

# TIME TO LOOK FOR VALUE IN THE EMERGING MARKETS?

## VALUATIONS IN EMERGING MARKETS LOOK FAVORABLE RELATIVE TO THE REST OF THE WORLD.

In terms of price-to-earnings, stocks in the MSCI Emerging Markets Index are trading at a major (36 percent) discount compared to those of developed markets.

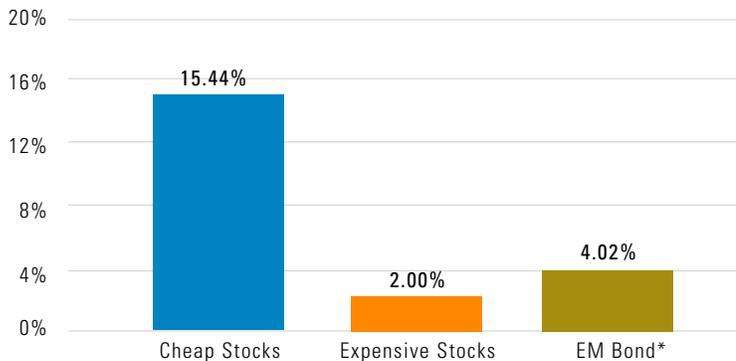
Source: FactSet, Pzena analysis. Data through July 2021

**Figure 1: Emerging Markets vs. Developed Markets Valuation**

Past 20 Years Relative Forward Price/Earnings Premium (Discount)



**Figure 2: Deep Discounts Driving Cheap Stocks' Earnings Yields**



**DEEP VALUE STOCKS<sup>1</sup> OFFER THE ONLY DOUBLE-DIGIT EARNINGS YIELD IN THE EMERGING MARKETS UNIVERSE.**

Source: FactSet, Pzena analysis. Calculation methodology outlined in the disclosure. Data as of June 30, 2021. Past performance is not indicative of future returns.

## ON THE ROAD TO RECOVERY

As economies gradually reopen, our portfolio should benefit from the cost cutting and restructuring actions taken by management teams during the pandemic, which will become more apparent and drive operating profit expansion, as revenues recover.

Emerging Markets Value Fund Factsheet

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## FURTHER INFORMATION

<sup>1</sup>Figure 2: Cheap (deep value) & expensive stocks' earnings yield are based on the median stock within the cheapest and most expensive quintile of the universe based on price-to-normal earnings. The quintiles are measured on an equally weighted basis within the ~1,500 largest non-developed stock universe. Price-to-normal earnings are Pzena's estimates.

\*Yield of the Bloomberg Barclays Emerging Markets USD Aggregate (7-10 Y) Index. The index includes fixed and floating-rate US dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate EM issuers.

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