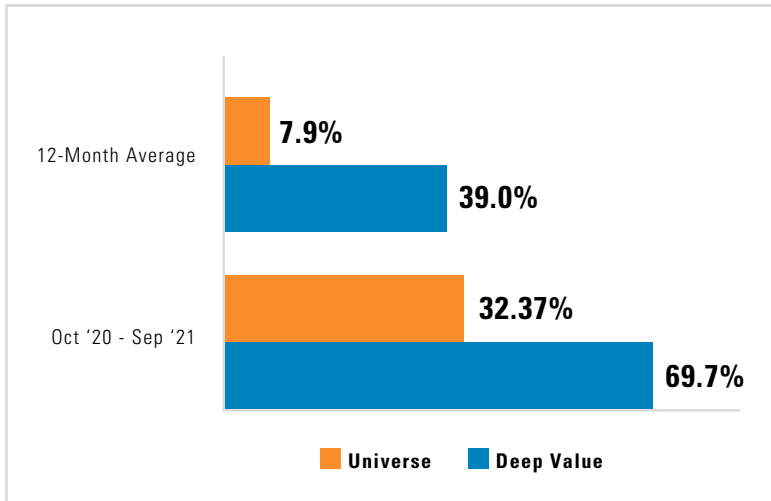


THE VALUE CYCLE IS UNDERWAY

October 2021



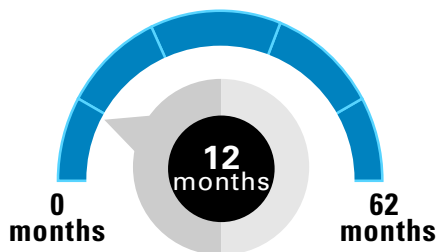
THE EARLY STAGE OF THIS VALUE ROTATION HAS BEEN TYPICAL.

Since October 2020, deep value stocks have outperformed by 37.4 percentage points.

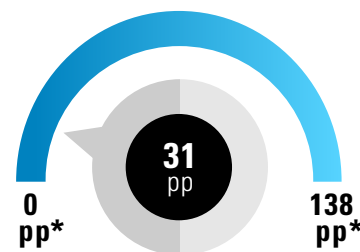
On average¹, 12 months into a value rotation, deep value has delivered a 31.1 percentage point premium (39.0% vs. 7.9%).

BUT AFTER AN IMPRESSIVE REBOUND FROM PANDEMIC LOWS, THE RALLY IN VALUE SHARES TOOK A PAUSE THIS SUMMER.

Our research shows, however, that this is common. It's typical to see several months in which deep value trails during the first year of a value cycle². Value cycles can be long and rewarding for those who stay on course.



Average¹ length of a value cycle = 62 months (5+ years)



Average¹ excess return of a value cycle = 138 *percentage points

¹On average (six value cycles since 1970). ²On average deep value stocks lag in 3 of the first 12 months of a sustained value cycle. Past performance is not indicative of future returns. Figures may not sum due to rounding. Source: Sanford C. Bernstein & Co., Pzena analysis. Deep value represents the cheapest quintile ranked by price to book of the 1,000 largest US stock universe (equal-weighted data). Universe is ~1,000 largest US stocks (cap-weighted data). Returns do not represent any specific Pzena product or service. Data through September 30, 2021.

IT MAY BE BUMPY, BUT HISTORY PROVIDES US REASON TO BELIEVE THERE IS PLENTY OF OPEN ROAD AHEAD.

[Click here to read our Q3 2021 commentary](#)

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