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## HIGHLIGHTS

- Small Capitalization stocks (as represented by the Russell 2000 Index) rose +5.2% during the quarter.
- The Glenmede Quantitative U.S. Small Cap Equity strategy underperformed the Russell 2000 Index by -1.8% net of fees for the quarter.
- The strategy had stock selection outperformance in five of eleven sectors. The most positive relative contributions were in the Information Technology and Consumer Discretionary sectors. The most negative relative contributions were in the Health Care and Energy sectors.

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The Glenmede Quantitative U.S. Small Cap Equity Composite had a total return for Second Quarter 2023 of +3.4% (net of fees). On a relative basis, the Quantitative U.S. Small Cap Equity Composite underperformed the Russell 2000 Index by about -1.8%.

For the Second Quarter 2023, the S&P 500 and Russell 2000 Indexes had total returns of +8.7% and +5.2%, respectively. Investor sentiment improved with increased optimism on economic growth supported by strength in employment and consumer spending. The Fed raised short-term interest rates by 25 basis points in May and paused in June. First quarter earnings were better than expected with 56% of companies in the Russell 2000 Index reporting positive surprises. The average stock in the Index lagged with a total return of +3.7% (equal-weighted). In the quarter, the best performing sectors in the Russell 2000 Index were Health Care (+11.4%) and Industrials (+9.8%). The worst performing sectors were Utilities (-3.6%) and Energy (-1.1%).

For the quarter, the strategy had net negative contributions from multi-factor stock selection models, including biases towards lower valuations. Russell 2000 Index constituents with price/earning ratios below 20 underperformed with an average return of +3.7%, while negative earners outperformed with an average return of +8.4%. The strategy was unfavorably impacted from relative underexposures to higher valuations and negative earners in the Russell 2000 Index. The strategy had stock selection outperformance in five of eleven sectors. The most positive relative contributions were in the Information Technology and Consumer Discretionary sectors. The most negative relative contributions were in the Health Care and Energy sectors. Industry group biases had an unfavorable impact on performance, including overweightings in Communication Services and underweightings in Information Technology stocks.

The latest U.S. real GDP estimate for First Quarter was +2.0% versus +2.6% for last quarter. The quarter reflected gains in personal consumption expenditures (+4.2%) and federal, state and local spending (+5.0%), and exports (+7.8%). Gross private domestic investment (-11.9%) was a detractor. For full year 2023, many economists project real GDP growth in a range of 0.5% to 2.0% and CPI of 3.5% to 4.5%. We expect corporate earnings and revenue growth of 0% to 3% supported by high employment, declining inflation, and prudent Fed monetary policy. However, Russia and China are having significant global economic and financial impacts. Currently, our leading industry group indicators target overweightings in Consumer Discretionary, Communication Services, Health Care and Energy, and underweightings in Industrials and Utilities. We believe this strategy is well positioned with its multifactor approach favoring stocks with more attractive valuations, high cash flow yield, strong fundamentals, positive earnings/revenue estimate trends and favorable technicals.

## QUANTITATIVE U.S. SMALL CAP EQUITY Composite Performance (%)

| As of 6/20/2023    | QTD | YTD | 1 YEAR | 3 YEAR* | 5 YEAR* | 10 YEAR* | SINCE INCEPTION* (11/30/17) |
|--------------------|-----|-----|--------|---------|---------|----------|-----------------------------|
| Glenmede (Gross)   | 3.7 | 5.7 | 17.6   | 19.1    | 7.8     | N/A      | 8.3                         |
| Glenmede (Net)     | 3.4 | 5.1 | 16.5   | 17.9    | 6.8     | N/A      | 7.3                         |
| Russell 2000 Index | 5.2 | 8.1 | 12.3   | 10.8    | 4.2     | N/A      | 5.1                         |

\*Annualized

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

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**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 GIM Client Service at 215.419.6662. Please see the GIPS® presentation for further explanation.

The Glenmede Quantitative U.S. Small Cap Equity Composite objective is to provide maximum long-term return with reasonable risk to principal, by investing in domestic stocks of the Russell 2000 universe. 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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