PZENA Investment Management

Quarterly Report to Clients

Second Quarter 2025

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To Our Clients

Global equity markets were volatile in the second quarter amid global trade uncertainties and a flare up in the Middle East conflict. Markets briefly entered bear market territory before rebounding sharply to reach record highs, despite there being no material resolution to the issues that triggered the initial selloff. While our portfolios were not immune to the recent selloff, our rigorous fundamental research ensures that our holdings have the financial strength to weather a severe economic downturn—positioning us well, as market volatility begins to subside.

We were not surprised by the sharp market decline and the quick recovery, as we have seen it many times since we started our firm thirty years ago. Indeed, as disciplined value investors, we see these fear-induced selloffs as good opportunities to purchase cheap stocks, many of which have been indiscriminately sold. Our Commentary examines the history of high volatility periods and finds that equity markets often begin to recover before the news improves, benefiting investors who stay invested, particularly in cheap stocks.

While geopolitical tensions and policy shifts dominated the headlines, our investment team focused on idiosyncratic company stories where the market had overly discounted risk. Our *Global Research Review* explores some of these opportunities, including several global building products, home appliances, and furniture companies. In our *Highlighted Holding* we dig deeper into one of these idiosyncratic opportunities: Advance Auto Parts, a company that has begun its recovery after years of poor execution. Finally, our *Stewardship Insights* article details our integrated approach, led by our sector analysts, who lead bottom-up research on all company-specific issues, and are supported by our specialized ESG team.

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

Sincerely,

Pzena Investment Management

PZENA COMMENTARY

Market volatility often triggers fear-driven selloffs, but history shows that staying disciplined and invested in value stocks has led to strong long-term returns after the turmoil subsides.

MARKET VOLATILITY: LESSONS FROM HISTORY AND IMPLICATIONS FOR LONG-TERM INVESTORS

The second quarter was a wild ride for global equity markets. Stocks dropped sharply at the beginning of the quarter on trade-war fears, only to reverse course and rally strongly, as those fears subsided. Turmoil returned toward the end of the quarter, as the conflict in the Middle East heated up. It was a stark reminder that heightened market volatility is driven by fear and uncertainty, which often moves markets. In this essay we discuss

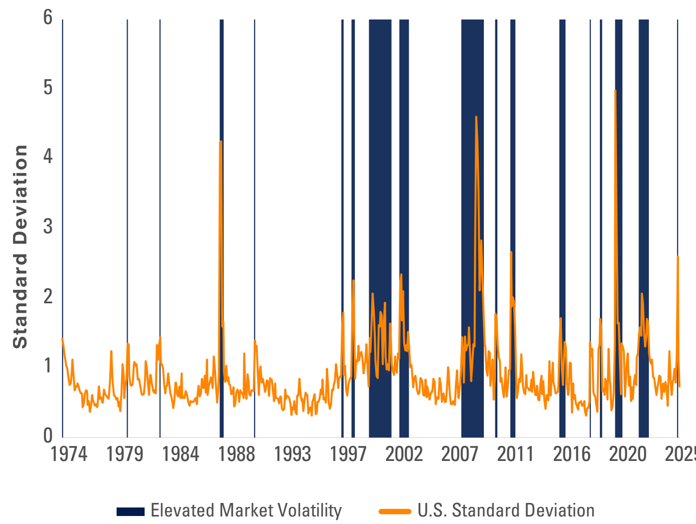
- Market volatility patterns over the past 50 years
- Market and style performance as uncertainty rises and falls

VOLATILITY, UNDERPERFORMANCE, RECOVERY

The turbulence in the quarter naturally raised questions among clients and investors about what to expect next and how best to navigate such environments. It turns out that periods like this, while unsettling, are not unprecedented. To better understand these dynamics, we studied 17 past episodes of elevated market volatility, examining the causes, the short-term performance, and what happened afterward. The findings shed light on the persistent behavioral and structural patterns that tend to emerge in turbulent times—and what investors might do (or avoid doing) as a result (Exhibit 1).

Exhibit 1: Periods of Elevated Market Volatility

30-Day U.S. Market Volatility

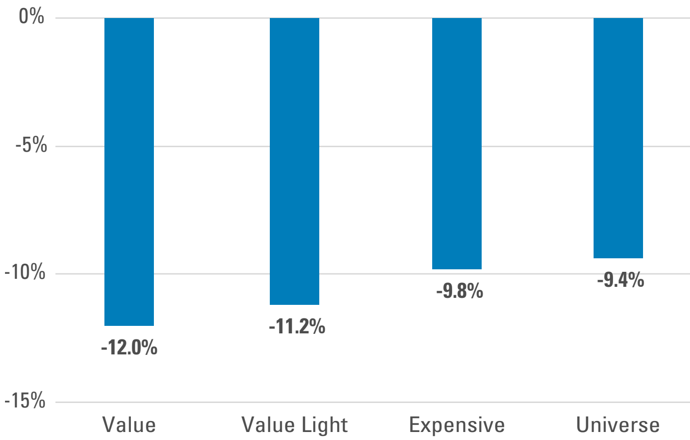


Source: Kenneth R. French, Pzena analysis
The orange line displays the 30-day trailing standard deviation of the U.S. market.
The U.S. market is all NYSE, AMEX, and NASDAQ stocks defined by Kenneth R. French data library.
The blue bars represent periods when volatility reached the top 10th percentile of observations.
Data from January 1, 1975 – June 30, 2025.
Past performance is not indicative of future returns.

One clear, unsurprising takeaway is that markets generally do not like uncertainty. During high volatility periods (defined as the most extreme 10% of observations), equities tend to perform poorly, with stocks broadly lower in 15 of the 17 occurrences, and only up slightly in the other two. This behavior makes intuitive sense: volatility is often triggered by shocks—be they economic, geopolitical, or financial—that cause investors to reassess the risk environment and future earnings potential.

Value stocks usually underperform the market, trailing in about two thirds of periods. When fear dominates, investors seek safety or perceived visibility, selling value more so than expensive growth stocks or companies with more defensive business models. Value stocks also tend to get punished worse, especially when the economic outlook is in question (Exhibit 2).

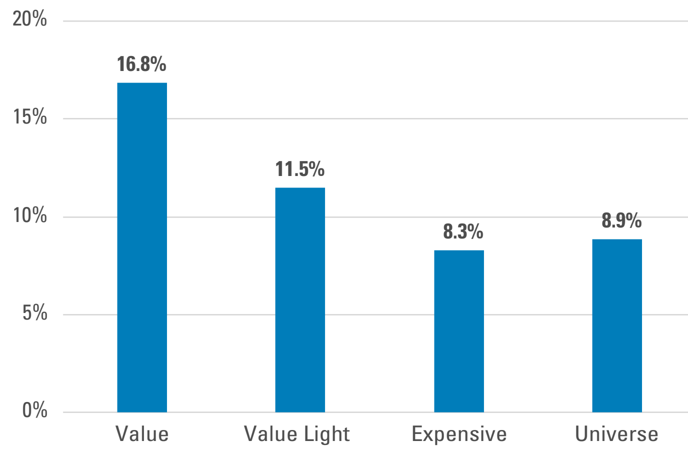
Exhibit 2: Value Underperforms in Volatile Periods
ACWI Average Performance in Volatile Periods* Since 1975



Source: Kenneth R. French, Sanford C. Bernstein & Co., Pzena analysis
**We analyzed the trailing 30-day standard deviation of the US market since 1975. Volatile periods were defined as those when volatility reached the top 10th percentile of observations. We then calculated the average performance of ACWI stocks from the start of each of the 17 volatile periods to its respective volatility peak.*
Value = stocks within the cheapest quintile based on price/book of the MSCI ACWI universe. Value Light = 2nd cheapest quintile. Expensive = most expensive quintile. The quintiles are measured on an equally weighted basis. Universe = cap-weighted returns of MSCI ACWI universe.
Total return US dollar data from January 1, 1975 – June 30, 2025.
Does not represent any specific Pzena product or service.
Past performance is not indicative of future returns.

The market decline due to a rapid rise in volatility is a good starting point for long-term, disciplined value investors, as value has historically significantly outperformed all styles and the overall market over the subsequent five-year periods (Exhibit 3). It is interesting to note that the longer-term performance of the universe and expensive stocks from the start of a high volatility period is below their long-term historical performance, while value stocks more than double that performance. This is the cost of seeking safety in volatile periods.

Exhibit 3: Value Outperforms Following Volatile Periods
ACWI Average Annualized 5-Year Forward Returns
Following the Start of a High Volatility Period*



Source: Kenneth R. French, Sanford C. Bernstein & Co., Pzena analysis
**We analyzed the trailing 30-day standard deviation of the US market since 1975. Volatile periods were defined as those when volatility reached the top 10th percentile of observations. We then calculated the average forward 5-year performance of ACWI stocks from the start of the 17 volatile periods.*
Value = stocks within the cheapest quintile based on price/book of the MSCI ACWI universe. Value Light = 2nd cheapest quintile. Expensive = most expensive quintile. The quintiles are measured on an equally weighted basis. Universe = cap-weighted returns of MSCI ACWI universe.
Total return US dollar data from January 1, 1975 – June 30, 2025.
Does not represent any specific Pzena product or service.
Past performance is not indicative of future returns.

TIMING VOLATILITY IS DIFFICULT

One of the clearest insights from the history shown in Exhibit 1 is that volatility arrives swiftly. Rarely do markets ease into panic, as there is no advance warning, and the causes can be varied, ranging from geopolitical shocks (e.g., the invasion of Ukraine) to financial dislocations (e.g., Long Term Capital Management or the Global Financial Crisis), or even global health crises (e.g., COVID-19). However, waiting for "calm" or "clarity" can backfire, as markets do not ring a bell at the bottom. Rebounds often begin while uncertainty still feels high.

Historical analysis shows that just as volatility escalates suddenly, it also fades unexpectedly, and often quickly. Once volatility breached the threshold for extreme volatility in our study (again, the top 10%), it reached a peak within two-and-half months.

This indicates that investors who wait for the all-clear—expecting clarity or a clear turning point—are usually too late. The market rebound often begins while uncertainty still dominates the headlines.

This paradox—where recovery begins before confidence returns—can be a test to the investor attempting to time market entry and explains why emotional decision-making during volatility can be so damaging. Investors tend to sell into weakness and wait on the sidelines for "calmer waters." But history shows that by the time things feel safe again, a good deal of the upside has already passed. Looking at value stocks as an example, the first 12 months after volatility reaches extreme levels tend to be particularly profitable, with value stocks outperforming all styles by more than 1,000 basis points, while the market performance is in line with its long-term history and higher than it was before the breach in all but three cases.

CONSISTENT PATTERNS

This pattern holds across most of the 17 episodes we examined for global stocks and was consistent across other geographies. Additionally, areas of the market with higher perceived inherent risk, such as emerging markets, performed worse as volatility and uncertainty rose, and outperformed in the five-year period after volatility first reached extreme levels. This performance makes intuitive sense, as uncertainty causes investor panic, leading to indiscriminate selling of assets with the highest perceived risk, only to stage the strongest recovery once the uncertainty subsides.

FINAL THOUGHTS: RESILIENCE REQUIRES DISCIPLINE

Volatile markets test investor patience and discipline. The natural impulse is to seek safety, avoid losses, and wait for better visibility. But history shows that this impulse often leads to missed opportunity. The most dramatic gains frequently follow the worst declines, and the market rarely gives the all-clear before turning higher.

Our study of past volatility episodes confirms that market shocks are part of the investing landscape. They are unpredictable, often severe in the moment, but ultimately transitory. For long-term investors, the best course is not to avoid volatility, but to navigate it with perspective and patience.

When a crisis hits, many stare into the dark and scary abyss and see only more, or even total gloom, underestimating the resilience of markets and the human spirit that ultimately drives rational investment decision making. Staying invested, maintaining a valuation discipline, resisting the urge to react to headlines, and sifting through the hardest-hit stocks remain the best recipe for compounding capital over time. Consistent with the study presented, we have found that periods of high volatility are particularly good times to invest in undervalued stocks that have been summarily sold off due to market fears for long-term returns. Although the ultimate impact of current trade policies remains uncertain, our investment approach ensures that we assess each company's ability to withstand and adapt to evolving conditions. This disciplined, research-driven methodology enables us to capitalize on opportunities that arise from market fears while attempting to safeguard against permanent capital impairment.

GLOBAL RESEARCH REVIEW

Weak housing markets and tariff headwinds have resulted in attractive valuations for many global building products, home appliances, and furniture companies, which we took advantage of in the quarter, while continuing to trim outperformers—including global financials.

A deluge of headlines involving global trade tensions, geopolitical developments, military conflicts, and shifting U.S. domestic policies sent equity markets on a wild ride, with international stocks outpacing their American counterparts for the second consecutive quarter (in USD terms). Investors' renewed interest in the AI trade powered the outperformance of growth stocks over value, which was most pronounced in the U.S., where small-cap stocks trailed large caps for a third straight quarter. Global valuation spreads have consequentially widened, with each universe becoming more expensive quarter-over-quarter, while the cheapest quintiles' valuations are broadly unchanged.

Global Valuations: Price-to-Normalized Earnings Mid-Points

As of June 30, 2025

	Cheapest Quintile[1]	Universe[2]
Global	7.9	14.9
U.S.	7.4	13.7
Europe	7.4	12.6
Japan	7.5	12.8
Emerging Markets	9.3	17.6

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

FINDING VALUE AMID TARIFF FEARS AND HOUSING WEAKNESS

During the COVID-19 pandemic, we observed a massive pull-forward of demand for housing-related goods. Following a simultaneous flurry of homebuying, interest rates subsequently rose, leaving the housing market in a state of limbo. Meanwhile, the Trump Administration's ever-changing trade policies have added another layer of uncertainty for consumers. Unsurprisingly, U.S. small-cap building products and residential furniture stocks have underperformed the market since the fourth quarter of last year, and we have added to several positions amid the weakness.

One such company, Haverty Furniture, is a retailer mainly concentrated in the Southeastern U.S. that skews more to higher-income consumers. Despite the macro-driven headwinds, the company has increased average ticket size through its design-consulting offering. Haverty imported roughly 15% of its furniture from China prior to April's tariff announcements but has since reshuffled most of this to other geographies, while passing price increases through to customers. This approach has resulted in gross margin expansion despite both blanket tariffs and volume-driven revenue pressure amid the housing slump. Haverty also possesses a pristine balance sheet with no debt, and its cash and the value of real estate constitute roughly two-thirds of the company's market cap. We are thus content holding this position in anticipation of an eventual top-line recovery, while management returns cash to shareholders in the interim.

We also added to our positions in MasterBrand and American Woodmark—two leading U.S. kitchen cabinet manufacturers. Although both are small-cap companies, they are the dominant players in the highly concentrated North American residential cabinet industry, with both possessing the requisite scale to serve large national customers. Based on our conversations with the management teams and our understanding of the industry, we do not believe either is competitively disadvantaged due to import tariffs. With MasterBrand and American Woodmark shares trading at only 6.0x and 4.6x our estimates of their normalized earnings, it appears investors are assuming a worst-case scenario in which volumes never rebound and tariff costs cause lasting damage to margins. However, we believe this outlook is overly pessimistic.

In a similar vein, the Chinese global appliance manufacturer, Haier Smart Home, is also exposed to housing activity—not only in China but also in the U.S., where it generates roughly 30% of its sales via its GE Appliances unit, which it purchased in 2016 from General Electric, as well as from its Haier-branded products. Haier is contending with levies on its imported finished goods, as well as on inputs for its U.S.-based manufacturing. As a result of these headwinds, shares of Haier have lost roughly a third of their value since late 2024 and are now trading at an all-time low forward multiple. The potential impact of U.S. tariffs on Haier's bottom line is not immaterial, but we believe investors are assuming no mitigation efforts, nor any improvement in the underlying macro environments. Haier has plenty of levers it can pull to offset the tariff headwinds, first and foremost by passing through costs to consumers, which it succeeded in doing during the first Trump Administration. Haier's stock trades at less than 9x our estimate of normal earnings; its balance sheet is in a net cash position; and the company generates robust free cash flow. We elected to top up on our position in the second quarter.

Shares of Osaka-based global A/C manufacturer, Daikin Industries, have likewise been hit by tariff headwinds and persistent weakness in China—by far Daikin's most profitable geography—amid the nation's housing crisis. The stock's forward multiple has collapsed by ~50% over the past five years, but we believe the company is largely suffering from temporary issues that the market is misinterpreting as structural, and we initiated a position at ~8x our estimate of the company's normal earnings.

A MARKET MISCONCEPTION

Shares of U.S. merchant acquirer Global Payments (GPN) had been trading at a historic low forward multiple around mid-April on fears of consumer spending softness and disruption from software-focused fintech players; the stock then took another material leg lower on news of its transformational $24bn acquisition of rival Worldpay. Following a period of extensive due diligence, we determined that the market was overly punitive in its assessment of the Worldpay deal, and that the highly synergistic transaction should ultimately prove to be value accretive. The pro forma company is expected to process roughly $4T of payments, up from ~$1.5T today, providing it with a leading market share position in the U.S. and the ability to cross sell products to existing Worldpay customers. Given our underlying thesis remains intact, namely that fintech disruption fears are overblown, we added to our position with shares trading at just ~7.5x our estimate of normal earnings.

TRIMMING OUTPERFORMERS

Brazilian beer brewer Ambev staged a powerful rally following its strong earnings report in late February, which revealed impressive year-over-year margin expansion—a function of management's premiumization strategy bearing fruit, improving macroeconomic trends in Brazil, and a strengthening currency. We subsequently trimmed our position on strength.

We crystallized some gains in several lenders across geographies and market caps. In the U.K./Europe, we reduced our stakes in London-headquartered Asian trade bank Standard Chartered, the U.K.'s NatWest Group, and regional Spanish lender CaixaBank, after robust net interest income, a benign credit environment, and a more accommodating regulatory backdrop drove shares higher. We also scaled back our position in Hungarian lender OTP Bank, which benefitted from persistent loan growth combined with stable net interest margins and an elevated capital position that assuaged investors' concerns about the bank's Ukraine/Russia exposures.

REDUCING RISK

We elected to fully divest our holding in South African chemical and energy producer Sasol, as the company's fixed costs had ballooned in recent years due to persistent coal quality issues that several management teams were unable to address, while elevated leverage constrained management's ability to return capital to shareholders. Although the stock remained cheap on a price-to-normal earnings basis, Sasol's declining profitability, unstable free cashflow profile, and high debt load made the company too susceptible to a possible decline in oil prices (which could have prompted a capital raise) to justify maintaining our position. We therefore sold out of the stock in May.

CONCLUSION

Just as trade war concerns began to ease in the back half of the quarter, new risks emerged in the form of monetary policy uncertainty, the U.S. fiscal situation, and military clashes in the Middle East. The S&P 500 nonetheless closed the quarter at a record high, but at a forward multiple in the 94th percentile[1], effectively lowering its future expected return. Our value portfolios, on the other hand, are trading in-line with their historical valuations, even after some outsized gains in certain European and developing markets, as we have continued to rotate into more attractively valued companies amid the heightened volatility.

1. FactSet, monthly P/E—NTM, Jan. 2000–June 2025

STEWARDSHIP INSIGHTS

Our integrated investment approach benefits from having sector analysts lead investment research, supported by our three-person ESG team. This combination strengthens our analysis of material investment issues.

INTRODUCTION

Our ESG-integrated investment approach means that the entire investment team is responsible for analyzing all material issues affecting the companies we invest in. We achieve this through a "best-of-both-worlds" structure. Our team of global sector analysts is responsible for undertaking bottom-up company research, supported by our three-person ESG team, advising on subjects that often cut across the companies and industries we invest in.

Our ESG team is an integrated part of our investment team and fulfills two core functions: research and reporting. What follows is an overview of these specific functions, and an explanation of why we think having a small subset of our investment team as ESG professionals enhances our integrated investment approach.

RESEARCH

Company Research

As value investors, we are used to looking at companies experiencing some kind of difficulty, which may or may not be related to sustainability. Our sector analysts are responsible for researching and analyzing all material issues for the companies under their coverage. As a component of an initial review, the sector analyst is expected to have identified the primary, company-specific key controversies, including any related to sustainability, if relevant. If we decide to take the company beyond the initial review to a final review, the ESG team is available to the sector analysts as a resource to help research these issues in more depth and/or breadth.

When analyzing a risk or opportunity that impacts a company's sustainability, and that is therefore core to our investment thesis, the ESG team can help the sector analyst examine aspects of the issue in more depth and provide a perspective on how this issue has manifested in other companies or industries. In other cases, the ESG team can help the sector analyst identify other sustainability issues where the impact may not be immediately clear. The ESG team's role is to articulate how these issues might have the potential to become financially material over time, or under different potential scenarios. The sector analyst makes the final decision about materiality and whether to include it in the materials prepared for the final review.

Opportunity List

Companies on the Opportunity List are ones for which these issues are among the most financially material and where we believe engagement could have an impact. The ESG team supports the sector analysts, helping to identify potential candidates for the Opportunity List, as companies move through our research process; the team also proposes the related engagement objectives. These objectives are discussed in the final review and, if we choose to invest, the same group of decision-makers will convene every six months to determine whether the engagement objectives have been met or if we need to escalate our engagement and/or adjust our objectives.

Thematic Research

Thematic research is focused primarily on topical or emerging issues, as a complement to our bottom-up fundamental investment process. For example, the ESG team conducted topical research into best practices for assessing the credibility of a company's Net Zero plans. This type of analysis is helpful to a variety of sector analysts covering companies in hard-to-abate sectors that may be pursuing decarbonization initiatives. Critically examining the credibility of transition plans helps the investment team focus engagement on material opportunities, dependencies, and/or challenges. Similarly, when the ESG team focuses on emerging sustainability issues, it helps the investment team think about where and how new risks and opportunities may emerge in the portfolio. Current priorities for emerging thematic research include biodiversity and climate adaptation. To ensure there is alignment with the priorities of the investment team and to avoid siloed thinking, the ESG Steering Committee (comprised of senior members of the investment team), helps prioritize focus areas for thematic research.

Proxy Voting Research

Recently, the ESG team has taken on a more formalized role in the proxy voting process. This includes reviewing all relevant materials (internal company notes and proxy policy, as well as company proxy filings, ISS reports, and other publicly available information) and sending a synthesized view of the key issues—including vote recommendations—to the sector analyst to enhance efficiency and help ensure consistency of thinking across the team. The sector analyst uses the analysis as an input to the final vote decision. If we decide it is necessary to engage with the company on a particular proxy issue, the ESG team helps to coordinate and research any additional issues that may arise.

REPORTING

Effective external communication to clients is a key part of our integrated research process. The ESG team leads our responses to various external reporting obligations, including the annual PRI and Japanese Stewardship Code submissions. We also publish an annual stewardship report to showcase the most significant engagements and proxy votes from the prior calendar year. Every two years, we also publish a Corporate Social Responsibility (CSR) report intended to explain what Pzena does as a firm to address sustainability issues, separate from our investment approach.

CONCLUSION

An integrated research approach means that sustainability issues are a fundamental part of our investment research. Consequently, our sector analysts research and analyze these issues, just as they would any material, operational, or financial issues. Importantly, having a few dedicated ESG professionals sitting within our investment team enhances our focus. They provide expert advice and context to our team of global industry analysts, while leaving the ultimate decision making with the analysts and portfolio managers who are closest to the companies we are invested in.

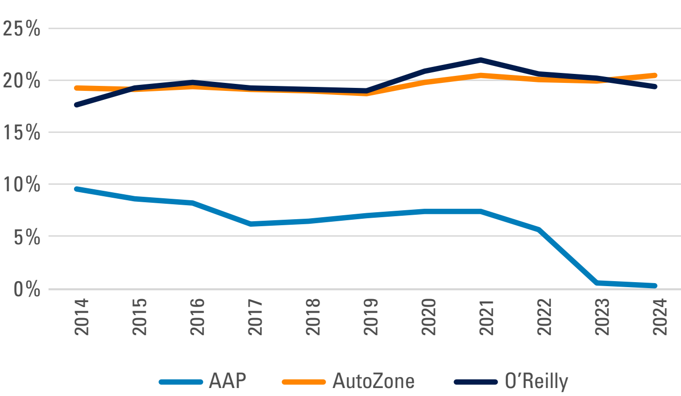
HIGHLIGHTED HOLDING: ADVANCE AUTO PARTS

Advance Auto Parts is a classic turnaround story. After a dramatic collapse in margins and investor sentiment, green shoots are emerging that point to a path back to normalized earnings power.

Advance Auto Parts (AAP) is the third largest auto parts retailer in the U.S.[1], operating 4,300 Advance Auto Parts and Carquest stores and supporting another 900 independently owned Carquest locations. Through its two banners, AAP sells replacement parts, maintenance items, and accessories for cars and light trucks, with core categories including batteries, brakes, filters, spark plugs, and fluids. Its 100,000+ SKUs support its "blended-box" model that serves both professional repair shops (Pro) and do-it-yourself (DIY) customers from the same brick-and-mortar locations, with sales split roughly 50/50 between Pro and DIY.

Despite its size, AAP has failed to leverage the advantages of its scale. Years of mismanagement have driven its operating margin below 1%, a stark contrast to the ~20% margins earned by larger peers AutoZone and O'Reilly (Exhibit 1). AAP's prolonged underperformance stems from supply chain inefficiencies, under-investment in store operations, and a failed pricing strategy that triggered a full-blown crisis in 2023, sending the stock down more than 80% from its peak. Today, under new leadership, the company is executing a focused turnaround, with early KPIs improving, and a credible path back to 6%+ margins. At just 5.0x our normalized earnings estimate, we believe the stock is significantly undervalued.

Exhibit 1: Operating Margin



Source: S&P Capital IQ

1. By number of company-operated stores.

		Earnings Per Share			Price/Earnings		
	Price	FY 25E	FY 26E	Normal*	FY 25E	FY 26E	Normal*
Advance Auto Parts	$46.49	$1.98	$3.21	$9.25	23.5x	14.5x	5.0x

Fiscal year ends on the Saturday closest to December 31 (52–53 week calendar).
**Pzena estimate of normal earnings.*
Source: S&P Capital IQ, Pzena analysis
Data as of June 30, 2025.

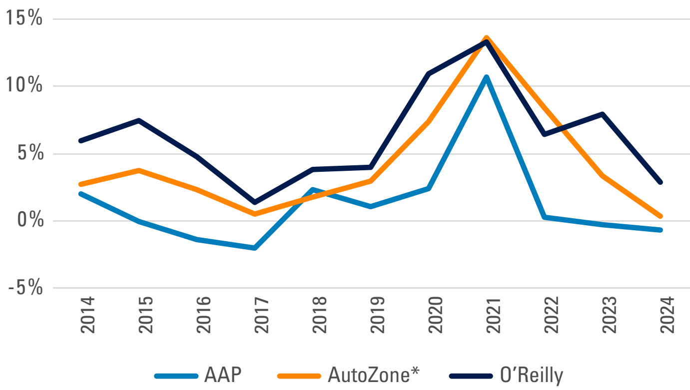
AUTO PARTS RETAILING: AN ATTRACTIVE INDUSTRY

The $160 billion U.S. auto parts aftermarket is highly fragmented, with scaled players steadily taking share from mom-and-pop competitors. The top four players hold roughly 30% of the market, leaving a long runway for consolidation-driven growth. Structural tailwinds, including an aging car fleet, a growing vehicle base, and rising vehicle miles traveled, continue to support long-term demand. Unlike most retail categories, auto parts remain resistant to e-commerce disruption, particularly in the Pro segment, where mechanics typically expect delivery within an hour to minimize downtime in their repair bays.

WHAT WENT WRONG: UNDERSTANDING THE DOWNTURN

AAP's troubles trace back to its 2014 acquisition of General Parts International, which brought in the Carquest and now-divested Worldpac banners. The company never fully integrated these acquisitions, and over a decade later, it was still operating multiple parallel supply chains, each with separate distribution centers and incompatible warehouse management systems. Success in this industry depends on parts availability, fast delivery, great service, and competitive pricing. However, AAP's fragmented network made consistent execution impossible. The resulting complexity led to stockouts and slower delivery times. These operational failures are reflected in same-store sales, which have trailed AutoZone and O'Reilly nearly every year for the past decade (Exhibit 2).

Exhibit 2: Same-Store Sales



Source: Company filings, Pzena analysis
**Domestic SSS*

In 2016, a new leadership team took over and made a bad situation worse by prioritizing cost-cutting over fixing core operational problems. What followed were years of underinvestment in logistics, IT, and store operations, leaving frontline employees under-resourced, shelves understocked, and many stores still running on outdated point-of-sale systems. These shortcomings made it difficult to meet customer needs. The consequences are evident in store productivity: while AutoZone and O'Reilly generate over $2.5 million in sales per location, AAP lags at just $1.7 million, despite having similarly sized stores, highlighting the gap created by years of dysfunction[2].

While these operational missteps had weighed on margins for years, AAP's undoing came from a failed pricing initiative launched in 2022. Seeking to close its persistent margin gap with peers, AAP raised prices, first in DIY, then in Pro. Competitors did the opposite: AutoZone and O'Reilly lowered prices and took share. Pro customers, in particular, defected, and AAP's volumes declined significantly. After sticking with the strategy for several quarters, AAP reversed course in early 2023 and slashed prices to win back business, but it was too late. Lost volumes never fully returned, and the pricing whiplash led to a full collapse in margin.

2. Company filings, Pzena estimate

The fallout was swift. By mid-2023, AAP had missed earnings, slashed its dividend, launched a strategic review, and begun searching for a new CEO. Around the same time, material weaknesses in internal controls came to light, further shaking investor confidence, and prompting the departures of both the Chief Accounting Officer and the Treasurer. Vendor relationships deteriorated, employee turnover rose, and the stock plunged, leaving a once-formidable retailer on the brink of failure.

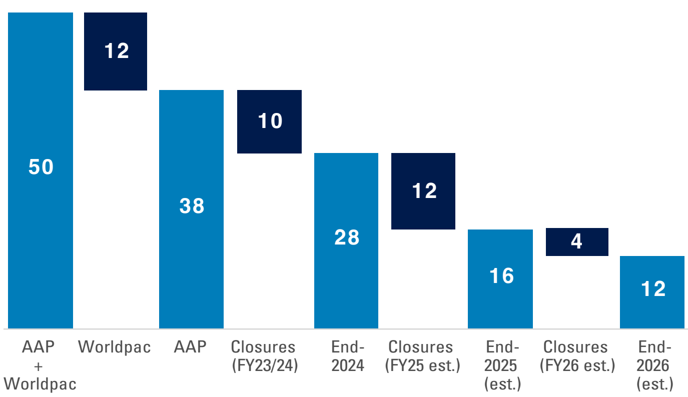
A NEW CHAPTER: OPERATIONAL DISCIPLINE AND EARLY PROGRESS

Under the new CEO, Shane O'Kelly, AAP is taking decisive steps to improve execution after years of mismanagement. One of his first actions was divesting of Worldpac, a standalone e-commerce platform for import parts that operated outside AAP's brick-and-mortar blended-box model. This move significantly strengthened the balance sheet, transforming a $1.3 billion net debt position at year-end 2023 into an $80 million net cash position by year-end 2024. The resulting financial flexibility was crucial, enabling the company to make tough operational decisions and aggressively execute its turnaround strategy. With its failed pricing strategy now fully unwound and prices back in line with competitors, AAP is focused on restoring its competitive edge across three pillars: merchandising, supply chain, and store footprint.

In merchandising, AAP is fixing a basic problem: stores did not have the parts customers needed. A new stocking model adjusts inventory based on local demand, prioritizing high-turn items by market. Parts availability has improved from the low-90% range in 2024 to the mid-90s in Q1 2025, with a target in the high-90s. Early test regions have already seen a ~50 basis point improvement in comparable store sales.

In supply chain, AAP is consolidating 38 legacy distribution centers (DCs) into 12 large regional DCs and adding 60 market hubs (large-format stores that carry expanded inventory and support deliveries to surrounding locations) to create a hub-and-spoke network modeled after those of AutoZone and O'Reilly (Exhibit 3). Fewer DCs means fewer ship points for vendors, streamlining inbound logistics, and creating leverage for better pricing. Over 50 basis points of annualized cost savings are expected to begin flowing through in the second half of 2025. Hub-served locations are already seeing a ~100 basis point improvement in comparable store sales.

Exhibit 3: Consolidating Distribution Centers



Source: Company filings, Pzena projections

In store footprint, AAP has closed over 700 underperforming and independent stores to concentrate its footprint in markets where it holds the #1 or #2 share. This denser network improves local scale, speeds up delivery, and strengthens in-store execution. Delivery times to Pro customers have improved from over 50 minutes in 2024 to around 40 minutes in Q1 2025, moving closer to AAP's 30–40-minute target.

THE OPPORTUNITY

Despite early signs of recovery, the market remains skeptical that AAP can close the margin gap with peers. While some of that skepticism reflects structural differences, such as AAP's higher mix of leased stores and independents, which carry lower margins, the bulk stems from lingering execution risk.

Skepticism is warranted, given AAP's history, but early results suggest real progress. With pricing reset, a new merchandising strategy, a restructured supply chain, and a denser store footprint, the company is positioned to recover lost productivity and rebuild margin. Before its missteps, AAP consistently delivered high-single-digit operating margins, a level we view as attainable again. Even at our more conservative 6% margin in our estimate of normailzed earnings, AAP would generate $9.25 in EPS, implying substantial earnings power relative to today's $46.49 share price. Years of strategic missteps created deep problems but also set the stage for meaningful value creation. With signs of progress emerging, we see a credible path to normalized earnings and a turnaround firmly underway.

Pzena Investment Strategies

	APPROXIMATE HOLDINGS	INVESTMENT UNIVERSE	TYPICAL CLIENT BENCHMARKS	STRATEGY INCEPTION DATE	PAGE #
GLOBAL/NON-U.S. STRATEGIES					
Global Value	60 - 95	2,000 Largest Companies Worldwide	MSCI World[1]	1/2010	14
Global Focused Value	40 - 60	2,000 Largest Companies Worldwide	MSCI ACWI	1/2004	15
International Value	60 - 80	1,500 Largest non-U.S. Companies	MSCI EAFE[1]	11/2008	16
International Focused Value	30 - 50	1,500 Largest non-U.S. Companies	MSCI ACWI ex USA	1/2004	17
International Small Cap Focused Value	40 - 70	MSCI World ex USA Small Cap	MSCI World ex USA Small Cap	10/2016	18
Emerging Markets Focused Value	40 - 80	1,500 Largest Companies in Non-Developed Markets	MSCI Emerging Markets	1/2008	19
European Focused Value	40 - 50	750 Largest European Companies	MSCI Europe	8/2008	20
Japan Focused Value	25 - 40	750 Largest Japanese Companies	TOPIX	7/2015	21
U.S. STRATEGIES					
Large Cap Value	50 - 80	500 Largest U.S. Companies	Russell 1000 Value®	7/2012	22
Large Cap Focused Value	30 - 40	500 Largest U.S. Companies	Russell 1000 Value®	10/2000	23
Focused Value	30 - 40	1,000 Largest U.S. Companies	Russell 1000 Value®	1/1996	24
Mid Cap Focused Value	30 - 40	1,000 U.S. Companies (ranked 201 – 1200)	Russell Mid Cap Value®	9/1998	25
Small Cap Focused Value	40 - 50	2,000 U.S. Companies (ranked 1001 – 3000)	Russell 2000 Value®	1/1996	26

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 equity markets rose significantly in a very volatile quarter. Renewed optimism on AI resulted in growth outperforming value, and our portfolio underperformed its broad market benchmark.

Health care and energy detracted from absolute performance, and pharma manufacturer Bristol-Myers Squibb experienced disappointing trial results for its antipsychotic drug Camzyos. U.S. chemical producer Dow was hit by tariff fears, given that they are a very large exporter to Asia and could be impacted by reciprocal tariffs. Lastly, medical products company Baxter sold off on April's tariff announcements and has yet to fully recover, despite reporting a solid set of results in May that confirmed a limited direct impact from U.S. import levies; thus, we are maintaining our conviction in the stock.

Financials and technology gained, and the top individual contributor, discount retailer Dollar General, is seeing increased customer traffic, as its low price and convenience reach more higher-income consumers when the economy weakens. UK grocer Sainsbury's share price rebounded after reporting strong results despite heightened competitive pressure in the UK, while German truck manufacturer Daimler Truck's valuation recovered, as concerns over tariffs and macroeconomic headwinds subsided.

We initiated a position in Corebridge, a leading U.S. provider of retirement and insurance solutions and formerly an AIG business. Fears around declines in variable and fixed annuity profitability accelerated as market volatility increased, but we believe the stock's low valuation creates an exceptional entry point for a longer-term growth opportunity. We also added LKQ, a leading alternative auto parts distributor holding #1 positions in the collision and salvage markets in North America, as well as in the hard parts market in Europe.

Our portfolios continue to offer a diverse set of opportunities—both in terms of industry and geographic exposures—with an overweight outside the U.S. relative to the cap-weighted indices. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/10
Pzena Global Value Composite - Gross	6.2%	12.1%	16.2%	14.9%	16.3%	8.6%	9.1%
Pzena Global Value Composite - Net	6.0%	11.8%	15.6%	14.3%	15.6%	8.0%	8.5%
MSCI World Index	11.5%	9.5%	16.3%	18.3%	14.6%	10.7%	10.3%
MSCI World Value Index	5.4%	10.5%	15.9%	13.5%	13.5%	7.7%	8.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

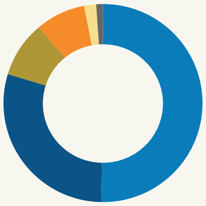
Samsung Electronics	3.0%
Cognizant Tech	2.9%
Baxter Intl	2.8%
Daimler Truck Holding	2.8%
Dollar General	2.5%
Citigroup	2.4%
Capital One Financial	2.4%
Amdocs Ltd	2.3%
BASF	2.3%
Enel	2.3%
Total	25.7%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.3x	14.9x *
Price / Earnings (1-Year Forecast)	11.8x	20.9x
Price / Book	1.3x	3.6x
Median Market Cap ($B)	$26.5	$24.0
Weighted Average Market Cap ($B)	$85.3	$777.2
Active Share	95.6%	-
Standard Deviation (5-Year)	18.9%	15.7%
Number of Stocks (model portfolio)	60	1,325

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

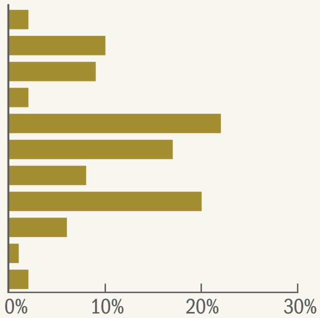
REGION CONCENTRATION



	Strategy	Index
North America	50%	75%
Europe ex-U.K.	29%	13%
Emerging Markets	9%	0%
United Kingdom	8%	4%
Japan	2%	5%
Dev. Asia ex-Japan	1%	1%
Australia/New Zealand	0%	2%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	2%	8%
Consumer Discretionary	10%	10%
Consumer Staples	9%	6%
Energy	2%	3%
Financials	22%	17%
Health Care	17%	10%
Industrials	8%	11%
Information Technology	20%	26%
Materials	6%	3%
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.

PORTFOLIO STRATEGIES

PZENA GLOBAL FOCUSED VALUE

Global equity markets rose significantly in a very volatile quarter. Renewed optimism on AI resulted in growth outperforming value, and our portfolio underperformed its broad market benchmark.

Health care, energy, and materials all detracted from absolute performance, and pharma manufacturer Bristol-Myers Squibb experienced disappointing trial results for its antipsychotic drug Camzyos. U.S. chemical producer Dow was particularly hard hit by tariff fears, given that they are a very large exporter to Asia and could be impacted by reciprocal tariffs. Merchant acquirer Global Payments sold off after announcing its intentions to acquire Worldpay, a struggling competitor. After reviewing the acquisition, we believe the combination of a low acquisition price and synergies makes the transaction justifiable.

Financials, consumer staples, and industrials all gained, and the top individual contributor, discount retailer Dollar General, is seeing increased customer traffic, as its low price and convenience reach more higher-income consumers when the economy weakens. U.K. grocer Sainsbury's share price rebounded, as the company reported strong results despite heightened competitive pressure in the U.K. grocery sector, while German truck manufacturer Daimler Truck's valuation recovered, as concerns over tariff impacts and macroeconomic headwinds subsided throughout the quarter.

We initiated a position in Corebridge, a leading U.S. provider of retirement and insurance solutions and formerly an AIG business. Fears around declines in variable and fixed annuity profitability accelerated as market volatility increased, but we believe the stock's low valuation creates an exceptional entry point for a longer-term growth opportunity. We funded this purchase with trims of Nokia, Italian utility Enel, and Alibaba, all on strength.

Our portfolios continue to offer a diverse set of opportunities—both in terms of industry and geographic exposures—with an overweight outside the U.S. relative to the cap-weighted indices. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/04
Pzena Global Focused Value Composite - Gross	6.2%	13.2%	17.0%	15.4%	16.7%	8.4%	6.9%
Pzena Global Focused Value Composite - Net	6.0%	12.8%	16.1%	14.5%	15.9%	7.6%	6.0%
MSCI All Country World Index	11.5%	10.0%	16.2%	17.3%	13.7%	10.0%	8.3%
MSCI All Country World Value Index	5.8%	10.9%	15.6%	13.1%	13.0%	7.3%	6.8%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

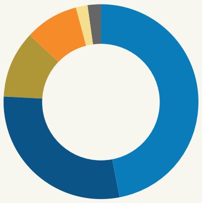
Dollar General	3.4%
Daimler Truck Holding	3.3%
CVS Health	2.9%
Cognizant Tech A	2.8%
Baxter Intl	2.8%
Charter Communications A	2.7%
Samsung Electronics	2.6%
Citigroup	2.6%
Capital One Financial	2.6%
Reckitt Benckiser Group	2.5%
Total	28.2%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.1x	14.9x *
Price / Earnings (1-Year Forecast)	11.4x	19.7x
Price / Book	1.2x	3.3x
Median Market Cap ($B)	$25.7	$14.8
Weighted Average Market Cap ($B)	$64.2	$715.0
Active Share	96.5%	-
Standard Deviation (5-Year)	19.9%	15.2%
Number of Stocks (model portfolio)	49	2,528

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

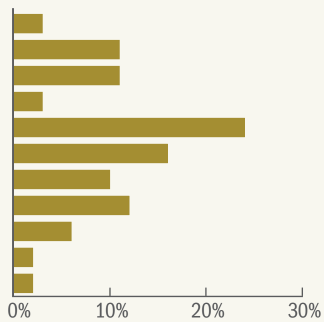
REGION CONCENTRATION



	Strategy	Index
North America	47%	67%
Europe ex-U.K.	29%	12%
United Kingdom	11%	3%
Emerging Markets	9%	10%
Japan	2%	5%
Dev. Asia ex-Japan	2%	1%
Australia/New Zealand	0%	2%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	3%	9%
Consumer Discretionary	11%	10%
Consumer Staples	11%	6%
Energy	3%	4%
Financials	24%	18%
Health Care	16%	9%
Industrials	10%	11%
Information Technology	12%	26%
Materials	6%	3%
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 VALUE

Non-U.S. equity markets posted strong gains in the second quarter, helped by a weaker U.S. dollar, despite headwinds from rising U.S. tariffs and ongoing geopolitical volatility. Growth stocks outpaced value, driven by renewed momentum in the technology sector, and our portfolio underperformed its benchmark.

By sector, only energy detracted from absolute performance, and Alibaba saw a partial reversal of its strong Q1 performance, as investors reassessed the implications of rising AI investment and continued macroeconomic weakness in China. Sanofi declined after reporting mixed results from its late-stage drug pipeline, and lower global energy prices weighed on Equinor's share price.

The financial sector was the standout performer, and the top individual contributor, U.K. grocer J Sainsbury, rebounded, as the company continued to execute well amid heightened competitive pressure in the U.K. grocery market. German auto supplier Continental benefited from investor optimism around its ongoing corporate restructuring and stronger-than-expected earnings, while Daimler Truck's valuation recovered, as concerns over tariff impacts and macroeconomic headwinds subsided throughout the quarter.

In the second quarter, we established new positions in two leading Japanese companies, capitalizing on attractive entry points. Murata is a global leader in electronic passive components, particularly capacitors and inductors. Concerns related to currency fluctuations and China resulted in an attractive buying opportunity for a business we believe has sustainable cost and technology leadership, with long-term growth potential in EVs and AI-driven data centers. Daikin, a global leader in air conditioning systems, is facing macroeconomic uncertainty in several geographies as well as tariff pressures. We believe there is upside potential through margin improvement and a renewed focus on capital efficiency. We added to our positions in Olympus and Rexel on relative weakness and trimmed our holdings in Shell and Evonik.

The relatively uncertain macro environment and questions over tariffs continue to keep the market on edge, but this volatility can create opportunities for long-term value investors. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 11/1/08
Pzena International Value Composite - Gross	8.7%	20.0%	22.0%	18.2%	15.7%	7.5%	9.8%
Pzena International Value Composite - Net	8.6%	19.7%	21.3%	17.5%	15.0%	6.9%	9.2%
MSCI EAFE Index	11.8%	19.4%	17.7%	16.0%	11.2%	6.5%	7.6%
MSCI EAFE Value Index	10.1%	22.8%	24.2%	18.4%	14.3%	6.1%	7.1%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

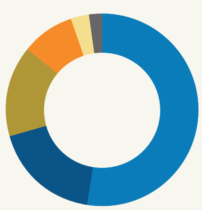
Daimler Truck Holding	3.2%
Rexel SA	2.7%
Bank of Ireland Group	2.6%
Reckitt Benckiser Group	2.6%
ArcelorMittal	2.5%
Teleperformance	2.5%
Danske Bank	2.5%
Michelin	2.4%
BASF	2.4%
ING GROEP	2.3%
Total	25.7%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.1x	15.2x*
Price / Earnings (1-Year Forecast)	10.8x	15.4x
Price / Book	1.2x	2x
Median Market Cap ($B)	$27.6	$17.7
Weighted Average Market Cap ($B)	$54.7	$94.4
Active Share	88.9%	-
Standard Deviation (5-Year)	18.1%	15.9%
Number of Stocks (model portfolio)	61	695

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

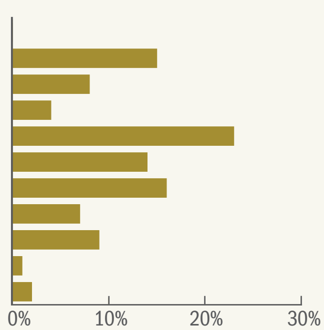
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	52%	52%
Japan	18%	22%
United Kingdom	15%	15%
Emerging Markets	9%	0%
North America	3%	0%
Dev. Asia ex-Japan	2%	4%
Australia/New Zealand	0%	7%
Dev. Africa/Middle East	0%	1%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	5%
Consumer Discretionary	15%	10%
Consumer Staples	8%	8%
Energy	4%	3%
Financials	23%	24%
Health Care	14%	11%
Industrials	16%	19%
Information Technology	7%	9%
Materials	9%	6%
Real Estate	1%	2%
Utilities	2%	4%

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

PZENA INTERNATIONAL FOCUSED VALUE

Non-U.S. equity markets posted strong gains in the second quarter, helped by a weaker U.S. dollar, despite headwinds from rising U.S. tariffs and ongoing geopolitical volatility. Growth stocks outpaced value, driven by renewed momentum in the technology sector, and our portfolio underperformed its benchmark.

By sector, only energy detracted from absolute performance, and Alibaba saw a partial reversal of its strong Q1 performance, as investors reassessed the implications of rising AI investment and continued macroeconomic weakness in China. Banco do Brasil was impacted by a deteriorating agriculture loan book, and Sanofi declined after reporting mixed results from its late-stage drug pipeline.

The financial sector was the standout performer, and the top individual contributor, U.K. grocer J Sainsbury, rebounded, as the company continued to execute well amid heightened competitive pressure in the U.K. grocery market. German auto supplier Continental benefited from investor optimism around its ongoing corporate restructuring and stronger-than-expected earnings, while dialysis company Fresenius Medical Care continued to display tangible operational improvements via its self-help initiatives.

We initiated positions in three Japanese companies across diverse industries. Murata, a global leader in electronic passive components, has been weak on concerns related to currency fluctuations and China, resulting in an attractive entry point for a business we believe has sustainable cost and technology leadership. Olympus holds a dominant 70% market share in gastrointestinal endoscopes, and, while current earnings are under pressure due to resolving FDA warning letters at its Japanese facilities, we see meaningful self-help opportunities that could drive future earnings growth. Daikin, a global leader in air conditioning systems, is facing macroeconomic uncertainty in several geographies as well as tariff pressures. We believe there is potential for margin improvement and a renewed focus on capital efficiency.

The relatively uncertain macro environment and questions over tariffs continue to keep the market on edge, but this volatility can create opportunities for long-term value investors. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/04
Pzena International Focused Value Composite - Gross	9.4%	21.9%	25.1%	19.9%	16.9%	8.2%	7.6%
Pzena International Focused Value Composite - Net	9.2%	21.4%	24.2%	19.0%	16.1%	7.4%	6.6%
MSCI All Country World Ex-U.S. Index	12.0%	17.9%	17.7%	14.0%	10.1%	6.1%	6.4%
MSCI ACWI ex USA Value - Net Index	10.4%	19.9%	21.4%	15.6%	13.1%	5.7%	6.1%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

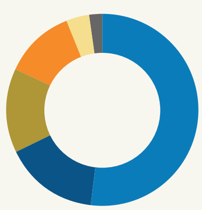
Daimler Truck Holding	3.1%
Fresenius Medical Care	3.0%
BASF	3.0%
Rexel SA	2.8%
J Sainsbury	2.8%
Samsung Electronics	2.6%
Reckitt Benckiser Group	2.6%
Randstad	2.6%
Enel	2.6%
Danske Bank	2.5%
Total	27.6%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	7.9x	15.2x *
Price / Earnings (1-Year Forecast)	10.3x	14.9x
Price / Book	1.2x	2x
Median Market Cap ($B)	$26.9	$11.5
Weighted Average Market Cap ($B)	$55.0	$117.6
Active Share	92.2%	-
Standard Deviation (5-Year)	18.9%	15.0%
Number of Stocks (model portfolio)	49	1,981

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

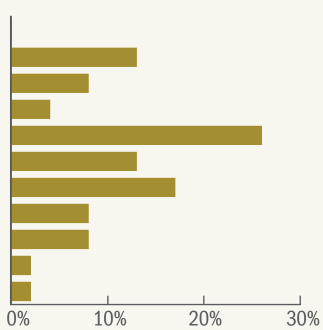
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	52%	32%
Emerging Markets	16%	29%
United Kingdom	14%	9%
Japan	12%	14%
Dev. Asia ex-Japan	4%	2%
North America	2%	8%
Australia/New Zealand	0%	4%
Dev. Africa/Middle East	0%	1%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	6%
Consumer Discretionary	13%	10%
Consumer Staples	8%	7%
Energy	4%	5%
Financials	26%	25%
Health Care	13%	8%
Industrials	17%	15%
Information Technology	8%	13%
Materials	8%	6%
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 INTERNATIONAL SMALL CAP FOCUSED VALUE

Shares of smaller companies outside of the U.S. were decidedly higher in the second quarter, helped by increased fiscal spending from European governments. Our portfolio closed the period up mid-double digits but marginally underperformed its style-neutral benchmark.

Only health care slightly detracted from absolute performance, and the largest individual detractor, U.K.-based specialist staffer Hays plc, underperformed due to continued end market weakness. Budget airline Wizz Air was also weak, as the carrier continues to suffer from the network inefficiencies brought about by the geared turbofan engine issues. Although downtime is directly compensated for by Raytheon, the net impact on the cost base is not, but this ongoing problem is in the process of being resolved.

Industrials was the top-contributing sector, and aerospace component supplier Senior staged a powerful rebound after prior weakness on concerns around tariffs and disruptions to global trade, while Dutch lighting company Signify benefited from expectations of a European industrial recovery.

We initiated a position in Arkema, which owns a portfolio of high-quality specialty chemicals that has been substantially improved in recent years and which we believe the market is underappreciating. We also added U.K. staffer SThree, given our belief that the company is further along in its digital transformation than most of its competitors, which the market is not pricing in.

We trimmed our position in Hays to diversify our staffing exposure as we added SThree, and we sold out of Japanese chemical company Zeon in favor of more attractive opportunities.

While second-quarter performance was very strong for the product and asset class, we continue to believe that smaller companies outside of the U.S. remain materially undervalued and underappreciated by the market.

Our portfolio remains exposed to a varied set of idiosyncratic investment controversies with what we believe are skewed outcomes to the upside. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Since Inception 10/1/16
Pzena International Small Cap Focused Value Composite - Gross	15.7%	19.0%	20.4%	21.2%	20.4%	10.0%
Pzena International Small Cap Focused Value Composite - Net	15.4%	18.4%	19.3%	20.0%	19.2%	8.9%
MSCI World ex USA Small Cap Index	16.8%	20.8%	22.9%	13.4%	9.8%	7.1%
MSCI World ex USA Small Cap Value Index	14.7%	21.4%	23.7%	14.6%	12.5%	7.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

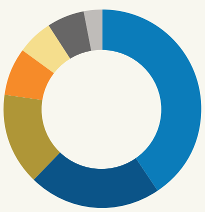
Senior	4.4%
Origin Enterprises	4.1%
Signify	3.8%
UMICORE	3.5%
Sabre Insurance Group	3.2%
Pennon Group	3.0%
Elders	3.0%
C&C Group	3.0%
Hornbach Holding	2.9%
Permanent tsb	2.8%
Total	33.7%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7x	11.8x *
Price / Earnings (1-Year Forecast)	11.6x	14.4x
Price / Book	0.9x	1.4x
Median Market Cap ($B)	$1.5	$1.7
Weighted Average Market Cap ($B)	$2.0	$3.8
Active Share	98.7%	-
Standard Deviation (5-Year)	19.1%	17.1%
Number of Stocks (model portfolio)	40	2,183

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

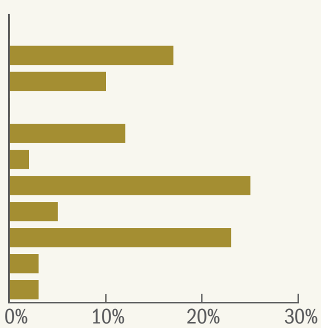
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	41%	30%
United Kingdom	22%	13%
Japan	15%	32%
Australia/New Zealand	8%	9%
North America	6%	9%
Dev. Asia ex-Japan	6%	3%
Emerging Markets	3%	0%
Dev. Africa/Middle East	0%	4%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	4%
Consumer Discretionary	17%	12%
Consumer Staples	10%	5%
Energy	0%	4%
Financials	12%	12%
Health Care	2%	5%
Industrials	25%	23%
Information Technology	5%	9%
Materials	23%	11%
Real Estate	3%	11%
Utilities	3%	3%

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

PZENA EMERGING MARKETS FOCUSED VALUE

Emerging Markets equities rose steadily this quarter, with markets rallying on the back of a weakening U.S. dollar and easing tariff concerns. Our portfolio was up high-single digits in the quarter but underperformed its benchmark.

Materials and communication services were the only sector detractors to absolute performance. In terms of individual detractors, Alibaba pared back some of its strong gains from the previous quarter on reemerging Chinese macro concerns, and as investors reassessed the implications of rising AI investment. Banco do Brasil underperformed mainly due to worse-than-expected delinquencies in its agribusiness portfolio, while Chinese waterproofing company Beijing Oriental Yuhong's share price reacted negatively to the company's 1Q25 earnings, which revealed intensifying competition.

Financials and information technology were the standout sector performers, and Taiwanese chip giant TSMC was the largest contributor, driven by persistent growth in AI infrastructure. Korean financial holdings KB Financial Group and DB Insurance both benefited from strong Korean market performance, with KB also up on positive capital return developments.

We added WNS Holdings, an Indian company that provides business process outsourcing solutions to specialized industries by leveraging its deep vertical expertise. Although concerns around AI-driven disintermediation persist across the BPO sector, we believe they are overstated in WNS's case, given its strong domain expertise and ability to offer end-to-end solutions in specialized industries. We also initiated a position in Arcos Dorados, which operates and franchises McDonald's restaurants in Latin America. We had an opportunity to buy this business at an attractive valuation due to macroeconomic weakness and elevated beef prices in Brazil.

We fully exited medical device manufacturer Shandong Weigao, South African energy/chemical company Sasol, and Chinese brokerage GF Securities in the quarter.

The relatively uncertain macro environment and uncertainty over tariffs continue to keep the market on edge. This volatility can create opportunities for long-term value investors, and we remain excited by the cheap company valuations when assessed against their fundamentals. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/08
Pzena Emerging Markets Focused Value Composite - Gross	8.9%	16.0%	16.1%	16.4%	15.9%	8.9%	5.6%
Pzena Emerging Markets Focused Value Composite - Net	8.6%	15.4%	14.9%	15.3%	14.8%	7.8%	4.4%
MSCI Emerging Markets Index	12.0%	15.3%	15.3%	9.7%	6.8%	4.8%	2.3%
MSCI Emerging Markets Value Index	10.0%	14.8%	12.7%	10.2%	9.1%	4.0%	1.9%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

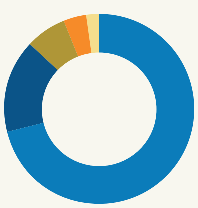
Taiwan Semiconductor Mfg.	4.5%
Samsung Electronics	4.1%
China Overseas Land & Investment	2.9%
Alibaba Group Holding	2.8%
WH Group	2.7%
Galaxy Entertainment	2.5%
China Merchants Bank H	2.4%
Tencent Holdings	2.4%
Cognizant Tech A	2.3%
Haier Smart Home H	2.3%
Total	28.9%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.4x	17.6x *
Price / Earnings (1-Year Forecast)	9.2x	13.3x
Price / Book	1.1x	1.9x
Median Market Cap ($B)	$12.3	$8.6
Weighted Average Market Cap ($B)	$113.2	$180.8
Active Share	80.6%	-
Standard Deviation (5-Year)	16.7%	16.1%
Number of Stocks (model portfolio)	54	1,203

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

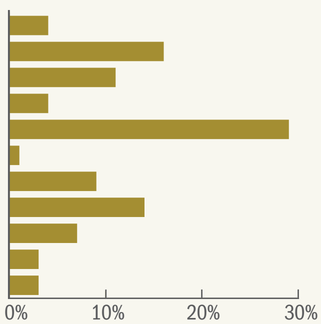
REGION CONCENTRATION



	Strategy	Index
Asia	72%	80%
Latin America	16%	7%
Europe	7%	3%
North America	4%	0%
Africa/Middle East	2%	10%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	4%	10%
Consumer Discretionary	16%	13%
Consumer Staples	11%	4%
Energy	4%	4%
Financials	29%	24%
Health Care	1%	3%
Industrials	9%	7%
Information Technology	14%	24%
Materials	7%	6%
Real Estate	3%	2%
Utilities	3%	3%

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

PORTFOLIO STRATEGIES

PZENA EUROPEAN FOCUSED VALUE

European equities posted a second consecutive strong quarter, supported by resilient economic data and easing inflation pressures. Value slightly trailed growth, and our portfolio outperformed both its broad market benchmark as well as the value series, driven primarily by strong stock selection.

Financials, industrials, and consumer discretionary were the top-contributing sectors, and lighting solutions provider Signify—the portfolio's best performer—benefited from improving results and increased shareholder returns. U.K. fashion house Burberry rebounded from a refocusing on its British Heritage brand strategy as well as from signs of progress in key regions. Auto supplier Continental also performed well, supported by improved margins in its auto parts business and the anticipation of its spin-off, which is expected to unlock the value of its core tire franchise.

Energy was the only material detracting sector, and leading pharmaceutical company Sanofi declined amid investor concerns around its pipeline execution and regulatory headwinds. Norwegian energy giant Equinor lagged due to weaker oil prices, while specialist staffer Hays detracted, as ongoing softness in hiring activity weighed on sentiment across recruitment stocks.

We initiated a position in commodity trader and producer Glencore after the stock had significantly underperformed peers, in part due to its exposure to metallurgical coal via its Teck Resources acquisition. We expect these troubled end markets, which represent a minority portion of Glencore's earnings, to ultimately recover, and for continued strong performance from its solid copper and commodity trading businesses. We fully exited U.K. grocer Tesco and trimmed our positions in Standard Chartered and Italian utilities Italgas and Enel, all on strength.

Our portfolio remains exposed to high-quality franchises across European markets. Our recent research trips have confirmed our belief in both the company-specific recovery opportunities as well as an improving outlook for the region as a whole. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 8/1/08
Pzena European Focused Value Composite - Gross	13.6%	25.2%	26.8%	21.5%	19.3%	7.4%	7.0%
Pzena European Focused Value Composite - Net	13.5%	24.8%	26.0%	20.8%	18.6%	6.7%	6.3%
MSCI Europe Index	11.4%	23.0%	18.4%	17.2%	12.4%	6.8%	4.8%
MSCI Europe Value Index	10.7%	28.6%	29.0%	20.1%	15.3%	6.1%	3.8%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

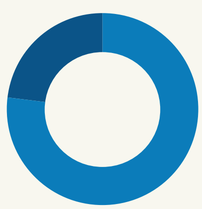
Signify	3.8%
Continental	3.2%
Rexel SA	3.1%
Bank of Ireland Group	3.1%
Fresenius Medical Care	3.1%
HSBC Holdings	3.0%
SEB	2.9%
Reckitt Benckiser Group	2.9%
ArcelorMittal	2.9%
UMICORE	2.9%
Total	30.9%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.8x	12.6x *
Price / Earnings (1-Year Forecast)	10.6x	15.2x
Price / Book	1.1x	2.1x
Median Market Cap ($B)	$26.5	$19.5
Weighted Average Market Cap ($B)	$42.3	$108.7
Active Share	86.3%	-
Standard Deviation (5-Year)	22.2%	17.4%
Number of Stocks (model portfolio)	43	402

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

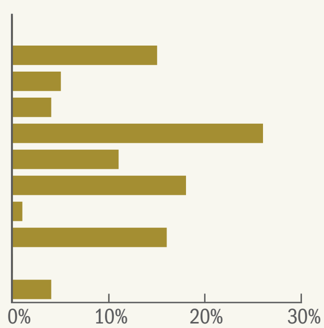
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	77%	78%
United Kingdom	23%	22%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	4%
Consumer Discretionary	15%	8%
Consumer Staples	5%	10%
Energy	4%	4%
Financials	26%	23%
Health Care	11%	13%
Industrials	18%	19%
Information Technology	1%	7%
Materials	16%	5%
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 equities initially declined in April following the announcement of new U.S. tariffs but subsequently rebounded, as implementation was delayed. Still, concerns about yen appreciation and the tariff impact on earnings persisted, leading to pronounced performance dispersion across sectors and individual names. Our portfolio posted a positive return but underperformed the TOPIX, with health care the largest detractor. Positive contributions came from the information technology, industrials, and materials sectors.

Olympus (endoscope manufacturer) declined on weak guidance driven by high R&D expenses, followed by pressure from a U.S. FDA import restriction, though the affected products account for just 1% of revenue. Yamaha (musical instrument manufacturer) underperformed as renewed tariff concerns dampened recovery expectations and Iida Group (detached home builder) lagged on housing softness in Japan.

Ibiden (semiconductor substrate manufacturer) led the contributors, supported by strong demand for GPU substrates and signs of bottoming in CPU-related earnings. Sankyu (industrial maintenance and logistics provider) continued to perform well, aided by capital efficiency improvements, including enhanced shareholder returns. Sumitomo Electric Industries (electric cable supplier) rose as tariff concerns eased, and investor focus shifted to demand for its data center-related products.

We initiated new positions in Daikin Industries (air conditioning manufacturer) and Murata Manufacturing (supplier of multilayer ceramic capacitors used in electronics). Daikin's earnings have been pressured by weak heat pump demand in Europe, China softness, and refrigerant transition issues in the U.S., but it holds a strong share in India and is seeing momentum in high-margin U.S. aftermarket sales. Murata's long-term growth should be driven by its cost and technology leadership in MLCCs for automotive and AI server applications.

We increased our positions in Olympus, Suntory Beverage & Food, and SUMCO, while exiting Teijin and trimming Sankyu and Ibiden on relative valuation.

The portfolio remains exposed to cyclical industries, with a focus on undervalued Japanese companies driving structural reform and capital efficiency. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 7/1/15
Pzena Japan Focused Value Composite - Gross	7.0%	11.8%	17.3%	14.6%	12.4%	6.5%	6.5%
Pzena Japan Focused Value Composite - NET	6.8%	11.4%	16.4%	13.7%	11.5%	5.7%	5.7%
TOPIX Index	11.3%	12.7%	15.5%	15.2%	8.6%	6.1%	6.1%
TOPIX Value Index	7.5%	12.6%	16.4%	19.2%	13.5%	6.8%	6.8%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

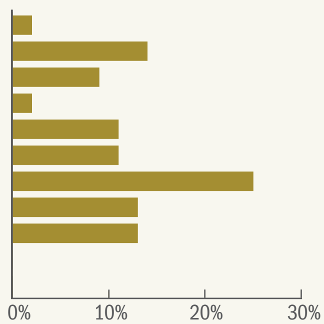
PERSOL Holdings	3.6%
Olympus	3.6%
Tokai Carbon	3.5%
Bridgestone	3.5%
Suntory Beverage & Food	3.5%
Resona	3.3%
TDK	3.1%
Takeda Pharmaceutical	3.1%
Minebea Mitsumi	3.1%
NSK	3.0%
Total	33.3%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	8.6x	12.8x *
Price / Earnings (1-Year Forecast)	13.7x	14.9x
Price / Book	1x	1.4x
Median Market Cap ($B)	$5.2	$0.7
Weighted Average Market Cap ($B)	$13.2	$55.2
Active Share	91.7%	-
Standard Deviation (5-Year)	14.6%	14.1%
Number of Stocks (model portfolio)	39	1,681

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	2%	8%
Consumer Discretionary	14%	17%
Consumer Staples	9%	6%
Energy	2%	1%
Financials	11%	15%
Health Care	11%	6%
Industrials	25%	26%
Information Technology	13%	13%
Materials	13%	5%
Real Estate	0%	2%
Utilities	0%	1%

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

PORTFOLIO STRATEGIES

PZENA LARGE CAP VALUE (U.S.)

Markets were volatile throughout the second quarter of 2025, as "Liberation Day" tariff announcements created uncertainty around domestic demand, prompting recession concerns. As the Trump Administration gradually moderated its stance on trade over the course of the quarter, equities rebounded to above pre-Liberation Day levels. The broad U.S. market ended the period up double digits, effectively erasing its year-to-date performance gap with the value index, and our portfolio marginally outperformed its value benchmark.

Financials and consumer discretionary were the outsized positive performers in the quarter, while technology also contributed to absolute performance. Discount retailer Dollar General appreciated meaningfully, as same-store sales improved and gross margins expanded, driven by increased traffic from middle-income consumers trading down to the discount channel, along with improved inventory control measures and a labor boost that helped reduce theft. The company's limited exposure to imports also positions it favorably in a tariff-sensitive environment. Financials' strong performance was supported by benign credit losses, favorable stress test outcomes, a more accommodative regulatory backdrop, and robust capital markets activity. Citigroup was among our top contributors in the quarter, delivering low single-digit revenue growth and declining expenses, resulting in improved returns on capital. Capital One was another key contributor, with continued solid execution and the successful closing of its Discover acquisition—a transaction the market views as offering significant cost synergies.

Health care, pressured by concerns around drug pricing, was the weakest-performing sector, followed by energy and consumer staples. Drugmaker Bristol-Myers Squibb was the largest individual detractor due to disappointing results from an antipsychotic drug trial and the acquisition of a Chinese drug compound at a higher-than-expected price. In what was a notable development, merchant acquirer Global Payments announced a transformational acquisition of Worldpay during the quarter. The deal surprised investors, given management's prior emphasis on returning capital to shareholders in lieu of M&A. After meeting with the company and conducting extensive due diligence, we gained conviction in the strategic rationale for the transaction, as the combined entity will process $4 trillion in annual payment volumes and offer Global Payments the opportunity to expand distribution of its Genius point-of-sale product. The chemical industry remained under pressure, with Dow continuing to struggle, as the company further delayed its Alberta capex plans while announcing additional facility closures in Europe.

In addition to increasing our position in Global Payments, we added to Corebridge (formerly AIG's life & retirement unit) and Halliburton (oil services). We trimmed positions in Charter Communications, Dollar General, and CVS, all on strength.

Although markets remain volatile amid ongoing government actions and macroeconomic uncertainty, this environment is not unusual for such periods. We remain constructive on the portfolio, where valuations continue to appear attractive across a broad range of sectors. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 7/1/12
Pzena Large Cap Value Composite - Gross	4.3%	6.1%	10.8%	12.5%	16.9%	9.2%	11.6%
Pzena Large Cap Value Composite - Net	4.2%	5.9%	10.4%	12.1%	16.5%	8.8%	11.2%
Russell 1000 Value Index	3.8%	6.0%	13.7%	12.8%	13.9%	9.2%	11.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

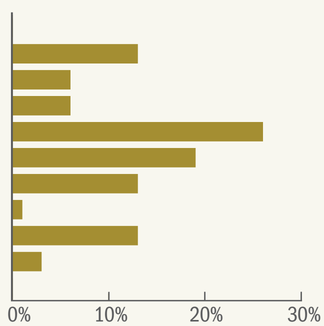
Citigroup	4.0%
Capital One Financial	3.7%
CVS Health	3.7%
Wells Fargo	3.7%
Dollar General	3.5%
Fresenius Medical Care	3.3%
MetLife	3.0%
Baxter Intl	3.0%
Magna International	3.0%
Humana	3.0%
Total	33.9%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	8.6x	14.8x *
Price / Earnings (1-Year Forecast)	11.7x	18.1x
Price / Book	1.6x	2.7x
Median Market Cap ($B)	$40.1	$13.3
Weighted Average Market Cap ($B)	$90.1	$249.4
Active Share	87.9%	-
Standard Deviation (5-Year)	19.8%	15.8%
Number of Stocks (model portfolio)	50	874

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

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	0%	3%
Consumer Discretionary	13%	11%
Consumer Staples	6%	7%
Energy	6%	6%
Financials	26%	21%
Health Care	19%	11%
Industrials	13%	16%
Real Estate	1%	4%
Technology	13%	12%
Telecommunications	3%	4%
Utilities	0%	5%

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

PORTFOLIO STRATEGIES

PZENA LARGE CAP FOCUSED VALUE (U.S.)

Markets were volatile throughout the second quarter, as "Liberation Day" tariff announcements created uncertainty around domestic demand, prompting recession concerns. As the Trump Administration moderated its stance on trade over the course of the quarter, equities rebounded to above pre-Liberation Day levels. The broad U.S. market ended the period up double digits, effectively erasing its year-to-date performance gap with the value index, and our portfolio performed in line with its value benchmark.

Financials and consumer discretionary were the outsized positive performers in the quarter, while technology also contributed to absolute performance. Discount retailer Dollar General appreciated meaningfully, as same-store sales improved and gross margins expanded, driven by increased traffic from middle-income consumers trading down to the discount channel, along with improved inventory control measures. The company's limited exposure to imports also positions it favorably in a tariff-sensitive environment. Financials' strong performance was supported by benign credit losses, favorable stress test outcomes, a more accommodative regulatory backdrop, and robust capital markets activity. Citigroup was among our top contributors in the quarter, delivering low single-digit revenue growth and declining expenses. Capital One was another key contributor, with continued solid execution and the successful closing of its Discover acquisition—a transaction the market views as offering significant cost synergies.

Health care, pressured by concerns around drug pricing, was the weakest-performing sector, followed by industrials and energy. Drugmaker Bristol-Myers Squibb was the largest individual detractor due to disappointing results from an antipsychotic drug trial and the acquisition of a Chinese drug compound at a higher-than-expected price. The chemical industry remained under pressure, with Dow continuing to struggle, as the company further delayed its Alberta capex plans while announcing additional facility closures in Europe. Lastly, merchant acquirer Global Payments announced a transformational acquisition of Worldpay during the quarter. The deal surprised investors, given management's prior emphasis on returning capital to shareholders in lieu of M&A. After meeting with the company and conducting extensive due diligence, we gained conviction in the strategic rationale for the transaction, as the combined entity will process $4 trillion in annual payment volumes and offer Global Payments the opportunity to expand distribution of its Genius point-of-sale product.

In addition to increasing our position in Global Payments, we added to Corebridge (formerly AIG's life & retirement unit) and took advantage of weakness to build positions in Skyworks (smartphone component supplier) and Medicare Advantage insurer Humana. We exited our position in JPMorgan at close to our estimate of fair value and trimmed positions in Charter Communications, Dollar General, and Equitable Holdings, all on strength.

Although markets remain volatile amid ongoing government actions and macroeconomic uncertainty, this environment is not unusual for such periods. We remain constructive on the portfolio, where valuations continue to appear attractive across a broad range of sectors. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 10/1/00
Pzena Large Cap Focused Value Composite - Gross	3.8%	6.4%	10.9%	12.1%	17.6%	8.9%	7.9%
Pzena Large Cap Focused Value Composite - Net	3.6%	6.0%	10.1%	11.4%	16.8%	8.1%	7.1%
Russell 1000 Value Index	3.8%	6.0%	13.7%	12.8%	13.9%	9.2%	7.6%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

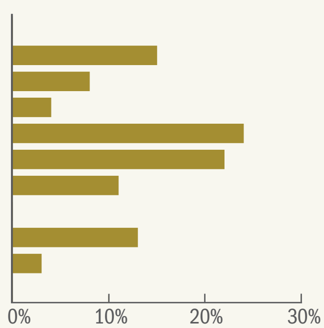
CVS Health	5.7%
Citigroup	5.0%
Baxter Intl	4.9%
Fresenius Medical Care	4.8%
Humana	4.6%
Capital One Financial	4.6%
Dollar General	4.5%
Wells Fargo	4.4%
Global Payments	3.4%
Magna International	3.4%
Total	45.3%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.9x	14.8x*
Price / Earnings (1-Year Forecast)	11.3x	18.1x
Price / Book	1.4x	2.7x
Median Market Cap ($B)	$25.2	$13.3
Weighted Average Market Cap ($B)	$72.2	$249.4
Active Share	94.3%	-
Standard Deviation (5-Year)	21.5%	15.8%
Number of Stocks (model portfolio)	32	874

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

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	0%	3%
Consumer Discretionary	15%	11%
Consumer Staples	8%	7%
Energy	4%	6%
Financials	24%	21%
Health Care	22%	11%
Industrials	11%	16%
Real Estate	0%	4%
Technology	13%	12%
Telecommunications	3%	4%
Utilities	0%	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 (U.S.)

Markets were volatile throughout the second quarter, as "Liberation Day" tariff announcements created uncertainty around domestic demand, prompting recession concerns. As the Trump administration moderated its stance on trade over the course of the quarter, equities rebounded to above pre-Liberation Day levels. The broad U.S. market ended the period up double digits, effectively erasing its year-to-date performance gap with the value index, and our portfolio slightly underperformed its value benchmark.

Financials and consumer discretionary were the outsized positive performers in the quarter, while technology also contributed to absolute performance. Discount retailer Dollar General appreciated meaningfully, as same-store sales improved and gross margins expanded, driven by increased traffic from middle-income consumers trading down to the discount channel, along with improved inventory control measures and a labor boost that helped reduce theft. The company's limited exposure to imports also positions it favorably in a tariff-sensitive environment. Financials' strong performance was supported by benign credit losses, favorable stress test outcomes, a more accommodative regulatory backdrop, and robust capital markets activity. Citigroup was among our top contributors in the quarter, delivering low single-digit revenue growth and declining expenses, resulting in improved returns on capital. Capital One was another key contributor, with continued solid execution and the successful closing of its Discover acquisition—a transaction the market views as offering significant cost synergies.

Health care was the weakest-performing sector, followed by industrials and energy. Staffing company Robert Half detracted, as persistent macro weakness has negatively impacted demand for temporary labor. The chemical industry remained under pressure, with Dow continuing to struggle, as the company further delayed its Alberta capex plans while announcing additional facility closures in Europe. Lastly, merchant acquirer Global Payments announced a transformational acquisition of Worldpay during the quarter. The deal surprised investors, given management's prior emphasis on returning capital to shareholders in lieu of M&A. After meeting with the company and conducting extensive due diligence, we gained conviction in the strategic rationale for the transaction, as the combined entity will process $4 trillion in annual payment volumes and offer Global Payments the opportunity to expand distribution of its Genius point-of-sale product.

During the quarter, we initiated a position in Oshkosh, a leading manufacturer of aerial work platforms (AWP), vocational vehicles, wheeled military vehicles, and post office vehicles. The company is materially underearning in its AWP and defense segments, but should benefit as the AWP replacement cycle materializes and as its postal delivery truck contract ramps up. We also added to Robert Half, Skyworks, and Bristol-Myers Squibb, and trimmed Wells Fargo, Equitable, and TE Connectivity, all on strength.

Although markets remain volatile amid ongoing government actions and macroeconomic uncertainty, this environment is not unusual for such periods. We remain constructive on the portfolio, where valuations continue to appear attractive across a broad range of sectors. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/96
Pzena Focused Value Composite - Gross	3.0%	4.3%	8.1%	14.7%	18.7%	8.9%	10.4%
Pzena Focused Value Composite - Net	2.7%	3.8%	7.0%	13.6%	17.5%	7.8%	9.3%
Russell 1000 Value Index	3.8%	6.0%	13.7%	12.8%	13.9%	9.2%	9.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

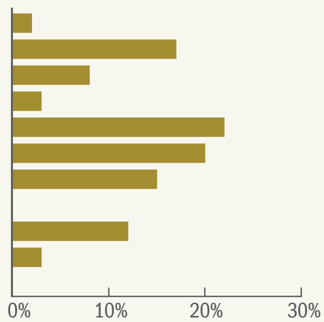
Citigroup	5.2%
CVS Health	5.1%
Dollar General	4.6%
Capital One Financial	4.3%
Wells Fargo	4.2%
Humana	4.2%
Baxter Intl	4.1%
Lear	3.2%
Corebridge Financial	3.2%
Fresenius Medical Care	3.2%
Total	41.3%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.6x	13.7x*
Price / Earnings (1-Year Forecast)	11.3x	18.1x
Price / Book	1.5x	2.7x
Median Market Cap ($B)	$19.1	$13.3
Weighted Average Market Cap ($B)	$60.2	$249.4
Active Share	94.2%	-
Standard Deviation (5-Year)	22.1%	15.8%
Number of Stocks (model portfolio)	38	874

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

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	2%	3%
Consumer Discretionary	17%	11%
Consumer Staples	8%	7%
Energy	3%	6%
Financials	22%	21%
Health Care	20%	11%
Industrials	15%	16%
Real Estate	0%	4%
Technology	12%	12%
Telecommunications	3%	4%
Utilities	0%	5%

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

PZENA MID CAP FOCUSED VALUE (U.S.)

Markets were volatile during the quarter, as “Liberation Day” announcements led to uncertainty around tariffs, domestic demand, and a potential recession. As President Trump softened his stance throughout the quarter, stocks rebounded and more than offset the initial weakness. Mid-cap stocks underperformed large-cap stocks, and value stocks underperformed growth. Our portfolio underperformed its benchmark slightly during the period.

The basic materials, industrials, and consumer staples sectors detracted from performance. The top individual detractor was chemical producer Huntsman. End-market demand for the company’s products was negatively impacted by weak construction markets, and production was hurt by unplanned outages. This led to more pressure on the balance sheet; covenants have temporarily been moved, and the stock remains attractively valued. Staffing company Robert Half fell as ongoing macro weakness negatively impacted temporary labor markets. Lastly, the chemical industry remained pressured, with Dow continuing to struggle. The company further delayed its Alberta capex plans and announced additional European facility closures.

The top contributing sectors for the quarter were consumer discretionary, technology, and financials. Discount retailer Dollar General rose, as same-store sales and gross margins expanded due to a combination of middle-income consumers trading down to the discount channel and lower shrink. The company also has relatively low exposure to imports, leaving it in an advantaged position with regards to tariffs. Auto parts retailer Advance Auto Parts reported encouraging underlying operating results as it prunes the portfolio and improves profitability. Financial services company Capital One also contributed, as consumer health continued to be strong and credit costs remained low.

We initiated a position in Oshkosh, a leading manufacturer of aerial work platforms (AWP), vocational vehicles, wheeled military vehicles, and post office vehicles. Oshkosh is materially underearning in its AWP and defense segments but should benefit as the AWP replacement cycle comes through and as a large postal delivery truck contract ramps up. We also added to semiconductor company Skyworks and health insurer Humana on valuation. We exited door and window manufacturer JELD-WEN, as the range of outcomes widened dramatically due to the courts forcing it to divest a business at a highly depressed valuation, and trimmed Dollar General and life insurer Equitable Holdings on strength.

Markets have been volatile, as government actions and macro uncertainty have led to fear. This is not abnormal for periods such as these, but we continue to feel positive about our portfolio, which is positioned toward more economically sensitive and cyclical names, as valuations remain quite attractive. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 9/1/98
Pzena Mid Cap Focused Value Composite - Gross	2.6%	-0.4%	1.6%	10.0%	17.8%	9.3%	11.8%
Pzena Mid Cap Focused Value Composite - Net	2.3%	-0.9%	0.6%	8.9%	16.7%	8.2%	10.7%
Russell Midcap Value Index	5.3%	3.1%	11.5%	11.3%	13.7%	8.4%	9.9%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

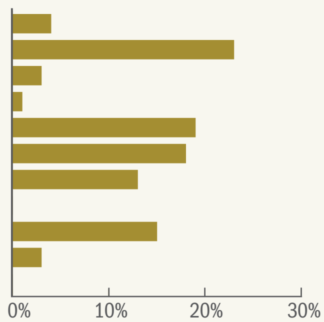
Humana	5.0%
Advance Auto Parts	4.8%
Dollar General	4.1%
Baxter Intl	4.0%
Fresenius Medical Care	3.6%
Capital One Financial	3.3%
Corebridge Financial	3.1%
Skyworks Solutions	3.1%
Avnet	3.0%
Globe Life	3.0%
Total	37.0%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.4x	12.6x *
Price / Earnings (1-Year Forecast)	11.3x	17x
Price / Book	1.4x	2.3x
Median Market Cap ($B)	$10.6	$10.7
Weighted Average Market Cap ($B)	$20.4	$25.1
Active Share	95.5%	-
Standard Deviation (5-Year)	22.9%	18.1%
Number of Stocks (model portfolio)	39	722

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

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	4%	3%
Consumer Discretionary	23%	13%
Consumer Staples	3%	6%
Energy	1%	7%
Financials	19%	15%
Health Care	18%	8%
Industrials	13%	21%
Real Estate	0%	9%
Technology	15%	9%
Telecommunications	3%	1%
Utilities	0%	7%

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

PZENA SMALL CAP FOCUSED VALUE (U.S.)

Markets were volatile during the quarter, as "Liberation Day" announcements led to uncertainty around tariffs, domestic demand, and a potential recession. As President Trump softened his stance throughout the quarter, stocks rebounded and more than offset the initial weakness. Small-cap stocks underperformed large-cap stocks, and value stocks underperformed growth. Our portfolio underperformed its benchmark during the period.

The basic materials, consumer staples, and health care sectors detracted from performance. The largest individual detractors were all businesses negatively impacted by potential tariffs and fears that higher prices could impact spending. Consumer products company Helen of Troy manufactures most of its products in Asia. Their sourcing footprint is in line with competitors, so it is unlikely that they will have a cost disadvantage, but higher pricing could negatively impact demand for their discretionary products. Similarly, Spectrum Brands, a consumer products company with a diverse product portfolio, has a personal appliance business that sources from Asia. X-ray tube manufacturer Varex Imaging sells products produced in the U.S. into China, so China's new reciprocal tariffs have impacted their competitiveness versus European suppliers.

The top contributing sectors this quarter were industrials, financials, and consumer discretionary. Automotive seat manufacturer Adient declined during the first quarter after initial automotive tariffs were announced, but shares have more than rebounded as tariffs were reduced. Specialty vehicle manufacturer Shyft Group also rebounded, as tariffs have less of an impact on its portfolio of businesses, and the company merged with German competitor Aebi Schmidt. Snowplow manufacturer Douglas Dynamics was supported by improved snowfall trends and anticipation that the company can weather tariff risks due to its U.S.-focused supply chain.

We initiated a position in medical device company Teleflex. Shares underperformed due to the disappointing performance of a urology product line and concerns around management's plan to spin off underperforming businesses in an abrupt change of strategy. We believe this masks a strong core business with leading positions in defensible, high-margin niche businesses. We added to staffer Robert Half and furniture retailer Haverty on weakness. We exited animal pharmaceutical company Phibro Animal Health and automotive axle manufacturer Dana on strength. We also exited door and window manufacturer JELD-WEN, as the range of outcomes widened dramatically due to the courts forcing it to divest a business at a highly depressed valuation. We shifted the position into cabinet manufacturers MasterBrand and American Woodmark. We also trimmed tobacco leaf merchant Universal on strength.

Markets have been volatile, and small-cap stocks remain particularly depressed, as government actions and macro uncertainty have led to fear. This is not abnormal for periods such as these, but we continue to feel positive about our portfolio, which is positioned toward more economically sensitive and cyclical names, as valuations remain quite attractive. ■

PERFORMANCE SUMMARY

periods greater than 1 year annualized in USD as of June 30, 2025

	2Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/96
Pzena Small Cap Focused Value Composite - Gross	3.2%	-8.6%	-5.2%	9.5%	15.5%	8.1%	12.2%
Pzena Small Cap Focused Value Composite - Net	2.9%	-9.1%	-6.1%	8.5%	14.3%	7.0%	11.0%
Russell 2000 Value Index	5.0%	-3.2%	5.5%	7.5%	12.5%	6.7%	8.9%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 27.
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 28)

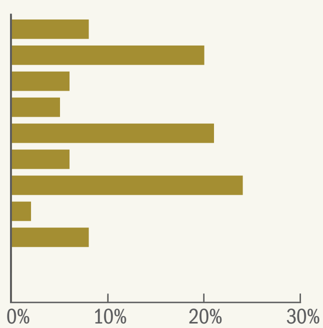
Advance Auto Parts	4.1%
Adient	3.7%
TriMas	3.5%
MRC Global	3.2%
Douglas Dynamics	3.2%
Webster Finl	2.9%
Avnet	2.8%
Old National	2.8%
Resideo Technologies	2.8%
Korn Ferry	2.7%
Total	31.7%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	6.8x	11.5x *
Price / Earnings (1-Year Forecast)	11x	13x
Price / Book	1.1x	1.1x
Median Market Cap ($B)	$1.8	$0.7
Weighted Average Market Cap ($B)	$2.7	$2.6
Active Share	96.0%	-
Standard Deviation (5-Year)	25.4%	22.0%
Number of Stocks (model portfolio)	46	1,443

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

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	8%	4%
Consumer Discretionary	20%	13%
Consumer Staples	6%	2%
Energy	5%	7%
Financials	21%	28%
Health Care	6%	9%
Industrials	24%	13%
Real Estate	2%	11%
Technology	8%	6%
Telecommunications	0%	2%
Utilities	0%	6%

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

	2020	2021	2022	2023	2024
Global Value - Gross	4.4%	20.6%	-7.3%	20.1%	6.7%
Global Value - Net	3.9%	19.9%	-7.8%	19.4%	6.1%
MSCI World Index	15.9%	21.8%	-18.1%	23.8%	18.7%
MSCI World Value Index	-1.2%	21.9%	-6.5%	11.5%	11.5%

GLOBAL FOCUSED VALUE

	2020	2021	2022	2023	2024
Global Focused Value - Gross	3.7%	20.2%	-7.4%	20.8%	6.1%
Global Focused Value - Net	3.0%	19.3%	-8.1%	19.9%	5.3%
MSCI ACWI Index	16.3%	18.5%	-18.4%	22.2%	17.5%
MSCI ACWI Value Index	-0.3%	19.6%	-7.5%	11.8%	10.8%

INTERNATIONAL VALUE

	2020	2021	2022	2023	2024
International Value - Gross	5.8%	12.9%	-7.6%	19.4%	6.4%
International Value - Net	5.2%	12.3%	-8.1%	18.7%	5.8%
MSCI EAFE Index	7.8%	11.3%	-14.5%	18.2%	3.8%
MSCI EAFE Value Index	-2.6%	10.9%	-5.6%	19.0%	5.7%

INTERNATIONAL FOCUSED VALUE

	2020	2021	2022	2023	2024
International Focused Value - Gross	5.7%	13.2%	-8.7%	20.8%	8.6%
International Focused Value - Net	4.9%	12.3%	-9.4%	19.9%	7.8%
MSCI ACWI ex USA Index	10.7%	7.8%	-16.0%	15.6%	5.5%
MSCI ACWI ex USA Value Index	-0.8%	10.5%	-8.6%	17.3%	6.0%

INTERNATIONAL SMALL CAP FOCUSED VALUE

	2020	2021	2022	2023	2024
Int. Small Cap Focused Value - Gross	0.3%	18.0%	-0.3%	24.0%	6.6%
Int. Small Cap Focused Value - Net	-0.7%	16.8%	-1.3%	22.8%	5.5%
MSCI World ex-USA Small Cap Index	12.8%	11.1%	-20.6%	12.6%	2.8%
MSCI World ex-USA Small Cap Value Index	2.6%	13.3%	-14.0%	14.7%	3.0%

EMERGING MARKETS FOCUSED VALUE

	2020	2021	2022	2023	2024
EM Focused Value - Gross	10.0%	7.5%	-5.7%	22.4%	6.6%
EM Focused Value - Net	9.0%	6.4%	-6.6%	21.2%	5.5%
MSCI Emerging Markets Index	18.3%	-2.5%	-20.1%	9.8%	7.5%
MSCI Emerging Markets Value Index	5.5%	4.0%	-15.8%	14.2%	4.5%

EUROPEAN FOCUSED VALUE

	2020	2021	2022	2023	2024
European Focused Value - Gross	0.3%	17.2%	-6.2%	24.8%	2.1%
European Focused Value - Net	-0.4%	16.5%	-6.8%	24.0%	1.4%
MSCI Europe Index	5.4%	16.3%	-15.1%	19.9%	1.8%
MSCI Europe Value Index	-5.1%	13.2%	-7.2%	19.7%	4.2%

JAPAN FOCUSED VALUE

	2020	2021	2022	2023	2024
Japan Focused Value - Gross	0.1%	8.3%	0.7%	11.6%	10.2%
Pzena Japan Focused Value - Net	-0.7%	7.5%	-0.1%	10.7%	9.3%
TOPIX	12.6	0.8%	-15.2%	19.6%	7.7%
TOPIX Value	0.8%	5.5%	-5.0%	23.9%	13.2%

LARGE CAP VALUE

	2020	2021	2022	2023	2024
Large Cap Value - Gross	-1.4%	29.5%	-4.1%	17.5%	7.1%
Large Cap Value - Net	-1.8%	29.0%	-4.5%	17.0%	6.7%
Russell 1000® Value	2.8%	25.2%	-7.5%	11.5%	14.4%

LARGE CAP FOCUSED VALUE

	2020	2021	2022	2023	2024
Large Cap Focused Value - Gross	-1.5%	30.2%	-5.7%	20.0%	5.0%
Large Cap Focused Value - Net	-2.2%	29.3%	-6.3%	19.2%	4.3%
Russell 1000® Value	2.8%	25.2%	-7.5%	11.5%	14.4%

FOCUSED VALUE

	2020	2021	2022	2023	2024
Focused Value - Gross	-0.1%	27.2%	-6.4%	28.7%	6.5%
Focused Value - Net	-1.1%	26.0%	-7.4%	27.4%	5.5%
Russell 1000® Value	2.8%	25.2%	-7.5%	11.5%	14.4%

MID CAP FOCUSED VALUE

	2020	2021	2022	2023	2024
Mid Cap Focused Value - Gross	7.8%	32.9%	-5.0%	22.6%	1.8%
Mid Cap Focused Value - Net	6.8%	31.6%	-6.0%	21.4%	0.8%
Russell Midcap® Value	5.0%	28.3%	-12.0%	12.7%	13.1%

SMALL CAP FOCUSED VALUE

	2020	2021	2022	2023	2024
Small Cap Focused Value - Gross	1.4%	30.5%	-5.8%	26.7%	3.0%
Small Cap Focused Value - Net	0.3%	29.2%	-6.8%	25.5%	2.0%
Russell 2000® Value	4.6%	28.3%	-14.5%	14.6%	8.1%

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 (Advance Auto Parts) was held in our Mid Cap Focused Value, Small Cap Focused Value, and other strategies during the second quarter 2025. 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

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

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

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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 U.S. 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 U.S. 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 U.S. 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

Pzena Investment Management, LLC is located at 320 Park Avenue, 8th Floor, New York, NY 10022 and is a registered investment adviser registered with the United States Securities and Exchange Commission.

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