



Investment
Management

PZENA EMERGING MARKETS VALUE FUND

As of 31 December 2023

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

PERFORMANCE SUMMARY - AUD

	QTD 2023	One Years	Three Years	ANNUALISED	
				Five Year	Since Inception 26 Oct 2016
Pzena Emerging Markets Value Fund (gross of fees)	0.14%	23.25%	11.97%	9.41%	10.59%
Pzena Emerging Markets Value Fund (net)	-0.11%	22.61%	11.10%	8.40%	9.50%
MSCI Emerging Markets Index	2.02%	9.15%	-1.10%	4.33%	5.82%
MSCI Emerging Markets Value Index	2.20%	13.51%	4.18%	4.02%	5.55%

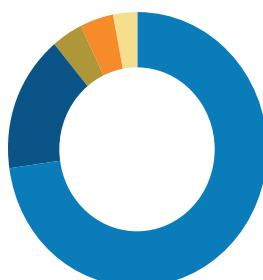
The above performance numbers are based on unaudited financial statements. The MSCI Emerging Markets Index is used as a benchmark to indicate the investment environment existing during the time periods shown in this report. The MSCI Emerging Markets Index is a free float-adjusted market capitalization 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 Index cannot be invested in directly. Pzena Emerging Markets Value Fund return reflects month end valuations as at the last business day of each month and the Since Inception returns are annualised. Past performance is not necessarily an indicator of future performance.

PORTFOLIO CHARACTERISTICS

	Emerging Markets Value Fund	MSCI Emerging Markets® Index
Price / Earnings (1-Year Forecast)	8.5x	13.0x
Price / Book	1.0x	1.6x
Median Market Cap (\$B)	\$21.4	\$8.8
Weighted Average Market Cap (\$B)	\$110.5	\$149.5
Active Share	79.7	-
Number of Stocks	53	1,441

Source: MSCI Emerging Markets Index, Pzena Analysis

REGION CONCENTRATION



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

SECTOR WEIGHTS

	Emerging Markets Value Fund	MSCI Emerging Markets® Index
Communication Services	4%	9%
Consumer Discretionary	13%	13%
Consumer Staples	11%	6%
Energy	2%	5%
Financials	30%	22%
Health Care	1%	4%
Industrials	5%	7%
Information Technology	20%	22%
Materials	7%	8%
Real Estate	3%	2%
Utilities	4%	3%

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

FUND FACTS

Responsible Entity	Equity Trustees Limited
Inception Date	26 October 2016
APIR	ETL0483AU
ARSN	613 119 681
Base Currency	AUD
Minimum Investment Amount	A\$25,000
Fund AUM	A\$22.5 Million
Management Expense Ratio	0.95%
Liquidity	Daily
Benchmark Index	MSCI Emerging Markets, net in A\$
Investment Universe	1,000 largest companies from non-developed countries
# of Positions	Generally 30-60
Buy/Sell Spread	0.50%/0.50%

Registered for distribution in Australia and New Zealand

ENQUIRIES

Paul Whympers-Williams

Director of Business Development and Client Services
+61 (0)421 915 366
whympers-williams@pzena.com

John Jardim

Director of Business Development and Client Services
+61 (0)419 519 852
jardim@pzena.com

For unit pricing visit: www.eqt.com.au/insto



Investment
Management

PZENA EMERGING MARKETS VALUE FUND

As of 31 December 2023

TOP 10 HOLDINGS

TAIWAN SEMICONDUCTOR MFG. CO. LTD.	5.1%
SAMSUNG ELECTRONICS CO. LTD.	4.7%
HON HAI PRECISION INDUSTRY CO. LTD.	4.2%
ALIBABA GROUP HOLDING LIMITED	3.7%
COGNIZANT TECH SOLUTIONS CORPORATION	3.1%
CHINA OVERSEAS LAND & INVESTMENT LTD.	3.1%
HANKOOK TIRE & TECHNOLOGY CO. LTD.	3.1%
AMBEV SA	3.1%
WILMAR INTERNATIONAL LIMITED	2.7%
HAIER SMART HOME CO. LTD.	2.6%
Total	35.4%

Numbers may not add due to rounding.

PLATFORMS

Hub24
Netwealth



The rating issued 03/2023 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2023 Lonsec. All rights reserved.

Pzena Investment Management, LLC ("PIM") was awarded 'Emerging Manager of the Year' by Money Management Australia in partnership with Lonsec for the year 2023. PIM did not provide any compensation in connection with obtaining this award. PIM did pay a standard rating fee to have its funds rated by Lonsec.

PORTFOLIO QUARTERLY COMMENTARY

Emerging markets had a strong finish to the year, rallying on the back of optimism around peaking inflation and possible rate cuts in 2024. The notable exception was China, where macroeconomic concerns and problems in specific sectors such as property, financial services and gaming led to underperformance. Some of the smaller markets led the gains (e.g., Poland, Peru, and Egypt) while Brazil, Taiwan and Mexico also posted double digit returns in the quarter. Turkey, China, and UAE were the largest underperformers. All sectors were up, except real estate and communication services, while information technology was the clear leader, sector-wise, the utilities sector was also a significant outperformer. Value stocks outperformed the broader market this quarter, with the MSCI Emerging Markets Index posting a 2.0% return and the Value Index 2.2%. The Pzena Emerging Markets Value Fund trailed both with a modest 0.14% gross return in Q4.

Stock selection in financials, materials, and real estate drove the underperformance, principally. Among our largest detractors from relative performance were Sasol, China Overseas Land & Investment, and China Merchants Bank. **Sasol** underperformed due to weak oil prices and a continued downturn in specialty chemicals. **China Overseas Land & Investment** was weak due to concerns around the property sector. However, we feel the company is well-positioned with scale, a desirable land bank and access to capital markets. **China Merchants Bank** reported challenging results as weak sentiment and central bank rate cuts weighed on volumes and net interest margins respectively. Encouragingly, the company continues to see growth in its wealth management and private bank franchises.

The largest positive relative contributors were Hankook Tire and a pair of Chinese stocks, Weichai Power and Lenovo on the back of stronger results that showcased improving fundamentals. Korean tyre producer **Hankook's** margins were strong due to pricing/volume improvements. Chinese truck engine manufacturer **Weichai Power** was a strong contributor on a series of broker upgrades in the quarter, while **Lenovo**, contributed strongly as PC demand is seen stabilizing.

Both names bucked the weaker trend in the Chinese market in Q4.

We added three new names to the portfolio: HDFC Bank, Vale SA, and Beijing Oriental Yuhong Waterproof Technology. **HDFC** is a leading private bank in India that recently merged with a mortgage lender and sister company. This merger is creating noise in the financials and capital levels are temporarily elevated as standards are being harmonized across the two businesses. We believe this issue is temporary and that the franchise will continue to take share from public sector banks and deliver strong returns. **Vale** is a Brazilian mining company with best-in-class iron ore assets. Concerns over global growth have weighed on the company but the shares are attractive based

INVESTMENT PROCESS

- Universe: 1000 largest companies from non-developed countries
- 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



on our estimate of normalized earnings. **Yuhong** is China's largest waterproof building materials company. While the industry is going through a downturn, notably in the residential property sector, Yuhong is poised to take market share as weaker players exit. The company should also stand to benefit from a change in building codes that favours its superior, high-quality products.

During the quarter, we sold out of State Bank of India (partially funding the HDFC purchase) and trimmed Indian generic drug manufacturer, Aurobindo - a recent strong outperformer. We continued to build our position in WH Group, while adding to Banco do Brasil and Baidu.

Despite a strong fourth quarter, recessionary fears and the future path of interest rates, inflation and the US dollar continue to create uncertainty. Against this backdrop, we are excited by the opportunity set in EM. Industries and countries continue to be out of favour, and we are finding cheap company valuations when assessed against fundamentals.

Our largest exposures are in financials and information technology. Asia constitutes the bulk of our portfolio with the largest weights in China and South Korea. We have a relative overweight to Brazil and now to China and a relative underweight to India.



DISCLAIMERS

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 Corporations (Repeal and Transitional) Instrument 2016/396. 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.

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Pzena Global Focused Value Fund ("the Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). The Investment Manager for the Fund is Pzena Investment Management, LLC (ARBN 108 743 415) ("Pzena"). This publication has been prepared by Pzena to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Equity Trustees, Pzena nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Neither Equity Trustees nor Pzena are registered as financial service providers in New Zealand, and neither of them is able to provide financial advice to any person in New Zealand who is not a 'wholesale investor' within the meaning of clause 3(2) of Schedule 1 of the FMCA. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. The Fund's Target Market Determination is available here <https://www.eqt.com.au/insto/>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

In New Zealand, any offer of this Wholesale Class of the Fund 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.

While information contained in this document has been prepared with all reasonable care, no responsibility or liability is accepted by Pzena for any errors or omissions or misstatements however caused. The information contained herein is not an indication of future performance of the Fund. Information provided herein is general information only and does not take account of your personal objectives, financial situation or needs. Accordingly, you should obtain financial advice to ascertain the suitability of our products for their personal financial needs and circumstances. You should also consider information in the Product Disclosure Statement ("PDS") and Reference Guide before making a decision about investing in the Fund.

Ratings are not the only factor to be taken into account when deciding whether to invest in a financial product. Ratings can change in the future. Please refer to www.lonsec.com.au for further information about the meaning of the rating and the rating scale.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned August 2020) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>

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. 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 returns on "value" securities may not move in tandem with the returns on other styles of investing or the stock market in general.

© Pzena Investment Management, LLC, 2023. All rights reserved.