

FERTILE HUNTING GROUND IN EMERGING MARKETS AFTER DRAWDOWNS

OPPORTUNITY IN COUNTRY DRAWDOWNS

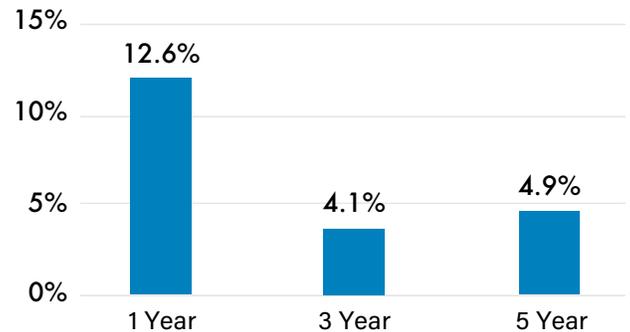
Macro uncertainties often drive country indices down, as investors look for more stable investment backdrops.

Yet, countries generally recover, and good businesses typically find ways to navigate crises.

Laggards often bounce back strongly — especially in emerging markets.

*Source: MSCI; Pzena analysis. Data in US dollars.
Past performance is not indicative of future returns.
Returns could be reduced, or losses incurred, due to currency fluctuations.*

Average Annualized Outperformance of EM Countries Following Steep 12-Month Underperformance¹



As other investors fear uncertain macroeconomic outlooks, value investors seek out uncertainty, viewing large country declines as an opportunity.

We look for strong companies that were unduly punished by a sweeping reaction to macro events. Our research helps us identify good businesses trading at deep discounts to our estimates of intrinsic value.

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CHINA WAS A SIGNIFICANT LAGGARD IN 2021

While we remain underweight to China, this mass exodus created unique opportunities. We are adding names.

Our Commentary digs deeper into the frequent country-specific performance dispersions that occur in emerging markets.

*Source: MSCI USD Returns for 2021
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FURTHER INFORMATION

¹We looked at significant emerging market country declines, defined as 2,000 basis points or more of underperformance versus the MSCI Emerging Markets Index over the prior 12 months, and then looked at how those countries performed over the next one, three, and five years. The data set is from January 1, 1992 through December 31, 2021 and includes 10 different countries (some did not have data for the full period). The 10 countries chosen were the 10 largest weightings held in the MSCI Emerging Markets Index (as of December 31, 2021) that have at least a 10-year MSCI track record. Data in US dollars.

²MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of Emerging Markets. The MSCI Emerging Markets ex China Index captures large and mid cap representation across 23 of the 24 Emerging Markets (EM) countries excluding China. The MSCI China Index captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 739 constituents, the index covers about 85% of this China equity universe. Currently, the index includes Large Cap A and Mid Cap A shares represented at 20% of their free float adjusted market capitalization.

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