

**FUND OBJECTIVE:** The fund seeks to achieve long-term capital appreciation.

**PORTFOLIO MANAGERS**



John Flynn  
With Pzena since 2005  
In Industry since 2000



Evan Fox  
With Pzena since 2007  
In Industry since 2007



Benjamin Silver  
With Pzena since 2001  
In Industry since 1988

**OVERALL MORNINGSTAR RATING™ ★★**

As of 12/31/2024, Institutional Class shares rated 2 stars among 464 Small Value funds, based upon risk-adjusted returns derived from a weighted average of the performance figures associated with 3-, 5- and 10-year (if applicable) Morningstar Ratings metrics.

The Morningstar rating is for The Pzena Small Cap Value Fund – Institutional Share Class; other classes may vary. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund’s monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) As of 12/31/2024 the Institutional Class shares of the Fund were rated 3-Stars and 1-Star against the following numbers of Small Value funds over the following time periods: 464 funds in the last three years and 441 funds in the last five years. © 2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

**PERFORMANCE SUMMARY**

	ANNUALIZED					
	QTD	YTD	One Year	Three Year	Five Year	Since Inception 4/27/16
PZISX- Institutional Class	-1.50%	1.97%	1.97%	6.85%	9.42%	8.74%
PZVSX- Investor Class	-1.55%	1.68%	1.68%	6.58%	9.12%	8.43%
Russell 2000® Value Index	-1.06%	8.05%	8.05%	1.94%	7.29%	8.58%

PZISX Expense Ratio: Gross: 1.46%, Net: 1.00%\*  
PZVSX Expense Ratio: Gross: 1.81%, Net: 1.35%\*

*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. Performance data current to the most recent month end may be obtained by calling 844.PZN.1996 (844.796.1996).*

\*Expense ratios as presented in prospectus dated June 28, 2024; contractual fee waivers through at least June 28, 2025.

**PORTFOLIO CHARACTERISTICS**

	Small Cap Value Fund	Russell 2000® Value Index
Price/Earnings (1-Year Forecast)	12.1x	13.9x
Price/Book	1.2x	1.3x
Median Market Cap (\$B)	\$1.9	\$0.8
Weighted Average Market Cap (\$B)	\$2.8	\$2.8
Number of Stocks	49	1,434

**TOP 10 HOLDINGS**

CNO Financial Group, Inc.	4.2%
Advance Auto Parts, Inc.	3.4%
Adient PLC	3.1%
MRC Global, Inc.	2.9%
Spectrum Brands Holdings, Inc.	2.9%
Korn Ferry	2.8%
Resideo Technologies, Inc.	2.7%
TriMas Corp.	2.7%
Orion S.A.	2.6%
Old National Bancorp of Indiana	2.6%
Total	29.9%

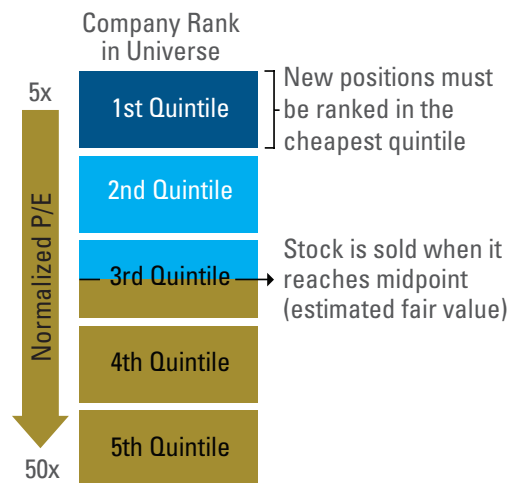
**SECTOR WEIGHTS**

SECTOR	Small Cap Value Fund	Russell 2000® Value Index
Basic Materials	9%	4%
Consumer Discretionary	22%	12%
Consumer Staples	7%	2%
Energy	5%	7%
Financials	24%	29%
Health Care	5%	9%
Industrials	20%	13%
Real Estate	2%	12%
Technology	6%	4%
Telecommunications	0%	2%
Utilities	0%	5%

Sector weights adjusted for cash - may appear higher than actual. Number may not add to 100% due to rounding.

## INVESTMENT PROCESS

- Universe: 2000 U.S. companies (ranked 1001-3000 based on market capitalization)
- Fundamental research conducted on companies considered the most undervalued based on price relative to normalized earnings
- Co-Portfolio Managers construct a portfolio of deeply undervalued businesses requiring unanimous consent



## PORTFOLIO COMMENTARY

Markets were volatile to end the year, as post-election gains were offset by a reversal in December. Both swings were particularly pronounced in small caps and contributed to a flat quarter for the broad small cap index. For the full year, small caps lagged large caps markedly. Against this backdrop, value lagged growth. The Fund declined and slightly underperformed the benchmark this quarter with industrials, basic materials, and technology being the biggest detractors.

The biggest individual detractor was window and door manufacturer JELD-WEN. JELD-WEN's earnings were pressured by a combination of housing demand issues and client-specific issues. Additionally, the company was forced by courts to sell its Towanda plant for a highly depressed valuation. The stock remains attractively valued, but the range of outcomes has widened as industry competition has increased. Chlor-alkali chemical company Olin faced earnings pressures related to Hurricane Beryl. More significantly, one of its customers is vertically integrating by building new chlor-alkali capacity, thereby increasing industry competition. Automotive seat manufacturer Adient detracted due to continued auto end market weakness, combined with restructuring expenses as the company actively reduces its European exposure.

The top contributing sectors were financials, consumer discretionary, and health care. The top individual contributor was retailer Genesco, owner of Journeys and Johnson & Murphy among other brands. Same-store-sales turned positive on easier comps, and management has confidence that it has worked through product assortment issues, putting it in a better position going into 2025. Auto part retailer Advance Auto Parts was strong as the company's balance sheet improved. Management is taking action to exit less profitable markets and fix underlying operational

issues. Bread Financial, a private label credit cards, also contributed as the Republican election victories reduce regulatory risks for the company.

We added dental products manufacturer Envista to the Fund this quarter. The company holds substantial market share in several categories, including implants and orthodontics. Earnings are depressed due to weak consumer expenditures on elective procedures, underinvestment in innovation and its sales force, and losses in their clear aligner business. Ultimately, we believe Envista is well positioned in its core markets, and earnings should normalize as end markets recover, the company bolsters its implants franchise, and the clear aligner business matures.

We continued to build our position in chemical company Huntsman, and added to Adient, and Concentrix (customer experience centers), on weakness. We funded these buys by exiting Gap (apparel retailer), Belden (cables & connectors), and Interface (carpeting & flooring), Axalta Coating (paints and coatings), and GMS (wallboard distribution), all on strength.

While 2024 was a challenging year for small caps, value stocks, and the Fund, we used market volatility as an opportunity add to existing positions. The Fund remains positioned towards more economically sensitive and cyclical names, as valuations remain quite attractive.

**Price / Earnings (1-Year Forecast)** is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation. **Price / Book** is a valuation ratio of a company's current share price compared to its book value. **Median Market Cap** is the point at which half of the market value of a portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap. **Weighted Average Market Cap** is the average firm market capitalization weighted by security weight. **Normalized P/E** is a ratio that measures a company's share price relative to Pzena's estimate of what a company earns across a typical business cycle.

The Russell 2000® Value Index is an unmanaged index that measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth rates. The index is reconstituted annually so that stocks that have outgrown the index can be removed and new entries can be added. One cannot invest directly in an index.

**Mutual fund investing involves risk. Principal loss is possible. Investments in small-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 fund may have emphasis on a specific sector which could adversely affect a fund to a greater extent than if its emphasis was less. The Fund emphasizes a "value" style of investing, which targets undervalued companies with characteristics for improved valuations. This style of investing is subject to the risk that the valuations never improve or that the returns on "value" securities may not move in tandem with the returns on other styles of investing or the stock market in general.**

*The fund's 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.*

Fund holdings, Sector exposure and characteristics are as of the date shown and are subject to change at any time. As a result, the Fund's current and future holdings, Sector exposure and characteristics may vary substantially from the information shown. No recommendation is made regarding the advisability of buying or selling any security.

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