



**PZENA FINANCIAL SERVICES, LLC**  
**REGULATION BEST INTEREST DISCLOSURE STATEMENT**  
**MARCH 31, 2022**

This Regulation Best Interest (“Reg BI”) Disclosure Statement provides information about Pzena Financial Services, LLC (“PFS,” “us,” “our,” or “we”). PFS is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer (“BD”) and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). Please contact us at [compliance@pzena.com](mailto:compliance@pzena.com) or at (212) 355-1600 if you have questions about the disclosures in this document or other documents we give you about our relationships and our conflicts of interest.

### **Our Brokerage Services**

The primary service we offer you in a brokerage relationship is recommendation of privately-offered funds managed by our affiliate, Pzena Investment Management, LLC (“PIM”). We do not offer brokerage accounts, recommend other securities, or hold customer funds or securities.

### **Overview of this Reg BI Disclosure Statement**

This Reg BI Disclosure Statement provides information about the scope and terms of our relationship with you, including the BD capacity in which we act; the material fees and costs that apply to your transactions; the type and scope of services we provide, including the material limitations on the securities we recommend; the basis for and risks associated with our recommendations; and material facts about conflicts of interest associated with our recommendations.

We may amend this document from time to time and you will be bound by the amended disclosures if you receive our services after we deliver the amended disclosures to you. You will also be subject to additional terms and conditions in agreements, documents, and other disclosures we send you from time to time.

This Reg BI Disclosure Statement gives more information on matters discussed in our Form CRS (which is a summary in nature and limited in substance and size by the SEC). This Statement is subject to the more complete terms and conditions of our brokerage agreements and disclosures. For more information about PFS and its brokerage services, including disciplinary events, please visit [www.investor.gov](http://www.investor.gov) and [www.brokercheck.finra.org](http://www.brokercheck.finra.org), or please see our [Form CRS](#). You can also request information from a PFS financial professional.

This Reg BI Disclosure Statement does not apply to advisory services offered by PIM. For additional information on PIM’s advisory services, please see PIM’s [Form ADV Part 2A Brochure](#) and its [Form CRS](#).

## **Standard of Conduct**

Under Reg BI, PFS and its associated persons are required to act in your best interest at the time they make a recommendation to you of any securities transaction or investment strategy involving securities, without placing our financial or other interests ahead of your interests. The requirement that we act in your best interest is limited to when we make a recommendation of a security or investment strategy involving securities to a retail investor.<sup>1</sup> Neither Reg BI nor any best interest obligation extends to any other dealings or services we provide, including, without limitation, how we market securities and services, execute trades, the fees that we charge, or our duty to deal fairly with retail customers.

Recommendations do not include, without limitation, marketing materials, educational materials, statements of philosophy and investment principles, descriptions of strategies and risks, and some generic advice. As a BD, we have significant conflicts of interest when we recommend a securities transaction or investment strategy involving securities, including that we are compensated based on the sale of securities to you and recommend securities that are sponsored or managed by our affiliates, and that pay placement fees to us. These conflicts of interest are described in greater detail below, as well as in other documents such as your agreement, prospectuses and other product disclosures, trade confirmations, and account statements.

A PFS financial professional may give you more additional information about the products and services PFS offers, including the material limitations on the securities or investment strategies that a financial professional recommends, as well as the financial professional's investment philosophy and any conflicts of interest specific to the financial professional.

## **Capacity**

All of our financial professionals are also associated with PIM. When our financial professionals recommend a private fund or investment strategy involving private funds, they act in their capacity as representatives of the BD unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. When we act in a brokerage capacity, no recommendation that we make is intended to, nor should you consider it, to form the primary basis for your investment decision(s). You agree you will exercise your own independent judgment in determining whether to act on our recommendations, and you must approve each transaction before execution. PFS is not your investment adviser or fiduciary. While we may consider information about your tax status that you give us as one component of your financial profile, we do not provide tax advice. We encourage you to speak with a tax professional about the tax implications of your brokerage activity.

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<sup>1</sup> "Retail investor" is a natural person, or the legal representative of a natural person, who receives or seeks to receive services primarily for personal, family, or household purposes. You are not a retail investor if you use our services primarily for purposes other than personal, family, or household purposes.

## **Type and Scope of Services**

*Monitoring:* PFS does not provide you any ongoing or periodic review, follow-up or monitoring of your private fund investments even if we have made a recommendation about those investments. We will seek to confirm your investment objectives on at least an annual basis to the extent required by SEC and FINRA rules, but we do not agree to provide any ongoing monitoring of your investments. If you prefer on-going monitoring of your investments, you should speak with a financial professional about whether an advisory relationship with our affiliate PIM is appropriate for you.

*Account Minimums:* We do not offer brokerage accounts and thus there is no minimum. Private funds have investment minimums, found in their offering documents.

*Basis for a Recommendation:* When making a brokerage recommendation, we begin by gaining an understanding of your financial situation, investment objectives and goals, and tolerance for investment risk. This includes information that you give us such as your income, age, number of dependents, net worth, liquid assets, investment experience, investment preference, and time horizon. Your investor profile helps us in evaluating the private funds to recommend to you. There is no single “best” investment for any particular situation. You make the ultimate decision whether to follow our recommendations, and it is your responsibility to notify us of any changes to your investor profile.

## **Fees, Costs and Related Conflicts**

*Overview:* We will earn a placement fee from PIM of 0.06% on each purchase you make. You will not pay us any fees and costs. You will pay your proportionate share of a private fund’s fees and expenses, whether or not the fund makes money. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

*Conflicts Related to Compensation:*

Trading. We earn a placement fee from PIM for each private fund purchase that we execute for you. You do not pay any fees to us. Because we are compensated based on the dollar amount you invest in a private fund, we have an incentive to encourage you to invest more money in the fund. We and our financial professionals at times will buy or sell securities for our personal accounts that are the same as or different from those we recommend to you. In addition, our financial professional at times will own interests in a private fund that they recommend to you.

Proprietary Products. We only recommend private funds managed by PIM, which means that we and PIM will benefit from the advisory fees you pay, and we will not recommend other funds that also may be appropriate for you. We have an incentive, which is a potential conflict of interest for us, to recommend the purchase of PIM-advised private funds. We seek to mitigate that conflict by recommending funds that are suitable for you. You are not under any obligation to purchase any investment we recommend to you.

### *Fees and Costs of Private Funds*

Private funds charge fees for management and administrative services, which will reduce the value of your investment over time. These fees are disclosed in the private fund's offering documents that will be provided to you at or about the time of your investment.

PFS's private funds charge an advisory fee ranging between 0.35% and 1% annually, depending on the fund and the size of your investment. Some of PFS's private funds also charge a performance fee if the fund outperforms its listed benchmark on an annual basis.

PFS's private funds may charge subscription and redemption fees which are paid to the fund to offset trading costs. You may pay a subscription fee when you purchase shares in the fund and a redemption fee when you sell shares in the fund.

Administrative fees will vary. Please refer to the private fund's offering documents for more information on fees and expenses.

### **Financial Professional Compensation and Designations**

The financial professional who recommended a PIM-advised private fund to you will receive a commission from PFS. The financial professional will be paid the same amount of compensation regardless of the private fund. The primary source of compensation for a financial professional is a salary, and he or she may receive a bonus.

Some financial professionals may have professional designations or credentials (for example, as accountants, financial planners or lawyers) and are members of related professional organizations. These organizations typically have standards of conduct for their members. We are not bound by the standards of any organizations of which our financial professionals are members even if they make known their designations or credentials. Rather, your relationship with us is governed by SEC and FINRA standards of conduct.

Additional Resources:

[Pzena Financial Services Form CRS](#)

### **Contact Us\***

For more information about our services, please email us at [compliance@pzena.com](mailto:compliance@pzena.com) or contact us by phone at (212) 355-1600. You can also visit us at [www.pzena.com](http://www.pzena.com) or contact us in writing at 320 Park Avenue, 8th Floor, New York, New York 10022.