

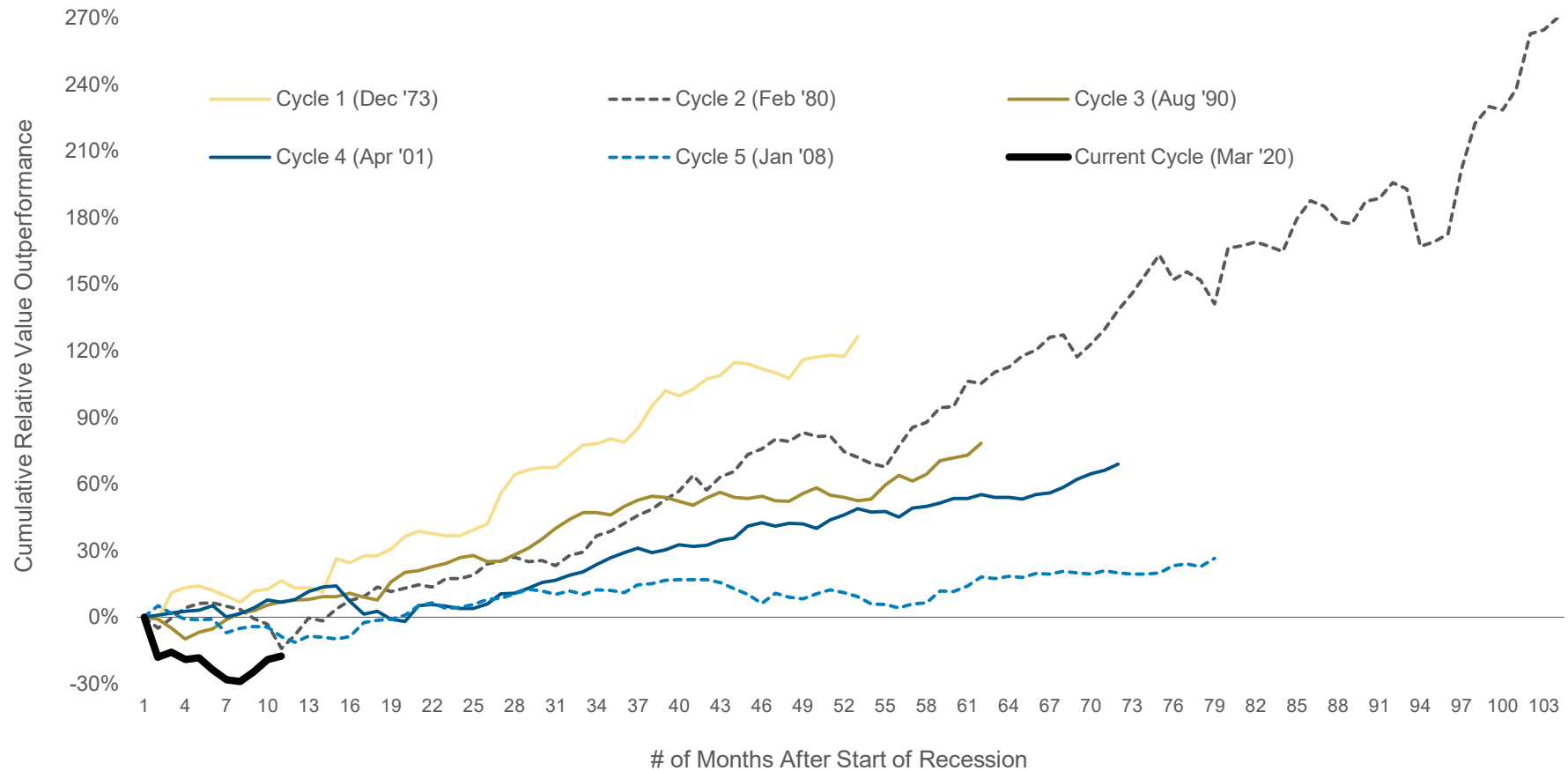


Investment
Management

2021 Outlook: *The Beginning of the Great Rotation to Value?*

Early Days in the Pro-Value Cycle

Recessions Have Been Good Starting Points for Value*



Data as of December 2020. Source: National Bureau of Economic Research (NBER), Sanford C. Bernstein & Co., Pzena analysis

*Previous five US recessions - cheapest quintile price to book of the ~1,000 largest US stock universe (equal-weighted returns) minus its universe (cap-weighted returns).

Returns do not represent any specific Pzena product or service. Past performance is not indicative of future returns.

Line beginning points based on start of recession date defined by NBER.

Line end points based on peak cumulative relative outperformance for value versus its universe.



Value – Growing Faster at Less Than Half the P/E

	Expected EPS Growth ³	P/E ⁴
Deep Value ¹	23%	11x
Growth ²	17%	27x

Source: FactSet, Pzena analysis

¹Deep Value is the cheapest 20% of stocks based on Pzena's estimates of their price-to-normal valuations, measured on an equally weighted basis within the ~1,000 largest US stock universe ranked by market capitalization.

²Russell 1000 Growth Index.

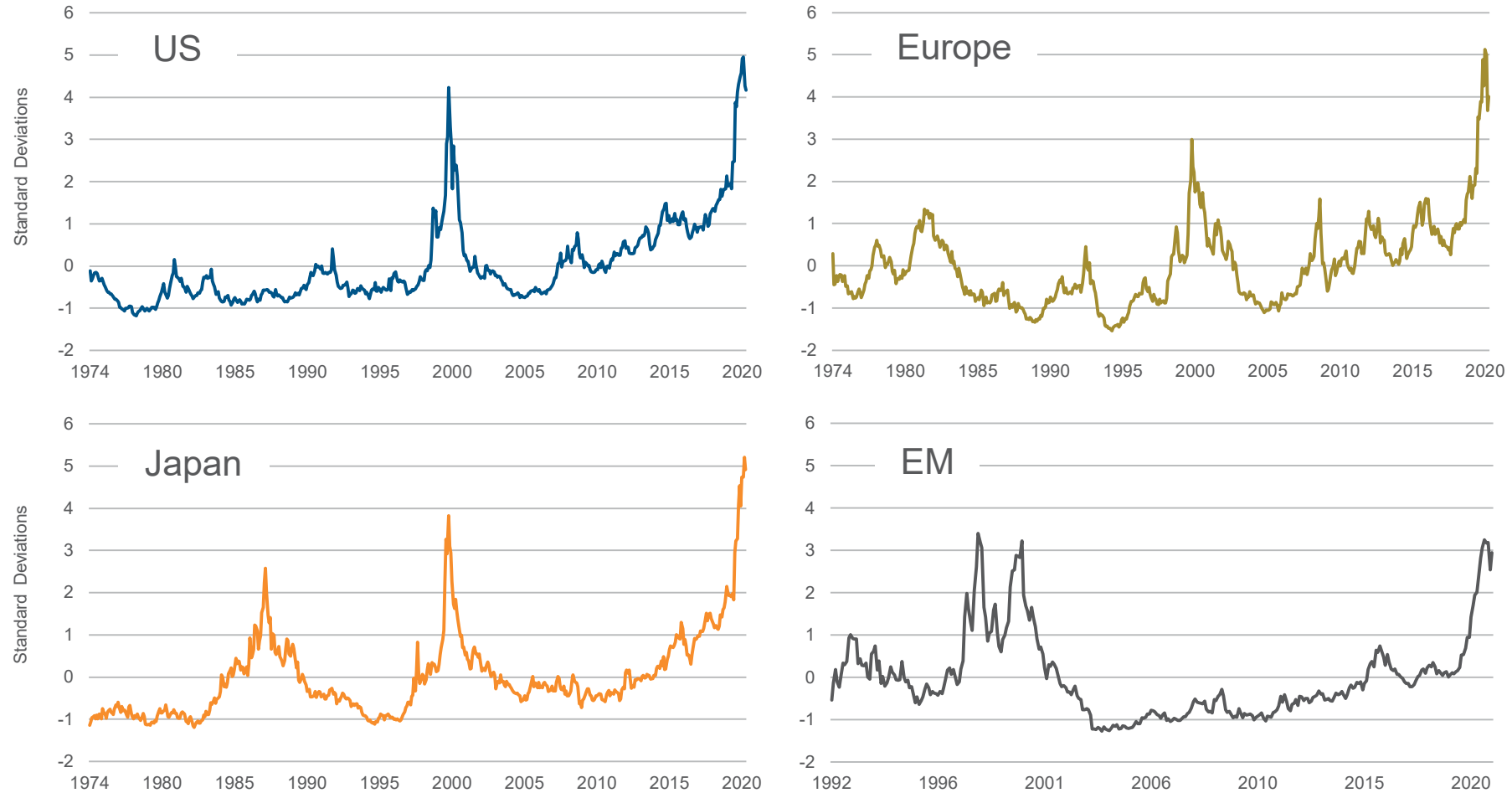
³Full year 2020 to 2022 CAGR based on consensus estimates and pricing as of 12/31/2020.

⁴Price/2022E EPS based on consensus estimates and pricing as of 12/31/2020.

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Regional Valuation Dispersions at Extreme Levels

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



Data through 12/31/2020. 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 largest 1000 US stocks (ranked by market cap.), MSCI Europe, MSCI Japan, and MSCI EM.

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