measure performance of the broad U.S economy through changes in the aggregate market value of the 500 stocks representing all major industries.

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. The Funds' prospectus and simplified prospectus contain these and other important information about the Fund. The prospectus should be read carefully before investing. Please email [london@heptagon-capital.com](mailto:london@heptagon-capital.com) for a free copy of these documents.

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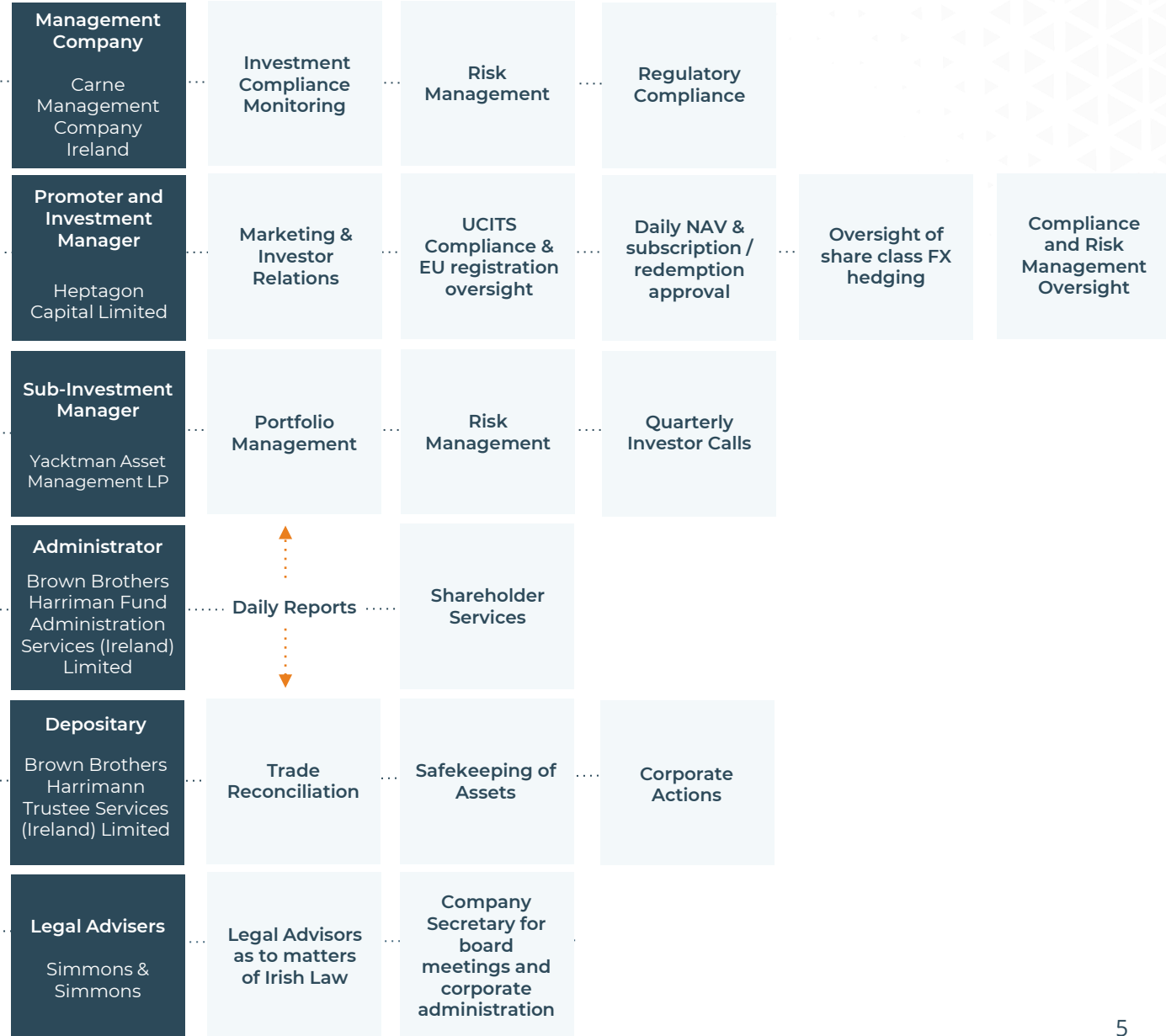
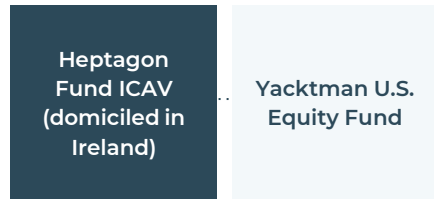
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# THE INVESTMENT MANAGER & SUB-INVESTMENT MANAGER



# IRISH UCITS FUND STRUCTURE

The diagram below explains the Irish UCITS fund structure and the relationship between the Investment Manager, Sub-Investment Manager and other relevant service providers for the Yacktman U.S. Equity Fund.



# INVESTMENT MANAGER – HEPTAGON CAPITAL

Independent boutique asset management firm

\$12.0bn\*\*  
Assets under Management and Advice

Established in 2005

4 Office Locations

45 Total Employees

19 Different Nationalities

18 Languages

## Heptagon Capital\*

### Heptagon UCITS Fund Platform

#### In-house

- Heptagon European Focus Equity Fund
- Heptagon Future Trends Equity Fund
- Heptagon Future Trends Hedged Fund
- Heptagon Listed Private Assets Fund

#### Sub-advised

- Driehaus Emerging Markets Sustainable Equity Fund
- Driehaus US Micro Cap Equity Fund
- Driehaus US Small Cap Equity Fund
- Easterly US Value Equity Fund
- Heptagon Kettle Hill US L/S Equity Fund
- Kopernik Global All-Cap Equity Fund
- Qblue Global Sustainable Leaders Fund
- Summit Sustainable Opportunities L/S Equity Fund
- WCM Global Equity Fund
- **Yacktman US Equity Fund**

### External Manager Platform

- Hedge Funds
- Private Equity
- Alternative Funds
- Long Only Funds
- Real Estate

### Discretionary Portfolio Management

- Discretionary Portfolio Management
- Concentrated Equity Management
- Hedging and Overlay Strategies
- Asset Allocation Advice
- Bespoke Mandates

Signatory of:



PRI is a leading global network for investors who are committed to integrating environmental, social and governance considerations into their investment practices and ownership policies. Heptagon signed the UN PRI on 10th July 2019.

\*Heptagon Capital includes Heptagon Capital Limited, licensed to conduct investment services by the Malta Financial Services Authority and Heptagon Capital LLP, authorised and regulated by the Financial Conduct Authority

\*\* As of 30/06/2022

# FIRM OVERVIEW & COMPETITIVE EDGE

- Yacktman Asset Management LP (“Yacktman”), was established in 1992 and operates out of Austin, Texas.
- Yacktman is an SEC registered Investment Adviser that invests approximately **\$15.8bn USD** for individuals, institutions and corporations.
- Yacktman’s success derives from a value-oriented approach to investment research and concentrated portfolio management.

Attribute	Edge
<b>Boutique firm</b>	US Equity Value specialist Substantially employee owned*
<b>Investment philosophy</b>	Rigorous and disciplined bottom-up, value oriented stock selection, non benchmark driven.
<b>People</b>	90 yrs of combined experience in fundamental driven, value equity investing.
<b>Discipline</b>	Long term view on stock picking. Proprietary forward rate-of-return valuation method.
<b>Alignment of interests</b>	Management has substantial personal assets invested in firm-managed strategies.

*\*On 02/07/2012 Affiliated Managers Group, Inc. (NYSE: AMG), a global asset management company acquired a majority equity interest in Yacktman Asset Management. The management partners of Yacktman continue to hold a substantial portion of the equity of the business and direct its day-to-day operations.*

*Data as of 30/06/2022*

# AWARDS, RATINGS AND RANKINGS

## I Yacktman Awards

Yacktman Focused Fund



Lipper 5-Year Award - 2013<sup>1</sup>

Don Yacktman & Stephen Yacktman

Morningstar Domestic Stock Fund Manager of the Year nomination - 2011

## I Ratings

AMG Yacktman



Overall 5 Yr 5 Star Rating<sup>6</sup>

AMG Yacktman

LIPPER LEADERS



Total Return<sup>2</sup> - 2/5  
Consistent Return<sup>3</sup> - 1/5  
Preservation<sup>4</sup> - 5/5

Yacktman UCITS Fund



Bronze Rating

## I Rankings- AMG Yacktman Fund (YACKX)

Bloomberg



2013: #3 Bloomberg's Riskless Return Ranking  
2010: #3 US Diversified Equity fund<sup>5</sup>  
2009: #1 US Diversified Equity fund<sup>5</sup>



Ranked #1 in US Large Cap Value Category over 15yr time frame<sup>6</sup>

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

<sup>1</sup> The Lipper Fund Awards program honours funds that have excelled in delivering consistently strong risk-adjusted performance, relative to peers. In addition, the Lipper Fund Awards program recognizes fund families with high average scores for all funds within a particular asset class or overall.

<sup>2</sup> The Lipper Rating for Total Return denotes a fund that has provided superior total returns (income from dividends and interest as well as capital appreciation) when compared to a group of similar funds.

<sup>3</sup> The Lipper Rating for Consistent Return identifies a fund that has provided relatively superior consistency and risk-adjusted returns when compared to a group of similar funds. Funds which achieve high ratings for Consistent Return may be the best fit for investors who value a fund's year-to-year consistency relative to other funds in a particular peer group.

<sup>4</sup> The Lipper Rating for Preservation is a fund that has demonstrates a superior ability to preserve capital in a variety of markets when compared with other funds in its asset class.

<sup>5</sup> As of June 30<sup>th</sup> for the respective year. Bloomberg ranking takes into consideration year-to-date, one-year, three-year annualised and five-year annualised total returns as well as three- and five-year Sharpe ratios. Ranking includes open-end retail equity funds domiciled in the U.S. with total assets of more than \$250 million. Excludes index, contrarian, sector and market-neutral funds.

<sup>6</sup> As of 30/06/2022.



# INVESTMENT STRATEGY



# INVESTMENT STRATEGY

The Yacktman team of Portfolio Managers consider themselves investors in businesses, not speculators in stocks. They approach the selection process as though they were buying a long-term bond, with the purpose of holding it for an extended period of time.

The main focus is on the rate of the return they would earn and the quality of those businesses. The higher the quality, the lesser the required rate of return – just like a bond investor. Clearly they don't expect exact yields to maturity, rather they build in a lot of room for error.

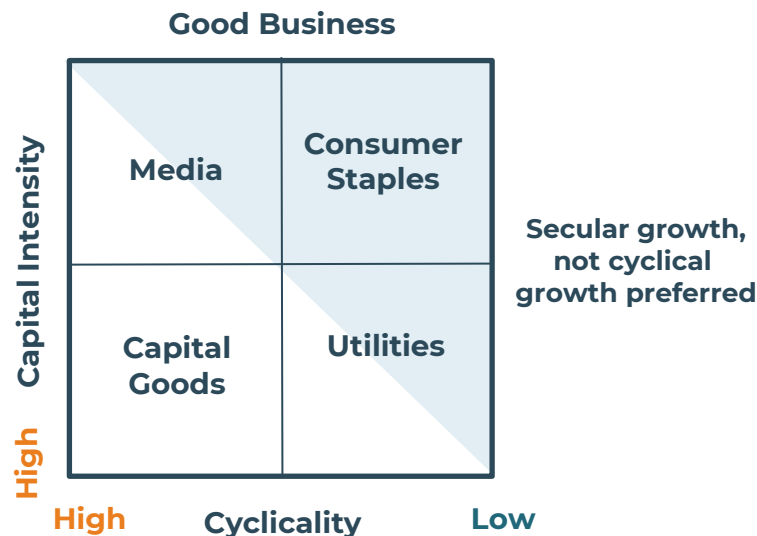
Yacktman has a tendency to shy away from **fads** and *en-vogue* companies or industries which resulted in them avoiding the TMT bubble.

Yacktman's investment philosophy focuses on purchasing quality businesses at low prices, using a three-part discipline. Yacktman believes an investor can earn attractive rates of return through investing...

## ... in good businesses that dominate their industry,

A good business may contain one or more of the following:

- High Market share in a principal product and/or service lines
- High cash return on tangible assets
- Relatively low capital requirements allowing a business to generate cash while growing
- Short customer repurchase cycles and long product cycles
- Unique franchise characteristics



## ... with shareholder-oriented management,

Yacktman believes that a shareholder-oriented management does not overcompensate itself and allocates wisely the cash the company generates. Yacktman looks for companies that:

- Reinvest in the business and still have excess cash
- Make synergistic acquisitions
- Buy back stock

At times, Yacktman will invest in a company with poor management if it is apparent that executives can be replaced or if Yacktman believes the price of the security more than compensates for the issues.

## ... at a low purchase price.

Yacktman looks for stocks that trade at a lower price than the sum of its parts. The stock prices of individual companies can vary significantly over short periods of time, and such price movements are not always correlated with the changes in company fundamental performance. Accordingly, Yacktman generally prefers to wait for buying opportunities. Such opportunities do not always occur in correlation with overall market performance trends.



**“It’s almost always about the price.”** – *Yacktman Asset Management LP*

# OBJECTIVES AND GUIDELINES OF THE FUND\*

- The Fund aims to achieve long-term capital growth by investing predominately in a diversified portfolio of U.S. Equities
- The Fund may hold Cash depending on the ability of the Sub-Investment Manager to identify investments that meet their valuation criteria
- The Fund may invest in, and may shift among, all market sectors
- The Fund will not use derivatives or leverage
- The Fund can selectively invest in debt instruments, typically when their rate of return is equity-like, and their risk is considerably lower than equity.

## Concentration limits

Maximum of 10% in one issuer  
The Fund holds ~ 50 stocks.

## Maximum industry weights

Up to 25%

## Expected allocation strategy

The Sub-Investment Manager seeks to allocate primarily to large cap names, however mid cap companies may be featured and there is no prescribed sectoral or style bias, however gravitation toward an overweight in consumer goods (Staples/Discretionary) is common.

*\*Note: Extracts from the Prospectus. The investment guidelines of the Yacktman US Equity Fund comply with those of the Irish UCITS regulations. For further information please consult the Prospectus.*

- The Sub-Investment Manager uses a number of screens to filter a universe of U.S. stocks
- The screens focus largely on valuation metrics including the expected Forward Rate of Return
- Companies with the best score may be considered for inclusion as core holdings in the portfolio
- The Sub-Investment Manager will also look at companies which measure poorly on the traditional valuation metrics: this will generate ideas for the potential inclusion in the portfolio as special situation/turnaround holdings. The Sub-Investment Manager will then spend time doing qualitative analysis in order to understand the business and sector thoroughly and decide if there may be any catalysts for change.

## Position Sizes

Position size will depend on the attractiveness of a company's forward rate of return as well as its risk profile.

New positions will be built incrementally for smaller, riskier companies. However, if the opportunity warrants it, the manager may build a larger position.

The Sub-Investment Manager may employ various techniques to adjust position size, including purchase, sale, or no action in relation to fund flows.



# YACKTMAN U.S. EQUITY FUND (IRISH UCITS FUND)

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# YACKTMAN U.S. EQUITY FUND PERFORMANCE

as of 30/06/2022

## Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Russell 1000 Value	S&P 500
<b>2012</b>	3.0%	1.8%	2.3%	-1.1%	-4.0%	4.4%	-0.5%	2.0%	2.0%	-2.2%	1.0%	0.6%	<b>9.4%</b>	16.6%	15.2%
<b>2013</b>	5.8%	1.8%	3.5%	1.9%	1.8%	0.1%	3.1%	-2.1%	1.1%	3.6%	1.4%	1.5%	<b>26.1%</b>	31.6%	31.5%
<b>2014</b>	-3.2%	2.3%	1.6%	0.7%	2.2%	0.8%	-1.7%	3.1%	-0.7%	1.4%	3.6%	0.1%	<b>10.3%</b>	12.7%	13.0%
<b>2015</b>	-4.7%	3.8%	-2.7%	0.7%	-0.2%	-2.7%	0.9%	-5.5%	-0.9%	7.4%	-0.9%	-1.5%	<b>-6.7%</b>	-4.5%	0.7%
<b>2016</b>	-1.8%	-0.1%	5.9%	0.4%	0.7%	0.9%	2.0%	-0.3%	-0.5%	0.1%	1.5%	1.2%	<b>10.2%</b>	16.4%	11.2%
<b>2017</b>	2.8%	1.9%	1.3%	0.5%	-0.7%	0.8%	1.8%	-0.6%	-0.0%	1.6%	3.6%	1.7%	<b>15.7%</b>	12.9%	21.1%
<b>2018</b>	3.2%	-2.9%	-1.3%	-0.6%	0.0%	4.0%	1.8%	1.4%	0.8%	-1.4%	3.0%	-5.0%	<b>2.7%</b>	-8.9%	-4.9%
<b>2019</b>	4.5%	1.9%	0.8%	2.7%	-3.6%	4.3%	0.5%	-2.5%	2.0%	1.8%	1.2%	3.3%	<b>17.8%</b>	25.6%	30.7%
<b>2020</b>	-1.5%	-7.3%	-11.1%	8.0%	3.8%	2.3%	2.4%	5.9%	-2.2%	-1.3%	13.5%	6.9%	<b>18.3%</b>	2.0%	17.8%
<b>2021</b>	-1.1%	6.6%	4.0%	3.2%	1.0%	-0.7%	0.2%	2.4%	-1.7%	3.9%	-4.0%	5.7%	<b>20.5%</b>	24.4%	28.2%
<b>2022</b>	-1.6%	-0.4%	0.8%	-5.5%	1.1%	-7.9%							<b>-13.0%</b>	-13.1%	-20.1%

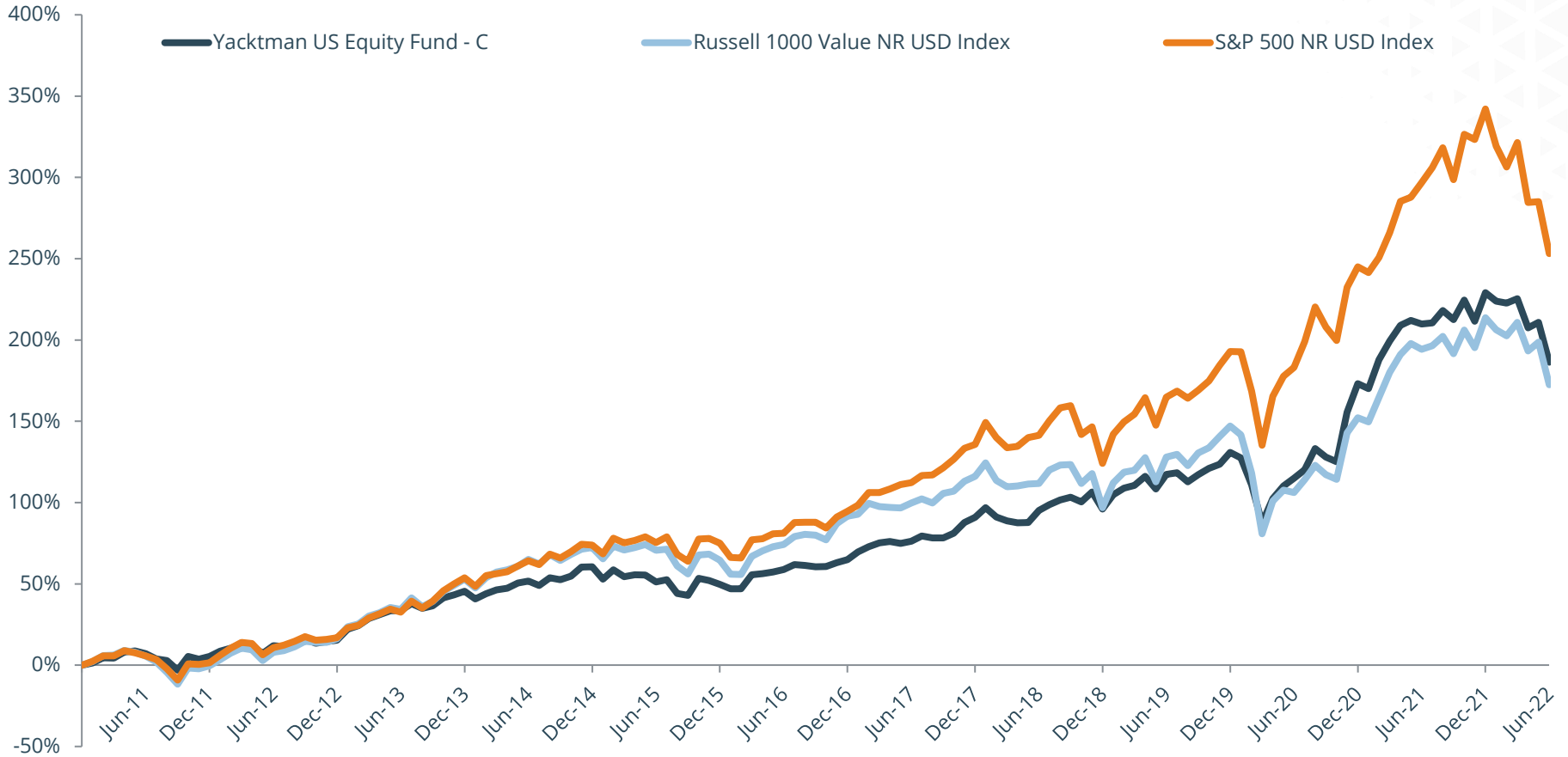
Source: Bloomberg

Yacktmán US Equity Fund C share class

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

*Risk Warning: 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. Russell 1000 Value NR represents the Russell 1000 Value NR Index (net) USD. S&P 500 represents the S&P 500 NR Index (net) USD. Please refer to important information on page 2.*

## Cumulative Performance Since Inception



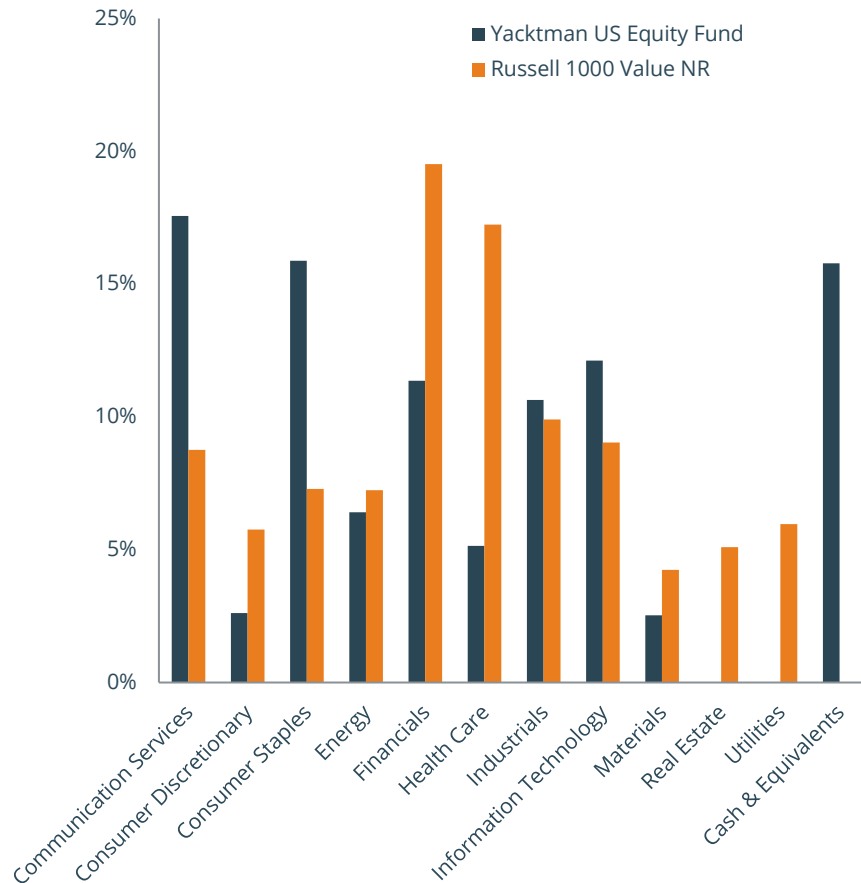
Source: Bloomberg

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## Portfolio Sector Weights



## Portfolio Characteristics

	Yacktman	Russell 1000 Value
Price/Prospective Earnings*	12.7%	13.0%
Price/Book*	1.5%	1.8%
Price/Sales*	1.3%	1.4%
Price/Cash Flow*	6.5%	6.8%
Dividend Yield %*	1.9%	2.4%
Long-Term Earnings %	10.2%	11.8%
Historical Earnings %	20.9%	24.5%
Sales Growth %	7.5%	6.6%
Cash-Flow Growth %	2.5%	9.3%
Book-Value Growth %	9.7%	7.7%

\*Forward looking, based on historical data

## Top 10 Holdings

	% of Portfolio
Bollre SA	7.9%
Samsung Electronics Co. Ltd	5.5%
Canadian Natural Resources Ltd	4.9%
PepsiCo Inc.	4.0%
Amerco	3.5%
Alphabet Inc	3.1%
Microsoft Corp	2.9%
Berkshire Hathaway Inc Class B	2.6%
Procter & Gamble Co.	2.6%
Sysco Corp.	2.5%
<b>Total of Top 10 Holdings</b>	<b>39.5%</b>

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

Source: Refinitiv, Morningstar.

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# YACKTMAN U.S. EQUITY FUND PORTFOLIO

as of 30/06/2022

## Communication Services 17.6%

Bollore SA	7.9%
Alphabet Inc	3.1%
News Corp., Class A	2.4%
Fox Corp - Class B	2.2%
The Walt Disney Company	1.0%
Comcast Corp.	0.5%
Warner Bros Discovery Inc	0.5%

## Consumer Discretionary 2.6%

Booking Holdings Inc	1.8%
eBay Inc	0.8%

## Consumer Staples 15.9%

PepsiCo Inc.	4.0%
Procter & Gamble Co.	2.6%
Sysco Corp.	2.5%
Coca-Cola Co.	2.2%
Tyson Foods Inc	1.9%
Ingredion Inc	1.7%
Colgate-Palmolive Co.	1.0%

## Energy 6.4%

Canadian Natural Resources Ltd	4.9%
ConocoPhillips	0.8%
Exxon Mobil Corp.	0.7%

## Financials 11.4%

Berkshire Hathaway Inc Class B	2.6%
Charles Schwab Corp	1.7%
U.S. Bancorp	1.6%
State Street Corp	1.4%
Wells Fargo Corporation	1.4%
Bank of New York Mellon Corp.	1.2%
Firstcash Holdings Inc	0.6%
Goldman Sachs Group Inc	0.5%
First Hawaiian Inc	0.4%

## Health Care 5.1%

Johnson Johnson	2.2%
Anthem Inc.	1.8%
Embecka Corp	1.1%

## Industrials 10.6%

Amerco	3.5%
Northrop Grumman Corporation	2.0%
L3Harris Technologies Inc	1.6%
Samsung C&T Corp	0.9%
Armstrong World Industries Inc	0.9%
GrafTech International Ltd	0.7%
Arcosa Inc	0.5%
MSC Industrial Direct Co Inc	0.5%

## Information Technology 12.1%

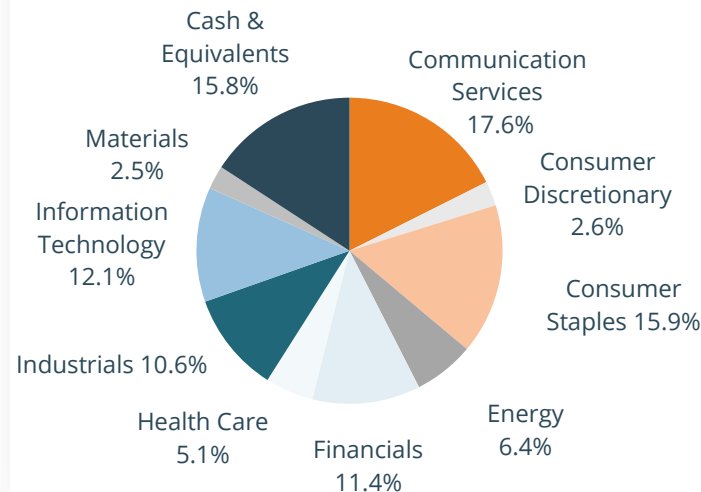
Samsung Electronics Co. Ltd	5.5%
Microsoft Corp	2.9%
Cognizant Technology Solutions Corporation	2.4%
Oracle Corporation	0.6%
Corning, Inc.	0.4%
Cisco Systems Inc	0.4%

## Materials 2.5%

Reliance Steel & Aluminum Co	1.8%
Huntsman Corp	0.8%

## Cash & Equivalents 15.8%

### Portfolio Sector Weights



Source: Morningstar, as at 30/06/2022.

# THE INVESTMENT TEAM

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# INVESTMENT TEAM ORGANISATIONAL CHART

The below employees at Yacktman are responsible for the portfolio management (including idea generation, portfolio construction, security selection, investment research, trading and risk management) of the Yacktman U.S. Equity Fund.

**Stephen Yacktman**  
Partner  
CIO  
Senior Portfolio Manager

**Jason Subotky**  
Partner  
Senior Portfolio Manager

**Russell Wilkins**  
Partner  
Senior Portfolio Manager

**Adam Sues**  
Partner  
Portfolio Manager

**Chase Frock, CFA**  
Senior Associate/Trader

**Brandt Dusthimer, CFA**  
Investment Analyst

# BIOGRAPHIES OF THE SENIOR PORTFOLIO MANAGERS

The below employees at Yacktman are Senior Portfolio Managers, responsible for the portfolio management (including idea generation, portfolio construction, security selection, investment research and risk management) of the Yacktman U.S. Equity Fund.

Mr. Yacktman is Chief Investment Officer, Partner, and Portfolio Manager of Yacktman Asset Management. He joined Yacktman Asset Management in 1993 and has been co-manager of AMG Yacktman Focused Fund and AMG Yacktman Fund since 2002 and AMG Yacktman Focused Fund – Security Selection Only and Yacktman U.S. Equity Fund since inception. In 2006 he was named Co-Chief Investment Officer and in 2013 became sole CIO of Yacktman Asset Management. He is a member of the Management Committee of the firm. He was a finalist for Morningstar's Domestic-Stock Manager of the Year award in 2011. Stephen graduated from Brigham Young University with an economics degree and MBA.

**Stephen Yacktman**  
Partner  
CIO  
Senior Portfolio Manager



**Jason Subotky**  
Partner  
Senior Portfolio Manager

Mr. Subotky is Partner and Portfolio Manager of Yacktman Asset Management. He joined the firm in 2001, having previously worked as a General Partner at Peterschmidt Ventures and as a Vice President at Goldman Sachs. He has been a co-manager of AMG Yacktman Focused Fund and AMG Yacktman Fund since 2009 and and AMG Yacktman Focused Fund – Security Selection Only and Yacktman U.S. Equity Fund since inception. He is a member of the Management Committee. Jason received a Bachelor of Music from the University of Southern California and an MBA from Brigham Young University.

Mr. Wilkins is Partner and Portfolio Manager of Yacktman Asset Management. Prior to joining the firm in 1998 he was a Senior Business Analyst at Electronic Data Systems Corp. He has been co-manager of Yacktman U.S. Equity Fund since its inception in December 2010. He is a member of the Management Committee. Russell holds a B. A. in Asian Studies and Japanese from Brigham Young University and an MBA from Pepperdine University.

**Russell Wilkins**  
Partner  
Senior Portfolio Manager



**Adam Sues**  
Partner  
Senior Portfolio Manager

Mr. Sues is Partner and Portfolio Manager at Yacktman Asset Management. He joined the firm in 2013, and is the portfolio manager for the AMG Yacktman Special Opportunities Fund. Adam is also co-manager for the AMG Yacktman Focused Fund, AMG Yacktman Fund, and AMG Yacktman Global Fund. From 2010-2013, he was the founder and author of Value Uncovered, an investment website focused on value-oriented stock research and fundamental analysis. Adam holds a B. A. in Business Administration from Mount Union College and an MBA from the University of North Carolina Kenan-Flagler Business School.

# FUND PARTICULARS



# YACKTMAN U.S. EQUITY FUND PARTICULARS

## Legal Structure

An open-ended umbrella type investment vehicle authorised pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

## Share Classes

A (Retail) / B (Retail) / C (Institutional) (closed) / I (Institutional)

## ISIN / Bloomberg Ticker

A	IE00B3N32X37	HEPYACA
B	IE00B6STVH45	HEPYACB
C	IE00B3LHWB51	HEPYACC (closed)
I	IE00B61H9W66	HEPYACI

## Exchange Listed

None

## Registered for Retail Sale

Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland, UK

## Registered for Accredited Investors

Singapore (CISNET restricted scheme)

## Tax Transparent

Austria, Germany, UK

## Minimum Investment

A = \$15,000 / B = \$15,000 / C = \$1,000,000 (closed) / I = \$2,000,000

## Management Fee

A = 1.50% / B = 1.95% / C = 1.00% (closed) / I = 1.15%

## Subscriptions

Daily - T+2 Settlement

## Redemptions

Daily - T+3 Settlement

## Lock-up Provision

None

## Leverage

None

## Sub-Investment Manager

Yacktman Asset Management LP

## Management Company

Carne Management Company Ireland

## Depository

Brown Brothers Harriman Trustee Services (Ireland) Limited

## Administrator

Brown Brothers Harriman Fund Administration Services (Ireland) Limited

## Lawyers

Simmons & Simmons LLP, Dublin

## Auditor

Grant Thornton LLP

Please refer to important information on page 2.

# CASE STUDIES



The two companies discussed in this document below were chosen as representations of the type of stocks held in Yacktman U.S. Equity Fund (the “Fund”). The stocks are not presented to demonstrate performance.

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# CASE STUDY 1: SAMSUNG ELECTRONICS CO PREFERRED

## SAMSUNG

- Samsung Electronics (Samsung) is the second largest technology company in the world by sales. It is a global leader with a strong market position in semiconductors, (memory and foundry) mobile, display, and consumer electronics. Samsung also has a significant presence in emerging new markets like 5G, artificial intelligence, and the internet of things, among others. Currency is not a significant issue because many of its businesses are transacted in dollars.
- Samsung sells at a steep discount to global technology and appears to be poised for a period of high growth in its semiconductor business. The company has amassed far more cash than it needs, with cash and investments exceeding \$100 billion.
- The Lee family, who controls the company, was recently assessed with a significant estate tax bill that could approach \$10 billion. As a result, we think there is a strong incentive to have a higher stock price. If future share sales are needed to pay the estate tax, maximizing ownership of the company while getting liquidity will be important.
- We believe the company is positioned for extremely strong earnings growth in 2021-2022. The combination of strong business results, better capital allocation, and motivation for a higher valuation could create an exceptional stock performance in the coming years.
- This stock was first purchased in the Yacktman US Equity Fund on 20/06/2014.

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

Source: Yacktman Asset Management

Past performance of AMG Yacktman is no indication of future performance of the Yacktman U.S. Equity Fund. Data on this page is accurate as of February 2021.

## CASE STUDY 2: BOLLORÉ



- Bolloré is a French conglomerate with exposure to high-quality businesses in communications, transportation, and logistics, plus electricity and storage systems. The company is controlled by an outstanding capital allocator and we believe it is mispriced in part due to a complicated shareholder structure which significantly overstates the net shares outstanding. At the current valuation, much of the share price is from Bolloré's economic exposure to Universal Music Group (through its ownership stake in Vivendi) which we expect to be a US-listed company by the end of 2022.
- Additional businesses, including port and logistics, are worth significantly more than the debt and are stable. Also, Bolloré made a substantial investment in a solid-state electric vehicle (EV) battery business. This EV battery is more environmentally friendly than lithium ion and safer as it is not prone to catch fire. Mercedes-Benz uses the EV battery in its buses currently. The technology is more advanced than many competitors with considerable valuations in today's environment. Bolloré is very inexpensive with the battery business at zero value; however, we anticipate massive upside if the EV battery business is monetised or its value is recognised over the long-term.
- Bolloré is a good steward of its capital. It benefits from low corporate capital gains tax rates when monetising the gains. This allows the company to take positions, recognise the value, sell, and move to another investment - hallmarks of an efficient and profitable company.
- This stock was first purchased in the Yacktman US Equity Fund on 30/10/2018.

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