

Integrating Information, Analytics and Insight: A Multi-Dimensional Investment Process



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In science and systems theory, there is a concept known as emergence: From the interaction of two or more individual elements, something new and more robust emerges. For example, when an atom of oxygen bonds with two of hydrogen, water emerges—a substance with its own unique qualities, offering new benefits and possibilities.

Interaction and Emergence

At Glenmede, we believe there are parallels between emergence and wealth management and investing. The best decisions are more likely to emerge from effectively integrating the right information with rigorously tested analytics and seasoned expertise. While the underlying premise seems simple enough, the execution is far more complex. The challenge is to understand which “parts” actually add value to the greater “whole.” Which parts are irrelevant, and which may actually work against the desired outcome?

Glenmede employs a distinctive, disciplined analytical approach. Many analysts and investment managers fall into one of two camps, taking either a fundamental or quantitative approach. We believe the most



valuable insights emerge from effectively integrating the two. Given this, we focus on identifying the fundamental factors that drive performance at the corporate, sector and macro-economic levels, understanding their relative importance and how they interact, and then quantifying that cause and effect into proprietary quantitative models. Our continuing goal is to create models with higher predictive values of both performance and risk.

Risk and Long-Term Perspective

Effectively assessing downside risk is just as critical for long-term performance as evaluating upside potential. In addition to screens developed to help us assess potential upside performance, Glenmede's

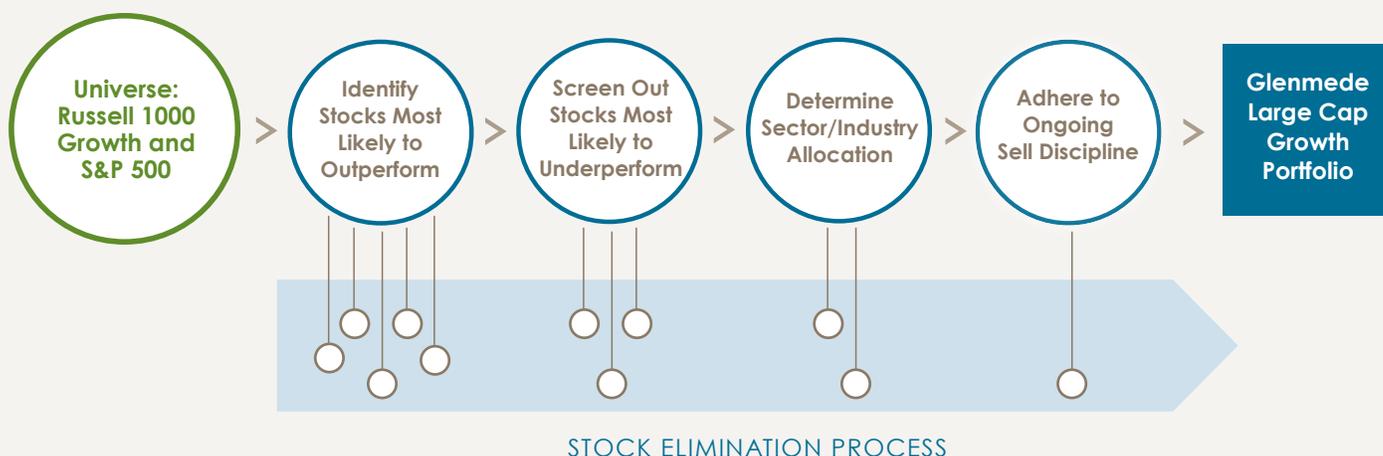
proprietary models incorporate downside-risk screens intended to exclude stocks most likely to underperform.

The fundamental drivers of performance—and risk—may differ greatly from sector to sector. We integrate sector-specific factors into our analytical models, which helps provide a more robust and nuanced picture of a stock's potential than would be possible with simpler, more general models.

Ongoing Innovation

Continuous improvement is embedded in Glenmede's culture. Our investment philosophy and proprietary models are built on a foundation of innovative thinking, searching for inputs and relationships with

The Glenmede Investment Process: Fundamental Insights Driving Disciplined Decision-Making



higher predictive values. Our models are re-evaluated and retested regularly, with new ideas integrated as they prove their value.

The Glenmede Large Cap Growth strategy provides an example of our disciplined and distinctive investment approach in action. The portfolio seeks undervalued securities with attractive fundamentals, while focusing just as strongly on limiting downside risk. Effectively implementing this philosophy depends on

understanding what impacts the earnings potential of large- and mid-cap corporations, and what drives market perceptions of the stocks. It also relies on understanding the financial, competitive, economic and management risks these stocks face, and integrating the risks into a single picture of each stock's long-term potential. The diagram below provides a quick overview of how our investment process impacts the strategy.

Best Possible Outcomes

While Glenmede's investment process is critical to our performance record, we also believe that the emergence principal operates at another level. Our nearly 60-plus years of wealth management and investment experience has demonstrated that the best long-term outcomes emerge from carefully listening to our clients, and developing customized investment programs to help them meet their goals.

This piece contains a description of the current investment process for one product. It is not a complete description and may change at any time. Efforts to manage risk, such as downside screens, may not be successful. All investments have risk and principal loss is possible. Performance estimates may not be achieved for a variety of reasons. Past performance does not guarantee future results. The Large Cap Growth strategy is offered by Glenmede Investment Management, LP, which is a subsidiary of The Glenmede Trust Company, N.A. This product alone does not represent a complete investment plan, which requires diversification and an understanding of an individual investor's needs and risk tolerance. Please contact a Glenmede representative for further information.

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