

# Pzena Small Cap Value Fund

PZISX / PZVSX

As of March 31, 2017



Classic Value Investing

## About Pzena

Pzena Investment Management, LLC, a New York-based, independent, registered investment manager, began managing assets in 1996.

From the beginning we have followed a classic value investment style built on a foundation of intensive fundamental research and a disciplined, repeatable investment process.

Pzena manages U.S. and global equities for a substantial and diversified client base that includes pension plans, endowments, foundations, financial intermediaries and high-net-worth individuals.

## Portfolio Managers



### John Flynn

Principal, Portfolio Manager  
Started at Pzena: 2005  
Started in Industry: 2000

#### Education

Yale University, BS  
Harvard Business School, MBA



### Evan Fox

Principal, Portfolio Manager  
Started at Pzena: 2007  
Started in Industry: 2007

#### Education

Wharton School of the University of Pennsylvania, BS  
University of Pennsylvania, Bachelor of Applied Science



### Benjamin Silver

Principal, Co-Director of Research and Portfolio Manager  
Started at Pzena: 2001  
Started in Industry: 1988

#### Education

Yeshiva University, BS

## Fund Facts

	PZISX Institutional	PZVSX Investor
Ticker	PZISX	PZVSX
Start	April 27, 2016	April 27, 2016
CUSIP	00770X394	00770X410
Objective	The fund seeks to achieve long-term capital appreciation.	

## Performance Summary as of March 31, 2017

	QTD	YTD 2017	One Year	Since Inception 4/27/16
PZISX - Institutional Class	-1.84%	-1.84%	-	17.32%
PZVSX - Investor Class	-1.93%	-1.93%	-	16.92%
Russell 2000® Value Index	-0.13%	-0.13%	-	24.81%

PZISX Expense Ratio: Gross: 3.85%, Net: 1.20%\*

PZVSX Expense Ratio: Gross: 4.20%, Net: 1.55%\*

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). The fund imposes a 1.00% redemption fee on shares held 30 days or less. Performance does not reflect the redemption fee and, if it had, returns would have been lower. Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns.

\*Contractual fee waivers through 6/27/17

## Sector Weights

Sector	Small Cap Value	Russell 2000® Value Index
Consumer Discretionary	4%	10%
Consumer Staples	2%	3%
Energy	4%	6%
Financials	26%	32%
Health Care	6%	5%
Industrials	37%	13%
Information Technology	17%	10%
Materials	0%	5%
Real Estate	1%	10%
Telecom Services	0%	1%
Utilities	0%	6%

Sector weights adjusted for cash - may appear higher than actual.

## Portfolio Characteristics

	Small Cap Value	Russell 2000® Value Index
Price / Earnings (1-Year Forecast)	16.8x	18.1x
Price / Book	1.5x	1.5x
Median Market Cap (\$M)	\$2,054	\$690
Weighted Average Market Cap (\$M)	\$2,279	\$2,105
Number of Stocks	41	1,352

# Pzena Small Cap Value Fund

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As of March 31, 2017



## Approach

We are a simple firm to understand; we build portfolios of deeply undervalued businesses without a focus on benchmarks. We think of our positions as ownership interests in the underlying companies. We therefore invest with a long-term horizon.

**Success in value investing requires two primary elements:**

1. Superior, in-depth research into the businesses we own. These companies are undergoing real issues, which is why their prices relative to normalized earnings estimates appear low in the first place. Knowing what we are exposing ourselves and our clients to is a critical element of success. But it is not enough...
2. A disciplined, repeatable investment process. This is so necessary, yet so difficult to implement. Why? Because emotions play a large role in investing. The daily market-to-market that the stock market reports, however, is not useful to us. Our process is designed to ensure that human emotions do not override good research.

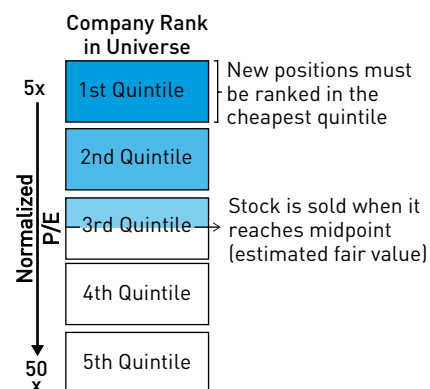
We act like private equity investors in the public markets. We make investments as if there is no ready public market to enable us to sell. Thus, we must become satisfied that the earnings and cash flow generating ability of the businesses appear to attractively compensate us for the equity risk taken.

## Top 10 Holdings

Masonite International Corp.	4.5%
Aspen Insurance Holdings, Ltd.	3.8%
TriMas Corp.	3.7%
Owens & Minor, Inc.	3.6%
Actuant Corp.	3.5%
Associated Banc-Corp.	3.4%
ScanSource, Inc.	3.3%
Essendant, Inc.	3.3%
JELD-WEN Holding, Inc.	3.2%
American Equity Investment Life Holdings Co.	3.1%
<b>Total</b>	<b>35.4%</b>

## Investment Process

- Universe: 2000 U.S. companies (ranked 1001-3000 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



**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 future free cash flow.

The Russell 2000® Value Index is an unmanaged index that measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth rates. The index is reconstituted annually so that stocks that have outgrown the index can be removed and new entries can be added. One cannot invest directly in an index.

**Mutual fund investing involves risk. Principal loss is possible. Investments in small-cap companies involve additional risks such as limited liquidity and greater volatility than larger companies. 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'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, Sector exposure 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, Sector exposure 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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