

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.)

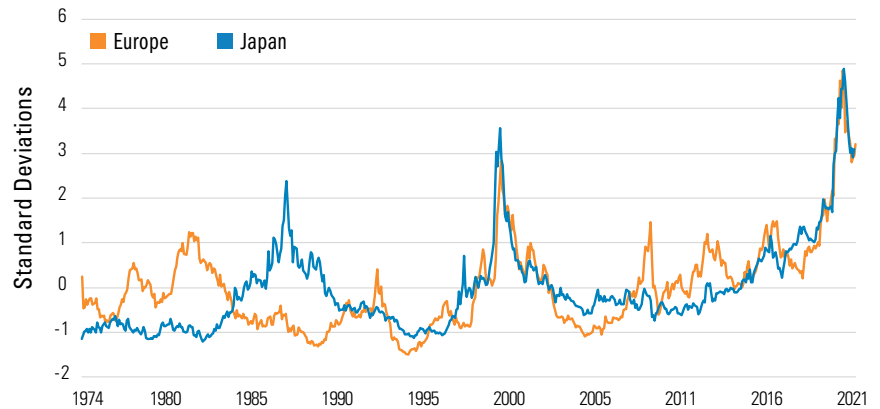
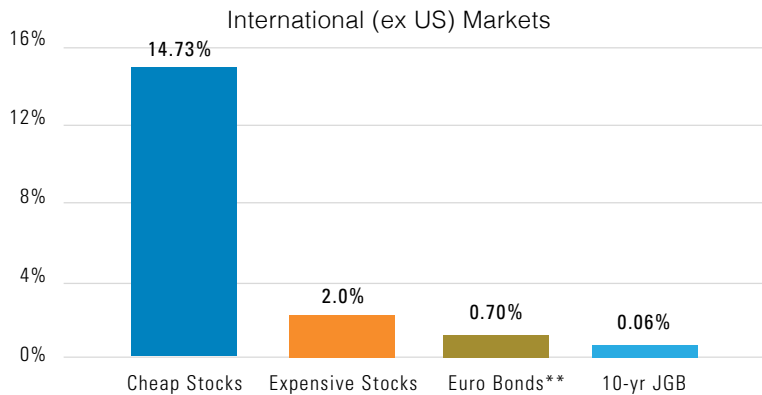


Figure 2: Deep Discounts Driving Cheap Stocks' Earnings Yields



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.

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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.

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