

# QUANTITATIVE U.S. LONG/SHORT EQUITY

## QUARTERLY COMMENTARY

### HIGHLIGHTS

- The Glenmede Quantitative U.S. 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 -0.5% net of fees.
- For the Quarter, the strategy had mixed contributions from multi-factor stock selection models, including biases towards lower valuations.
- The strategy had stock selection outperformance in 6 of 11 sectors versus the Index. The most positive relative contributions were in the Health Care and Industrials sectors. The most negative relative contributions were in the Real Estate and Energy sectors.

The Glenmede Quantitative U.S. Long/Short Equity Composite had a total return for the Third Quarter 2024 of +2.3% (net of fees). The Quantitative U.S. Long/Short Equity Composite underperformed a blended mix of 30% Russell 3000 and 70% Barclays 3-Month Treasury Bill Indexes by about -0.5%. This strategy is managed to a net equity exposure of about 30%.

For the Third Quarter 2024, S&P 500 and Russell 3000 Indexes had total returns of +5.9% and +6.2%, respectively. The performance in equities was supported by better-than-expected economic growth and favorable inflation data as CPI and PCE reached their lowest levels since 2021. In September, the Federal funds rate was lowered by 50 basis points. The 10-Year Treasury yield decreased by about 0.6% to 3.8% while stock market volatility as measured by the CBOE VIX increased from about 12.4 to 16.7. For Second Quarter 2024 results, about 68% of Russell 1000 companies reported positive earnings surprises. In the Third Quarter, the Russell 3000 Value Index (+9.5%) outperformed the Russell 3000 Growth Index (+3.4%) by about +6.1%. In the Quarter, the best performing sectors in the Russell 3000 Index were Utilities (+19.1%) and Real Estate (+17.2%). The worst performing sectors were Energy (-2.6%) and Information Technology (+1.8%).

For the Quarter, the strategy had mixed contributions from multi-factor stock selection models, including biases towards lower valuations. The strategy was favorably impacted from relative underexposures to the Magnificent 7<sup>1</sup> and lower market capitalizations versus the Russell 1000 Index. The strategy had stock selection outperformance in 6 of 11 sectors versus the Index. The most positive relative contributions were in the Health Care and Industrials sectors. The most negative relative contributions were in the Real Estate and Energy sectors.

Industry group biases had minor impacts on performance. Long equity positions had a total return of +10.0% versus short positions with a total return of +11.9%.

The latest U.S. real GDP estimate for Second Quarter was +3.0% versus +1.6% for the First Quarter. The quarter reflected gains in personal consumption expenditures (+2.8%), fixed investment (+2.3%), gross government spending (+3.1%), and exports (+1.0%). Imports (+6.1%) was a detractor. For 2024, many economists project real GDP growth of about 2.5% and CPI of about 3.0%. 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 Health Care, Consumer Discretionary, Energy and Real Estate, and underweightings in Industrials, Communication Services, 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.

<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.

## QUANTITATIVE U.S. LONG/SHORT EQUITY Composite Performance (%)

As of 9/30/2024	QTD	YTD	1 YEAR	3 YEAR*	5 YEAR*	10 YEAR*	SINCE INCEPTION* (11/30/06)
Glenmede (Gross)	2.6	10.9	9.9	8.9	7.7	5.6	4.4
Glenmede (Net)	2.3	9.9	8.5	7.5	6.3	4.3	3.1
Russell 3000 Index	6.2	20.6	35.2	10.3	15.3	12.8	10.2
30% Russell 3000/70% Barclays Capital 3-Month TBill	2.8	9.0	14.0	5.9	6.5	5.2	4.2

\*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. 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.

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