

# THE ROAD TO NORMAL

Value stocks may have finally found the on-ramp

## 1) THE VALUATION OPPORTUNITY IN NON-US STOCKS IS NEAR ALL-TIME HIGHS....

When spreads were this wide at the beginning of 2000, MSCI EAFE Value outperformed MSCI EAFE Growth by 9.8 percentage points annually over the subsequent 82-month (6.8-year) period\*.

Source: Sanford C. Bernstein & Co., Pzena analysis. Dispersion between cheapest and most expensive quintiles based on price to book; equal-weighted data. Universes are the MSCI Europe and MSCI Japan. Data through June 30, 2021.

Figure 1: Europe & Japan - Valuation Spreads Remain at Historically Wide Levels

(1st quintile vs. 5th quintile dispersion expressed in standard deviations.)

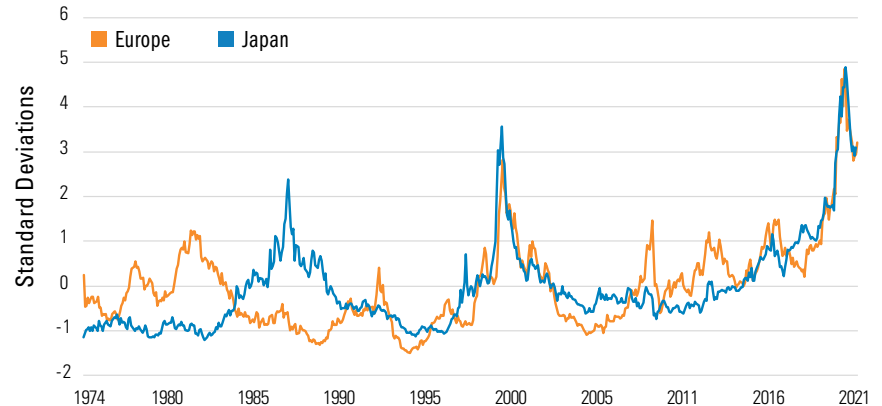
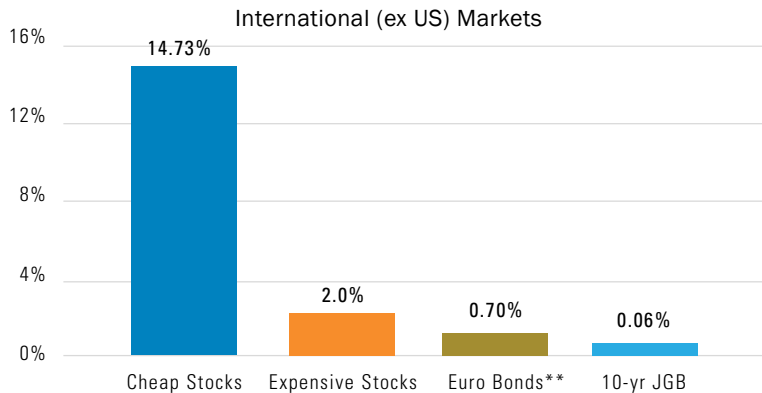


Figure 2: Deep Discounts Driving Cheap Stocks' Earnings Yields



## 2) ...AND WE BELIEVE DEEP VALUE<sup>1</sup> STOCKS OFFER A BETTER RISK / RETURN PROFILE

Cheap stocks<sup>1</sup> are offering a double-digit earnings yield.

Source: FactSet, Pzena analysis. Definitions and calculation methodology outlined in the disclosure. Data as of June 30, 2021. Past performance is not indicative of future returns.

JGB = Japanese Government Bond

AT PZENA WE BUILD DEEP VALUE, HIGH ACTIVE SHARE PORTFOLIOS CENTERED ON IN-DEPTH RESEARCH.

[Click here to view International Value Fund](#)

\*Feb 2000-Dec 2006. Past performance is not indicative of future returns. <sup>1</sup>Represents the cheapest quintile among the ~1,500 largest international (ex US) stock universe based on Pzena's estimates of price-to-normal earnings. The quintiles are measured on an equally weighted basis. Does not represent any specific Pzena product or service. Data through June 30, 2021.

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<sup>1</sup> Contractual fee waivers through at least 6/28/22.

US Equity Funds				
	MID CAP VALUE FUND		SMALL CAP VALUE FUND	
	Institutional	Investor	Institutional	Investor
Ticker	PZIMX	PZVMX	PZISX	PZVSX
CUSIP	00770X659	00770X667	00770X394	00770X410
Expense Ratio Gross% / Net% <sup>1</sup>	1.06 / 0.90	1.41 / 1.25	1.42 / 1.11	1.77 / 1.46
Morningstar Category	Mid Cap Value		Small Cap Value	

Non-US Equity Funds						
	EMERGING MARKETS VALUE FUND		INTERNATIONAL SMALL CAP VALUE FUND		INTERNATIONAL VALUE FUND	
	Institutional	Investor	Institutional	Investor	Institutional	Investor
Ticker	PZIEIX	PZVEX	PZIEIX	PZVIX	PZINX	PZVNX
CUSIP	00770X675	00770X683	00770X675	00770X683	00770X279	00770X287
Expense Ratio Gross% / Net% <sup>1</sup>	1.21 / 1.08	1.56 / 1.43	7.94 / 1.18	8.29 / 1.53	4.98 / 0.75	5.33 / 1.10
Morningstar Category	Diversified Emerging Mkts		Foreign Small/Mid Value		Foreign Large Value	

FUND PERFORMANCE AS OF JUNE 30, 2021		
Inception date June 28, 2021	Q2 2021	Since Inception
International Value Fund - Institutional	-1.50%	-1.50%
International Value Fund - Investor	-1.50%	-1.50%
MSCI EAFE Index	-1.03%	-1.03%
MSCI EAFE Value Index	-1.23%	-1.23%

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Current performance for the most recent month end can be obtained by calling 1.844.PZ.N.1996 or visiting [www.pzenafunds.com](http://www.pzenafunds.com). Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns.

The mutual fund adheres to the same strategy and approach, and is managed by the same research and portfolio management team as our institutional strategy (composite performance below).

RELATED PERFORMANCE INFORMATION AS OF JUNE 30, 2021							
Inception date November 1, 2008	Q2 2021	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception
International Value - Net	3.20%	14.97%	49.42%	8.32%	11.42%	6.89%	9.98%
MSCI EAFE Index	5.17%	8.83%	32.35%	8.27%	10.28%	5.89%	7.99%
MSCI EAFE Value Index	3.01%	10.68%	33.50%	3.78%	7.81%	3.86%	6.26%

## FURTHER INFORMATION

The performance information presented is Related Performance Information for the Pzena International Value Composite (the "Composite"), which includes all fee-paying and non-wrap fee portfolios since inception date, and mutual fund portfolios sub advised by Pzena since April 2011, that are managed on a fully discretionary basis by Pzena Investment Management, LLC, according to the Pzena International Value strategy. The Related Performance Information would have been lower to the extent the related funds or accounts were subject to higher fees and expenses. Net rates of return are presented net of investment management fees and net of the deduction of brokerage commissions and transaction costs. Performance is as of 06/30/2021.

Past performance is not an indication of future results and may differ for future time periods.

The fees and expenses of the Pzena International Value Fund ("Fund") are higher than the fees and expenses associated with the Related Performance. Mutual funds and separate accounts differ with regard to the types of fees and expenses that they are subject to. In addition, mutual funds are subject to the diversification requirements, specific tax restrictions, and investment limitations imposed by the 1940 Act or Subchapter M of the Code. Consequently, the performance results for the related accounts could have been adversely affected had they been regulated as investment companies under federal securities laws.

The Composite was created in November 2008. The Composite represents returns for clients invested in the Pzena International Value strategy. Pzena International Value is a portfolio generally consisting of 60-80 stocks generally taken from the largest 1,500 non-U.S.-traded companies at the time of initial purchase. As of December 31, 2020, the Composite included 10 accounts with total assets of \$3,811 million and represented 92.4% of our assets in this product. The presentation of investment performance sets forth the time-weighted rates of return (the "Return"), total return basis and includes all dividends, interest, accrued income and realized and unrealized gains or losses. Returns are calculated in U.S. dollars ("USD"). Past performance is not an indication of future results and may differ for future time periods.

FURTHER INFORMATION *continued*

Eligible new portfolios are added to the Composite at the beginning of the first full month under management. Terminated portfolios are removed from the Composite after the last full month that the portfolio is under firm management. FX currency transactions were used to transact in equity securities only, where applicable.

Figure 2: Cheapest and expensive stocks' earnings yield are based on the median stock within the cheapest and most expensive quintile based on price-to-normal earnings.

The quintiles are measured on an equally weighted basis within the ~1,500 largest international (ex US) stock universe. Price-to-normal earnings are Pzena's estimates.

\*\*Yield of the Bloomberg Barclays Euro Aggregate 10+Y Index. The index is a benchmark that measures the Treasury component of the Euro-Aggregate and consists of fixed-rate, investment grade public obligations of the sovereign countries in the Eurozone; the index currently contains euro-denominated issues from 17 countries.

This document is intended solely for informational purposes. The views expressed reflect the current views of Pzena Investment Management ("PIM") as of the date hereof and are subject to change. PIM is a registered investment adviser registered with the United States Securities and Exchange Commission. PIM does not undertake to advise you of any changes in the views expressed herein. There is no guarantee that any projection, forecast, or opinion in this material will be realized. Past performance is not indicative of future results. All investments involve risk, including risk of total loss.

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**Mutual fund investing involves risk. Principal loss is possible. Investments in small- and mid-cap companies involve additional risks such as limited liquidity and greater volatility than larger companies. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. These risks are greater for investments in Emerging Markets. The funds may have emphasis on a specific sector which could adversely affect a fund to a greater extent than if its emphasis was less. The funds may invest in securities that are less liquid and more difficult to sell than more liquid securities. Investments in REITs are subject to the risks associated with the direct ownership of real estate.**

*The funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectus contain this and other important information about the investment company, and may be obtained by calling 1.844.PZN.1996 (1.844.796.1996), or visiting [www.pzenafunds.com](http://www.pzenafunds.com). Read it carefully before investing.*

The International Value Fund is new with no operating history and there can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Board may determine to liquidate the Fund.

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