

Pzena Small Cap Focused Value

Returns are in USD As of March 31, 2025	1Q 2025	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception 1/1/1996
Pzena Small Cap Focused Value Composite — Gross*	-11.4%	-11.4%	-14.0%	3.7%	20.3%	8.0%	12.2%
Pzena Small Cap Focused Value Composite — Net*	-11.6%	-11.6%	-14.9%	2.7%	19.1%	6.9%	11.0%
Russell 2000® Value Index	-7.7%	-7.7%	-3.1%	0.0%	15.3%	6.1%	8.8%

Past performance is not indicative of future results.

Periods greater than one year are annualized in USD.

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.

Markets declined to start 2025, as tariffs and their corresponding impact on the economy drove weak economic sentiment, particularly for small cap companies. While full tariff details were not announced until after the quarter-end, proposed changes throughout the period negatively impacted almost all sectors and led to small caps continuing to underperform large caps. While value stocks held up significantly better than growth stocks within the large cap cohort, value was only slightly more resilient than growth within the small cap cohort. Our portfolio declined and underperformed its benchmark during the period.

Consumer discretionary, industrials, and basic materials all detracted from performance this quarter. The biggest individual detractor was automotive seat supplier Adient which traded down on tariff concerns and their potential to negatively impact automotive production and profitability. Most of Adient's production is co-located with customers but they, like competitors, have components that are subject to tariffs. Additionally, broader auto demand could be weakened if OEMs have to increase pricing to offset costs. Another detractor was Genesco, owner of shoe retailer Journeys, and shoe and apparel manufacturer Johnston & Murphy. The stock was a top contributor in 4Q24 on improved same-store-sales, but disappointing 2025 earnings guidance drove down the stock recently. We trimmed the position early in the quarter and then added back to it following recent weakness. PVH Corp., the owner of Tommy Hilfiger and Calvin Klein, traded down after China put the company on its Unreliable Entity list as retribution for America's actions

against China. While not a high percentage of sales, this drove increased uncertainty around the business.

The only contributing sector this quarter was technology. The top individual contributor, contact center operator Concentrix, reported slightly better-than-expected sales. More importantly, the company has demonstrated its ability to grow even as more than half of its customers have implemented AI solutions, demonstrating Concentrix's value-add and leading to a short squeeze for a stock with a highly depressed valuation. Life insurers CNO Financial and Globe Life both posted better-than-expected earnings. CNO continues to have higher investment income and introduced a higher mid-term ROE target. Globe Life continues to repurchase shares and has not suffered from accusations made by short sellers last year.

We initiated a position in Robert Half, a leading provider of staffing and consulting services focused on finance and accounting functions. The share price has been impacted by low job turnover weighing on demand for staffing services, creating an attractive value opportunity. We continued to build our position in dental product manufacturer Envista. We also added to specialty technology distributor ScanSource on recent weakness, after trimming the position in 2024 on strength. We funded these buys by exiting property & casualty insurer Axis Capital, on strength, and trimming CNO Financial and automotive axle manufacturer Dana, both on strength.



The period has remained particularly challenging for small caps and our portfolio, but uncertainty in the market continues to create new opportunities. The portfolio remains positioned towards more economically sensitive and cyclical names, as we believe valuations remain quite attractive.

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