



May 2022

Cheapest Stocks	5.8x
Universe	15.0x

### Price-to-Normal Earnings<sup>1</sup>

Value stocks have outperformed for most of the past 17 months, yet we believe the current value cycle has more room to run. We are starting to see a broader range of opportunities.

## Emerging Markets

The cheapest stocks<sup>2</sup> remain deeply discounted at just 39% of fair value<sup>2</sup>.



### China

We have been significantly underweight China, and remain so, by about half. However, weakness in the Chinese equity markets over the past year-plus has given rise to some new opportunities, and we have selectively added to our China exposure. Our relative weight increased modestly since last quarter.



### Russia

Exposure to Russia was under 3% prior to the invasion, in two stocks. Russia has long been a geo-political hot spot, and we have always been cautious. This factors into our country discount rate, resulting in lower portfolio weights. And these risks are always factored into our company-specific investment theses.



### Controversy

The ongoing issues in Ukraine and Chinese policy uncertainty kept the market on edge throughout last quarter, and are likely to drive further volatility. We believe controversy and fear can create opportunities for value investors, and we remain excited by the cheap fundamental valuations we're seeing in emerging markets.

Even after a period of significant value outperformance, the valuation spread between cheap and expensive stocks is wider today than at nearly any point historically, indicating to us that the outlook for value remains strong.

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Emerging Markets  
Value Fund Factsheet

**EMERGING MARKETS  
VALUE FUND**

	<b>Institutional</b>	<b>Investor</b>
<b>Ticker</b>	PZIE X	PZVEX
<b>Expense Ratio Gross% / Net%*</b>	1.21 / 1.08	1.56 / 1.43
<b>Morningstar Category</b>	Diversified Emerging Mkts	

\* Contractual fee waivers through at least 6/28/22.

FURTHER INFORMATION

<sup>1</sup>As of March 31, 2022. Pzena's estimates of price relative to normal earnings (normalized earnings are what we expect a company to earn across a business cycle). <sup>2</sup>The cheapest stocks are measured as the median stock in the cheapest quintile of our universe; fair value is measured as the median stock within the universe. The universe comprises the largest ~1,500 stocks by market capitalization.

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*The funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectus contain this and other important information about the investment company, and may be obtained by calling 1.844.PZN.1996 (1.844.796.1996), or visiting [www.pzenafunds.com](http://www.pzenafunds.com). Read it carefully before investing.*

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