

# LONG/SHORT EQUITY\*

## QUARTERLY COMMENTARY

### HIGHLIGHTS

- The Glenmede Long/Short Equity strategy, which targets a net equity exposure of 30%, underperformed its blended benchmark (30% Russell 3000 Index, 70% Barclays 30-month Treasury Bill) during the quarter by -0.7% net of fees.
- For the Second Quarter, the strategy had net negative contributions from multi-factor stock selection models, including biases towards lower valuations.
- The strategy had stock selection outperformance in 4 of 11 sectors versus the Index. The most positive relative contributions were in the Materials and Consumer Staples sectors. The most negative relative contributions were in the Information Technology and Communication Services sectors.

The Glenmede Long/Short Equity Composite had a total return for the Second Quarter 2025 of +3.3% (net of fees). The Long/Short Equity Composite underperformed a blended mix of 30% Russell 3000 and 70% Barclays 3-Month Treasury Bill Indexes by a spread of about -0.7%. This strategy is managed to a net equity exposure of about 30%.

For the Second Quarter 2025, the S&P 500 and Russell 3000 Indexes had total returns of +10.9% and +11.0%, respectively. Investor sentiment was boosted by 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. Only five stocks (NVDA, MSFT, AVGO, META and AMZN) contributed about 57% of the total return (624 basis points) for the Russell 3000 Index. The Russell 3000 Growth Index (+17.6%) outperformed the Russell 3000 Value Index (+3.8%) by about +13.8%. The best performing sectors in the Russell 3000 Index were Information Technology (+23.5%) and Communication Services (+19.0%). The worst performing sectors were Energy (-7.3%) and Health Care (-5.7%).

For the Second Quarter, the strategy had net negative contributions from multi-factor stock selection models, including biases towards lower valuations. Outperforming factors included earnings growth, earnings estimate revisions and trading volume/liquidity. Underperforming factors included dividend yield, price/earnings, price/cash flow and share repurchase. The strategy was negatively impacted from relative underexposures to the Magnificent 7 and lower market capitalizations versus the Russell 3000 Index. The average stock (equal-weighted) in the Russell 3000 Index had a total return of about +10.0%. For First Quarter earnings, about 78% of the portfolio long positions reported positive EPS surprises versus about 68% of Russell 3000 constituents. The strategy had stock selection outperformance in 4 of 11 sectors versus the Index. The most positive relative contributions were in the Materials and Consumer Staples sectors. The most negative relative contributions were in the Information Technology and Communication Services sectors. Industry group biases had net negative impacts on performance, including relative overweightings of Health Care and Energy, and underweightings of Communication Services stocks. Long equity positions had a total return of +8.3% versus short positions with a total return of +7.4%.

\*Prior to 12/31/2024, the strategy was known as Glenmede Quantitative U.S. Long/Short 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.

<sup>1</sup>The "Magnificent Seven" stocks are a group of high-performing and influential companies in the U.S. stock market. The list includes: Apple, Microsoft, Amazon, Alphabet (Google), Tesla and Nvidia.

LONG/SHORT EQUITY Composite Performance (%)

As of 6/30/2025	QTD	YTD	1 YEAR	3 YEAR*	5 YEAR*	10 YEAR*	SINCE INCEPTION* (11/30/06)
Glenmede (Gross)	3.6	5.0	11.5	10.1	10.9	5.9	4.7
Glenmede (Net)	3.3	4.4	10.2	8.8	9.5	4.6	3.4
Russell 3000 Index	11.0	5.8	15.3	19.1	16.0	13.0	10.2
30% Russell 3000/70% Barclays Capital 3-Month TBill	4.0	3.4	8.1	9.2	7.0	5.5	4.3

\*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 Glenmede Long/Short Equity Composite objective is to use long and short equity positions based on proprietary multi-factor stock ranking models, overlaid with upside and downside risk screens, to achieve long-term capital appreciation consistent with reasonable risk to principal. The Russell 3000 Index is an unmanaged, market value weighted index, which measures total return performance of the 3,000 companies that are largest in the market. One cannot invest directly in an index. **Prior to 12/31/2024, the strategy was known as Glenmede Quantitative U.S. Long/Short Equity.**

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