PZENA Investment Management

Quarterly Report to Clients

Fourth Quarter 2023

TABLE OF CONTENTS

To Our Clients

Global equity markets were almost uniformly higher in the fourth quarter, with performance broadening from the concentrated leaders that dominated the first three quarters. Nearly all indices posted double-digit gains for the year, with the one notable market posting negative returns being China.

As we turn the calendar to 2024, macroeconomic and geopolitical uncertainties continue to weigh on the markets, with no clear path to resolution. It is worth remembering the timing and resolution of complex problems are seldom predictable. Few foresaw the factors that drove stocks higher over the past twelve months, and market sentiment was quite bearish twelve months ago following a particularly weak year for equities in 2022. In times like these, focusing on stocks with low valuations continues to be our guide and is useful to block out the noise.

Our Commentary explores one aspect of this macroeconomic noise, namely the equity risk premium, which is in the lower third of where it has been over the past 43 years. While this has generally been a poor environment for stocks relative to bonds, it has been the strongest period for value stocks, which today are offering double-digit earnings yields. Our Global Research Review details the diverse opportunity set we are seeing in sectors such as global recruitment and human services, as well as healthcare companies.

Our Highlighted Holding delves deeper into one of the opportunities we are seeing in healthcare, medical products and devices company Baxter International, which we believe is seeing an improved revenue outlook at the same time its costs are moderating. Finally, in our *Creating Value Through Stewardship* article, we conduct an annual update on our ESG Opportunity List.

We appreciate your support and the opportunity to share our research. We look forward to hearing your thoughts.

Sincerely,

Pzena Investment Management

In today's low equity risk premium environment, value stocks' double-digit earnings yield is consistent with their historic outperformance.

Rising interest rates and elevated stock multiples, driven primarily by multiple expansion, have brought down the equity risk premium (ERP), leaving bonds more attractive relative to stocks than they have been in quite some time.

In this essay we'll show:

- Low ERP environments have historically been advantageous for value stocks.
- Stocks overall have underperformed bonds when the ERP is low.
- Earnings yields are supportive of the current case for value.

VALUE FLOURISHES IN LOW EQUITY RISK PREMIUM PERIODS

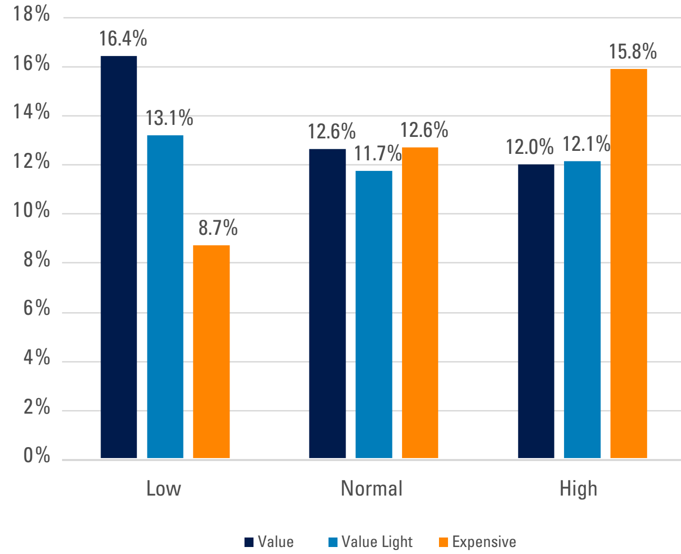
The ERP is a function of the prospective potential return for stocks relative to bonds. There are several methods for calculating the ERP. We calculate the ERP by solving for the cost of equity in a discounted cash flow model of the market, based on consensus analyst estimates, and compare that to the 10-year Treasury yield. It can vary widely from extremely low, for example in 1981, due to a modest PE for stocks versus 15% Treasury yields, to very high, such as at the depths of the global financial crisis, when bond yields were moderate, while stocks were trading at a generational low PE ratio.

As yields approached 5% in the fourth quarter, 200 basis points higher than the average over the past two decades, investors rightly asked whether the risk–reward trade-off of equities made sense, given their high-teens average multiple and low to mid-single-digit earnings yield. In other words, are stocks earning a sufficiently high ERP to justify investing in them over bonds?

Historically, during low ERP periods like today, value significantly outperformed value-light stocks[1], and expensive stocks trailed both value and value-light by a wide margin (Exhibit 1).

Exhibit 1: Value Has Flourished In Low ERP Periods

5-Year Annualized Equity Returns By ERP Regime



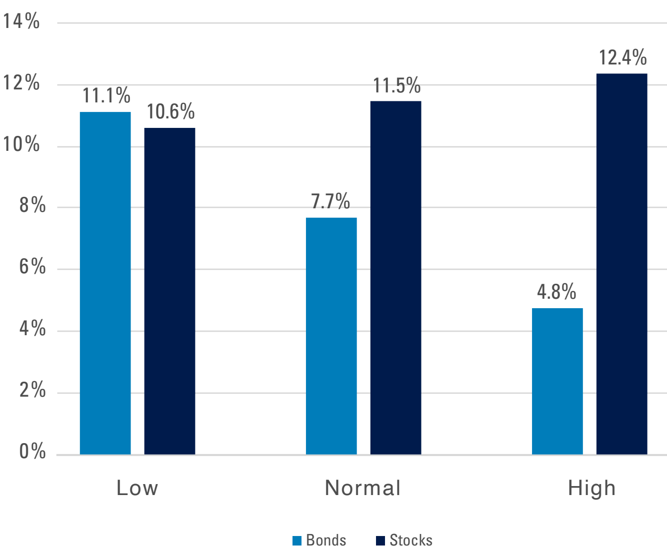
Source: Sanford C. Bernstein & Co., Pzena analysis
Value = stocks within the cheapest quintile based on price/book of the 1000 largest US stocks (ranked by market cap).
Value Light = 2nd cheapest quintile. Expensive = most expensive quintile. The quintiles are measured on an equally weighted basis.
Equity Risk Premium is calculated using a discounted cash flow model of consensus analyst estimates and the 10-year Treasury yield.
The monthly ERP data is segmented into tertiles, categorizing them as Low, Normal, or High regimes.
Total return US dollar data from January 1, 1980 – December 31, 2023.
Does not represent any specific Pzena product or service. Past performance is not indicative of future returns.

STOCKS VS. BONDS

Unsurprisingly, as ERPs come down, forward stock returns relative to bonds also generally come down. Value's superior return when the ERP is low is even more impressive considering bonds have outperformed stocks overall by 50 basis points per year (Exhibit 2) in these periods.

[1] Value-light stocks are the second cheapest quintile on price/book.

Exhibit 2: Bonds Have Outperformed in Low ERP Periods
5-Year Annualized Returns By ERP Regime

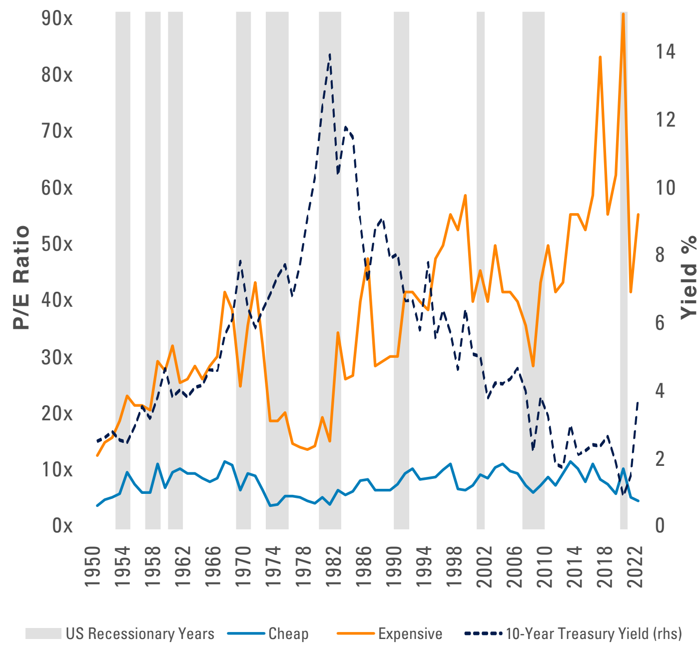


Source: Robert J. Shiller, Sanford C. Bernstein & Co., Pzena analysis
Bonds = Bond returns based on US 10-year Treasuries.
Stocks = 1000 largest US stocks (ranked by market cap) on a cap-weighted basis.
Equity Risk Premium is calculated using a discounted cash flow model of consensus analyst estimates and the 10-year Treasury yield.
The monthly ERP data is segmented into tertiles, categorizing them as Low, Normal, or High regimes.
Total return US dollar data from January 1, 1980 – December 31, 2023.
Does not represent any specific Pzena product or service. Past performance is not indicative of future returns.

The poor performance of expensive stocks is the primary driver of the tepid performance of stocks overall in these periods, as they trailed value stocks by a wide margin and even trailed bonds by 250 basis points per year.

As we have previously mentioned, the nearly 40-year decline in interest rates had an outsized impact on expensive stocks, which saw their multiples expand significantly when ERPs were higher. Meanwhile, cheap stocks have always traded in the same 7–10× earnings range, regardless of the environment for interest rates and ERPs (Exhibit 3). If interest rates once again move higher, we could see a contraction of the elevated multiple of expensive stocks, which would be consistent with the historical performance of expensive stocks in low ERP periods.

Exhibit 3: P/E Ratios Have Compressed as Rates Have Stopped Falling

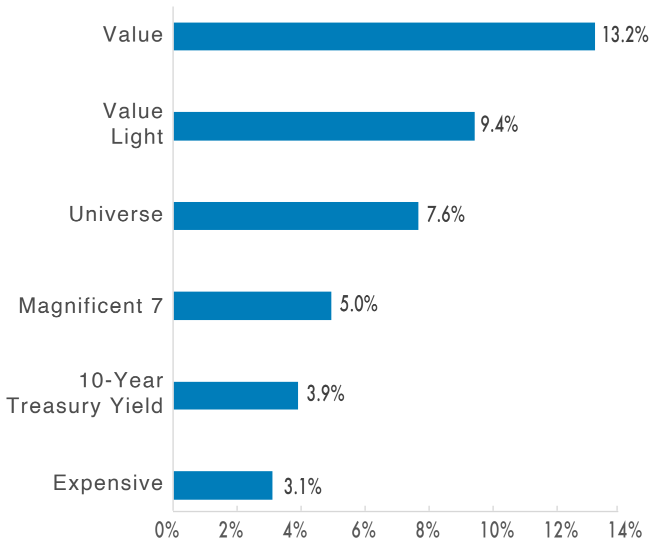


Source: Kenneth R. French, Pzena analysis
The solid lines show the market-cap weighted trailing P/E ratios for the most expensive and cheapest (value) quintiles of the US market.Annual December data from 1950 - 2022. Universe is all NYSE, AMEX, and NASDAQ stocks defined by Kenneth R. French data library.

CURRENT EARNINGS YIELDS ARE FAVORABLE TO VALUE STOCKS

For long-term investors, we believe the choice is clear. While rising interest rates have made bond yields more attractive than they've been for quite some time, stocks by and large still maintain earnings yields well above bonds. Value offers a significantly higher earnings yield than the universe, and is the only style offering a double-digit earnings yield, as it excludes high-flying, low-earnings-yield stocks, including the Magnificent Seven (Exhibit 4).

Exhibit 4: Cheap Stocks Currently Have Superior Earnings Yields



Source: FactSet, Pzena analysis
Yields are based on the median stock within each cohort. Value = cheapest quintile. Value Light = 2nd cheapest quintile. Expensive = most expensive quintile. The quintiles are measured on an equally weighted basis based on price-to-normal earnings within the US 1000 universe (1000 largest US stocks ranked by market cap.). Universe uses the median stock within the entire universe. Price-to-normal earnings are Pzena's estimates. Magnificent 7 = Apple Inc, Microsoft Corp, Alphabet Inc, Amazon.com Inc, NVIDIA Corp, Meta Platforms, Tesla Inc.
Data as of December 31, 2023. Does not represent any specific Pzena product or service.

CONCLUSION

Today's low ERP has historically been an advantageous environment for value stocks. More importantly, we believe that the far superior earnings yield for value stocks should make them an attractive addition to any portfolio.

Growth stocks outperformed in the quarter, led by the Magnificent Seven, widening global valuation spreads. We are seeing opportunities in sectors such as global recruitment and human services, and healthcare.

Growth stocks continued to leave value stocks in the "rearview mirror," performance-wise, in the final quarter of the year again, led particularly by the so-called "Magnificent Seven." These names—Apple, Amazon, Alphabet, Meta Platforms, Microsoft, Nvidia, and Tesla (names that don't feature in true value managers' portfolios on their current market valuations)—have, on average, doubled in 2023. The group accounts for more than a quarter of the U.S. S&P 500 market capitalization and has therefore been largely responsible for the index's 26% 2023 rise and a large portion of the 22% return for the MSCI All Country World Index in 2023. The MSCI ACWI Equal Weighted Index has underperformed its market capitalization-weighted counterpart by some 13 percentage points in 2023.

Hence, this year has seen global valuation spreads widen, maintaining the opportunity in value stocks.

Exhibit 1: Global Valuations: Price-to-Normalized Earnings Mid-Points
As of December 31, 2023

	Cheapest Quintile[1]	Universe[2]
Global	7.5	13.7
US	7.6	13.1
Europe	6.8	12.6
Japan	7.2	12.8
Emerging Markets	8.0	16.6

Source: Pzena analysis
[1] The "cheapest quintile" includes the cheapest 20% of stocks based on Pzena's estimates of their price-to-normal earnings valuations, measured on an equally weighted basis within their relative universes (as defined below).
[2] Universes comprise the largest stocks by market capitalization for each region as follows:
~2,000 largest global; ~1,000 largest US; ~750 largest European; ~750 largest Japanese; ~1,500 largest emerging markets.

The opportunity set includes, but is by no means confined to, cyclical names impacted by recessionary concerns; we are able to invest in a disparate range of good companies today at deeply discounted prices, many offering significant scope for self-improvement to restore their earnings potential.

OPPORTUNITIES IN THE RECRUITMENT SECTOR

Concerns that economic headwinds might see increased unemployment and slower demand for labor have hit the valuations of companies operating in the global recruitment/human services industry. Meanwhile, some posit that this industry is ripe for AI disruption, rather than it being a tool to ultimately benefit the search industry. We believe the market has overreacted to these concerns.

Korn Ferry is the largest executive search firm globally, with growing interests in consulting. Expanding into services adjacent to search, Korn Ferry has been able to extract synergies across the portfolio. The pullback in its valuation has presented an opportunity to invest in this strong franchise at an attractive entry point. It trades on 6.4× our normal earnings estimate. Robert Half provides temporary staffing and permanent placement services specializing in finance and accounting positions, with a growing franchise in advisory and consulting through its acquired Protiviti unit. Protiviti derives 40% of its revenues from the financial services industry, a rapidly growing market driven by regulatory compliance and digital transformation needs. It trades on 9× our normal earnings estimate. Staffing, recruiting, and workforce management company, TrueBlue Inc., has been particularly weak this year on these industry controversies and is currently trading on just 3.8× our normal earnings estimate. For some time, we have held Randstad, one of the world's largest talent companies (our 3Q22 Newsletter's Highlighted Holding). Its shares trade currently on 7.5× our normal earnings estimate.

THE MOUSE THAT ONCE ROARED...

The Walt Disney Co. faces a changing media environment as television viewers increasingly tune out of traditional linear TV in favor of other entertainment sources, such as streaming. Disney shares recently hit a five-year low on concerns about management's ability to successfully navigate the shifting dynamics. Meanwhile, Disney has had some recent big movie misses at the box office. Questions about how it will replace its fading cash cow, the ESPN cable sports channels, remain. The company is looking to transform the proposition from cable to digital streaming with ESPN+. The theme parks and cruise businesses are highly profitable, so Disney has a solid starting point, and the company is well-positioned in the streaming ecosystem with a clear path to profitability here. The jury is out on whether ESPN+ will ramp up to replace the fading ESPN cashflows, but linear subscribers may be resilient as streaming pricing is increasing across the board, as it reaches full penetration. Although there is potential for a wide range of outcomes, the company is showing some positive trends, projecting $8B in free cashflow next year—the highest level since 2018—partly reflecting some significant self-help initiatives. The shares trade on 7.7× our normal earnings estimate.

HEALTH CARE

We continue to see attractive opportunities in the healthcare segment. Pharmaceutical company Sanofi has struggled with R&D productivity since the merger with Aventis in 2004. We believe that four years into the current management regime, we are beginning to see signs of a sustainable improvement in their discovery engine, but this has come at a cost. In October, the company announced a one-time increase in late-stage trial spending to maximize the potential value of the most promising late-stage compounds in the pipeline. The price controls embedded in the Inflation Reduction Act change the approach to incremental indications. Sanofi will pursue them in parallel, rather than pursuing incremental labels in serial. This is somewhat of a variant view in the pharma world and the market did not take kindly to the news. The consequent decline in the share price was greater than the net present value of the higher R&D spending. The shares trade on 7.8× our normal earnings estimate and on a rich current free cashflow yield, assuming worse than average R&D productivity.

CHINA OPPORTUNITIES

As we highlighted in our recently published podcast 'Finding Value in China', China continues to be a fertile source of new ideas for our portfolios after protracted and significant underperformance. China Merchants Bank (CMB) is the leading retail bank in China and the number one player in the wealth management and private banking industries. The stock has underperformed following the ousting of its former CEO on corruption allegations and on concerns that its retail business, via credit cards, customers' appetite to invest, and mortgage demand, will be negatively impacted by the current macroeconomic environment and stressed real estate sector. Industry-wide data indicates that CMB has been growing its market share over the past 1-2 years. We believe that these issues are temporary and that CMB will be able to sustain market-leading returns, given its superior business model, as sentiment improves. The shares trade on just 3.2× our normal earnings estimate.

WH Group is the world's largest pork company with a leading market share in both China and the U.S. The controversy—and reason its stock price is near an all-time low—is financial underperformance among U.S. pork producers, which are currently experiencing their worst year ever due to industry overcapacity, with the global pork market not having regained its equilibrium fully following the 2018 culling of half of China's hog populations due to swine fever. While a full recovery in U.S. pork might be a few years away, we anticipate WH Group's Packaged Meats segment will sustain strong performance, particularly in China, where the company is larger than its next 10 competitors combined and has greater than 20% operating margins. The shares offer an 8% dividend yield, trading on 4.5× our normal earnings estimate.

SUMMARY

We continue to find many good companies—across a range of different industries and geographies—that are underearning relative to their history but that have the scope to restore their profitability, given time for managements' self-help initiatives to bear fruit.

STEWARDSHIP INSIGHTS

We continue to enhance our Opportunity List, most recently to help us better track the progress of our engagements over time. We illustrate these enhancements through three company examples where we used our influence to try and steer the company in the direction of long-term shareholder value creation.

Pzena Investment Management regularly engages with companies where there is an opportunity to improve on certain ESG matters. The Opportunity List consists of a subset of our portfolio companies for which ESG matters are among the most financially material issues. Improvements in these ESG issues, aided by our engagement efforts, could, therefore, lead to improvement in company earnings. Companies remain on the Opportunity List for varying durations depending on progress. The process by which a company is added or removed from the Opportunity List is described in further detail here. Figure 1 summarizes the process.

Figure 1: Opportunity List

Between Initial and Final Review

01. Identify

Naïve screening criteria help identify where material ESG issues exist.

Fundamental research may uncover additional ESG issues.

02. Assess

Research Analyst assesses ESG issues with support from the ESG Team.

Final Review

03. Deliberate

Preliminary engagement plan with specific objectives discussed.

PMs, Research Analyst, and ESG Team decide whether to add a name to the OL.

For names added to the OL, engagement plan is finalized and proprietary rating from 1-3 assigned.

Post-Buy Decision

04. Monitor and Engage

Research Analyst is responsible for ongoing engagement.

No finite timeline for engagement or removal from the OL.

OPPORTUNITY LIST UPDATES

Since developing the Pzena Opportunity List two years ago, we have made several enhancements to better measure progress toward our engagement objectives for each company.

Proprietary ESG Ratings

We have introduced a proprietary rating system for all companies on the Opportunity List. Companies are rated from 1 to 3 per our engagement objectives. A score of 1 indicates that a company has made little to no progress on the outlined objectives and/or has not acknowledged the issues. Companies rated 3 are making substantial progress in addressing our objectives and/or are highly engaged in addressing the issues. The rating is determined when the engagement plan is created and is reviewed at least every six months.

Companies rated a 3 for six months or more might be — though not always — good candidates for removal from the Opportunity List. A company rated a 3 could be facing issues that will take years to resolve, such as capitalizing on opportunities in the energy transition. Conversely, a company might be rated a 3 because it is addressing a discrete issue, such as the lack of a fully independent audit committee. A company will remain on the Opportunity List even if there is little progress toward our engagement objectives, as we prefer engagement over divestment.

These ratings allow us to track the progress of companies on the Opportunity List more explicitly over time. We can measure how long a company has remained at its rating, whether it is making progress toward our objectives, and over what time horizon. This also allows us to evaluate in a timely manner whether we need to escalate our engagement.

ESG Outcomes

We have introduced more detailed documentation and tracking of engagement outcomes for companies on the Opportunity List. At every six-month Opportunity List check-in, the research team analyzes whether there have been any notable outcomes related to engagements in the prior six months. We do not always expect outcomes, given that some issues take time to resolve. Tracking outcomes, where they exist, allows us to judge the success of our engagements over time.

EXAMPLES

The following examples illustrate these process enhancements in more detail.

Akbank, one of the largest banks in Turkey

We added Akbank to the Opportunity List with the objective of encouraging a fully independent audit committee. We have engaged directly with the CEO, CFO, and IR on multiple occasions to express our preference for the former Head of Internal Audit to be removed from the audit committee. We believe that his prior role presents a conflict of interest and prevents him from exercising fully independent oversight. We also discussed our intention to use our proxy vote accordingly. While management appeared open to the feedback, we rated Akbank a 1 to reflect the lack of progress in replacing the audit committee member. We will continue to engage on this matter and will escalate our engagement as needed.

Hon Hai, Taiwanese multinational electronics contract manufacturer

As discussed in this article a year ago, we added Hon Hai to the Opportunity List based on the escalating number of labor-related controversies. Our engagement objective was to continue to discuss the steps Hon Hai was taking to resolve these issues to prevent ceding market share to competitors. In addition, we expected Hon Hai to go a minimum of one year without any further labor-related incidents before it could be removed from the Opportunity List. After it met the one-year milestone, we increased Hon Hai's rating to 3. This makes Hon Hai a potential candidate for removal from the Opportunity List at the next six-month review if we continue to see progress.

NOV, provider of equipment, technologies, and expertise to the upstream oil and gas industry

NOV was added to the Opportunity List because we observed that more could be done to enhance emissions disclosures and develop a differentiated energy transition strategy. Specifically, we had the following three engagement objectives for NOV:

1. Disclose scope 1 and 2 emissions
2. Set goals for mitigating the intensity of scope 1 and 2 emissions with appropriate timelines
3. Continue to explore and refine the company's energy transition strategy

We have engaged with the CEO and CFO of NOV on these topics several times in recent years. While we appreciate that other investors might have advocated for similar things, NOV recently began disclosing its scope 1 and 2 emissions as a baseline for future target-setting. We consider this a significant engagement outcome and continue to discuss our two remaining objectives with NOV regularly. NOV is rated a 2 because more work is still needed to achieve our remaining engagement objectives.

HIGHLIGHTED HOLDING: BAXTER INTERNATIONAL

Baxter International, a vital supplier of medical products and devices, currently has several major catalysts for earnings normalization. We believe the company's material valuation discount is unjustified.

Baxter International is a diversified manufacturer of essential medical products and equipment, supplying hospitals and healthcare clinics in over 100 countries. In 2022, Baxter was hit by a perfect storm of headwinds that impacted all four of its segments in tandem, sending shares down over 50% to an eight-year low. This considerable decline in valuation for a durable business experiencing some cyclical pain was, in our view, an exploitable value opportunity.

		Earnings Per Share			Price/Earnings		
	Price	FY23E	FY24E	Normal*	FY23E	FY24E	Normal*
Baxter International Inc.	$38.66	$2.59	$2.97	$4.75	14.9x	13x	8.1x

*Fiscal year-end December 29. *Pzena estimate of normalized earnings. Source: FactSet, Pzena analysis. Data as of December 29, 2023.*

BAXTER'S BUSINESS BREAKDOWN

Baxter has four operating segments, with its core Medical Products & Therapies (MPT) unit accounting for a third of total sales. Through this business, Baxter produces infusion pumps, clinical nutrition products, surgical instruments, and IV fluids—where it maintains a dominant ~70% market share, delivering more than one million IV bags per day.[1] Baxter's Healthcare Systems & Technologies business focuses on durable hospital products, such as smart beds, patient monitoring systems, and surgery room fixtures, while its pharma unit develops generic injectables and inhaled anesthesia. Lastly is Baxter's Kidney Care unit (~30% of revenue)—a stable, but low-margin, mostly non-U.S. business that skews heavily to peritoneal dialysis (PD) home use. Importantly, this business is earmarked to be spun off in 2024 in a transaction we believe could unlock significant value for shareholders.

BAX SHARES REACH CRITICAL CONDITION

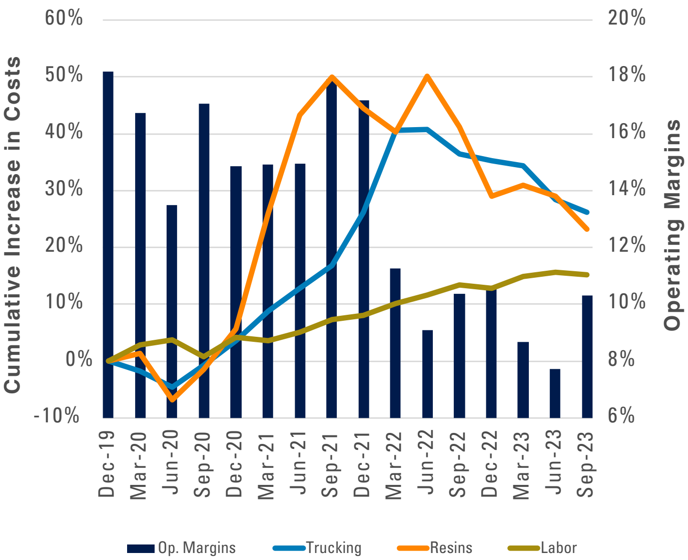
Baxter's core earnings are largely a function of hospital utilization. During the pandemic, the company suffered a decline in revenue, as hospital admissions fell to the lowest levels in decades, while surgical procedures also dropped. Volumes rebounded in subsequent quarters but are still yet to fully recover to pre-pandemic levels, weighing on Baxter's top line.

Inflation began to rear its ugly head in 2021, increasing Baxter's costs by around $1B, with the breakdown roughly 50% materials, 30% logistics, and 20% labor. Due to the nature of Baxter's core products, which are mostly high-volume commoditized consumables, the manufacturer is particularly sensitive to inflationary pressures and supply chain snarls. Raw material prices like oil-based resins spiked, while fuel costs also swelled, taking a toll on its key medical therapies and renal businesses. Because Baxter's Kidney Care unit is predominantly PD-focused, a key aspect of the business involves the delivery of dialysis products and materials to patients' homes, making last-mile logistical costs especially damaging in an inflationary environment. Additionally, procuring semiconductors became nearly impossible, hindering Baxter's ability to meet demand in its healthcare systems business.

Many of Baxter's current contracts were negotiated with group purchasing organizations (GPOs) six or more years ago, when the notion of 9% headline inflation was inconceivable. As a result, Baxter's long-term, fixed price contracts had no serious price escalators embedded, rendering them far less lucrative once costs spiked, as evidenced by 1H23 margins at their lowest level in seven years (Exhibit 1).

[1] Company filings

Exhibit 1: PPI (indexed to pre-COVID) vs. BAX Margins



Source: FactSet, U.S. Producer Price Index, U.S. Bureau of Labor Statistics

As a result of these combined headwinds, Baxter's forward multiple collapsed from 24.5× just before the March 2020 pandemic sell-off, when it was on par with the industry, to 14.5× in the summer of 2023—41% below the industry.[2] We initiated a position with shares trading around 9× our estimate of the company's normal earnings.

THE OZEMPIC EFFECT

On October 10th, Novo Nordisk announced the early conclusion of its kidney outcomes trial, which aimed to assess whether Ozempic slows the progression of chronic kidney disease, citing significant efficacy. The news sent shares of Baxter (along with peers) down 15% on the premise that its renal business would be permanently impaired. After researching the issue, we determined that the impact to Baxter's normal earnings power, if anything, would likely be de minimis; with shares trading at under 7× our normal earnings estimate, we increased our stake in the company.

[2] FactSet, Russell 1000 – Medical Equipment and Services industry P/E - NTM

MARGIN RESET

Baxter's GPO contracts in the U.S. represent the lion's share of its core MPT revenue and are up for renewal in 2025. We point out that Baxter, as the largest IV manufacturer in the world, has significant scale and global reach, while high barriers to entry make for an attractive oligopolistic market structure. As such, we expect Baxter to negotiate materially better terms for its renewed contracts, which should provide a nice boost to MPT margins even if inflation remains elevated (margins have already begun to inflect even before the updated contracts, as high-cost inventory is being sold down).

While contract renewals are perhaps the most concrete near-term catalyst for earnings normalization, Baxter's management isn't stopping there. The company is taking self-help cost initiatives by increasing plant automation, improving suppliers' direct access (i.e., cutting out middlemen), and reducing single-source suppliers. Baxter has also been divesting non-core assets—most recently, its BioPharma Solutions business—to reduce leverage and simplify the company.

Baxter is expected to spin out its renal business next year, in what has the potential to be a value-accretive corporate action. Management's rationale for offloading Kidney Care is, in our view, sound. The business is distinct from Baxter's core operations, caters to different end users, is internationally focused, low-margin, and highly dependent on payor reimbursements. As such, it doesn't make much financial sense for Baxter to hold onto Kidney Care, and the math underpinning the future transaction is compelling. Earnings are currently depressed due to the aforementioned cost inflation in conjunction with pandemic-induced excess mortality. We estimate that Kidney Care should earn roughly $640M in normal EBITA[3], which equates to an EV of $10.1B[4]. After removing this business from Baxter's current EV of $30B, the pro forma medical products company's EV/

[3] Earnings before interest, taxes, and amortization
[4] Applying an industry median FY22 15.9× EV/EBITA multiple on the renal business

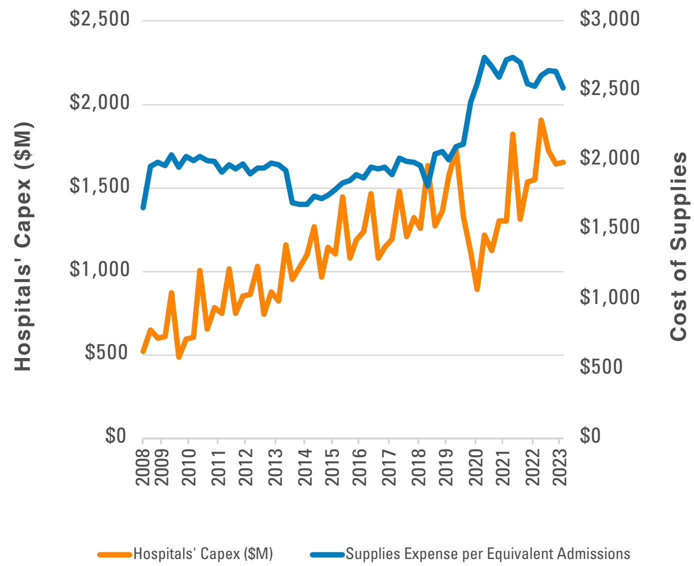
EBITA[5] multiple is roughly 8.2×. This compares to an industry forward multiple of over 18×[6]—a considerable differential[7] we believe could be narrowed upon a successful spin-off of Kidney Care next year.

SECULAR EARNINGS DRIVERS

Beyond the more near-term tangible profit opportunities, Baxter has several structural tailwinds working in its favor. The pharma business, which has been contending with increased competition in the U.S. generic injectables market, is showing signs of life, as the FDA has become more aggressive post-pandemic. Baxter is also in the process of decentralizing its cost structure. For the first time, segment-level executives will be accountable for their own P&Ls. We believe this could lead to future cost savings and strategic divestments, as management will look to maximize profit at each individual business unit. Additionally, the company is awaiting FDA approval for its latest pump, which is expected to arrive in 2024 and should provide a major boost to its Infusion Therapies business.

Ultimately, Baxter's long-term earnings trajectory will be a function of total hospital expenditures, regardless of any short-term volatility on input costs, patient volumes, payor reimbursements, etc. The reality is that hospitals' outlays have only been increasing over time (Exhibit 2). Considering the nation's aging population, the expectation is for hospital utilization and capacity to keep rising over the long run—the benefits of which should accrue to Baxter, given the medical supplier's discernable economic moat. In fact, the U.S. government projects spending on medical equipment & products to top $277B by 2031,[8] representing a 5.2% CAGR[9] from 2022.

Exhibit 2: Hospital Spending Continues to Rise



Source: Bloomberg Intelligence (equivalent admissions incorporates both inpatients and outpatients).
Data includes only Community Health Systems, Tenet Healthcare Corp., Universal Health Services, and HCA Holdings

CONCLUSION

With hospital staffing back above its pre-pandemic trend, and healthcare job openings down over 28% from 2022's peak,[10] Baxter's end markets are rapidly improving. At the same time, inflation is moderating, while potentially major revenue drivers are on the horizon. The stock's 9.8× forward EV/EBITDA multiple is the lowest (outside of November's reading) since it became a separate company in 2015 (post-Baxalta spin-off), and an indication that the market is severely underappreciating Baxter's normal earnings power—which we estimate at $4.75/share, equating to a multiple of just 8.1×.

[5] Pzena's estimate of RemainCo's normal EBITA of $2.45B
[6] Russell 1000 – Medical Equipment and Services
[7] Median NTM EV/EBITDA differential is ~3.1× (monthly data, Dec. '13–Dec. '23)
[8] Centers for Medicare & Medicaid Services projections for durable medical equipment and other non-durable medical products
[9] Compound annual growth rate

[10] FactSet, U.S. Bureau of Labor Statistics, Pzena analysis of Hospitals employment and Health Care & Social Assistance job openings

Pzena Investment Strategies

	APPROXIMATE HOLDINGS	INVESTMENT UNIVERSE	TYPICAL CLIENT BENCHMARKS	STRATEGY INCEPTION DATE	PAGE #
GLOBAL/NON-US STRATEGIES					
Global Value	60 - 95	2,000 Largest Companies Worldwide	MSCI World[1]	1/2010	13
Global Focused Value	40 - 60	2,000 Largest Companies Worldwide	MSCI ACWI	1/2004	14
International Value	60 - 80	1,500 Largest non-US Companies	MSCI EAFE[1]	11/2008	15
International Focused Value	30 - 50	1,500 Largest non-US Companies	MSCI ACWI ex USA	1/2004	16
International Small Cap Focused Value	40 - 70	MSCI World ex USA Small Cap	MSCI World ex USA Small Cap	10/2016	17
Emerging Markets Focused Value	40 - 80	1,500 Largest Companies in Non-Developed Markets	MSCI Emerging Markets	1/2008	18
European Focused Value	40 - 50	750 Largest European Companies	MSCI Europe	8/2008	19
Japan Focused Value	25 - 40	750 Largest Japanese Companies	TOPIX	7/2015	20
US STRATEGIES					
Large Cap Value	50 - 80	500 Largest US Companies	Russell 1000 Value®	7/2012	21
Large Cap Focused Value	30 - 40	500 Largest US Companies	Russell 1000 Value®	10/2000	22
Focused Value	30 - 40	1,000 Largest US Companies	Russell 1000 Value®	1/1996	23
Mid Cap Focused Value	30 - 40	1,000 US Companies (ranked 201 – 1200)	Russell Mid Cap Value®	9/1998	24
Small Cap Focused Value	40 - 50	2,000 US Companies (ranked 1001 – 3000)	Russell 2000 Value®	1/1996	25

All our strategies follow the same value investment process and philosophy; the primary difference lies in the universe considered for investment.

[1] MSCI ACWI and MSCI ACWI ex-USA versions also available

PORTFOLIO STRATEGIES

PZENA GLOBAL VALUE

Global equities rallied in the last few weeks of 2023 on signs of easing inflation and an end to the rate hike cycle. Growth outperformed value in the quarter; consequentially, our portfolio trailed its broad benchmark, but outperformed the value index.

Communication Services led the declines, and telecom equipment company Nokia lost AT&T as a key mobile network customer. Charter Communications (Spectrum TV/Internet/Voice) fell, as strong wireless broadband subscriber gains at T-Mobile & Verizon pressured its subscriber base. Pharma giant Bristol-Myers Squibb was weak after management lowered guidance for sales contributions from new drug launches through 2025.

Financials was the standout sectoral performer, and shares of PVH – owner of Tommy Hilfiger and Calvin Klein – benefitted from tangible progress on its self-help plan, as evidenced by strong margin performance in North America Capital One's share price reacted positively to signs of sequential improvement on credit quality, and Citigroup rallied along with other large cap US banks in response to a brightening macro-outlook.

We initiated a position in medical products company Baxter on concerns over cost inflation and the long-term prospect for its renal care segment. We also added Skyworks – a leading radio frequency component supplier to Apple – on concerns over iPhone unit volumes and pricing pressure. We bought Rexel, which is a French electrical equipment distributor that stands to benefit from the energy transition despite some short-term end market pressure.

During the quarter, we exited OTA Booking Holdings, Oracle, and Amgen, and trimmed GE and Wabtec, both on valuation.

We scaled back our VW exposure, as the delay andcomplexity of its transition strategy made our normal earnings expectation less achievable. We also added to Daimler Truck, China Overseas Land & Investment, and Sanofi, all on weakness. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/10
Pzena Global Value Composite - Gross	10.3%	20.1%	20.1%	10.3%	11.5%	7.1%	8.7%
Pzena Global Value Composite - Net	10.1%	19.4%	19.4%	9.7%	10.9%	6.6%	8.1%
MSCI World Index	11.4%	23.8%	23.8%	7.3%	12.8%	8.6%	9.4%
MSCI World Value Index	9.3%	11.5%	11.5%	8.3%	8.9%	5.9%	7.3%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

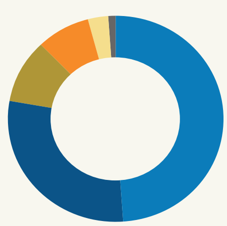
COGNIZANT TECH SOLUTIONS	3.3%
MICHELIN SA	3.0%
DAIMLER TRUCK HOLDING	2.5%
CAPITAL ONE FINANCIAL CORP	2.5%
RANDSTAD NV	2.5%
SHELL PLC	2.5%
EDISON INTERNATIONAL	2.5%
PVH CORP.	2.5%
SS&C TECH HOLDINGS INC.	2.5%
LEAR CORPORATION	2.4%
Total	26.2%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	7.6x	13.7x *
Price / Earnings (1-Year Forecast)	11x	18.4x
Price / Book	1.3x	3.1x
Median Market Cap ($B)	$25.6	$18.0
Weighted Average Market Cap ($B)	$64.0	$480.8
Active Share	95.5%	-
Standard Deviation (5-Year)	23.3%	18.1%
Number of Stocks (model portfolio)	60	1,480

Source: MSCI World Index, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

REGION CONCENTRATION

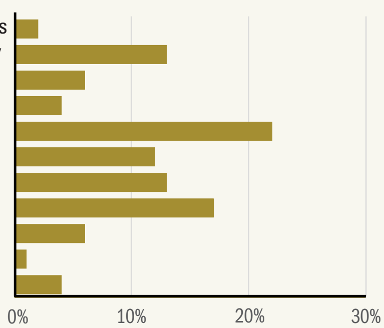


	Strategy	Index
North America	49%	73%
Europe ex-U.K.	29%	14%
United Kingdom	10%	4%
Emerging Markets	8%	0%
Japan	3%	6%
Dev. Asia ex-Japan	1%	1%
Australia/New Zealand	0%	2%

Country weights adjusted for cash - may appear higher than actual.

SECTOR WEIGHTS

	Strategy	Index
Communication Services	2%	7%
Consumer Discretionary	13%	11%
Consumer Staples	6%	7%
Energy	4%	4%
Financials	22%	15%
Health Care	12%	12%
Industrials	13%	11%
Information Technology	17%	23%
Materials	6%	4%
Real Estate	1%	2%
Utilities	4%	3%



Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PZENA GLOBAL FOCUSED VALUE

Global equities rallied in the last few weeks of 2023 on signs of easing inflation and an end to the rate hike cycle. Growth outperformed value in the quarter; consequentially, our portfolio trailed its broad benchmark, but outperformed the value index.

Communication Services led the declines, and Charter Communications (Spectrum TV/Internet/Voice) fell, as strong wireless broadband subscriber gains at T-Mobile & Verizon pressured its subscriber base. Alibaba backtracked on its restructuring plans, which, coupled with weak sentiment toward Chinese businesses, led to meaningful underperformance in the quarter. European biopharma Sanofi's checkered history made investors skeptical of management's new spending plans.

Financials was the standout sectoral performer, and Capital One's share price reacted positively to signs of sequential improvement on credit quality. PVH Corp. – owner of Tommy Hilfiger and Calvin Klein – benefitted from tangible progress on its self-help plan, as evidenced by strong margin performance in North America. French tire producer Michelin guided to better free cash flow, while displaying continued share gains in the premium market.

We initiated a position in leading medical products company Baxter. Profits have been negatively impacted by rapid cost inflation and concerns over the long-term prospect for its renal care segment. We expect margins to improve as the company executes on its repricing and restructuring initiatives. We also added Rexel, a French electrical equipment distributor that stands to benefit from the energy transition despite some short-term end market pressure.

During the quarter, we exited GE and trimmed Japanese heavy machinery company Komatsu, as well as Wabtec on valuation. We scaled back our VW exposure, as the delay and complexity of its transition strategy made our normal earnings expectation less achievable. We also added to Daimler Truck, China Overseas Land & Investment, and Medtronic, all on weakness.■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/04
Pzena Global Focused Value Composite - Gross	10.1%	20.8%	20.8%	10.4%	11.5%	6.7%	6.5%
Pzena Global Focused Value Composite - Net	9.9%	19.9%	19.9%	9.5%	10.7%	5.9%	5.6%
MSCI All Country World Index	11.0%	22.2%	22.2%	5.7%	11.7%	7.9%	7.5%
MSCI All Country World Value Index	9.2%	11.8%	11.8%	7.3%	8.2%	5.5%	6.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

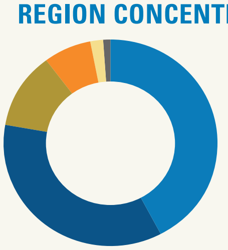
MICHELIN SA	3.7%
SHELL PLC	3.3%
DAIMLER TRUCK HOLDING AG	3.3%
COGNIZANT TECH SOLUTIONS	3.1%
CAPITAL ONE FINANCIAL CORP	3.1%
RANDSTAD NV	3.0%
BASF SE	2.9%
DOW, INC..	2.9%
EDISON INTERNATIONAL	2.8%
BAXTER INTERNATIONAL, INC..	2.5%
Total	30.6%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.3x	13.7x *
Price / Earnings (1-Year Forecast)	10.4x	17.7x
Price / Book	1.2x	2.8x
Median Market Cap ($B)	$25.5	$10.6
Weighted Average Market Cap ($B)	$56.4	$441.0
Active Share	96.4%	-
Standard Deviation (5-Year)	24.5%	17.8%
Number of Stocks (model portfolio)	47	2,921

Source: MSCI ACWI Index, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

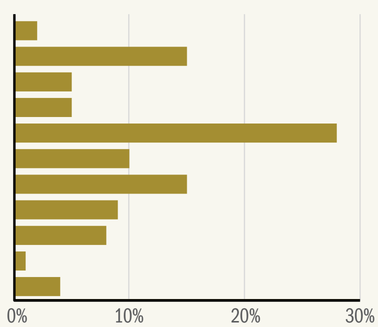
REGION CONCENTRATION



	Strategy	Index
North America	42%	65%
Europe ex-U.K.	35%	12%
United Kingdom	12%	4%
Emerging Markets	7%	10%
Japan	2%	5%
Dev. Asia ex-Japan	1%	1%
Australia/New Zealand	0%	2%

Country weights adjusted for cash - may appear higher than actual.

SECTOR WEIGHTS



	Strategy	Index
Communication Services	2%	7%
Consumer Discretionary	15%	11%
Consumer Staples	5%	7%
Energy	5%	5%
Financials	28%	16%
Health Care	10%	11%
Industrials	15%	11%
Information Technology	9%	23%
Materials	8%	5%
Real Estate	1%	2%
Utilities	4%	3%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PZENA INTERNATIONAL VALUE

Equity markets outside the US bounced back strongly in the fourth quarter, surging on the back of optimism around potential rate cuts in 2024 and lower energy prices. Our portfolio was solidly in the black but underperformed the broad MSCI EAFE benchmark, with growth outpacing value.

Health care and real estate were the only material detracting sectors. Crop science & pharma company Bayer was weak after losing a fourth glyphosate lawsuit and announcing a failed phase 3 drug trial. Swiss wealth manager Julius Baer fell on headlines of potentially significant credit losses related to loans made to Signa, raising questions about their broader risk management approach. Industrials was the standout sector performer, and Rexel, a distributor of low voltage electrical products, was up on improving European macro sentiment. UK grocer Sainsbury rallied on strength in its core grocery business that more than offset softer results in general merchandising. Financial services giant UBS posted solid results that highlighted further progress on its Credit Suisse integration.

During the quarter, we added Europe-based Teleperformance, the leading outsourced customer experience provider whose stock has been negatively impacted by AI euphoria, Medtronic, the largest standalone medical device company in the world with leading positions across several high barriers-to-entry categories, and Olympus – the leading global manufacturer of gastrointestinal scopes operating in a relatively consolidated market. We also added to our positions in Reckitt Benckiser, Sanofi, and China Overseas Land & Investment on weakness. These purchases were funded via a full sale of Publicis Group, and trims of Samsung, Subaru, and UBS.

Our portfolio is still weighted towards businesses in recovery mode, albeit now less tilted towards energy. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 11/1/08
Pzena International Value Composite - Gross	6.4%	19.4%	19.4%	7.6%	9.3%	4.8%	9.1%
Pzena International Value Composite - Net	6.3%	18.7%	18.7%	7.0%	8.7%	4.3%	8.5%
MSCI EAFE Index	10.4%	18.2%	18.2%	4.0%	8.2%	4.3%	6.9%
MSCI EAFE Value Index	8.2%	19.0%	19.0%	7.6%	7.1%	3.2%	6.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

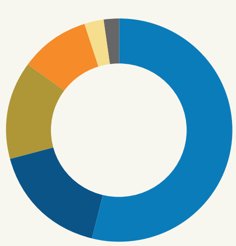
MICHELIN SA	3.4%
SHELL PLC	3.2%
RANDSTAD NV	3.0%
BASF SE	2.9%
SANOFI	2.9%
DAIMLER TRUCK HOLDING AG	2.8%
AMUNDI SA	2.8%
REXEL SA	2.6%
ENEL SPA	2.5%
ROCHE HOLDING LTD..	2.5%
Total	28.6%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.5x	14.2x *
Price / Earnings (1-Year Forecast)	9.6x	13.7x
Price / Book	1.1x	1.8x
Median Market Cap ($B)	$22.0	$12.9
Weighted Average Market Cap ($B)	$50.6	$87.8
Active Share	89.0%	-
Standard Deviation (5-Year)	21.8%	17.9%
Number of Stocks (model portfolio)	64	783

Source: MSCI EAFE Index, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

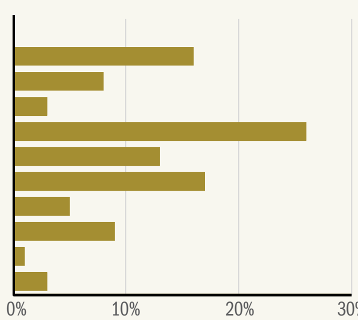
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	54%	51%
United Kingdom	17%	15%
Japan	14%	22%
Emerging Markets	10%	0%
North America	3%	0%
Dev. Asia ex-Japan	2%	4%
Australia/New Zealand	0%	8%
Dev. Africa/Middle East	0%	1%

Country weights adjusted for cash - may appear higher than actual.

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	4%
Consumer Discretionary	16%	12%
Consumer Staples	8%	9%
Energy	3%	4%
Financials	26%	19%
Health Care	13%	13%
Industrials	17%	16%
Information Technology	5%	9%
Materials	9%	8%
Real Estate	1%	2%
Utilities	3%	3%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PORTFOLIO STRATEGIES

PZENA INTERNATIONAL FOCUSED VALUE

Equity markets outside the US bounced back strongly in the fourth quarter, surging on the back of optimism around potential rate cuts in 2024 and lower energy prices. Our portfolio was solidly in the black but modestly underperformed the benchmark.

Real estate and health care were the only material detracting sectors. Swiss wealth manager Julius Baer was weak on headlines of potentially significant credit losses related to loans made to Signa, raising questions about their broader risk management approach. China Overseas Land & Investment was weak due to concerns around the nation's property sector, while telecom equipment company Nokia fell after losing out on a major 5G equipment deal with AT&T.

Industrials was the standout sector performer, and Rexel, a distributor of low voltage electrical products, was up on improving European macro sentiment. UK grocer Sainsbury rallied on strength in its core grocery business that more than offset softer results in general merchandising. Another contributor, German chemical giant BASF guided to better-than-expected free cash flow while announcing the sale of its Wintershall assets in Russia.

During the quarter, we added Europe-based Teleperformance, the leading outsourced customer experience provider whose stock has been negatively impacted by AI euphoria, Bayer, a German-domiciled crop science and pharma company facing legal headwinds and a drug patent cliff, and China Merchants Bank – the leading retail bank in China with a best-in-class deposit franchise. We added to our positions in auto supplier Magna, Daimler Truck, and appliance manufacturer Haier Smart Home.

These purchases were funded via a full sale of drugmaker Takeda and trims of hotel operator Accor, Subaru, and Sainsbury.

Our portfolio is still weighted towards businesses in recovery mode, albeit now less tilted towards energy. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/04
Pzena International Focused Value Composite - Gross	7.3%	20.8%	20.8%	7.7%	9.4%	5.0%	6.6%
Pzena International Focused Value Composite - Net	7.1%	19.9%	19.9%	6.9%	8.5%	4.3%	5.7%
MSCI All Country World Ex-US Index	9.8%	15.6%	15.6%	1.5%	7.1%	3.8%	5.7%
MSCI ACWI ex USA Value - Net Index	8.4%	17.3%	17.3%	5.8%	6.3%	2.9%	5.3%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

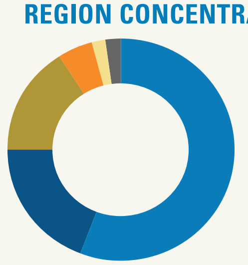
MICHELIN SA	4.1%
BASF SE	3.8%
DAIMLER TRUCK HOLDING AG	3.7%
RANDSTAD NV	3.5%
SHELL PLC	3.5%
SANOFI	3.1%
AMUNDI SA	3.0%
REXEL SA	3.0%
ALIBABA GROUP LIMITED	2.8%
NOKIA OYJ	2.6%
Total	33.1%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	7.1x	14.2x *
Price / Earnings (1-Year Forecast)	8.9x	13.5x
Price / Book	1x	1.7x
Median Market Cap ($B)	$23.0	$8.5
Weighted Average Market Cap ($B)	$49.0	$89.2
Active Share	92.8%	-
Standard Deviation (5-Year)	23.1%	17.6%
Number of Stocks (model portfolio)	45	2,312

Source: MSCI ACWI (ex USA) Index, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

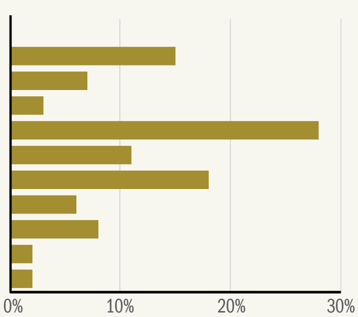
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	56%	33%
Emerging Markets	19%	28%
United Kingdom	16%	9%
Japan	5%	14%
Dev. Asia ex-Japan	2%	2%
North America	2%	8%
Australia/New Zealand	0%	5%

Country weights adjusted for cash - may appear higher than actual.

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	5%
Consumer Discretionary	15%	11%
Consumer Staples	7%	8%
Energy	3%	6%
Financials	28%	21%
Health Care	11%	9%
Industrials	18%	13%
Information Technology	6%	12%
Materials	8%	8%
Real Estate	2%	2%
Utilities	2%	3%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PORTFOLIO STRATEGIES

PZENA INTERNATIONAL SMALL CAP FOCUSED VALUE

International small cap stocks performed well in the fourth quarter, as global inflation fears abated. Our portfolio similarly posted strong returns (albeit underperformed the style-neutral benchmark), as expectations for a global recession in 2024 reversed, while leading economic indicators improved in Europe.

The strategy's relative return this quarter was driven more by the benchmark's holdings, as no sector detracted from absolute performance. The strategy was relatively underexposed to real estate and information technology – the two strongest benchmark sectors in Q4. In absolute terms, our industrials, materials, and consumer discretionary holdings performed the best. The top individual contributors for the quarter were Rexel, which is broadly exposed to construction and industrial production end markets, and Transcontinental, our Canadian packaging & printing company, which had been struggling with passing through inflationary pricing to customers.

The largest detractor was Zeon Corp., a bellwether for the Japanese chemicals space, which suffered from inflationary pressures, weak end markets, and increasing capital spending needs. Another underperformer was Ituran Location and Control, which was mostly a function of being Israeli-domiciled.

Turnover was relatively high this quarter, with new positions in Kanto Denka Kogyo – a Japanese specialty gas producer, Nokian Renkaat – a Finnish tire manufacturer, Pennon Group – a UK regulated utility, and Irish lender Permanent TSB. We also bought back our position in ams-OSRAM after the completion of its capital raise. We exited our positions in Ushio and SAF-Holland.

The ISCFV portfolio remains a collection of idiosyncratic investment opportunities trading at what we believe are extremely large discounts to intrinsic value.

While macroeconomic expectations may be changing, we believe that our portfolio holdings are mostly a function of company-specific factors, and not broad market forces. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Since Inception 10/1/16
Pzena International Small Cap Focused Value Composite - Gross	8.8%	24.0%	24.0%	13.4%	10.4%	8.6%
Pzena International Small Cap Focused Value Composite - Net	8.5%	22.8%	22.8%	12.3%	9.4%	7.5%
MSCI World ex USA Small Cap Index	10.6%	12.6%	12.6%	-0.2%	7.1%	5.4%
MSCI World ex USA Small Cap Value Index	10.0%	14.7%	14.7%	3.8%	7.1%	5.4%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

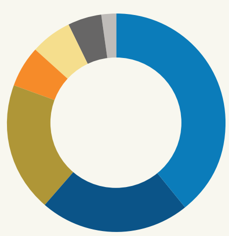
REXEL SA	4.5%
ORIGIN ENTERPRISES PLC	4.0%
TRANSCONTINENTAL, INC.	3.7%
C&C GROUP PLC	3.3%
DANIELI & C.MECCANICHE S.p.A.	3.2%
ANIMA HOLDING S.P.A.	3.1%
SIGNIFY NV	3.0%
SABRE INSURANCE GROUP PLC	2.9%
KANTO DENKA KOGYO CO. LTD.	2.8%
FOSTER ELECTRIC CO. LIMITED	2.7%
Total	33.2%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.2x	11.8x *
Price / Earnings (1-Year Forecast)	9.9x	13.3x
Price / Book	0.9x	1.3x
Median Market Cap ($B)	$1.8	$1.3
Weighted Average Market Cap ($B)	$2.3	$2.8
Active Share	97.6%	-
Standard Deviation (5-Year)	25.7%	20.3%
Number of Stocks (model portfolio)	46	2,386

Source: MSCI World ex USA Small Cap Index, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

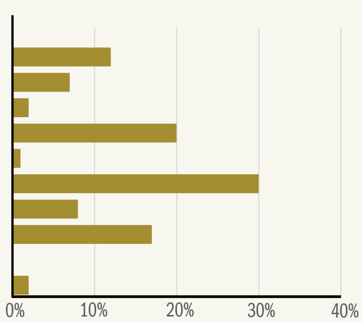
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	39%	32%
Japan	22%	30%
United Kingdom	19%	14%
Dev. Asia ex-Japan	6%	3%
North America	6%	9%
Emerging Markets	5%	0%
Dev. Africa/Middle East	2%	3%
Australia/New Zealand	0%	9%

Country weights adjusted for cash - may appear higher than actual.

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	4%
Consumer Discretionary	12%	12%
Consumer Staples	7%	6%
Energy	2%	5%
Financials	20%	11%
Health Care	1%	6%
Industrials	30%	22%
Information Technology	8%	10%
Materials	17%	11%
Real Estate	0%	10%
Utilities	2%	3%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PORTFOLIO STRATEGIES

PZENA EMERGING MARKETS FOCUSED VALUE

Emerging markets had a strong finish to the year, rallying on optimism around peaking inflation and possible rate cuts in 2024. The notable exception was China, where macroeconomic concerns led to underperformance. Amidst this backdrop, our EMFV portfolio posted a positive return, but underperformed its benchmark.

Real estate was the largest sectoral detractor, and South African energy company Sasol underperformed due to weak oil prices and a continued downturn in specialty chemicals. China Overseas Land & Investment was weak due to concerns around the nation's property sector while China Merchant's bank reported challenging results, as weak sentiment and central bank rate cuts weighed on volumes and net interest margins.

Info Tech was the top-performing sector, and Samsung's earnings beat expectations due to both a recovery in the memory chip cycle and strength in premium smartphone and OLED sales. Korean tire producer Hankook's margins were strong due to pricing/volume improvements, and TSMC is seeing an end to the industry-wide destocking that has hampered server demand, while PC and smartphone demand is also stabilizing.

We added HDFC Bank – a leading private lender in India that recently merged with a mortgage lender and sister company, creating some noise in its financials and temporarily elevated capital levels. Another new position, Vale, is a Brazilian mining company with best-in-class iron ore assets. We bought Man Wah, a manufacturer of sofa recliners with 60% market share in China, and Beijing Oriental Yuhong – China's largest waterproof building materials company.

Despite a strong Q4, recessionary fears and the future path of interest rates, inflation, and the US dollar continue to create uncertainty. Industries and countries continue to be out of favor, and we are finding cheap company valuations when assessed against their fundamentals. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/08
Pzena Emerging Markets Focused Value Composite - Gross	6.3%	22.4%	22.4%	7.5%	9.2%	5.6%	4.7%
Pzena Emerging Markets Focused Value Composite - Net	6.1%	21.2%	21.2%	6.4%	8.1%	4.6%	3.6%
MSCI Emerging Markets Index	7.9%	9.8%	9.8%	-5.1%	3.7%	2.7%	1.2%
MSCI Emerging Markets Value Index	8.1%	14.2%	14.2%	--	3.4%	1.9%	0.9%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

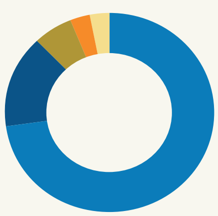
SAMSUNG ELECTRONICS CO. LTD.	4.3%
TAIWAN MANUFACTURING CO.	4.2%
HON HAI PRECISION CO. LTD.	3.3%
HANKOOK TIRE & TECH CO. LTD.	3.3%
AMBEV SA	2.9%
WEICHAI POWER CO. LTD.	2.8%
ALIBABA GROUP HOLDING LTD.	2.8%
COGNIZANT TECH SOLUT IONS	2.8%
CHINA OVERSEAS INVESTMENT	2.7%
PACIFIC BASIN SHIPPING LIMITED	2.6%
Total	31.7%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings	8.4x	16.6x
Price / Earnings (1-Year Forecast)	8.6x	13x
Price / Book	1x	1.6x
Median Market Cap ($B)	$11.2	$6.0
Weighted Average Market Cap ($B)	$66.1	$102.0
Active Share	80.6%	-
Standard Deviation (5-Year)	20.6%	19.0%
Number of Stocks (model portfolio)	54	1,441

Source: MSCI Emerging Markets Index, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings

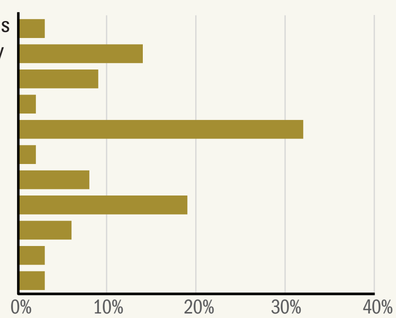
REGION CONCENTRATION



	Strategy	Index
Asia	73%	78%
Latin America	15%	9%
Europe	6%	2%
Africa/Middle East	3%	10%
North America	3%	0%

Country weights adjusted for cash - may appear higher than actual.

SECTOR WEIGHTS



	Strategy	Index
Communication Services	3%	9%
Consumer Discretionary	14%	13%
Consumer Staples	9%	6%
Energy	2%	5%
Financials	32%	22%
Health Care	2%	4%
Industrials	8%	7%
Information Technology	19%	22%
Materials	6%	8%
Real Estate	3%	2%
Utilities	3%	3%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PZENA EUROPEAN FOCUSED VALUE

After a slow start to the quarter, European bourses rallied in the back half on moderating inflation and expectations for rate cuts in 2024. Our strategy closed the quarter well in the black, performing in-line with the MSCI Europe Value index, but modestly underperforming the style-neutral benchmark.

Health care was the main detracting sector, and crop science & pharma company Bayer was weaker after losing a fourth glyphosate lawsuit and announcing a failed phase 3 drug trial. Swiss wealth manager Julius Baer fell on headlines of potentially significant credit losses related to loans made to Signa, raising questions about their broader risk management approach, while Telecom equipment company Nokia sold off after losing out on a major 5G equipment deal with AT&T.

Industrials was the standout contributor in the quarter, and Signify, a global leader in lighting solutions, led the gains after reporting impressive Q3 margins and later announcing a well-received organizational restructuring. Shares of French electrical equipment distributor Rexel benefitted from solid quarterly results and an improvement in European macro sentiment, while Italian utility Enel rose in the buildup to, and after reporting its Q3 earnings release, which reflected strength in its domestic retail market and improving hydro conditions in Italy and Spain.

During the quarter, we added Teleperformance, the leading outsourced customer experience provider whose stock has been negatively impacted by AI euphoria, and SEB SA, a global small appliance manufacturer mostly catering to European end markets, where it earns above-peer margins due to its strong presence. We also added to our positions in Sanofi and Bayer on weakness, while trimming Shell and Accor on strength.

European macroeconomic volatility remains elevated, but we believe our portfolio holdings are mostly a function of company-specific factors that should lead to appreciable earnings normalization over time.■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 8/1/08
Pzena European Focused Value Composite - Gross	9.4%	24.8%	24.8%	11.1%	10.1%	4.4%	6.0%
Pzena European Focused Value Composite - Net	9.2%	24.0%	24.0%	10.4%	9.4%	3.7%	5.3%
MSCI Europe Index	11.1%	19.9%	19.9%	5.8%	9.1%	4.1%	3.8%
MSCI Europe Value Index	9.2%	19.7%	19.7%	7.9%	7.0%	2.4%	2.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

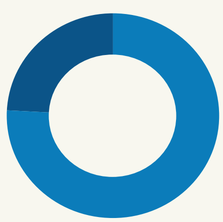
MICHELIN SA	3.6%
BASF SE	3.6%
SIGNIFY NV	3.5%
RANDSTAD NV	3.3%
ENEL SPA	3.2%
DAIMLER TRUCK HOLDING AG	3.2%
AMUNDI SA	3.1%
REXEL SA	3.0%
NOKIA OYJ	3.0%
UBS GROUP AG	2.9%
Total	32.4%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7x	12.6x *
Price / Earnings (1-Year Forecast)	9.3x	13.2x
Price / Book	1.1x	2x
Median Market Cap ($B)	$19.1	$15.4
Weighted Average Market Cap ($B)	$39.1	$104.6
Active Share	86.4%	-
Standard Deviation (5-Year)	26.8%	19.4%
Number of Stocks (model portfolio)	44	425

Source: MSCI Europe Index, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

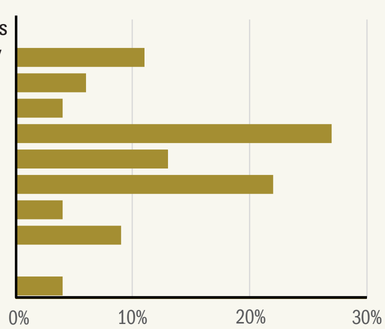
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	76%	77%
United Kingdom	24%	23%

Country weights adjusted for cash - may appear higher than actual.

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	3%
Consumer Discretionary	11%	11%
Consumer Staples	6%	12%
Energy	4%	6%
Financials	27%	18%
Health Care	13%	15%
Industrials	22%	16%
Information Technology	4%	7%
Materials	9%	7%
Real Estate	0%	1%
Utilities	4%	4%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PZENA JAPAN FOCUSED VALUE

Japanese equity markets saw a modest uptick in local currency during the quarter, while growth outperformed value, driven by the anticipation of the end of monetary tightening. Our Japan Focused Value strategy finished the period in the black, but underperformed both the broad TOPIX benchmark and TOPIX Value series. Only energy and communication services detracted from absolute performance, while industrials, health care, and information technology all gained.

Zeon Corp., a specialty chemical company, was a major underperformer after reporting a disappointing set quarterly results stemming from weak demand in end-markets such as smartphones and EVs. Regional lender Resona performed poorly mostly due to profit-taking following a superb third quarter, coupled with more subdued expectations for near-term monetary policy changes. Iida Group, a leading detached single-family home manufacturer, faced challenges amid sluggish domestic housing demand.

Conversely, MinebeaMitsumi (manufacturer of ball bearings) and vacuum technology company ULVAC performed well, fueled by expectations of a cyclical demand recovery in high-tech end-markets. DIC Corp., a specialty chemical company, outperformed late in the quarter after an Asian activist investor took a position in the stock.

We initiated a number of positions in a wide range of industries this quarter, including in ULVAC, Olympus (global leader in endoscopes), Yamaha (largest global music instrument manufacturer), TDK Corp. (leading supplier of small-cell batteries and electronic components), Lion Corp. (leader in oral care products in Japan), and Sawai Group Holdings (largest generic drug manufacturer in Japan). While these companies face earnings pressure from various factors, including cyclical demand slumps and company-specific issues, we see unique opportunities for each of them to improve earnings over the next several years, including demand recovery, cost efforts, and pricing actions.

We also added to our positions in Net One Systems, Komatsu, Toray, DIC Corp., and Teijin, as their valuations remain undemanding. To facilitate these purchases, we divested from Seiko Epson, Tsubakimoto Chain, and Kuraray, while also scaling back positions in Isuzu, Dai-ichi Life, and T&D Holdings, all on valuation.

Our portfolio maintains significant exposures to industrials, financials, and consumer discretionary sectors. We remain solely focused on selectively investing in undervalued Japanese companies, especially those undergoing structural reforms for enhanced capital efficiency and shareholder returns. This outlook shapes our ongoing commitment to navigating the dynamic Japanese equity market. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Since Inception 7/1/15
Pzena Japan Focused Value Composite - Gross	2.2%	11.6%	11.6%	6.8%	6.8%	5.1%
Pzena Japan Focused Value Composite - NET	2.0%	10.7%	10.7%	5.9%	5.9%	4.3%
TOPIX Index	8.0%	19.6%	19.6%	0.7%	6.4%	4.8%
TOPIX Value Index	4.7%	23.9%	23.9%	7.5%	7.4%	5.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

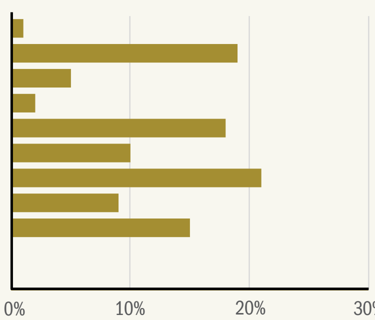
MINEBEAMITSUMI INC.	3.8%
SANKYU INC.	3.7%
BRIDGESTONE CORPORATION	3.6%
ZEON CORPORATION	3.5%
TORAY INDUSTRIES INC.	3.5%
SUMITOMO ELECTRIC INDUSTRIES	3.3%
SUMITOMO MITSUI FINANCIAL	3.2%
KOMATSU LTD.	3.2%
RESONA HOLDINGS, INC..	3.2%
PERSOL HOLDINGS CO. LTD.	3.1%
Total	34.1%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	8.5x	12.8x *
Price / Earnings (1-Year Forecast)	12.1x	14x
Price / Book	0.9x	1.3x
Median Market Cap ($B)	$4.1	$0.4
Weighted Average Market Cap ($B)	$11.1	$46.2
Active Share	92.1%	-
Standard Deviation (5-Year)	18.2%	15.2%
Number of Stocks (model portfolio)	39	2,155

Source: TOPIX Index, Pzena Analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

SECTOR WEIGHTS



	Strategy	Index
Communication Services	1%	7%
Consumer Discretionary	19%	18%
Consumer Staples	5%	7%
Energy	2%	1%
Financials	18%	12%
Health Care	9%	7%
Industrials	20%	24%
Information Technology	8%	14%
Materials	15%	6%
Real Estate	0%	2%
Utilities	0%	1%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PORTFOLIO STRATEGIES

PZENA LARGE CAP VALUE (US)

US markets rallied in the fourth quarter, as signs of easing inflation and lower interest rates boosted confidence in a soft landing. Technology and rate-sensitive real estate stocks performed the best, while energy was the only sector to post a negative return with oil prices softening. Growth outperformed value in the quarter, and our portfolio outpaced the value index.

Financials, industrials, and consumer discretionary were the top contributing sectors, while telecom and energy detracted. Shares of PVH, owner of Tommy Hilfiger and Calvin Klein, were strong during the quarter. The company demonstrated tangible progress on its self-help plan, as evidenced by strong margin performance in North America – historically its most challenging region. Capital One's share price reacted positively to signs of sequential improvement on credit quality; we expect the lender's credit card portfolio to benefit from continued strength in the US labor market. Citigroup rallied along with other large cap US banks in response to a brightening macroeconomic outlook. Citi's management also provided encouraging guidance on expense control, which has weighed on the bank's returns in recent years.

The top individual detractor, Charter Communications (Spectrum TV/Internet/Voice) sold off, as strong wireless broadband subscriber gains at T-Mobile & Verizon pressured its subscriber base. Pharma giant Bristol-Myers Squibb was weak after management lowered guidance for sales contributions from new drug launches through 2025. We believe BMY's current valuation reflects an overly pessimistic view of the drugmaker's new product pipeline. Energy major Exxon declined in concert with oil prices.

We initiated a position in Skyworks Solutions – a leading radio frequency component supplier to Apple and other device-makers – after concerns over iPhone unit volumes and pricing pressure weighed on the stock's valuation. We also added CVS Health Corp., which is a leading healthcare services provider with a diversified set of offerings including retail pharmacy, pharmacy benefits management (Caremark), and health insurance (Aetna).

CVS shares have been pressured by a host of factors across its business lines, such as reimbursement pressure in the retail pharmacy business, rising medical expenses weighing on insurance profitability, and negative political rhetoric aimed at curbing PBM profitability. We believe these fears are more than priced in given the company's leading competitive positions in an industry with favorable growth demographics.

We added to our position in Baxter, a leading global medical products company, after trial data indicated that GLP-1 drugs slowed advancement of kidney disease. The negative valuation impact from this headline exceeded our estimate of the earnings contribution from Baxter's renal business, creating an attractive buying opportunity.

We exited Booking Holdings and Verizon, and trimmed Wabtec, GE, and Skechers, all on valuation. Despite the quarter's solid performance, valuations remain attractive in the portfolio, which is most exposed to the financials and healthcare sectors. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 7/1/12
Pzena Large Cap Value Composite - Gross	11.8%	17.5%	17.5%	13.4%	12.6%	9.1%	12.0%
Pzena Large Cap Value Composite - Net	11.7%	17.0%	17.0%	13.0%	12.2%	8.7%	11.5%
Russell 1000 Value Index	9.5%	11.5%	11.5%	8.9%	10.9%	8.4%	10.7%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

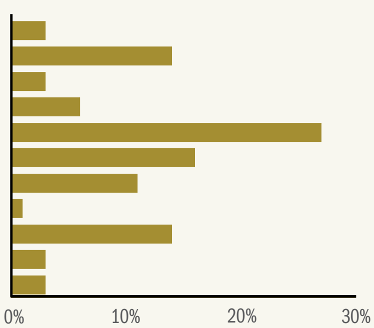
EQUITABLE HOLDINGS INC.	3.4%
COGNIZANT TECH SOLUTIONS	3.4%
CAPITAL ONE FINANCIAL CORP	3.4%
BANK OF AMERICA CORP	3.3%
SS&C TECH HOLDINGS INC.	3.2%
WELLS FARGO & COMPANY	3.2%
JPMORGAN CHASE & CO.	3.1%
BAXTER INTERNATIONAL.	3.1%
METLIFE INC.	3.1%
DOW INC.	3.0%
Total	32.2%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	8.1x	13.3x *
Price / Earnings (1-Year Forecast)	12.5x	15.9x
Price / Book	1.6x	2.4x
Median Market Cap ($B)	$38.5	$12.0
Weighted Average Market Cap ($B)	$83.9	$128.8
Active Share	83.4%	-
Standard Deviation (5-Year)	24.8%	18.8%
Number of Stocks (model portfolio)	50	849

Source: Russell 1000® Value, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	3%	4%
Consumer Discretionary	14%	9%
Consumer Staples	3%	7%
Energy	6%	8%
Financials	27%	20%
Health Care	16%	14%
Industrials	11%	16%
Real Estate	1%	5%
Technology	14%	8%
Telecommunications	3%	4%
Utilities	3%	5%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PORTFOLIO STRATEGIES

PZENA LARGE CAP FOCUSED VALUE (US)

US markets rallied in the fourth quarter, as signs of easing inflation and lower interest rates boosted confidence in a soft landing. Technology and rate-sensitive real estate stocks performed the best, while energy was the only sector to post a negative return given softening oil prices. Growth outperformed value in the quarter, and our portfolio outpaced the value index.

Financials, industrials, and consumer discretionary were the top contributing sectors, while telecom and energy detracted. Capital One's share price reacted positively to signs of sequential improvement on credit quality; we expect the lender's credit card portfolio to benefit from continued strength in the US labor market. Citigroup rallied along with other large cap US banks in response to a brightening macroeconomic outlook. Citi's management also provided encouraging guidance on expense control, which has weighed on the bank's returns in recent years. Shares of PVH, owner of Tommy Hilfiger and Calvin Klein, were also strong during the quarter. The company demonstrated tangible progress on its self-help plan, as evidenced by strong margin performance in North America – historically its most challenging region.

The top individual detractor, Charter Communications (Spectrum TV/Internet/Voice) sold off, as strong wireless broadband subscriber gains at T-Mobile & Verizon pressured its subscriber base. Pharma giant Bristol-Myers Squibb was weak after management lowered guidance for sales contributions from new drug launches through 2025. We believe BMY's current valuation reflects an overly pessimistic view of the drugmaker's new product pipeline. Fresenius Medical Care, a leading provider of dialysis products and services, declined after trial data indicated that GLP-1 drugs slowed the advancement of kidney disease. The share price reaction implied that GLP-1 usage will result in lower demand for dialysis. However, we note that any impact will be long-dated and that other GLP-1 benefits, such as the potential for fewer fatalities from heart disease, could result in an increase in the dialysis patient population.

We initiated a position in Skyworks Solutions – a leading radio frequency component supplier to Apple and other device-makers – after concerns over iPhone unit volumes and pricing pressure weighed on the stock's valuation. We added to our position in Baxter, a leading global medical products company, after the aforementioned trial data indicated that GLP-1 drugs slowed advancement of kidney disease. The negative valuation impact from this headline exceeded our estimate of the earnings contribution from Baxter's renal business, creating an attractive buying opportunity. We also continued building our position in Disney, which we initiated in Q3.

We exited Booking Holdings and Skechers, and trimmed Wabtec, GE, and Gildan all on valuation. Despite the quarter's solid performance, valuations remain attractive in the portfolio, which is most exposed to the financials and consumer discretionary sectors. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 10/1/00
Pzena Large Cap Focused Value Composite - Gross	12.1%	20.0%	20.0%	13.8%	12.9%	8.9%	7.9%
Pzena Large Cap Focused Value Composite - Net	12.0%	19.2%	19.2%	13.0%	12.1%	8.2%	7.1%
Russell 1000 Value Index	9.5%	11.5%	11.5%	8.9%	10.9%	8.4%	7.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

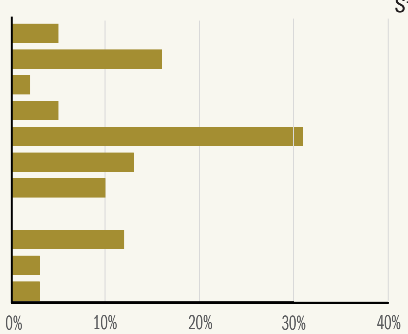
DOW INC.	4.8%
CITIGROUP INC.	4.8%
WELLS FARGO & COMPANY	4.7%
CAPITAL ONE FINANCIAL CORP	4.2%
BAXTER INTERNATIONAL.	4.1%
METLIFE INC.	4.0%
LEAR CORPORATION	3.7%
COGNIZANT TECH SOLUTIONS	3.6%
EQUITABLE HOLDINGS INC.	3.5%
MAGNA INTERNATIONAL INC.	3.4%
Total	40.8%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.7x	13.3x*
Price / Earnings (1-Year Forecast)	12.3x	15.9x
Price / Book	1.5x	2.4x
Median Market Cap ($B)	$35.5	$12.0
Weighted Average Market Cap ($B)	$74.7	$128.8
Active Share	89.0%	-
Standard Deviation (5-Year)	27.4%	18.8%
Number of Stocks (model portfolio)	36	849

Source: Russell 1000® Value, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	5%	4%
Consumer Discretionary	16%	9%
Consumer Staples	2%	7%
Energy	5%	8%
Financials	31%	20%
Health Care	13%	14%
Industrials	10%	16%
Real Estate	0%	5%
Technology	12%	8%
Telecommunications	3%	4%
Utilities	3%	5%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PORTFOLIO STRATEGIES

PZENA FOCUSED VALUE (US)

US markets rallied in the fourth quarter, as signs of easing inflation and lower interest rates boosted confidence in a soft landing. Technology and rate-sensitive real estate stocks performed the best, while energy was the only sector to post a negative return with oil prices softening. Growth outperformed value in the quarter, but our portfolio outpaced both the broad Russell 1000 index and the value series.

Financials, consumer discretionary, and industrials were the top contributing sectors, while telecom and energy detracted. Gap, Inc. shares rallied after the company's earnings report demonstrated progress on the turnaround at Old Navy. Capital One's share price reacted positively to signs of sequential improvement on credit quality; we expect the lender's credit card portfolio to benefit from continued strength in the US labor market. PVH, owner of Tommy Hilfiger and Calvin Klein, demonstrated tangible progress on its self-help plan, as evidenced by strong margin performance in North America – historically its most challenging region.

The top individual detractor, Charter Communications (Spectrum TV/Internet/Voice) declined, as strong wireless broadband subscriber gains at T-Mobile & Verizon pressured its subscriber base. Pharma giant Bristol-Myers Squibb was weak after management lowered guidance for sales contributions from new drug launches through 2025. We believe BMY's current valuation reflects an overly pessimistic view of the drugmaker's new product pipeline. Fresenius Medical Care, a leading provider of dialysis products and services, declined after trial data indicated that GLP-1 drugs slowed the advancement of kidney disease. The share price reaction implied that GLP-1 usage will result in lower demand for dialysis. However, we note that any impact will be long-dated and that other GLP-1 benefits, such as the potential for fewer fatalities from heart disease, could result in an increase in the dialysis patient population.

We initiated a position in Skyworks Solutions – a leading radio frequency component supplier to Apple and other device-makers – after concerns over iPhone unit volumes and pricing pressure weighed on the stock's valuation.

We also added Universal Health Services, a leading hospital group and the largest owner and operator of inpatient behavioral health facilities in the US. The company's margins have suffered from rising costs due to post-Covid labor shortages and increased physician group subsidies from the No Surprises Act. We expect margin headwinds to improve as reimbursement rates reset to reflect the labor cost inflation.

We added to our position in Baxter, a leading global medical products company, after the aforementioned trial data indicated that GLP-1 drugs slowed advancement of kidney disease. The negative valuation impact from this headline exceeded our estimate of the earnings contribution from Baxter's renal business, creating an attractive buying opportunity.

We trimmed Gap, Gildan, and Acuity Brands on strength. Despite the quarter's solid performance, valuations remain attractive in the portfolio, which is positioned toward more economically sensitive and cyclical businesses ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/96
Pzena Focused Value Composite - Gross	16.5%	28.7%	28.7%	15.3%	14.2%	9.1%	10.6%
Pzena Focused Value Composite - Net	16.2%	27.4%	27.4%	14.1%	13.1%	8.0%	9.5%
Russell 1000 Value Index	9.5%	11.5%	11.5%	8.9%	10.9%	8.4%	8.8%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

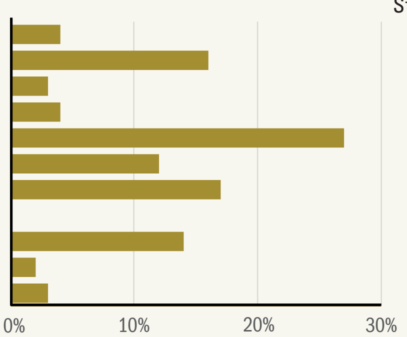
CAPITAL ONE FINANCIAL CORP	4.5%
CITIGROUP INC.	4.4%
WELLS FARGO & COMPANY	4.1%
DOW INC.	3.8%
LEAR CORPORATION	3.6%
COGNIZANT TECH SOLUTIONS	3.6%
BAXTER INTERNATIONAL INC.	3.4%
EQUITABLE HOLDINGS INC.	3.2%
METLIFE INC.	3.1%
EDISON INTERNATIONAL	2.9%
Total	36.6%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.7x	13.1x*
Price / Earnings (1-Year Forecast)	12x	15.9x
Price / Book	1.6x	2.4x
Median Market Cap ($B)	$16.9	$12.0
Weighted Average Market Cap ($B)	$55.4	$128.8
Active Share	90.7%	-
Standard Deviation (5-Year)	28.1%	18.8%
Number of Stocks (model portfolio)	40	849

Source: Russell 1000® Value, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	4%	4%
Consumer Discretionary	16%	9%
Consumer Staples	3%	7%
Energy	4%	8%
Financials	27%	20%
Health Care	12%	14%
Industrials	17%	16%
Real Estate	0%	5%
Technology	14%	8%
Telecommunications	2%	4%
Utilities	3%	5%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PZENA MID CAP FOCUSED VALUE (US)

US markets rallied in the fourth quarter, as signs of easing inflation and lower interest rates boosted confidence in a soft landing. The growth style outperformed value in the quarter, but our portfolio outpaced its value benchmark, as well as the broad Russell Midcap index.

The top contributing sectors in the quarter were financials, consumer discretionary, and industrials, whereas energy was the only detractor. The top individual performer was apparel company Gap, Inc., owner of Old Navy, Athleta, Banana Republic, and Gap. The stock doubled, as Old Navy comparable sales turned positive for the first time in over two years, while margins expanded on lower commodity costs and less promotional activity. Shares of PVH, owner of Tommy Hilfiger and Calvin Klein, were also strong during the quarter. The company demonstrated tangible progress on its self-help plan, as evidenced by strong margin performance in North America – historically its most challenging region. Finally, shares of door & window manufacturer JELD-WEN were up, as margins came in ahead of expectations – a reflection of self help initiatives bearing fruit.

Fresenius Medical Care, a leading provider of dialysis products and services, declined after trial data indicated that GLP-1 drugs slowed the advancement of kidney disease. However, we note that any impact will likely be long-dated and that other GLP-1 benefits, such as the potential for fewer fatalities from heart disease, could result in an increase in the dialysis patient population. Shares of consumer products company Newell Brands were weak on management's lower outlook for 2023 and 2024 sales, and NOV (energy services) shares languished on lower energy prices despite strong operating results.

In additional to Baxter (see Highlighted Holding section), we added four new names to the portfolio. One such company, Concentrix, is a leading outsourced customer experience provider that is contending with contract resets post-COVID. We maintain there is long-term value to be found in the scaled players, despite nearer-term cyclical economic headwinds weighing on volumes.

We also initiated a position in Skyworks Solutions – a leading radio frequency component supplier to Apple and other device-makers – after concerns over iPhone unit volumes and pricing pressure weighed on the stock's valuation. Another name, Corebridge, formerly AIG's Life & Retirement business, has been weak due to the overhang from AIG's sell-down, which we viewed as a buying opportunity. We added Universal Health Services, a leading US hospital group, on the premise that current margin headwinds are likely to abate, as reimbursement rates reset to reflect labor cost inflation.

To fund these purchases, we exited our positions in AIG, Skechers, Wabtec and MasterBrand, all on valuation. We also trimmed positions in Gap, Cardinal Health, and Axalta on strength. Despite the quarter's solid performance, valuations remain attractive in the portfolio, which is most exposed to the financials and consumer discretionary sectors. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 9/1/98
Pzena Mid Cap Focused Value Composite - Gross	17.1%	22.6%	22.6%	15.7%	16.7%	10.5%	12.5%
Pzena Mid Cap Focused Value Composite - Net	16.8%	21.4%	21.4%	14.5%	15.5%	9.4%	11.4%
Russell Midcap Value Index	12.1%	12.7%	12.7%	8.4%	11.2%	8.3%	9.8%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

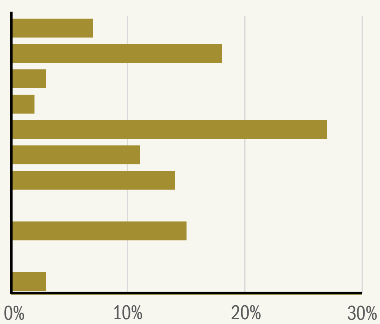
DOW INC.	4.3%
BAXTER INTERNATIONAL INC.	4.0%
LEAR CORPORATION	3.8%
CNO FINANCIAL GROUP INC.	3.2%
ACUITY BRANDS INC.	3.2%
COGNIZANT TECH SOLUTIONS	3.2%
EQUITABLE HOLDINGS INC.	3.0%
OLIN CORPORATION	2.9%
SS&C TECH HOLDINGS INC.	2.9%
MAGNA INTERNATIONAL INC.	2.9%
Total	33.4%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings	8.0x	12.7x
Price / Earnings (1-Year Forecast)	12.3x	15.9x
Price / Book	1.7x	2.2x
Median Market Cap ($B)	$10.7	$9.6
Weighted Average Market Cap ($B)	$15.2	$22.8
Active Share	95.0%	-
Standard Deviation (5-Year)	29.5%	22.0%
Number of Stocks (model portfolio)	41	703

Source: Russell Midcap® Value, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	7%	4%
Consumer Discretionary	18%	13%
Consumer Staples	3%	4%
Energy	2%	6%
Financials	27%	16%
Health Care	11%	7%
Industrials	14%	23%
Real Estate	0%	11%
Technology	15%	9%
Telecommunications	0%	1%
Utilities	3%	8%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

PORTFOLIO STRATEGIES

PZENA SMALL CAP FOCUSED VALUE (US)

Markets traded up sharply to end 2023, as the Fed's reaction to slowing inflation led to a decline in yields and increased investor optimism going into 2024. Small caps outperformed large caps in the quarter, but still lagged for the full year, while value outperformed growth. Our portfolio outperformed the benchmark for both the quarter and the full year.

The top contributing sectors for the quarter were consumer discretionary, financials, and industrials. Shares of Gap, Inc., owner of Old Navy, Athleta, Banana Republic, and Gap, doubled as Old Navy comparable sales turned positive for the first time in over two years, while margins expanded on lower commodity costs and less promotional activity. Tobacco leaf merchant Universal Corp. was also strong after reporting earnings that benefited from tight tobacco supply, as well as improving profitability in the company's ingredients business. PVH, which owns Calvin Klein and Tommy Hilfiger, rose on improved profitability and a drawdown of inventory.

Only health care detracted marginally in the quarter, and the biggest individual detractor was Belden (signal transmission equipment), which reported disappointing earnings and guidance, as destocking at its end customers led to a revenue decline. Another underperformer was nutritional supplement direct seller USANA Health Sciences, which reported weaker-than-expected sales, driven by challenging economic conditions in various Asian geographies, as well as lower promotional activity. Despite the weakness, USANA maintains a very strong cash position and is well-positioned for an expected rebound in Chinese demand. Finally, door manufacturer Masonite International traded down despite improving fundamentals after management announced the acquisition of a premium window manufacturer. While the target company is a high-quality business, the price is expensive and Masonite is taking on substantial leverage to complete the transaction, which prompted us to trim our position.

We initiated a position in Korn Ferry, a leading executive search firm with a strong consulting business. The company uses its strong C-suite and board relationships to cross-sell services and maintain tight relationships with companies. The stock has traded down on concerns that parts of the business were performing above-trend, but the company has a strong net-cash balance sheet to work through any weakness, and the stock more than discounts these concerns, in our view. We also initiated a position in commercial real estate broker Marcus & Millichap. The company is the leader in small private market transactions, but faced a sharp decline in revenue and earnings as commercial real estate volumes softened. The stock subsequently rebounded as interest rates declined, so we were not able to build a full position. We funded these positions via cash from the acquisition of P&C insurer Argo Group, as well as from the sale of Terex (aerial work platforms and material handling equipment) on valuation.

The portfolio remains positioned towards more economically sensitive and cyclical names, as valuations remain quite attractive. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of December 31, 2023

	4Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/96
Pzena Small Cap Focused Value Composite - Gross	16.4%	26.7%	26.7%	15.9%	14.9%	10.3%	13.2%
Pzena Small Cap Focused Value Composite - Net	16.1%	25.5%	25.5%	14.8%	13.7%	9.2%	11.9%
Russell 2000 Value Index	15.3%	14.6%	14.6%	7.9%	10.0%	6.8%	9.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 26.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 27)

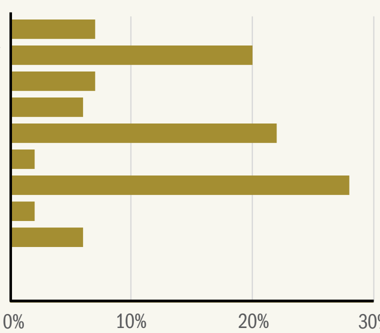
CNO FINANCIAL GROUP INC.	4.1%
STEELCASE INC. CLASS A	3.7%
ORION S.A.	3.4%
SCANSOURCE INC.	3.2%
RESIDEO TECHNOLOGIES INC.	3.2%
UNIVERSAL CORPORATION	3.1%
MRC GLOBAL INC.	3.1%
TRIMAS CORPORATION	2.8%
NOV INC	2.8%
OLIN CORPORATION	2.7%
Total	32.1%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.2x	12.2x*
Price / Earnings (1-Year Forecast)	11.6x	12.4x
Price / Book	1.4x	1.3x
Median Market Cap ($B)	$2.7	$0.8
Weighted Average Market Cap ($B)	$3.2	$2.7
Active Share	95.9%	-
Standard Deviation (5-Year)	30.2%	25.0%
Number of Stocks (model portfolio)	45	1,431

Source: Russell 2000® Value, Pzena analysis
*Investment universe median; [1]Pzena's estimate of normal earnings.

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	7%	4%
Consumer Discretionary	20%	14%
Consumer Staples	7%	2%
Energy	6%	9%
Financials	22%	26%
Health Care	2%	9%
Industrials	28%	14%
Real Estate	2%	11%
Technology	6%	6%
Telecommunications	0%	1%
Utilities	0%	4%

Sector weights adjusted for cash - may appear higher than actual. Numbers may not add to 100% due to rounding.

Calendar Year Returns *FIGURES IN USD*

GLOBAL VALUE

	2019	2020	2021	2022	2023
Global Value - Gross	22.9%	4.4%	20.6%	-7.3%	20.1%
Global Value - Net	22.2%	3.9%	19.9%	-7.8%	19.4%
MSCI World Index	27.7%	15.9%	21.8%	-18.1%	23.8%
MSCI World Value Index	21.7%	-1.2%	21.9%	-6.5%	11.5%

GLOBAL FOCUSED VALUE

	2019	2020	2021	2022	2023
Global Focused Value - Gross	23.6%	3.7%	20.2%	-7.4%	20.8%
Global Focused Value - Net	22.7%	3.0%	19.3%	-8.1%	19.9%
MSCI ACWI Index	26.6%	16.3%	18.5%	-18.4%	22.2%
MSCI ACWI Value Index	20.6%	-0.3%	19.6%	-7.5%	11.8%

INTERNATIONAL VALUE

	2019	2020	2021	2022	2023
International Value - Gross	18.1%	5.8%	12.9%	-7.6%	19.4%
International Value - Net	17.5%	5.2%	12.3%	-8.1%	18.7%
MSCI EAFE Index	22.0%	7.8%	11.3%	-14.5%	18.2%
MSCI EAFE Value Index	16.1%	-2.6%	10.9%	-5.6%	19.0%

INTERNATIONAL FOCUSED VALUE

	2019	2020	2021	2022	2023
International Focused Value - Gross	18.5%	5.7%	13.2%	-8.7%	20.8%
International Focused Value - Net	17.6%	4.9%	12.3%	-9.4%	19.9%
MSCI ACWI ex USA Index	21.5%	10.7%	7.8%	-16.0%	15.6%
MSCI ACWI ex USA Value Index	15.7%	-0.8%	10.5%	-8.6%	17.3%

INTERNATIONAL SMALL CAP FOCUSED VALUE

	2019	2020	2021	2022	2023
Int. Small Cap Focused Value - Gross	12.4%	0.3%	18.0%	-0.3%	24.0%
Int. Small Cap Focused Value - Net	11.3%	-0.7%	16.8%	-1.3%	22.8%
MSCI World ex-USA Small Cap Index	25.4%	12.8%	11.1%	-20.6%	12.6%
MSCI World ex-USA Small Cap Value Index	22.8%	2.6%	13.3%	-14.0%	14.7%

EMERGING MARKETS FOCUSED VALUE

	2019	2020	2021	2022	2023
EM Focused Value - Gross	13.4%	10.0%	7.5%	-5.7%	22.4%
EM Focused Value - Net	12.3%	9.0%	6.4%	-6.6%	21.2%
MSCI Emerging Markets Index	18.4%	18.3%	-2.5%	-20.1%	9.8%
MSCI Emerging Markets Value Index	11.9%	5.5%	4.0%	-15.8%	14.2%

EUROPEAN FOCUSED VALUE

	2019	2020	2021	2022	2023
European Focused Value - Gross	17.4%	0.3%	17.2%	-6.2%	24.8%
European Focused Value - Net	16.6%	-0.4%	16.5%	-6.8%	24.0%
MSCI Europe Index	23.8%	5.4%	16.3%	-15.1%	19.9%
MSCI Europe Value Index	17.4%	-5.1%	13.2%	-7.2%	19.7%

JAPAN FOCUSED VALUE

	2019	2020	2021	2022	2023
Japan Focused Value - Gross	13.9%	0.1%	8.3%	0.7%	11.6%
Pzena Japan Focused Value - Net	13.0%	-0.7%	7.5%	-0.1%	10.7%
TOPIX	18.8%	12.6	0.8%	-15.2%	19.6%
TOPIX Value	14.1%	0.8%	5.5%	-5.0%	23.9%

LARGE CAP VALUE

	2019	2020	2021	2022	2023
Large Cap Value - Gross	26.0%	-1.4%	29.5%	-4.1%	17.5%
Large Cap Value - Net	25.5%	-1.8%	29.0%	-4.5%	17.0%
Russell 1000® Value	26.5%	2.8%	25.2%	-7.5%	11.5%

LARGE CAP FOCUSED VALUE

	2019	2020	2021	2022	2023
Large Cap Focused Value - Gross	26.5%	-1.5%	30.2%	-5.7%	20.0%
Large Cap Focused Value - Net	25.6%	-2.2%	29.3%	-6.3%	19.2%
Russell 1000® Value	26.5%	2.8%	25.2%	-7.5%	11.5%

FOCUSED VALUE

	2019	2020	2021	2022	2023
Focused Value - Gross	26.9%	-0.1%	27.2%	-6.4%	28.7%
Focused Value - Net	25.7%	-1.1%	26.0%	-7.4%	27.4%
Russell 1000® Value	26.5%	2.8%	25.2%	-7.5%	11.5%

MID CAP FOCUSED VALUE

	2019	2020	2021	2022	2023
Mid Cap Focused Value - Gross	29.6%	7.8%	32.9%	-5.0%	22.6%
Mid Cap Focused Value - Net	28.4%	6.8%	31.6%	-6.0%	21.4%
Russell Midcap® Value	27.1%	5.0%	28.3%	-12.0%	12.7%

SMALL CAP FOCUSED VALUE

	2019	2020	2021	2022	2023
Small Cap Focused Value - Gross	26.7%	1.4%	30.5%	-5.8%	26.7%
Small Cap Focused Value - Net	25.5%	0.3%	29.2%	-6.8%	25.5%
Russell 2000® Value	22.4%	4.6%	28.3%	-14.5%	14.6%

See Portfolio Notes/Disclosures and important risk information beginning on the following page.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.
Gross rates of return are presented gross of investment management fees and net of the deduction of transaction costs. An investor's actual return will be reduced by investment management fees. Net Returns are derived using a model fee applied monthly to Gross returns. Pzena uses the highest tier fee schedule, excluding performance fees, to illustrate the impact of fees on performance returns. As product fees change, the current highest tier schedule will be in effect.

PORTFOLIO NOTES

The specific portfolio securities discussed in the Commentary, Global Research Review, and Stewardship Insights section of this report were selected for inclusion based on their ability to help you understand our investment process and not based on performance. They do not represent all of the securities purchased or sold or recommended for our client accounts during the quarter, and it should not be assumed that investments in such securities were or will be profitable. The portfolio security discussed in the Highlighted Holding section of this report (Baxter International) was held in our Focused Value, Global Focused Value, Global Value, Large Cap Focused Value, Large Cap Value, Mid Cap Focused Value, and other strategies during the fourth quarter of 2023. These securities were selected to illustrate our research process and not based on performance. Top 10 holdings for our strategies have been derived from the strategy's composite. Holdings will vary among client accounts as a result of different product strategies having been selected thereby. Holdings also may vary among client accounts as a result of opening dates, cash flows, tax strategies, etc. There is no assurance that any securities discussed herein remain in your portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and, in the aggregate, may represent only a small percentage of an account's portfolio holdings.

Gross rates of return are presented gross of investment management fees and net of the deduction of transaction costs. An investor's actual return will be reduced by investment management fees. Net Returns are derived using a model fee applied monthly to Gross returns. Pzena uses the highest tier fee schedule, excluding performance fees, to illustrate the impact of fees on performance returns. As product fees change, the current highest tier schedule will be in effect.

The contents of this document are for informational purposes only, and highlight certain investment strategies that Pzena Investment Management, LLC ("PIM") manages. It does not constitute an offer to sell, or a solicitation of an offer to buy, any strategy referenced herein.

RISK INFORMATION

All investments involve risk, including loss of principal. Investments may be in a variety of currencies and therefore changes in rates of exchange between currencies may cause the value of investments to decrease or increase. The price of equity securities may rise or fall because of economic or political changes or changes in a company's financial condition, sometimes rapidly or unpredictably. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. These risks are greater for investments in Emerging Markets. Investments in small-cap or mid-cap companies involve additional risks such as limited liquidity and greater volatility than larger companies. PIM's strategies emphasize a "value" style of investing, which targets undervalued companies with characteristics for improved valuations. This style of investing is subject to the risk that the valuations never improve or that returns on "value" securities may not move in tandem with the returns on other styles of investing or the stock market in general.

Past performance is no guarantee of future results, and the past performance of any accounts or commingled funds managed by PIM should not be considered indicative of the future performance of any accounts or commingled funds managed by PIM. Investment return and principal value of an investment will fluctuate over time. The performance information provided is historical in nature. The performance information presented for each investment strategy represents composite performance of separately-managed accounts and/or commingled funds (depending on the particular investment strategy presented).

DISCLOSURES

London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). ©LSE Group 2024. FTSE Russell is a trading name of certain of the LSE Group companies. Russell® is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Pzena Investment Management, LLC ("PIM"). Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, and of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

The S&P 500® is a registered trademark of Standard & Poor's, a division of The McGraw Hill Companies, Inc., which is the owner of all copyrights relating to this index and the source of the performance statistics of this index that are referred to herein.

The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices.

None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the MSCI Parties) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Benchmarks are used for comparative purposes only. The Russell, MSCI, and TOPIX indices cannot be invested in directly. The Pzena strategies are significantly more concentrated in their holdings and have different sector/ regional weights than their respective benchmarks. Accordingly, the performance of the Pzena Composites will be different from, and at times more volatile, than that of the indices.

The Russell 1000® Value Index measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. The Russell 2000® Value Index measures the performance of small-cap value segment of the US equity universe. It includes those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap® Value Index measures the performance of the midcap value segment of the US equity universe. It includes those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values.

The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance and provides equity returns including dividends net of withholding tax rates as calculated by MSCI. The MSCI All Country World Index (ACWI) is a free float-adjusted market capitalization index that is designed to measure developed and emerging market equity performance and provides equity returns including dividends net of withholding tax rates as calculated by MSCI. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada, and provides equity returns including dividends net of withholding tax rates as calculated by MSCI. The MSCI ACWI ex USA Index is a free float-adjusted market capitalization index that is designed to measure developed and emerging market equity performance, excluding the U.S., and provides equity returns including dividends net of withholding tax rates as calculated by MSCI. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets, and provides equity returns including dividends net of withholding tax rates as calculated by MSCI. The MSCI World ex-USA Small Cap Index is a free float-adjusted market capitalization index that is designed to measure small cap developed market equity performance, excluding the United States, and provides equity returns including dividends net of withholding tax rates as calculated by MSCI. The TOPIX Net Total Return Index is a free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the TSE First Section including dividends net of withholding tax rates as calculated by TOPIX. The MSCI Europe Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of the developed markets in Europe, and provides equity returns including dividends net of withholding tax rates as calculated by MSCI.

The MSCI World Value Index, MSCI ACWI Value Index, MSCI EAFE Value Index, MSCI ACWI ex USA Value Index, MSCI Emerging Markets Value Index, MSCI World ex-USA Small Cap Value Index, TOPIX Value Index and MSCI Europe Value Index are constructed from their respective parent index. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

FURTHER INFORMATION

These presentation materials are intended for the exclusive purpose of evaluating the investment advisory services of Pzena Investment Management, LLC. Pzena Investment Management, LLC is located at 320 Park Avenue, 8th Floor, New York, NY 10022 and is a registered investment adviser registered with the United States Securities and Exchange Commission. Any other use is strictly prohibited.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities or investment advisory services in any jurisdiction where such an offer or solicitation is against the law, or to anyone to whom it is unlawful to make such an offer or solicitation, or if the person making the offer or solicitation is not qualified to do so. The information contained herein is general in nature and does not constitute legal, tax, or investment advice. Prospective investors are encouraged to consult their own professional advisers as to the implications of making an investment in any securities or investment advisory services.

ADDITIONAL INFORMATION FOR UK INVESTORS:

This marketing communication is issued by Pzena Investment Management, Limited ("PIM UK"). PIM UK is a limited company registered in England and Wales with registered number 09380422, and its registered office is at 34-37 Liverpool Street, London EC2M 7PP, United Kingdom. PIM UK is an appointed representative of Vittoria & Partners LLP (FRN 709710), which is authorised and regulated by the Financial Conduct Authority ("FCA"). The Pzena documents have been approved by Vittoria & Partners LLP and, in the UK, are only made available to professional clients and eligible counterparties as defined by the FCA.

The Pzena documents are only made available to professional clients and eligible counterparties as defined by the FCA. Past performance is not indicative of future results. The value of your investment may go down as well as up, and you may not receive upon redemption the full amount of your original investment. The views and statements contained herein are those of Pzena Investment Management and are based on internal research.

ADDITIONAL INFORMATION FOR EU INVESTORS:

This marketing communication is issued by Pzena Investment Management Europe Limited ("PIM Europe"). PIM Europe (No. C457984) is authorised and regulated by the Central Bank of Ireland as a UCITS management company (pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended). PIM Europe is registered in Ireland with the Companies Registration Office (No. 699811), with its registered office at Riverside One, Sir John Rogerson's Quay, Dublin, 2, Ireland. Past performance is not indicative of future results. The value of your investment may go down as well as up, and you may not receive upon redemption the full amount of your original investment. The views and statements contained herein are those of Pzena Investment Management and are based on internal research.

FOR AUSTRALIA AND NEW ZEALAND INVESTORS ONLY:

This document has been prepared and issued by Pzena Investment Management, LLC (ARBN 108 743 415), a limited liability company ("Pzena"). Pzena is regulated by the Securities and Exchange Commission (SEC) under U.S. laws, which differ from Australian laws. Pzena is exempt from the requirement to hold an Australian financial services license in Australia in accordance with ASIC Corporations (Repeal and Transitional) Instrument 2016/396. Pzena offers financial services in Australia to 'wholesale clients' only pursuant to that exemption. This document is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in Australia.

In New Zealand, any offer is limited to 'wholesale investors' within the meaning of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 ('FMCA'). This document is not to be treated as an offer, and is not capable of acceptance by, any person in New Zealand who is not a Wholesale Investor.

FOR JERSEY INVESTORS ONLY:

Consent under the Control of Borrowing (Jersey) Order 1958 (the "COBO" Order) has not been obtained for the circulation of this document. Accordingly, the offer that is the subject of this document may only be made in Jersey where the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom, or Guernsey, as the case may be.

The directors may, but are not obliged to, apply for such consent in the future. The services and/or products discussed herein are only suitable for sophisticated investors who understand the risks involved. Neither Pzena Investment Management, Ltd. nor Pzena Investment Management, LLC nor the activities of any functionary with regard to either Pzena Investment Management, Ltd. or Pzena Investment Management, LLC are subject to the provisions of the Financial Services (Jersey) Law 1998.

FOR SOUTH AFRICAN INVESTORS ONLY:

Pzena Investment Management, LLC is an authorised financial services provider licensed by the South African Financial Sector Conduct Authority (licence nr: 49029).

PZENA Investment Management

320 PARK AVENUE, 8TH FLOOR | NEW YORK, NY 10022 | TEL: (212) 355-1600 | FAX: (212) 308-0010 | WWW.PZENA.COM