

Pzena

Global Equity: MSCI ACWI Benchmark

For the month of: **May** **2024**

Manager Performance Calculations

* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Pzena	3.65%	N/A	N/A	N/A	N/A
MSCI ACWI	4.06%	N/A	N/A	N/A	N/A

Performance Attribution & Strategy Comments

Stock markets closed higher for the month, with US large cap growth names forging ahead, again. Additionally, a number of pan-European stock market indices achieved new, all-time, highs. Mixed inflation numbers continued to create some uncertainty around the immediate future path of short-term interest rate settings, but a reduction is now expected in Europe imminently, while the US appears further away.

Led by US large cap names, globally growth indices fared best in May, albeit value fared better in Europe and Emerging Markets this month. The Pzena Global Focused Value portfolio rose but underperformed the MSCI ACWI Index. Our relative underperformance was driven mostly by allocation effect, specifically the underweight to information technology. Partially offsetting this was stock selection within the financials sector.

From an individual name perspective, some of the top detractors over the period were Baxter International, Magna International, and Tyson Foods. Baxter, a leading global medical products company, posted an earnings beat for the first quarter. However, shares declined, as the Healthcare Systems and Technology segment registered a surprise decline in revenue, which Baxter attributed to delays in capital expenditures from customers. Auto supplier Magna International reported an earnings miss due to higher R&D costs and lower volumes in the Power & Vision segment. Tyson Foods, the largest meat processor in the US, declined despite reporting strong quarterly results, as company management provided relatively cautious commentary for next quarter.

The top relative contributors were Rexel, UBS Group, and Charter Communications. French electrical equipment manufacturer Rexel rose on sell-side upgrades, in advance of its June capital markets day, with some analysts expecting upgraded EBIT margin targets. Swiss wealth manager and lender UBS Group posted an earnings beat, with strength in the Wealth Management and Investment Banking segments. Additionally, expenses declined quarter-over-quarter, which served as a positive sign that the Credit Suisse integration is progressing smoother than expected. Shares of Charter Communications, a pure-play U.S. cable communications business, regained some of their recent losses that were driven by uncertainty around funding for the Affordable Connectivity Program (ACP), which subsidized internet subscriptions for lower-income households. Now that the ACP has ended, Charter has instituted a number of measures to minimize subscription losses.

Manager Style Summary

Pzena will manage a global, focused deep value fund. The firm seeks investments with skewed potential outcomes via a concentrated portfolio of deeply undervalued businesses. A quantitative screen filters for low price-to-normal earnings level and current earnings depressed to historical norms. Fundamental research is performed to determine if the problem is temporary and not permanent, if the company's business is good and assesses the downside risks. It's a bottom-up process that focuses on the cheapest quintile. After an initial review a full research project will be performed. Initial position size is based on valuation, risk, and diversification. The number of holdings is expected to be between 40 - 60.

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Portfolio Guideline Compliance

Portfolio Guideline:	Index	Pzena	Calc	Min	Max	Compliance
B3. No more than 5% of the account shall be invested in any one security @ purchase						Yes
B4. Number of issues		51		40	60	ok
B5. Normal Regional Exposures (* benchmark +/- min/max):						
Emerging Markets	10%	8%		0%	25%	ok
Europe ex UK	12%	31%		0%	42%	ok
Japan	5%	2%		0%	35%	ok
North America	67%	47%		30%	97%	ok
United Kingdom	4%	12%		0%	34%	ok
Other	3%	1%		0%	33%	ok
Total		100%				
B6. Normal Global Portfolio Characteristics						
Capitalization	545194	60420	11%	10%	80%	ok
Price/Book Value	3.0	1.2	39%	20%	100%	ok
Price/Earnings	20.1	11.7	58%	20%	120%	ok
Dividend Yield	1.9	3.5	181%	75%	200%	ok
B7. Price/Normalized Earnings in Q1		89%		60%	100%	ok
C2. Max value of forwards w/single counterpart		0%			30%	ok
C3. Cash/cash equiv in non-USD currencies		1%			10%	ok
F2. Brokerage commissions not to exceed \$0.035/share for U.S. equities						Yes
F3. Annual turnover		-		20%	40%	check
The portfolio is in compliance with all other aspects of the Portfolio Guidelines						<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Manager Explanations for Deviations from Portfolio Guidelines

F3. Annual Turnover: As the account was incepted on April 22, 2024, there is no annual turnover data available yet.

Total Firm Assets Under Management (\$m) as of:

Qtr 1 \$ 64,340

Organizational/Personnel Changes

Effective July 1, 2024, Daniel Babkes is joining the portfolio management team on our Large Cap strategies.

Account Turnover

Gained: Number of Accounts: 1 Total Market Value (\$m): \$ 579.0
 Lost: Number of Accounts: 0 Total Market Value (\$m): \$ -
 Reason(s): Please note that the Account Turnover data is as of 4/30/2024 as the data for 5/31/2024 is not yet available.