PZENA Investment Management

Quarterly Report to Clients

First Quarter 2024

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To Our Clients

Global equity markets were almost uniformly higher for the second quarter in a row. US large cap led the way, driven by the largest names in the index, as has been the case for the past several years. China was, once again, the notable laggard in the quarter.

Post-pandemic, China stands out as a performance outlier, with its valuation multiple experiencing a significant drop despite robust financial performance. Our Commentary explores the unique value proposition of China's vast and diverse equity market. While investors are understandably cautious about factors such as slowing GDP growth, real estate market weakness, demographic shifts, and geopolitical uncertainties, particularly concerning Taiwan, it is important to remember that every excellent value opportunity is born from uncertainty. This dynamic presents an opportunity for disciplined value investors to uncover undervalued stocks with solid fundamentals and the potential for long-term alpha generation.

Our Global Research Review details the diverse opportunity set we are seeing in geographies such as the US, China, and Japan, and industries such as autos, customer experience outsourcers, and healthcare. Our Highlighted Holding digs deeper into one of the opportunities we are seeing in China—WH Group, the world's largest pork producer. The company is working through short-term pain in one of its segments, while an overemphasis on its domicile is masking an otherwise high-quality business with massive scale. Finally, our Creating Value Through Stewardship article discusses the recent positive changes in corporate governance in the Japanese market and highlights a couple of specific investment opportunities in companies that demonstrate forward-thinking governance practices.

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

Sincerely,

Pzena Investment Management

PZENA COMMENTARY

We see a disconnect between valuations and financial performance in China, creating intriguing opportunities for disciplined value investors, despite the macroeconomic headwinds and geopolitical tensions.

Nearly every major equity market is up substantially from the 2020 pandemic sell-off, with China being the notable exception. Chinese equities are hovering near their zero-COVID lockdown valuations of two years ago, which we believe does not reflect many of the companies' fundamentals. This essay explores the opportunities and risks we are observing in Chinese stocks today.

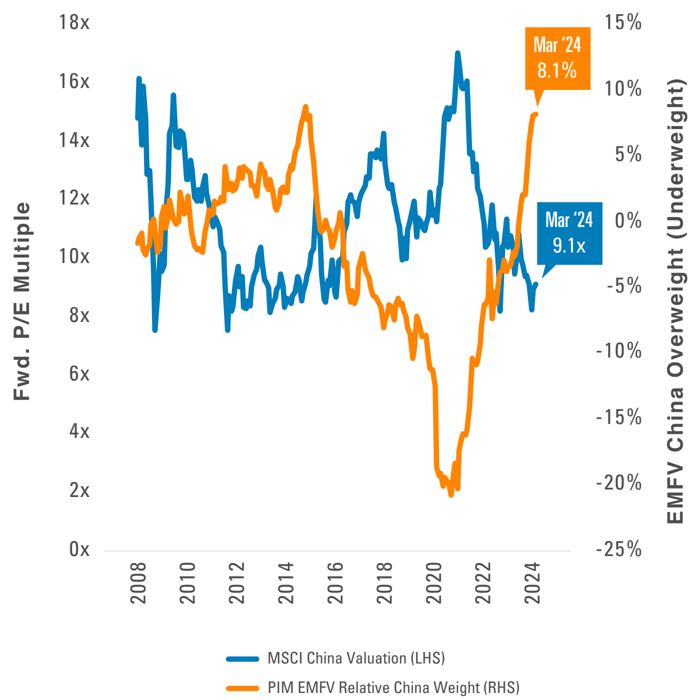
THE OPPORTUNITY IN CHINA VALUE

We see a clear, fundamental disconnect between Chinese asset valuations and financial performance. Put simply, investors have extrapolated the nation's current macroeconomic headwinds and geopolitical uncertainty into the future, ascribing little-to-no probability of conditions and policies improving.

Chinese stocks have been characterized as "uninvestable" by many, as evidenced by a 46% market decline since the end of 2020, with the vast majority of MSCI China constituents in the red since then. As valuation multiples have collapsed over the past few years, it should not be surprising to see disciplined value investors, like us, intensifying our research efforts in this region (Exhibit 1). We see these significant and broad declines as opportunities to begin intensive, fundamental, company-level research, seeking to identify strong franchises unduly punished by sweeping reactions to temporary issues or macroeconomic and geopolitical fears (see the Highlighted Holding and Global Research Review sections for specific examples). We have thus selectively increased our Chinese exposure in our Emerging Markets portfolios to 33.2% today (the MSCI weighting is 25.1%; down from 40.7% when COVID began), up from 22.4% in 4Q20 (we combine China and Hong Kong exposures when considering risk in that region, as we believe they share common macroeconomic and geopolitical risks).

Exhibit 1: The Opportunity in China Value

China's PE Near Generational Low



Source: FactSet, Pzena analysis
**Pzena Emerging Markets Focused Value Composite estimate; includes both China and Hong Kong. MSCI China valuation uses NTM P/E. Data from January 1, 2008 – March 31, 2024.*

Valuation's positive impact on long-term returns has been well-documented, and our research has also shown that steep performance declines in emerging market countries often sow the seeds for significant future alpha generation (4Q21 Newsletter Commentary).

Incessant negative headlines have caused selloffs in many outstanding franchises, despite these companies displaying solid financial performance. This circumstance has resulted in a large subset of Chinese value stocks offering financial metrics comparable to EM peers at far less demanding valuations (Exhibit 2).

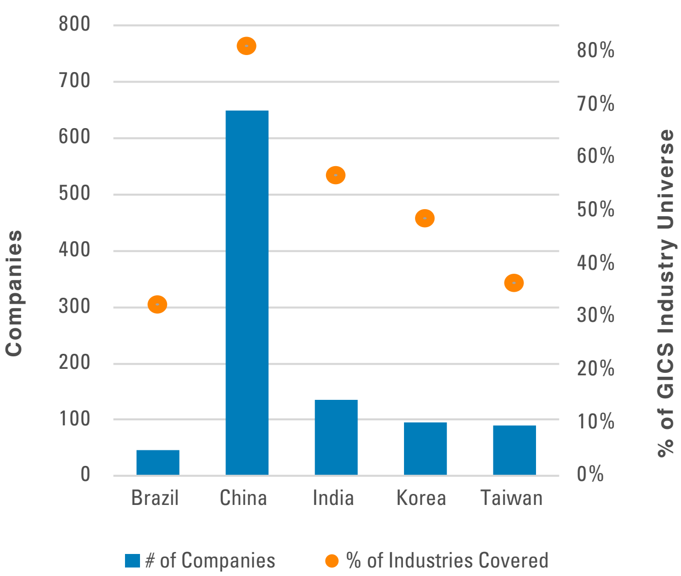
Exhibit 2: Similar Fundamentals at Different Valuations
Emerging Markets Key Financial Data Cheapest Quintile vs. Market

	Historical Return on Equity	Historical Revenue Growth	Price to		
			Earnings	Sales	Book Value
Cheapest Quintile (Q1)	**16%**	**14%**	**8.6x**	**1.3x**	**1.2x**
Q1 China	14%	17%	6.5x	0.9x	0.8x
Q1 ex-China	16%	12%	11.3x	1.9x	2.0x
Market	**13%**	**15%**	**12.4x**	**1.4x**	**1.6x**

Source: FactSet, Pzena analysis
Cheapest quintile basket of stocks based on Pzena's price-to-normalized earnings estimates.
P/E and P/S ratios are calculated using consensus FY1 estimates.
Return on equity and revenue growth average calculated over trailing 10-year period.
Market is the largest ~1,500 stocks in non-developed markets ranked by market capitalization.
Data as of March 31, 2024. Does not represent any specific Pzena product or service.

The opportunity set in China is also significantly larger and more diverse than in any other developing country, with more than 600 stocks spanning 60 industries (Exhibit 3).

Exhibit 3: MSCI EM by Geography



Source: FactSet, Pzena analysis
MSCI EM Index data as of March 31, 2024

WHY IS CHINA SO CHEAP?

Every value opportunity is born from some controversy, which is what makes a stock cheap in the first place. Chinese stocks have the additional burden of the country in which they are domiciled.

While we are bottom-up stock pickers, we always assess the impact of the long-term macroeconomic environment on the companies in which we invest. Additionally, we assign higher discount rates to EM-domiciled companies, including China, compared to developed market peers, for whom macroeconomic and geopolitical risks are less material.

China is confronting obstacles it has never faced before. In our view, and from the perspective of investors, China's issues are mainly two-fold: 1) decelerating GDP growth, highlighted by weakness in the crucial property sector and exacerbated by unfavorable demographic trends and counterproductive government policies, and 2) geopolitical uncertainty—namely, trade wars and persistent friction between Beijing and Washington, and in the extreme case, the possibility of an outright conflict with Taiwan.

China's property market malaise stems from decades of debt-fueled overexpansion, followed by an abrupt government-directed deleveraging campaign. China is unique, in that roughly 70% of household wealth is tied up in property, while the sector accounts for more than a fifth of economic output[1], well above global peers. As consumers observe their net worth plummeting, they are likely to spend less on discretionary items, with effects that could ripple through the economy.

Worsening demographics, in the form of a declining and aging population, are also causing investor angst. With rapid population growth no longer a catalyst for economic expansion, the Chinese government must boost labor productivity to keep the economy steaming ahead.

1. Goldman Sachs https://www.goldmansachs.com/intelligence/podcasts/episodes/11-28-23-ho-shan-wang-f/transcript-final.pdf

Perhaps the most unpredictable China investment risk involves geopolitics. China's President Xi has been explicit in his goal of "reunifying" Taiwan with Beijing. Additionally, trade tensions remain elevated, as China looks to procure advanced technology it cannot produce itself to boost its defense capabilities. Meanwhile, it is flooding Western countries with government-subsidized exports, like cheap electric vehicles, drawing the ire of US and European officials. Furthermore, the prospect of a second Trump presidency increases the uncertainty around another trade war with China.

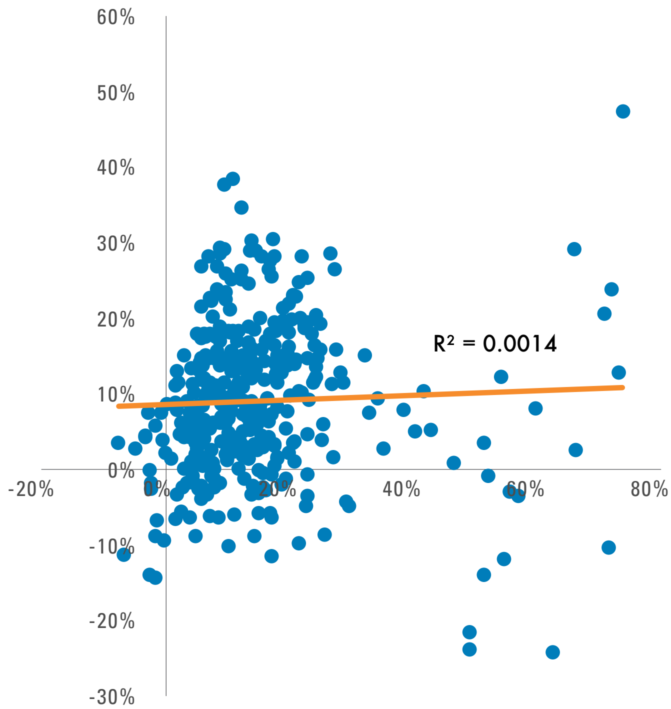
THE UPSHOT

As value investors, we look at issues through a long-term lens to assess whether they are likely to be temporary in nature and have a reasonable probability of abating. For China, we believe these macroeconomic risks should neither be disregarded nor marginalized, but it is also important to contextualize today's situation. China is still one of the fastest growing economies in the world, exhibiting real GDP growth of over 30% from 2020—nearly 20 percentage points above the US[2]. China remains a predominantly supply-driven economy, and, on that front, activity is objectively positive, with 15 consecutive quarters of year-over-year industrial production growth, powering the country's $3T export machine[3]. Investors are understandably more concerned about the consumption side of China's economy, but even retail sales have continued to grow as unemployment remains relatively low, and consumers pull back on home purchases, supporting spending elsewhere.

Despite investors' fixation on China's moderating economic output, the reality is that a country's GDP growth on its own has never proven to be a reliable indicator of the future path of equities (Exhibit 4).

Exhibit 4: GDP Growth Has Historically Been an Unreliable Indicator for Equity Performance

G7 Countries + China 5-Year Real GDP Growth (x-axis) vs. 5-Year Return (y-axis)



Source: World Bank, MSCI, Sanford C. Bernstein & Co., Pzena analysis
Chart displays all five-year data points available since 1960 for Canada, France, Germany, Italy, Japan, UK, US, and China combined. Five-year returns are annualized. All data was analyzed annually and in local currencies as of December 31, 2022.

South Korea provides a great example of the lack of correlation between economic growth and stock market performance. In the decade before 2010, Korea entered a period of decelerating GDP growth, from +11.5% in 1999 to barely above water 10 years later[4]. Korean stocks nonetheless returned +13% per annum, whereas US stocks gained just over 1% per year (excluding the Global Financial Crisis' negative impact on US market performance)[5]. The principal reason for this extreme performance differential, we believe, was valuation. In December 1999, US stocks were trading at an average of 5.6x book value versus 1.7x for Korean stocks[6].

China's troubled property sector also does not resemble the GFC-era housing crisis in the US,

2. FactSet (CY20–CY23)
3. FactSet as of EoY 2023
4. FactSet; YoY real GDP Growth (1999–2009)
5. FactSet; MSCI USA vs. MSCI Korea, total return in local currency from Dec. 1999–Dec. 2007
6. Bloomberg; MSCI USA vs. MSCI Korea

mainly because Chinese homeowners are not in remotely as precarious of financial shape as US subprime borrowers were in 2008. In fact, property owners have been rapidly deleveraging over the past few years, mitigating the prospect of a consumer default wave that collapses the nation's banking sector.

China's population may be in decline, but its labor productivity remains well below that of developed market peers, leaving a massive runway for improvement and aligning with President Xi's goal of moving up the manufacturing complexity curve.

On the geopolitical front, both the timing and manner of Taiwan's "reunification" remains unclear. Russia's military ineffectiveness in Ukraine and NATO's cohesiveness certainly weighs on any decision that would include hostility. Most importantly, China's dependence on, and its importance to world trade, makes its calculus for "reunification" far different than Russia's. China is the leading trading partner for 120 countries, and its exports represent more than 20% of its GDP. The pandemic years and the associated supply chain problems highlighted the reliance of China's trading partners on its massive manufacturing base.

While the prospect of conflict in the Taiwan Strait clearly weighs heavily and uniquely on Chinese stocks, we believe investors are overlooking the potential impact on global stocks, should it come to fruition. TSMC—the world's largest chip manufacturer—potentially being forced to shut down due to a Chinese invasion, for example, would surely be disastrous for market darling NVIDIA, which counts TSMC as its single largest supplier. And yet, there is seemingly no discount applied to NVDA shares for this possibility. We have chosen to add Chinese-domiciled stocks to our portfolios, which, we believe, are now priced at a discount, considering the geopolitical risk. This risk has always existed but is only now being reflected in share prices.

CONCLUSION

While China's equity market has faced significant challenges and uncertainties, the current landscape offers intriguing opportunities for disciplined value investors. Despite the macroeconomic headwinds and geopolitical tensions, the deeply discounted valuations of select Chinese stocks present a compelling starting point for potential alpha generation. By carefully assessing the underlying fundamentals of individual companies and considering the broader economic context, investors can uncover hidden gems amid the market turmoil.

As history has shown with other country-specific opportunities, the starting point of cheap valuation is the most reliable determinant of long-term equity performance, in our view. Therefore, while acknowledging the risks, it is imperative to recognize the potential rewards from selectively investing in strong Chinese franchises trading at cheap valuations.

Value stocks are discounting some very pessimistic scenarios. We are finding opportunities in stocks that are priced for a challenging macroeconomic and geopolitical backdrop, as well as those facing company-specific issues.

In rising markets, momentum continued to favor growth names in the March quarter across all regions, with the single exception of Japan, the developed world's top-performing major market, in local currency terms.

As the table below shows, valuation spreads in our various universes remain wide, and we continue to find many good, undervalued companies across a range of industries and geographies to research and with which to populate our portfolios.

Exhibit 1: Global Valuations: Price-to-Normalized Earnings Mid-Points
As of March 31, 2024

	Cheapest Quintile[1]	Universe[2]
Global	7.8	14.5
US	8.1	13.8
Europe	6.8	12.7
Japan	7.6	13.8
Emerging Markets	8.6	17.5

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 global healthcare industry and China are proving to be particularly fertile hunting grounds.

HEALTHCARE

A confluence of factors has served to depress valuations in the healthcare sector. Headwinds have included slow mean reversion to pre-COVID hospital admissions; rising, and slow to pass on, raw material costs; and changes in the US, whereby Medicare can negotiate the prices of some of the costliest single-source, brand-name drugs directly with manufacturers, starting in 2026. There have been company-specific issues as well. Novo Nordisk recently announced a new GLP-1[1] weight-loss drug that hit the kidney dialysis names, Fresenius Medical Care and Baxter International.

1. Glucagon-like peptide 1 agonists (Ozempic, Wegovy, etc.)

In response to the Medicare changes, several companies have raised their research and development (R&D) spending to fast-track new drugs to market. Sanofi, which is attempting to reboot its development engine, was one such company, and we added to the position after the share price fell on the announcement of increased R&D spending. Meanwhile, its drug, Dupixent (a biologic for the treatment of eczema), has huge potential as they execute on the turnaround. Sanofi and Baxter's shares trade at slightly over 8x our normal earnings estimates.

Reimbursement-related gross margin pressure in the US retail pharmacy sector and regulatory scrutiny of pharmacy benefit managers' contracting practices gave us an opportunity to buy into the long-term growth on the specialty dispensing side at the leading US retail pharmacy, CVS Health. Competitive pressures in retail pharmacy are abating, as capacity leaves the market (in particular, Rite Aid's bankruptcy, but also including an uptick in independent pharmacy closures). The shares trade at 7.3x our normal earnings estimate.

Japan-based medical equipment company Olympus manufacturers endoscopes and other surgical devices. The bulk of its profits come from gastrointestinal (GI) endoscopes. There are only three global players in this highly concentrated market; hence, there is a low risk of disruption. Despite growth tailwinds in its biggest market, the main controversy involves the US regulator setting more stringent regulatory and compliance requirements, thereby raising remediation costs at Olympus and at its competitors. This result has provided the opportunity to access a unique exposure to a high-quality business and industry, with shares trading at 10.0x our normal earnings estimate.

DEEPLY DISCOUNTED CHINESE NAMES

We are finding many attractively priced global franchises in China today. We hold more than 20 Chinese names, spread across 17 different industries. A number of these companies have been discussed in our recent Newsletter Global

Research Reviews, as well as our Highlighted Holding WHG.

Being highly selective is crucial to identifying potential winners in struggling industries. China Overseas Land & Investment (COLI) is a partially state-owned property developer possessing a formidable balance sheet, superior scale, and a discernible funding-cost advantage. While most of the glut in China's property sector is concentrated in tier 3 & 4 cities, COLI is primarily exposed to tier 1 & 2 areas that are far less speculative and frothy. COLI is trading at around 4.2x forward earnings, stigmatized by the market for the woes of the industry in which it operates.

Man Wah Holdings is the largest recliner sofa manufacturer in the world, with a 60% market share in China and a 10% share in the US market. Near-term revenue weakness is due to COVID-driven pull forward of demand, with weak current operating margins reflecting higher raw material and freight costs. Both are viewed as temporary issues. In China, revenue growth should be driven by increased market penetration, as the company opens 600 new stores this year to add to its current tally of 7,000. Recently, a manufacturing facility was opened in Mexico to reduce tariff/freight costs, and previously Man Wah navigated the Trump Administration's China tariffs by relocating export manufacturing from China to Vietnam. The shares trade at 7.6x our normal earnings estimate.

JAPAN RALLY

Perceived corporate governance improvements, including a greater focus on shareholder returns, and the weakness of the Japanese yen have boosted the share prices of larger Japanese corporations and seen the Nikkei 225 Index finally exceed its 1989 previous high, albeit on less exotic valuations than before. However, smaller Japanese names have been left behind, such as Sawai Group, Japan's largest generic drug manufacturer. The Japanese government's strict price-control regime on generic drugs effectively under-remunerated incumbents but also encouraged new entrants/discounters. Ultimately, low profitability discouraged the maintenance of good manufacturing processes, with some dire patient consequences and a reduction in available capacity that led to drug shortages. The government is expected to revise the price mechanism in early 2024 to one that is more favorable to large incumbents with greater manufacturing capabilities. This change should allow Sawai to recover towards its prior profit margins. It trades at 7.4x our normal earnings estimate.

NAVIGATING THE EV TRANSITION

Traditional western manufacturers have been stepping up EV launches, but China is aggressively flooding key markets, using its labor cost advantage and government subsidies to undercut competitors. Chinese EV penetration in the European Union is now estimated between 8 and 10%, up from 2% in 2021. The US is now also being targeted by Chinese EV-makers, and reports indicate they are considering building plants in Mexico to sidestep the US 27.5% tariff rate.

Navigating this "disruption" is, of course, challenging. Some of our parts manufacturers are potential beneficiaries of the transition, including Lear with its electric wire harness business, and Michelin with its premium tire products, given the requirement for premium tires on heavier, battery-lugging vehicles. We have taken profits on Japanese automaker Subaru and exited Volkswagen, where intensified competitive headwinds for the EV transition, as well as management walking back plans to spin out its profitable brands subtly changed the investment thesis for us.

AI DISRUPTEE OR BENEFICIARY?

Teleperformance is the leading outsourced customer experience provider. During COVID, the company experienced higher revenue growth from increased outsourcing and better margins, reflecting reduced price sensitivity of customers. The market is worried that this benefit will abate and that emerging, generative AI technology could become a long-term disrupter. The normalization of the pandemic benefit is largely complete, but cyclical economic weakness could be a near-term headwind as companies slash budgets. It may also encourage more outsourcing, as Teleperformance is generally more efficient than its customers in this function. We believe that the market is nervous about the potentially negative impacts of generative AI and wary of the scope to integrate AI into an already complex customer-experience landscape. However, initial pilots point to material efficiency gains for Teleperformance in its operations. AI might benefit the major players in the outsourced customer-experience industry, and we believe the stock has overreacted to both the short-term and the long-term AI-driven concerns. Shares trade at just 5.4x our normal earnings estimate. We also added Concentrix, another leading outsourced customer experience provider that is contending with contract resets post-COVID. We maintain that there is long-term value to be found in the scaled players, despite nearer-term cyclical economic headwinds weighing on volumes.

CONCLUSION

While we have focused primarily here on the many opportunities in both China and the global healthcare industry, the reality is that the opportunity set remains disparate, with many company-specific issues generating attractive valuations for us. Finding good companies where fear has been baked into their valuations is our constant quest as value investors. Defining the path back to normal earnings power is the role of our research analysts, in the context of their deep knowledge of their industry and the detailed research they conduct on those individual companies that screen in the cheapest quintile of our various investment universes. This allows us to create well diversified portfolios of companies with multiple paths back to their normal earnings potential.

STEWARDSHIP INSIGHTS

In the wake of the Tokyo Stock Exchange governance reforms, we remain focused on how companies are improving their governance structures to create shareholder value. We illustrate this approach with two of the more exciting opportunities in our Japanese portfolio.

Corporate governance is foundational to our decision making. Poor governance can drive a permanent capital impairment for any given investment. The Japanese market has had a reputation for governance shortcomings, reflected in lower market returns over time. More recently, we have seen significant positive changes, spearheaded by the Tokyo Stock Exchange (TSE). These reforms have the potential to crystalize governance reforms that have helped drive the strong rally in Japanese equities. Japanese governance reform has been high on our list of interests since we began investing in the region more than 20 years ago.

TSE REFORMS

Following the revision of Japan's corporate governance code in 2021, the TSE implemented additional reforms with the explicit aim to increase Japanese valuations. The TSE requested that all companies listed on the Prime and Standard Markets take "action to implement management that is conscious of cost of capital and stock price", with an emphasis on companies with a price-to-book (PBR) ratio below 1.

Disclosures to inform investors of company actions are required by March 2025, and the TSE began publishing the list of companies that have already done so earlier this year. Per the latest information from the TSE, 47% of companies in Prime, but only 14% of Standard, have provided a business plan to improve capital efficiency[1].

INVESTMENT IMPLICATIONS

These reforms have driven productive changes among our investments:

1. Meaningful increase in engagement opportunities
2. Increased shareholder returns
3. Positive changes in board structure
4. Improved disclosure on the path to improved returns

1. As of February 29, 2024; Japan Exchange Group (JPX) and Pzena Analysis

While we see these reforms as directionally positive, they are still largely a top-down directive. To be successful, companies must make changes from the bottom up. We believe that we are still in the early stages of change. We need to see improvement not only in the independence but also in the quality of company boards. Directors need to have relevant experience, so they can ask the right questions of management and conduct proper oversight. We continue to see opportunities for improvement and maintain this dialogue with portfolio companies.

Looking ahead, we see private equity and activists becoming even more active in the market. Activism in Japan is already at a record high, as the second largest market for activist investment. We see this as a positive because activists are helping to accelerate the necessary governance reforms. The ability to assess which companies are serious about reform and which are just paying lip service to the requirements will become an even more important part of the bottom-up fundamental analysis. Historically, this narrative of private equity and activism has driven outperformance in the small cap space, which aligns with our view of the value opportunity in Japan today.

We illustrate some of the more attractive investment opportunities we see in the market through two company examples in our Japanese portfolio:

Suzuken, pharmaceutical wholesaler

We view Suzuken management as forward thinking in their capital allocation plans, with a comprehensive plan to improve ROE and get to 1x book value. This approach involves the ongoing sell-down of equity holdings and returning 100% of the company's earnings to shareholders to maintain ROE levels above cost of capital. Meanwhile, the company aims to further enhance ROE through structural reforms within its existing business and optimization of its business portfolio. Thus far, the release of excess capital and the payouts to shareholders are moving in the right direction, but we plan to keep Suzuken on our Opportunity List[2] until these plans are fully executed. We cast our proxy votes in favor of the board of directors because we approve of the decision making and the concrete actions that have contributed to an enhancement of the corporate value for Suzuken.

Hokkoku Financial Holdings, regional bank

Hokkoku has been proactively improving its ROE to 8% in a challenging banking business environment. The company released excess capital and increased its payout to shareholders while unwinding its cross-shareholdings. Hokkoku has made steady improvements in its board structure as well, achieving a majority-independent board last year. The management compensation scheme has also been revised to be ROE-driven. Together with its effort to reduce fixed costs and improve the business mix, we believe the company's structural ROE improvement will be rewarded. Hokkuku could be a candidate for removal from our Opportunity List, given these substantial improvements in corporate governance.

CONCLUSION

While there is a lot of excitement surrounding the Japanese market today, we think it has never been more important to choose investments wisely and determine, through fundamental analysis, which companies are serious about governance reform. It is worth acknowledging that any significant transformation takes time; therefore, it can be beneficial to be a long-term investor who has patience to wait for earnings to reach their long-term potential. Ultimately, stock performance, through the repricing of shares, will follow the business results and cash earnings. For this reason, we remain focused on governance and prudent capital allocation, something which, perhaps, has now come into sharper focus for the rest of the market.

2. The Pzena Opportunity List refers to 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. You can read more about our Opportunity List here and here.

HIGHLIGHTED HOLDING: WH GROUP

We believe the market is overlooking Hong Kong-based WH Group's high-cash-generating core business, focusing instead on far less material, and likely transitory, headwinds, thereby resulting in a compelling valuation.

Headquartered in Hong Kong, WH Group (WHG) is the world's largest pork company, with leading market share in both China and the US, the top two pork-consuming countries. Via its two subsidiaries—China-based Henan Shuanghui (70% ownership) and US-based, wholly-owned Smithfield—WHG's global operations processed 49 million hogs, and sold 8.7 billion pounds of pork, and 7.0 billion pounds of packaged meats throughout Asia, Europe, and North America last year[1]. Despite WHG's rise from a single, Chinese state-owned processing plant to the global juggernaut it is today, its stock has languished for the better part of the last five years, shedding nearly half its value. In our view, investors are overly fixated on the company's Chinese domicile (despite most of its sales being generated overseas), and the temporarily underperforming (and far less material) commoditized piece of WHG's overall business, resulting in a compelling valuation today.

PORK PAIN

WHG has two operating segments: Pork, which includes hog raising and minimally processed fresh pork, and Packaged Meats, which includes processed products like ham, sausage, and bacon. Packaged Meats' performance has been consistently positive, whereas Pork was significantly loss-making in 2023, due to elevated raw material input costs and industry overcapacity.

The overcapacity problem in the US pork industry can be traced back to mid-2018, when African swine fever swept through China, eliminating nearly half of the country's hog population (roughly a quarter of the global supply). In response to the subsequent surge in export prices, US packers expanded capacity to fill the void. With China's hog population having been fully restored, the US now has far too much capacity, suppressing prices and pushing the US pork industry into the red.

1. Company filings

		Earnings Per Share			Price/Earnings		
	Price	FY 24E	FY 25E	Normal*	FY 24E	FY 25E	Normal**
WH Group Ltd.	HKD 5.16	HKD 0.69	HKD 0.79	HKD 1.02	7.5x	6.5x	6.3x

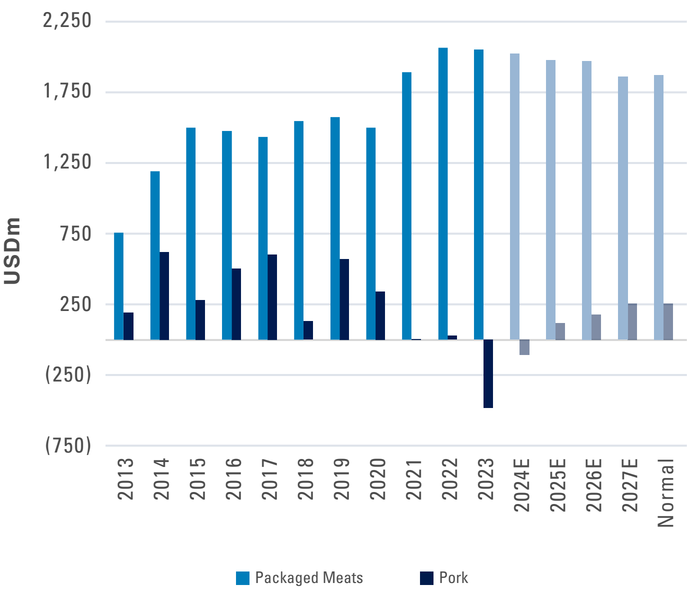
Fiscal year-end March 28.
**Pzena estimate of normal earnings.*
***Globally adjusted price-to-normal multiple based on China discount rate. Source: FactSet, Pzena analysis. Data as of March 28, 2024.*

THE MISCONCEPTION

The Pork segment's underperformance in the US has been well-documented and is the main reason WHG's stock hit an all-time low last year. But by placing too much emphasis on the under-earning, commoditized Pork business, we believe investors are failing to appreciate the company's key profit driver: Packaged Meats. As evidenced by Exhibit 1, the profit differential between Pork and Packaged Meats is stark, with the latter constituting ~50% of historical group-level sales but nearly the whole of WHG's operating profit, and crucially, ~90% of our normal earnings estimate. Put simply, we do not believe a roughly 10% slice of WHG's total business being under temporary stress warrants a ~40% decline in the share price[2].

2. 2019–2024

Exhibit 1: WHG Operating Profit by Segment



Source: Company filings, Pzena forecasts

PACKAGED MEATS: THE CROWN JEWEL

Our research on WHG's Packaged Meats segment uncovered a stable business with leading brands and a high return on capital. We are confident that Packaged Meats will remain a high-quality piece of WHG's business in perpetuity, but for reasons that differ between its two main geographies. The US market is mature, consolidated, and vertically integrated. Consequently, Smithfield's profit margins closely align with those of its peers, Tyson and JBS, historically fluctuating within a range of 8–11%. Smithfield's strong pricing power serves as an offset to fluctuations in cost of goods sold, protecting margins during periods of input cost volatility.

China is a much more fragmented and less vertically integrated market. Yet, China is where WHG's Packaged Meats division shines, with operating margins consistently exceeding 20%, twice that of its US operations. This performance places WHG in a league of its own, miles ahead of any Chinese peer. The drivers behind its substantial margin advantage include leading scale, brand power, expansive distribution, and continual innovation. Despite an already dominant 19% market position, more than the aggregate share of its closest 10 competitors, we expect WHG to continue taking share from smaller players, as the industry consolidates over time. Given the company's consistent track record and the structural advantages underpinning it, we view the current level of profitability in China Packaged Meats as sustainable.

THE PATH TO NORMALIZATION

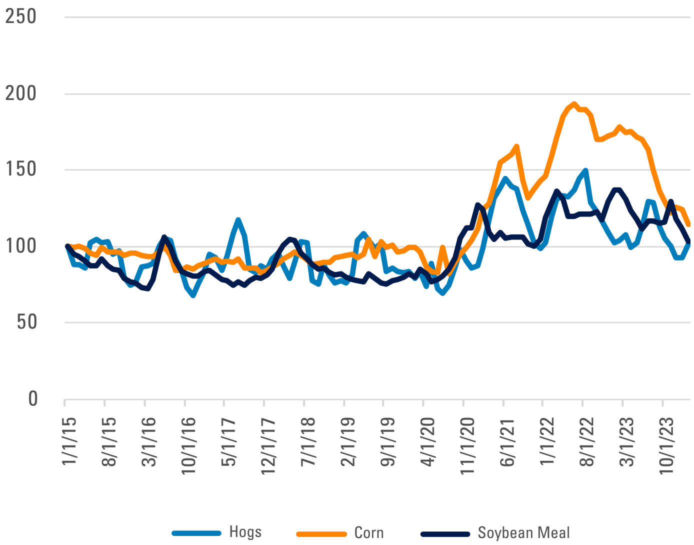
WHG's Pork segment reported a $480M overall loss in 2023, with $624M in losses from the US alone[3]. Although the unit does not account for a significant portion of the company's normal earnings power, even a positive inflection to above breakeven would provide a considerable boost to the group's bottom line (and likely investor sentiment), and we believe that there is a clear path to normalization.

US pork's pain largely stems from WHG's hog raising operations, where profitability is a function of hog prices and raw material inputs, such as corn and soybean meal. While hog prices have not been particularly low, the price of feed (constituting more than half of pork production expenses) surged in 2022. As a result, the average hog farmer was incurring a net loss of around $32 for every hog sold in 2023[4]. Given that WHG produced 15.8 million hogs in the US last year[5], it is not surprising to see its Pork unit post historically bad results.

Industrywide supply has started to decline in response to 2023's red ink. In addition, grain prices have fallen considerably in the last few months, and if this trend persists, hog production could return to profitability by the end of this year or the next (Exhibit 2). Longer-term, WHG expects to decrease its hog production to less than 10 million per year, reducing exposure to this volatile piece of the value chain.

3. Company filings
4. Nebraska Public Media
5. Company filings

Exhibit 2: Input Costs are Moderating, Supporting Pork's Bottom Line



Source: USDA, IndexMundi (prices indexed to Jan. 2015)

Fresh pork is also depressed, albeit much less so than hog production, and the pain could linger for longer. The main players—Smithfield, JBS, and Tyson—appear to be engaged in a strategic holdout, rooted in game-theory principles. WHG's Smithfield has taken the lead in announcing some farm/plant closures, but further action is needed, given the magnitude of the industry's overcapacity. JBS and Tyson have thus far been slow to announce closures, despite negative margins in their pork businesses. We see this current dynamic as unsustainable in the longer term, as supply should eventually be curtailed. In the near term, however, the industry supply picture remains uncertain, with management teams hanging on to recovery hopes. Regardless, the major producers will ultimately be forced to rationalize capacity to improve profitability, an eventuality we believe investors are overlooking.

THE CHINA DISCOUNT

WHG's share price was hit in 2018 after China raised tariffs on US pork, severely limiting US exports and impacting about 10% of WHG's sales. Investors generally favor more open trade policies that would enable WHG to leverage its unique position in the US–China pork trade market, where significant price variations have historically offered profitable arbitrage opportunities. We point out, however, that WHG's US and China businesses today operate largely independently of each other, suggesting that further strains in US–China relations, if they were to occur, are unlikely to directly impact WHG's financials. And despite WHG's Hong Kong domicile, the company generates about two thirds of its revenue outside of its domestic market, rendering any material China discount in the stock unjustified, in our view.

CONCLUSION

WHG represents the quintessential value stock: an excellent franchise in a strong competitive position that is experiencing temporary pain. We believe the current headwinds facing WHG's commoditized Pork segment are overshadowing the quality of the Packaged Meats segment, and investors are overly fixated on the company's domicile, given negative sentiment surrounding Chinese stocks today. The Pork segment will likely take some time to normalize, as capacity gets taken out; in the interim, we are perfectly content holding a financially strong industry leader trading at 6.3x our normal earnings estimate, with a 6% dividend yield[6] that is covered entirely by the profits from Packaged Meats.

6. FactSet – NTM div. yield

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	15
Global Focused Value	40 - 60	2,000 Largest Companies Worldwide	MSCI ACWI	1/2004	16
International Value	60 - 80	1,500 Largest non-US Companies	MSCI EAFE[1]	11/2008	17
International Focused Value	30 - 50	1,500 Largest non-US Companies	MSCI ACWI ex USA	1/2004	18
International Small Cap Focused Value	40 - 70	MSCI World ex USA Small Cap	MSCI World ex USA Small Cap	10/2016	19
Emerging Markets Focused Value	40 - 80	1,500 Largest Companies in Non-Developed Markets	MSCI Emerging Markets	1/2008	20
European Focused Value	40 - 50	750 Largest European Companies	MSCI Europe	8/2008	21
Japan Focused Value	25 - 40	750 Largest Japanese Companies	TOPIX	7/2015	22
US STRATEGIES					
Large Cap Value	50 - 80	500 Largest US Companies	Russell 1000 Value®	7/2012	23
Large Cap Focused Value	30 - 40	500 Largest US Companies	Russell 1000 Value®	10/2000	24
Focused Value	30 - 40	1,000 Largest US Companies	Russell 1000 Value®	1/1996	25
Mid Cap Focused Value	30 - 40	1,000 US Companies (ranked 201 – 1200)	Russell Mid Cap Value®	9/1998	26
Small Cap Focused Value	40 - 50	2,000 US Companies (ranked 1001 – 3000)	Russell 2000 Value®	1/1996	27

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

PZENA GLOBAL VALUE

Global developed markets led by the US rallied in the quarter, driven by moderating inflation, prompting expectations of central bank rate cuts. Europe benefited from similar tailwinds, while Japan rallied on strong earnings growth, helped by a weaker yen. Growth stocks most exposed to AI maintained leadership, resulting in our underperformance.

Communication services and consumer staples were the top-detracting sectors. Charter Communications (voice/internet/cable provider) was the largest underperformer due to continued subscription share loss to fixed wireless competitors. Global staffer Randstad also detracted on a double-digit decline in revenue in the US and Germany as post COVID effects abated. At the same time, UK grocer J Sainsbury was weak on top-line pressure from disinflation and higher capex.

Financials and industrials were the top-performing sectors. Daimler Truck rose on the back of a strong earnings report, driven by double-digit operating margins in their Mercedes Benz division. Electronics assembler Hon Hai was strong on expected share gains in next generation Nvidia GPU platform assembly, and Citigroup moved higher on expense reduction guidance for 2024, which was well-received by investors.

We initiated a position in Cisco, the market leader in networking equipment. Going forward, we believe Cisco should benefit from the continued growth of its recurring revenue software and services businesses, robust cash flow generation, and a ramp-up in networking equipment spend. We also added CVS, the largest retail pharmacy chain in the US, the top PBM in Caremark, and a significant HMO in Aetna. Given the company's leading competitive position in an industry with favorable growth demographics, we believe current headwinds are more than priced into the shares.

We also added to Charter Communications, Bristol Myers, and China Overseas Land & Investment, funding these purchases with trims of Wabtec, Accor, and Komatsu, all on strength. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/10
Pzena Global Value Composite - Gross	5.3%	5.3%	17.5%	7.4%	10.6%	7.5%	9.0%
Pzena Global Value Composite - Net	5.1%	5.1%	16.9%	6.8%	10.0%	6.9%	8.4%
MSCI World Index	8.9%	8.9%	25.1%	8.6%	12.1%	9.4%	9.9%
MSCI World Value Index	7.5%	7.5%	18.8%	7.6%	8.3%	6.4%	7.7%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

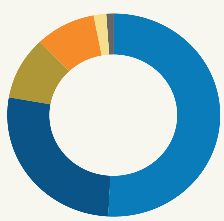
DAIMLER TRUCK HOLDING AG	3.2%
COGNIZANT TECH SOLUTIONS	3.1%
DOW INC.	2.6%
NOKIA OYJ	2.6%
MICHELIN SA	2.6%
SS&C TECH HOLDINGS INC.	2.5%
BAXTER INTERNATIONAL INC.	2.4%
BASF SE	2.4%
EDISON INTERNATIONAL	2.4%
LEAR CORPORATION	2.4%
Total	26.2%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.3x	14.5x *
Price / Earnings (1-Year Forecast)	11x	19.4x
Price / Book	1.3x	3.4x
Median Market Cap ($B)	$27.9	$19.2
Weighted Average Market Cap ($B)	$70.8	$535.2
Active Share	95.6%	-
Standard Deviation (5-Year)	23.1%	17.9%
Number of Stocks (model portfolio)	60	1,465

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

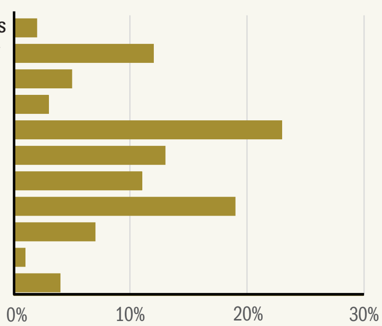
REGION CONCENTRATION



	Strategy	Index
North America	51%	74%
Europe ex-U.K.	27%	13%
United Kingdom	10%	4%
Emerging Markets	9%	0%
Japan	2%	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	12%	11%
Consumer Staples	5%	7%
Energy	3%	4%
Financials	23%	15%
Health Care	13%	12%
Industrials	11%	11%
Information Technology	19%	24%
Materials	7%	4%
Real Estate	1%	2%
Utilities	4%	2%

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

PZENA GLOBAL FOCUSED VALUE

Global developed markets led by the US rallied in the quarter, driven by moderating inflation, prompting expectations of central bank rate cuts. Europe benefited from similar tailwinds, while Japan rallied on strong earnings growth, helped by a weaker yen. Growth stocks most exposed to AI maintained leadership, resulting in our underperformance.

Communication services and consumer staples were the top-detracting sectors. Charter Communications (voice/internet/cable provider) was the largest underperformer due to continued subscription share loss to fixed wireless competitors. Global staffer Randstad also detracted on a double-digit decline in revenue in the US and Germany, as post-COVID-related effects abated. Brazilian brewer Ambev declined due to a drag on earnings from a significant devaluation of the Argentine peso.

Financials and industrials were the top-performing sectors. Daimler Truck rose on the back of a strong earnings report, driven by double-digit operating margins in their Mercedes Benz division. Citigroup moved higher on expense reduction guidance for 2024, which was well-received by investors, and electronics assembler Hon Hai was strong on expected share gains in next generation Nvidia GPU platform assembly.

We initiated a position in Bristol-Myers Squibb, a prototypical biopharma company that generates a mid-teens free cash flow yield, part of which will be reinvested into business development, with the balance returned to shareholders. We also purchased Tyson Foods, the largest meat processor in the US. We believe that industry capacity will continue to rationalize while Tyson's branded Prepared Foods segment should remain strong, helping the company navigate any prolonged challenges. Another new name, CVS, is the largest retail pharmacy chain in the US, the top PBM in Caremark, and a significant HMO in Aetna. Given the company's leading competitive position in an industry with favorable growth demographics, we believe current headwinds are more than priced in. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/04
Pzena Global Focused Value Composite - Gross	4.9%	4.9%	17.4%	7.0%	10.5%	7.1%	6.6%
Pzena Global Focused Value Composite - Net	4.7%	4.7%	16.5%	6.2%	9.7%	6.3%	5.8%
MSCI All Country World Index	8.2%	8.2%	23.2%	7.0%	10.9%	8.7%	7.9%
MSCI All Country World Value Index	6.9%	6.9%	18.0%	6.7%	7.6%	6.0%	6.5%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

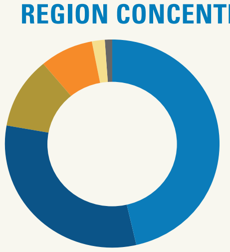
DAIMLER TRUCK HOLDING AG	3.9%
MICHELIN SA	3.4%
CAPITAL ONE FINANCIAL CORP	3.0%
SHELL PLC	2.9%
BASF SE	2.8%
DOW INC.	2.8%
COGNIZANT TECH SOLUTIONS	2.7%
EDISON INTERNATIONAL	2.6%
CITIGROUP INC.	2.6%
WELLS FARGO & COMPANY	2.5%
Total	29.2%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.2x	14.5x *
Price / Earnings (1-Year Forecast)	10.4x	18.4x
Price / Book	1.2x	3.1x
Median Market Cap ($B)	$27.4	$11.5
Weighted Average Market Cap ($B)	$60.0	$493.8
Active Share	96.2%	-
Standard Deviation (5-Year)	24.3%	17.6%
Number of Stocks (model portfolio)	49	2,841

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

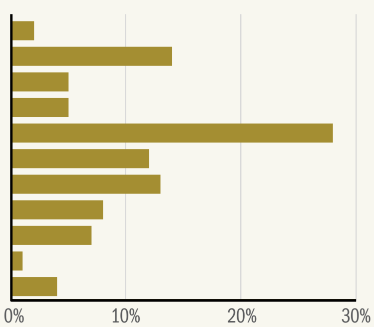
REGION CONCENTRATION



	Strategy	Index
North America	46%	67%
Europe ex-U.K.	31%	12%
United Kingdom	11%	3%
Emerging Markets	8%	10%
Japan	2%	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%	8%
Consumer Discretionary	14%	11%
Consumer Staples	5%	6%
Energy	5%	5%
Financials	28%	16%
Health Care	12%	11%
Industrials	13%	11%
Information Technology	8%	24%
Materials	7%	4%
Real Estate	1%	2%
Utilities	4%	2%

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

PZENA INTERNATIONAL VALUE

Developed markets outside the US performed well, as Japan and Europe rose due to improving economic sentiment. Growth materially outperformed value, but our portfolio underperformed the broad benchmark and value series due to outsized moves in a few particular stocks.

Health care and consumer staples led the declines, and call center outsourcer Teleperformance was the largest individual detractor following an earnings miss that exacerbated concerns of a potential disruption to the business model from AI. Lysol/Dettol-maker Reckitt Benckiser's weakness was attributable to a new liability risk on top of its own post-COVID demand issues (decline in disinfectant demand). Global staffing company Randstad also detracted on a double-digit decline in revenue in the US and Germany, primarily due to tough comparable sales from the pandemic boom.

Financials were the standout performers in the quarter, and truck manufacturer Daimler Truck was the top individual contributor, as the company is executing well on its margin improvement plan after being spun out from its parent company. Meanwhile, electronics assembly giant Hon Hai benefited from securing a larger share of NVIDIA's next-generation GPU platform, while Spanish lender CaixaBank continues to benefit from Spanish banking consolidation and an improved net interest income outlook.

During the quarter, we took advantage of weakness in the shares of Reckitt and Teleperformance to add to our positions. We also continued to build our position in Bank of Ireland, capitalizing on near-term stock price weakness due to CRE-related concerns. We funded these purchases with a complete sale of Subaru and trims of Aviva and Hon Hai Precision, all on strength.

Our portfolio remains overweight in financials, but we've shifted some allocation to health care and consumer staples, resulting in a less cyclical tilt. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 11/1/08
Pzena International Value Composite - Gross	2.0%	2.0%	11.4%	4.5%	8.2%	5.0%	9.1%
Pzena International Value Composite - Net	1.9%	1.9%	10.8%	3.9%	7.6%	4.4%	8.5%
MSCI EAFE Index	5.8%	5.8%	15.3%	4.8%	7.3%	4.8%	7.1%
MSCI EAFE Value Index	4.5%	4.5%	17.3%	6.6%	6.4%	3.5%	6.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

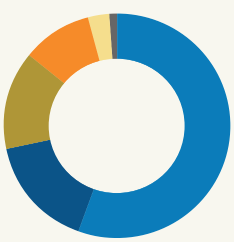
DAIMLER TRUCK HOLDING AG	3.7%
MICHELIN SA	3.4%
SHELL PLC	3.1%
BASF SE	3.0%
SANOFI	2.8%
REXEL SA	2.5%
AMUNDI SA	2.5%
NOKIA OYJ	2.5%
RANDSTAD NV	2.4%
RECKITT BENCKISER GROUP PLC	2.2%
Total	28.1%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.2x	14.9x *
Price / Earnings (1-Year Forecast)	10x	14.8x
Price / Book	1.1x	1.9x
Median Market Cap ($B)	$22.1	$13.6
Weighted Average Market Cap ($B)	$51.9	$98.5
Active Share	89.6%	-
Standard Deviation (5-Year)	21.7%	17.8%
Number of Stocks (model portfolio)	62	768

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

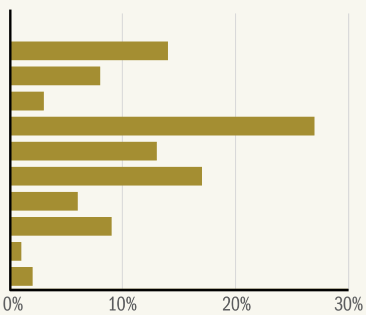
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	55%	51%
United Kingdom	16%	15%
Japan	14%	24%
Emerging Markets	10%	0%
North America	3%	0%
Dev. Asia ex-Japan	1%	3%
Australia/New Zealand	0%	7%
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	14%	12%
Consumer Staples	8%	9%
Energy	3%	4%
Financials	27%	19%
Health Care	13%	13%
Industrials	17%	17%
Information Technology	6%	9%
Materials	9%	7%
Real Estate	1%	2%
Utilities	2%	3%

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

PZENA INTERNATIONAL FOCUSED VALUE

Equity markets outside the US performed well, as Japan, Europe, and emerging markets (excluding China) rose due to improving economic sentiment. Growth materially outperformed value, but our portfolio underperformed both the broad benchmark and value series due to outsized moves in a few stocks.

Health care and consumer staples led the declines, and call center outsourcer Teleperformance was the largest individual detractor following an earnings miss that exacerbated concerns of a potential disruption to the business model from AI. Global staffing company Randstad also detracted on a double-digit decline in revenue in the US and Germany, primarily due to tough comparable sales from the pandemic boom. Lysol/Dettol-maker Reckitt Benckiser's weakness was attributable to a new liability risk on top of its own post-COVID demand issues (decline in disinfectant demand).
Financials were the standout performers in the quarter, and truck manufacturer Daimler Truck was the top individual contributor, as the company is executing well on its margin improvement plan after being spun out from its parent company. Electronics assembly giant Hon Hai benefited from securing a larger share of NVIDIA's next-generation GPU platform. Spanish lender CaixaBank continues to benefit from Spanish banking consolidation and an improving net interest income outlook.

In addition to Reckitt, we initiated a position in Bank of Ireland, taking advantage of near-term stock price weakness due to CRE-related fears, given our expectation of the long-term benefits from Irish banking consolidation, particularly in the key mortgage market. We funded these purchases with complete exits of Subaru, Aviva, and Volkswagen, the first two on valuation and the last due to a widening range of outcomes.

Our portfolio remains overweight in financials and industrials, but we've shifted some allocation to health care and consumer staples, resulting in a less cyclical tilt.

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/04
Pzena International Focused Value Composite - Gross	2.3%	2.3%	12.6%	4.2%	8.3%	5.2%	6.7%
Pzena International Focused Value Composite - Net	2.1%	2.1%	11.7%	3.5%	7.5%	4.4%	5.7%
MSCI All Country World Ex-US Index	4.7%	4.7%	13.3%	1.9%	6.0%	4.3%	5.8%
MSCI ACWI ex USA Value - Net Index	3.4%	3.4%	15.3%	4.6%	5.4%	3.2%	5.4%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

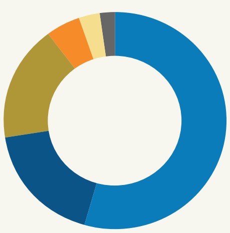
BASF SE	3.9%
SHELL PLC	3.6%
MICHELIN SA	3.6%
DAIMLER TRUCK HOLDING AG	3.5%
SANOFI	3.0%
REXEL SA	3.0%
RANDSTAD NV	3.0%
FRESENIUS MEDICAL CARE AG	2.8%
HON HAI PRECISION INDUSTRY CO.	2.8%
NOKIA OYJ	2.7%
Total	31.9%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	7.9x	14.9x *
Price / Earnings (1-Year Forecast)	9.2x	14.1x
Price / Book	1.1x	1.9x
Median Market Cap ($B)	$22.1	$8.7
Weighted Average Market Cap ($B)	$46.3	$101.1
Active Share	93.6%	-
Standard Deviation (5-Year)	23.0%	17.4%
Number of Stocks (model portfolio)	47	2,231

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

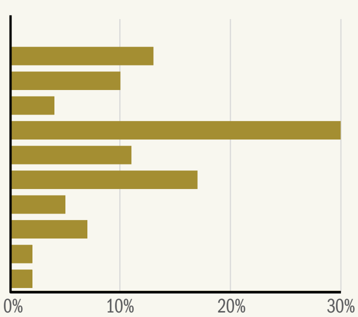
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	54%	33%
Emerging Markets	18%	28%
United Kingdom	17%	9%
Japan	5%	15%
Dev. Asia ex-Japan	3%	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	13%	12%
Consumer Staples	10%	7%
Energy	4%	6%
Financials	30%	21%
Health Care	11%	9%
Industrials	17%	14%
Information Technology	5%	13%
Materials	7%	7%
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

Non-US small-cap markets rose modestly in the quarter, driven primarily by company and industry-specific dynamics. Investors began to internalize less aggressive rate cuts in Europe, the potential for rate hikes in Japan, and general progress on improving efficiency across the board. Our portfolio performed well in this environment, outpacing both the broad market and value indices during the quarter.

Financials was the top-performing sector, and our top individual contributors were European banks BPER Banca and Unicaja Banco, with both benefiting from a higher interest rate outlook. Each company displayed strong earnings growth with the potential for higher capital returns going forward. UK motor insurer Sabre was again a key contributor, as the company has been able to take price and market share in the non-standard auto market, which is consistent with our thesis.

Information technology declined, and our biggest detractor was ams-OSRAM, with shares plummeting after the cancellation of their microLED partnership for the Apple Watch. While disappointing, we initially underwrote the investment based on the core earnings power from the legacy sensor and lighting businesses, which generate significant free cash flow. We took the opportunity to add to our position after additional diligence.

Portfolio activity was relatively high this quarter, as we initiated positions in Elders, an Australian agricultural products provider, Hays, a specialist IT staffing business, and Sawai, a leading Japanese pharma manufacturing business. We funded these purchases by exiting three positions that had performed well and were thus approaching the midpoint valuation of the universe: Hankook Tire, Subsea 7, and Toho Holdings.

We continue to find compelling, company-specific opportunities across a broad range of sectors and geographies, and we are encouraged by the progress we see in our portfolio companies. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Since Inception 10/1/16
Pzena International Small Cap Focused Value Composite - Gross	4.1%	4.1%	15.4%	10.1%	9.8%	8.9%
Pzena International Small Cap Focused Value Composite - Net	3.8%	3.8%	14.3%	9.0%	8.7%	7.8%
MSCI World ex USA Small Cap Index	2.6%	2.6%	10.0%	-0.9%	5.4%	5.6%
MSCI World ex USA Small Cap Value Index	2.9%	2.9%	12.9%	2.2%	5.8%	5.7%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

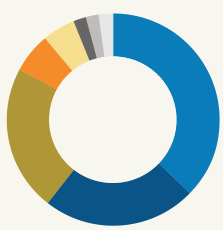
ORIGIN ENTERPRISES PLC	3.9%
REXEL SA	3.6%
IBSTOCK PLC	3.5%
SABRE INSURANCE GROUP PLC	3.4%
C&C GROUP PLC	3.3%
UNICAJA BANCO S.A.	3.1%
ANIMA HOLDING S.P.A.	3.1%
TRANSCONTINENTAL INC.	3.1%
KANTO DENKA KOGYO CO. LTD.	2.8%
FOSTER ELECTRIC COMPANY	2.8%
Total	32.6%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.3x	12.3x *
Price / Earnings (1-Year Forecast)	10.9x	13.8x
Price / Book	0.9x	1.4x
Median Market Cap ($B)	$1.7	$1.3
Weighted Average Market Cap ($B)	$2.2	$3.0
Active Share	98.0%	-
Standard Deviation (5-Year)	25.7%	20.1%
Number of Stocks (model portfolio)	43	2,371

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

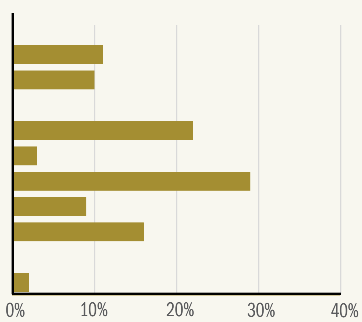
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	37%	31%
Japan	23%	31%
United Kingdom	22%	13%
Dev. Asia ex-Japan	6%	3%
North America	5%	10%
Australia/New Zealand	2%	9%
Emerging Markets	2%	0%
Dev. Africa/Middle East	2%	3%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	4%
Consumer Discretionary	11%	12%
Consumer Staples	10%	6%
Energy	0%	5%
Financials	22%	12%
Health Care	3%	6%
Industrials	29%	23%
Information Technology	9%	9%
Materials	16%	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

After a weak start to the year, emerging markets rose modestly in the quarter, rebounding on the back of a partial China relief rally. Our portfolio, led by information technology names, outperformed both the broad MSCI EM benchmark and the value series.

The top contributors for the quarter were all Taiwanese technology names, including electronics assembler Hon Hai, which is benefitting from securing a larger share of NVIDIA's next-generation GPU platform, and semiconductor giant TSMC, which was strong on expectations of higher volumes and pricing power for its AI chips. United Integrated Services (engineering services for chipmakers) also rallied on higher capex from its key customer, TSMC.

Materials were the main detractors, and Chinese real estate developer China Overseas Land & Investment led the declines due to continued weakness in the domestic property market. Brazilian miner Vale suffered, as iron ore plummeted in the quarter due to weaker global steel demand. Brazilian brewer Ambev fell on earnings that were heavily impacted by a devaluation of the Argentine peso, despite posting a fourth consecutive quarter of gross margin expansion.

We added Korea-based Hyundai Mobis, one of the world's largest auto parts suppliers, with a strong and stable aftermarket business primarily geared toward Hyundai and Kia. We also added ZTO Express, one of the most prominent players in a relatively consolidated Chinese express delivery market. ZTO boasts a superior profit structure, owing to its larger scale and stable franchisee network, and China's macro weakness allowed us to buy this strong business at an attractive valuation.

We believe controversy and fear can create opportunities for value investors, and we continue to be very excited by the cheap company valuations against their fundamentals in emerging markets. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/08
Pzena Emerging Markets Focused Value Composite - Gross	3.4%	3.4%	18.7%	4.9%	8.3%	6.1%	4.9%
Pzena Emerging Markets Focused Value Composite - Net	3.2%	3.2%	17.5%	3.9%	7.2%	5.1%	3.7%
MSCI Emerging Markets Index	2.4%	2.4%	8.2%	-5.1%	2.2%	2.9%	1.3%
MSCI Emerging Markets Value Index	1.3%	1.3%	11.4%	-0.9%	2.1%	2.2%	1.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

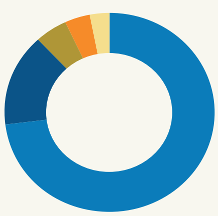
TAIWAN SEMICONDUCTOR MFG.	4.7%
HON HAI PRECISION INDUSTRY CO.	4.5%
SAMSUNG ELECTRONICS CO.	4.0%
ALIBABA GROUP HOLDING	2.8%
HANKOOK TIRE & TECHNOLOGY CO.	2.8%
AMBEV SA	2.7%
COGNIZANT TECH SOLUTIONS	2.5%
HAIER SMART HOME CO.	2.5%
CHINA OVERSEAS LAND & INV.	2.5%
WEICHAI POWER CO. LTD. CLASS H	2.4%
Total	31.4%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	8.6x	17.5x *
Price / Earnings (1-Year Forecast)	8.2x	12.6x
Price / Book	1.1x	1.7x
Median Market Cap ($B)	$11.8	$6.5
Weighted Average Market Cap ($B)	$75.6	$119.8
Active Share	79.6%	-
Standard Deviation (5-Year)	20.6%	18.9%
Number of Stocks (model portfolio)	52	1,376

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

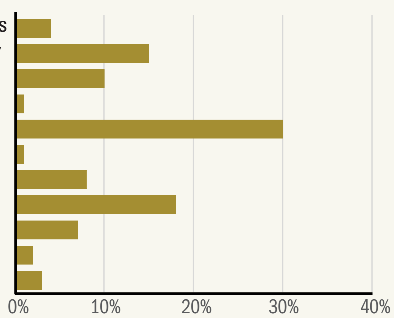
REGION CONCENTRATION



	Strategy	Index
Asia	74%	79%
Latin America	15%	9%
Europe	5%	3%
Africa/Middle East	4%	10%
North America	3%	0%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	4%	9%
Consumer Discretionary	15%	12%
Consumer Staples	10%	6%
Energy	1%	5%
Financials	30%	22%
Health Care	1%	3%
Industrials	8%	7%
Information Technology	18%	24%
Materials	7%	7%
Real Estate	2%	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

European markets rose on the prospect of upcoming interest rate cuts and improving economic sentiment. Growth materially outperformed value, but our portfolio underperformed both the MSCI Europe Index and value series due to outsized moves in a few particular stocks.

Health care and technology led the declines, and ams-OSRAM (sensor and lighting manufacturer) fell precipitously after canceling a major microLED project after a large prospective customer withdrawal. While the project cancellation is disappointing, we believe the market has overreacted and continue to see great value in the shares. Outsourced customer experience company Teleperformance was down following an earnings miss that exacerbated concerns of a potential disruption to the business model from the adoption of Artificial Intelligence. Pharma and crop sciences giant Bayer declined due to continued glyphosate litigation-related headwinds and a poorly received investor update.

Financials were the standout performers, and Daimler Truck rose after reporting a better-than-expected 2024 outlook. Shares of both NatWest and CaixaBank were bolstered by continued robust capital returns plans, as well as a better-than-expected net interest income outlook.

We initiated a position in Hays, a specialty staffing company primarily focused on IT and engineering. We believe Hays is taking the proper steps to turn the business around by reducing its headcount and geographic footprint in sub-scale markets. We also added to our positions in ams-OSRAM and Reckitt Benckiser on weakness. To fund these purchases, we exited our position in Konecranes (port and industrial cranes) and trimmed Accor, Daimler Truck, and Danieli on valuation.

Though value equities have performed well in recent months, valuations remain particularly compelling at the cheapest end of the European market. The opportunity set remains disparate and idiosyncratic, enabling us to maintain a well-diversified portfolio offering multiple paths back to fully restoring our companies' normal earnings potential. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 8/1/08
Pzena European Focused Value Composite - Gross	-0.2%	-0.2%	11.5%	7.0%	8.4%	4.1%	5.8%
Pzena European Focused Value Composite - Net	-0.4%	-0.4%	10.8%	6.3%	7.7%	3.4%	5.2%
MSCI Europe Index	5.2%	5.2%	14.1%	6.2%	8.0%	4.4%	4.0%
MSCI Europe Value Index	2.5%	2.5%	14.0%	6.4%	5.7%	2.4%	2.3%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

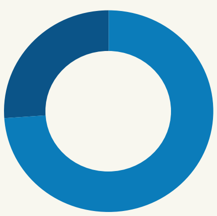
BASF SE	3.9%
MICHELIN SA	3.9%
NOKIA OYJ	3.5%
DAIMLER TRUCK HOLDING AG	3.3%
SIGNIFY NV	3.3%
AMUNDI SA	3.2%
REXEL SA	3.1%
SANOFI	2.9%
ING GROEP NV	2.9%
ENEL SPA	2.9%
Total	32.9%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.5x	12.7x *
Price / Earnings (1-Year Forecast)	9.7x	14.1x
Price / Book	1.1x	2.1x
Median Market Cap ($B)	$18.4	$15.5
Weighted Average Market Cap ($B)	$38.7	$116.2
Active Share	87.3%	-
Standard Deviation (5-Year)	26.7%	19.3%
Number of Stocks (model portfolio)	43	421

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

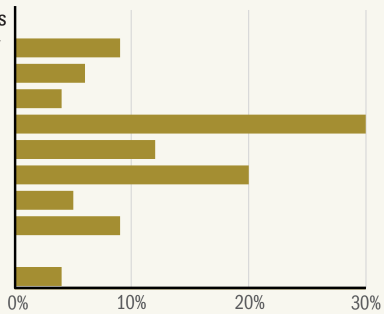
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	74%	78%
United Kingdom	26%	22%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	3%
Consumer Discretionary	9%	11%
Consumer Staples	6%	11%
Energy	4%	5%
Financials	30%	18%
Health Care	12%	15%
Industrials	20%	16%
Information Technology	5%	8%
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 experienced strong returns in local currency, driven by inflows from global investors. Sub-sectors such as automotive, trading companies, financials, and semiconductors performed exceptionally well, benefiting from the weaker yen, inflation, and growing expectations on Gen AI. Our portfolio underperformed both the TOPIX and TOPIX value indices in the quarter, with limited exposure to outperforming sub-sectors hampering our relative returns despite all sectors positively contributing in local currency terms.

Industrials and materials led the declines (in USD). PERSOL Holdings, a temp staffing and career consulting service provider, was the largest detractor due to a temporary earnings slump driven by upfront investments and weaker sales. Iida Group, a leading detached single-family home manufacturer, faced challenges amid the sluggish housing demand in Japan. Pilot, a leading pen manufacturer, also performed poorly due to macroeconomic-driven weak demand in Europe.

Conversely, financials were the standout performers. MS&AD and Sompo Holdings, both P&C insurance companies, performed well, and the market liked their decision to divest all cross-shareholdings. Resona, a regional bank, also outperformed due to growing expectations of interest rate hikes by the Bank of Japan.

We initiated a position in Suntory Beverage & Food, a leading soft drink manufacturer. Suntory's domestic earnings are depressed due to cost inflation and forex impacts. We believe the company can offset cost pressures via price hikes and ongoing cost reductions.

We increased positions in Sawai, Dentsu, and Taiyo Yuden, anticipating an earnings inflection, and divested from Isuzu, Subaru, and Toho Holdings, while also trimming positions in Suzuken, TS Tech, and Ulvac, all based on valuations.

Our portfolio maintains significant exposure to cyclical industries. Our strategy remains focused on selectively investing in undervalued Japanese companies, especially those undergoing structural reforms for enhanced capital efficiency and shareholder returns. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Since Inception 7/1/15
Pzena Japan Focused Value Composite - Gross	5.3%	5.3%	14.1%	4.4%	7.1%	5.6%
Pzena Japan Focused Value Composite - NET	5.1%	5.1%	13.2%	3.6%	6.3%	4.7%
TOPIX Index	9.9%	9.9%	23.9%	3.3%	7.1%	5.8%
TOPIX Value Index	13.6%	13.6%	33.3%	9.1%	9.0%	6.4%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

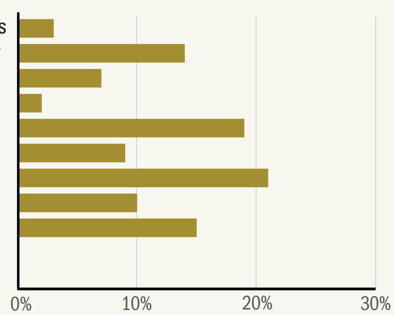
RESONA HOLDINGS INC.	3.8%
BRIDGESTONE CORPORATION	3.8%
SUMITOMO MITSUI FINANCIAL	3.8%
TORAY INDUSTRIES INC.	3.7%
MINEBEAMITSUMI INC.	3.6%
KOMATSU LTD.	3.5%
SANKYU INC.	3.4%
NSK LTD.	3.2%
ZEON CORPORATION	3.2%
TAIYO YUDEN CO. LTD.	3.2%
Total	35.2%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	9.1x	13.8x *
Price / Earnings (1-Year Forecast)	15x	16.1x
Price / Book	1x	1.5x
Median Market Cap ($B)	$3.9	$0.4
Weighted Average Market Cap ($B)	$12.7	$59.3
Active Share	92.3%	-
Standard Deviation (5-Year)	18.0%	15.1%
Number of Stocks (model portfolio)	38	2,148

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	3%	7%
Consumer Discretionary	14%	19%
Consumer Staples	7%	6%
Energy	2%	1%
Financials	19%	13%
Health Care	9%	7%
Industrials	21%	24%
Information Technology	10%	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.

PZENA LARGE CAP VALUE (US)

US markets rallied in the first quarter as positive macro data boosted confidence that the economy could avoid a hard landing, while AI optimism fueled further gains in growth stocks. Financials were the strongest contributors, while real estate was the only sector to decline, given higher interest rates. Growth outpaced value in the quarter, and our portfolio underperformed the value index.

Telecom and utilities declined, and the top individual detractor, Charter Communications (cable/internet/mobile service provider), was weak after losing subscribers to wireless broadband players T-Mobile and Verizon. We believe competition from wireless broadband will eventually ease, and we added to our position on weakness. Auto supplier Magna International declined after issuing a disappointing 2024 outlook with slower EV adoption weighing on profitability from new product investments. Dialysis provider Fresenius Medical Care fell after management issued soft guidance for the next quarter, despite earnings reflecting progress on the turnaround.

Financials, industrials, and healthcare led the way, and money center bank Citigroup rallied after management articulated the expected benefits from its restructuring initiatives. Wells Fargo rallied after the termination of an OCC consent order, a material step toward removing the asset cap that has weighed on the bank's shares in recent years. More broadly, large US banks benefitted from upbeat economic sentiment and positive regulatory developments involving a potential scaling back of more stringent capital requirements proposed last year. This dynamic benefited JPMorgan Chase, which also reported strong full-year results during the quarter.

We initiated a position in Humana, a leading health insurer specializing in Medicare Advantage. The company's earnings are being pressured in the near term by an unanticipated rise in medical expenses. However, we expect improvement over time as plan benefits adjust to better match utilization rates. We also added discount retailer Dollar General, which was impacted by cost-of-living pressure on the low-end consumer and operational challenges navigating pandemic-related supply chain disruptions. We continued to build our position in CVS Health, which we initiated last quarter.

We exited GE on strength, trimmed JPMorgan on valuation, and reduced exposure to clothing manufacturer Gildan amid a potentially disruptive management change that sparked shareholder backlash.

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 March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 7/1/12
Pzena Large Cap Value Composite - Gross	7.8%	7.8%	22.9%	10.8%	12.2%	9.6%	12.4%
Pzena Large Cap Value Composite - Net	7.7%	7.7%	22.4%	10.3%	11.7%	9.2%	12.0%
Russell 1000 Value Index	9.0%	9.0%	20.3%	8.1%	10.3%	9.0%	11.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

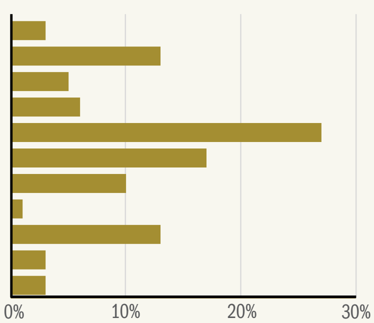
CAPITAL ONE FINANCIAL CORP	3.6%
WELLS FARGO & COMPANY	3.6%
CITIGROUP INC.	3.5%
BANK OF AMERICA CORP	3.5%
METLIFE INC.	3.3%
BAXTER INTERNATIONAL INC.	3.3%
SS&C TECHNOLOGIES HOLDINGS	3.2%
EQUITABLE HOLDINGS INC.	3.2%
DOW INC.	3.0%
EDISON INTERNATIONAL	2.9%
Total	33.1%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.7x	14.4x *
Price / Earnings (1-Year Forecast)	12.3x	16.8x
Price / Book	1.7x	2.6x
Median Market Cap ($B)	$41.3	$12.8
Weighted Average Market Cap ($B)	$88.7	$145.4
Active Share	84.6%	-
Standard Deviation (5-Year)	24.5%	18.6%
Number of Stocks (model portfolio)	49	846

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	13%	9%
Consumer Staples	5%	7%
Energy	6%	8%
Financials	27%	21%
Health Care	17%	14%
Industrials	10%	17%
Real Estate	1%	5%
Technology	13%	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.

PZENA LARGE CAP FOCUSED VALUE (US)

US markets rallied in the first quarter as positive macro data boosted confidence that the economy could avoid a hard landing, while AI optimism fueled further gains in growth stocks. Financials were the strongest contributors, while real estate was the only sector to decline, given higher interest rates. Growth outpaced value in the quarter, and our portfolio underperformed the value index.

Telecom, energy, and utilities detracted, and the top individual detractor, Charter Communications (cable/internet/mobile service provider), declined after losing subscribers to wireless broadband players T-Mobile and Verizon. We believe competition from wireless broadband will eventually ease, and we added to our position on weakness. Auto supplier Magna International declined after issuing a disappointing 2024 outlook with slower EV adoption weighing on profitability from new product investments. Dialysis provider Fresenius Medical Care fell after management issued soft guidance for the next quarter, despite earnings reflecting progress on the turnaround.

Financials, consumer discretionary, and industrials led the way, and money center bank Citigroup rallied after management articulated the expected benefits from its restructuring initiatives. More broadly, large US banks benefitted from upbeat economic sentiment and positive regulatory developments involving a potential scaling back of more stringent capital requirements proposed last year. Wells Fargo rallied after the termination of an OCC consent order, a material step toward removing the asset cap that has weighed on the bank's shares in recent years. Walt Disney's stock reacted positively to management's forecast for robust earnings growth, as self-help initiatives repair profitability in its media businesses.

We added CVS Health Corp., a leading healthcare services provider with diversified offerings, including retail pharmacy, pharmacy benefits management (Caremark), and health insurance (Aetna). CVS shares have been hurt by a host of issues across its business lines, such as reimbursement pressure in the retail pharmacy business, rising medical expenses weighing on insurance profitability, and unfavorable political rhetoric to curb PBM profitability. We believe these fears are more than priced in, given the company's leading competitive position in an industry with favorable growth demographics. We also initiated a position in Humana, a leading health insurer specializing in Medicare Advantage. The company's earnings are being pressured in the near term by an unanticipated rise in medical expenses. However, we expect improvement over time as plan benefits adjust to match utilization rates better. We also added discount retailer Dollar General, which was impacted by cost-of-living pressure on the low-end consumer and operational challenges navigating pandemic-related supply chain disruptions.

We exited GE on strength, trimmed Wabtec on valuation, and reduced exposure to clothing manufacturer Gildan amid a potentially disruptive management change that sparked shareholder backlash.

Valuations remain attractive in the portfolio, which is most exposed to the financials, healthcare, and consumer discretionary sectors. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 10/1/00
Pzena Large Cap Focused Value Composite - Gross	7.3%	7.3%	22.3%	10.6%	12.1%	9.5%	8.1%
Pzena Large Cap Focused Value Composite - Net	7.1%	7.1%	21.5%	9.8%	11.3%	8.7%	7.4%
Russell 1000 Value Index	9.0%	9.0%	20.3%	8.1%	10.3%	9.0%	7.5%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

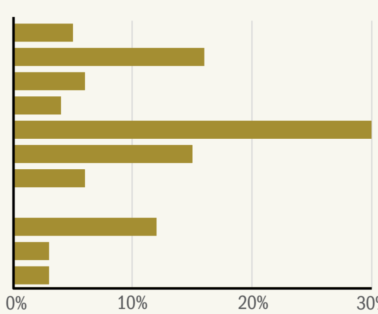
CITIGROUP INC.	5.0%
DOW INC.	4.8%
BAXTER INTERNATIONAL INC.	4.2%
METLIFE INC.	4.2%
WELLS FARGO & COMPANY	4.0%
EQUITABLE HOLDINGS INC.	3.7%
CAPITAL ONE FINANCIAL CORP	3.6%
LEAR CORPORATION	3.6%
BANK OF AMERICA CORP	3.3%
CVS HEALTH CORPORATION	3.1%
Total	39.5%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.3x	14.4x*
Price / Earnings (1-Year Forecast)	12x	16.8x
Price / Book	1.6x	2.6x
Median Market Cap ($B)	$38.6	$12.8
Weighted Average Market Cap ($B)	$83.1	$145.4
Active Share	88.8%	-
Standard Deviation (5-Year)	27.1%	18.6%
Number of Stocks (model portfolio)	34	846

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	6%	7%
Energy	4%	8%
Financials	30%	21%
Health Care	15%	14%
Industrials	6%	17%
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 first quarter, as positive macro data boosted confidence that the economy could avoid a hard landing, while AI optimism fueled further gains in growth stocks. Financials were the strongest performers, while real estate was the only sector to decline, given higher interest rates. Growth outpaced value in the quarter, and our portfolio kept pace with the value index.

Financials, industrials, and consumer discretionary led the way, and money center bank Citigroup rallied after management articulated the expected benefits from its restructuring initiatives. More broadly, large US banks benefitted from upbeat economic sentiment and positive regulatory developments involving a potential scaling back of more stringent capital requirements proposed last year. Wells Fargo rallied after the termination of an OCC consent order, which was a material step toward removing the asset cap that has weighed on the bank's shares in recent years. Life insurer Corebridge Financial's stock reacted positively after reporting strong earnings.

Telecom, energy, and utilities declined, and the top individual detractor, Charter Communications (cable/internet/mobile service provider), was weak after losing subscribers to wireless broadband players T-Mobile and Verizon. We believe competition from wireless broadband will eventually ease, and we added to our position on weakness. Dialysis provider Fresenius Medical Care fell after management issued soft guidance for the next quarter, despite earnings reflecting progress on the turnaround. Auto supplier Magna International declined after issuing a disappointing 2024 outlook with slower EV adoption weighing on profitability from new product investments.

We added CVS Health Corp., a leading healthcare services provider with diversified offerings that include retail pharmacy, pharmacy benefits management (Caremark), and health insurance (Aetna). CVS shares have been hurt by a host of issues across its business lines, such as reimbursement pressure in the retail pharmacy business, rising medical expenses weighing on insurance profitability, and unfavorable political rhetoric to curb PBM profitability. We believe these fears are more than priced in, given the company's leading competitive position in an industry with favorable growth demographics. We also initiated a position in Humana, a leading health insurer specializing in Medicare Advantage. The company's earnings are being pressured in the near term by an unanticipated rise in medical expenses. Still, we expect improvement over time as plan benefits adjust to better match utilization rates. We also added discount retailer Dollar General, which was impacted by cost-of-living pressure on the low-end consumer and operational challenges navigating pandemic-related supply chain disruptions.

We exited government IT services provider Leidos on strength and trimmed Acuity Brands, the leading provider of light fixtures in North America, on valuation. We also reduced exposure to clothing manufacturer Gildan amid a potentially disruptive management change that sparked shareholder backlash.

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 March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/96
Pzena Focused Value Composite - Gross	9.0%	9.0%	31.0%	12.5%	13.6%	9.7%	10.8%
Pzena Focused Value Composite - Net	8.8%	8.8%	29.8%	11.3%	12.4%	8.6%	9.7%
Russell 1000 Value Index	9.0%	9.0%	20.3%	8.1%	10.3%	9.0%	9.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

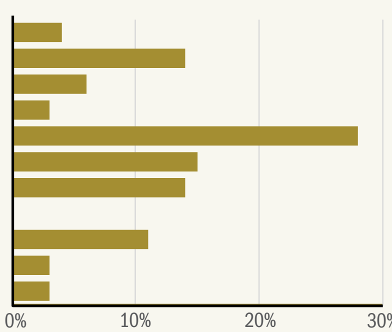
CITIGROUP INC.	4.9%
WELLS FARGO & COMPANY	4.5%
CAPITAL ONE FINANCIAL CORP	4.1%
DOW INC.	3.7%
BAXTER INTERNATIONAL INC.	3.5%
LEAR CORPORATION	3.5%
EQUITABLE HOLDINGS INC.	3.4%
METLIFE INC.	3.2%
JELD-WEN HOLDING INC.	3.0%
CVS HEALTH CORPORATION	3.0%
Total	36.8%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.1x	13.8x*
Price / Earnings (1-Year Forecast)	11.8x	16.8x
Price / Book	1.6x	2.6x
Median Market Cap ($B)	$23.8	$12.8
Weighted Average Market Cap ($B)	$67.5	$145.4
Active Share	89.6%	-
Standard Deviation (5-Year)	27.8%	18.6%
Number of Stocks (model portfolio)	39	846

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	14%	9%
Consumer Staples	6%	7%
Energy	3%	8%
Financials	28%	21%
Health Care	15%	14%
Industrials	14%	17%
Real Estate	0%	5%
Technology	11%	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 MID CAP FOCUSED VALUE (US)

US markets rallied in the first quarter, as positive macro data boosted confidence that the economy can avoid a hard landing, while AI optimism fueled further gains in growth stocks. Growth outpaced value in the quarter, and our portfolio underperformed the value index.

Technology, energy, and utilities were the top detractors, with call center outsourcer Concentrix Corporation the largest individual detractor, driven by dual headwinds of investor concerns over generative AI disrupting the industry, as well as cyclical weakness following a period of strong growth during COVID. While generative AI will impact the industry, we believe scaled players are well-positioned to be leaders in implementing these new technologies, which could lead to significant share gains in a fragmented industry that's only 30% outsourced. We added to Concentrix on the weakness. Auto parts supplier Magna shares were weak, as margin guidance for 2024, while up sequentially, fell short of the Street's expectations. We believe Magna remains well-positioned in the long term and added to our position on the weakness. Dialysis provider Fresenius Medical Care fell after management issued soft guidance for the next quarter, despite earnings reflecting progress on the turnaround.

Consumer discretionary, financials, and industrials were the top-performing sectors in the quarter. Advance Auto Parts was strong after the new management team laid out a restructuring plan while an activist investor announced its involvement, which includes three board seats. Lighting distributor Acuity Brands moved higher as margins continued to expand despite a weak demand environment. Lastly, Gap shares continued to march upward as margins and same-store sales at Old Navy improved.

We added discount retailer Dollar General, which has been impacted by cost-of-living pressure on the low-end consumer and operational challenges navigating pandemic-related supply chain disruptions. We believe these headwinds are temporary, and the company remains well-positioned for the long term. Humana, another new position, is a leading health insurer specializing in the Medicare Advantage space, and is facing earnings pressure in the near term due to an unanticipated rise in medical expenses. However, we expect improvement over time as plan benefits adjust to better match utilization rates. We also added Charter Communications (cable/internet/mobile service provider), which declined after losing subscribers to wireless broadband players T-Mobile and Verizon. We believe competition from wireless broadband will eventually ease, and growth will resume. Finally, we initiated a position in freight broker C.H. Robinson, which we believe has a margin expansion opportunity by winning back customers with a more integrated solution.

We exited our positions in Reinsurance Group of America and Cardinal Health, as the stocks reached fair value, as well as Mohawk in favor of more attractive opportunities. While the portfolio's sector exposures have broadened in recent quarters, it remains most exposed to cyclical and economically sensitive names, and valuations remain attractive. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 9/1/98
Pzena Mid Cap Focused Value Composite - Gross	7.4%	7.4%	27.8%	11.3%	15.6%	10.8%	12.7%
Pzena Mid Cap Focused Value Composite - Net	7.2%	7.2%	26.5%	10.2%	14.5%	9.7%	11.6%
Russell Midcap Value Index	8.2%	8.2%	20.4%	6.8%	9.9%	8.6%	10.1%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

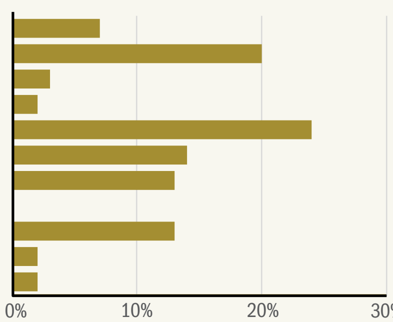
DOW INC.	4.1%
BAXTER INTERNATIONAL INC.	4.1%
LEAR CORPORATION	3.6%
UNIVERSAL HEALTH SERVICES INC.	3.3%
EQUITABLE HOLDINGS INC.	3.1%
MAGNA INTERNATIONAL INC.	3.0%
OLIN CORPORATION	3.0%
CNO FINANCIAL GROUP INC.	2.9%
SS&C TECHNOLOGIES HOLDINGS	2.9%
JELD-WEN HOLDING INC.	2.8%
Total	32.8%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.4x	13x *
Price / Earnings (1-Year Forecast)	12x	16.9x
Price / Book	1.8x	2.3x
Median Market Cap ($B)	$11.1	$10.2
Weighted Average Market Cap ($B)	$17.7	$25.8
Active Share	95.4%	-
Standard Deviation (5-Year)	29.1%	21.7%
Number of Stocks (model portfolio)	41	699

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	20%	13%
Consumer Staples	3%	4%
Energy	2%	6%
Financials	24%	16%
Health Care	14%	6%
Industrials	13%	24%
Real Estate	0%	10%
Technology	13%	9%
Telecommunications	2%	1%
Utilities	2%	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 broadly moved higher in the first quarter, but leadership was concentrated among large-cap growth names, leaving small-cap and value names behind. Despite the inauspicious backdrop, our portfolio outperformed its benchmark, with industrials, consumer discretionary, and energy leading the way.

The top individual contributor was door manufacturer Masonite, which has been especially volatile over the past four months after announcing a large and ill-advised acquisition of a window company in December. After being outbid on that deal, Masonite received an offer to be acquired at a premium by Owens Corning, and we sold the stock on strength. Apparel company Gap (Old Navy, Athleta, Gap, Banana Republic) was strong after reporting positive Old Navy comparable sales for a second quarter in a row, with inventory levels rightsized. We have been encouraged by the new CEO's focus on creating clearer brand positioning and focusing on accountability. Resideo (thermostats, security solutions) also performed well, as cost initiatives and price increases are driving margin expansion despite volumes being depressed.

Consumer staples, basic materials, and financials each detracted during the quarter. Shares of tobacco leaf merchant Universal Corporation fell, reversing some of its strong outperformance from the previous quarter. Despite the stock's decline, the company is seeing improving profitability in its ingredients business and continues to have a strong competitive position in tobacco. Regional bank Columbia Banking System underperformed, as higher deposit costs driven by roll-offs of low-cost CDs led to disappointing forward guidance. Carbon black (rubber) producer Orion also declined as reported earnings came in slightly below expectations. Nonetheless, Orion continues to generate strong free cash flow as it completes its EPA-mandated capital expenditures.

We initiated a position in Concentrix, a leading outsourced customer experience provider that is contending with dual headwinds of investor concerns over how generative AI may disrupt its business model, as well as cyclical weakness following a period of strong growth during COVID. While generative AI will disrupt the industry, we believe scaled players are well-positioned to be leaders in implementing these new technologies, which could lead to significant share gains in a fragmented industry that's only 30% outsourced. We also increased our positions in Korn Ferry (executive search), Spectrum Brands (branded consumer products), and Varex Imaging (x-ray tube manufacturer), all on valuation. We funded these purchases by exiting life insurer America Equity, which was acquired, and by trimming Masonite, Rev Group (specialty vehicles), and Gap, all on strength.

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

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of March 31, 2024

	1Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/96
Pzena Small Cap Focused Value Composite - Gross	6.1%	6.1%	30.9%	10.7%	13.7%	10.7%	13.3%
Pzena Small Cap Focused Value Composite - Net	5.8%	5.8%	29.6%	9.6%	12.6%	9.6%	12.0%
Russell 2000 Value Index	2.9%	2.9%	18.8%	2.2%	8.2%	6.9%	9.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
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 29)

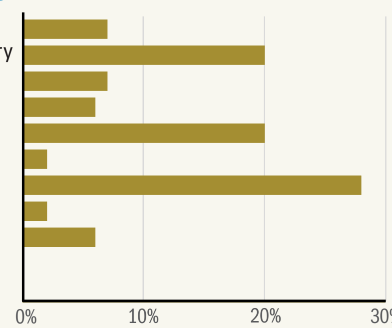
MRC GLOBAL INC.	3.8%
CNO FINANCIAL GROUP INC.	3.7%
RESIDEO TECHNOLOGIES INC.	3.6%
STEELCASE INC. CLASS A	3.4%
SPECTRUM BRANDS HOLDINGS	3.2%
JELD-WEN HOLDING INC.	3.1%
KORN FERRY	3.1%
OLIN CORPORATION	3.0%
SCANSOURCE INC.	3.0%
BELDEN INC.	3.0%
Total	32.9%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.4x	12.4x*
Price / Earnings (1-Year Forecast)	12.2x	13x
Price / Book	1.4x	1.4x
Median Market Cap ($B)	$2.5	$0.8
Weighted Average Market Cap ($B)	$3.3	$2.9
Active Share	96.2%	-
Standard Deviation (5-Year)	29.9%	24.7%
Number of Stocks (model portfolio)	45	1,416

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%	10%
Financials	20%	25%
Health Care	2%	9%
Industrials	28%	15%
Real Estate	2%	10%
Technology	6%	5%
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 / Disclosures

PORTFOLIO NOTES

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.

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 (WH Group Ltd.) was held in our Emerging Markets Focused Value, International Focused Value, and other strategies during the first quarter 2024. 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.

RISK INFORMATION

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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

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PZENA Investment Management

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