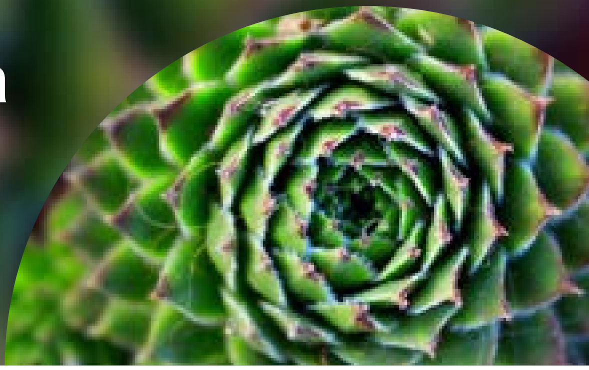
SOLUTION OVERVIEW

Executing an asset allocation strategy? Your index makes a difference.



A well-constructed index can enable you to capture your clients' investment requirements with greater precision and get earlier access to fast-growing stocks.

It is a common misperception that two indexes covering the same market segment must be, essentially, interchangeable. But the truth is, not all indexes are created equal.

Every index is the product of choices involving market coverage, construction methodology and ongoing maintenance of the member list. As a result, indexes perceived to be comparable can have profound, even surprising, differences. These differences may hamper your ability to capture investment requirements precisely. For example, they may adversely impact your ability to achieve your intended asset allocation. Or cause you to miss growth opportunities in fast-moving stocks.

In short: Your index matters.

Institutional investors rely on Russell Indexes. You and your clients can also reap the benefits of using these powerful, institutional-grade indexes.

Among institutional investors, Russell Indexes are the leading US Equity benchmarks.

$10.6 Trillion	69%	81%	90%
Russell US Indexes, total assets under management[1]	Total Active US Equity market share (institutional)[1]	Total US Equity Small Cap market share (active, passive, institutional and retail)[1]	Total US Equity Style Indexes, market share (growth/value: active, passive, institutional and retail)[1]

RUSSELL INDEXES: FAST FACTS

- Launched: 1984
- Mission: To provide accurate representation of the investable US equity market
- Russell 2000 Index (1984): first US small cap index
- Russell Style Indexes (1987): First growth and value equity market segment indexes
- Fully float-adjusted methodology: Index counts only shares available to investors on the open market

FTSE RUSSELL
An LSEG Business

Rigor, precision and predictable coverage – driven by the market.

What you should demand from an index – the ability to execute a strategy accurately and with confidence – is also what makes Russell Indexes the preferred benchmark for institutional investors. Here are the qualities those investors look for:

OBJECTIVITY: An objective, rules-based index gives you a reliable benchmark

- Methodology is transparent and published
- Ideal performance benchmark for ETFs, exchange-traded derivatives and more
- No sampling, no sector screens, no profitability requirements, no committee vote required

COMPREHENSIVENESS: A complete index means you don't miss out on high-growth stocks that at times are excluded from other indexes

- Includes the largest 3000 securities, representing the investable US equity market (Russell 3000 Index)
- Provides exposure to fast-growing stocks that may not be included in other indexes – so you don't miss out on opportunities

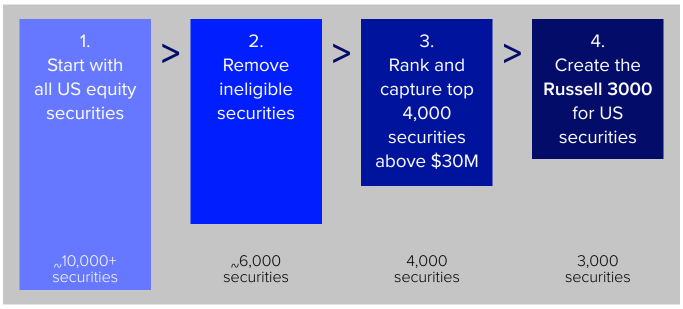
MODULARITY AND ACCURACY: An index with no gaps or overlaps enables you to execute your strategy with precision

- Enables precise asset allocation
- No gaps, no overlaps, no worries about overweighting or underweighting of stocks or sectors
- Indexes are designed to work together for full market coverage

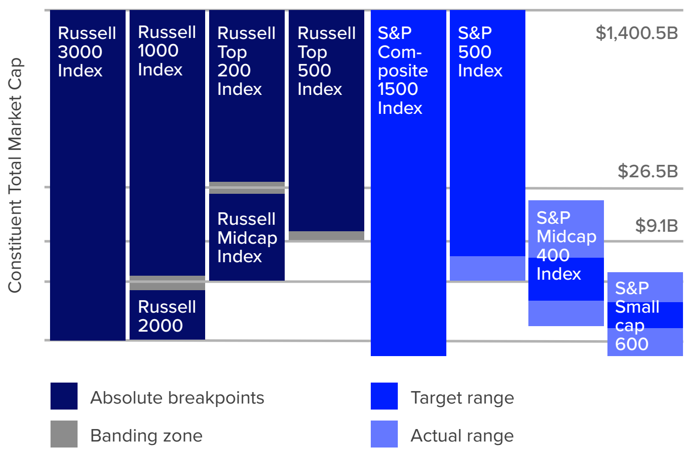
RIGOROUS MAINTENANCE: A meticulously maintained index is predictable – and that's a good thing

- Updated quarterly for IPOs, free float and share changes
- Annual reconstitution in June for larger rebalancing
- Maintenance ensures continued predictable performance

Russell Indexes construction summary[2]



Index coverage comparison 2020[3]



The right index means opportunity

Total cumulative return of stocks from the time they were included in the Russell 3000 until they were included in the S&P 1500.[4]

ALPHABET +201%	AMAZON +1,923	APPLE +30%
FACEBOOK +46%	MICROSOFT +3,270%	NETFLIX +2,412%
STARBUCKS +523%	TESLA +17,192%	

Pursuing a growth or value strategy? Do it accurately – and easily.

Russell Growth and Value Style Indexes enjoy 98% adoption by institutional investors. Developed in response to investment manager needs and behavior, the Russell Value Index and Russell Growth Index use a multi-component approach with universe-relative weighting. This gives you a comprehensive view of that style.

The advantage for you and your clients is that securities are held in relative proportions in value and growth, when absolute distinction is not possible. This has the effect of reducing turnover relative to a non-blended approach. This methodology facilitates expression of a view during a style rotation, so you can select the appropriate index to reflect the desired style.

Many companies are part growth and part value[5]

SECURITY	VALUE PROBABILITY	GROWTH PROBABILITY	NUMBER OF SHARES	VALUE INDEX	GROWTH INDEX
Company B	0	1	2000	0	2000
Company A	.05	.95	500	25	475
Company G	.35	.65	1500	525	975
Company E	.80	.20	450	360	90
Company H	1	0	1200	1200	0

If you were able to access innovative indexes and institutional-grade tools, wouldn't you?

Institutional investors have a clear preference for Russell Indexes.
And when you use Russell Indexes, you and your clients enjoy the same advantages: An objective, rules-based approach for predictability. Growth opportunities early in a stock's life cycle. Comprehensive US equities coverage. Modular construction for precision. And rigorous maintenance for continued accuracy. See what using institutional- grade indexes can do for you and your clients.

This whitepaper discusses the advantages of Russell Indexes. For a deeper dive on methodology, please see our companion piece, "Your Index Matters."

1 Data as of December 31, 2020, as reported on April 1, 2021 by eVestment for institutional funds AND Morningstar for retail mutual funds, insurance products and ETFs. AUM includes blended benchmarks and excludes futures and options. For funds where the AUM was not reported as of December 31, 2020, the previous period AUM was used as an estimate. No assurances are given by FTSE Russell as to the accuracy of the data.

2 If there are fewer than 4,000 eligible companies above $30M in size, the R3000E will contain fewer than 4,000 companies.

3 Source: FTSE Russell. As of Russell US index reconstitution rank day May 8, 2020. The market capitalization breakpoints for the Russell US Indexes are based on new additions as of reconstitution. The market capitalization ranges used above are absolute breakpoints for new members and do not include capitalization banding. Capitalization banding involves the implementation of a ±2.5% band around certain breakpoints. For further information, please refer to the Russell US Indexes construction and methodology document or contact FTSE Russell Client Service. S&P source: iShares S&P 500, 400, 600 ETF holdings https://www.ishares.com/us/; S&P index methodology http://www.standardandpoors.com/indices. Data as of May 8, 2020.

4 Russell 3000 additions are to the Russell 1000 (R1) unless a date is noted for the Russell 2000 (R2). The inception date of the Russell 3000 Index is January 1, 1984. All performance presented prior to the index inception date is back tested performance. S &P 1500 Index inception is 1/31/1995, so index performance is not available prior to this date. If the S&P 1500 has not added the stock yet, performance is as December 31, 2020. Past performance is no guarantee of future returns.

5 Source: FTSE Russell. For illustrative purposes only. Does not represent actual data.

Disclaimer

About FTSE Russell

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

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