

Small Caps Are Exceptionally Cheap

July 2023

Causeway Capital Management LLC

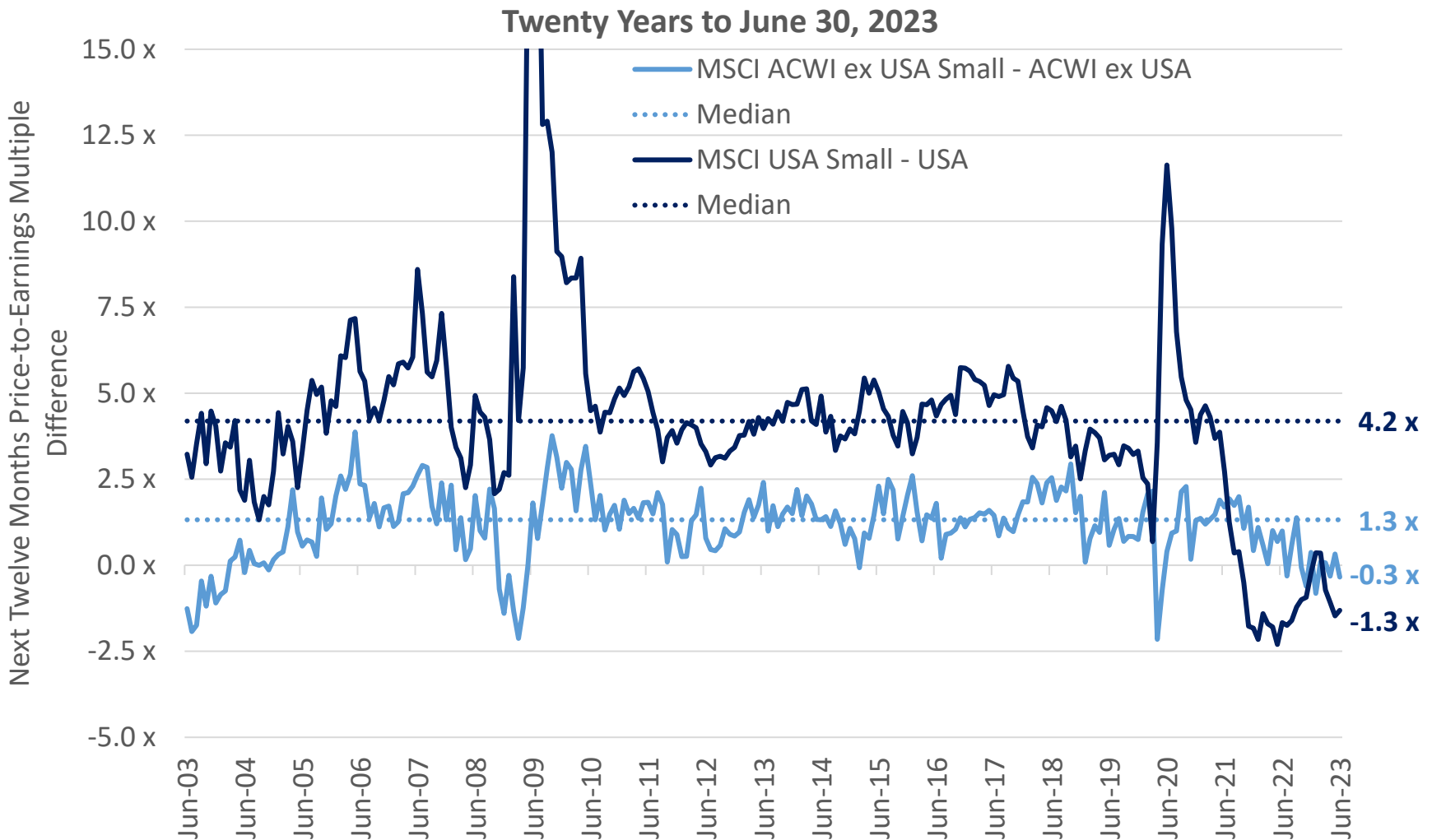
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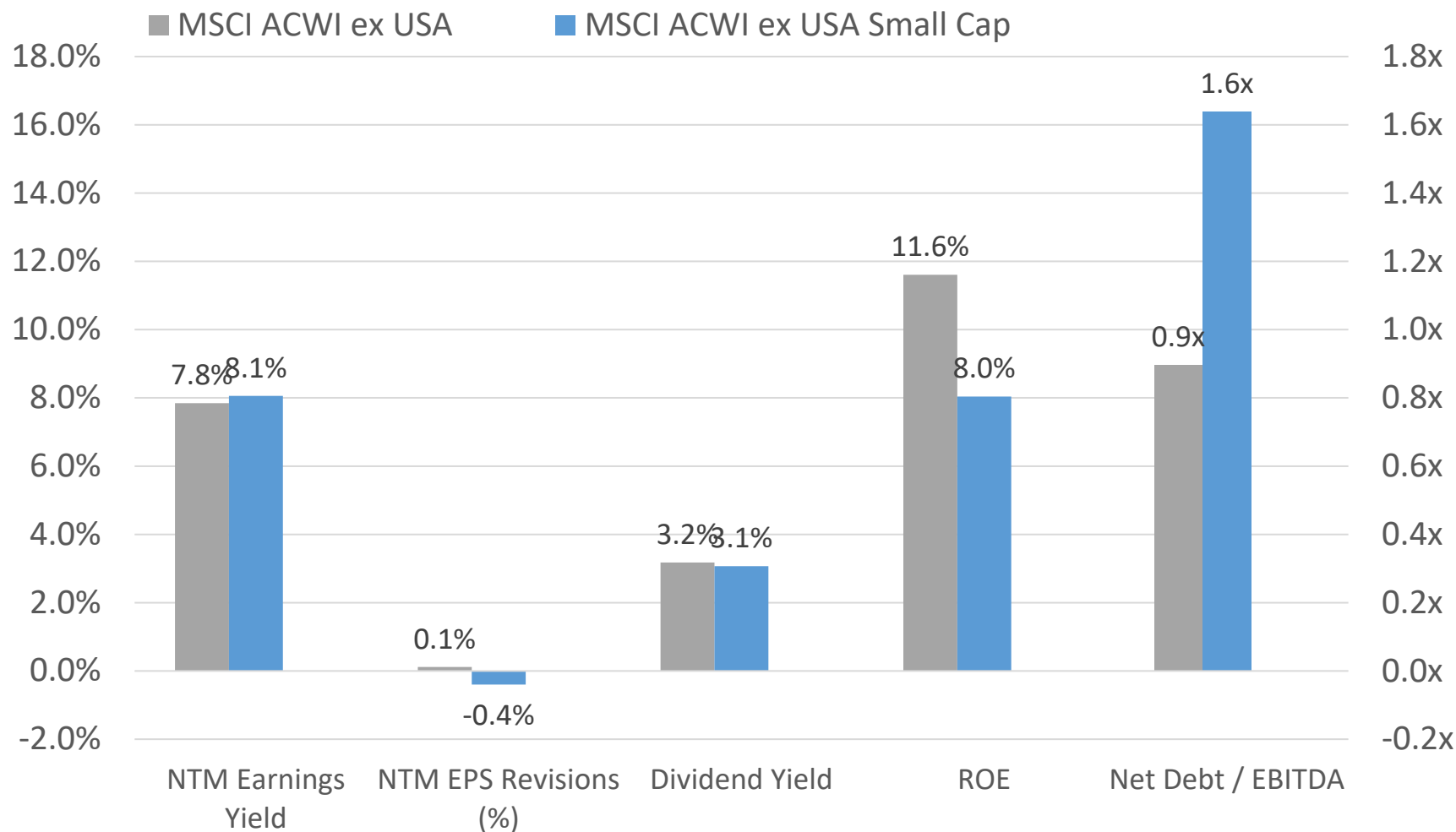
www.causewaycap.com

Relative valuations of small caps are near twenty-year lows



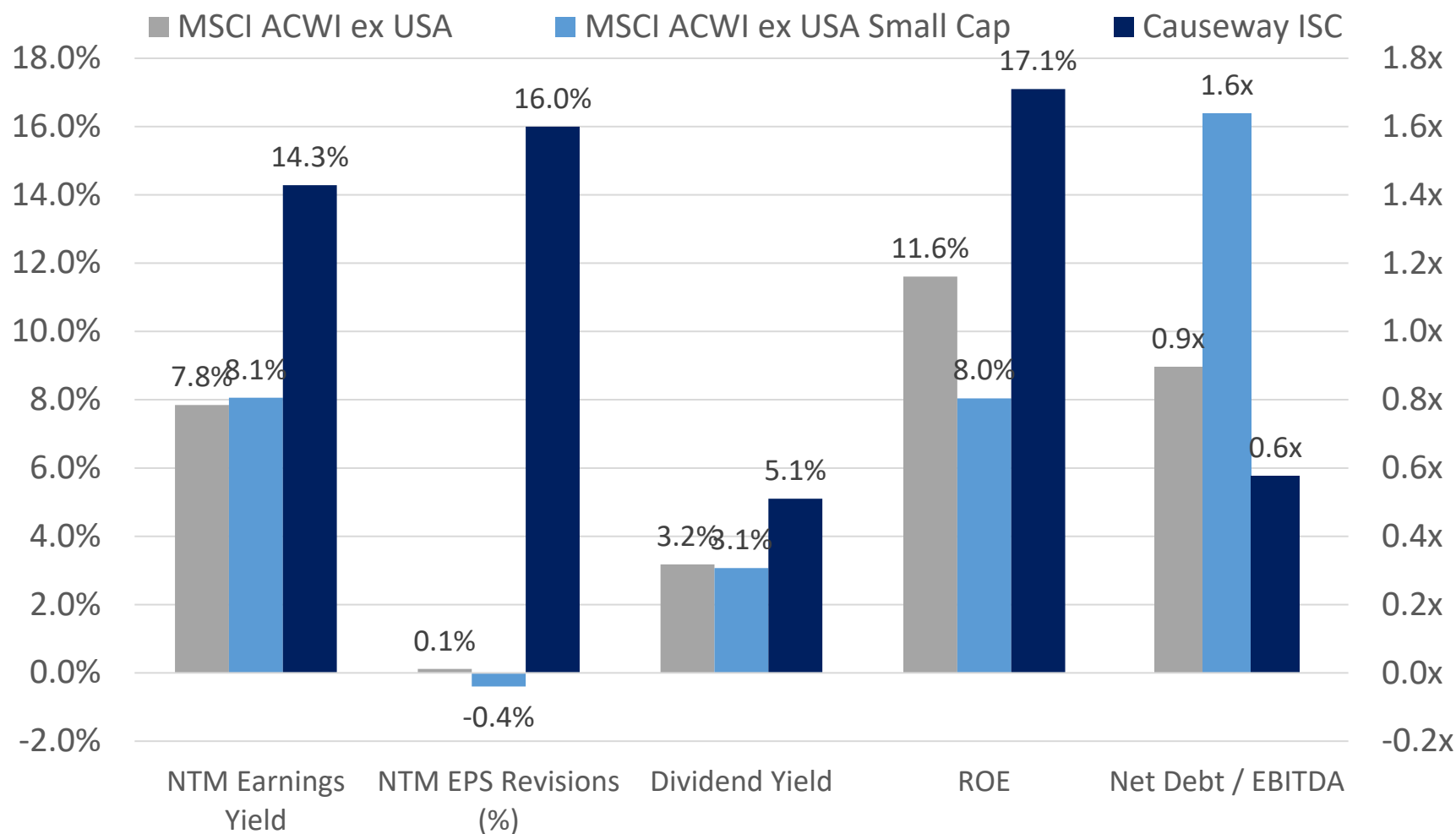
Source: FactSet. Price-to-earnings multiple is the weighted harmonic average of analysts' consensus 1-year forward forecast price-to-earnings ratio.

The small cap valuation discount may have some explanations...



Source: FactSet, MSCI. Data as of 6/30/2023. The "NTM Earnings Yield" of a stock is the consensus EPS estimate for the next twelve months divided by its price.

..but they do not apply to Causeway's International Small Cap portfolio



Source: FactSet, MSCI. Data as of 6/30/2023. Causeway ISC refers to the Causeway International Small Cap Composite. The "NTM Earnings Yield" of a stock is the consensus EPS estimate for the next twelve months divided by its price.

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International investing may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. For further information on the risks regarding investing in Causeway's strategies, please go to <https://www.causewaycap.com/wp-content/uploads/Risk-Disclosures.pdf>.

The Causeway international small cap strategy uses quantitative factors that can be grouped into six categories: valuation, earnings growth, technical indicators, competitive strength, macroeconomic, and country. The relative return attributed to a factor is the difference between the equally-weighted average return of the highest ranked quintile of companies in the strategy's universe based on that factor and that of the lowest ranked quintile of companies. "Alpha" is a measurement of performance return in excess of a benchmark index.

The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets countries (excluding the US) and 24 Emerging Markets countries. With 1,856 constituents, the index covers approximately 85% of the global equity opportunity set outside the US. The MSCI ACWI ex USA Small Cap Index captures small cap representation across 22 of 23 developed markets (excluding the US) and 24 emerging markets. With 4,334 constituents, the index covers approximately 14% of the global equity opportunity set outside the US.

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