

# QUANTITATIVE U.S. LARGE CAP VALUE EQUITY QUARTERLY COMMENTARY

## HIGHLIGHTS

- Large capitalization stocks (as represented by the Russell 1000 Value Index) fell -2.2% during the quarter.
- The Glenmede Quantitative U.S. Large Cap Value Equity strategy underperformed the Russell 1000 Value Index by -2.2% net of fees for the quarter.
- The strategy had stock selection outperformance in 3 of 11 sectors versus the cap-weighted index. The most positive relative contributions were in the Information Technology and Communication Services sectors. The most negative relative contributions were in the Industrials and Consumer Staples sectors.

The Glenmede Quantitative U.S. Large Cap Value Equity Composite had a total return for Second Quarter 2024 of -4.4% (net of fees). On a relative basis, the Quantitative U.S. Large Cap Value Equity Composite underperformed the Russell 1000 Value Index by -2.2%.

For the Second Quarter 2024, the S&P 500 and Russell 1000 Value Indexes had total returns of +4.3% and -2.2%, respectively. The average stock (equal weighted) in the Russell 1000 Value Index underperformed with a total return of about -3.5%. Investor sentiment was mixed in response to hawkish Fed comments, signs of slowing economic growth, positive earnings surprises and AI exuberance. Inflation data continued to improve with core PCE declining to 2.6% (year/year). The 10-Year Treasury yield increased by about 0.2% to 4.4% while stock market volatility as measured by the CBOE VIX decreased from about 13.0 to 12.4. For First Quarter 2024 results, about 76% of Russell 1000 Value companies reported positive earnings surprises. In the Second Quarter, the Russell 1000 Growth Index (+8.3%) outperformed the Russell 1000 Value Index by about +10.4%. In the quarter, the best performing sectors in the Russell 1000 Value Index were Utilities (+4.7%) and Consumer Staples (+1.3%). The worst performing sectors were Consumer Discretionary (-7.5%) and Health Care (-4.8%).

For the quarter, the strategy had negative contributions from multi-factor stock selection models, including biases towards lower valuations, stronger fundamentals and earnings trends. The strategy was unfavorably impacted from relatively lower market capitalizations versus the Russell 1000 Value Index. The strategy had stock selection

outperformance in 3 of 11 sectors versus the cap-weighted index. The most positive relative contributions were in the Information Technology and Communication Services sectors. The most negative relative contributions were in the Industrials and Consumer Staples sectors. Industry group biases had net negative impact on performance, including overweightings in consumer discretionary stocks.

The latest U.S. real GDP estimate for First Quarter was +1.4% versus +3.4% for the Fourth Quarter. The quarter reflected gains in personal consumption expenditures (+1.5%), fixed investment (+7.0%), gross government spending (+1.8%), and exports (+1.6%). Imports (+6.1%) was a detractor. For 2024, many economists project real GDP growth in a range of 2.0% to 2.5% and CPI of 3.0% to 3.5%. We expect positive corporate profit growth of 4% to 7% supported by high employment, declining inflation, and prudent Fed monetary policy. However, geopolitical risks can have significant global economic and financial impacts. Currently, our leading industry group indicators target overweightings in Consumer Discretionary, Health Care, Materials and Utilities, and underweightings in Industrials, Financials and Consumer Staples. 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.

## QUANTITATIVE U.S. LARGE CAP VALUE EQUITY Composite Performance (%)

As of 6/30/2024	QTD	YTD	1 YEAR	3 YEAR*	5 YEAR*	10 YEAR*	SINCE INCEPTION* (4/30/15)
Glenmede (Gross)	-4.3	4.5	12.1	5.8	9.3	n/a	8.6
Glenmede (Net)	-4.4	4.1	11.3	5.0	8.5	n/a	7.8
Russell 1000 Value	-2.2	6.6	13.1	5.5	9.0	n/a	8.4

\*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 Quantitative U.S. Large Cap 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.

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