

**GLENMEDE**  
INVESTMENT MANAGEMENT

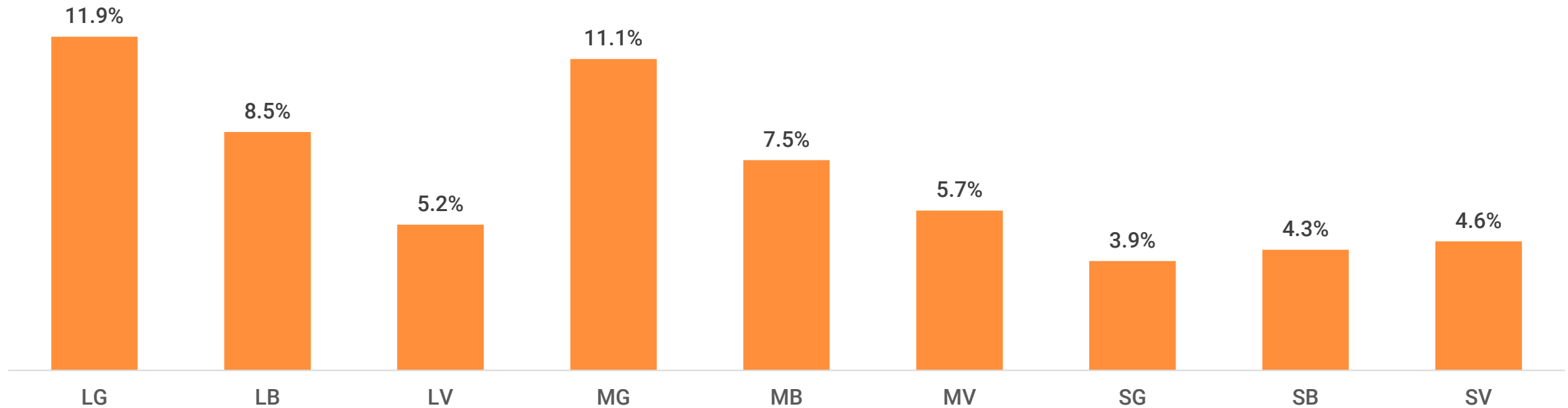
Glenmede Small Cap Equity  
**Second Quarter 2021 Review**



**Christopher J. Colarik**  
Portfolio Manager

# Equity market review: Russell Index style performance

## Second Quarter 2021



LG – Russell 1000 Growth Index  
LB – Russell 1000 Index  
LV – Russell 1000 Value Index

MG – Russell Mid Cap Growth Index  
MB – Russell Mid Cap Index  
MV – Russell Mid Cap Value Index

SG – Russell 2000 Growth Index  
SB – Russell 2000 Index  
SV – Russell 2000 Value Index

Source: FactSet

All information is as of 6/30/2021, unless otherwise noted, and is subject to change. Investing involves risk. Past performance is not indicative of future performance. You cannot invest directly in an Index. See Additional Disclosures at the end of this document. For Institutional Investor Use Only

Clear investor preference for growth

# Russell 2000 Index has another strong quarter

## Summary performance (%)

As of June 30, 2021

|  | 2Q21 (%)   | YTD (%)    | One year (%) |
|--|------------|------------|--------------|
| <b>Glenmede Small Cap Equity (gross)</b> | 4.8        | 19.6       | 67.6         |
| <b>Glenmede Small Cap Equity (net)</b>   | 4.5        | 19.0       | 66.0         |
| <b>Russell 2000 Index</b>                | 4.3        | 17.5       | 62.0         |
| <b>Excess return (gross)</b>             | <b>0.5</b> | <b>2.1</b> | <b>5.2</b>   |

Source: FactSet. Returns shown are gross of fees.

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GIM Small Cap strategy outperformed for the quarter

## Attribution: *Quarter-to-date* (3/31/2021 – 6/30/2021)

| Sector                 | Small Cap Equity (%) |              |                    | Russell 2000 % |              |                    | Attribution analysis % |                         |              |
|------------------------|----------------------|--------------|--------------------|----------------|--------------|--------------------|------------------------|-------------------------|--------------|
|                        | Average weight       | Total return | Contrib. to return | Average weight | Total return | Contrib. to return | Allocation effect      | Selection + Interaction | Total effect |
| Communication services | 2.1                  | 7.8          | 0.2                | 2.6            | 33.0         | 0.8                | -0.1                   | -0.5                    | -0.6         |
| Consumer discretionary | 11.3                 | 1.1          | 0.2                | 14.6           | 5.8          | 0.8                | 0.0                    | -0.5                    | -0.5         |
| Consumer staples       | 2.2                  | 2.6          | 0.0                | 3.3            | 2.1          | 0.1                | 0.0                    | 0.0                     | 0.0          |
| Energy                 | 2.7                  | 10.8         | 0.3                | 2.9            | 20.7         | 0.5                | 0.0                    | -0.2                    | -0.2         |
| Financials             | 17.9                 | 1.0          | 0.2                | 15.9           | 0.8          | 0.2                | -0.1                   | 0.0                     | 0.0          |
| Health care            | 16.9                 | 8.0          | 1.4                | 18.7           | 2.9          | 0.5                | 0.1                    | 0.8                     | 0.9          |
| Industrials            | 21.2                 | 2.6          | 0.7                | 15.7           | 0.4          | 0.1                | -0.2                   | 0.6                     | 0.4          |
| Information technology | 12.2                 | 9.6          | 1.1                | 12.5           | 6.1          | 0.8                | 0.0                    | 0.3                     | 0.3          |
| Materials              | 4.6                  | 8.8          | 0.4                | 4.6            | 4.3          | 0.2                | 0.0                    | 0.2                     | 0.2          |
| Real Estate            | 5.0                  | 8.4          | 0.4                | 6.2            | 7.4          | 0.4                | 0.0                    | 0.0                     | 0.0          |
| Utilities              | 2.7                  | 1.5          | 0.0                | 2.7            | -1.5         | 0.0                | 0.0                    | 0.1                     | 0.1          |
| Cash                   | 1.1                  | 0.0          | 0.0                | --             | --           | --                 | 0.0                    | --                      | 0.0          |
| <b>Total</b>           | <b>100.0</b>         | <b>4.8</b>   | <b>4.8</b>         | <b>100.0</b>   | <b>4.3</b>   | <b>4.3</b>         | <b>-0.3</b>            | <b>0.8</b>              | <b>0.5</b>   |

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Health care and Industrials led while Communication services lagged

## 2Q21 Contributors and Detractors (3/31/2021 – 6/30/2021)

| Top five contributors         | Average weight | Contribution to return |
|-------------------------------|----------------|------------------------|
| Matador Resources Company     | 0.8            | 0.4                    |
| NCR Corporation               | 1.6            | 0.3                    |
| AMN Healthcare Services, Inc. | 1.2            | 0.3                    |
| Valvoline, Inc.               | 1.4            | 0.3                    |
| CommVault Systems, Inc.       | 1.4            | 0.3                    |
| <b>5 Highest</b>              | <b>6.4</b>     | <b>1.6</b>             |

| Top five detractors           | Average weight | Contribution to return |
|-------------------------------|----------------|------------------------|
| Dycom Industries, Inc.        | 0.9            | -0.2                   |
| La-Z-Boy Incorporated         | 1.2            | -0.1                   |
| Asbury Automotive Group, Inc. | 1.4            | -0.1                   |
| Pacira Biosciences, Inc.      | 0.8            | -0.1                   |
| Virtu Financial, Inc. Class A | 0.9            | -0.1                   |
| <b>5 Lowest</b>               | <b>5.3</b>     | <b>-0.7</b>            |

Source: FactSet

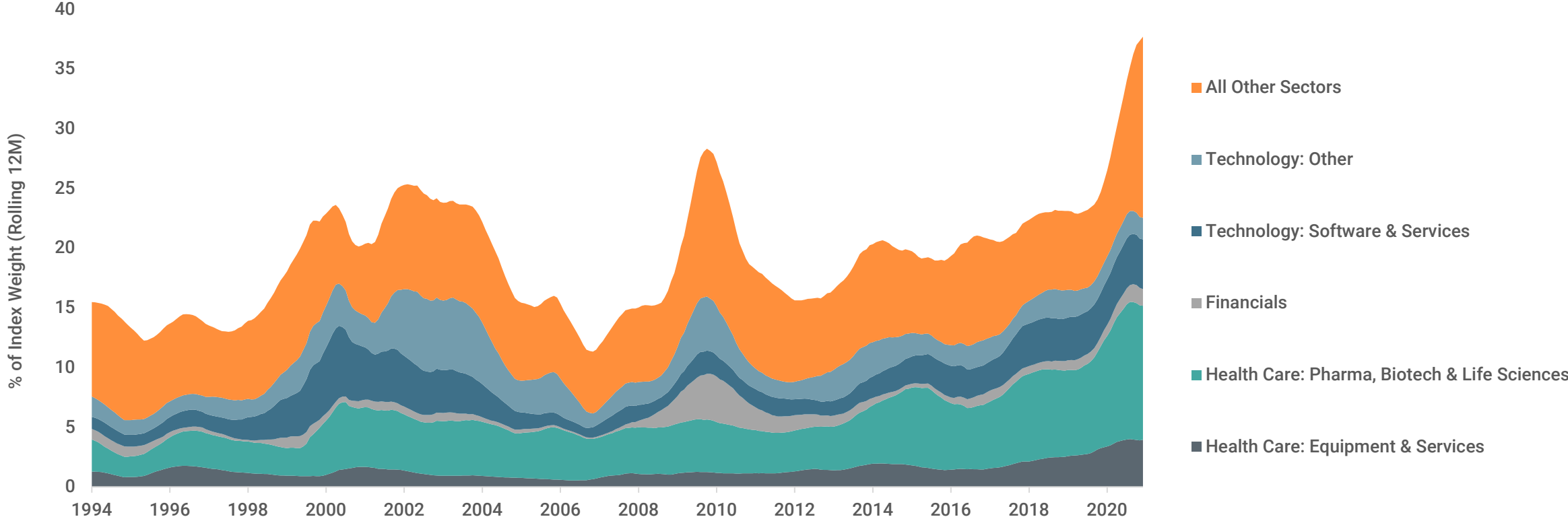
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Positive contributors drove return

# Composition of Negative Earners in the Russell 2000

## % of Index Weight (Rolling 12 Months)

Data from August 30, 1993 to June 30, 2021



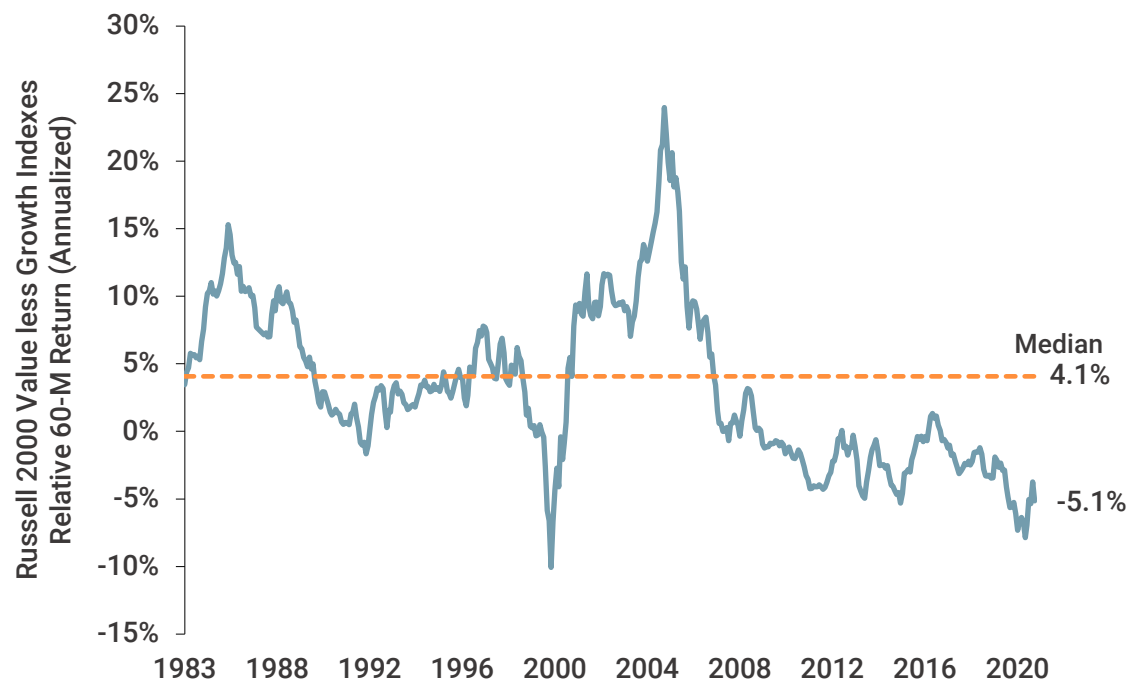
Source: Glenmede Investment Management LP, FactSet  
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Record high % of negative earners

# Growth stocks have led the current market cycle

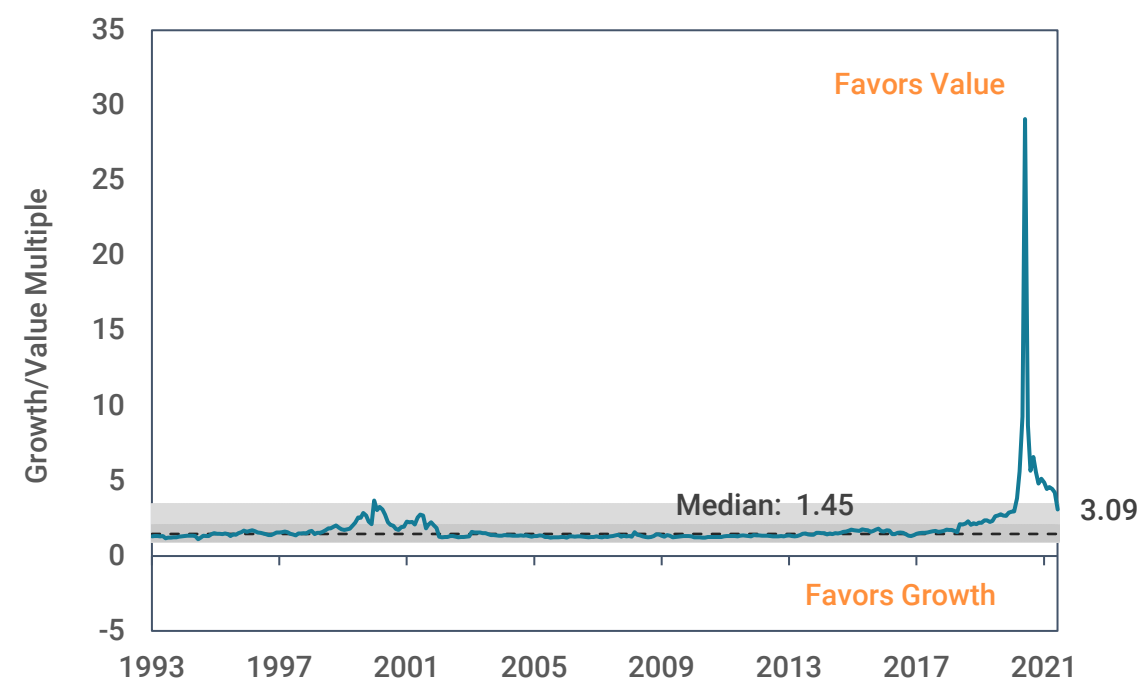
## Small Cap Value and Growth Stocks

Relative 60-Month Total Returns (Annualized)  
December 31, 1978 through June 30, 2021



## P/E FWD 4Q - Relative Multiple

Russell 2000 Value vs. Russell 2000 Growth  
As of June 30, 2021



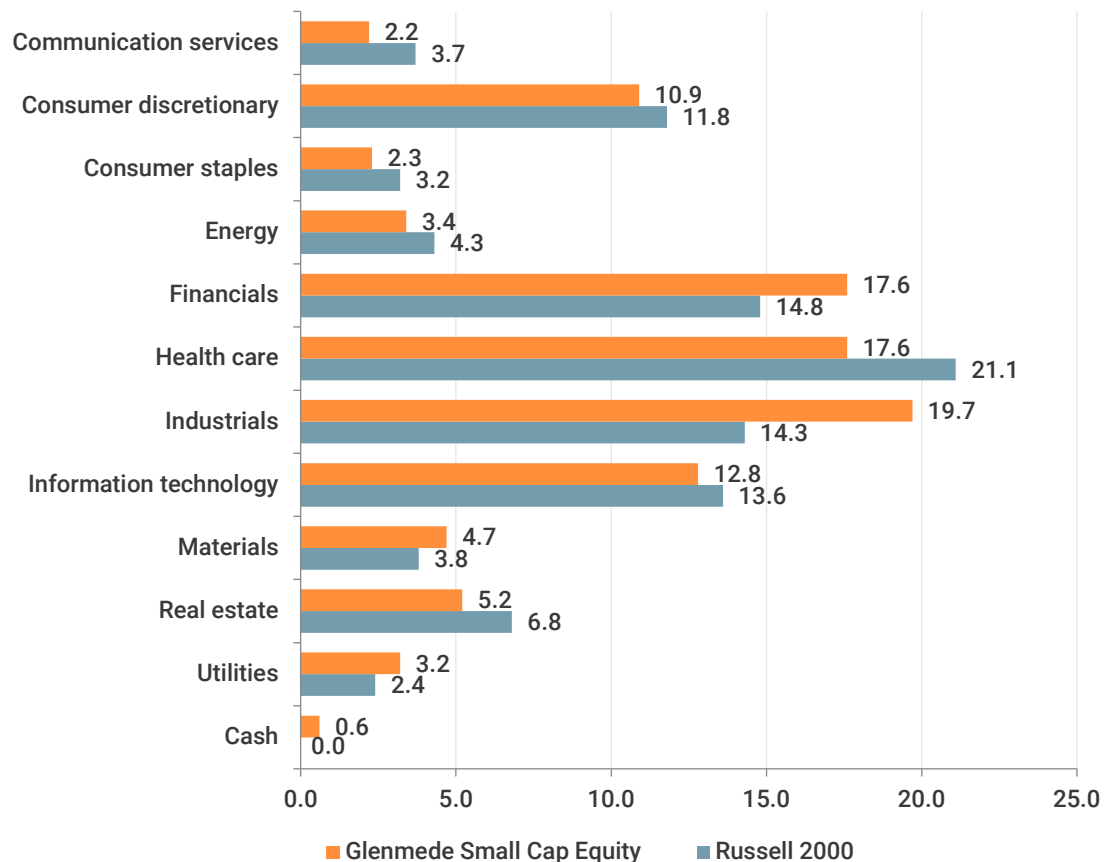
Sources: FactSet and Glenmede Investment Management LP

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Rotation to value leadership could be emerging

# Portfolio details

## Sector group diversification (%)



Source: FactSet

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## Top ten holdings

## % Weight

|                                 |             |
|---------------------------------|-------------|
| MasTec, Inc.                    | 1.7         |
| Boyd Gaming Corporation         | 1.7         |
| Evercore Inc Class A            | 1.7         |
| First Horizon Corporation       | 1.6         |
| Core-Mark Holding Company, Inc. | 1.6         |
| CommVault Systems, Inc.         | 1.6         |
| Valvoline, Inc.                 | 1.5         |
| F.N.B. Corporation              | 1.5         |
| Wintrust Financial Corporation  | 1.5         |
| Diodes Incorporated             | 1.5         |
| <b>Total</b>                    | <b>16.1</b> |

## Market cap distribution

## Glenmede Small Cap %

## Russell 2000 %

|                   |      |      |
|-------------------|------|------|
| >\$3.0 B          | 72.5 | 49.9 |
| \$1.5 B – \$3.0 B | 24.3 | 29.0 |
| \$500 M – \$1.5 B | 3.2  | 17.3 |
| < \$500 M         | --   | 3.8  |

Targeting a well diversified strategy with cyclical bias



## Characteristics aligned with strategy objective

|                                   | Small Cap Equity | Russell 2000 |
|-----------------------------------|------------------|--------------|
| Price/Earnings (NTM)              | 16.4             | 35.5         |
| Price/Earnings FY2                | 15.2             | 27.0         |
| FY2/FY1 Earnings Growth (%)       | 2.1              | 7.0          |
| PEG Ratio                         | 1.1              | 1.3          |
| Return on Equity (%)              | 9.8              | 0.8          |
| Price/Book                        | 2.2              | 2.5          |
| Dividend Yield (%)                | 1.0              | 0.9          |
| Weighted Average Market Cap (mil) | \$4,266          | \$3,392      |

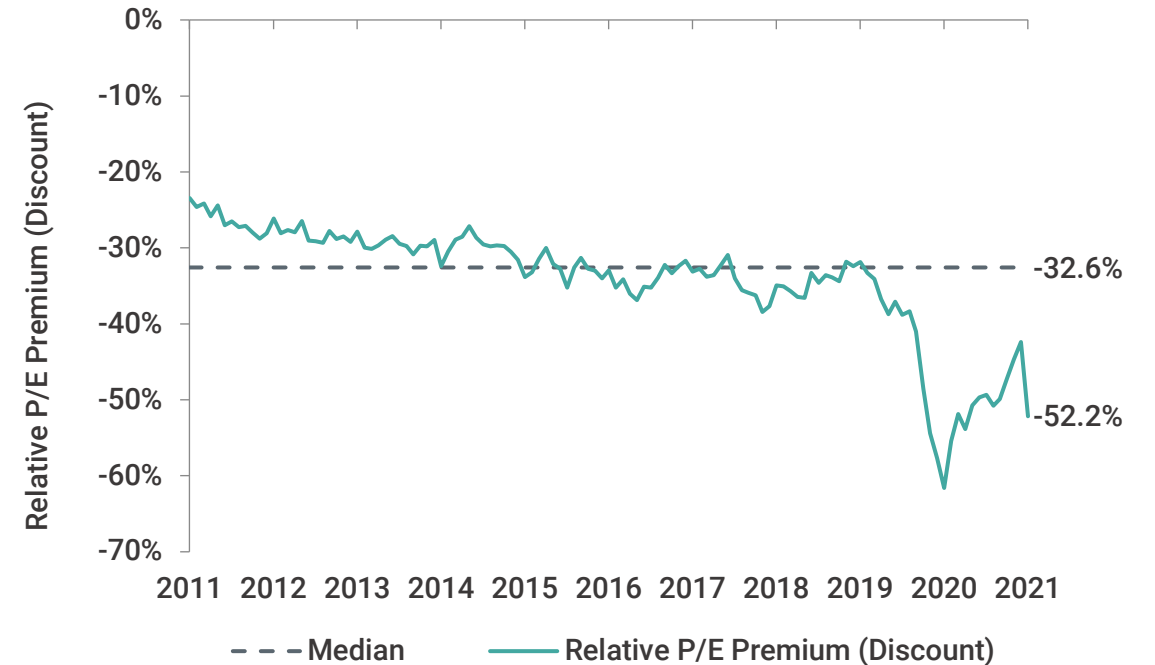
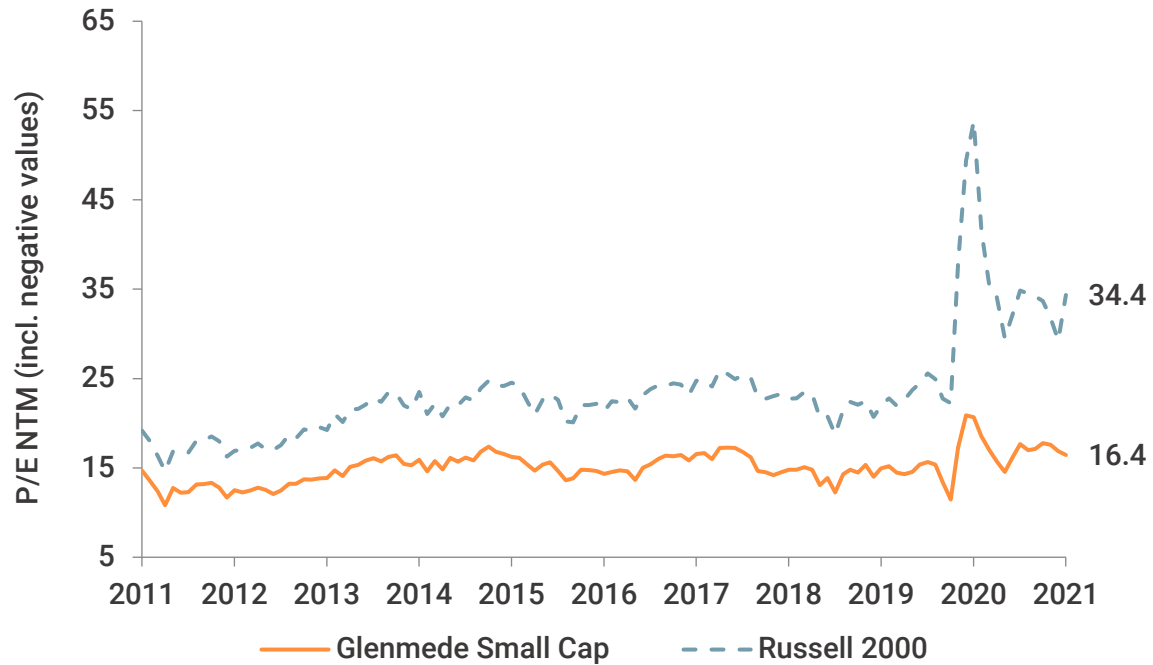
Source: FactSet

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Strategy remains undervalued relative to benchmark

# Strategy at historic relative lows

## Small Cap Equity vs. Russell 2000 Index P/E NTM (incl neg values)



Sources: FactSet and Glenmede Investment Management LP

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Strategy remains positioned in inexpensive stocks

# Team contacts

## Institutions, Consultants, Platforms and Sub-Advisory

**Jeffrey W. Coron, CIMA**  
**Director of Institutional Sales**  
Direct: 215-419-6627  
Email: jeffrey.coron@glenmede.com

## Advisors

**Jason Laird**  
**Business Development Officer**  
Direct: 215-419-6902  
Email: jason.laird@glenmede.com

**Kevin Heckman, CFA**  
**Business Development Officer**  
Direct: 215-419-6193  
Email: kevin.heckman@glenmede.com

**Jarrett Naiden, CIMA**  
**Business Development Associate**  
Direct: 215-419-6793  
Email: jarrett.naiden@glenmede.com



# Composite Performance Presentation

## Small Cap Equity Composite

April 1, 1991 through December 31, 2020

| Period    | Returns Gross of Fees (%) | Returns Net of Fees (%) | Russell 2000 Index (%) | Composite 3YR Std Deviation | Russell 2000 3YR Std Deviation | Number of Accounts | Composite Market Value (\$millions) | Total Firm Market Value (\$millions) | Percentage of Firm Assets | Internal Std Deviation (%) |
|-----------|---------------------------|-------------------------|------------------------|-----------------------------|--------------------------------|--------------------|-------------------------------------|--------------------------------------|---------------------------|----------------------------|
| 2020 Year | 16.77                     | 15.62                   | 19.96                  | 28.1%                       | 25.3%                          | 11                 | 1,566                               | 10,886                               | 14%                       | 0.20                       |
| 2019 Year | 22.20                     | 21.01                   | 25.53                  | 17.0%                       | 15.7%                          | 24                 | 2,188                               | 15,063                               | 15%                       | 0.12                       |
| 2018 Year | (15.08)                   | (15.93)                 | (11.01)                | 16.4%                       | 15.8%                          | 37                 | 2,713                               | 14,589                               | 19%                       | 0.14                       |
| 2017 Year | 16.79                     | 15.64                   | 14.65                  | 14.0%                       | 13.9%                          | 42                 | 3,731                               | 17,598                               | 21%                       | 0.05                       |
| 2016 Year | 19.16                     | 17.99                   | 21.31                  | 15.7%                       | 15.8%                          | 26                 | 3,063                               | 14,642                               | 21%                       | 0.04                       |
| 2015 Year | (2.06)                    | (3.03)                  | (4.41)                 | 14.5%                       | 14.0%                          | 14                 | 2,398                               | 13,053                               | 18%                       | 0.04                       |
| 2014 Year | 4.00                      | 2.98                    | 4.90                   | 13.3%                       | 13.1%                          | 12                 | 1,855                               | 9,753                                | 19%                       | 0.01                       |
| 2013 Year | 49.23                     | 47.80                   | 38.82                  | 16.9%                       | 16.4%                          | 10                 | 1,033                               | 7,147                                | 14%                       | 0.06                       |
| 2012 Year | 17.79                     | 16.64                   | 16.35                  | 20.3%                       | 20.2%                          | <5                 | 420                                 | 5,929                                | 7%                        | N/A                        |
| 2011 Year | 1.02                      | 0.01                    | (4.18)                 | 25.1%                       | 25.0%                          | <5                 | 261                                 | 5,243                                | 5%                        | N/A                        |

| Annualized Performance - Period Ending December 31, 2020 |                             |                           |                           |
|--|-----------------------------|---------------------------|---------------------------|
| Period   | Return (%)<br>Gross of Fees | Return (%)<br>Net of Fees | Russell 2000<br>Index (%) |
| 1 Year   | 16.77                       | 15.62                     | 19.96                     |
| 3 Year   | 6.62                        | 5.56                      | 10.25                     |
| 5 Year   | 11.02                       | 9.93                      | 13.26                     |
| 10 Year  | 11.80                       | 10.70                     | 11.20                     |
| Since Inception  | 11.27                       | 10.43                     | 10.09                     |

### Separate Account Fee Schedule:

|                              |                       |
|------------------------------|-----------------------|
| First \$50 mm (min. \$25mm*) | 0.80% on market value |
| Next \$50 mm                 | 0.70% on market value |
| Next \$150 mm                | 0.60% on market value |
| Thereafter                   | 0.50% on market value |
| * < 25mm                     | 1.00% on market value |

### Past performance is not indicative of future performance.

Glenmede Investment Management, LP (the "Firm" or GIM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Glenmede Investment Management, LP has been independently verified for the period of 01/01/1993 to 06/30/2020. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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The Small Cap Equity Composite objective is to provide maximum long-term total return consistent with reasonable risk to principal, by investing primarily in common stocks with market capitalization at the time of purchase less than the maximum capitalization permitted for a stock in the Russell 2000 Index.

# Composite Performance Presentation

## Small Cap Equity Composite

The composite was created on 05/01/2000 and has an inception date of 04/01/1991. The composite is comprised of all the Glenmede Investment Management, LP Small Cap non-restricted, discretionary and actively managed accounts over \$1 million. Prior to 01/01/2013, the minimum market value was \$5 million. Accounts are included in the composite beginning with the first full month of performance through the last full month of performance. Prior to 04/01/2017, accounts were included with the first full quarter of performance. Accounts falling below the minimum or experiencing net cash flows of 30% or greater of beginning market value are excluded from the composite for that month. Performance results are calculated on a total return basis and include all realized and unrealized capital gains and losses as well as dividends and interest. Portfolios in the composite presented record transactions based on trade date. Portfolio performance calculations are time-weighted to account for periodic contributions and withdrawals. Composite returns consist of size-weighted portfolio returns using beginning of period values to weight portfolio returns. Monthly linking of interim performance results is used to calculate year-to-date and annual returns. All of the composite's valuations and returns are computed and stated in U.S. Dollars. Policies for valuing portfolios, calculating performance and preparing GIPS reports are available upon request. The gross of fee returns reflect composite performance results that include transaction costs. Net of fee returns reflect composite performance results that have been adjusted to reflect a deduction for investment management fees at the highest model rate of 1.00% reflected on the performance presentation.

Internal Standard Deviation measures the consistency of a composite's performance results with respect to the individual portfolio returns within that composite. The dispersion of the gross returns of each composite is calculated by the asset-weighted deviation method. Only portfolios that have been managed for the full period have been included in the presented dispersion calculations of each composite. For periods with five or fewer portfolios, disclosure of dispersion and the number of accounts is not presented. The three-year annualized ex-post standard deviation measures the variability of the gross composite and index returns over the preceding 36-month period.

The Russell 2000 Index is an unmanaged, market value weighted index, which measures performance of the 2,000 companies that are between the 1,000th and 3,000th largest in the market. One cannot invest directly in an index.

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All performance results reported are historical. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. Unless otherwise indicated, performance numbers included herein are reported gross of management fees. You will be charged management fees and management and other fees reduce returns. To see the performance of the relevant composite net of a standardized set of fees, see the GIPS Compliant Presentation on the prior page. Performance of individual accounts during the indicated period may be lower or higher than the performance in the composite.

Price to Earnings (P/E): ratio of stock price to earnings. 3-Year EPS Growth: historical earnings per share growth over the last 3 years. Return on Equity (ROE): net income divided by equity. Free Cash Flow Yield: an indicator that compares free cash flow and market cap. It is a representation of the income (free cash flow) created by an investment. A yield of 12 percent means that a company is generating 12 percent of its Market Capitalization in free cash flow yearly. Dividend Yield: a dividend expressed as a percentage of a current share price.

The Russell 1000 Growth Index is an unmanaged, market value weighted index, which measures performance of the largest 1,000 companies in the U.S. equity market that have higher price/book ratios and higher forecasted growth values. The Russell 1000 Index is an unmanaged, market value weighted index, which measures performance of the largest 1,000 companies in the U.S. equity market. The Russell 1000 Value Index is an unmanaged, market value weighted index, which measures the performance of those 1,000 largest companies in the Russell 3000 Index with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap Growth Index measures the performance of the midcap growth segment of the US equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap Value Index measures the performance of the midcap value segment of the US equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index is an unmanaged, market value weighted index, which measures performance of the 2,000 companies that are between the 1,000th and 3,000th largest in the market. The Russell 2000 Growth Index measures the performance of the small cap growth segment of the US equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000 Value Index measures the performance of small-cap value segment of the US equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. One cannot invest directly in an index.

# Team contacts

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Direct: 215-419-6627  
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Email: jason.laird@glenmede.com

**Kevin Heckman, CFA**  
**Business Development Officer**  
Direct: 215-419-6193  
Email: kevin.heckman@glenmede.com

**Jarrett Naiden, CIMA**  
**Business Development Associate**  
Direct: 215-419-6793  
Email: jarrett.naiden@glenmede.com