

**FUND OBJECTIVE:** The fund seeks to achieve long-term capital appreciation.

## PORTFOLIO MANAGERS



Rakesh Bordia  
With Pzena since 2007  
In Industry since 1998



Caroline Cai, CFA  
With Pzena since 2004  
In Industry since 1998



Allison Fisch  
With Pzena since 2001  
In Industry since 1999



Akhil Subramanian\*  
With Pzena since 2017  
In Industry since 2008

\*Akhil Subramanian will be added as a PM on this strategy as of January 1, 2023.

## OVERALL MORNINGSTAR RATING™ ★★★★★

As of 12/31/22, Institutional Class shares rated 4 stars among 732 Diversified Emerging Markets funds, based upon risk-adjusted returns derived from a weighted average of the performance figures associated with 3-, 5- and 10-year (if applicable) Morningstar Ratings metrics.

The Morningstar rating is for The Pzena Emerging Markets Value Fund – Institutional Share Class; other classes may vary. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) As of December 31, 2022 the Institutional Class shares of the Fund were rated 4-Stars and 4-Stars against the following numbers of Diversified Emerging Markets funds over the following time periods: 732 funds in the last three- and 650 funds in the last five-years. © 2023 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

## PERFORMANCE SUMMARY

	QTD	YTD	One Year	ANNUALIZED		
				Three Year	Five Year	Since Inception 3/31/14
PZIEX - Institutional Class	12.59%	-5.69%	-5.69%	2.95%	1.64%	2.72%
PZVEX - Investor Class	12.55%	-6.04%	-6.04%	2.61%	1.28%	2.41%
MSCI Emerging Markets Index	9.70%	-20.09%	-20.09%	-2.69%	-1.40%	2.00%
MSCI Emerging Markets Value Index	9.77%	-15.83%	-15.83%	-2.62%	-1.59%	0.77%

PZIEX Expense Ratio: Gross: 1.15%, Net: 1.08%\*\* PZVEX Expense Ratio: Gross: 1.50%, Net: 1.43%\*\*

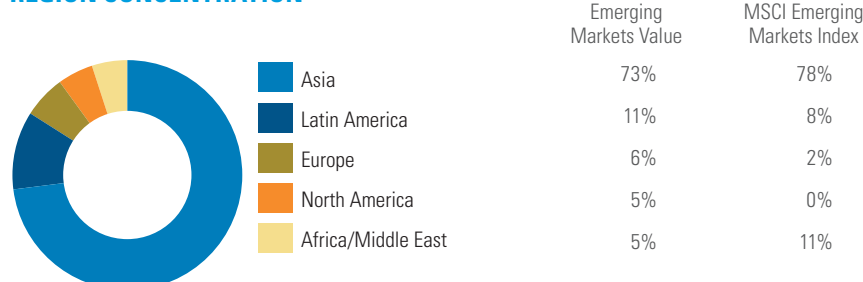
Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 844.PZN.1996 (844.796.1996).

\*\*Contractual fee waivers through 6/28/23

## PORTFOLIO CHARACTERISTICS

	Emerging Markets Value	MSCI Emerging Markets Index
Price / Earnings (1-Year Forecast)	7.3x	10.6x
Price / Book	1.0x	1.6x
Median Market Cap (\$B)	\$10.0	\$6.1
Weighted Average Market Cap (\$B)	\$51.9	\$87.7
Number of Stocks	56	1,377

## REGION CONCENTRATION



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

## SECTOR WEIGHTS

SECTOR	Emerging Markets Value	MSCI Emerging Markets Index
Communication Services	3%	10%
Consumer Discretionary	16%	14%
Consumer Staples	6%	6%
Energy	0%	5%
Financials	30%	22%
Health Care	2%	4%
Industrials	5%	6%
Information Technology	25%	19%
Materials	6%	9%
Real Estate	3%	2%
Utilities	4%	3%

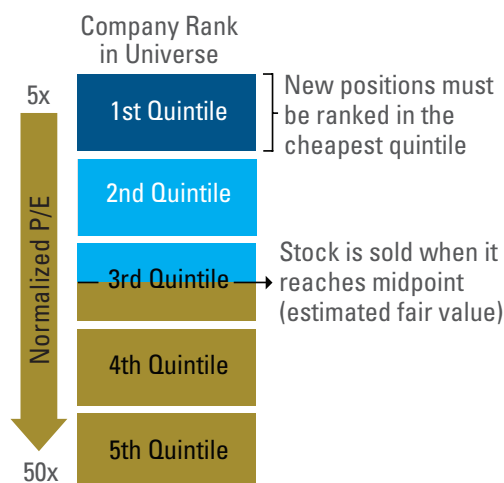
Sector weights adjusted for cash - may appear higher than actual. Number may not add to 100% due to rounding.

## TOP 10 HOLDINGS

Samsung Electronics Co., Ltd.	3.6%
Ambev S.A.	3.4%
Hon Hai Precision Industry Co., Ltd.	3.3%
Alibaba Group Holding, Ltd.	3.1%
Hankook Tire & Technology Co., Ltd.	3.1%
Trip.com Group, Ltd. - ADR	3.1%
China Overseas Land & Investment, Ltd.	3.0%
POSCO	3.0%
Galaxy Entertainment Group, Ltd.	2.9%
Cognizant Technology Solutions - Class A	2.7%
Total	31.2%

## INVESTMENT PROCESS

- Universe: 1500 largest companies from non-developed markets based on market capitalization
- Fundamental research conducted on companies considered the most undervalued based on price relative to normalized earnings
- Co-Portfolio Managers construct a portfolio of deeply undervalued businesses requiring unanimous consent



## PORTFOLIO COMMENTARY

Emerging markets performed well in the quarter after initial concerns over the outcome of the politburo meetings in China were outweighed by subsequent actions taken by the Chinese government to reopen the economy. All sectors were up for the quarter with communication services, health care and industrials up the most. Within the countries, Turkey, Poland and Hungary were up the most while Qatar, Saudi Arabia and Indonesia were down the most. The Pzena Emerging Markets Value Fund rose during the quarter and outperformed both the MSCI Emerging Markets Index and MSCI Emerging Markets Value Index.

Korean steel manufacturer POSCO, Korean multi-line insurer DB Insurance and our Hungarian bank OTP were our strongest absolute contributors for the quarter. POSCO rallied as sentiment around global steel production and the Chinese reopening improved over the course of the quarter. DB Insurance reported strong Q3 results driven by investment income and improving fundamentals in its health care insurance segment. OTP reported a strong Q3, and management hiked its full year ROE expectations due to stronger loan growth, better cost control and lower credit costs. Lastly, Brilliance China, the automotive holding company with a stake in BMW's China business was re-listed following the conclusion of an investigation into fraud allegations and improper transfers between Brilliance and its largest shareholder. Brilliance was trading at a pre-suspension price of \$7.3 Hong Kong dollar/share, we had marked it at \$0.01 HKD/share during the suspension. We added to our position when the stock re-listed in October and Brilliance closed the year at \$4.4 HKD/share. The company has emerged with a clean audit and is in a strong financial position. A return of excess cash to shareholders is expected in the near future.

Our biggest absolute detractors in the quarter were Indian pharmaceutical company Aurobindo, Chinese search company Baidu and Brazilian bank Itau. Aurobindo underperformed due to weaker than expected Q3 earnings. Baidu reported challenging Q3 results due to China lockdowns but should stand to benefit as the

economy reopens. Baidu is also taking steps to improve efficiency in its cloud and autonomous driving business, which should boost margins. Shares in Itau sold off on the back of concerns that the new Brazilian government would force lenders susceptible to state influence to lend at uncompetitive rates, but Itau has reiterated its strong commitment to profitability over market share.

In the quarter, we added two Chinese names to the portfolio, Tencent and Ping An Insurance. Tencent is the largest internet company in China with strong franchises in gaming, advertising and payments; we initiated a position on the back of concerns following the Politburo meetings. Ping An is the largest life insurance company in China. Sales of new policies across the life insurance sector have been pressured due to lockdowns and lack of face-to-face meetings, but the company is taking actions to prune and streamline its workforce to emerge as a stronger player. During the quarter, we continued to sell and ultimately exited Hyundai Motor, Catcher, Tofas, Antofagasta and CEZ. We continued to build positions in CIMC Enric, Credicorp and Neoenergia, while adding to Pacific Basin, China Overseas Land and Baidu on China-related weakness. We also added to South African oil company Sasol on commodity-related weakness.

Emerging markets continue to be volatile as macro concerns and the invasion of Ukraine weigh on sentiment. We remain vigilant for opportunities to take advantage of companies that are being unduly punished for issues that may ultimately be temporary. The fund continues to offer compelling valuations given the underlying fundamentals of our companies.

Our largest sector exposures remain in information technology and financials. Asia constitutes the bulk of the portfolio with the largest weights in China and Korea. We have a relative overweight to emerging Europe and a relative underweight to China.

\*Prior to February 12, 2016, the Fund was named Pzena Emerging Markets Focused Value Fund.

**Price / Earnings (1-Year Forecast)** is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation. **Price / Book** is a valuation ratio of a company's current share price compared to its book value. **Median Market Cap** is the point at which half of the market value of a portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap. **Weighted Average Market Cap** is the average firm market capitalization weighted by security weight. **Normalized P/E** is a ratio that measures a company's share price relative to Pzena's estimate of what a company earns across a typical business cycle. **Return on Equity** is the amount of net income returned as a percentage of shareholder's equity.

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 Emerging Markets Value Index captures large and mid-cap emerging markets securities exhibiting overall value style characteristics. 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. You cannot invest directly in an index.

**Mutual fund investing involves risk. Principal loss is possible. 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. The fund may have emphasis on a specific sector which could adversely affect a fund to a greater extent than if its emphasis was less. The fund may invest in securities which are less liquid and more difficult to sell than more liquid securities. Investments in REITs are subject to the risks associated with the direct ownership of real estate. The Fund emphasizes 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 the returns on "value" securities may not move in tandem with the returns on other styles of investing or the stock market in general.**

*The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectus contain this and other important information about the investment company, and may be obtained by calling 1.844.PZN.1996 (1.844.796.1996), or visiting [www.pzenafunds.com](http://www.pzenafunds.com). Read it carefully before investing.*

Fund holdings, Regional and Sector exposures and characteristics are as of the date shown and are subject to change at any time. As a result, the Fund's current and future holdings, Regional and Sector exposures and characteristics may vary substantially from the information shown. No recommendation is made regarding the advisability of buying or selling any security.

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