



Bear Markets, Recoveries, and Value Stocks

The current bear market is unique, and the surrounding circumstances have heightened investor fears to levels pressing on panic. Given all the uncertainty, we believe it's helpful to put this correction into context relative to history.

Pzena's Perspective

Bear Market	Event	Recovery (trough to peak)
Largest 500 Value Value Advantage		Largest 500 Value Value Advantage
Jan 1968-Jun 1970 -29.9 -36.9 -7.1	Penn Central Bankruptcy	Jun 1970-Dec 1972 79.2 81.5 2.3
Feb 1972-Sept 1974 -44.8 -32.8 12	USD Devaluation and Bretton Woods Collapse	Sept 1974-Aug 1987 797.6 1,911 1,113.3
Aug 1987-Nov 1987 -28.4 -22.3 6.1	Dynamic Hedging and Program Trading Crash	Nov 1987-Mar 2000 820.3 648.8 -171.4
Aug 2000-Sept 2002 -47.4 -30.4 17	Internet Bubble	Sept 2002-Oct 2007 114.7 178.9 64.2
Oct 2007-Feb 2009 -50 -67 -17	Global Financial Crisis	Feb 2009-Jan 2020 404.9 381.6 -23.3
Average Largest 500 Value Value Advantage -40.1% -37.9% 2.2%		Average Largest 500 Value Value Advantage 443.3% 640.4% 197.0%

In order to capitalize on these opportunities, a rational, disciplined approach is critical. This is where value investing earns its stripes.

In a recovering market, these low valuations can become big contributors to return for patient investors.

Source: Sanford C. Bernstein, Pzena analysis. Bear market defined as 20%+declines for the largest 500 stock universe. Returns are calculated on a cumulative basis and are in percent (%). Largest 500 = the largest 500 US stocks by market capitalization. Value = the "Cheapest Quintile," of the largest 500 stock universe (the cheapest 20% of stocks) based on price-to-book valuations, measured on an equally weighted basis. Returns do not represent any specific Pzena investment strategies. Past performance is not indicative of future results.

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