Q1 2022

SECURED OPTIONS

QUARTERLY COMMENTARY

GLENMEDE INVESTMENT MANAGEMENT

HIGHLIGHTS

- The S&P 500 Index fell -4.6%, but our strategy and both options benchmarks had a positive return.
- The Glenmede Secured Options strategy had a positive return of 0.7% (0.5% net), while the CBOE S&P 500 Put-Write Index had a positive return of 1.7% and the CBOE S&P 500 Buy-Write Index had a positive return of 0.8%.
- As the focus shifts towards the start of earning season, market volatility remains elevated as inflation and geopolitical fears continue to drive option premiums higher.

In 2022Q1, the S&P 500 experienced its first negative quarter since the COVID-19 pandemic sell-off in 2020Q1. The S&P 500 started 2022 at an all-time high, then had a 13% drawdown by March 14th before finishing the quarter down -4.6%. Fortunately, strategies like Secured Options that seek to capture the Volatility Risk Premium (VRP) benefitted from elevated levels of implied volatility that increased option premiums and created a bigger downside cushion.

Our Secured Options strategy, which seeks to capture both Equity Risk Premium (ERP) and Volatility Risk Premium (VRP) by primarily selling cash-secured puts on the S&P 500 Index, returned 0.7% before fees and 0.5% net in 2022Q1. While our benchmark, the CBOE S&P 500 Put-Write Index (Ticker: PWT) returned 1.7% for the 2022Q1 and the CBOE S&P 500 Buy-Write Index (Ticker: BXM) returned 0.8%. Since our benchmark also has roughly 50% exposure to each of the two risk premia, we believe all relative under/outperformance may be attributed to our active option selection process. Our option selection process was a drag of -1.0% during 2022Q1 relative to the CBOE Put-Write Index. As noted previously, market environments that have elevated S&P 500 implied volatility relative to realized and experience a small quarterly decline are optimal for most VRP strategies, especially for strategies that sell at-the-money options like our two option benchmarks.

Now, as the focus shifts towards the start of earning season, market volatility remains elevated as inflation and geopolitical fears continue to drive option premiums higher. Given this backdrop, plus the fact that upside versus downside skew has only steepened slightly off the recent lows, we are slightly more bullish heading into the start of the second quarter.

SECURED OPTIONS Composite Performance (%)

As of 3/31/2022	QTD	YTD	1 YEAR	3 YEAR*	5 YEAR*	10 YEAR*	SINCE INCEPTION* (12/31/03)
Glenmede (Gross)	0.7	0.7	13.3	11.8	8.7	8.5	7.7
Glenmede (Net)	0.5	0.5	12.6	11.0	8.0	7.7	7.0
CBOE PutWrite TW	1.7	1.7	16.8	10.8	7.5	7.6	7.2

**Annualized*

Glenmede Investment Management, LP claims compliance with the Global Investment Performance Standards (GIPS®).

Glenmede Investment Management, LP, a registered Investment Advisor, is an affiliate of The Glenmede Trust Company, NA (GTC). The "Firm" is defined as all investment advisory accounts managed by Glenmede Investment Management LP. Effective January 1, 2007, the Investment Product Management Group of GTC became Glenmede Investment Management, LP. All performance prior to January 1, 2007, shown here as the performance of GIM, was previously reported as the performance of the Investment Product Management Group of the Glenmede Trust Company.

Past performance is not indicative of future performance and may be lower or higher than the performance quoted. All of the composites' valuations and returns are computed and stated in U.S. Dollars. Additional information regarding the Firm's policies for valuing portfolios, calculating performance and preparing compliant presentations, is available upon request. A GIPS® compliant presentation, as well as a complete list of firm composites and performance, can be requested from Jeffrey Coron at 215.419.6627. Please see the GIPS® presentation for further explanation.

The Secured Options composite included herein, from January 1, 2004 to June 30, 2010, is that of Glenmede Trust Company and has been linked to the performance of Glenmede Investment Management, LP. The investment decision makers and the investment process remains unchanged. The secured options composite will implement buy-write (covered call) and/or cash-secured put option strategies on stock ETFs, stock indices and/or individual stocks held by the portfolio. The strategy invests in options which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of the securities prices, interest rates and currency exchange rates. The strategy may invest in ADRs and foreign securities which involve greater volatility and political, economic, and currency risks and differences in accounting methods. This strategy seeks to balance the total return of the S&P 500 with risk mitigation from options. This investment may not be suitable for all investors. The CBOE Put/Write T-W Index is a benchmark index designed to track the performance of a hypothetical short put strategy. CBOE introduced the CBOE S&P 500 PutWrite T-W Index on July 3, 2014. The PWT Index replicates the methodology used to calculate the PUT Index, with one exception. That is, on each roll date the SPX puts are deemed to be sold at the Ptwap, a price equal to the time-weighted average of reported bid prices, of the selected SPX put option beginning at 11:30 a.m. ET and ending at 12:00 p.m. ET. Accordingly, Ptwap is used in place of the Pvwap on PWT roll dates. CBOE has not calculated a separate series of historical values for the PWT Index prior to July 2007. Rather, historical values for the PWT Index prior to July 2007, may be considered the same as PUT Index values. The unmanaged index is a total return index with dividends reinvested. One cannot invest directly in an index.

We calculate the Equity Risk Premium as the spread between the total monthly return of the S&P500 and the yield on the 10-year Treasury Bond in monthly terms. The average Equity Risk Premium over the entire period is calculated as the annualized average of each monthly Equity Risk Premium.

We calculate the Volatility Risk Premium as the spread between the closing price of the VIX Index and the subsequent 1-month realized price volatility of the S&P 500 Index. Each observation is a 1-month period starting on an options expiration date (the third Friday of the month).

The views expressed represent the opinions of the portfolio managers as of March 31, 2022. There can be no assurance that the same factors would result in the same decisions being made in the future. In addition, the views are not intended as a recommendation of any security, sector or product. Returns reported represent past performance and are not indicative of future results. Actual performance may be lower or higher than the performance set forth above. For institutional adviser use only, not intended to be shared with retail clients.

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