

# 2023 Russell US Indexes Reconstitution Recap

## Annual reconstitution ensures accurate US market representation

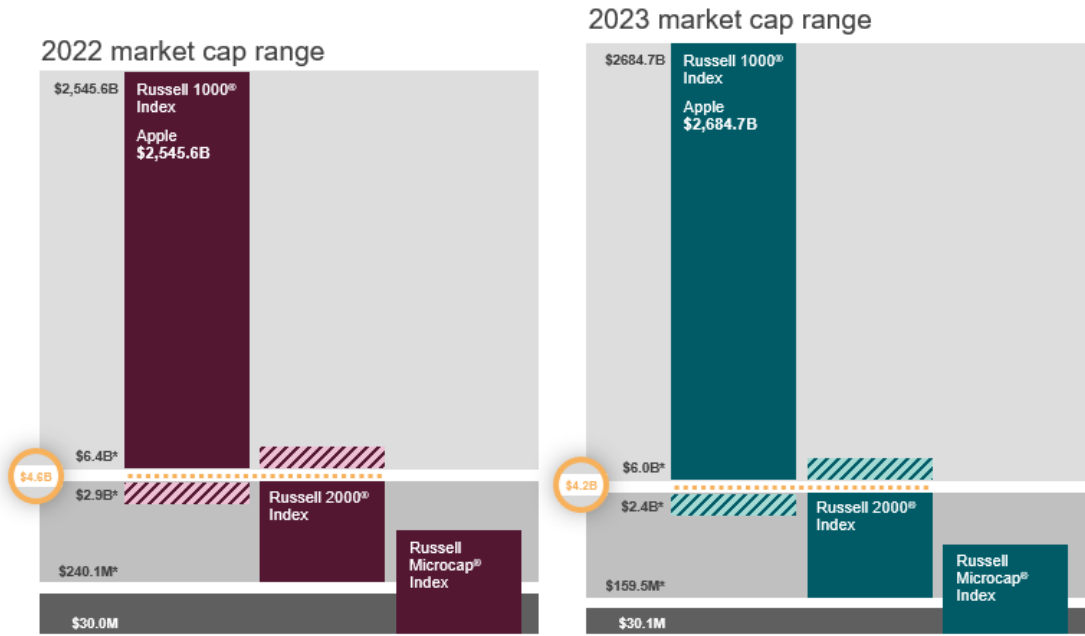
The Russell US Indexes are designed to reflect the ever-changing US equity market, and the annual reconstitution process is critical to maintaining accurate representation. During this highly anticipated market event, the breakpoints between large, mid, and small cap are redefined to ensure market changes that have occurred in the preceding year are captured. Companies are also re-evaluated to determine where they rank along the investment styles spectrum.

Preliminary results for this year's reconstitution reveal the US equity market decreased in size, with the total market cap of the Russell 3000® Index down 1.6% from \$44.9 trillion as of last year's rebalance to \$44.2 trillion based on this year's rank day (April 28, 2023).

There is a change in the largest five companies in the Russell US Indexes, with Berkshire Hathaway replacing Tesla as the 5<sup>th</sup> largest company. While Apple, Microsoft, Alphabet and Amazon.com retained their positions as the top four largest companies, the gap between Microsoft in 2<sup>nd</sup> and Alphabet in 3<sup>rd</sup> increased from 2022. The total market cap of the ten largest companies has increased since last year's reconstitution, going from \$10.7 trillion to \$10.9 trillion.

The breakpoint between large cap and small cap decreased 8.7% from \$4.6 billion in 2022 to \$4.2 billion, as shown in Exhibit 1.

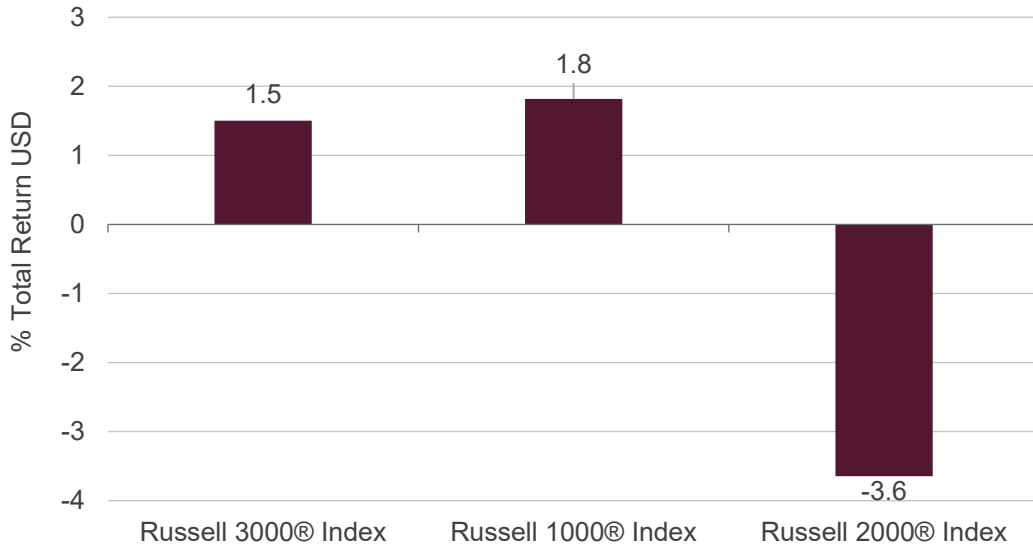
Exhibit 1: Breakpoints between US large and small cap, with and without banding



\* Reflects banding. Data as of May 6, 2022 and April 28, 2023, respectively.

## Core Russell US Indexes

Exhibit 2: Core Russell US Indexes performance one-year period ending April 28, 2023



Source: FTSE Russell, data as of April 28, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures.

## Russell 3000<sup>®</sup> Index

- Representing the US broad market, the total market capitalization of the Russell 3000 Index decreased by 1.6%, down from \$44.9 trillion in 2022 to \$44.2 trillion in 2023.
- The breakpoint between large cap and small cap decreased by 8.7% from \$4.6 billion last year to \$4.2 billion for 2023 (see Exhibit 1).
- Exhibit 3 lists the largest 10 companies by total market capitalization as of rank day in 2023 along with their ranks and total market capitalization as of last year's reconstitution.
- Exxon Mobil and Visa are two new entries to the list, replacing UnitedHealth Group and Johnson & Johnson, and are the ninth and tenth largest companies in the Russell US Indexes, respectively.
- Microsoft has closed the gap at the top of the index after an increase in market cap of 11.19% compared to Apple's increase of 5.46%
- Apple and Microsoft have broadened the gap between themselves and the rest of the of the index members, with the difference in market cap between Alphabet and Microsoft increasing from \$530.3 billion to \$921.7 billion.
- Seven of the top 10 companies in the index increased their total market caps from 2022. The largest increase was Nvidia, which increased by 46.58%.
- The total market cap of the 2023 top 10 companies is \$10.9 trillion, an increase of 1.78% from the 2022 top 10 market cap total of \$10.7T.

### Exhibit 3: Largest companies in the Russell 3000 Index / Russell 1000 Index by size (total market cap)

Company	2023 Rank by size	2023 Total Market Cap	2022 Rank by size	2022 Total Market Cap	Change from 2022
Apple	1	\$2,684.7B	1	\$2,545.6B	5.46%
Microsoft	2	\$2,284.6B	2	\$2,054.7B	11.19%
Alphabet	3	\$1,362.9B	3	\$1,524.4B	-10.59%
Amazon.com	4	\$1,082.0B	4	\$1,167.7B	-7.34%
Berkshire Hathaway	5	\$717.4B	6	\$703.5B	1.98%
Nvidia	6	\$685.4B	9	\$467.6B	46.58%
Meta	7	\$615.9B	7	\$551.5B	11.68%
Tesla	8	\$520.8B	5	\$896.8B	-41.93%
Exxon Mobil	9	\$480.4B	13	\$386.3B	24.36%
Visa	10	\$476.9B	11	\$422.5B	12.88%

Source: FTSE Russell as of April 28, 2023.

## Russell 1000<sup>®</sup> Index

- Representing the US large cap market segment, the total market cap of the Russell 1000 Index decreased 1.0% from \$41.9 trillion as of last year's reconstitution to \$41.5 trillion.
- With banding applied, the smallest company by market capitalization in the index is Highwoods Properties with a total market capitalization of \$2.4 billion (refer to Exhibit 1).
- 33 companies are being added to the Russell 1000 Index, with 24 of those moving up from the Russell 2000 Index.
- Seven of the 24 companies moving up from the Russell 2000 Index are Health Care companies, with four coming from Consumer Discretionary and three from Financials. The remaining 10 companies moving from small to large cap are represented by the Utilities, Real Estate, Industrials, Telecommunications, Consumer Staples and Basic Materials industries.
- Examples of companies joining the Russell 1000 Index from the Russell 2000 Index are Shockwave Medical (Health Care), Apellis Pharmaceuticals (Health Care), EMCOR Group (Industrials), and Crocs Inc (Consumer Discretionary).
- Nine companies are joining the Russell 1000 Index as new additions to the Russell US Indexes universe, including Coupang (Consumer Discretionary), Ferguson (Industrials), XP Inc (Financials) and TechnipFMC (Energy).
- 25 companies are migrating from the Russell 1000 Index to the Russell 2000 Index.
- The largest industry in the Russell 1000 remains Technology, which also had the largest increase, going from 28.2% to 29.2%. The second and third largest are Consumer Discretionary and Health Care at 14.2% and 13.4% respectively. The largest decrease was Energy, dropping from 4.8% to 4.3%.

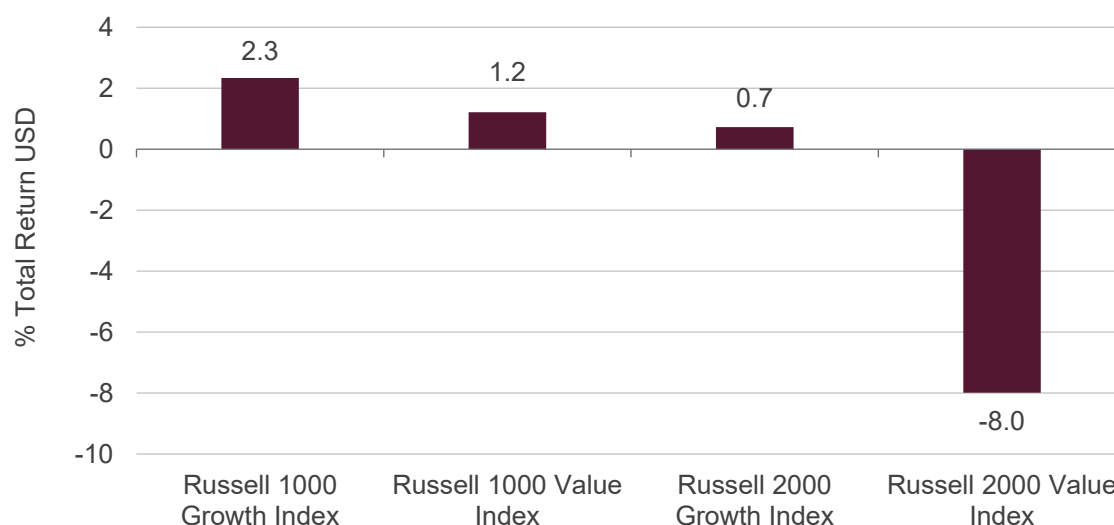
## Russell 2000<sup>®</sup> Index

- Representing the US small cap market segment, the total market capitalization of the Russell 2000 Index decreased 10.0% from \$3.0 trillion as of last year's reconstitution to \$2.7 trillion.
- The largest company in the index (with banding applied) is Intra-Cellular Therapies, with a total market cap of \$6.0 billion, a 6.3% decrease from last year's largest company (see Exhibit 1).
- The smallest company in the index is Protalix Biotherapeutics with a total market cap of \$159.5 million, a decrease of 33.6% from \$240.1 million in 2022 (see Exhibit 1).
- There is a total of 297 companies joining the Russell 2000 Index, with 25 dropping down from the Russell 1000 Index / Russell Midcap<sup>®</sup> Index, and 192 shifting up from the Russell Microcap<sup>®</sup> Index (81 of which are allocated to the Health Care industry and another 34 allocated to the Financials industry and 25 Industrials companies).
- Three IPOs are being added to the Russell 2000, two from Industrials and one from the Energy industry, while 73 companies are joining from outside the Russell US Indexes universe.
- The largest addition to the small cap index by size is Leonardo DRS (Industrials) with a total market cap of \$3.9 billion.
- 192 companies are departing the Russell 2000 Index. 24 companies are moving to the Russell 1000 Index, 83 are moving to the Russell Microcap Index, and another 85 companies are leaving the Russell US Indexes universe altogether.

- The largest industry in the Russell 2000 remains Industrials at 17.7%, increasing slightly from 17.5%. This is closely followed by Health Care at 17.4% and Financials at 14.2%. The largest increase was Technology, going from 10.6% to 11.8%, while the largest decrease was Consumer Discretionary, going from 13.9% to 13.3%

## Russell US Style Indexes

**Exhibit 4: Russell US Style Indexes performance – one-year period ending April 28, 2023**



Source: FTSE Russell, data as of April 28, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures.

## Russell 1000<sup>®</sup> Growth and Value Indexes

- The largest addition to the Russell 1000 Growth Index by size is S&P Global Inc, which has shifted from 100% Value to 8% Growth. The largest addition by weight is Motorola Solutions, which shifted from 100% Value to 92% Growth. The largest five additions by both weight and size can be seen in Exhibit 5.
- The largest addition to the Russell 1000 Value Index by size is Nike, which shifted from 100% Growth to 47% Value. The largest addition by weight is Union Pacific Corp, which is shifting from 100% Growth to 57% Value. The largest five additions by both weight and size can be seen in Exhibit 6.
- The largest company leaving the Russell 1000 Growth Index by size is Walt Disney Co, shifting from 7% Growth to 100% Value. The largest company leaving by weight is IBM which is shifting from 67% Growth to 100% Value.
- The largest company leaving the Russell 1000 Value Index by size is Alphabet, going from 13% Value to 100% Growth. The largest company to leave by weight is Meta, going from 78% Value to 100% Growth.
- Technology remains the largest industry in the Russell 1000 Growth Index, with its weight increasing from 46.3% to 50.0%, this is also the largest increase in weight for any industry in the index. The industry decreasing in weight the most is Industrials, down from 12.8% to 10.8%.

- The largest industry in the Russell 1000 Value Index continues to be the Financials industry, which saw its weight increased slightly from 18.4% to 18.5%. The largest drop in weight for an industry in the index is Technology, decreasing from 9.1% to 7.2%. The industry with the largest increase in weight is Industrials, up from 12.8% to 14.9% of the index.

#### Exhibit 5: Largest Russell 1000 Growth Adds by Market Cap and by Weight

Largest Additions by Size		Largest Additions by Weight	
Company	Total Company Market Cap	Company	Index Weight
S&P Global	\$116.3B	Motorola Solutions	0.23%
Motorola Solutions	\$48.8B	Coufang	0.09%
KKR & Co	\$34.2B	Cardinal Health	0.06%
Constellation Brands	\$42.0B	Shockwave Medical	0.05%
Block	\$33.1B	Block	0.05%

#### Exhibit 6: Largest Russell 1000 Value Adds by Market Cap and by Weight

Largest Additions by Size		Largest Additions by Weight	
Company	Total Company Market Cap	Company	Index Weight
Nike	\$156.1B	Union Pacific	0.37%
Qualcomm	\$130.2B	Nike	0.35%
Union Pacific	\$119.3B	Crown Castle	0.23%
Deere & Co	\$112.0B	Estee Lauder Companies	0.17%
Applied Materials	\$95.5B	Ferguson	0.15%

## Russell 2000® Growth and Value Indexes

- The largest addition to the Russell 2000 Growth Index by both size and weight is Selective Insurance Group, which has shifted from 100% Value to 100% Growth. The largest five additions by both weight and size can be seen in Exhibit 7.
- The largest addition to the Russell 2000 Value Index by size is Matador Resources, which is shifting from 100% Growth to 82% Value. The largest addition by weight is Brookfield Infrastructure Group which is shifting from 100% Growth to 90% Value. The largest five additions by both weight and size can be seen in Exhibit 8.
- The largest company leaving the Russell 2000 Growth Index by both size and weight is Shockwave Medical which is moving to the Russell 1000 Growth Index, while staying at 100% Growth.

- The largest company leaving the Russell 2000 Value Index by size is RBC Bearings which is moving to the Russell 1000 and shifting from 86% Value to 100% Value. The largest leaving by weight is STAG Industrial, which is moving to the Russell 1000 Value Index, while staying at 100% Value.
- The largest industry in the Russell 2000 Growth Index remains Health Care, with its weight increasing from 23.0% to 24.6%. The largest decrease of any industry in the index is Energy which sees its weight fall from 7.7% to 5.5%. Technology is experiencing the largest increase in weight in the Russell 2000 Growth Index, increasing from 15.8% to 18.1%.
- The largest industry in the Russell 2000 Value Index remains Financials with a weight of 23.6%, despite a decrease from 25.3%, the largest decrease in the index. The largest increase in the index was Energy increasing from 5.7% to 8.9%.

**Exhibit 7: Largest Russell 2000 Growth Adds by Market Cap and by Weight**

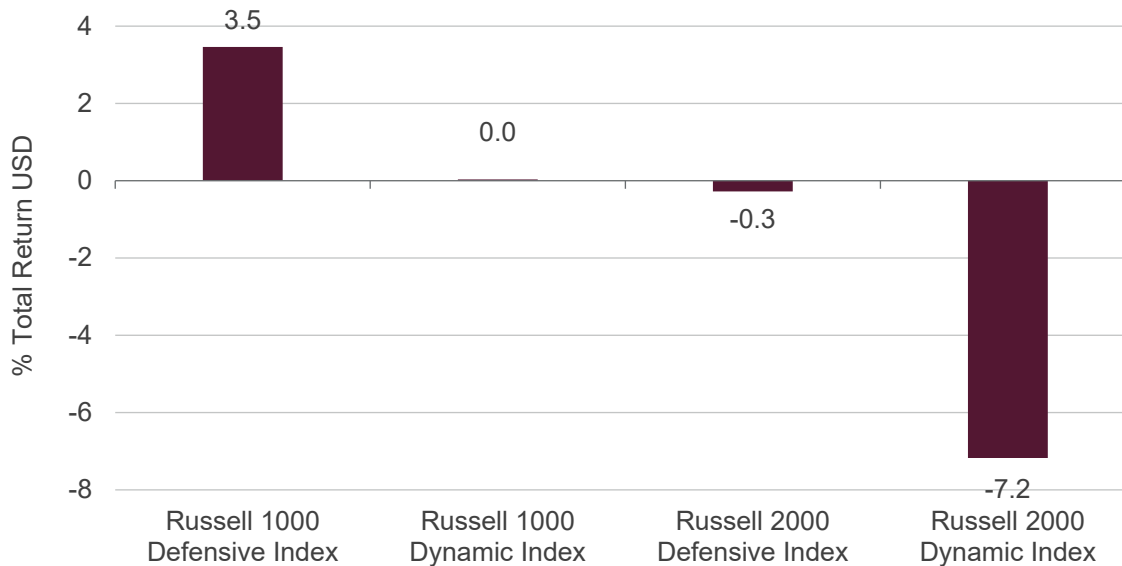
Largest Additions by Size		Largest Additions by Weight	
Company	Total Company Market Cap	Company	Index Weight
Selective Insurance Group	\$5.8B	Selective Insurance Group	0.56%
Light & Wonder	\$5.5B	Ryman Hospitality Properties	0.46%
APi Group	\$5.4B	Academy Sports and Outdoors	0.38%
Ryman Hospitality Properties	\$5.0B	APi Group	0.28%
Academy Sports and Outdoors	\$4.9B	FTAI Aviation	0.25%

**Exhibit 8: Largest Russell 2000 Value Adds by Market Cap and by Weight**

Largest Additions by Size		Largest Additions by Weight	
Company	Total Company Market Cap	Company	Index Weight
Matador Resources	\$5.8B	Brookfield Infrastructure Group	0.38%
Chart Industries	\$5.6B	Matador Resources	0.36%
BellRing Brands	\$4.8B	BellRing Brands	0.33%
Brookfield Infrastructure Group	\$4.7B	SM Energy	0.28%
Skyline Champion	\$4.2B	Phillips Edison & Company	0.26%

## Russell US Stability Indexes®

**Exhibit 9: Russell US Stability Indexes performance – one-year period ending April 28, 2023**



Source: FTSE Russell, data as of April 28, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures.

### Russell 1000® Defensive and Dynamic Indexes®

- As shown in Exhibit 9 above, the Russell 1000 Defensive Index (+3.5%) posted a higher return than the Russell 1000 Dynamic Index (0.0%) during the one-year period ending April 28, 2023.
- The largest addition to the Russell 1000 Defensive Index by size is Exxon Mobil which is shifting from 100% Dynamic to 7% Defensive. The largest addition to the index by weight is Broadcom, which is shifting from 100% Dynamic to 42% Defensive. The largest five additions by both weight and size can be seen in Exhibit 10.
- The largest addition to the Russell 1000 Dynamic index by size is PepsiCo, which is shifting from 100% Defensive to 6% Dynamic. The largest addition by weight is Comcast which is shifting from 100% Defensive to 79% Dynamic
- The largest company leaving the Russell 1000 Defensive Index by size is Nvidia, which is shifting from 8% Defensive to 100% Dynamic. The largest leaving by weight is Intel, which is shifting from 100% Defensive to 100% Dynamic. The largest five additions by both weight and size can be seen in Exhibit 11.
- The largest company to leave the Russell 1000 Dynamic index by both size and weight is Walmart which is shifting from 31% Dynamic to 100% Defensive.
- The largest industry in the Russell 1000 Defensive Index remains Technology which sees an increase in weight from 28.4% to 30.1%, the largest increase of any industry in the index. Telecommunication sees the largest decrease in representation, going from 4.0% to 2.7%.



- Technology is still the largest industry in the Russell 1000 Dynamic Index, increasing slightly from 28.0% to 28.1%. The largest increase in weight is Industrials, which is changing from 10.3% to 11.4%. Health Care is showing the largest decrease in weight from 10.2% to 8.3%.

#### Exhibit 10: Largest Russell 1000 Defensive Adds by Market Cap and by Weight

Largest Additions by Size		Largest Additions by Weight	
Company	Total Company Market Cap	Company	Index Weight
Exxon Mobil	\$480.4B	Broadcom	0.54%
Chevron	\$319.4B	United Parcel Service	0.31%
Broadcom	\$261.2B	AON	0.27%
Morgan Stanley	\$150.5B	Humana	0.26%
United Parcel Service	\$130.1B	Chevron	0.17%

#### Exhibit 11: Largest Russell 1000 Dynamic Adds by Market Cap and by Weight

Largest Additions by Size		Largest Additions by Weight	
Company	Total Company Market Cap	Company	Index Weight
PepsiCo	\$409.8B	Comcast	0.72%
T-Mobile	\$172.7B	Intel	0.68%
Comcast	\$172.1B	Moody's	0.26%
Intel	\$129.6B	Emerson Electric	0.20%
Stryker	\$113.6B	Ferguson	0.17%

### Russell 2000<sup>®</sup> Defensive and Dynamic Indexes<sup>®</sup>

- As shown in Exhibit 9 above, the Russell 2000 Defensive Index (-0.3%) outperformed the Russell 2000 Dynamic Index (-7.2%) over the 12-month period ending April 28, 2023.
- The largest addition to the Russell 2000 Defensive Index by size is Option Care Health, which is shifting from 100% Dynamic to 38% Defensive. The largest addition to the index by weight is Visteon, which is shifting from 100% Dynamic to 84% Defensive. The largest five additions by both weight and size can be seen in Exhibit 12.
- The largest addition to the Russell 2000 Dynamic Index by size is Triton International, which has shifted from 100% Defensive to 16% Dynamic. The largest addition to the index by weight is Avient, which has shifted from 100% Defensive to 100% Dynamic. The largest five additions by both weight and size can be seen in Exhibit 13.
- The largest company by size leaving the Russell 2000 Defensive Index is Shockwave Medical which is joining the Russell 1000 Dynamic Index with 95% Dynamic probability. The largest company by weight leaving the index is EMCOR Group which is joining the Russell 1000 Defensive Index with 100% Defensive probability.

- The largest company leaving the Russell 2000 Dynamic Index by size is Shockwave Medical, which is joining the Russell 1000 Dynamic Index at 95% Dynamic. The largest leaving by weight is Iridium Communications, which is joining the Russell 1000 Dynamic Index at 100% Dynamic
- Financials remains the largest industry in the Russell 2000 Defensive Index even though it had the largest decrease in weight in the index, going from 24.8% to 23.0%. The largest increase is Technology, up from 9.8% to 10.6%.
- Health Care remains the largest industry in the Russell 2000 Dynamic Index with a weight of 28.0%, down slightly from 28.1%. Technology had the largest increase in the index, going from 11.5% to 13.0%. The industry declining the most in size is Consumer Discretionary, which is shifting from 15.9% to 14.5% of the index.

**Exhibit 12: Largest Russell 2000 Defensive Adds by Market Cap and by Weight**

Largest Additions by Size		Largest Additions by Weight	
Company	Total Company Market Cap	Company	Index Weight
Option Care Health	\$5.8B	Visteon	0.54%
Ryman Hospitality Properties	\$5.0B	BellRing Brands	0.31%
BellRing Brands	\$4.8B	InMode	0.27%
Denbury	\$4.7B	Option Care Health	0.26%
HealthEquity	\$4.5B	Douglas Emmett	0.17%

**Exhibit 13: Largest Russell 2000 Dynamic Adds by Market Cap and by Weight**

Largest Additions by Size		Largest Additions by Weight	
Company	Total Company Market Cap	Company	Index Weight
Triton International	\$4.6B	Avient	0.31%
PNM Resources	\$4.1B	Conmed	0.30%
Southwest Gas Holdings	\$4.0B	Guardant Health	0.25%
Leonardo DRS	\$3.9B	Pagseguro Digital	0.25%
Conmed	\$3.8B	FTAI Aviation	0.25%

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### Australia

+ 1800 653 680

### Europe, Middle East & Africa Japan

+ 44 (0) 20 7866 1810

+ 81 3 6441 1430

### Americas

+ 1866 554 0617

### Hong Kong

+ 852 2164 3333