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## HIGHLIGHTS

- Small Capitalization stocks (as represented by the Russell 2000 Index) rose +5.2% during the quarter.
  - The Glenmede Small Cap Equity strategy underperformed the Russell 2000 by -0.6% net of fees.
  - From a sector perspective, Health Care and Materials were areas of weakness, while Industrials was a bright spot for the strategy.
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The small cap market, as defined by the Russell 2000 Index, returned 5.2% for the second quarter of 2023. The benchmark's best performing sectors during the quarter were Health Care and Industrials. Investors favored these sectors as constituent companies are believed to possess greater earnings growth potential than other areas of the market where economic uncertainty has pressured end customer demand. At the other end of the spectrum, Utilities was the worst performing sector in the benchmark as investors shunned the defensive sector.

The strategy returned 4.8% (4.6% net) for the second quarter, which was an underperformance of -0.4% on a gross of fee basis relative to the Russell 2000 Index. From a sector perspective, Health Care and Materials were areas of weakness, while Industrials was a bright spot for the strategy.

The strategy's Health Care sector detracted -1.8% on an attribution basis for the quarter with weak security selection, specifically within the Biotechnology and Health Care Technology industry groups, driving the underperformance. The strategy's deliberate underweight to the speculative companies within Biotechnology proved to be a drag on performance. Additional weakness came on the heels of disappointing earnings results from the two portfolio holdings in Health Care Technology. We remain constructive on the longer-term opportunities for both companies and they remain in the portfolio.

The strategy's Materials sector was down -0.4% relative to the benchmark on an attribution basis. Our two holdings within the Containers & Packaging industry were negatively impacted as investors began to forecast decelerating product volumes for the remainder of the year after record demand for consumer-packaged goods during the pandemic.

The strategy's Industrials sector added 1.3% relative to the benchmark on an attribution basis driven by strong stock selection. The strategy benefited from our decision to overweight the Trading Companies & Distributors industry group as well as strong stock selection within the group.

During the quarter, investors continued to grapple with the implications of higher interest rates relative to the prior decade. The result was an investment landscape dominated by shifting investment narratives surrounding future Federal Reserve action and the health of the underlying economy. Our view is that the economy is on a sounder footing than consensus believes and that a pivot in Fed policy is unlikely in the near-term given the current levels of unemployment and inflation. An investment environment in which interest rates stabilize at higher levels than the prior decade may lead to a diminished importance of macroeconomic variables. Our strategy’s focus on investing in higher-quality companies trading at attractive valuations with company specific catalysts should be rewarded.

## GLENMEDE’S SMALL CAP SECTOR POSITIONING

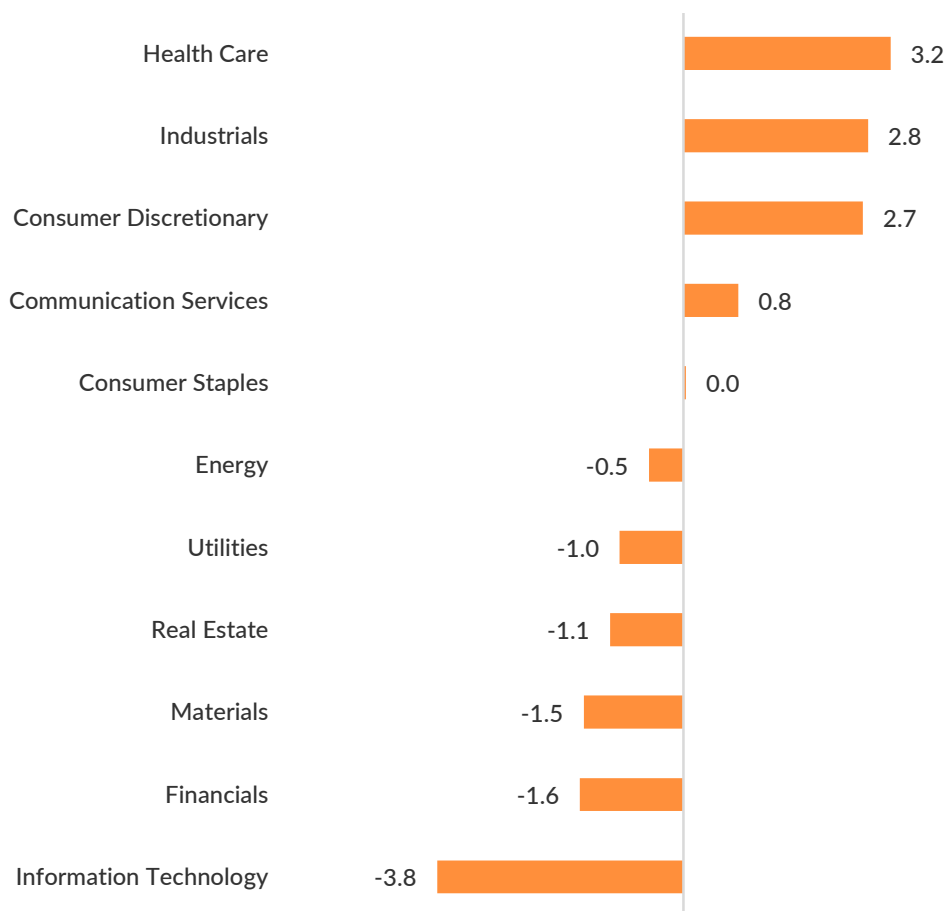
AS OF JUNE 30, 2023

We believe the US economy will experience uneven growth in the coming quarters

**DRIVERS:** Corporate spending and organic consumer demand

**RISKS:** Credit Risk, Federal Reserve policy mistake, and geopolitical events

Glenmede Small Cap Equity vs. Russell 2000 Index  
Sector group difference (%)



Source: FactSet  
Data as of 6/30/2023

The views expressed represent the opinions of the portfolio managers as of June 30, 2023. 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. 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. For institutional adviser use only, not intended to be shared with retail clients.

## SMALL CAP EQUITY Composite Performance (%)

As of 6/30/2023	QTD	YTD	1 YEAR	3 YEAR*	5 YEAR*	10 YEAR*	SINCE INCEPTION* (3/31/91)
Glenmede (Gross)	4.8	9.4	15.9	21.6	8.1	10.6	11.2
Glenmede (Net)	4.6	8.8	14.7	20.4	7.1	9.5	10.3
Russell 2000 Index	5.2	8.1	12.3	10.8	4.2	8.3	9.2

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

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. 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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2023

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