

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.)

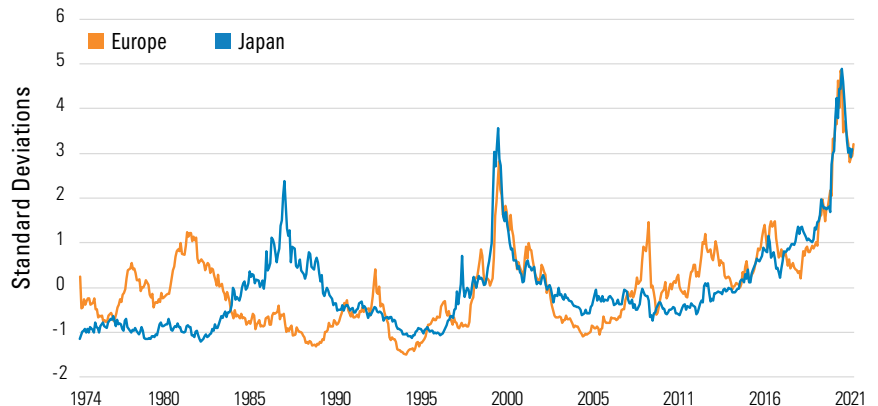
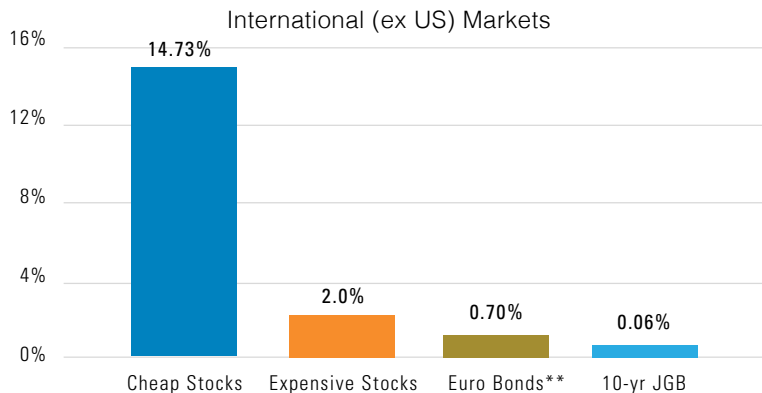


Figure 2: Deep Discounts Driving Cheap Stocks' Earnings Yields



2) ...AND WE BELIEVE DEEP VALUE¹ STOCKS OFFER A BETTER RISK / RETURN PROFILE

Cheap stocks¹ 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 for a fact sheet and more on our process](#)

*Feb 2000-Dec 2006. Past performance is not indicative of future returns. ¹Represents 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.

September 2021

CONTACT US
TO LEARN MORE:

www.pzena.com

+1.347.643.0912

info@pzena.com



FURTHER INFORMATION

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.

This document does not constitute a current or past recommendation, an offer, or solicitation of an offer to purchase any securities or provide investment advisory services and should not be construed as such. The information contained herein is general in nature and does not constitute legal, tax, or investment advice. PIM does not make any warranty, express or implied, as to the information's accuracy or completeness. Prospective investors are encouraged to consult their own professional advisers as to the implications of making an investment in any securities or investment advisory services.

For UK Investors: This financial promotion is issued by Pzena Investment Management, Limited ("PIM UK"). PIM UK is a limited company registered in England and Wales with registered number 09380422, and its registered office is at 34-37 Liverpool Street, London EC2M 7PP, United Kingdom. PIM UK is an appointed representative of Mirabella Advisers LLP, which is authorised and regulated by the Financial Conduct Authority. The Pzena documents are only made available to professional clients and eligible counterparties as defined by the FCA. Past performance is not indicative of future results. The value of your investment may go down as well as up, and you may not receive upon redemption the full amount of your original investment. The views and statements contained herein are those of Pzena Investment Management and are based on internal research.

For Jersey Investors Only: Consent under the Control of Borrowing (Jersey) Order 1958 (the "COBO" Order) has not been obtained for the circulation of this document. Accordingly, the offer that is the subject of this document may only be made in Jersey where the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom, or Guernsey, as the case may be. The directors may, but are not obliged to, apply for such consent in the future. The services and/or products discussed herein are only suitable for sophisticated investors who understand the risks involved. Neither Pzena Investment Management, Ltd. nor Pzena Investment Management, LLC nor the activities of any functionary with regard to either Pzena Investment Management, Ltd. or Pzena Investment Management, LLC are subject to the provisions of the Financial Services (Jersey) Law 1998.

For Australia and New Zealand Investors Only: This document has been prepared and issued by Pzena Investment Management, LLC (ARBN 108 743 415), a limited liability company ("Pzena"). Pzena is regulated by the Securities and Exchange Commission (SEC) under U.S. laws, which differ from Australian laws. Pzena is exempt from the requirement to hold an Australian financial services license in Australia in accordance with ASIC Corporations (Repeal and Transitional) Instrument 2016/396. Pzena offers financial services in Australia to 'wholesale clients' only pursuant to that exemption. This document is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in Australia. In New Zealand, any offer is limited to 'wholesale investors' within the meaning of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 ('FMCA'). This document is not to be treated as an offer, and is not capable of acceptance by, any person in New Zealand who is not a Wholesale Investor.

For South African Investors Only: Pzena Investment Management, LLC is an authorised financial services provider licensed by the South African Financial Sector Conduct Authority (licence nr: 49029).

The MSCI information may only be used for internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the MSCI Parties) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.