

# DISCIPLINED U.S. VALUE EQUITY\*

## QUARTERLY COMMENTARY

### HIGHLIGHTS

- Large capitalization stocks (as represented by the Russell 1000 Value Index) rose +3.8% during the quarter.
- The Glenmede Disciplined U.S. Value Equity strategy underperformed the Russell 1000 Value Index by -0.2% net of fees for the quarter.
- The strategy had stock selection outperformance in 6 of 11 sectors versus the Index. The most positive relative contributions were in the Financials and Energy sectors. The most negative relative contributions were in the Consumer Staples and Information Technology sectors.

The Glenmede Disciplined U.S. Value Equity Composite had a total return for Second Quarter 2025 of +3.6% (net of fees). On a relative basis, the Disciplined U.S. Value Equity Composite underperformed the Russell 1000 Value Index by a spread of about -0.2%.

For the Second Quarter 2025, the S&P 500 and Russell 1000 Value Indexes had total returns of +10.9% and +3.8%, respectively. Investor sentiment was boosted from progress in tariff negotiations, lower risk for recession, positive corporate earnings surprises and improving inflation outlook. Stock market volatility as measured by the CBOE VIX decreased from about 22.3 to 16.7. The Russell 1000 Growth Index (+17.8%) outperformed the Russell 1000 Value Index by about +14.0%. The best performing sectors in the Russell 1000 Value Index were Information Technology (+15.7%) and Industrials (+13.5%). The worst performing sectors were Health Care (-8.7%) and Energy (-7.6%).

For the Second Quarter, the strategy had net negative contributions from multi-factor stock selection models, including biases toward lower valuations. Outperforming factors included earnings growth, earnings estimate revisions, trading volume/liquidity and market size. Underperforming factors included dividend yield, EV/EBITDA, price/earnings, price/sales and share repurchase. For First Quarter earnings, about 78% of the portfolio holdings reported positive EPS surprises versus about 76% of Russell 1000 Value constituents. The strategy had stock selection outperformance in 6 of 11 sectors versus the Index. The most positive relative contributions were in the Financials and Energy sectors. The most negative relative contributions were in the Consumer Staples and Information Technology sectors. Industry group biases had net negative impacts on performance, including relative overweightings of Health Care and Energy stocks.

\*Prior to 12/31/2024, the strategy was known as Glenmede Quantitative U.S. Large Cap Value Equity.

The latest U.S. real GDP estimate for First Quarter was -0.5% versus +2.4% for the Fourth Quarter. The First Quarter reflected gains in personal consumption expenditures (+0.5%) and gross private domestic investment (+23.8). Detractors included federal expenditures and gross investment (-4.6%) and imports (+37.9%). For 2025, many economists project real GDP growth of +1% to +2% and CPI of about 2.5% to 3.5%. We expect positive corporate profit growth supported by high employment, relatively stable inflation, and prudent Fed monetary policy. However, trade tariffs, fiscal policies and geopolitical risks can have significant global economic and financial impacts. Currently, our leading industry group indicators target overweightings in Health Care, Information Technology, Real Estate, Energy, Consumer Discretionary and Materials, and underweightings in Communication Services, Consumer Staples, Financials and Utilities. In comparison to last quarter, Information Technology (Software and Hardware) strengthened with increasing analyst coverage, improving estimate revisions and decreasing shorting pressures. Real Estate moved to a strong overweight with slowing industrial production and improving dividend yield, price/book and lower debt levels. Consumer Discretionary (Retail) decreased to a modest overweight based on weakening personal savings rate, fewer single-family housing units authorized, declining growth expectations, and higher relative valuations versus other industry groups (price/book and dividend yield). Communication Services (Media) weakened to strong underweight based on rising commodity prices, more hours worked, decreasing consumer sentiment and decreasing fundamentals (ROIC, earnings quality). 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.

## Disciplined U.S. Value Equity Composite Performance (%)

As of 6/30/2025	QTD	YTD	1 YEAR	3 YEAR*	5 YEAR*	10 YEAR*	SINCE INCEPTION* (4/30/15)
Glenmede (Gross)	3.8	4.3	12.3	12.1	14.3	9.1	8.9
Glenmede (Net)	3.6	3.9	11.4	11.2	13.4	8.3	8.1
Russell 1000 Value	3.8	6.0	13.7	12.8	13.9	9.2	8.9

\*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 Disciplined U.S. Value Equity Composite objective is to provide maximum long-term return with reasonable risk to principal, by investing in domestic stocks of the Russell 1000 Value universe. 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. One cannot invest directly in an index. Prior to 12/31/2024, the strategy was known as Glenmede Quantitative U.S. Large Cap Value Equity.

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