

At Pzena, our research team is really critical to what we do, because our investment process is so much about deep fundamental research. So we've taken care to structure the team in the way that we think optimally meets that need, and to some people it looks a bit different as a result.

One thing that we do is we organize the team globally by industry rather than by geography. What that means is that the same analyst who's covering Ford and GM is also covering Volkswagen and Hyundai Motor. We think this is the best way to structure the team because of our long-term investment philosophy focused on normalized earnings. By having this view of an industry across geography, you're able to really build out a framework of how it should operate, no matter where it's sitting, no matter what place in the economic cycle. And we think that's been very, very helpful to our investment process, particularly in more volatile times.

Beyond that, another thing that's pretty unique about our research team is that we then rotate that industry coverage. I think this really helps us in two big ways: one, on the recruiting front, and one ongoing. On the recruiting front, we're really looking to attract people to join our team who are intellectually curious and who love the idea of building out their mental models for how industries operate. When you're coming in and thinking about joining the team, hearing that you're going to be able to do that across a number of industries over the course of your career is very attractive to that type of person.

Beyond that, I think it's a huge benefit to the team in a number of ways. First, when you cover an industry for a while, you tend to develop some biases, right? You've had things work out and things not work out, and sometimes you extrapolate those experiences into rules—whether you should or not. So having a fresh set of eyes come in and really question those assumptions, really shake things up, is extremely helpful. In addition, we do almost everything as a team. We visit companies as a team, we debate ideas as a team, we discuss investments as a team, and so having multiple people on the team who have really been in the weeds on a certain industry is helpful, because that person just knows more and is better positioned to debate you on your thoughts and on your thesis on a particular company. And then finally, our portfolio managers tend to come from our analyst team. What that means is that by the time a person becomes a portfolio manager, he or she has covered a number of industries, and then across the PM team, pretty much someone has covered all of the industries that we look at. That's extremely helpful, because having had that experience of really being in the details and covering an industry deeply makes the portfolio manager better suited to understand and evaluate the investments that we're considering.

So at Pzena, it is a bit different to organize the team by industry and then rotate that coverage, but we really believe that this is the best way to meet our philosophy of value investing here at Pzena.

Thank you.