

## EQUITY INCOME QUARTERLY COMMENTARY

### HIGHLIGHTS

- Equity markets (as represented by the S&P 500 Index) rose +4.3% during the quarter.
- The Glenmede Equity Income strategy underperformed the Russell 1000 Value by -1.2% net of fees and the S&P 500 by -7.7% net of fees
- The lag behind the S&P is primarily due to lack of exposure to the largest components of that index, as well as some of the other perceived beneficiaries of the AI theme. Versus the Value benchmark, stock selection was the main reason for the underperformance.

The widening breadth in market performance that appeared in late 2023 and the start of 2024 quickly faded in the quarter ending June 30, 2024. The S&P 500 Index continued to rise with a total return of 4.3%, but the Russell 1000 Value Index return was -2.2%. In fact, the average stock in the S&P returned -2.6% and within the Value Index was -3.6%. The Artificial Intelligence (AI) secular growth theme remained a tailwind, continuing to drive strong returns for a relatively small number of stocks including a few of the largest S&P 500 components. This propelled returns for the Information Technology and Communication Services sectors well ahead of the overall Index. Utilities was the only other sector with aggregate returns exceeding that benchmark. Within the Value Index, which currently lacks exposure to most of the large S&P companies, Utilities and Consumer Staples were the only sectors to post positive results. The Consumer Discretionary sector showed the most weakness.

The Equity Income strategy returned -3.4% (net) for the quarter, -1.2% behind the Russell 1000 Value and -7.7% behind the S&P 500. The lag behind the S&P is primarily due to lack of exposure to the largest components of that index, as well as some of the other perceived beneficiaries of the AI theme. Versus the Value benchmark, stock selection was the main reason for the underperformance. Notably, the strategy's holdings in Consumer Staples, Industrials and Utilities generated lower returns than those in the benchmark. That was only partially offset by strong performance from its Information Technology holdings.

Market consensus supports a soft-landing for the economy with moderating inflation trends, even if monetary policy easing comes later than originally anticipated. Some signs of potential softness in both industrial and consumer activity, along with valuations that had already moved higher in anticipation of a benign economic outcome, has made for a more challenging backdrop for equities. AI-related investment is one of the few areas the market feels confident can weather broader weakness, but valuations for many of the related companies have moved to levels that may require both a strong and sustainable demand outlook from here. While that is possible, the risks of any disappointment are growing. We continue to focus on owning durable businesses that combine appropriate capital allocation with attractive valuations. Often the best opportunities come not when investors become excited by potential growth, but when concern arises about the near-term outlook. Such conditions can help the strategy to continue to deliver competitive market returns while mitigating risk over the longer-term.

## EQUITY INCOME Composite Performance (%)

As of 6/30/2024	QTD	YTD	1 YEAR	3 YEAR*	5 YEAR*	10 YEAR*	SINCE INCEPTION* (12/31/04)
Glenmede (Gross)	-3.2	3.4	7.7	5.9	9.9	10.0	9.6
Glenmede (Net)	-3.4	3.0	6.9	5.1	9.1	9.2	8.7
S&P 500 Index	4.3	15.3	24.6	10.0	15.0	12.9	10.2
Russell 1000 Value Index	-2.2	6.6	13.1	5.5	9.0	8.2	7.7

\*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 Equity Income Composite objective is to invest in a diversified portfolio of common and preferred stocks that reward shareholders with dividend income. Companies held in the portfolio will be among industry leaders in dividend yield and possess the ability to raise the payout to shareholders over time. The S&P 500 Index consists of 500 widely held common stocks. This unmanaged index is a total return index with dividends reinvested. One cannot invest directly in an index.

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