

PZENA U.S. LARGE CAP VS. PASSIVE

PZENA Investment Management

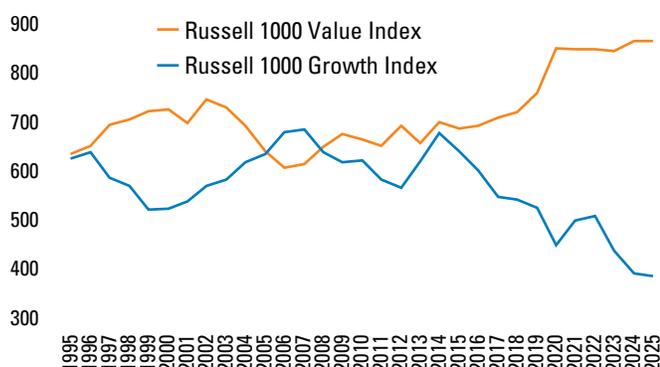
February 2026
For Professional Investors Only

Over the past few years, U.S. large-cap indices have been dominated by extreme momentum stocks mostly levered to the AI theme. These types of one-way markets are particularly challenging for active managers, who are conditioned to sell outperformers and recycle capital into undervalued stocks. In fact, nearly 34%¹ of active U.S. large-cap funds underperformed their respective benchmarks over the past two years. Despite U.S. indices' abnormally high returns since the advent of the AI revolution, we believe the passive option is not an effective way to achieve true value exposure – which has historically generated above-market returns² – within the U.S. large-cap market. Our view is based on the following three key factors: 1) index composition, 2) starting point valuation, and 3) the current anomalous market environment.

INDEX COMPOSITION

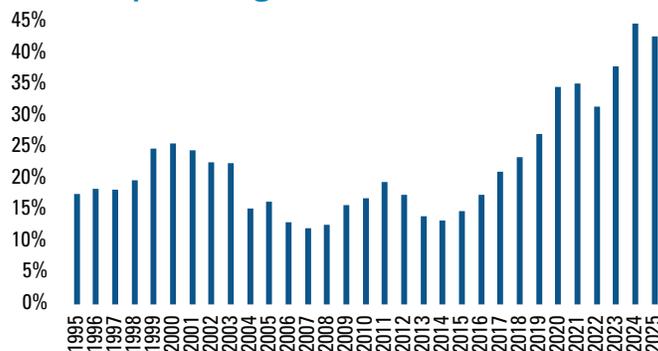
In our view, the Russell 1000 Value Index (R1000V) no longer represents a true value portfolio. It currently contains 870 stocks³, since Russell's growth and value indices are required to have the same aggregate market cap, and its largest holding is Alphabet, with a combined 3.92% weighting of A and C share classes. The index also includes Amazon, Meta, and other richly valued non-tech stocks like Walmart, which trades at approximately 45x forward earnings. This dynamic is a result of the extreme concentration in the broader U.S. market, as illustrated in Exhibits 1 and 2.

Exhibit 1 - Number of Holdings



Source: FactSet, Pzena analysis
Calendar year-end data in US dollars through 2025.

Exhibit 2 - Weight of Russell 1000 Growth Index's Top 5 Holdings



Source: FactSet, Pzena analysis
Calendar year-end data in US dollars through 2025.

STARTING POINT VALUATION

As demonstrated by the portfolio characteristics of our Large Cap Value strategy (Exhibit 3), the net result of the index composition issue is that our portfolio is much cheaper than the R1000V. In our view, this disparity in starting valuations is favorable in terms of expected forward returns.

Exhibit 3 - Portfolio Characteristics: Pzena Large Cap Value

	Pzena Large Cap Value	Russell 1000® Value Index
Price to Normal Earnings*	8.5x	14.1x**
Price / Earnings (1-Year Forecast)	11.9x	18.6x
Price / Book	1.6x	2.8x
Median Market Cap (\$B)	\$44.3	\$14.0
Weighted Avg. Market Cap (\$B)	\$102.8	\$307.7
Active Share	87.4%	--
Dividend Yield	2.5%	1.8%
# of Stocks (model portfolio)	50	870

*Pzena's estimate of normal earnings;
**Large Cap Universe Median (500 largest U.S. companies) Source: FactSet, Russell 1000® Value Index, Pzena Analysis as of 12/31/2025.

ANOMALOUS CURRENT MARKET ENVIRONMENT

We've been operating in what we see as an anomalous market environment for the past two years; specifically, the momentum-driven U.S. market has been one of the most extreme in history.

Given our disciplined approach to value investing, this two-year momentum-driven period has presented challenges in terms

1. Source: eVestment, Pzena analysis
2. Source: Kenneth R. French data
3. As of Dec. 2025

of relative returns; however, it has also created compelling company-specific opportunities moving forward. Our investment process and philosophy focus on investing in companies that are undervalued, often due to idiosyncratic issues that have depressed their valuations. In other words, we often invest in out-of-favor companies trading at a discount, rather than chasing momentum.

Exhibit 4 - US Large-Cap Stocks Highest Quintile of 9 Mo. Price Momentum Trailing-24-Month Cumulative Relative Returns vs. Universe (1952 - December 2025)



Source: Empirical Research Partners

Universe is the largest ~750 US stocks. Momentum is defined as the best quintile of the largest ~750 US stocks measured by nine-month daily price trend. All equal-weighted data from January 31, 1952 - December 31, 2025.

Does not represent any specific Pzena product or service. Past performance does not predict future returns.

Exhibit 5 - US Large-Cap Stocks Highest Quintile of Nine-Month Price Momentum Cumulative Relative Return vs. Universe 2024 - Dec 2025



Source: Empirical Research Partners

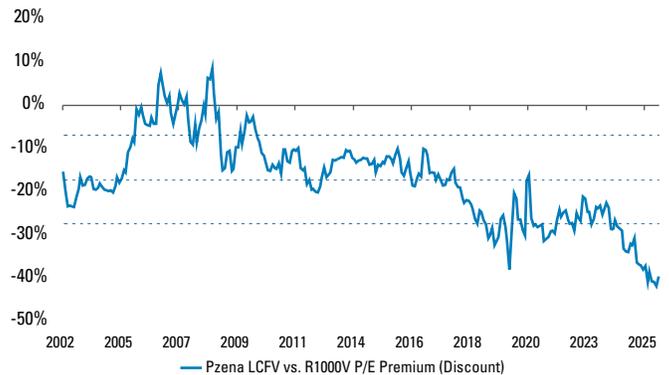
Universe is the largest ~750 US stocks. Momentum is defined as the best quintile of the largest ~750 US stocks measured by nine-month daily price trend. All equal-weighted data from January 1, 2024 - December 31, 2025.

Does not represent any specific Pzena product or service. Past performance does not predict future returns.

The timing of resolution of these idiosyncratic issues is uncertain. Our portfolio may experience above-average performance in certain years if concerns ease for multiple holdings, and vice versa. For example, in 2022/23, we experienced a period of strong relative performance, during which some of our larger holdings benefitted from positive resolutions to their company-specific headwinds. Since then, we've found a broad-based set of new opportunities, reflecting difficult operating environments for several companies that are now in the portfolio at what we believe to be very attractive valuations.

The momentum-driven nature of the market has meant that companies whose operating environments have not improved have been left behind – or worse – while stocks with positive momentum (increasingly represented in the R1000V) have experienced one of the biggest runs in history. The annualized returns for our U.S. large-cap strategies over the past two years – 8.68% and 10.75% for Large Cap Focused Value and Large Cap Value, respectively⁴ – were in line with their historical averages, reflecting a combination of positive resolutions and instances where the issues weighing on valuations did not improve. In contrast, the R1000V surged by more than 17%⁵ on the back of the momentum rally. The crucial distinction is that our portfolios' forward P/E multiples⁶ contracted over this period, i.e., they became even cheaper while still generating high-single-digit/double-digit returns, whereas the R1000V's multiple expanded by nearly 19% to 18.7x, and now trades at an unusually high valuation premium relative to our portfolios.

Exhibit 6 - Pzena Large Cap Focused Value vs. Russell 1000 Value Index Relative Forward Price/Earnings Premium (Discount) 2002 - 2025



Source: FactSet, Pzena analysis

The R1000V is clearly more expensive than our U.S. large-cap portfolios, and its composition does not currently reflect a reasonable value option, in our view. Over the past two years, the market has been driven by a singular theme, and momentum has taken over, which is not a conducive environment for our strategy on a relative basis.

We believe the fundamentals and valuations of our portfolio companies are very attractive when viewed over the long term. Notably, the valuation gap between our portfolio and the index (see Exhibit 6) is among the widest in history – a function of both our Large Cap Focused Value strategy being cheaper than average (34th percentile on a forward P/E basis) and the R1000V being far more expensive than average (97th percentile)⁷. We maintain that a targeted, research-driven, active strategy is crucial to generating alpha, and we believe that our U.S. large-cap portfolios are especially well positioned to achieve long-term returns in excess of the overvalued R1000V benchmark.

4. Jan. 2024 – Jan. 2026, annualized, gross of fees

5. Source: Russell® 1000 Value Index

6. Source: Factset

7. Source: FactSet, Pzena analysis; Dec. 2002 – Dec. 2025

PZENA LARGE CAP VALUE STRATEGY PERFORMANCE SUMMARY (USD)

Annualized as of December 31, 2025

	QTD	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception July 1, 2012
Pzena Large Cap Value Composite - Gross	4.5%	14.0%	14.0%	12.8%	12.3%	10.6%	11.7%
Pzena Large Cap Value Composite - Net	4.4%	13.6%	13.6%	12.4%	11.8%	10.1%	11.3%
Russell 1000® Value Index	3.8%	15.9%	15.9%	13.9%	11.3%	10.5%	11.3%

Past performance does not predict future returns. Returns could be impacted, positively or negatively, by currency fluctuations, where applicable. See Disclosures Section.

PZENA LARGE CAP VALUE CALENDAR YEAR RETURNS (USD)

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Pzena Large Cap Value Composite - Gross	41.5%	12.3%	-4.7%	20.8%	17.9%	-13.4%	26.0%	-1.4%	29.5%
Pzena Large Cap Value Composite - Net	41.0%	11.8%	-5.1%	20.3%	17.4%	-13.8%	25.5%	-1.8%	29.0%
Russell 1000® Value Index	32.5%	13.5%	-3.8%	17.3%	13.7%	-8.3%	26.5%	2.8%	25.2%
	2022	2023	2024	2025					
Pzena Large Cap Value Composite - Gross	-4.1%	17.5%	7.1%	14.0%					
Pzena Large Cap Value Composite - Net	-4.5%	17.0%	6.7%	13.6%					
Russell 1000® Value Index	-7.5%	11.5%	14.4%	15.9%					

Past performance does not predict future returns. Returns could be impacted, positively or negatively, by currency fluctuations, where applicable. See Disclosures Section.

PZENA LARGE CAP FOCUSED VALUE STRATEGY PERFORMANCE SUMMARY (USD)

Annualized as of December 31, 2025

	QTD	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception Oct 10, 2000
Pzena Large Cap Focused Value Composite - Gross	4.5%	13.0%	13.0%	12.5%	11.8%	10.3%	8.0%
Pzena Large Cap Focused Value Composite - Net	4.3%	12.2%	12.2%	11.7%	11.1%	9.5%	7.2%
Russell 1000® Value Index	3.8%	15.9%	15.9%	13.9%	11.3%	10.5%	7.8%

Past performance does not predict future returns. Returns could be impacted, positively or negatively, by currency fluctuations, where applicable. See Disclosures Section.

PZENA LARGE CAP FOCUSED VALUE CALENDAR YEAR RETURNS (USD)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pzena Large Cap Focused Value Composite - Gross	23.3%	18.2%	-16.2%	26.5%	-1.5%	30.2%	-5.7%	20.0%	5.0%	13.0%
Pzena Large Cap Focused Value Composite - Net	22.5%	17.4%	-16.8%	25.6%	-2.2%	29.3%	-6.3%	19.2%	4.3%	12.2%
Russell 1000® Value Index	17.3%	13.7%	-8.3%	26.5%	2.8%	25.2%	-7.5%	11.5%	14.4%	15.9%

Past performance does not predict future returns. Returns could be impacted, positively or negatively, by currency fluctuations, where applicable. See Disclosures Section.

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.

Composite returns are benchmarked to the Russell 1000® Value Index (the "Index"). The benchmark is used for comparative purposes only. The Russell 1000® Value Index measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. The Index cannot be invested in directly. The performance of the Index reflects the reinvestment of dividends. The Pzena Large Cap Value strategy is significantly more concentrated in its holdings and has different sector weights than the Index. Accordingly, the performance of the Composite will be different from, and at times more volatile, than that of the Index.

FURTHER INFORMATION

This document is intended solely for informational purposes. The views expressed reflect the current views of Pzena Investment Management (“PIM”) as of the date hereof and are subject to change. PIM is a registered investment adviser registered with the United States Securities and Exchange Commission. PIM does not undertake to advise you of any changes in the views expressed herein. There is no guarantee that any projection, forecast, or opinion in this material will be realized. Past performance does not predict future returns.

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

This document does not constitute a current or past recommendation, an offer, or solicitation of an offer to purchase any securities or provide investment advisory services and should not be construed as such. The information contained herein is general in nature and does not constitute legal, tax, or investment advice. PIM does not make any warranty, express or implied, as to the information’s accuracy or completeness. Prospective investors are encouraged to consult their own professional advisers as to the implications of making an investment in any securities or investment advisory services.

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the MSCI Parties) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the fore-going, in no event shall any MSCI party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

For UK Investors:

This marketing communication is issued by Pzena Investment Management, Limited (“PIM UK”). PIM UK is a limited company registered in England and Wales with registered number 09380422, and its registered office is at 34-37 Liverpool Street, London EC2M 7PP, United Kingdom. PIM UK is an appointed representative of Vittoria & Partners LLP (FRN 709710), which is authorised and regulated by the Financial Conduct Authority (“FCA”). The Pzena documents have been approved by Vittoria & Partners LLP and, in the UK, are only made available to professional clients and eligible counterparties as defined by the FCA.

For Jersey Investors Only:

Consent under the Control of Borrowing (Jersey) Order 1958 (the “COBO” Order) has not been obtained for the circulation of this document. Accordingly, the offer that is the subject of this document may only be made in Jersey where the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom, or Guernsey, as the case may be. The directors may, but are not obliged to, apply for such consent in the future. The services and/or products discussed herein are only suitable for sophisticated investors who understand the risks involved. Neither Pzena Investment Management, Ltd. nor Pzena Investment Management, LLC nor the activities of any functionary with regard to either Pzena Investment Management, Ltd. or Pzena Investment Management, LLC are subject to the provisions of the Financial Services (Jersey) Law 1998.