

**UK ADDENDUM TO PROSPECTUS**  
**PZENA VALUE FUNDS PLC**  
**(THE "COMPANY")**

**This is a country supplement for investors in the United Kingdom dated 1 December 2020 ("Country Supplement") to the prospectus of the Company dated 1 December 2020 (the "Prospectus"). This Country Supplement forms part of and should be read in conjunction with the Prospectus. Accordingly, all defined terms used in this Country Supplement shall have the same meaning ascribed to them in the Prospectus.**

The Directors of the Fund, whose names appear under the heading "Management and Administration" of the Prospectus, are responsible, *inter alia*, for establishing the investment objectives and policies of the Company and each Fund, for monitoring the Company's performance and for the overall management and control of the Company. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Company is an open-ended investment company with variable capital incorporated in Ireland on 14 December 2005 with registered number **412507** and has been established as an umbrella fund with segregated liability between sub-funds. The Company has been authorised by the Central Bank as an Undertaking for Collective Investment in Transferable Securities ("**UCITS**") pursuant to the UCITS Regulations. The UCITS Regulations give effect to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009. As a result the Company qualifies as a UCITS under Article 1, paragraph 2, points a) and b) of Directive 2009/65/EC and may therefore be offered for sale in the United Kingdom and in other Member States in the European Union.

The authorisation of the Company by the Central Bank is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of the Prospectus. In addition, the authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.

**Registered Office:**

c/o HMP Secretarial Limited  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

**INFORMATION FOR INVESTORS IN THE UNITED KINGDOM**

This Country Supplement is authorised for distribution only when accompanied by the Prospectus. This Country Supplement is issued with respect to the offering of Shares in the Company.. If you are in any doubt about the contents of this Country Supplement you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised pursuant to the Financial Services and Markets Act 2000 ("**FSMA**").

This Country Supplement constitutes neither an offer by the Company or by any other person to enter into an investment agreement with the recipient of this document nor an invitation to the recipient to respond to the document by making an offer to the Company, or to any other person, to enter into an investment agreement. Investors who have any doubt about or wish to discuss the suitability of an investment in the Shares and/or obtain further information on the Shares should contact an independent financial advisor. Nothing in this Country Supplement should be construed as investment advice.

The Company is categorised by the United Kingdom Financial Conduct Authority (the "**FCA**") as a recognised collective investment scheme for the purposes of section 264 of the FSMA. Accordingly, Shares may be marketed to the general public in the United Kingdom.

Some or all of the rules made under the FSMA for the protection of retail clients will not apply to an investment in the Company and compensation under the Financial Services Compensation Scheme of the United Kingdom will not be available. The attention of investors in the United Kingdom is drawn to pages 4 to 13 of the Prospectus ("**Certain Risk Factors**").

The Company will provide facilities, in relation to each of its relevant Sub-Funds, in the United Kingdom at the offices of the facilities agent, **FE Fundinfo (UK) Limited, 3rd Floor, Hollywood House, Church Street East, Woking, Surrey GU21 6HJ** (the "**Facilities Agent**"), where:

1. information can be obtained about the Company's most recently published prices for Shares in the Fund(s);
2. a Shareholder may arrange for redemption of his or her Shares in any of the Fund(s);
3. the following documents concerning the Company are available for inspection free of charge and for which copies in English can be obtained free of charge:
  - 3.1. the most recent Constitution of the Company;
  - 3.2. the most recently prepared Prospectus, all Supplements thereto in respect of the Funds and this Country Supplement;
  - 3.3. the most recently prepared simplified prospectus(es) and/or key investor information documents relating to the Company;
  - 3.4. the most recently prepared annual and half-yearly reports relating to the Company;
  - 3.5. payment of dividends and details or copies of any notices which have been given or sent to participants in the Company; and
  - 3.6. any other documents required from time to time by the FCA Collective Investment Schemes sourcebook ("**COLL**") to be made available; and
4. any Shareholder or other person can submit a complaint about the operation of the Company to the Facilities Agent, for transmission to the Company.

Investors' attention is brought to the "FEES AND EXPENSES" section of the Prospectus. All fees and out-of-pocket expenses payable to the Facilities Agent shall be at normal commercial rates.

## **ADDITIONAL TAX INFORMATION FOR INVESTORS IN THE UNITED KINGDOM**

The attention of Investors in the United Kingdom is drawn to pages 30 to 39 of the Prospectus on Taxation. It is to be noted that the same does not constitute legal or tax advice. This section sets out some of the taxation implications of investment in the Company and states that the taxation of income and capital gains of the Company and of the Shareholders is subject to the fiscal laws and practices of Ireland, of the countries in which the Company invests and of the jurisdictions in which the Shareholders are resident or otherwise subject to tax. In relation to taxation outside of Ireland the income and capital gains of the Company from its securities and assets may suffer withholding tax of the territory where such income and gains arise, which may not be reclaimable in those territories. The Company, in certain circumstances, may not be able to benefit from the applicable reduced rates of withholding tax provided in double taxation agreements between Ireland and such territories. This is because a number of Ireland's double taxation agreements, where applied by territories on a strict basis, are available only to persons who are liable to tax in Ireland. Further, the Prospectus sets out the Irish taxation position of the Company and the Shareholders, at pages 30 to 36. Prospective investors should consult their own professional advisors on the implications of making an investment in, and holding or disposing of Shares and the receipt of distributions with respect to such Shares under the laws of the countries in which they are liable to taxation.

## UK REPORTING STATUS

The Pzena Global Focused Value Fund (the “**Global Fund**”) and the Pzena U.S. Large Cap Value Fund (the “**U.S. Large Cap Fund**”) (together the “**Funds**”) are UK tax reporting funds under the UK Offshore Fund (Tax) Regulations 2009.

The Offshore Funds (Tax) Regulations 2009 provide that if a Shareholder resident or ordinarily resident in the UK for taxation purposes holds an interest in an offshore fund and that offshore fund is a ‘non-reporting fund’, any gain accruing to that Shareholder upon the sale or other disposal of that interest will be charged to UK tax as income and not as a capital gain. Alternatively, where a Shareholder resident or ordinarily resident in the UK holds an interest in an offshore fund that has been a ‘reporting fund’ (and a “distributing fund” prior to 1 April 2011 if appropriate) for all periods of account for which they hold their interest, any gain accruing upon sale or other disposal of the interest will be subject to tax as a capital gain rather than income; with relief for any accumulated or reinvested profits which have already been subject to UK income tax or corporation tax on income (even where such profits are exempt from UK corporation tax).

Where an offshore fund may have been a non-reporting fund for part of the time during which the UK Shareholder held their interest and a reporting fund for the remainder of that time, there are elections which can potentially be made by the Shareholder in order to pro-rate any gain made upon disposal; the impact being that the portion of the gain made during the time when the offshore fund was a reporting fund would be taxed as a capital gain. Such elections have specified time limits in which they can be made. Shareholders should refer to their tax advisors for further information.

It should be noted that a “disposal” for UK tax purposes would generally include a switching of interest between sub-funds within the Company and might in some circumstances also include a switching of interests between classes in the same sub-fund of the Company.

In broad terms, a ‘reporting fund’ is an offshore fund that meets certain upfront and annual reporting requirements to HMRC and its Shareholders. The Directors of the Company intend to manage the affairs of the Global Fund and the U.S. Large Cap Fund so that these upfront and annual duties are met and continue to be met on an on-going basis for each Fund. Such annual duties will include calculating and reporting the income returns of the offshore fund for each reporting period (as defined

for UK tax purposes) on a per-Share basis to all relevant Shareholders (as defined for these purposes). UK Shareholders which hold their interests at the end of the reporting period to which the reported income relates, will be subject to income tax or corporation tax on the higher of any cash distribution paid and the full reported amount. The reported income will be deemed to arise to UK Shareholders six months following the end of the relevant reporting period.

Once reporting fund status is obtained from HMRC for the relevant classes, it will remain in place permanently so long as the annual requirements are undertaken. Should Shareholders wish further information on the implications of the Funds obtaining such status they should seek professional advice.

UK Shareholders holding Shares at the end of each reporting period (as defined for UK tax purposes) will potentially be subject to UK income tax or corporation tax on their share of a class's reported income, to the extent that this amount exceeds dividends received. Both dividends and reported income will be treated as dividends received from a foreign corporation, subject to any re-characterisation as interest, as described below.

In accordance with Regulation 90 of the Offshore Funds (Tax) Regulations 2009, Shareholder reports are made available within six months of the end of the reporting period (e.g. 31 December 2019 for 30 June 2019 period end). Shareholders may if they so require, request a hard copy of the reporting fund data for any given year. Such requests must be made in writing to either of the following addresses:

**Pzena Investment Management, LLC (Investment Manager)**

320 Park Avenue, 8<sup>th</sup> Floor  
New York, New York 10022  
U.S.A.

**FE Fundinfo (UK) Limited (Facilities Agent)**

3rd Floor,  
Hollywood House,  
Church Street East,  
Woking,  
Surrey  
GU21 6HJ

Each such request must be received within three months of the end of the reporting period. Unless the Investment Manager is notified to the contrary in the manner described above, it is understood that Shareholders do not require their report to be made available other than by accessing the appropriate website.

Individuals may be taxed on capital gains at a flat rate of 10 per cent. (or 20 per cent. for higher rate tax payers). A gain on disposal of Shares, together with other chargeable gains less allowable losses in a tax year, is subject to capital gains tax to the extent that it exceeds the annual exempt amount, which for the tax year 2018/2019 is £11,700. Individuals no longer benefit from indexation allowance.

Corporate Shareholders are not eligible for the annual exempt amount but indexation allowance may be available to reduce the amount of any taxable gain.

Special rules exist for Shareholders who are UK resident life assurance companies. Such Shareholders should seek their own professional advice.

The attention of UK resident corporate Shareholders is drawn to Chapter 3 of Part 6 of the Corporation Tax Act 2009, whereby interests of UK companies in offshore funds may be deemed to constitute a loan relationship; with the consequence that all profits and losses on such relevant interests are chargeable to UK corporation tax in accordance with a fair value basis of accounting. These provisions apply where the market value of relevant underlying interest bearing securities and other qualifying investments of the offshore fund (broadly investments which yield a return directly or indirectly in the form of interest) are at any time more than 60% of the value of all the investments of the offshore fund.

When UK resident individuals receive dividends (including reported income) from the Funds they will, subject to their personal circumstances. For the tax year 2018/19 each individual has an income tax free allowance of £2,000. Income tax is payable on amounts received in excess of the income tax free allowance at the rate of 7.5% for ordinary or basic rate taxpayers, at the rate of 32.5% for higher rate tax payers and the rate of 38.1% for taxpayers who pay income tax at the highest rate. For UK corporate Shareholders distributions received from the relevant Fund (including reported income) will be treated as overseas dividends except where funds are more than 60 per cent. invested in "qualifying investments" (generally those which yield a return in the form of interest), in which case the distribution received will be treated as an interest receipt. Any distribution will be treated as interest in the hands of the UK individual Shareholder. The relevant tax rates will be those applying to interest: namely if the individual is a:

- basic rate tax payer paying income tax at 20% they will have the benefit of a £1,000 personal savings allowance and they will pay income tax at 20% in excess of their personal savings allowance;
- higher rate tax payer paying income tax at 40% they will have the benefit of a £500 personal savings allowance and they will pay income tax at 40% in excess of their personal savings allowance;
- additional rate tax payer paying income tax at 45% they will have no personal savings allowance.

UK resident individual Shareholders who are not domiciled in the UK and who, where relevant, elect for the remittance basis of taxation for the tax year in which such dividend or other distribution is received may be subject to UK income tax on such dividends or distributions on the remittance basis.

The attention of individual Shareholders ordinarily resident in the UK is drawn to the provisions of Chapter 2 of Part 13 of the Income Taxes Act 2007. These provisions are aimed at preventing the avoidance of UK income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled outside the UK, and may render them liable to income tax in respect of undistributed income of the Funds on an annual basis. The legislation is not directed towards the taxation of capital gains.

When UK corporate shareholders, which are within the charge to UK corporation tax, receive dividends from the relevant Fund on and after 1 July 2009, the dividend is likely to fall within one of a number of exemptions from UK corporation tax. In addition, distributions to non-UK companies carrying on a trade in the UK through a permanent establishment in the UK should also fall within the exemption from UK corporation tax on dividends to the extent that the Shares held by that company

are used by, or held for, that permanent establishment. Reported income will be treated the same way as a dividend distribution for these purposes.

Shareholders should be aware that if persons who are resident in the UK (or certain persons connected with residents of the UK) have the power to secure that the affairs of the Funds are conducted in accordance with their wishes, the Funds may be a “controlled foreign company” for the purposes of Chapter IV Part XVII of the Income and Corporation Taxes Act, 1988 (“**ICTA**”) (or Part 9A of the Taxation (International and Other Provisions) Act 2010 for accounting periods beginning on or after 1 January 2013). If the Funds were to fall to be treated as a controlled foreign company any company that either alone or together with connected or associated persons, is deemed to be entitled to 25 per cent. or more of the Funds profits, could be taxed on its share of the Funds profits unless one of a number of available exemptions is met. UK resident companies entitled to 25 per cent. or more of the chargeable profits of the Funds should take their own specific professional advice.

The attention of Shareholders resident or ordinarily resident in the UK (and who, if individuals, are also domiciled in the UK for those purposes) is drawn to the provisions of Section 13 of Taxation of Chargeable Gains Act 1992. Under these provisions, where a chargeable gain accrues to a company that is not resident in the UK, but which would be a close company if it were resident in the UK, a person may be treated as though a proportional part of that chargeable gain, calculated by reference to their interest in the company, has accrued to them. No liability under Section 13 can be incurred by such a person, however, where such a proportion is less than one-twentieth of the gain.

Any individual Shareholder domiciled or deemed to be domiciled in the UK for UK tax purposes may be liable to UK inheritance tax on their Shares in the event of death or on making certain categories of lifetime transfer.

### ***Stamp Duty and Stamp Duty Reserve Tax***

Liability to UK Stamp Duty will not arise provided that any instrument in writing, transferring Shares in the Funds, or Shares acquired by the Funds, is executed and retained at all times outside the UK. However, the Funds may be liable to transfer taxes in the UK on acquisitions and disposals of investments. In the UK, stamp duty or stamp duty reserve tax at a rate of 0.5% will be payable by the Funds on the acquisition of shares in companies that are either incorporated in the UK or that maintain a share register in the UK.

Because the Global Focused Value Fund and the U.S. Large Cap Value Fund are not incorporated in the UK and the register or shareholders will be kept outside the UK, no liability to stamp duty reserve tax will arise by the reason of the transfer, subscription for and or redemption of Shares except as stated above.

Shareholders should note that other aspects of UK taxation legislation may also be relevant to their investment in the Funds.