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An LSEG Business



RUSSELL US INDEXES

# Russell 2000 Index quarterly chartbook

October 2023

Covering Q3 index performance



## Learn more: The Russell 2000 Index is the investable small cap market

### Dive into **market performance** from every angle

- Market cap performance
- Performance: Growth of a unit
- Style performance
- Style box performance

### Explore **industries** and their reflection in the market

- Second quarter IPOs
- Quarterly industry weightings
- Quarterly industry performance review
- Industry contribution to return
- Industry history

### Find analytical perspectives on **risk/characteristics**

- Implied volatility
- Fundamental characteristics:
  - Q3 2023
  - Q2 2023
  - Q1 2023
  - Q4 2022

### Use **Focal Point** as your guide to new and trusted resources

- Highlights
- Resources



## Indexes driven by the market. Not picked by a committee.

The Russell US equity indexes define the market and year after year the Russell 2000 Index sets the standard for small cap measurement. The Index provides a pure and objective exposure to small cap stocks. Its transparent methodology, annual reconstitution and the quarterly additions of IPOs ensure that small cap stays small and perhaps more importantly, doesn't miss out on small cap opportunities.



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# Market performance

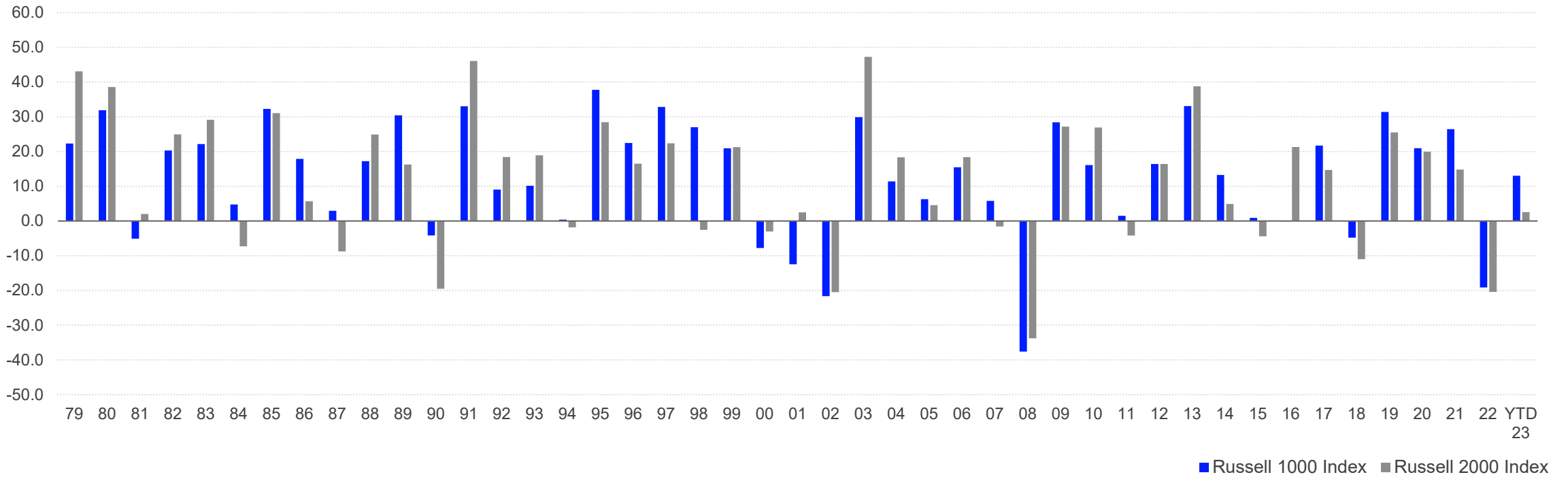
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## **SMALL CAPS TELL US MORE**

The Russell 2000 Index provides live index tracking data, with historical performance dating back to January 1984. Academic and practitioner research confirms that large-cap stocks behave differently to small-cap stocks and performance is variable. There are sub-periods during which the Russell 1000 outperforms the Russell 2000 and vice versa. Quarterly performance assessments provide valuable datapoints for understanding market sentiment and US economic activity.

# Exhibit 1

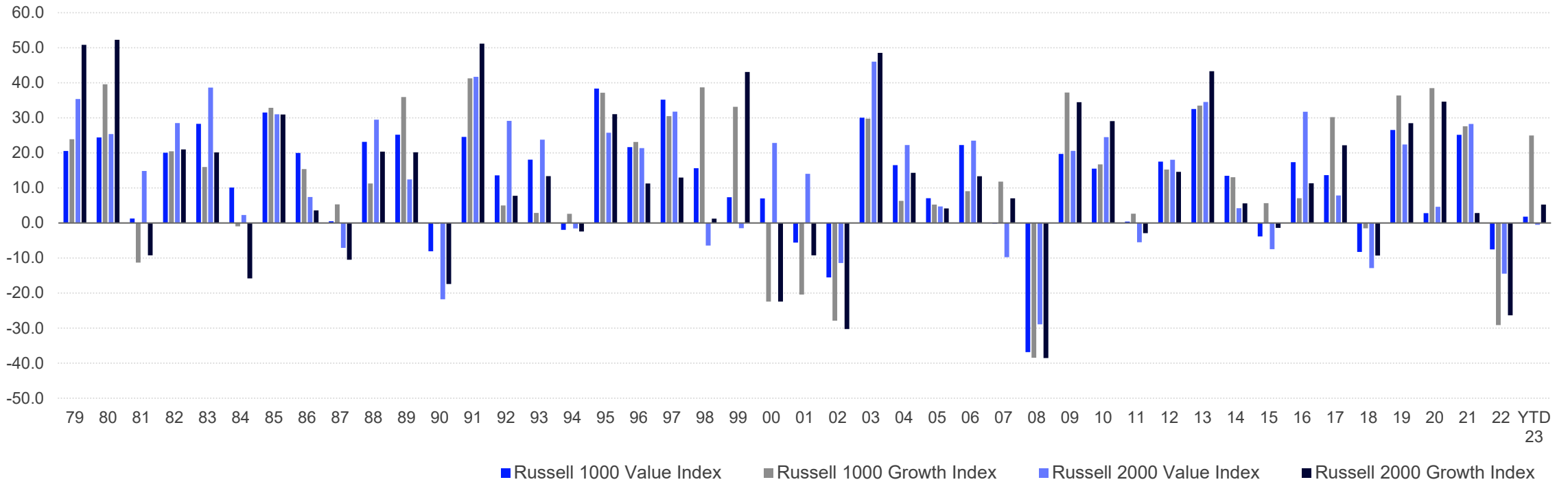
## Market cap performance Annual return (%)



Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

# Exhibit 1b

## Market cap performance Annual return (%)

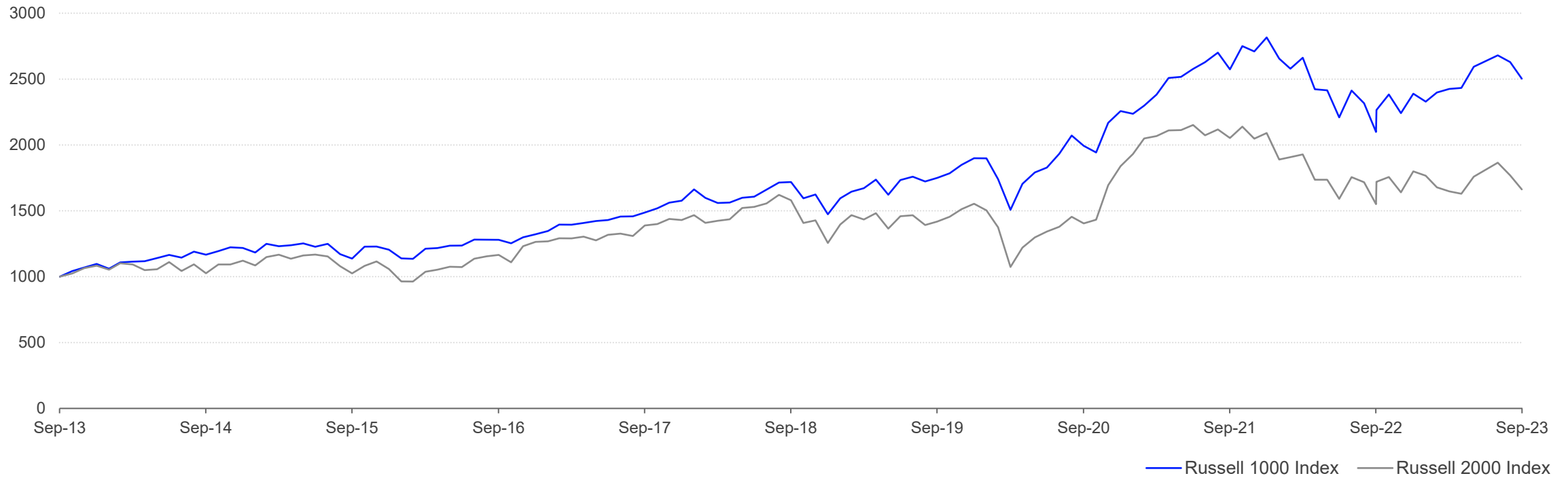


Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

## Exhibit 2

# Performance: Growth of a unit

Total return (growth of 1,000) 10 years



Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

## Exhibit 3

# Market cap performance

## Total return (%)

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	12 months
Russell 3000® Index	-3.3	8.4	7.2	7.2	20.5
Russell Top 200® Index	-2.7	9.9	8.7	6.6	23.9
Russell 1000® Index	-3.1	8.6	7.5	7.2	21.2
Russell Midcap® Index	-4.7	4.8	4.1	9.2	13.4
Russell 2000® Index	-5.1	5.2	2.7	6.2	8.9
Russell Microcap® Index	-7.9	5.3	-2.8	4.7	-1.3

Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.



## Exhibit 4

# Style performance

## Total return (%)

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	12 months
Russell 1000 Growth Index	-3.1	12.8	14.4	2.2	27.7
Russell 2000 Growth Index	-7.3	7.1	6.1	4.1	9.6
Russell 1000 Value Index	-3.2	4.1	1.0	12.4	14.4
Russell 2000 Value Index	-3.0	3.2	-0.7	8.4	7.8
Russell 1000 Defensive Index	-3.3	7.3	5.2	9.7	19.8
Russell 2000 Defensive Index	-3.8	3.4	2.2	9.5	11.2
Russell 1000 Dynamic Index	-3.0	9.9	9.8	4.8	22.7
Russell 2000 Dynamic Index	-6.4	7.1	3.3	3.0	6.7

Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

## Exhibit 5

# Style box performance

## Total return (%)

	Value	Core	Growth
<b>YTD 2023</b>			
Large	1.80	13.01	24.98
Mid	0.54	3.91	9.88
Small	-0.53	2.54	5.24
<b>2022</b>			
Large	-7.54	-19.13	-29.14
Mid	-12.03	-17.32	-26.72
Small	-14.48	-20.44	-26.36

	Value	Core	Growth
<b>2021</b>			
Large	25.16	26.46	27.60
Mid	28.34	22.58	12.73
Small	28.27	14.82	2.84
<b>2020</b>			
Large	2.80	20.96	38.49
Mid	4.97	17.10	35.59
Small	4.63	19.96	34.63

Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.



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# Industries

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## **SMALL CAPS REVEAL A SHIFTING ECONOMY**

The US has experienced a massive shift in the nature of its economy over the last half century. The US was traditionally a manufacturing-focused economy, supplying a variety of raw materials and consumer and industrial products domestically and abroad. Today, data shows the US economy is most heavily represented by service-oriented industries such as Technology, Health Care and Financials and less so by the industrial industries such as Energy, Basic Materials and Industrials. However, the leading industries are always in a state of change indicative of economic, consumer, and industry trends.

## Exhibit 6a

# Third quarter IPOs

Quarter end

### Russell 2000 Index IPOs by Industry

Industry	Number of IPOs	Total market cap (\$B)
Consumer discretionary	1	0.48
Energy	1	0.27
Financials	1	0.22
Health care	4	0.82
Industrials	1	0.34
<b>Total</b>	<b>8</b>	<b>2.12</b>

Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

## Exhibit 6b

# Third quarter IPOs

Quarter end

### Russell 2000 Index IPOs company detail

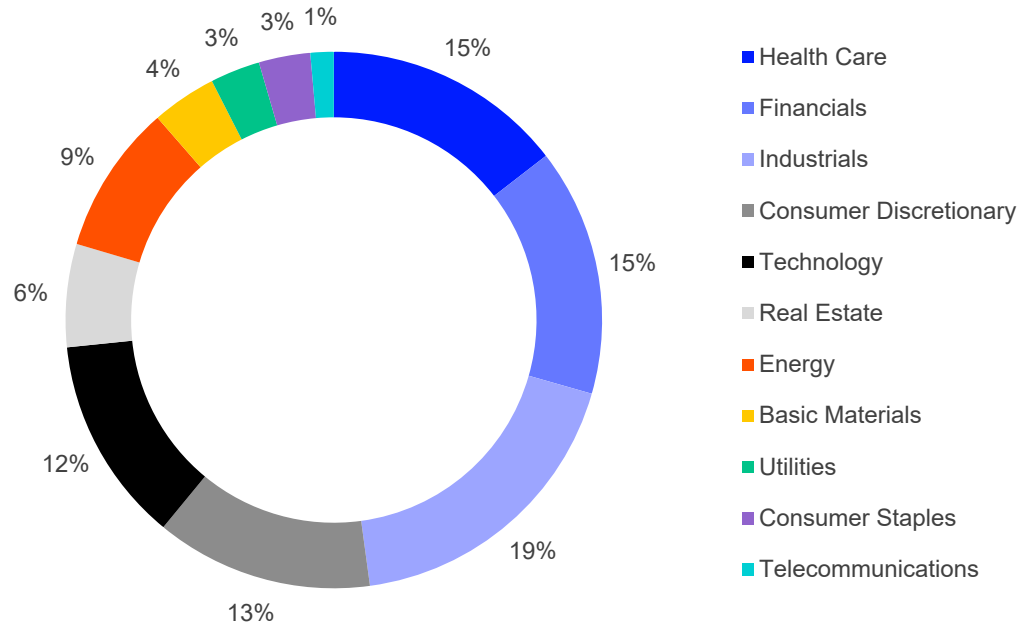
Industry	Company name	Ticker	Total market cap (\$B)
Consumer discretionary	SAVERS VALUE VILLAGE INC	SVV	0.48
Energy	KODIAK GAS SERVICES INC	KGS	0.27
Financials	FIDELIS INSURANCE HOLDIN	FIHL	0.22
Health care	ACELYRIN INC	SLRN	0.33
	APOGEE THERAPEUTICS INC	APGE	0.41
	SAGIMET BIOSCIENCES INC	SGMT	0.05
	TURNSTONE BIOLOGICS CORP	TSBX	0.02
Industrials	ATMUS FILTRATION TECHNOL	ATMU	0.34

Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

# Exhibit 7

## Quarterly industry weightings

Quarter end (%)



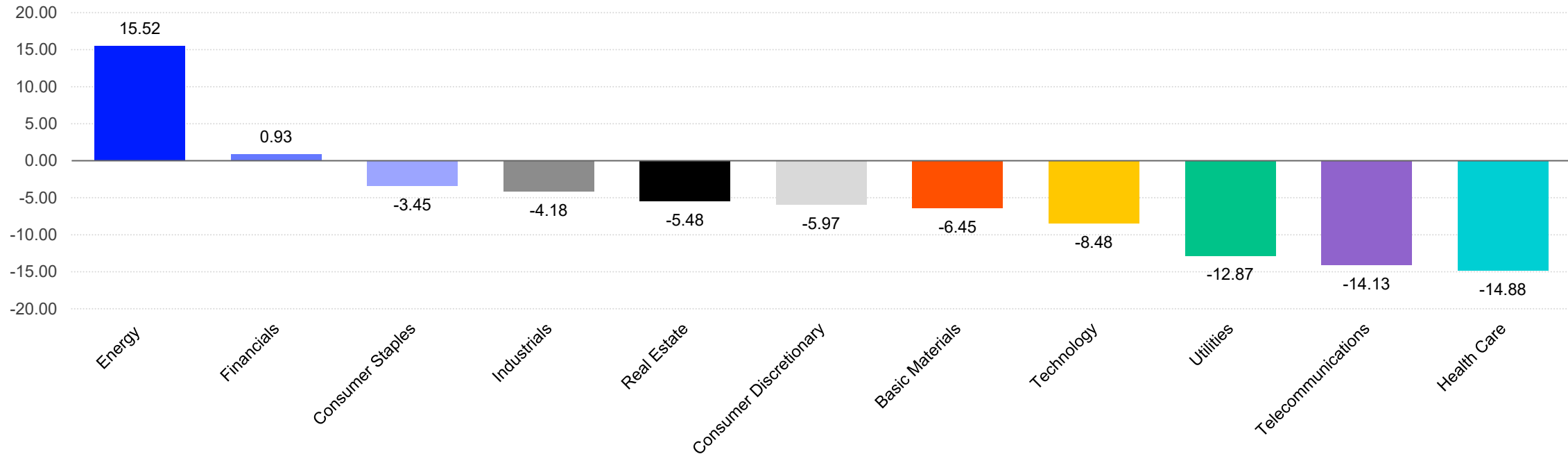
	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Health Care	14.5	16.4	15.6	16.5
Financials	14.9	14.0	15.1	17.0
Industrials	18.4	18.4	17.5	16.9
Consumer Discretionary	13.1	13.1	13.7	12.4
Technology	12.4	12.7	11.6	10.5
Real Estate	6.2	6.3	6.5	6.6
Energy	9.0	7.3	6.8	7.1
Basic Materials	3.9	4.0	4.3	4.1
Utilities	3.0	3.2	3.8	3.9
Consumer Staples	3.1	3.0	3.4	3.3
Telecom	1.4	1.6	1.7	1.7

Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

## Exhibit 8

# Quarterly industry performance review

Total return (%)

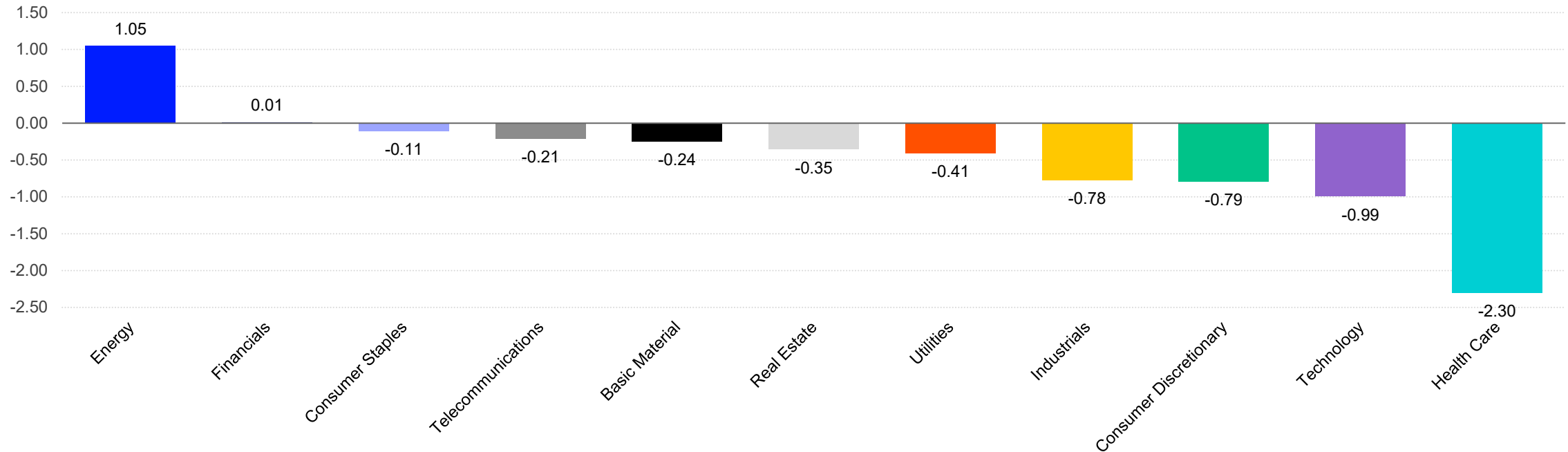


Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

## Exhibit 9

# Industry contribution to return

Year to date (%)

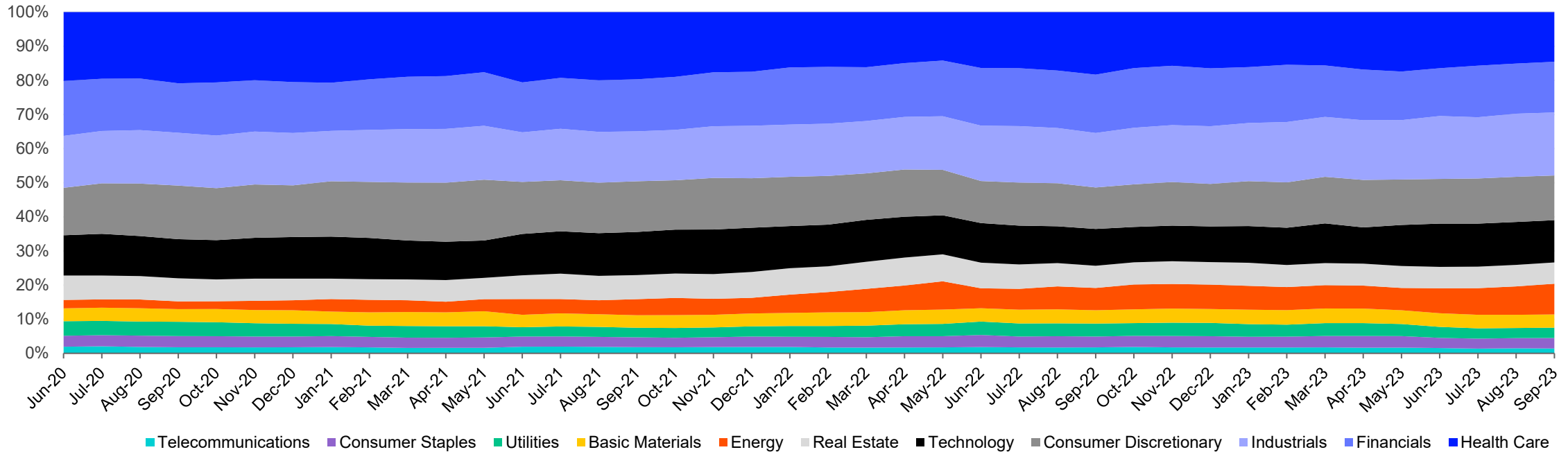


Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.



# Exhibit 10a

## Industry history ICB monthly weightings (%)

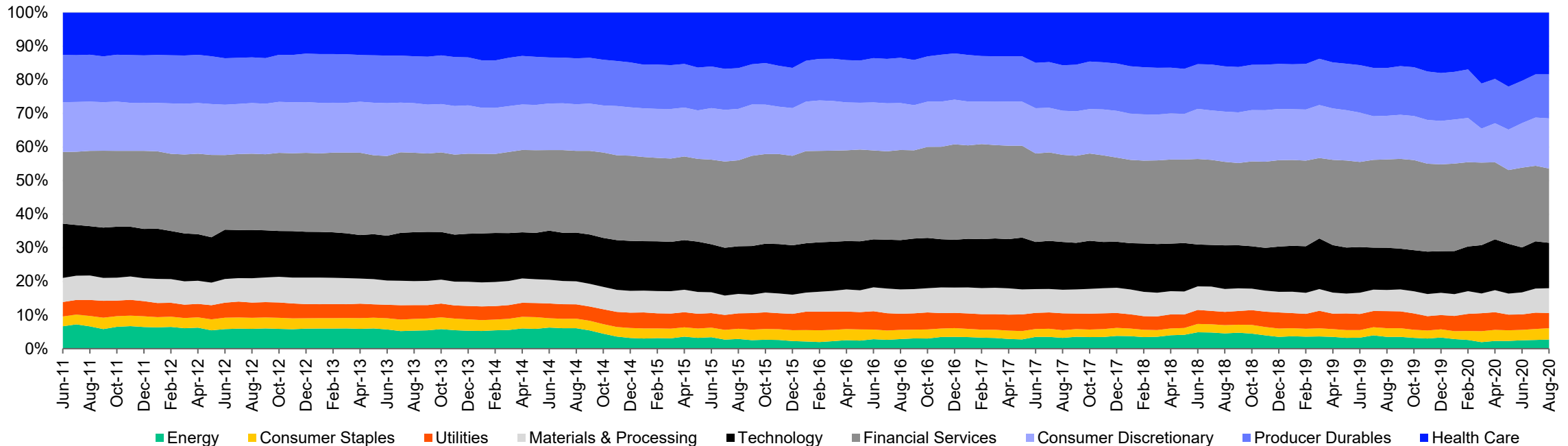


Source: FTSE Russell Industry Classification Benchmark (ICB) data is shown starting June 30, 2020. Historical index weightings reflect Russell Global Sectors. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

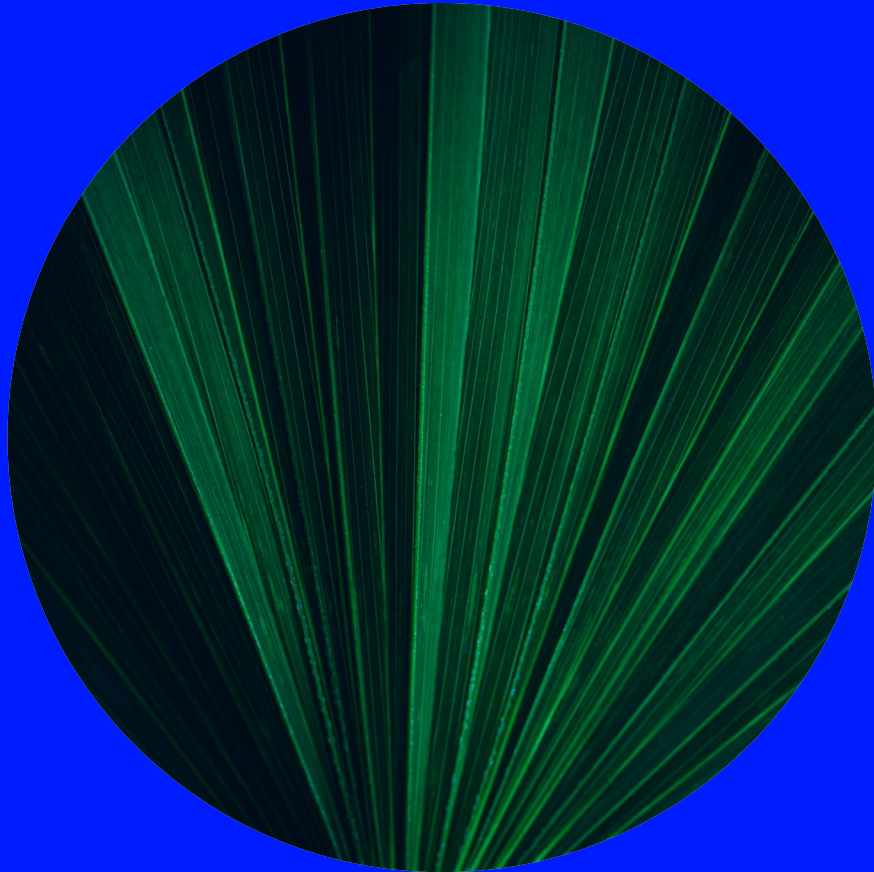
# Exhibit 10b

## Sector history

### RGS historical monthly weightings (%)



Source: FTSE Russell Industry Classification Benchmark (ICB) data is shown starting June 30, 2020. Historical index weightings reflect Russell Global Sectors. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.



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# Risk/characteristics

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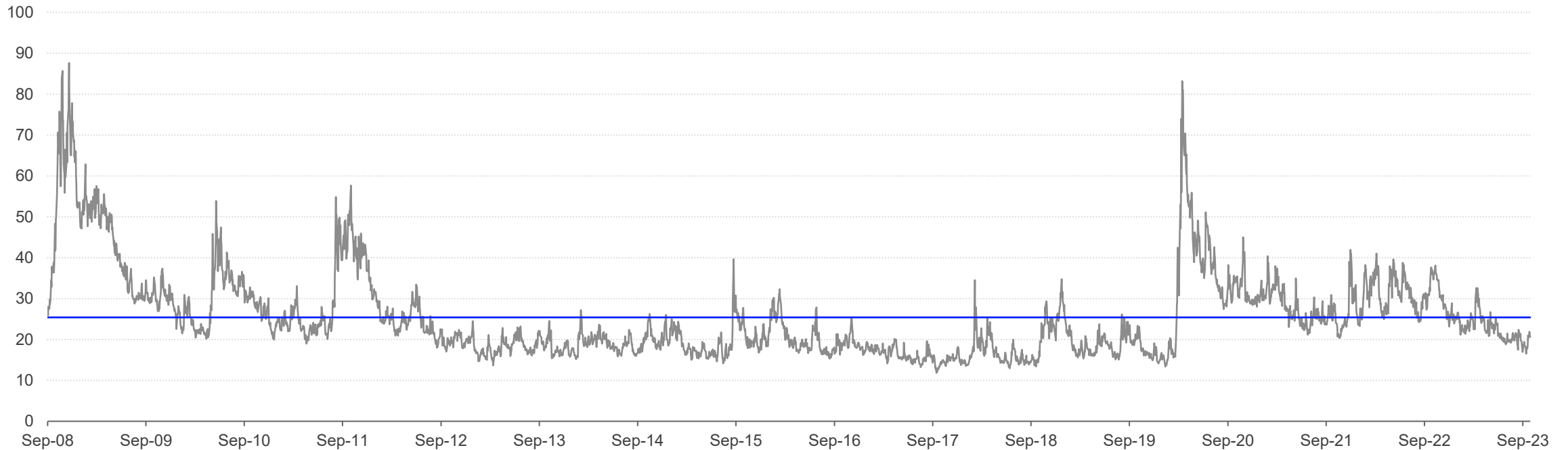
## **SMALL CAPS REFLECT THE MARKET**

Russell 2000 companies tend to be more specialized than those of the more diversified Russell 1000 constituent. This suggests that Russell 2000 companies are less resilient to economic or industry specific shocks. That riskiness has likely contributed to the historically higher volatility of Russell 2000 returns. However, it is important to note that more recently, large and small cap markets seem to be converging as illustrated by similarities in metrics.

## Exhibit 11

# Implied volatility

CBOE Russell 2000 Volatility Index (RVX) 9/1/2008 – 09/30/2023



Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results.  
Please see important legal disclosures at the end of this report.

## Exhibit 12a

# Fundamental characteristics: Q3 2023

## Quarterly market snapshots

Index	Growth		Quality			
	Sales per Share Growth (5 Yr)	Long Term Forecasted Growth (I/B/E/S Median)	EPS Variability (10 Yr)	ROA (5 Yr Avg)	Debt/Equity	Dividend Yield
Russell 2000 Index	7.37	13.74	153.09	3.79	0.71	1.61
Russell 1000 Index	12.13	10.16	91.21	12.01	0.86	1.57

Index	Valuation			Risk—Standard Deviation (%)		
	P/E (I/B/E/S 1 Yr) Forecasted	Price/Book	Price/Cash Flow	1 Yr	3 Yr	5 Yr
Russell 2000 Index	13.18	1.86	10.08	21.14	22.07	24.16
Russell 1000 Index	18.22	3.91	13.64	15.40	17.82	19.21

Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

## Exhibit 12b

# Fundamental characteristics: Q2 2023

## Quarterly market snapshots

Index	Growth		Quality			
	Sales per Share Growth (5 Yr)	Long Term Forecasted Growth (I/B/E/S Median)	EPS Variability (10 Yr)	ROA (5 Yr Avg)	Debt/Equity	Dividend Yield
Russell 2000 Index	7.17	13.25	151.52	3.64	0.72	1.54
Russell 1000 Index	11.91	9.69	91.10	11.95	0.88	1.50

Index	Valuation			Risk—Standard Deviation (%)		
	P/E (I/B/E/S 1 Yr) Forecasted	Price/Book	Price/Cash Flow	1 Yr	3 Yr	5 Yr
Russell 2000 Index	13.53	2.02	11.08	23.40	21.57	23.84
Russell 1000 Index	19.15	4.13	13.92	19.75	18.17	19.05

Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

## Exhibit 12c

# Fundamental characteristics: Q1 2023

## Quarterly market snapshots

Index	Growth		Quality			
	Sales per Share Growth (5 Yr)	Long Term Forecasted Growth (I/B/E/S Median)	EPS Variability (10 Yr)	ROA (5 Yr Avg)	Debt/Equity	Dividend Yield
Russell 2000 Index	7.26	11.80	154.24	3.70	0.73	1.58
Russell 1000 Index	11.32	9.47	92.45	11.61	0.91	1.67

Index	Valuation			Risk—Standard Deviation (%)		
	P/E (I/B/E/S 1 Yr) Forecasted	Price/Book	Price/Cash Flow	1 Yr	3 Yr	5 Yr
Russell 2000 Index	12.93	2.00	10.74	25.56	22.52	23.70
Russell 1000 Index	17.60	3.91	13.06	22.84	19.28	18.89

Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

## Exhibit 12d

# Fundamental characteristics: Q4 2022

## Quarterly market snapshots

Index	Growth		Quality			
	Sales per Share Growth (5 Yr)	Long Term Forecasted Growth (I/B/E/S Median)	EPS Variability (10 Yr)	ROA (5 Yr Avg)	Debt/Equity	Dividend Yield
Russell 2000 Index	6.29	11.94	145.45	3.28	0.71	1.54
Russell 1000 Index	10.68	10.56	91.59	11.06	0.94	1.72

Index	Valuation			Risk—Standard Deviation (%)		
	P/E (I/B/E/S 1 Yr) Forecasted	Price/Book	Price/Cash Flow	1 Yr	3 Yr	5 Yr
Russell 2000 Index	12.52	2.02	10.58	24.55	26.01	23.30
Russell 1000 Index	16.72	3.72	12.07	22.04	21.48	19.08

Source: FTSE Russell, data as of September 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.



## Focal point

### **Russell US Indexes and the Russell 2000 Index**

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# Highlights



Global Investment Research  
Market Maps

## Russell US Indexes Spotlight

QUARTERLY REPORT: OCTOBER 2023 FOR PROFESSIONAL INVESTORS ONLY

**Large-caps and Growth hold sway despite Q3 setback**

The large-cap indexes fared better than their small-cap peers in the Q3 slump, with most of their edge coming from a bias for stocks viewed as more likely to withstand tighter credit conditions and an economic slowdown. The Q3 pullback barely dented large-cap Growth's massive lead for the year, while small-cap Value performed worst of all, ending with a loss.

**Highlights**

**Large-caps show resilience**  
Russell 1000 fell less than its small-cap counterpart in Q3, buoyed by a bias for larger players in most industries. (pages 2 & 4)

**Growth prevails despite Q3 rate headwinds**  
The Q3 turmoil hurt both Growth and Value styles, but large-cap Growth retained its huge YTD lead despite pressures on Big Tech from surging rates. (page 2-5)

**Growth enjoys biggest forecast upgrades**  
The EPS growth outlook has brightened across all Russell indexes this past year, with the Russell 1000 and both Growth indexes getting the biggest upgrades. (page 7-8)

**Dividend yields edge higher**  
Amid a broad rebound, dividend yields have returned to pre-pandemic levels for the Value indexes, which are more tilted to high dividend-paying firms. (page 9)

**Valuation re-ratings continue**  
Forward P/Es are now roughly in line or modestly above pre-pandemic averages for most Russell indexes, except for the Russell 2000 and its Growth offshoot. (page 10)

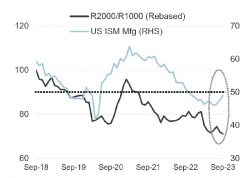
**Russell IPO activity revives**  
IPO activity perked up in Q3, with the Russell 2000 adding eight newcomers, mostly in Health Care. (page 11)

[Russell Indexes - Your index matters | FTSE Russell](#)

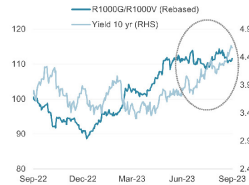
Source: FTSE Russell. P/E Ratio: Data as of September 30, 2023. Past performance is no guarantee of future results. This report should not be considered research for the purposes of MIFID II. Please see the full report for important legal disclosures. For professional investors only.

FTSE Russell | Russell US Indexes Spotlight Report 1

Large-caps held up better than small-caps in the Q3 rout as leading indicators continued to point to a slowing US economy.



Big Tech and other growth stocks were hit hard by last month's spike in bond yields but large-cap Growth remains well ahead YTD.



## Large-caps show resilience

Russell 1000 fell less than its small-cap counterpart in Q3, buoyed by a bias for larger players in most industries.

## Growth prevails despite Q3 rate headwinds

The Q3 turmoil hurt both Growth and Value styles, but large-cap Growth retained its huge YTD lead, despite pressures on Big Tech from surging rates.

## Growth enjoys biggest forecast upgrades

The EPS outlook has brightened across all Russell indexes this past year, with the Russell 1000 and both Growth indexes receiving the biggest upgrades.

## Dividend yields edge higher

Amid a broad rebound, dividend yields have returned to pre-pandemic levels for the Value indexes, which are more tilted to high dividend-paying firms.

## Valuation re-ratings continue

Forward P/Es are now roughly in line or modestly above pre-pandemic averages for most Russell indexes, except for the Russell 2000 and its Growth offshoot.

## Russell IPO activity revives

IPO activity perked up in Q3, with the Russell 2000 adding eight newcomers, mostly in Health Care.

DOWNLOAD

[Russell US Indexes Spotlight, October 2023 | FTSE Russell](#)

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