

Yacktman U.S. Equity Fund

Heptagon Yacktman US Equity Fund

The Heptagon Yacktman US Equity Fund (the “Fund”), a sub-fund of Heptagon Fund Plc which is an open-ended umbrella type investment company 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 December 14, 2010 and had AUM of USD 729m as of December, 31 2017. During the fourth quarter of 2017, the Fund (I USD share class) appreciated 7.1% compared to 6.5% for its benchmark, the S&P 500 Net Index.

TOTAL RETURNS

As of December 31, 2017

	ANNUALIZED					
	Q4 17	YTD	1-Year	3-Year	5-Year	10-Year
Yacktman US Equity Fund (UCITS)*	7.1%	15.5%	15.5%	5.8%	10.4%	-
S&P 500 [®] Net TR	6.5%	21.1%	21.1%	10.7%	15.1%	-
AMG Yacktman Fund (YACKX)	7.5%	18.2%	18.2%	7.5%	12.1%	10.9%
S&P 500 [®] Index	6.6%	21.8%	21.8%	11.4%	15.8%	8.5%

	CUMULATIVE					
	Q4 17	YTD	1-Year	3-Year	5-Year	10-Year
Yacktman US Equity Fund (UCITS)*	7.1%	15.5%	15.5%	18.4%	64.3%	-
S&P 500 [®] Net TR	6.5%	21.1%	21.1%	35.7%	101.7%	-
AMG Yacktman Fund (YACKX)	7.5%	18.2%	18.2%	24.2%	76.7%	180.4%
S&P 500 [®] Index	6.6%	21.8%	21.8%	38.2%	107.9%	125.7%

* Class I Shares

Source: Bloomberg

Yacktman manages the Irish regulated Yacktman US Equity UCITS Fund according to the same investment principals, philosophy and execution of approach as it manages the AMG Yacktman Fund (YACKX) a US mutual fund, however it should be noted that due to different regulation, fees, taxes, charges and other expenses there can be variances between the investment returns demonstrated by each fund.

Yacktman Asset Management LP – Sub advisor Q4 2017 Commentary

During the fourth quarter, the Yacktman U.S. Equity Fund (Fund) delivered strong absolute returns, largely due to the significant revaluation in 21st Century Fox’s (Fox) stock. Fox’s shares were up more than 30% during the quarter mainly due to an agreement to merge many of its businesses with The Walt Disney Company (Disney) in exchange for Disney stock. Fox shareholders will also receive shares in “New Fox” which will retain significant businesses, including Fox News, Fox Sports, Fox Network, television stations, real estate, and investments. New Fox should benefit significantly from the lower tax rate which was passed in the U.S. in late December and has helped propel stocks higher in general.

We think the potential combination of Fox and Disney long-term could be extremely attractive. Disney is one of the greatest franchises in the world. For parents raising kids in developed markets, it is difficult to avoid Disney’s intellectual property, yet the stock trades at a modest valuation due to concerns about change in the entertainment industry. We think the transaction with Fox helps solidify Disney’s leadership position among “established media” companies and will increase its intellectual property to help achieve future growth much like its successful acquisitions of Marvel, Pixar, and Lucasfilm.

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Yacktman U.S. Equity Fund



Media stocks have been under significant pressure the last 2-3 years, making them, in our opinion, one of the few areas for great bargain hunting in an expensive investment environment. We think venture capitalist, Marc Andreessen put it best at a Vanity Fair presentation with Bob Iger, Disney's CEO in 2015, when he stated: "The two universal truths are whenever there's a new distribution technology; there's always a panic that it's going to hurt the content industry. And the other universal truth is it never does; it always ends up increasing the size of the industry."

Top contributors included Fox, Cisco Systems (Cisco) and Microsoft Corporation (Microsoft)

We think investing is about finding opportunities that provide reward while managing the level of risk. The best way to do this is to find a security that is trading at a substantial discount to what you calculate as the real value of the business. Patience is usually required as well as diligence, which means constantly re-evaluating the situation and adjusting the position to reflect changes in business value or the valuation of the security. All three top contributors have fit the above description.

Cisco shares appreciated in the quarter along with strength in the information technology sector. The company continues to migrate its business from larger one-time sales toward subscription services, which makes the company significantly more stable, predictable, and valuable. The shares remain attractively priced, and the company possesses a strong balance sheet.

Microsoft continued its strong performance to end the year as it continues to produce solid business growth, due in large part to its commercial cloud business. After a long period of struggles, which resulted in an underperforming stock from when we first purchased shares in 2003 until much more recently, Microsoft has re-emerged as a star performer, restoring investor confidence and delivering strong business results and stock appreciation. Its transition to becoming a more subscription-based business is a few years ahead of a similar move we are observing at Cisco and Oracle Corporation, which underperformed in the recent quarter, but posted a successful year in 2017.

Detractors included Avon Products debt and equity (Avon), Aggreko PLC (Aggreko), and Oracle

Avon's ongoing business struggles led to declines in both equity and debt securities in the fourth quarter. We continue to think Avon has significant brand value and believe a new CEO (to be named in the next few months) could significantly improve the business results and restore investor confidence.

Aggreko's stock declined modestly as the company reported disappointing orders for its utility business. The company continues to struggle due to its customers' business challenges and an increase in competition. The recent increase in oil prices could lead to a better environment for Aggreko's customers in North America, which could help improve business results.

Oracle's shares pulled back slightly during the quarter due to modestly disappointing results in its cloud business. Even after the pullback, the shares remain strong performers for the year. We continue to believe that Oracle will successfully transform its business, much like Microsoft did, into a more robust subscription-based business. In the meantime, the stock remains inexpensive.

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Yacktman U.S. Equity Fund



Other

After a long proxy battle, Procter & Gamble (PG) announced it would add Nelson Peltz of Trian Partners to the board of directors in 2018. We think adding Mr. Peltz, a significant shareholder and important voice for all shareholders will improve PG's focus. We believe several of our other successful investments - such as Sysco Corporation, (where Trian Partners has two board seats) Microsoft, and Fox - have benefitted greatly from having a shareholder advocate in the boardroom.

Conclusion

We are pleased with the strong absolute returns the portfolio has delivered for the fourth quarter and all of 2017. As always, we will continue to be diligent, disciplined, and patient while managing the Yacktman U.S. Equity Fund with a focus on risk-adjusted returns over a full market cycle.

Sincerely,

Heptagon Capital and Yacktman Asset Management

The views expressed represent the opinions of the Yacktman Asset Management L.P., as of December 31, 2017, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

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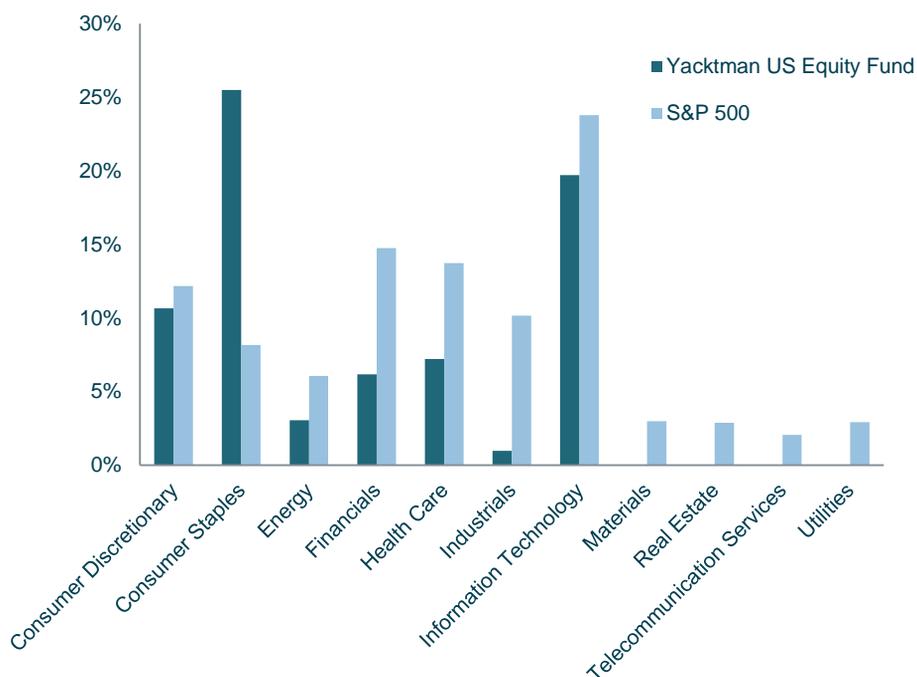
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Yacktman US Equity UCITS Fund Positioning

Top Ten Holdings by Issuer as of 31st December 2017

Name	% of portfolio
Twenty-First Century Fox Inc.	9.8%
Procter & Gamble Co.	8.9%
PepsiCo, Inc.	5.8%
Cisco Systems	5.1%
Coca-Cola Co.	4.7%
Johnson & Johnson	4.7%
Oracle Corporation	4.5%
Microsoft Corp.	3.7%
Sysco Corp.	3.2%
Samsung Electronics	2.9%
Total of Top 10 Holdings	53.3%

Portfolio Sector Weights as of 31st December 2017



Yacktman U.S. Equity Fund



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.

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The information contained herein is provided for informational purposes only, is not complete, and does not contain certain material information about the funds, including important disclosures and risk factors associated with an investment in the funds. Before making an investment in any fund, prospective investors are advised to thoroughly and carefully review the fund's private placement memorandum with their financial, legal and tax advisors to determine whether an investment is suitable for them. An investment in these funds is not suitable for all investors.

Glossary

Annualized	A rate or return that is recalculated to show it as an annual rate.
Assets under management (AUM)	The total market value of all assets a financial institution or fund manages on behalf of its clients.
Balance sheet	A document that provides information on the financial position of a company at a particular point in time. It includes what it owns (assets), what it owes (liabilities) and the value of business to equity holders (shareholders' equity).
Benchmark	A point of reference against which investment performances can be measured.
Cumulative Return	Aggregate return over a period of time.
Debt/ Fixed Income Security	A security that pays the investor regular or periodic income at a rate that is known by the investor in advance.
Equity Security	A security that represents ownership in an entity and that may pay income as dividends.
Mutual Fund	An investment vehicle made up of a collective pool of money which is then invested into financial instruments.
Risk-Adjusted Return	The return a security, fund or portfolio has produced relative to how much risk the investment was exposed to during a set time period.
S&P500 Index	Standard & Poor's 500. An American stock market index that includes the 500 largest companies by market capitalization.
Share	A unit of ownership that gives the holder the right to a proportion of the capital of the company
UCITS	Undertakings for Collective Investment in Transferable Securities. It is a regulatory framework in the European Union.
Valuation	The process of determining how much a company or an asset is currently worth at a particular point in time.