PZENA Investment Management

Quarterly Report to Clients

Third Quarter 2025

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To Our Clients

Global equity markets broadly rallied in the third quarter, supported by solid corporate earnings, enthusiasm around AI, and the Federal Reserve's first rate cut of the year. U.S. equity markets were higher, led by strong gains in AI-related sectors, while international and emerging markets also advanced amid a weaker U.S. dollar. Value stocks posted positive returns but broadly lagged growth, as investors favored companies in higher-multiple technology and consumer discretionary sectors—particularly in the U.S. Overall, sentiment improved, but leadership remained narrow and concentrated in mega-cap growth.

Against this backdrop, our equity portfolios were all higher on an absolute basis, though relative performance was mixed: our U.S. portfolios lagged their benchmarks, while some of our non-US portfolios outperformed.

The Magnificent Seven's surge has concentrated global markets, leaving small caps trading near historic relative lows and presenting what we see as an attractive long-term entry point. Our *Commentary* explores the compelling opportunity in actively managed small caps globally.

Strong equity markets created opportunities to trim several outperformers and add to undervalued opportunities. Our *Global Research Review* discusses the broad portfolio actions we took in response to AI excitement and disruption fears, as well as tariff noise. Away from those themes, our *Highlighted Holding*, Baxter International, is a well-entrenched supplier to hospital and medical facilities, which we believe is facing a temporary setback from self-inflicted wounds and poor investor sentiment.

Finally, in our *Stewardship Insights* article, we share our annual proxy survey, highlighting the decision-making process behind our votes for several high-profile issues.

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

Sincerely,

Pzena Investment Management

Small-cap stocks trade near historic lows relative to large caps, creating an attractive long-term entry point after years of dominance by the Magnificent Seven.

The Magnificent Seven have driven outsized returns, leaving global equity markets increasingly concentrated. By contrast, small caps have lagged meaningfully and now trade near historic relative lows, setting up what we see as an attractive entry point for long-term investors. In this note, we will cover:

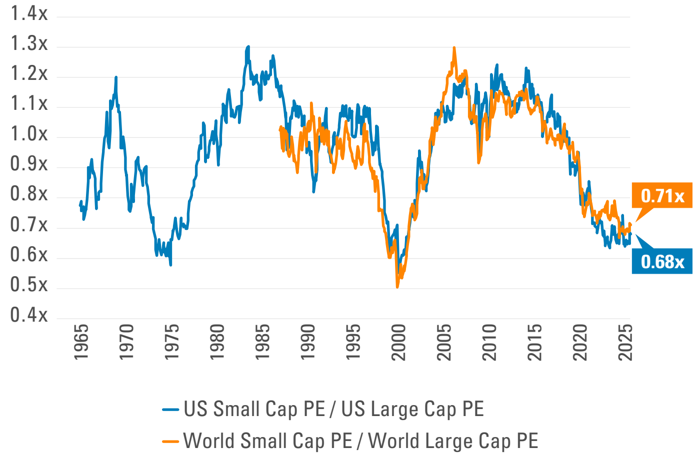
- **Performance & History:** How small caps have trailed large caps, and what past cycles of large-cap dominance suggest
- **Fundamentals vs. Sentiment:** Why earnings trends favor small caps, yet multiples have driven the gap
- **Risks & Market Structure:** Addressing leverage, unprofitable companies, index construction, and the role of private equity
- **Looking Ahead:** Why today's extreme valuation spread offers the potential for multi-year small-cap outperformance

THE SMALL-CAP VALUATION GAP

With global stock market performance dominated by the so-called Magnificent Seven over the past several years, we believe small-cap stocks worldwide are at an attractive entry point relative to large caps. Despite rising more than 140% since the depths of the COVID-19 pandemic, global small caps trade at near record lows relative to global large-cap stocks (Exhibit 1).

Exhibit 1: Small Caps Near Record Low Valuation versus Large Caps

Small Cap & Large Cap Relative P/E Ratios



Source: Empirical Research Partners, Pzena analysis
US Large Cap = Largest 1000 US stock universe. US Small Cap = Next 2000 largest stock universe.
World Large Cap = MSCI World universe. World Small Cap = MSCI World Small Cap universe.
Trailing price/earnings data from January 31, 1965 – September 30, 2025.

As the Magnificent Seven have outperformed, U.S. and global equity markets have become more concentrated. Small caps have experienced the other side of that trend and now represent only 1.2% of total U.S. market capitalization, close to a 100-year low and well below the historical average of 3.6% (Exhibit 2).

Exhibit 2: Small Cap Now Makes Up Less Than 1.5% of U.S. Equity Markets

Small Cap Stocks as % of Total U.S. Market Cap

Source: Kenneth R. French, Pzena analysis
Universe is all NYSE, AMEX, and NASDAQ stocks defined by Kenneth R. French data library. Small cap is the bottom 30% of names based on NYSE breakpoints. Monthly data from July 31, 1926 – August 31, 2025.

HOW DID WE GET HERE?

The initial recovery after the Global Financial Crisis was marked by slow growth and very low financing costs. This environment supported venture capital and public growth investing. Even so, small caps held their ground, helped by the domestic recovery and the reflation trade that followed the 2016 election.

The U.S. economy expanded further into 2017 and 2018, but uncertainty over trade wars, rising interest rates, and recession risk pushed investors toward perceived safe havens. Expensive growth companies that promised steady earnings gained favor, and from there, the valuation gap widened. After their historic decline in 2022, mega-cap growth stocks quickly regained leadership on enthusiasm for artificial intelligence, while higher-for-longer rates favored the largest companies with significant cash balances and mostly fixed-rate debt.

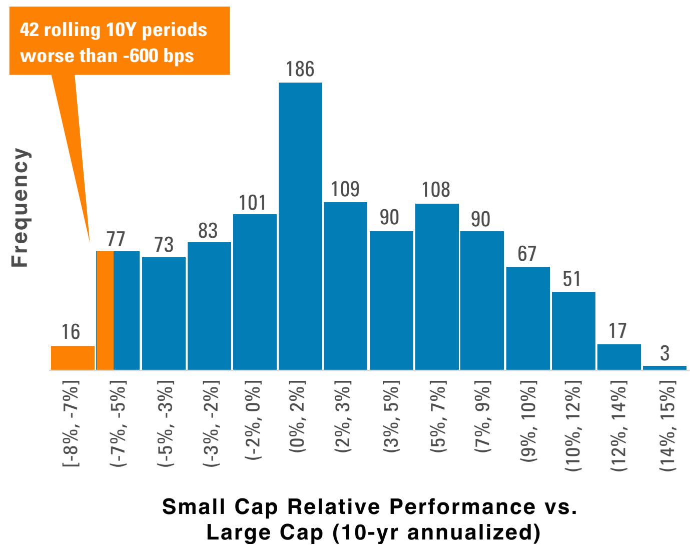
A DECADE OF DIVERGENCE

Over the past decade, global small caps delivered a decent annual return of 9.6%, compared with 12.4% for global large caps. The biggest driver of this gap was the United States: U.S. large caps returned 15.0% per year, while U.S. small caps returned only 9.8%.

The disparity is significant but not unprecedented. Rolling 10-year periods of large-cap dominance similar or greater than the recent period have occurred 42 times between 1926 and 2025 (Exhibit 3). The current stretch ranks among the more severe, but history suggests such cycles are part of long-term market patterns rather than permanent shifts. The picture of global small caps is similar, with the most recent rolling 10-year relative return in the tenth percentile of relative returns versus large-cap returns.

Exhibit 3: Frequency of Rolling 10-Year Relative Returns Since 1926

U.S. Small Cap Has Underperformed
Large Cap by 600bps the Past 10 Years



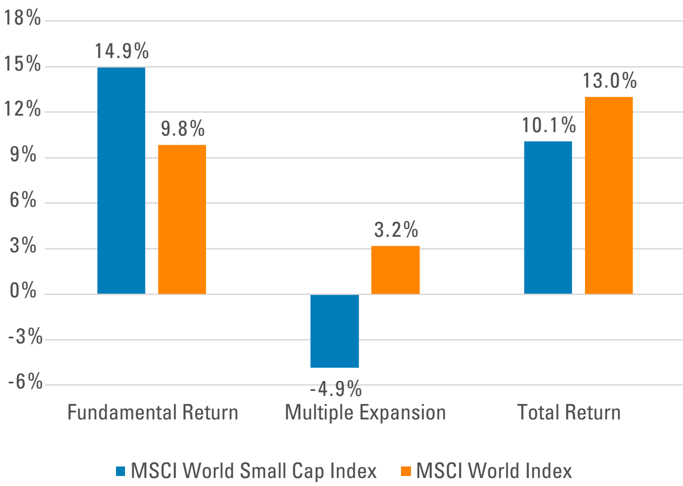
Source: Kenneth R. French, Pzena analysis
Universe is all NYSE, AMEX, and NASDAQ stocks defined by Kenneth R. French data library.
Cap-weighted monthly data, July 31, 1926 – August 31, 2025.
Small cap = smallest 30% of companies based on NYSE breakpoints,
Large cap = largest 30%.
Does not represent any specific Pzena product or service.
Past performance is not indicative of future returns.

IS THE PERFORMANCE DISPARITY JUSTIFIED?

If stronger fundamentals explained the outperformance of large caps, the disparity might be easier to accept. But fundamentals tell a different story. Small caps generated significantly higher combined free cash flow growth and dividends (fundamental return)—in excess of 500 basis points per year more than large caps. The difference in returns has been driven entirely by sentiment and relative multiple expansion (Exhibit 4).

Exhibit 4: Global Small Cap Last 10 Years: Superior Free Cash Flow Growth

Small vs. Large Performance Drivers Based on FCF
Last 10 Years Through Sep 2025

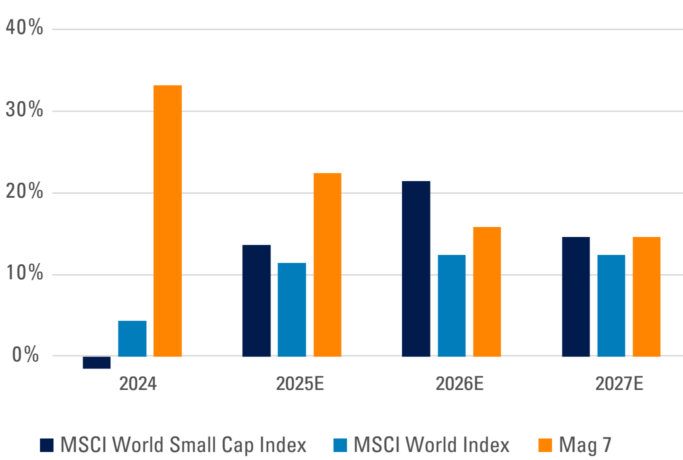


Source: FactSet, Pzena analysis
Fundamental Return = dividend return + free cash flow growth.
Analysis uses LTM free cash flow data. Free cash flow was chosen instead of the more commonly used GAAP EPS because write-downs and unusual expenses for small cap stocks are commonplace.
All data annualized in US dollars as of September 30, 2025. Past performance is not indicative of future returns.

Looking ahead, consensus forecasts show small caps continuing to outpace large caps over the next three years, and beating the Magnificent Seven in 2026 and 2027 (Exhibit 5).

Exhibit 5: Earnings Convergence

Mag 7 Earnings Growth Is Moderating



Source: FactSet, Pzena Analysis
Year-over-year earnings growth. Mag 7 = Apple, NVIDIA, Microsoft, Amazon.com, Meta Platforms, Tesla, and Alphabet.
Earnings data per FactSet as of September 30, 2025.

RISKS AND ACTIVE MANAGEMENT

Two issues are often raised to explain small-cap underperformance: leverage and unprofitable companies. While smaller companies do carry more debt, the exposure is highly concentrated. Excluding financials, which naturally employ leverage, just 77 companies account for more than half of the Russell 2000 Index's $935 billion in net debt[1]. These firms represent only 8.2% of the index's non-financial market capitalization.

Profitability shows a similar pattern. More than 40% of the Russell 2000 Index is unprofitable, compared with just over 10% of the Russell 1000[2]. Both issues can be managed; active investors can avoid the weakest balance sheets and the persistently loss-making companies, while selectively investing in those with attractive risk–reward potential.

THE PRIVATE EQUITY EFFECT

Another explanation often cited for small-cap underperformance is the role of private equity. Over the past 30 years, the number of listed U.S. companies has fallen by 40-50%, as firms stay private longer and as public companies are taken private at elevated rates. This trend has reduced the universe of publicly traded small-cap stocks.
However, the impact is often overstated. Most of the decline has taken place in the micro-cap space, which sits below the traditional small-cap range. Since 1980, the number of small-cap stocks in the smallest cohort has fallen by 13%[3], while the number of micro-cap stocks has fallen by 52%. In addition, private equity can serve as a stabilizing force, stepping in as a buyer during periods of small-cap weakness. In our own 30-year history, which coincides with the reduction in public listings, small-cap investing has delivered some of our strongest long-term alpha.

See our writeup on The Small Cap Value Opportunity for more details on this topic.

1. Source: FactSet, Pzena analysis
2. Source: FactSet, Pzena analysis
3. Kenneth R. French, Pzena analysis

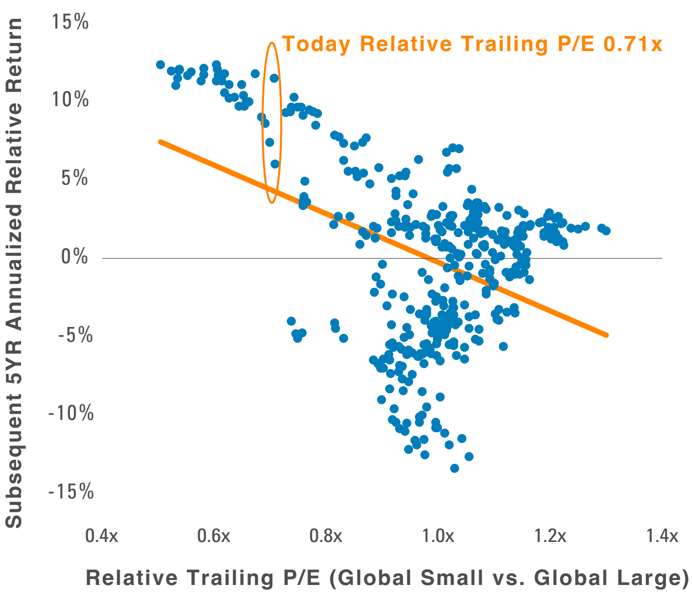
WHERE TO FROM HERE?

The past decade has seen sustained multiple compression for small caps relative to large caps. We believe this trend sets up an attractive starting point for future outperformance. Timing a turn in the cycle is never certain, but history shows that extreme valuation gaps (like today's) have often been followed by multi-year periods of small-cap leadership (Exhibit 6).

It is also worth noting that the last two periods of similar dislocation were marked by powerful investment themes: the Nifty Fifty and the Dot-Com era. Both included companies that went on to be highly successful, but in each case, valuations rose far beyond what fundamentals could justify. The result was a long stretch of strong small-cap performance once the cycle turned.

Exhibit 6: Global Small Cap vs. Large Cap Relative Valuation & Forward Returns

Relative Trailing P/E of Global Small Cap vs. Global Large Cap & Subsequent 5YR Annualized Relative Returns (1987 - Sep 2025)



Source: Empirical Research Partners, Pzena analysis
Global Large Cap = MSCI World universe. Global Small Cap = MSCI World Small Cap universe.
Trailing price/earnings and US dollar total return data from January 31, 1987 – September 30, 2025.
Does not represent any specific Pzena product or service. Past performance is not indicative of future returns.

CONCLUSION

Small caps have endured a decade in which they were overshadowed by mega-cap growth stocks and weighed down by sentiment, higher rates, and structural shifts in capital markets. Yet fundamentals remain intact. Earnings growth has matched or exceeded that of large caps, valuations are near historic lows, and history shows that periods of extreme underperformance have often marked the beginning of strong multi-year recoveries.

While risks around leverage, profitability, and private equity flows are real, they can be addressed through prudent active management. With global small caps trading at one of the most attractive entry points in decades, we believe investors are well positioned to benefit from the next phase of the cycle.

GLOBAL RESEARCH REVIEW

Investors' bullish sentiment in the quarter was driven by AI optimism, a resilient U.S. economy, and monetary support. We added to a call center on AI disruption fears and a consumer products company on tariff concerns, while crystallizing gains from M&A events.

Investors were in risk-on mode in the third quarter, with global indices moving decisively higher. The S&P 500 continued to defy gravity and is, by at least one prominent valuation metric, the most expensive it has ever been in its 68-year history[1]. U.S. small caps quietly outperformed the headline-gathering S&P, posting a double-digit return for the quarter, boosted by a dovish Federal Reserve and resilient U.S. consumer spending[2]. Emerging market bourses also saw strong gains, led by Chinese tech stocks, which re-rated on optimism over their AI prospects.

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

As of September 30, 2025

	Cheapest Quintile[1]	Universe[2]
Global	8.2	15.3
U.S.	7.6	14.1
Europe	7.7	12.7
Japan	8.4	13.4
Emerging Markets	9.6	19.1

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

EXPLOITING AI DISRUPTION FEARS

France-based Teleperformance is the world's leading outsourced customer experience provider, catering to a wide variety of industry verticals. During the COVID-19 pandemic, outsourced call center volumes surged, and Teleperformance's valuation rose accordingly. However, the post-pandemic normalization of call center activity took a toll on the company's organic revenue, as well as the share price. We initiated a position in late 2023 with the stock down ~70% from its 2022 high.

More recently, investors have become concerned that the emergence of generative AI poses an existential threat to the customer experience industry, with fears that automated AI agents will replace human agents en masse. Based on our research and conversations with call center clients across industries, we believe AI will continue to automate routine customer service tasks (which account for only ~10% of call center volumes), while the technology's broader promise lies in enhancing the effectiveness of human agents in handling more complex customer service and sales calls. Such use of AI will likely be accretive to both the customer service providers and their customers.

Teleperformance has been investing in its own AI solutions and recently disclosed that more than 50% of its customers now have some form of AI deployed from Teleperformance in their customer experience operations. The company is gaining wallet share, as its clients consolidate more of their business with scaled players capable of deploying a full suite of solutions on their behalf. With the stock trading at a forward free cash flow (FCF) yield north of 20%, and a record low forward earnings multiple of ~4.5x, we added to our position based on our confidence in the long-term sustainability of the business.

TARIFF NOISE CREATES A BUYING OPPORTUNITY

Consumer products company Spectrum Brands has come under pressure due to the market's perception that its Home and Personal Care segment (HPC), which includes its appliances business, is significantly exposed to tariffs. While this may appear material on the surface, roughly 80% of Spectrum's appliance profits are generated outside of the U.S., and are therefore not subject to tariffs. Additionally, the HPC segment only accounts for about a quarter of the company's total EBITDA. Moreover, Spectrum's Global Pet Care and Home & Garden segments—which make up the bulk of the company's earnings—are not directly impacted by tariffs and have delivered steady sales and margin performance. In our view, investors are overlooking these solid businesses while overemphasizing a small portion of Spectrum's overall portfolio that is facing temporary headwinds. This disconnect has provided us with an attractive opportunity to increase our stake at under 5x our estimate of the company's normal earnings.

A BUDGET AIRLINE AT A BARGAIN PRICE

Wizz Air is a leading European ultra-low-cost carrier

1. Source: Factset, Trailing 12-month Price-to-Sales.
2. Source: Factset, Russell 2000.

with operations in 50 countries. We initiated a small position in early 2023 after the stock sold off on concerns over its Ukraine/Russia exposure, as well as investor skepticism over the company's aggressive expansion plans amid tepid economic growth and consumer stress. Since then, the airline has been plagued by high-profile quality issues related to its Pratt & Whitney geared turbofan (GTF) engines, necessitating an extended and costly grounding of its fleet. As a result, Wizz Air's maintenance costs ballooned, margins collapsed, and the share price hit an all-time low in July of this year. While the company is significantly underearning, our research suggests that a technical fix for the GTF issues has been found, though it will take time to be fully implemented. Wizz has more than sufficient financial resources to weather the current headwinds, while the stock's valuation—at just ~6.3x trailing earnings (which already reflects the GTF-induced pain)—implies the fleet grounding will persist indefinitely. Given our view that this is a temporary issue and that the airline's competitive positioning remains intact, we boosted our stake in the company, with the stock trading at under 4x our estimate of normalized earnings.

SELLING ON A THESIS CHANGE

Our original thesis for mobile/internet/TV provider Charter Communications (Spectrum) was predicated on cable broadband maintaining pricing power despite the threat of market disruption from fixed wireless access and fiber overbuild in the U.S. In 2024, we began to see early indications that fixed wireless growth could be plateauing, while Charter's mobile wireless net additions were surging and broadband ARPU[3] growth remained positive. However, in recent quarters, Verizon and AT&T outlined aggressive plans for expanding their fiber networks, increasing the competitive threat to the cable industry. Meanwhile, the competitive pressure from fixed wireless has persisted, with net additions accelerating in 2Q25, and Charter shedding more broadband subscribers than expected. Although the stock remained cheap based on our estimate of normalized earnings, the combination of continued fixed wireless competition and new plans by the telecoms to accelerate their fiber buildouts prompted us to significantly reduce our position in Charter, given the widening range of outcomes.

SALES PROMPTED BY ACQUISITIONS

We first initiated a position in U.S. office furniture manufacturer Steelcase in late 2017. After the stock cratered in response to the COVID-19 pandemic lockdown, we boosted our stake in the company on the premise that office furniture demand would eventually rebound, even if it never reached pre-pandemic levels. Over the ensuing years, the company's backlog improved as return-to-office sentiment ramped up, translating into organic sales growth and thirteen consecutive quarters of year-over-year gross margin expansion. In August of this year, Steelcase was acquired by competitor HNI at an ~80% premium, and we sold the position on strength.

In June we bought Indian business process outsourcing company WNS on weakness stemming from the loss of a few large contracts, as well as investor concerns around AI-driven disintermediation impacting the sector. Given WNS's specialization in highly complex and regulated processes, we believed AI would likely strengthen, rather than replace, the company's role in delivering integrated, end-to-end solutions. Shortly after we made our investment, WNS was acquired by French IT services company Capgemini at a ~17% premium, and we scaled back our position on strength.

CONCLUSION

In recent months, global equity markets have started broadening out, with small caps staging a rally and previously beaten-down heath care stocks showing signs of life. Still, concentration in U.S. tech, particularly in AI-focused companies, remains at extreme levels, with NVIDIA alone boasting a higher market cap than the entire global pharma industry, despite generating approximately half the net income[4]. While we believe the AI revolution is real, as disciplined value investors, we are also cognizant of overpaying for assets; as such, we have continued trimming outperformers—including those benefitting from AI exposure—and reallocating the proceeds into more attractively valued stocks.

3. Average revenue per user

4. FactSet, FY26 NI estimates for NVIDIA and the MSCI ACWI Pharmaceuticals industry

STEWARDSHIP INSIGHTS

We highlight significant themes from the 2025 proxy season. Specific company examples illustrate how we develop a perspective on key issues and engage with companies to inform our voting decisions.

INTRODUCTION

Every year, in the third quarter, we profile some of the more significant proxy votes from the season. This proxy season differed from years past, as our ESG team took a more formalized role in the process, providing a synthesized view of key issues and vote recommendations to the relevant investment analyst. Below, we highlight some of the more notable themes from the season.

SEASON THEMES: BOARD COMPOSITION

The role of the board of directors is to oversee the company on behalf of its owners, i.e., the shareholders. Therefore, the proxy votes we cast for board members of any company we own are arguably some of the most important. However, assessing the effectiveness of the board as a whole and/or the individual board members can be very difficult from the outside looking in. Data suggests investors need to do more to evaluate the effectiveness of boards. For example, while average director support remains above 90% globally, studies indicate much higher rates of dissatisfaction with individual board members. A recent PwC study indicates 55% of boards believe they have at least one underperforming director. We have highlighted two examples where our evaluation of individual directors informed our proxy voting decisions.

The Swatch Group AG: *Swiss Luxury Watch Manufacturer*

For the second consecutive year, we voted against all members of the Swatch Board of Directors to signal our strong preference for board refreshment. The board consisted of seven members, and those same seven members comprised each of the key board committees, including the audit committee. Boards typically recruit specific individuals to serve on key committees, based on skills and experience. Ideally, those committees would be majority, or, in the case of the audit committee, fully independent. It is our view that having the same seven members sitting on each of the key committees creates an environment for entrenched thinking, not least because many of these individuals are not independent and/or have had very long tenures on the board. We shared this point of view with company management and suggested a potential board member whom we think would be effective. We hope to see positive governance changes.

Coca-Cola Bottlers Japan Inc.: *Bottler and Distributor of Coca-Cola Products in Japan*

This proxy season, we raised our expectations of board independence in the Japanese market to majority independence, in line with how we think about independence in other regions where we invest. The independent outside director ratio for Tokyo Stock Exchange (TSE) Prime-listed companies is now 44%[1], which, in our view, is sufficient to advocate for majority independence. Typically, we vote against all non-independent board members in cases where the board is not majority independent. We make our own determination of independence and do not rely on a third party's definition. At Coca-Cola Bottlers Japan, significant governance improvements had been made, specifically returning cash to shareholders and improving return on equity (ROE). Consequently, we made an exception to our standard approach and voted for the reelection of the CEO and CFO, while voting against all other non-independent directors. Our intention was to signal our support for management's recent governance improvements, while also indicating our preference for strong independent oversight of management moving forward.

EXECUTIVE COMPENSATION

Executive compensation is typically a hot-button issue every proxy season, even though average pay support levels remain steady or are rising. We have always focused more on incentive alignment with long-term shareholders, rather than absolute pay quantum or other structural features. It is not

1. Source: Tokyo Stock Exchange, Pzena Analysis.

often that we encounter situations of significantly misaligned interests, but when we do, we vote against executive compensation proposals, whether binding or advisory in nature. Below is an example from this proxy season.

Pfizer Inc.: *Global Developer and Manufacturer of Pharmaceuticals*
Pfizer decided to extend the vesting cycle in its long-term incentive plan (LTI), allowing executives two additional years to meet the required performance criteria. Pfizer deemed this modification necessary given changes in the external environment outside of executive control, namely the rapid drop in demand for the COVID-19 vaccine a few years into the pandemic. We considered this context and acknowledged that the adjusted vesting schedule was still performance-conditioned. However, we ultimately decided to vote against both the compensation proposal and members of the compensation committee up for election. We viewed Pfizer's move as effectively repricing the LTI, creating a misalignment with shareholder interests. Performance goals are set within a specific time frame for a reason. Allowing these goals to be reset mid-cycle undermines the integrity of setting performance goals in the first place.

SHAREHOLDER PROPOSALS

Shareholder proposals related to environmental and social issues fell in both volume and support this season. We are generally supportive of this shift, as shareholder proposals have become increasingly specific and overly burdensome on management. Historically, while many of the issues raised may have been material, we could not support the specifics of the individual proposals. There were still a few examples during the recent proxy season.

Shell plc: *Global Oil & Gas Major*
We voted against a shareholder proposal asking Shell to disclose how its liquefied natural gas (LNG) strategy is consistent with a pathway to net zero. Shell has made extensive disclosures about its LNG strategy and regularly publishes metrics to help shareholders assess progress. Given the uncertainties and dependencies in the various decarbonization pathways, we believe it would be counter to long-term shareholder interests for Shell to assume the global economy is on a deterministic path to net zero by 2050. We engage with Shell regularly on decarbonization and believe that management is sensibly deploying capex into areas of competitive advantage (e.g., carbon capture and storage, biofuels) at a pace consistent with the demand they see for these products. LNG remains a key bridging fuel in the transition, and we are supportive of Shell's plans to continue to grow this business.

LKQ Corporation: *Alternative Aftermarket Auto Parts Distributor*
We generally support actions to improve shareholder rights, such as providing the right for shareholders to call a special meeting. However, we voted against such a shareholder proposal at LKQ, because we disagreed with the specifics of the proposal. Given the presence of activists among LKQ's investors, we are wary of allowing the right to call a special meeting with only a 10% ownership threshold and no minimum holding period. This relatively low bar to call a special meeting could allow the activists to exercise outsized influence and encourage short-term thinking, counter to our interests as long-term shareholders. While we voted against the specifics of this proposal, we engaged with LKQ to share our preference for the right to call a special meeting with a higher ownership threshold (15–20%) and a minimum one-year holding period.

HIGHLIGHTED HOLDING: BAXTER INTERNATIONAL

Baxter International has faced severe margin pressure and investor skepticism, but we view these challenges as temporary and see a clear path to earnings recovery.

Baxter International is a leading manufacturer and supplier of everyday hospital essentials, from IV bags and infusion pumps to smart beds and injectable drugs. The company is deeply embedded in hospital operations, with a large installed base of equipment and a broad consumables portfolio that together drive long-term customer relationships. Its core product categories are concentrated among a small number of scaled providers, which supports pricing discipline and stable margins.

Despite these strengths, Baxter's stock has fallen nearly 80% from its 2021 peak, as four temporary headwinds have weighed on margins:

- **Contract Pricing Lag:** fixed-price contracts signed before the 2021 inflation surge
- **Fluid Conservation:** reduced IV bag usage following a supply disruption
- **Stranded Costs:** overhead tied to dialysis divestiture
- **Novum IQ Pause:** temporary halt in shipments of its new large-volume infusion pump

We view these headwinds as transitory. As they abate, earnings should recover, and investor confidence is likely to return to this high-quality medtech franchise.

BAXTER TODAY

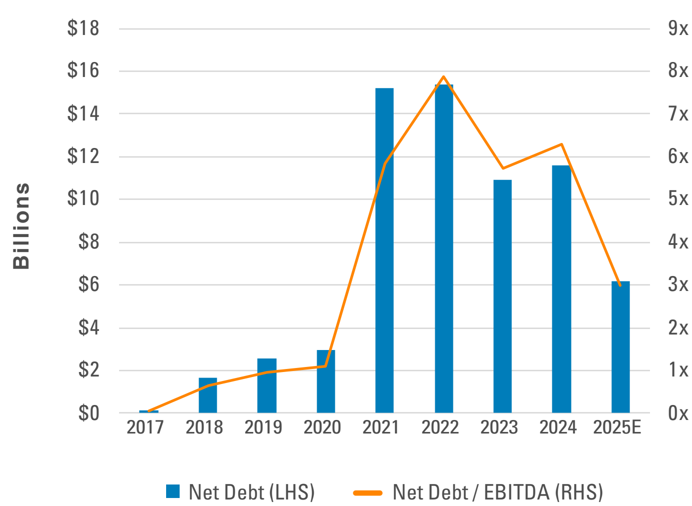
Following major divestitures, Baxter is now a simpler, more focused hospital products company. It sold its pharmaceutical contract manufacturing unit in 2023 and its dialysis business in 2025, which together accounted for roughly one third of its revenue before the separations. The result is a streamlined portfolio organized into three divisions: Medical Products & Therapies (IV solutions, infusion systems, nutrition), Healthcare Systems & Technologies (smart beds, monitoring, and connected-care equipment), and Pharmaceuticals (premix and generic injectables, anesthesia). The company's debt had swelled

		Earnings Per Share			Price/Earnings		
	Price	FY 25E	FY 26E	Normal*	FY 25E	FY 26E	Normal*
Baxter Int.	$22.77	$0.72	$1.29	$3.92	31.6x	17.7x	5.8x

Fiscal year-end December 31.
**Pzena estimate of normal earnings.*
Source: S&P Capital IQ, Pzena analysis
Data as of September 30, 2025.

following its 2021 acquisition of Hillrom, but proceeds from its recent divestitures have been used to pay down borrowings, reducing net debt from $15 billion in 2023 to $8 billion today, with a target of around 3x net leverage by year end (Exhibit 1). A stronger balance sheet provides flexibility to reinvest for growth while navigating near-term challenges.

Exhibit 1: Net Debt and Leverage Ratio Improvement



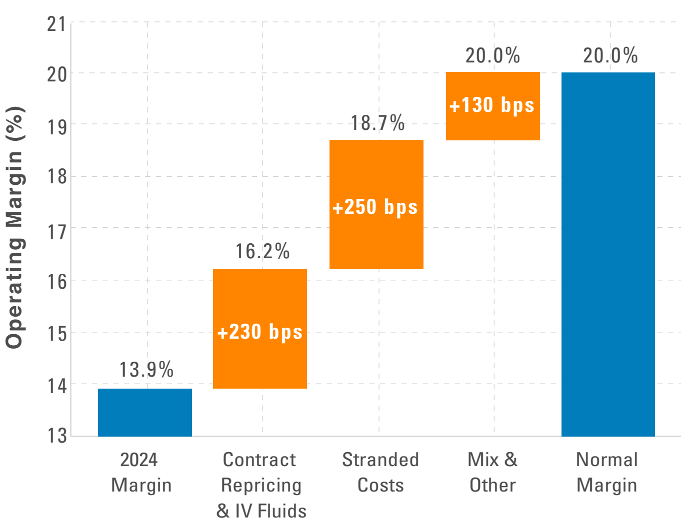
Source: S&P Capital IQ, Company filings

CONTRACT PRICING LAG

Contracting dynamics have been the single largest drag on Baxter's margins. About 55% of the company's revenue is generated in the U.S., where most sales are governed by long-term agreements with three major group purchasing organizations (GPOs) that negotiate pricing on behalf of hospitals. Contracts signed before the 2021 inflation surge locked in fixed prices without escalators or force-majeure protections. As supply, freight, and labor costs spiked, Baxter was unable to pass the costs through, absorbing roughly $1 billion of incremental expenses in 2022 that reset its cost base higher and contributed to the company's decline in adjusted operating margin from 18.0% in 2020 to 13.9% in 2024.

The cycle is now turning in Baxter's favor. Two of the three major GPO agreements reset in early 2025, with the final renewal scheduled for 2026. The new contracts incorporate greater flexibility to pass through inflationary costs, protecting margins from future cost volatility. As these agreements reset to reflect today's cost base, margins should begin to recover, representing a major step toward normal operating margins of roughly 20% over time (Exhibit 2).

Exhibit 2: Path to Normal Margin



Source: Company filings, Pzena projections

FLUID CONSERVATION

In late 2024, Hurricane Helene flooded Baxter's North Cove facility in North Carolina—its largest IV solutions manufacturing plant and the source of approximately 60% of the U.S. IV fluid supply—forcing a temporary shutdown and prompting hospitals to conserve fluids. Hospitals used fewer IV bags per patient, delayed some non-urgent procedures, and switched to direct drug injections instead of IV infusions. Even after supply returned, cautious practices have lingered, leaving IV-solution volumes approximately 20% below historical levels. Because IV fluids are low-value, high-volume products, where scale is critical to profitability, this underutilization has weighed on margins and contributed to recent share weakness.

The situation closely resembles the aftermath of Hurricane Maria in 2017, which severely disrupted Baxter's Puerto Rico IV fluid facilities and caused a nationwide shortage of IV bags. Hospitals similarly cut back on fluid usage, and management overestimated how quickly demand would return. In that case, volumes eventually recovered as supply stability was re-established, and the same gradual normalization appears to be underway today. The impact of IV fluid normalization is difficult to quantify separately from that of contract repricing, but together they are expected to contribute roughly 230 basis points of margin uplift (Exhibit 2).

STRANDED COSTS

As part of the dialysis divestiture (now Vantive), Baxter agreed to continue providing certain back-office services and to manufacture select products on Vantive's behalf for a limited period, as is customary in such separations. In 2025, these transition service and manufacturing agreements represent roughly $500 million of combined activity and are dilutive to operating margins.

As these agreements expire and production winds down through 2027, Baxter will eliminate stranded overhead and exit low-return activity, contributing roughly 250 basis points of margin uplift, which is the biggest source of recovery ahead. Additionally, the dialysis business itself was structurally dilutive, earning roughly half the returns on invested capital of Baxter's continuing operations; therefore, its separation raises the company's underlying margin profile. This mix improvement helps explain why our normalized margin forecast of roughly 20% sits above Baxter's historical range, reflecting a structurally higher-margin portfolio.

NOVUM IQ PAUSE

The Novum IQ Large Volume Pump is Baxter's next-generation infusion platform, designed to deliver IV fluids in a controlled, automated manner. In mid-2025, Baxter voluntarily paused new shipments and installations after identifying workflow issues in certain intensive-care settings and implemented corrective actions. Installed units remain in service, but the pause has raised concern for a product intended to anchor Baxter's next phase of growth. The pause occurred after the second quarter and therefore has not yet been reflected in reported results, although investors have already priced in the rollout's disruption. Financially, exposure is limited: Novum IQ represents roughly 2% of revenue, and high-margin consumables used across both Novum IQ and the legacy Spectrum pump continue to ship.

Investor concern reflects both the near-term earnings impact and questions around credibility. The platform was meant to demonstrate Baxter's ability to modernize its infusion systems and reassert leadership in a concentrated market where reliability and hospital trust are paramount. The pause interrupts that momentum and introduces uncertainty around the timing of a broader launch. Because the issues identified to date are primarily related to software and workflow, rather than structural hardware defects, corrective actions should allow shipments to resume once validations are complete, allowing the platform to regain traction as a growth driver for Baxter.

CONCLUSION

All four of Baxter's headwinds are company-specific and temporary, with resolutions underway. Risks remain as these areas normalize: pricing resets could lag, volume recovery could take longer, stranded costs could run higher, or the Novum IQ relaunch could face further delay. However, these issues are executional and largely within management's control. Broader pressures, including tariff uncertainty and weak sentiment across healthcare, have also weighed on the stock, despite limited impact on fundamentals. At today's valuation, the market is treating these temporary issues as permanent, pricing Baxter at only 5.8x our estimate of normalized earnings of $3.92 per share.

For long-term investors, this pessimism, in our opinion, creates opportunity. Baxter's franchise centers on essential, nondiscretionary hospital products, where demand is steady, scale advantages persist, and recurring consumables reinforce long-term customer relationships. Hospitals rarely switch suppliers, while aging populations and chronic disease sustain growth. This durability provides a strong foundation for margins to expand and for earnings to normalize, setting up a powerful recovery as temporary pressures fade.

Pzena Investment Strategies

	APPROXIMATE HOLDINGS	INVESTMENT UNIVERSE	TYPICAL CLIENT BENCHMARKS	STRATEGY INCEPTION DATE	PAGE #
GLOBAL/NON-U.S. EQUITY 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. EQUITY 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
CREDIT STRATEGY					
Focused Credit Opportunities	30-60[2]	High yield bonds and leveraged loans	N/A	7/2022	27

All our strategies follow the same value investment process and philosophy; the primary difference lies in the universe considered for investment.
1. MSCI ACWI and MSCI ACWI ex-USA versions also available.
2. Our Credit Opportunities portfolio currently holds 30-60 positions, although it may hold more positions depending on the size of the portfolio.

PZENA GLOBAL VALUE

Developed equity markets performed well in the third quarter, driven by a combination of easing trade tensions, continued AI excitement, and growing expectations of central bank rate cuts. Our portfolio underperformed both its broad MSCI World benchmark and the value series.

The communication services and health care sectors detracted from absolute performance. Medical products company Baxter reported an earnings miss and announced a voluntary recall of its recently released Novum LVP pump. We believe these issues are temporary and added to the position. Another detractor, broadband provider Charter Communications fell after reporting higher-than-expected subscriber losses. After conducting further diligence on Charter, we concluded that the competitive pressure in the industry is likely more severe and persistent than we had expected, and we subsequently reduced our position (see additional details in the Global Research Review section).

The financials and information technology sectors led the gains. Samsung Electronics was strong on rising optimism over a memory cycle recovery and the growing likelihood of market share gains in high-bandwidth memory via NVIDIA. Tech/e-commerce giant Alibaba is increasingly viewed as the leading Chinese player in AI, thereby boosting its valuation.

We initiated a position in Suntory, Japan's second-largest soft drink company, which has a strong presence in several Asian countries. We believe Suntory is positioned for profit recovery in its domestic market, driven by strategic price adjustments and a transformation of its vending machine business. We also added Universal Health Services, which operates hospitals and dedicated behavioral facilities. Broad healthcare budget cuts, a transition to outpatient care, and COVID-19-related cost issues all coalesced to provide an attractive entry point for a business with shareholder-friendly capital return policies.

We also added to life insurer Corebridge and Swiss wealth manager Julius Baer during the quarter, while we trimmed Macau casino operator Galaxy Entertainment and medical device manufacturer Medtronic on strength. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/10
Pzena Global Value Composite - Gross	4.4%	17.1%	12.1%	20.8%	17.0%	10.3%	9.3%
Pzena Global Value Composite - Net	4.3%	16.6%	11.5%	20.2%	16.4%	9.7%	8.7%
MSCI World Index	7.3%	17.4%	17.2%	23.7%	14.4%	12.4%	10.7%
MSCI World Value Index	5.8%	16.9%	12.0%	18.6%	13.9%	9.4%	8.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

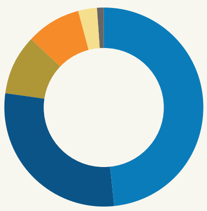
Samsung Electronics Co.	3.4%
Baxter International Inc.	2.8%
Citigroup Inc.	2.7%
Cognizant Tech. Solutions Corp	2.6%
Taiwan Semiconductor Mfg. Co..	2.5%
Daimler Truck Holding AG	2.4%
Skyworks Solutions, Inc.	2.3%
BASF SE	2.3%
ArcelorMittal SA	2.3%
Capital One Financial Corp	2.2%
Total	25.5%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	8.6x	15.3x *
Price / Earnings (1-Year Forecast)	11.9x	22x
Price / Book	1.4x	3.9x
Median Market Cap ($B)	$25.7	$24.7
Weighted Average Market Cap ($B)	$102.4	$925.5
Active Share	95.7%	-
Standard Deviation (5-Year)	18.8%	15.4%
Number of Stocks (model portfolio)	60	1,320

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

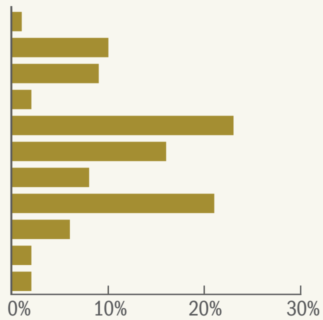
REGION CONCENTRATION



	Strategy	Index
North America	49%	76%
Europe ex-U.K.	29%	12%
Emerging Markets	10%	0%
United Kingdom	9%	4%
Japan	3%	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	1%	9%
Consumer Discretionary	10%	10%
Consumer Staples	9%	5%
Energy	2%	3%
Financials	23%	17%
Health Care	16%	9%
Industrials	8%	11%
Information Technology	21%	27%
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.

PZENA GLOBAL FOCUSED VALUE

Global equity markets reached new highs in the third quarter, driven by a combination of easing trade tensions, continued AI excitement, and growing expectations of central bank rate cuts. Our portfolio underperformed both its broad MSCI AC World benchmark and the value series.

The communication services and health care sectors detracted from absolute performance. Broadband provider Charter Communications was the largest individual detractor, after reporting higher-than-expected subscriber losses. After conducting further diligence on Charter, we concluded that the competitive pressure in the industry is likely more severe and persistent than we had expected, and we subsequently exited the position (see additional details in the Global Research Review section). Another detractor, medical products company Baxter reported an earnings miss and announced a voluntary recall of its recently released Novum LVP pump. We believe these issues are temporary and added to the position.

The consumer discretionary and financials sectors led the gains. Tech and e-commerce giant Alibaba is increasingly viewed as the leading Chinese player in AI, thereby boosting its valuation. Samsung Electronics was strong on rising optimism over a memory cycle recovery and the growing likelihood of market share gains in high-bandwidth memory via NVIDIA.

We initiated a position in Indonesian commercial lender Bank Rakyat, as weak macro conditions in Indonesia and elevated losses in its microfinance segment led to a depressed valuation. However, we view Rakyat as a high-quality franchise with a unique footprint that is well-positioned to participate in Indonesia's long-term growth potential. We also added Universal Health Services, which operates hospitals and dedicated behavioral facilities. Broad healthcare budget cuts, a transition toward outpatient care, and COVID-19-related cost issues all coalesced to provide an attractive entry point.

After trimming Brazilian brewer Ambev earlier in the quarter on strength, we added to the position, taking advantage of high share price volatility. We also exited pharma major Roche on relative strength. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/04
Pzena Global Focused Value Composite - Gross	4.5%	18.3%	12.4%	21.3%	17.7%	10.2%	7.1%
Pzena Global Focused Value Composite - Net	4.4%	17.7%	11.6%	20.4%	16.9%	9.4%	6.2%
MSCI All Country World Index	7.6%	18.4%	17.3%	23.1%	13.5%	11.9%	8.6%
MSCI All Country World Value Index	6.1%	17.7%	12.1%	18.5%	13.5%	9.1%	7.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

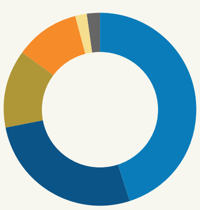
Samsung Electronics Co.	3.4%
Baxter International Inc.	3.3%
CVS Health Corporation	3.0%
Dollar General Corporation	3.0%
Alibaba Group Holding	3.0%
Citigroup Inc.	2.9%
Daimler Truck Holding AG	2.7%
Reckitt Benckiser Group plc	2.6%
Magna International Inc.	2.5%
ING Groep NV	2.4%
Total	28.8%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.3x	15.3x *
Price / Earnings (1-Year Forecast)	11.7x	20.9x
Price / Book	1.3x	3.5x
Median Market Cap ($B)	$24.9	$15.6
Weighted Average Market Cap ($B)	$76.5	$851.1
Active Share	96.6%	-
Standard Deviation (5-Year)	19.7%	14.9%
Number of Stocks (model portfolio)	50	2,509

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

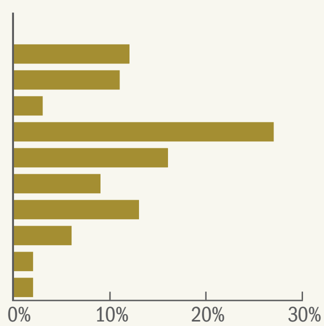
REGION CONCENTRATION



	Strategy	Index
North America	45%	68%
Europe ex-U.K.	27%	11%
Emerging Markets	13%	10%
United Kingdom	11%	3%
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	0%	9%
Consumer Discretionary	12%	11%
Consumer Staples	11%	5%
Energy	3%	3%
Financials	27%	17%
Health Care	16%	9%
Industrials	9%	11%
Information Technology	13%	27%
Materials	6%	4%
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 resumed their upward trend in the third quarter, as tariff concerns continued to abate, and investors increased their risk appetite amid a relatively stable macro environment. Our portfolio outperformed its MSCI EAFE benchmark in the quarter.

The financials, consumer discretionary, and information technology sectors drove the gains. The market has grown increasingly optimistic about Alibaba's cloud and AI businesses, following reports of strong growth in both segments. Samsung Electronics benefited from rising demand for its conventional memory chips, as well as from optimism around its high-bandwidth memory prospects. Japanese electronic component manufacturer Murata also performed well, supported by higher revenue from increased AI-related spending.

The only two detracting sectors were industrials and materials. The largest individual detractor was the outsourced call center operator Teleperformance, which reported weaker revenue and margins in its latest quarter. Results were impacted by a one-time contract loss and temporary weakness in its non-core U.S. language interpretation business, while its core customer service segment showed improved organic growth. Dialysis products and services company Fresenius declined after reporting weaker-than-expected growth, reigniting concerns about the impact of GLP-1s on dialysis volumes. Daimler Truck was weak following reduced volume guidance, exacerbated by the announcement of 25% tariffs on imported heavy-duty trucks.

We did not add any new companies in the quarter, but we increased our positions in tire producer Michelin, air conditioning manufacturer Daikin, and chemical producer Evonik on relative weakness. To fund these purchases, we trimmed Alibaba, electrical equipment distributor Rexel, and Japanese insurer T&D Holdings, all on valuation.

The relatively uncertain macro environment and ever-changing U.S. trade policies continue to keep the market on edge. This volatility can create compelling opportunities for long-term value investors, and we remain excited about company valuations that are cheap when assessed against their fundamentals. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 11/1/08
Pzena International Value Composite - Gross	7.3%	28.7%	18.3%	25.6%	16.2%	9.6%	10.2%
Pzena International Value Composite - Net	7.2%	28.2%	17.7%	24.9%	15.5%	9.0%	9.6%
MSCI EAFE Index	4.8%	25.1%	15.0%	21.7%	11.2%	8.2%	7.8%
MSCI EAFE Value Index	7.4%	31.9%	22.5%	25.7%	15.7%	8.2%	7.5%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

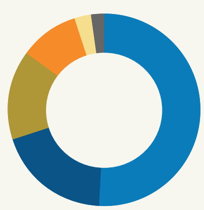
Michelin SA	2.8%
Reckitt Benckiser Group plc	2.7%
ArcelorMittal SA	2.7%
Daimler Truck Holding AG	2.6%
Samsung Electronics Co.	2.6%
ING GROEP NV	2.6%
Equinor ASA	2.5%
TDK Corporation	2.5%
Murata Mfg. Co.	2.5%
Danske Bank A/S	2.4%
Total	25.9%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.6x	16.1x *
Price / Earnings (1-Year Forecast)	11.8x	16.2x
Price / Book	1.3x	2.1x
Median Market Cap ($B)	$27.6	$18.6
Weighted Average Market Cap ($B)	$64.5	$98.6
Active Share	89.0%	-
Standard Deviation (5-Year)	17.7%	15.8%
Number of Stocks (model portfolio)	60	693

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

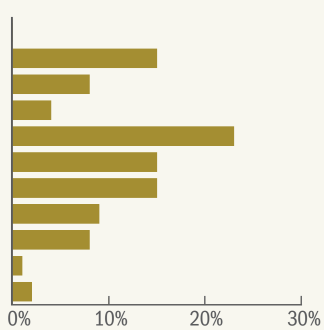
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	51%	51%
Japan	19%	22%
United Kingdom	15%	15%
Emerging Markets	10%	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%	25%
Health Care	15%	11%
Industrials	15%	19%
Information Technology	9%	8%
Materials	8%	6%
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 INTERNATIONAL FOCUSED VALUE

Non-U.S. equity markets resumed their upward trend in the third quarter, as tariff concerns continued to abate, and investors increased their risk appetite amid a relatively stable macro environment. Our portfolio outperformed its broad market benchmark in the quarter.

The consumer discretionary, financials, and information technology sectors drove the gains. The market has grown increasingly optimistic about Alibaba's cloud and AI businesses, following reports of strong growth in both segments. Samsung Electronics benefited from rising demand for its conventional memory chips, as well as from optimism around its high-bandwidth memory prospects. Japanese electronic component manufacturer Murata also performed well, supported by higher revenue from increased AI-related spending.

The only detracting sector was industrials. The largest individual detractor was the outsourced call center operator Teleperformance, which reported weaker revenue and margins in its latest quarter. Results were impacted by a one-time contract loss and temporary weakness in its non-core U.S. language interpretation business, while its core customer service segment showed improved organic growth. Daimler Truck was weak following reduced volume guidance, exacerbated by the announcement of 25% tariffs on imported heavy-duty trucks. French specialty chemicals producer Arkema also fell, as end-market demand remains well below trend.

We initiated a position in Suntory, Japan's second-largest soft drink company, which has a strong presence in several Asian countries. We believe Suntory is positioned for profit recovery in its domestic market driven by strategic price adjustments and a transformation of its vending machine business. We exited our positions in UK and Spanish lenders NatWest Group and CaixaBank, both on valuation.

The relatively uncertain macro environment and ever-changing U.S. trade policies continue to keep the market on edge. This volatility can create compelling opportunities for long-term value investors, and we remain excited about company valuations that are cheap when assessed against their fundamentals. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/04
Pzena International Focused Value Composite - Gross	7.7%	31.3%	20.8%	27.8%	17.8%	10.5%	7.8%
Pzena International Focused Value Composite - Net	7.5%	30.5%	19.9%	26.8%	16.9%	9.7%	6.9%
MSCI All Country World Ex-U.S. Index	6.9%	26.0%	16.4%	20.7%	10.3%	8.2%	6.6%
MSCI ACWI ex USA Value - Net Index	8.1%	29.6%	20.2%	23.1%	14.4%	8.1%	6.4%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

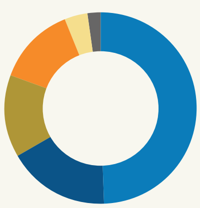
Samsung Electronics Co.	3.3%
J Sainsbury plc	2.9%
Michelin SA	2.9%
BASF SE	2.8%
Reckitt Benckiser Group plc	2.7%
UBS Group AG	2.6%
Fresenius Medical Care AG	2.6%
Alibaba Group Holding	2.6%
Daimler Truck Holding AG	2.5%
Rexel SA	2.5%
Total	27.4%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	8.3x	16.1x *
Price / Earnings (1-Year Forecast)	11.5x	16x
Price / Book	1.3x	2.1x
Median Market Cap ($B)	$26.1	$12.6
Weighted Average Market Cap ($B)	$66.3	$138.0
Active Share	91.9%	-
Standard Deviation (5-Year)	18.6%	14.9%
Number of Stocks (model portfolio)	49	1,965

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

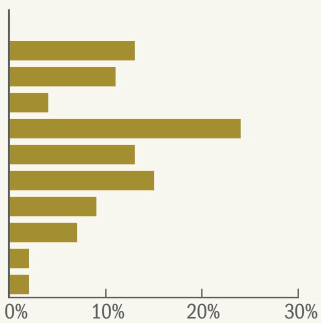
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	49%	31%
Emerging Markets	17%	30%
Japan	14%	14%
United Kingdom	13%	9%
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%	11%
Consumer Staples	11%	6%
Energy	4%	4%
Financials	24%	25%
Health Care	13%	8%
Industrials	15%	15%
Information Technology	9%	14%
Materials	7%	7%
Real Estate	2%	2%
Utilities	2%	3%

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

PZENA INTERNATIONAL SMALL CAP FOCUSED VALUE

International small-cap markets continued their strong run in the third quarter, supported by an improving economic outlook in Europe. Value modestly outperformed growth, though our portfolio underperformed both its MSCI World ex-U.S. Small Cap benchmark and the value series.

Industrials was the only material sectoral detractor, and specialist staffing firm SThree was lower after lowering 2026 guidance amid weak hiring trends in Europe. Electrical distributor Solar fell after cutting FY25 guidance due to softer German industrial demand, which we view as cyclical destocking rather than share loss, while UK beverage company C&C Group retraced some of its prior gains despite reporting in-line results.

Materials was the top-performing sector, and shares of Australian contract miner Perenti benefited from strong order momentum and operational flexibility, as well as an improving backlog amid high gold prices. Korean semiconductor equipment manufacturer Wonik rose on expectations of increased Samsung capex spending tied to high-bandwidth memory qualification and AI-related demand. Materials company Umicore posted gains from steady delivery in automotive catalysts and recycling, as well as from investor approval for scaling back its battery-materials investments.

During the quarter, we added Barry Callebaut, the world's largest independent chocolate distributor. Elevated cocoa prices expanded Barry's working capital needs, but earnings remain stable given limited volume elasticity, and we expect normalization as prices ease. We also initiated a position in MARR, Italy's leading foodservice distributor, which is recovering from post-COVID-19 supply and margin disruptions. Lastly, we added Samsonite, the global leader in luggage, which continues to improve its brand mix while digesting a temporary slowdown in volumes after the post-pandemic rebound.

Despite strong year-to-date gains, international small caps still trade at historically compelling valuations. This environment allows us to find opportunities in high-quality businesses temporarily out of favor, a backdrop that's historically favorable for disciplined value investors. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Since Inception 10/1/16
Pzena International Small Cap Focused Value Composite - Gross	6.1%	26.3%	18.1%	26.8%	20.2%	10.4%
Pzena International Small Cap Focused Value Composite - Net	5.8%	25.3%	17.0%	25.6%	19.0%	9.3%
MSCI World ex USA Small Cap Index	7.2%	29.5%	19.4%	20.0%	9.2%	7.7%
MSCI World ex USA Small Cap Value Index	8.6%	31.9%	21.2%	22.1%	12.8%	8.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

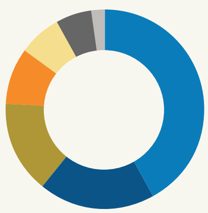
Origin Enterprises PLC	4.1%
Signify NV	3.4%
Sabre Insurance Group PLC	3.3%
Elders	3.2%
Nexity SA	3.1%
Aurubis AG	3.0%
Unicaja Banco S.A.	2.9%
Permanent TBS Group Holdings PLC	2.9%
Perenti	2.9%
Nokian Renkaat Oyj	2.9%
Total	31.7%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.3x	12.7x *
Price / Earnings (1-Year Forecast)	12.3x	15.3x
Price / Book	1.0x	1.5x
Median Market Cap ($B)	$1.6	$1.7
Weighted Average Market Cap ($B)	$2.1	$3.9
Active Share	98.7%	-
Standard Deviation (5-Year)	18.7%	16.9%
Number of Stocks (model portfolio)	42	2,201

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

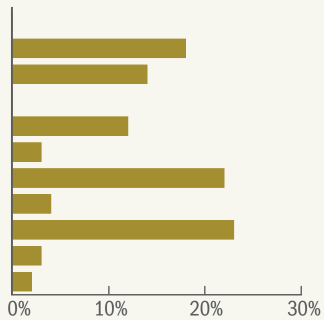
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	42%	28%
United Kingdom	19%	12%
Japan	15%	33%
Australia/New Zealand	9%	10%
North America	7%	10%
Dev. Asia ex-Japan	6%	3%
Emerging Markets	2%	0%
Dev. Africa/Middle East	0%	3%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	4%
Consumer Discretionary	18%	12%
Consumer Staples	14%	5%
Energy	0%	4%
Financials	12%	12%
Health Care	3%	5%
Industrials	22%	22%
Information Technology	4%	9%
Materials	23%	13%
Real Estate	3%	11%
Utilities	2%	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 had a strong quarter, with most countries in the green, as investors continued to digest the knock-on effects of Liberation Day tariffs. Our Emerging Markets Focused Value strategy closed the quarter up double digits, performing in line with its MSCI EM benchmark.

Consumer discretionary, information technology, and communication services all posted strong gains. The portfolio's top individual contributor, Samsung Electronics, benefited from a rebound in the memory cycle and optimism around the company's ability to get its high-bandwidth memory qualified with customers like NVIDIA. Chinese tech companies Alibaba and Baidu also rose, driven by growing optimism about their prospects in China's AI cloud industry.

Consumer staples was the only sector that marginally detracted from absolute performance, while shares of Cognizant—and the IT services sector in general—have been weak due to an industry-wide downturn and concerns about the impact of AI adoption. Indian lender HDFC reported solid results but was dragged down by a selloff in Indian equities, while China Merchants Bank's Q2 earnings were largely unchanged from Q1, as the lender continues to experience headwinds in net interest margins and fee income due to the weak economy, driving weakness in the share price.

We added Brazilian stock exchange B3 to the portfolio on macro weakness, as we expect the maturation of the country's financial products and capital markets to boost B3's earnings over time. We also initiated a position in Wizz Air, a leading ultra-low-cost carrier in Eastern Europe that is suffering from aircraft groundings due to Pratt & Whitney engine issues, as well as a pullback in expansion plans. We believe the stock's valuation reflects moderate growth expectations and overly punitive margins due to the company's engine issues.

While fear and uncertainty persist in the markets, we are excited about our portfolio of idiosyncratic businesses that are cheap when assessed against their long-term fundamentals. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/08
Pzena Emerging Markets Focused Value Composite - Gross	11.2%	28.9%	15.7%	24.0%	17.3%	12.0%	6.1%
Pzena Emerging Markets Focused Value Composite - Net	10.9%	28.0%	14.6%	22.8%	16.1%	10.9%	5.0%
MSCI Emerging Markets Index	10.6%	27.5%	17.3%	18.2%	7.0%	8.0%	2.9%
MSCI Emerging Markets Value Index	8.7%	24.8%	13.3%	17.8%	9.9%	7.1%	2.3%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

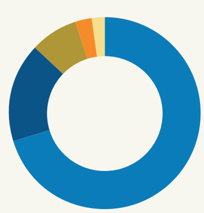
Samsung Electronics Co.	4.9%
Taiwan Semiconductor Mfg. Co.	4.7%
Alibaba Group Holding	4.0%
China Overseas Land & Investment	2.9%
Baidu, Inc. Class A	2.9%
Tencent Holdings Ltd.	2.8%
Galaxy Entertainment Group	2.8%
Haier Smart Home Co., Ltd. Class H	2.5%
Credicorp Ltd.	2.4%
Pacific Basin Shipping Limited	2.4%
Total	32.3%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.8x	19.1x *
Price / Earnings (1-Year Forecast)	10.5x	14.9x
Price / Book	1.2x	2.1x
Median Market Cap ($B)	$13.3	$9.8
Weighted Average Market Cap ($B)	$150.6	$233.8
Active Share	78.3%	-
Standard Deviation (5-Year)	16.5%	15.9%
Number of Stocks (model portfolio)	53	1,189

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

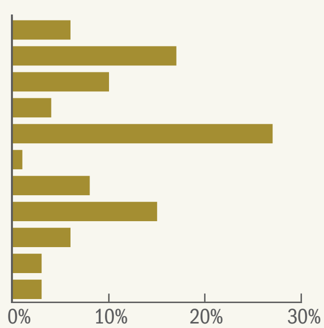
REGION CONCENTRATION



	Strategy	Index
Asia	71%	80%
Latin America	17%	7%
Europe	8%	3%
North America	3%	0%
Africa/Middle East	2%	10%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	6%	11%
Consumer Discretionary	17%	14%
Consumer Staples	10%	4%
Energy	4%	4%
Financials	27%	22%
Health Care	1%	3%
Industrials	8%	7%
Information Technology	15%	25%
Materials	6%	6%
Real Estate	3%	1%
Utilities	3%	2%

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

PZENA EUROPEAN FOCUSED VALUE

European markets displayed continued strength in 3Q25, buoyed by reduced tariff uncertainty and supportive central bank policies. Value outperformed growth, and our portfolio modestly outperformed its MSCI Europe benchmark.

The financials and materials sectors led the gains. Both Umicore and Aurubis reported better-than-expected results, helped by higher commodity prices and continued disciplined capital allocation. Dutch lender ING was up after raising its full-year ROE guidance due to tailwinds from better fee income, as well as lower expenses and credit costs.

The industrials and consumer discretionary sectors both detracted from absolute performance. Outsourced call center operator Teleperformance was down following an earnings miss that exacerbated concerns about potential disruption to its call center business model stemming from the adoption of artificial intelligence (see additional details in the Global Research Review section). French small appliance manufacturer SEB was weak due to continued uncertainty about the impact of tariffs on its U.S. business. UK temporary staffing firm Hays also declined on weakness in its permanent placement business.

During the quarter, we added Barry Callebaut, the world's largest independent chocolate distributor. Barry's shares have been pressured by an unprecedented increase in cocoa bean prices, which resulted in a huge spike in Barry's working capital. We believe Barry has the balance sheet strength to withstand the current downturn and should benefit from a normalization in cocoa bean prices. We also added Samsonite, the world's leading luggage company, amid tariff concerns and weaker global demand for luggage. Additionally, we initiated a position in spirits company Remy Cointreau, which has faced a perfect storm of declining alcohol consumption and weaker cognac sales due to a slowdown in Chinese luxury spending. We see company and product-specific opportunities driving a turnaround.

Even after strong year-to-date performance, we continue to see good value in European equities, which remain at a notable valuation discount relative to global peers.

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 8/1/08
Pzena European Focused Value Composite - Gross	3.9%	30.0%	19.8%	27.8%	19.2%	9.1%	7.1%
Pzena European Focused Value Composite - Net	3.7%	29.4%	19.0%	27.0%	18.5%	8.4%	6.4%
MSCI Europe Index	3.6%	27.5%	15.1%	22.9%	12.2%	8.1%	5.0%
MSCI Europe Value Index	5.3%	35.5%	24.1%	27.3%	16.4%	8.0%	4.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

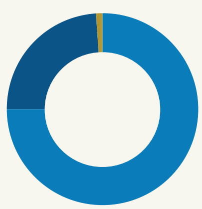
Signify NV	3.5%
Bank of Ireland Group Plc	3.4%
HSBC Holdings Plc	3.3%
Reckitt Benckiser Group plc	3.2%
ArcelorMittal SA	3.2%
Equinor ASA	3.0%
Rexel SA	3.0%
Michelin SA	3.0%
Aurubis AG	2.9%
SEB SA	2.8%
Total	31.3%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.9x	12.7x *
Price / Earnings (1-Year Forecast)	11.4x	15.8x
Price / Book	1.2x	2.3x
Median Market Cap ($B)	$16.0	$19.8
Weighted Average Market Cap ($B)	$45.1	$112.8
Active Share	86.4%	-
Standard Deviation (5-Year)	21.9%	17.3%
Number of Stocks (model portfolio)	45	402

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

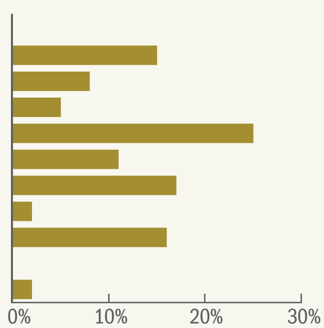
REGION CONCENTRATION



	Strategy	Index
Europe ex-U.K.	75%	78%
United Kingdom	24%	22%
North America	1%	0%

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

SECTOR WEIGHTS



	Strategy	Index
Communication Services	0%	4%
Consumer Discretionary	15%	8%
Consumer Staples	8%	9%
Energy	5%	4%
Financials	25%	24%
Health Care	11%	13%
Industrials	17%	20%
Information Technology	2%	7%
Materials	16%	5%
Real Estate	0%	1%
Utilities	2%	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 rallied during the quarter, with broad-based gains supported by the August resolution of tariff negotiations, a weaker yen, and rising optimism around AI-related investment. Our portfolio also rose and outperformed the TOPIX, as our technology holdings with some exposure to AI-related areas were particularly strong, but trailed the TOPIX Value due to differences in sector exposure.

Sectors contributed positively across the board in the portfolio, with the exceptions of the consumer staples sector, which was roughly flat, and communication services, which detracted. Information technology, industrials, and consumer discretionary were the top contributing sectors, with AI-related areas showing particular strength.

At the stock level, Sumitomo Electric Industries, a leading cable and wiring manufacturer, advanced on expectations tied to data center investment; Ibiden benefitted from its strong position in semiconductor package substrates for AI servers; and SUMCO, a silicon wafer maker, gained on rising expectations for a demand recovery. Detractors included beverage company Asahi Group Holdings, musical instrument maker Yamaha, and Toray, a producer of synthetic fibers and advanced materials, after quarterly results came in below market expectations. We view these shortfalls as short-term and cyclical, and our long-term recovery view remains intact.

We added Resonac Holdings and Kubota Corporation to the portfolio this quarter. Resonac is a leading supplier of critical materials used in advanced semiconductor packages for AI servers. It is restructuring its lower-return commodity chemicals business while concentrating resources on higher-value materials. We expect the market to reward this focus as restructuring progresses and growth continues. Kubota is a global leader in small tractors and compact construction equipment, and North America is its largest market. Shares have lagged due to a cyclical slowdown and regional softness, but management is streamlining the portfolio and reducing fixed costs. We expect its strong small tractor franchise and structural growth opportunities in North America and Asia to be recognized as uncertainty clears.

We also increased our positions in air conditioning leader Daikin Industries, beverage maker Suntory Beverage and Food, and chemical manufacturer DIC.

We exited logistics company Sankyu and regional bank Hokkoku Financial Holdings, and we reduced positions in Sumitomo Electric Industries, Ibiden, and Resona Holdings on relative valuation.

We remain focused on undervalued Japanese companies that are advancing structural reform and improving capital efficiency while maintaining resilient balance sheets. The portfolio maintains meaningful exposure to cyclical industries. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 7/1/15
Pzena Japan Focused Value Composite - Gross	12.9%	26.2%	21.5%	22.3%	14.1%	9.5%	7.6%
Pzena Japan Focused Value Composite - NET	12.6%	25.5%	20.6%	21.4%	13.2%	8.7%	6.8%
TOPIX Index	8.4%	22.3%	17.3%	21.2%	8.8%	8.2%	6.8%
TOPIX Value Index	14.1%	28.5%	26.0%	28.0%	15.3%	9.5%	8.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

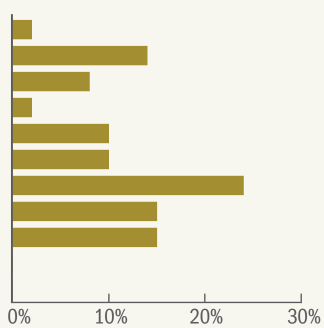
MinebeaMitsumi Inc.	3.5%
Bridgestone Corporation	3.5%
Suntory Beverage & Food Ltd.	3.5%
TDK Corporation	3.5%
Olympus Corp.	3.4%
Sumco Corp.	3.4%
Tokai Carbon Co.	3.1%
Persol Holdings Co.	3.0%
NSK LTD.	3.0%
Coco-Cola Bottlers Japan Holdings	2.9%
Total	32.8%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings [1]	9.6x	13.4x *
Price / Earnings (1-Year Forecast)	15.1x	16.2x
Price / Book	1.1x	1.5x
Median Market Cap ($B)	$6.3	$0.7
Weighted Average Market Cap ($B)	$14.6	$60.8
Active Share	91.2%	-
Standard Deviation (5-Year)	13.7%	14.0%
Number of Stocks (model portfolio)	38	1,673

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	8%	6%
Energy	2%	1%
Financials	10%	15%
Health Care	10%	6%
Industrials	24%	26%
Information Technology	15%	12%
Materials	15%	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.

PZENA LARGE CAP VALUE (U.S.)

U.S. broad market indices rose in the quarter, fueled by continued optimism around AI and the prospect of more accommodative monetary policy, which culminated in a rate cut in September. The technology sector was the strongest performer, and growth materially outperformed value. Our Large Cap Value strategy rose in the quarter but underperformed the value benchmark.

The telecommunications and health care sectors detracted from the portfolio in the quarter. Broadband provider Charter Communications was the largest individual detractor, after reporting higher-than-expected subscriber losses. After conducting further diligence on Charter, we concluded that the competitive pressure in the industry is likely more severe and persistent than we had expected, and we subsequently exited the position. Medical equipment manufacturer Baxter declined after a disappointing earnings report driven by a voluntary recall related to a recent product launch and slower-than-expected recovery in IV fluid demand, which was disrupted last year by Hurricane Helene. We expect these issues to be transitory and view the stock price reaction as disproportionate relative to the magnitude of the earnings pressure, and we added to our position. IT services provider Cognizant detracted despite an encouraging earnings report, as valuations across the sector compressed due to concerns that AI may negatively impact growth prospects for tech services firms.

Financials, consumer discretionary, and energy were the strongest sectors in the portfolio. Citigroup was the largest individual contributor after Q2 earnings beat expectations, demonstrating broad-based revenue growth across business lines and strong operating leverage. Auto supplier Magna International rose after raising its earnings guidance, driven by self-help benefits. TE Connectivity, a supplier of industrial connectors, rallied after reporting earnings that benefitted from strong demand for products tied to AI data center buildouts.

During the quarter, we initiated a new position in Accenture, a leading IT services provider. The shares have been weak on cyclical IT spending headwinds, fueling market concerns about deflationary pressure from AI and creating an attractive entry point on valuation. We believe these fears are overstated and that Accenture will remain an essential partner for enterprise digital transformation and could stand to benefit from AI in the long term. We also continued to build our position in leading coatings provider PPG Industries. We trimmed positions in medical device manufacturer Medtronic, Citigroup, and TE Connectivity, all on strength.

Valuations remain attractive in the portfolio, which is most exposed to the health care and financials sectors. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 7/1/12
Pzena Large Cap Value Composite - Gross	2.9%	9.1%	7.7%	16.5%	17.3%	10.7%	11.6%
Pzena Large Cap Value Composite - Net	2.7%	8.8%	7.3%	16.1%	16.9%	10.3%	11.2%
Russell 1000 Value Index	5.3%	11.7%	9.4%	17.0%	13.9%	10.7%	11.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

Citigroup Inc.	4.2%
Wells Fargo & Company	3.8%
Magna International Inc.	3.6%
CVS Health Corp.	3.6%
Capital One Financial Corp.	3.3%
Humana Inc.	3.2%
Dollar General Corp	3.2%
MetLife, Inc.	3.1%
Fresenius Medical Care AG	3.1%
Global Payments Inc.	3.1%
Total	34.2%

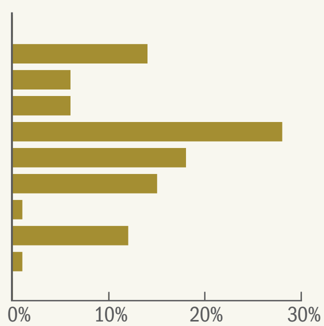
PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	8.7x	14.7x *
Price / Earnings (1-Year Forecast)	11.7x	18.6x
Price / Book	1.5x	2.8x
Median Market Cap ($B)	$38.9	$13.7
Weighted Average Market Cap ($B)	$98.3	$273.9
Active Share	87.2%	-
Standard Deviation (5-Year)	19.8%	15.6%
Number of Stocks (model portfolio)	50	870

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

SECTOR WEIGHTS

	Strategy	Index
Basic Materials	0%	3%
Consumer Discretionary	14%	11%
Consumer Staples	6%	6%
Energy	6%	6%
Financials	28%	21%
Health Care	18%	11%
Industrials	15%	16%
Real Estate	1%	4%
Technology	12%	13%
Telecommunications	1%	3%
Utilities	0%	5%



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

PZENA LARGE CAP FOCUSED VALUE (U.S.)

U.S. broad market indices rose in the quarter, fueled by continued optimism around AI and the prospect of more accommodative monetary policy, which culminated in a rate cut in September. The technology sector was the strongest performer, and growth materially outperformed value. Our Large Cap Focused Value strategy rose in the quarter but underperformed the value benchmark.

The telecommunications, health care, and industrials sectors all declined in the quarter. Medical equipment manufacturer Baxter was the largest individual detractor, after a disappointing earnings report driven by a voluntary recall related to a recent product launch and slower-than-expected recovery in IV fluid demand, which was disrupted last year by Hurricane Helene. We expect these issues to be transitory and view the stock price reaction as disproportionate relative to the magnitude of the earnings pressure, and we added to our position. Broadband provider Charter Communications declined after reporting higher-than-expected subscriber losses. After conducting further diligence on Charter, we concluded that the competitive pressure in the industry is likely more severe and persistent than we had expected, and we subsequently exited the position. IT services provider Cognizant detracted despite an encouraging earnings report, as valuations across the sector compressed due to concerns that AI may negatively impact growth prospects for tech services firms. While we continue to assess this risk, we believe the fear is likely overblown.

Financials, consumer discretionary, and consumer staples were the strongest sectors in the portfolio. Citigroup was the largest individual contributor after Q2 earnings beat expectations, demonstrating broad-based revenue growth across business lines and strong operating leverage. Auto supplier Magna International rose after raising its earnings guidance, driven by self-help benefits. TE Connectivity, a supplier of industrial connectors, rallied after reporting earnings that benefitted from strong demand for products tied to AI data center buildouts.

During the quarter, we initiated a new position in PPG Industries, a leading coatings provider. PPG boasts enviable franchises across multiple coatings markets and has historically generated attractive returns on capital. The shares are currently trading at a discounted valuation due to concerns about tepid organic growth relative to peers. We see these concerns as overly discounted in the valuation and expect growth to improve over time as key end markets recover from cyclical pressure.

We added to our positions in life insurer MetLife, which underperformed due to short-term earnings concerns that we view as transitory, and dialysis provider Fresenius Medical Care, which underperformed after reporting soft treatment growth. We trimmed positions in TE Connectivity, CVS Health, and Citigroup, all on strength.

Valuations remain attractive in the portfolio, which is most exposed to the health care and financials sectors. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 10/1/00
Pzena Large Cap Focused Value Composite - Gross	1.6%	8.1%	7.8%	16.0%	17.9%	10.4%	7.9%
Pzena Large Cap Focused Value Composite - Net	1.5%	7.6%	7.0%	15.2%	17.1%	9.6%	7.1%
Russell 1000 Value Index	5.3%	11.7%	9.4%	17.0%	13.9%	10.7%	7.7%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

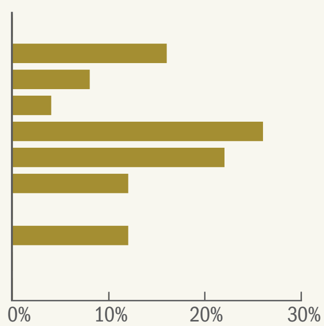
CVS Health Corp.	5.4%
Citigroup Inc.	5.3%
Humana Inc.	5.0%
Baxter International Inc.	4.8%
Wells Fargo & Company	4.6%
Fresenius Medical Care AG	4.5%
Dollar General Corp.	4.1%
Magna International Inc.	4.1%
Capital One Financial Corp	4.0%
MetLife, Inc.	3.8%
Total	45.6%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.7x	14.7x*
Price / Earnings (1-Year Forecast)	11x	18.6x
Price / Book	1.4x	2.8x
Median Market Cap ($B)	$22.7	$13.7
Weighted Average Market Cap ($B)	$77.1	$273.9
Active Share	94.4%	-
Standard Deviation (5-Year)	21.6%	15.6%
Number of Stocks (model portfolio)	31	870

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	16%	11%
Consumer Staples	8%	6%
Energy	4%	6%
Financials	26%	21%
Health Care	22%	11%
Industrials	12%	16%
Real Estate	0%	4%
Technology	12%	13%
Telecommunications	0%	3%
Utilities	0%	5%

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

PZENA FOCUSED VALUE (U.S.)

U.S. broad market indices rose in the quarter, fueled by continued optimism around AI and the prospect of more accommodative monetary policy, which culminated in a rate cut in September. The technology sector was the strongest performer, and growth materially outperformed value. Our Focused Value strategy rose in the quarter but underperformed the value benchmark.

The telecommunications, basic materials, and industrials sectors detracted from the portfolio in the quarter. Medical equipment manufacturer Baxter was the largest individual detractor, after a disappointing earnings report driven by a voluntary recall related to a recent product launch and slower-than-expected recovery in IV fluid demand, which was disrupted last year by Hurricane Helene. We expect these issues to be transitory and view the stock price reaction as disproportionate relative to the magnitude of the earnings pressure, and we added to our position. Broadband provider Charter Communications declined after reporting higher-than-expected subscriber losses. After conducting further diligence on Charter, we concluded that the competitive pressure in the industry is likely more severe and persistent than we had expected, and we subsequently exited the position. Staffing provider Robert Half declined as volume pressure continued to weigh on results.

Financials, consumer discretionary, and consumer staples were the strongest sectors in the portfolio. Citigroup was the largest individual contributor after Q2 earnings beat expectations. Auto supplier Magna International rose after raising earnings guidance, driven by self-help benefits. CVS Health rose after earnings demonstrated further progress in the turnaround of its insurance unit, Aetna.

During the quarter, we initiated a new position in PPG Industries, a leading coatings provider. PPG boasts enviable franchises across multiple coatings markets and has historically generated attractive returns on capital. The shares are currently trading at a discounted valuation due to concerns about tepid organic growth relative to peers. We see these concerns as overly discounted in the valuation and expect growth to improve over time as some key end markets recover from cyclical pressure. We also initiated a new position in the medical device company Solventum, which spun off from 3M in 2024. Concerns around operational challenges and margin pressure caused by the separation from 3M, in addition to high financial leverage, resulted in an attractive entry point on valuation. The company recently divested a non-core asset at a premium valuation, helping to clean up its balance sheet, and we expect Solventum to benefit from self-help opportunities going forward as an independent company. We trimmed TE Connectivity, CVS Health, and Citigroup during the quarter, all on strength.

Valuations remain attractive in the portfolio, which is most exposed to the health care and financials sectors. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/96
Pzena Focused Value Composite - Gross	1.1%	5.5%	2.7%	18.2%	18.5%	10.4%	10.3%
Pzena Focused Value Composite - Net	0.9%	4.7%	1.7%	17.1%	17.4%	9.3%	9.2%
Russell 1000 Value Index	5.3%	11.7%	9.4%	17.0%	13.9%	10.7%	9.1%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

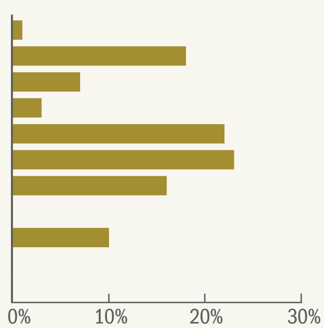
Baxter International Inc.	4.8%
Citigroup Inc.	4.7%
CVS Health Corp.	4.7%
Humana Inc.	4.5%
Wells Fargo & Company	4.3%
Dollar General Corporation	4.0%
Capital One Financial Corp.	3.9%
Universal Health Services, Inc.	3.7%
Lear Corporation	3.4%
Global Payments Inc.	3.0%
Total	41.0%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.4x	14.1x*
Price / Earnings (1-Year Forecast)	10.8x	18.6x
Price / Book	1.4x	2.8x
Median Market Cap ($B)	$16.3	$13.7
Weighted Average Market Cap ($B)	$59.4	$273.9
Active Share	94.2%	-
Standard Deviation (5-Year)	22.3%	15.6%
Number of Stocks (model portfolio)	37	870

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

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	1%	3%
Consumer Discretionary	18%	11%
Consumer Staples	7%	6%
Energy	3%	6%
Financials	22%	21%
Health Care	23%	11%
Industrials	16%	16%
Real Estate	0%	4%
Technology	10%	13%
Telecommunications	0%	3%
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 MID CAP FOCUSED VALUE (U.S.)

Equity markets continued to push higher in the third quarter, as momentum and AI enthusiasm carried the day. Within the mid-cap space, value outperformed growth. Our Pzena Mid Cap Focused Value strategy rose but underperformed the Russell Midcap Value Index.

Telecommunications, health care, and industrials were the largest detracting sectors in the quarter. Medical products company Baxter reported an earnings miss and announced a voluntary recall of its recently released Novum LVP pump. We believe these issues are temporary and added to the position. Broadband provider Charter Communications declined as subscriber losses continued to disappoint, and competitors reiterated plans to increase spending on fiber passings. Given the increased competitive environment and wider range of outcomes, we exited the position. Staffing company Robert Half also fell, as the temporary staffing and job markets continued to be weak.

The consumer discretionary, financials, and energy sectors were the top contributors. Auto parts retailer Advance Auto Parts continued to execute its turnaround plan, and margins came in ahead of expectations. Auto parts supplier Magna International posted a strong earnings report, as volumes recovered and self-help initiatives bore fruit. Leading hospital group Universal Health Services also reported better-than-expected results and provided clarity around the impact of recent Medicaid policy changes.

We added Solventum, a medical device company specializing in advanced wound care and infection prevention, with additional exposure to dental and healthcare software. Spun off from 3M in 2024, the company is still in the process of disentangling from its former parent. We believe Solventum is well positioned in its categories and capable of growing in line with its end markets, as past underperformance largely reflected mismanagement under 3M. We also initiated a position in Sensata, a sensor supplier to the automotive industry. Fears around share loss from the transition to EVs, along with misguided M&A by the former management team, have weighed on the share price. However, we believe that the significant overlap in sensors between internal combustion and electric vehicles, combined with the company's strong position in high-voltage direct current relays, leaves Sensata well equipped to manage the transition. To fund the new purchases, we exited our position in TE Connectivity and trimmed SS&C, Advance Auto, and Delta, all on strength.

Valuations within the portfolio remain attractive, and we continue to find numerous opportunities in the sector. Outside of health care, the portfolio remains more economically sensitive and cyclical. We continue to monitor and evaluate the evolving tariff landscape. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 9/1/98
Pzena Mid Cap Focused Value Composite - Gross	2.0%	1.5%	-3.1%	13.8%	17.2%	10.6%	11.8%
Pzena Mid Cap Focused Value Composite - Net	1.7%	0.8%	-4.1%	12.7%	16.0%	9.5%	10.7%
Russell Midcap Value Index	6.2%	9.5%	7.6%	15.5%	13.7%	10.0%	10.0%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

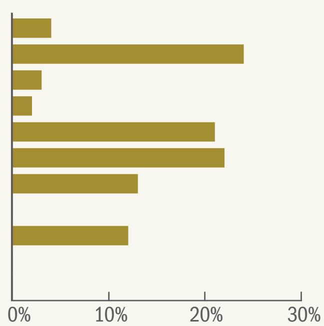
Advance Auto Parts Inc.	5.3%
Humana Inc.	5.2%
Baxter International Inc.	4.9%
Universal Health Services, Inc.	3.9%
Dollar General Corp	3.7%
Fresenius Medical Care AG	3.5%
Magna International Inc.	3.3%
Globe Life Inc.	3.1%
Skyworks Solutions, Inc.	3.1%
Global Payments Inc.	3.0%
Total	39.0%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7.1x	13.3x *
Price / Earnings (1-Year Forecast)	10.9x	17.6x
Price / Book	1.3x	2.4x
Median Market Cap ($B)	$11.5	$11.1
Weighted Average Market Cap ($B)	$17.8	$27.3
Active Share	95.9%	-
Standard Deviation (5-Year)	23.1%	17.9%
Number of Stocks (model portfolio)	39	718

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	24%	13%
Consumer Staples	3%	5%
Energy	2%	7%
Financials	21%	16%
Health Care	22%	7%
Industrials	13%	21%
Real Estate	0%	9%
Technology	12%	9%
Telecommunications	0%	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 rose throughout the quarter, driven by shifting expectations for Fed rate cuts and broadly better-than-expected corporate earnings, with tariff impacts partially offset by mitigation efforts. Small-cap stocks led large-cap stocks, and small-cap value stocks performed slightly better than growth. Our portfolio rose sharply but underperformed its benchmark, as the benchmark benefited from a speculative rally with highly shorted and unprofitable companies being the top benchmark contributors.

Basic materials, consumer staples, and technology stocks detracted from performance. Orion, a leading manufacturer of carbon black—used in tires and a range of other applications — struggled as tire imports grew, with Americans increasingly buying lower-end tires. The company should benefit if tariffs reduce imports or lead to more U.S. tire production. Staffing company Robert Half fell as weak labor trends weighed on demand; however, the company has a very strong balance sheet and is well-positioned to benefit when the cycle turns. Contact center operator Concentrix continued to increase revenue, but margins were impacted as customers delayed projects due to tariff uncertainty.

The top contributing sectors this quarter were industrials, consumer discretionary, and financials. Home comfort and security system company Resideo nearly doubled after paying off a liability to Honeywell that had been an overhang, while announcing plans to split into two companies. Office furniture Steelcase rose, as it is being acquired by competitor HNI at a significant premium, which led us to sell the position. Auto retailer Advance Auto Parts' operational improvement plan continues to bear fruit, and the company issued debt to fortify its balance sheet.

We initiated a position in luggage company Samsonite. Its portfolio of brands has maintained or gained share through multiple cycles while improving margins by shifting to more premium SKUs. Near-term concerns about tariffs have driven down the stock, creating an opportunity to invest in a well-positioned company with pricing power to offset cost inflation. We also initiated a position in Sensata, a leading supplier of sensors for the auto sector and other end markets. The stock had rerated in recent years due to bad M&A decisions and the lack of a clear EV strategy, but new management has focused on its strong legacy positions and narrowed its EV focus, positioning the company for improved profitability.

Meanwhile, we sold out of Steelcase and also exited regional bank Synovus, as it is undertaking a merger that increases its range of outcomes.

Small-cap markets rebounded partially during the quarter but remain historically depressed relative to large caps, continuing to offer attractive investment opportunities. The portfolio remains positioned toward more economically sensitive and cyclical names, as valuations remain quite compelling. ■

PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/96
Pzena Small Cap Focused Value Composite - Gross	9.8%	0.4%	-0.9%	16.4%	17.6%	10.2%	12.5%
Pzena Small Cap Focused Value Composite - Net	9.6%	-0.4%	-1.9%	15.2%	16.5%	9.1%	11.2%
Russell 2000 Value Index	12.6%	9.0%	7.9%	13.6%	14.6%	9.2%	9.2%

See Calendar Year Returns, Portfolio Notes/Disclosures and important risk information beginning on pg. 28.
Past Performance is not indicative of future results.
Returns could be impacted, positively or negatively, by currency fluctuations, where applicable.

TOP 10 HOLDINGS

(See Portfolio Notes on page 29)

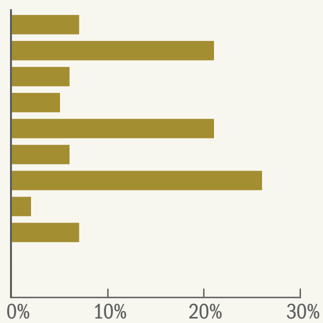
Advance Auto Parts, Inc.	4.7%
Resideo Technologies, Inc.	4.0%
Adient plc	3.7%
Spectrum Brands Holdings, Inc.	3.5%
MRC Global Inc.	3.1%
Webster Financial Corp.	3.1%
Douglas Dynamics, Inc.	3.0%
American Woodmark Corp.	3.0%
AEBI Schmidt Holdings AG	3.0%
TriMas Corp.	2.6%
Total	33.7%

PORTFOLIO CHARACTERISTICS

	Strategy	Index
Price to Normal Earnings[1]	7x	12.6x *
Price / Earnings (1-Year Forecast)	12.1x	13.9x
Price / Book	1.1x	1.3x
Median Market Cap ($B)	$2.0	$0.7
Weighted Average Market Cap ($B)	$3.1	$3.1
Active Share	96.0%	-
Standard Deviation (5-Year)	25.5%	22.0%
Number of Stocks (model portfolio)	48	1,431

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

SECTOR WEIGHTS



	Strategy	Index
Basic Materials	7%	5%
Consumer Discretionary	21%	13%
Consumer Staples	6%	2%
Energy	5%	7%
Financials	21%	26%
Health Care	6%	9%
Industrials	26%	13%
Real Estate	2%	10%
Technology	7%	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.

PORTFOLIO STRATEGIES

PZENA FOCUSED CREDIT OPPORTUNITIES

Broad credit market strength continued in the third quarter, while performance dispersion persisted within the leveraged loan market. In September, market sentiment was weighed down by concerns over a potential rise in default rates following several high-profile Chapter 11 filings, including Tricolor and First Brands.

Elevated default rates typically trigger sharp market declines, as many investors are obliged to sell defaulted debt due to credit rating restrictions, exacerbating downward price movements. Given our approach, we can capitalize on such dislocations when our rigorous analysis supports the investment, as we have done in the past.

Our portfolio was down 1% in the third quarter. Our performance was negatively impacted by the significant decline of First Brand loans.

Automotive supplier First Brands was in the process of refinancing its debt in late August when its major debt holder questioned its earnings quality. The ongoing accounting review by Deloitte, coupled with reports of Apollo's short position in the company's debt, sparked a "run on the bank," forcing the company to file for Chapter 11 within just a few weeks of the refinancing launch. We believe that the company's underlying fundamentals remain sound and the market reaction was excessive. Therefore, we have added to our existing positions at distressed levels.

We initiated three new positions: Employbridge, Team Health, and Weight Watchers. Employbridge is the largest light industrial temporary staffing company in the U.S. We purchased its first-lien senior secured debt with a yield to maturity of 19% and low-teens cash yields. Team Health is a leading provider of outsourced physician staffing solutions for hospitals and a direct competitor to Sound Physicians, in which we also invest. We initiated a position in Team Health's 13.5% first-lien high-yield bonds at an attractive valuation. Weight Watchers, a widely recognized weight loss program company, recently emerged from bankruptcy. We purchased its first-lien term loan, which carries a coupon of ~11%, a yield to maturity of ~13%, and approximately 2x leverage. We also added to our existing position in GOL Airlines' exit high-yield bonds, which are secured by the company's assets valued at roughly three times the facility. Meanwhile, we exited Avianca Airlines, Staples, and Tenneco Automotive, all on valuations.

At the end of the third quarter, the portfolio had an average yield to maturity of 14%, while maintaining the low average portfolio leverage of approximately 3x. Our focus remains on unique situations offering disproportionally high yields relative to underlying credit fundamentals, which we believe provide a risk/reward profile that is materially skewed in our favor. ■

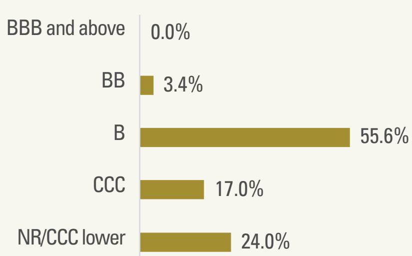
PERFORMANCE SUMMARY

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

	3Q	YTD	One Year	Three Year	Since Inception 7/1/22
Focused Credit Opportunities Composite – Gross	-1.0%	3.8%	3.0%	9.4%	8.8%
Focused Credit Opportunities Composite – Net	-1.2%	3.2%	1.5%	7.9%	7.3%

Returns in USD through September 30, 2025. Past performance is not indicative of future returns. Gross rates of return are presented gross of management fees and incentive allocation, and net of the deduction of transaction costs and borrowing costs. Net rates of return are derived using a model management fee and an incentive fee, reflected when crystalized, applied monthly to Gross returns. Pzena uses the highest tier fee and incentive rate schedule to illustrate the impact of fees on performance returns. As product fees change, the current highest tier schedule will be in effect. The current "standard" fee rates are 0.75% management fee and a 10% incentive allocation on net profits over a high watermark and subject to an annual 6% hurdle with a catch-up. All performance numbers are preliminary and subject to change.

CREDIT RATING DISTRIBUTION



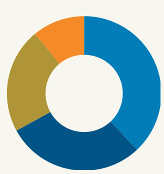
Weights adjusted for cash – may appear higher than actual. Numbers may not add to 100% due to rounding. Data as of Sep 30, 2025. Source: PitchBook Data, Inc.

PORTFOLIO CHARACTERISTICS

Number of Issuers	37
Median Tranche Size	$575M
Average Coupon	S+680bps
Yield to Maturity*	14.00%
Average Maturity	3.4 years
Average Net Leverage**	3.1x
% with Covenants	80%

* Portfolio weighted average yield to maturity
**Issue-level leverage ratio calculated as: Issue size at par/EBITDA. Data as of September 30, 2025. Past performance is not indicative of future returns.

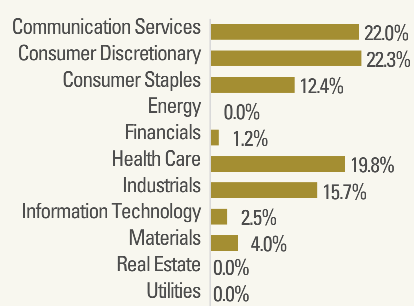
CREDIT TYPE DISTRIBUTION



Secondary	38%
Exit Facility	29%
Troubled Syndication	22%
Restructured/Chpt 11	11%

Weights adjusted for cash – may appear higher than actual. Numbers may not add to 100% due to rounding. Data as of Sep 30, 2025. Source: PitchBook Data, Inc.

SECTOR WEIGHTS



Sector weights adjusted for cash – may appear higher than actual. Numbers may not add to 100% due to rounding. Data as of Sep 30, 2025. Source: PitchBook Data, Inc.

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%

FOCUSED CREDIT OPPORTUNITY

	2023	2024
Focused Credit Opportunities Composite - Gross	8.6%	14.2%
Focused Credit Opportunities Composite - Net	7.0%	12.0%

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 (Baxter International) was held in our Global Value, Large Cap Value, Large Cap Focused Value, Focused Value, Mid Cap Focused Value, and other strategies during the third quarter of 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.

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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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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

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