Hi, my name is Jason Doctor. I'm one of the portfolio managers here at Pzena Investment Management. I'm here to talk with you about the performance of the international small cap value product during the fourth quarter of 2025.

For the quarter, the product returned 3.5%, and for the full year it returned 30.7%. Both those numbers were roughly in line with the broader indexes, slightly behind the value indexes.

It was really a remarkable year for international stocks generally. The first half of the year also saw small cap stocks materially outperform large caps. However, during the second half of the year, that trend reversed a little bit, and once again we ended up in a situation where small caps slightly underperformed large caps outside of the U.S.

In terms of company-specific performance in the portfolio, an idea I'd like to highlight for you is Permanent TSB. It's one of the three major Irish banks. It's the smallest of the three by a pretty large margin. The stock performed really strongly during the fourth quarter for really two reasons.

The Irish financial market is very oligopolistic. You continue to see strong results, strong performance there. But additionally, the company decided to put themselves up for sale during the quarter to pursue strategic alternatives, really coming to a realization that they need a little bit bigger scale to effectively compete against Bank of Ireland and Allied Irish Banks.

Obviously, we think this should be an attractive acquisition candidate for larger European banks who want exposure to what we think is a pretty compelling market structurally in Ireland, which has GDP growth, has a little bit of credit growth or should have a little bit of credit growth going forward, and has a really strong market structure.

Two stocks that I would talk about that were detractors during the quarter, both French but very different narratives around them.

Nexity—it's the largest French homebuilder. This is a stock where we're really sitting at the bottom of the French housing cycle. The lack of a functioning French government has really sort of pushed that recovery out further. We think it will still come. We think France is not a market that has a structural oversupply of homes or where housing affordability is really out of whack.

The issue, however, is that a great deal of the homes get sold under subsidy programs that need to be voted on by the government, and the lack of a functioning government has basically meant you have the entire market in stasis.

So we're still really excited about it as an investment idea. One thing that has happened over the last sort of 18 months as we've owned it is they have generated the cash flow they told us they would generate, and so that's really de-risked the balance sheet quite a bit. So we're just kind of stuck here waiting for the French government to sort of start to do some things that are really obvious and don't have large fiscal impacts. You just need to get it back working.

The second French name that was a detractor during the quarter was Rémy Cointreau, a very different story. Rémy Cointreau is fundamentally Rémy Martin Cognac.

Obviously, we have this broader theme globally of people drinking less, but the story at Rémy Cointreau is actually much, much simpler. Cognac really has two end markets that dominate the business. One of them is high-end entertaining in southern China. Here we've seen President Xi's drive to push some of that behavior out of the market for the time being, and that has materially impacted the business.

We think eventually, just like in prior periods, those restrictions will be relaxed and people will return to enjoying cognac.

The bigger issue really, though, is in North America. The historic customer of cognac in the U.S. is very much a group that's sort of on the bad part of our K-shaped economy. It's mostly a lower-middle-class consumer, and they're really under quite a bit of economic pain, as we've seen across multiple businesses in our U.S. products.

So really there it's just a situation of your customers being in some economic pain. You are a relatively high-cost product for them. And again, we just think it's an issue of waiting it out and waiting for that consumer to feel a little bit better and start to come back and enjoy the beverages that they've loved in the past.

So that's really what's going on inside of the portfolio.

In terms of what we see, obviously 2025 was a strong year for international equities. However, we still see small caps being materially cheaper than large caps. We also still think we're really in the early days of people recognizing that while Europe does have some real structural issues, the assets there were just materially mispriced.

So we're pretty excited about the future for the product, both the international component of it and the small cap component of it.