



## SECURED OPTIONS QUARTERLY COMMENTARY

### HIGHLIGHTS

- Strategies like Glenmede Secured Options that seek to capture the Volatility Risk Premium (VRP) and the Equity Risk Premium (ERP) on the S&P 500 Index, benefit from environments when the S&P 500 Index implied (expected) volatility is greater than realized (actual) volatility.
- For the fourth quarter, the Glenmede Secured Options Composite had a return of +3.0% gross and +2.8% net, while the CBOE S&P 500 Put-Write Index had a return of +5.0% and the CBOE S&P 500 Buy-Write Index had a return of +6.5%.
- Heading into the first quarter of 2026, implied volatility of the S&P 500 Index options remains elevated relative to its realized volatility with steeper downside skew and lower stock/sector correlation.

The S&P 500 Index stayed in a tight range throughout the fourth quarter of 2025. Fortunately, strategies like Glenmede Secured Options, that seek to capture the Volatility Risk Premium (VRP) and the Equity Risk Premium (ERP) on the S&P 500 Index, benefit from environments like this, where the S&P 500 Index implied (expected) volatility is greater than the subsequent realized (actual) volatility and the returns of the underlying index has a small positive return. The S&P 500 Index was up only 2.7% for the fourth quarter, which allowed most index option selling strategies to outperform the underlying index for the fourth quarter of 2025.

Our Glenmede Secured Options strategy, which seeks to capture both Equity Risk Premium (ERP) and Volatility Risk Premium (VRP) by primarily selling cash-secured puts on the S&P 500 Index, returned 3.0% before fees and 2.8% net in 2025Q4, and returned 8.7% before fees and 8.1% net for the year. Our benchmark, the CBOE S&P 500 Put-Write Index (Ticker: PWT) returned 5.0% for 2025Q4 and returned 9.3% for the year. The CBOE S&P 500 Buy-Write Index (Ticker: BXM) returned 6.5% and 8.9%, respectively. Since our benchmark also has roughly 50% exposure to each of the two risk premia, we believe all relative under/outperformance may be attributed to our active options selection process. Unfortunately, our defensive positioning throughout the year was the biggest contributor to our underperformance.

Given the sizeable performance difference between the two CBOE benchmarks for the fourth quarter of 2025, we thought a refresher on how each index cycles through monthly expiration would be helpful. At each monthly

expiration, the CBOE Put-Write Index is 100% cash from 9:30 am (when the previous month's put option expires) until to 11:30 am (when the new put is sold). Whereas the CBOE Buy-Write Index is 100% invested in the S&P 500 Index from 9:30 am (when the previous month's call expires) until 11:30 am (when the new call is sold). During this window, The S&P 500 Index outperformed cash by a total of 1.5%, which caused the CBOE Put-Write Index to underperform.

Heading into the first quarter of 2026, implied volatility of the S&P 500 Index options remains elevated relative to its realized volatility with steeper downside skew and lower stock/sector correlation. Given this backdrop, we would expect our Glenmede Secured Options strategy to be slightly more defensive with a larger than normal downside cushion.

## SECURED OPTIONS Composite Performance (%)

As of 12/31/2025	QTD	YTD	1 YEAR	3 YEAR*	5 YEAR*	10 YEAR*	SINCE INCEPTION* (12/31/03)
Glenmede (Gross)	3.0	8.7	8.7	13.0	8.9	7.8	7.5
Glenmede (Net)	2.8	8.1	8.1	12.4	8.3	7.1	6.9
CBOE PutWrite TW	5.0	9.3	9.3	13.8	10.6	7.9	7.4
CBOE BuyWrite	6.5	8.9	8.9	13.5	9.3	7.3	6.1

\*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 [gimclientservices@glenmede.com](mailto:gimclientservices@glenmede.com). Please see the GIPS® presentation for further explanation.

The Secured Options composite included herein, from January 1, 2004 to June 30, 2010, is that of Glenmede Trust Company and has been linked to the performance of Glenmede Investment Management, LP. The investment decision makers and the investment process remains unchanged. The secured options composite will implement buy-write (covered call) and/or cash-secured put option strategies on stock ETFs, stock indices and/or individual stocks held by the portfolio. The strategy invests in options which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of the securities prices, interest rates and currency exchange rates. The strategy may invest in ADRs and foreign securities which involve greater volatility and political, economic, and currency risks and differences in accounting methods. This strategy seeks to balance the total return of the S&P 500 with risk mitigation from options. This investment may not be suitable for all investors. The CBOE Put/Write T-W Index is a benchmark index designed to track the performance of a hypothetical short put strategy. CBOE introduced the CBOE S&P 500 PutWrite T-W Index on July 3, 2014. The PWT Index replicates the methodology used to calculate the PUT Index, with one exception. That is, on each roll date the SPX puts are deemed to be sold at the Ptwap, a price equal to the time-weighted average of reported bid prices, of the selected SPX put option beginning at 11:30 a.m. ET and ending at 12:00 p.m. ET. Accordingly, Ptwap is used in place of the Pvwap on PWT roll dates. CBOE has not calculated a separate series of historical values for the PWT Index prior to July 2007. Rather, historical values for the PWT Index prior to July 2007, may be considered the same as PUT Index values. The unmanaged index is a total return index with dividends reinvested. The CBOE S&P 500 BuyWrite Index is a benchmark index designed to show the hypothetical performance of a portfolio that engages in a buy-write strategy using S&P 500 index call options. The term buy-write is used because the investor buys stocks and writes call options against the stock position. The writing of the call option provides extra income for an investor who is willing to forego some upside potential. One cannot invest directly in an index.

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**We calculate the Equity Risk Premium as the spread between the total monthly return of the S&P500 and the yield on the 10-year Treasury Bond in monthly terms. The average Equity Risk Premium over the entire period is calculated as the annualized average of each monthly Equity Risk Premium.**

**We calculate the Volatility Risk Premium as the spread between the closing price of the VIX Index and the subsequent 1-month realized price volatility of the S&P 500 Index. Each observation is a 1-month period starting on an options expiration date (the third Friday of the month).**

Views expressed include opinions of the portfolio managers as of December 31, 2025, 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.