

## SMALL CAP EQUITY QUARTERLY COMMENTARY

### HIGHLIGHTS

- Small Capitalization stocks (as represented by the Russell 2000 Index) fell -3.3% during the quarter.
- The Glenmede Small Cap Equity strategy outperformed the Russell 2000 by +0.4% net of fees.
- From a sector perspective, Information Technology and Financials were areas of strength, while Health Care was the biggest detractor for the strategy.

The small cap market, as defined by the Russell 2000 Index, returned -3.3% for the first quarter of 2024. The benchmark's best performing sectors during the quarter were the Consumer Staples and Utilities sectors. Investors favored the more defensive characteristics of these two sectors as macroeconomic concerns led to a small cap market sell-off during the quarter. At the other end of the spectrum, the Consumer Discretionary sector was the worst performing sector in the benchmark as investors continue to express concerns about the health of the US consumer.

The strategy returned -2.7% (-2.9% net) for the fourth quarter, which was an outperformance of 0.6% on a gross of fee basis relative to the Russell 2000 Index. From a sector perspective, Information Technology and Financials were areas of strength, while Health Care was the biggest detractor for the strategy.

The strategy's Information Technology sector added 0.6% on an attribution basis for the quarter with strong security selection within the Software industry group driving the bulk of the result. Market participants continue to differentiate between individual business models and balance sheets within the software space, rewarding names such as ours that are on sound footing and have encouraging prospects, and punishing more speculative ones, where profitability and ongoing use cases are less clear.

The strategy's Financials sector added 0.5% relative to the benchmark on an attribution basis. The strategy benefited from strong stock selection within the Capital Markets industry. Investors are optimistic that both investment banking activity and volatility will pick up in the back half of 2024, and this will lead to an increase in trading revenue.

The strategy's Health Care sector detracted -0.5% relative to the benchmark on an attribution basis with stock selection impacting the result. Disappointing earnings announcements and forward-looking commentary from the management teams of several of our Health Care Technology industry holdings proved detrimental to the sector's overall performance.

During the quarter, macroeconomic concerns and the direction of Federal Reserve interest rate policy decisions dictated positioning. A dovish narrative continued during the quarter with the belief that an economic soft-landing has been achieved and interest rate cuts will occur this fall. Our view is that the economy is on a sounder footing than consensus believes, and that future levels of unemployment and inflation may prevent the Fed from cutting rates as much as currently anticipated. An investment environment in which interest rates stabilize at a higher level may lead to an increased focus on corporate capital allocation. 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

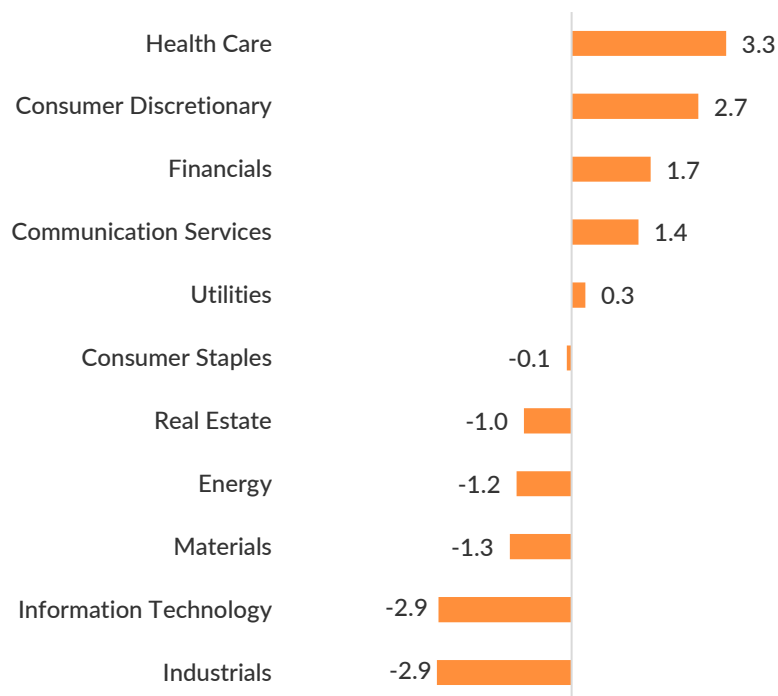
AS OF JUNE 30, 2024

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 6/30/2024

The views expressed represent the opinions of the portfolio managers as of June 30, 2024. 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 6/30/2024	QTD	YTD	1 YEAR	3 YEAR*	5 YEAR*	10 YEAR*	SINCE INCEPTION* (3/31/91)
Glenmede (Gross)	-2.7	2.2	10.4	5.8	12.0	8.8	11.2
Glenmede (Net)	-2.9	1.7	9.3	4.8	10.9	7.8	10.3
Russell 2000 Index	-3.3	1.7	10.1	-2.6	6.9	7.0	9.3

\*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. 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 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.

GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Views expressed include opinions of the portfolio managers as of June 30, 2024, based on the facts then available to them. All facts are gathered in good faith from public sources, but accuracy is not guaranteed. Nothing herein is intended as a recommendation of any security, sector or product. **Returns represent past performance and are not guarantees of future results.** Actual performance in a given account may be lower or higher than what is set forth above. All investment has risk, including risk of loss. Designed for professional and adviser use.

Q2  
2024

1650 Market Street, Suite 1200 Philadelphia, PA 19103-7391  
215-419-6662 | gimclientsupport@glenmede.com

[glenmedeim.com](http://glenmedeim.com)

**GLENMEDE**  
INVESTMENT MANAGEMENT