

# QUANTITATIVE U.S. SMALL CAP EQUITY QUARTERLY COMMENTARY

## 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 outperformed the Russell 2000 Index by +4.2% net of fees for the quarter.
- The strategy had stock selection outperformance in eight of eleven sectors. The most positive relative contributions were in the Consumer Discretionary and Health Care sectors. The most negative relative contributions were in the Information Technology and Consumer Staples sectors.

The Glenmede Quantitative U.S. Small Cap Equity Composite had a total return for First Quarter 2024 of +9.4% (net of fees). On a relative basis, the Quantitative U.S. Small Cap Equity Composite outperformed the Russell 2000 Index by about +4.2%.

For the First Quarter 2024, the S&P 500 and Russell 2000 Indexes had total returns of +10.6% and +5.2%, respectively. Equity markets gained in response to higher-than expected real GDP, job growth, positive earnings surprises and AI exuberance. Although the CPI for January and February were slightly above expectations, the PCE was in line. The market expects three interest rate cuts this year. The 10-Year Treasury yield increased by about 0.3% to 4.2% and stock market volatility as measured by the CBOE VIX increased from about 12.5 to 13.0. For Fourth Quarter 2023 results, about 60% of Russell 2000 companies reported positive earnings surprises. The average stock (equal-weighted) in the Index underperformed with a total return of +2.2%. The Russell 2000 Growth Index (+7.6%) outperformed the Russell 2000 Value Index (+2.9%) by about +4.7%. In the quarter, the best performing sectors in the Russell 2000 Index were Information Technology (+12.8%) and Energy (+11.9%). The worst performing sectors were Utilities (-3.6%) and Real Estate (-1.7%).

For the quarter, the strategy had net positive contributions from multi-factor stock selection models, including biases towards lower valuations and stronger fundamentals. The strategy had stock selection outperformance

in eight of eleven sectors. The most positive relative contributions were in the Consumer Discretionary and Health Care sectors. The most negative relative contributions were in the Information Technology and Consumer Staples sectors. Industry group biases had a net favorable impact on performance, including overweightings in Health Care and underweightings in Financials stocks.

The U.S. real GDP estimate for Fourth Quarter was +3.4% versus +4.9% for the Third Quarter. The quarter reflected gains in personal consumption expenditures (+3.3%), government spending (+4.6%), and exports (+5.1%). Imports (+2.2%) was a detractor. For 2024, many economists project real GDP growth in a range of 2% to 3% and CPI of 2% to 3%. We expect positive corporate profit growth of 3% to 5% supported by high employment, declining inflation, and prudent Fed monetary policy. However, geopolitical risks can have significant global economic and financial impacts. Currently, our leading industry group indicators target overweightings in Consumer Discretionary, Materials and Utilities, and underweightings in Industrials, Financials, Communication Services and Consumer Staples. We believe this strategy is well positioned with its multifactor approach favoring stocks with more attractive valuations, high cash flows, strong fundamentals, positive earnings/revenue estimate trends and favorable technicals.

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

As of 3/31/2024	QTD	YTD	1 YEAR	3 YEAR*	5 YEAR*	10 YEAR*	SINCE INCEPTION* (11/30/17)
Glenmede (Gross)	9.7	9.7	29.1	11.0	13.9	n/a	11.0
Glenmede (Net)	9.4	9.4	27.8	9.9	12.8	n/a	10.0
Russell 2000 Index	5.2	5.2	19.7	-0.1	8.1	n/a	6.6

\*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. Net numbers are net of max allowable management fee for this strategy. 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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