The following transcript was recorded on July 7th, 2026. This transcription is believed to be an accurate summary of the live call, but may contain some minor differences from the speaker's exact language.

Hi, my name is Jason Doctor. I'm one of the portfolio managers on our international small cap value product. I'm here to talk with you a little bit about what happened during the second quarter of 2026.

Really the second quarter of 2026 was a pretty interesting time for smaller capitalization stocks outside of the US, as really the shares kind of waxed and waned um as people's expectations around the war in Iran impacted both consumer confidence outside of the US as the consumer responded to potentially much higher fuel prices and inflation but also you had the issue of, you know, potential increases in interest rates as central banks acted to try to mitigate some of the inflation caused by that, those fuel price moves during the quarter.

An interesting sort of area of performance for us were Kanto Denka Kogyo and Tokai Carbon, two Japanese chemicals businesses we've owned for quite some time. During this quarter, they both performed really really strongly as DRAM and silicon markets performed very strongly on the AI boom. Those shares began to approach our estimate of fair value, when we began to reduce them from the portfolio.

Two detractors in the portfolio during the quarter I think worth talking about. The first would be, so a Japanese generic pharmaceutical company. You know this is a stock we've owned for a couple of years now really waiting on a restructuring of the way the Japanese health ministry remunerates generics. It actually seems like we're starting to get that during this quarter. We saw the Japanese health authorities essentially end the existence of branded generics in the market which should be a big headwind for Sawai. The shares actually underperformed during the quarter because Sawai has been undertaking a large expansion in capacity to fill the gap from smaller players who had exited the market. And unfortunately I think they were a little bit too optimistic in how fast they could ramp capacity in the new facilities. And because the ramp was a little bit slower than expected, fixed cost absorption was also a little bit worse than expected. So you kind of missed on topline, you kind of missed on margin.

The other name I think interest, an interesting detractor to talk about is Pennon Group. Really this is a story of your sort of the baby being thrown out with the bathwater a little bit in the UK water market. You know, I'm sure some of you have seen very controversial restructuring of Thames Water, the biggest player in the sector, as a result of that and especially associated with the Starmer Burnham leadership changes in the UK, quite a bit of noise around sort of the regulatory process and potentially the renationalization of the water companies. Our view is renationalization is a relatively unlikely thing to happen and if it were to happen it would have to be somewhere around regulatory asset value which is about where the shares trade today and really the Thames Water restructuring doesn't particularly have a whole lot to do with Pennon, it's a pretty different situation, pretty different balance sheet. Pennon as well as the two other publicly traded water companies have always been seen as better actors.

Finally just thinking about the portfolio and where we're positioned today and what we're excited about, you know, I think it gets back to that sort of European consumer pain that we talked about earlier. The portfolio is pretty heavily positioned in things like European housing, European consumer spending. We think those are places that are really being undervalued by the market. Housing especially is a place where we see a lot of dislocation. We continue to be really excited about the value opportunity in the smaller capitalization stocks outside of the US as we try to build you a portfolio of 40 to 60 idiosyncratic investment controversies.

Further Information

For Professional Investors only.

These materials are intended solely for informational purposes. The views expressed reflect the current views of Pzena Investment Management, LLC ("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.

In the United Kingdom, this marketing communication is issued by Pzena Investment Management, Limited ("PIM UK") only to professional clients and eligible counterparties, as defined by the Financial Conduct Authority ("FCA"). Past performance does not predict future returns. The value of your investment may go down as well as up, and you may not receive upon redemption the full amount of your original investment.

PIM UK is an appointed representative of Vittoria & Partners LLP (FRN 709710), which is authorized and regulated by the FCA.

This recording is for institutional investors, and in the UK for professional investors and eligible counterparties only. Any views and statements expressed in this recording are those of Pzena Investment Management, are based on internal research, and are subject to change. It does not constitute investment advice. Your capital is at risk and past performance does not predict future returns.

All investments involve risk, including loss of principal. The price of equity securities may rise or fall because of economic or political changes or changes in a company's financial condition, sometimes rapidly or unpredictably. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. These risks are greater for investments in Emerging Markets. Investments in small-cap or mid-cap companies involve additional risks such as limited liquidity and greater volatility than larger companies. PIM's strategies emphasize a "value" style of investing, which targets undervalued companies with characteristics for improved valuation. 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.

The specific portfolio securities discussed in this document were selected for inclusion based on their ability to help you better understand our investment process. They do not represent all of the securities purchased or sold during the quarter, and it should not be assumed that investments in such securities were or will be profitable. PIM is a discretionary investment manager and does not make “recommendations” to buy or sell securities. Holdings 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 our portfolios at the time you receive this presentation or that securities sold have not been repurchased.

This recording 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, the speaker, or any other person 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.

For UK Investors Only: 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.

For EU Investors Only: This marketing communication is issued by Pzena Investment Management Europe Limited ("PIM Europe"). PIM Europe (No. C457984) is authorised and regulated by the Central Bank of Ireland as a UCITS management company (pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended), with additional authorisation for management of portfolios of investments, in accordance with mandates given by investors on a discretionary, client-by-client basis, where such portfolios include one or more of the investment instruments listed in Section C of the Annex to the MiFID (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017), as amended), and investment advice concerning one or more of the instruments listed in Annex I, Section C to Directive 2014/65/EU (MiFID II). PIM Europe is registered in Ireland with the Companies Registration Office (No. 699811), with its registered office at Riverside One, Sir John Rogerson's Quay, Dublin, 2, Ireland. Past performance does not predict future returns. The value of your investment may go down as well as up, and you may not receive upon redemption the full amount of your original investment. The views and statements contained herein are those of Pzena Investment Management and are based on internal research.

For Australia and New Zealand Investors Only: This document has been prepared and issued by Pzena Investment Management, LLC (ARBN 108 743 415), a limited liability company ("Pzena"). Pzena is regulated by the Securities and Exchange Commission (SEC) under U.S. laws, which differ from Australian laws. Pzena is exempt from the requirement to hold an Australian financial services license in Australia in accordance with *ASIC Class Order CO 03/1100* and the transitional relief under *ASIC Corporations (Repeal and Transitional) Instrument 2016/396*, extended through 31 March 2027 by ASIC Corporations (Foreign Financial Services Providers) Instrument 2025/798. Pzena offers financial services in Australia to 'wholesale clients' only pursuant to that exemption. This document is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in Australia.

In New Zealand, any offer is limited to 'wholesale investors' within the meaning of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 ('FMCA'). This document is not to be treated as an offer, and is not capable of acceptance by, any person in New Zealand who is not a Wholesale Investor.

This recording 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, the speaker, or any other person 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.