

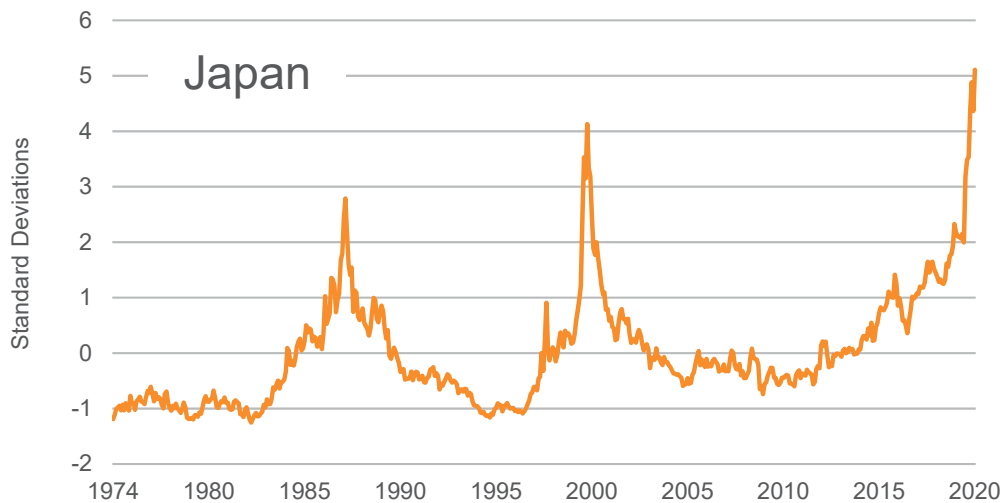
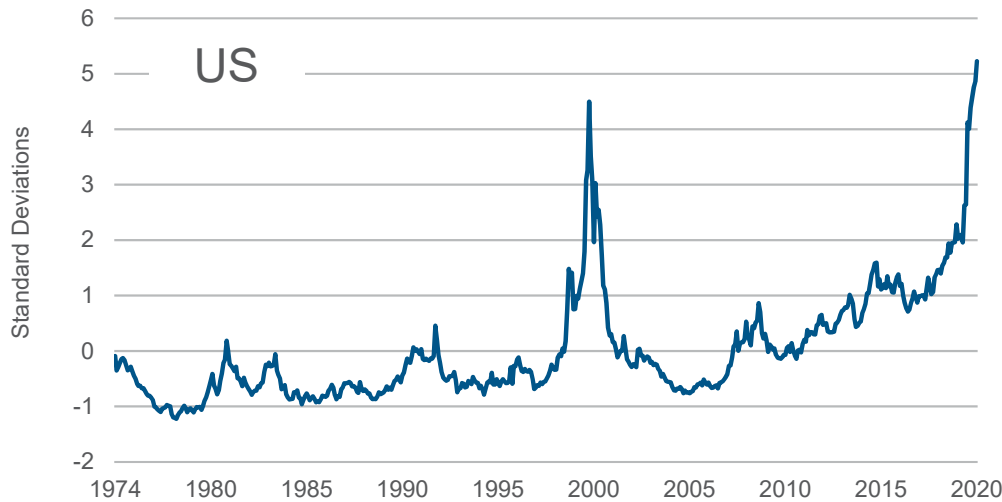
The Beginning of the Great Rotation to Value?

Live Webinar with Pzena

Thursday, 10th December 2020 at 15:00 GMT/16:00 CET

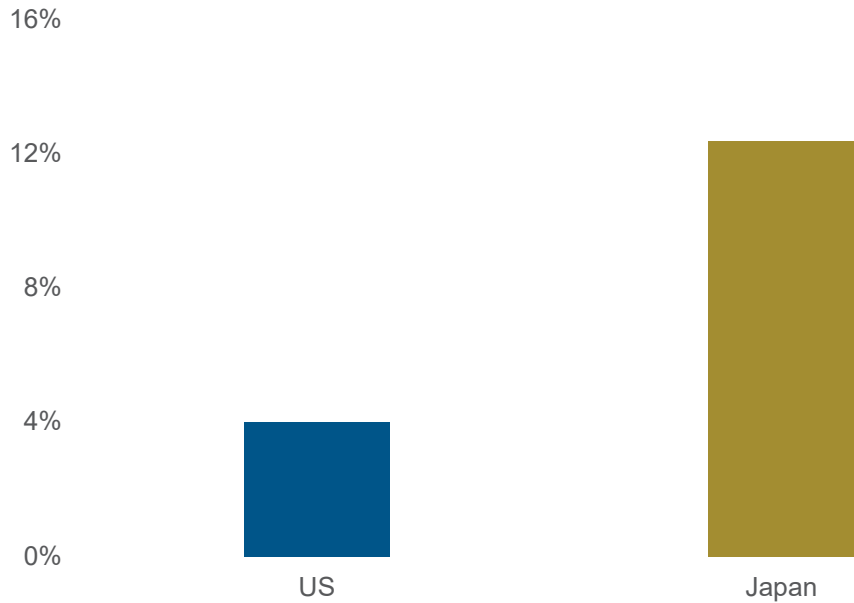


1st Quintile vs. 5th Quintile Dispersion by Region Expressed in Standard Deviations

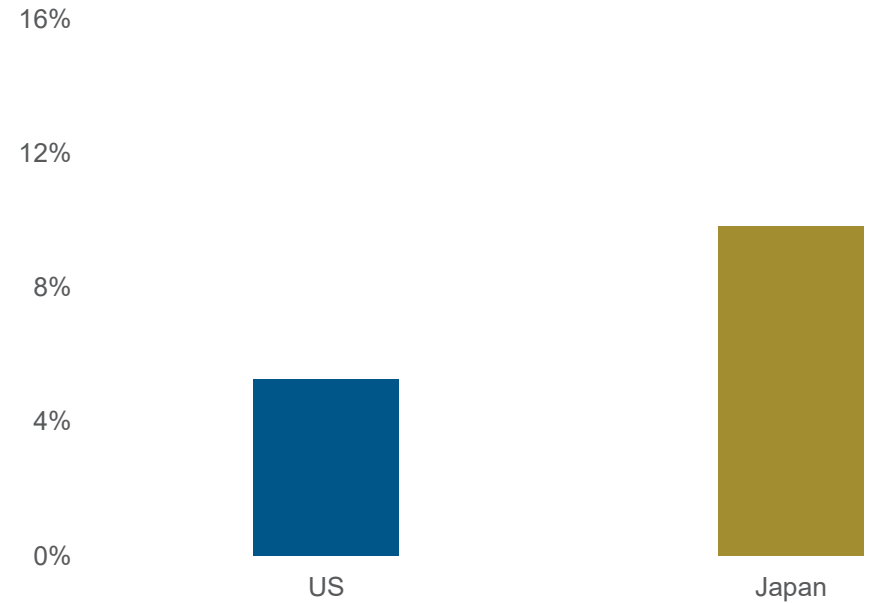


Data through September 2020. Source: Sanford C. Bernstein & Co., Pzena analysis
Dispersion between cheapest and most expensive quintiles based on price to book; equally weighted data.
Universes are the largest 1000 US stocks (ranked by market cap.), MSCI Europe, MSCI Japan, and MSCI EM.

Value Average Alpha
in Recessions

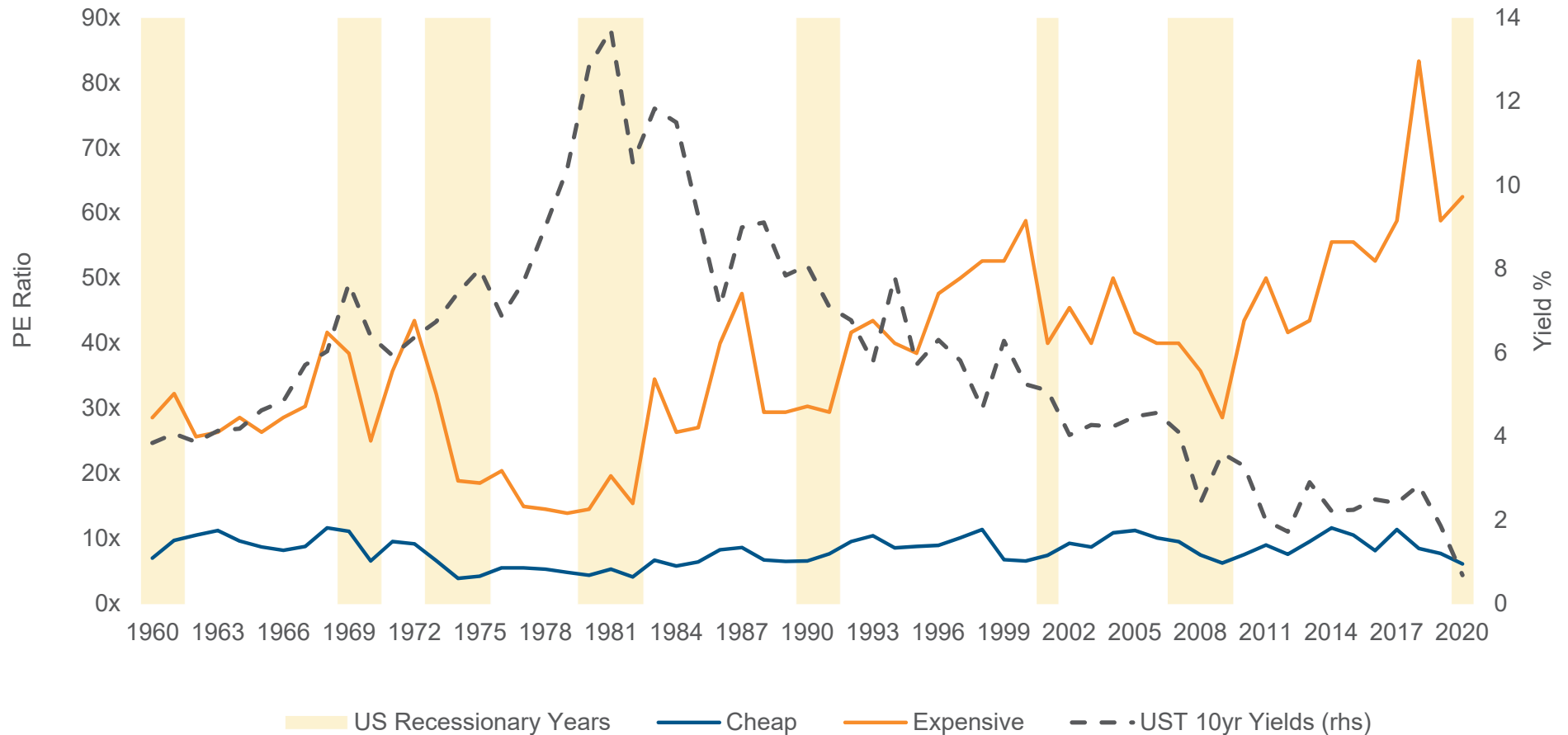


Value Average Annual Alpha
Five Years After Recessions Begin



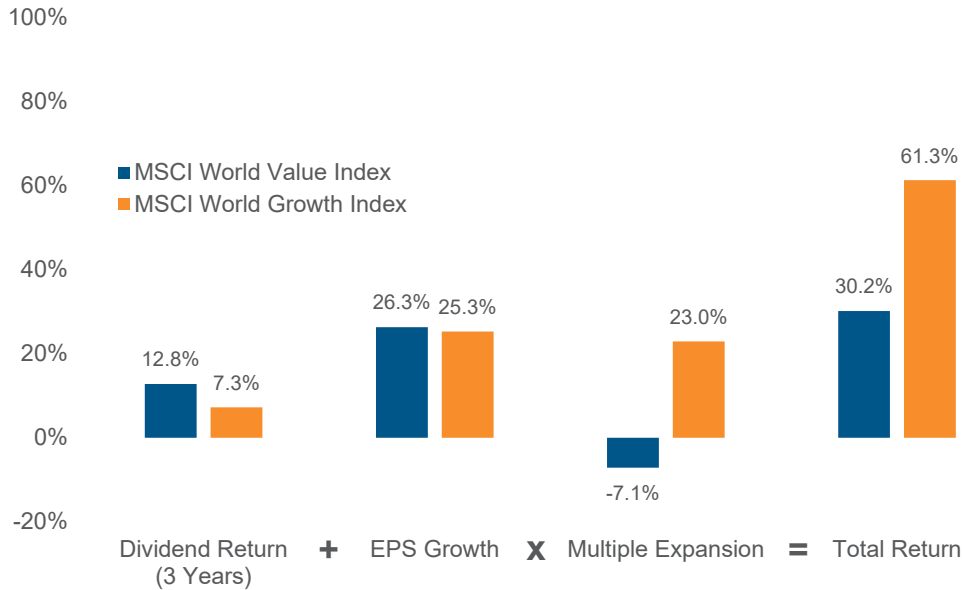
Source: Cabinet Office of Japan, Federal Reserve Bank of St. Louis, Kenneth R. French, MSCI, Sanford C. Bernstein & Co., Pzena analysis
 Charts use 14 US recessions from 1929 - 2009 and eight Japan recessions from 1977 - 2012.
 The US universe is all NYSE, AMEX, and NASDAQ stocks defined by Kenneth R. French data library and excluding the smallest 30% of companies based on market capitalization to replicate our investable universe. The Japan universe is the MSCI Japan Index.
 Value is defined as the cheapest quintile of stocks on a price-to-book basis for each respective universe.
 All returns equally weighted in US dollars. Past performance is not indicative of future returns.
 Does not represent any specific Pzena product or service

Record Valuation Dispersion:
 All of the Multiple Expansion is in the Most Expensive Part of the Market
 Interest rates have been declining for 40 years (down 96% in the US since 1981)

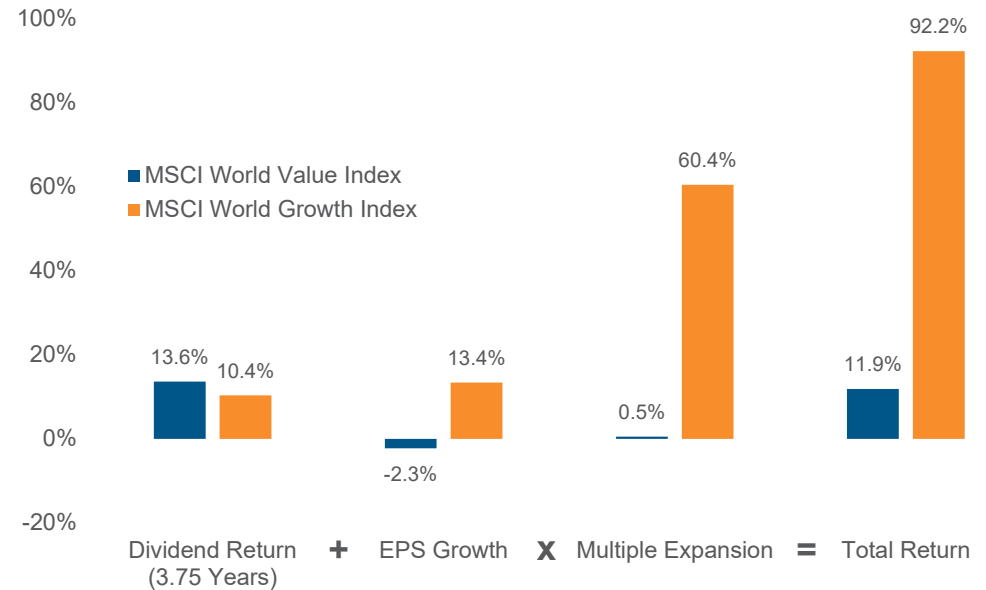


Source: Federal Reserve Bank of St. Louis, Kenneth R. French, National Bureau of Economic Research, Pzena analysis
 The solid lines show the market-cap weighted trailing P/E ratios for the most expensive and cheapest quintiles of the US market.
 Data from 1951 through June 2020. Universe is all NYSE, AMEX, and NASDAQ stocks defined by Kenneth R. French data library.

Value Underperformance Period Through Pre-COVID
12/31/2016 - 12/31/2019



Period Through Today
12/31/2016 - 09/30/2020



Source: FactSet, Pzena analysis

Total Return = Dividend Return + ((1 + EPS Growth) x (1 + Multiple Expansion Growth)) - 1.

Dividend Return value includes reinvestment of dividends and compounding effects.

EPS growth is calculated using forward 12-month consensus estimates per FactSet for both starting and ending dates.

All data cumulative in US dollars. Past performance is not indicative of future returns.

- Volkswagen (VW) is the largest automaker globally, selling 11 million units in 2019. The company is poised to benefit from secular growth across its luxury brands (Porsche, Audi, etc.) and its aggressive investment in electrification
- Tesla maybe the first mover on EVs and the stock market's darling, but VW is not a spectator:
 - By 2025, VW plans to invest EUR 35 billion in electrification and introduce ~40 new battery electric models.
 - The company will have 8 dedicated EV plants by the end of 2022, capable of producing >2.5 million units.
- VW's legacy business is expected to generate >\$15 billion in free cash flow **per year** through 2025.

	Price (9/30/2020)	Forward P/E	P/Normal EPS ¹	P/BV
	€ 137.40	6.0x	5.8x	0.6x
	Volkswagen	Tesla		
EV Investment through 12/31/2020	~\$20 Bn	~\$23.2 Bn		
# of Dedicated EV Plants Today	4	3		
# of EV Models				
Today	5	4		
2025E	~40	8		
Estimated EV Production (units)				
2021E	750,000	750,000		
2025E	3,000,000	2,000,000		
2021E Free Cash Flow	>\$12.0 Bn	\$2.7 Bn		
Forward P/E	6.0x	156.0x		
Enterprise Value ² / EV Investment	4.0x	24.0x		

Source: Company reports, Morgan Stanley, Sanford C. Bernstein & Co., Pzena analysis

¹Pzena estimates; all other estimates sourced from Morgan Stanley and Bernstein.

²Volkswagen's enterprise value excludes the financing company.

Volkswagen is held in one or more of our strategies as of 9/30/2020. Tesla is not held in any of our strategies as of 9/30/2020.

Highlighted holdings are illustrative of our research process.

Past performance is not indicative of future returns.

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