



# Russell US indexes

## Transparent and objective

Russell US indexes add IPOs as part of the quarterly review process in March, September and December.

At annual reconstitution in June, IPOs are included as new additions.

	Russell 1000	Russell 2000	Russell Micro ex Russell 2000 ("E")	Russell 3000E
<b>NUMBER OF ADDITIONS</b>	<b>6</b>	<b>62</b>	<b>26</b>	<b>94</b>
Basic Materials				
Consumer Discretionary	<b>2</b>	<b>12</b>	<b>3</b>	<b>17</b>
Consumer Staples		<b>1</b>		<b>1</b>
Energy				
Financials		<b>2</b>	<b>7</b>	<b>9</b>
Technology	<b>2</b>	<b>6</b>	<b>3</b>	<b>11</b>
Health Care		<b>36</b>	<b>13</b>	<b>49</b>
Industrials	<b>2</b>	<b>3</b>		<b>5</b>
Real Estate		<b>1</b>		<b>1</b>
Telecommunications		<b>1</b>		<b>1</b>
Utilities				

Source: FTSE Russell, data as of September 20, 2021.

## INDUSTRY HIGHLIGHTS

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ICB is FTSE Russell's official sector classification framework, which includes 11 ICB Industries at the top level.

The following highlights IPOs added during the September quarterly review process, by ICB Industry:

### Health Care

Health Care added 49 companies across the Russell 3000E, with 36 in the Russell 2000.

Forty of the Health Care IPO additions were Biotechnology companies, such as Adagio Therapeutics, Inc., which focuses on the discovery, development and commercialization of antibody-based solutions for infectious diseases with pandemic potential.

Bright Health Group, Inc. was the largest Health Care IPO added to the Russell 2000 index, at a market cap of \$5.9B.

### Consumer Discretionary

Consumer Discretionary added 17 companies across the Russell 3000E, with 2 in the Russell 1000 and 12 in the Russell 2000.

Two of the Consumer Discretionary IPO additions were Household Appliance companies, such as Traeger, Inc. which is the creator and category leader of the wood pellet grill.

FIGS, Inc. was the largest Consumer Discretionary IPO added to the Russell 1000 index, at a market cap of \$6.6B.

### Technology

Technology added 11 companies across the Russell 3000E, with 2 in the Russell 1000 and 6 in the Russell 2000.

Seven of the Technology IPO additions were Software companies, such as EverCommerce, Inc., which is the leading provider of technology solutions for comprehensive background screening for employers and housing providers.

Procore Technologies, Inc. was the largest Technology IPO added to the Russell 1000 index, at a market cap of \$12.2B.

### Industrials

Industrials added 5 companies across the Russell 3000E, 2 in the Russell 1000 and 3 in the Russell 2000.

Three of the Industrial IPO additions were Professional Business Support Services companies, such as First Advantage Corporation., which addresses the increased demand for hygiene, infection prevention, and cleaning solutions.

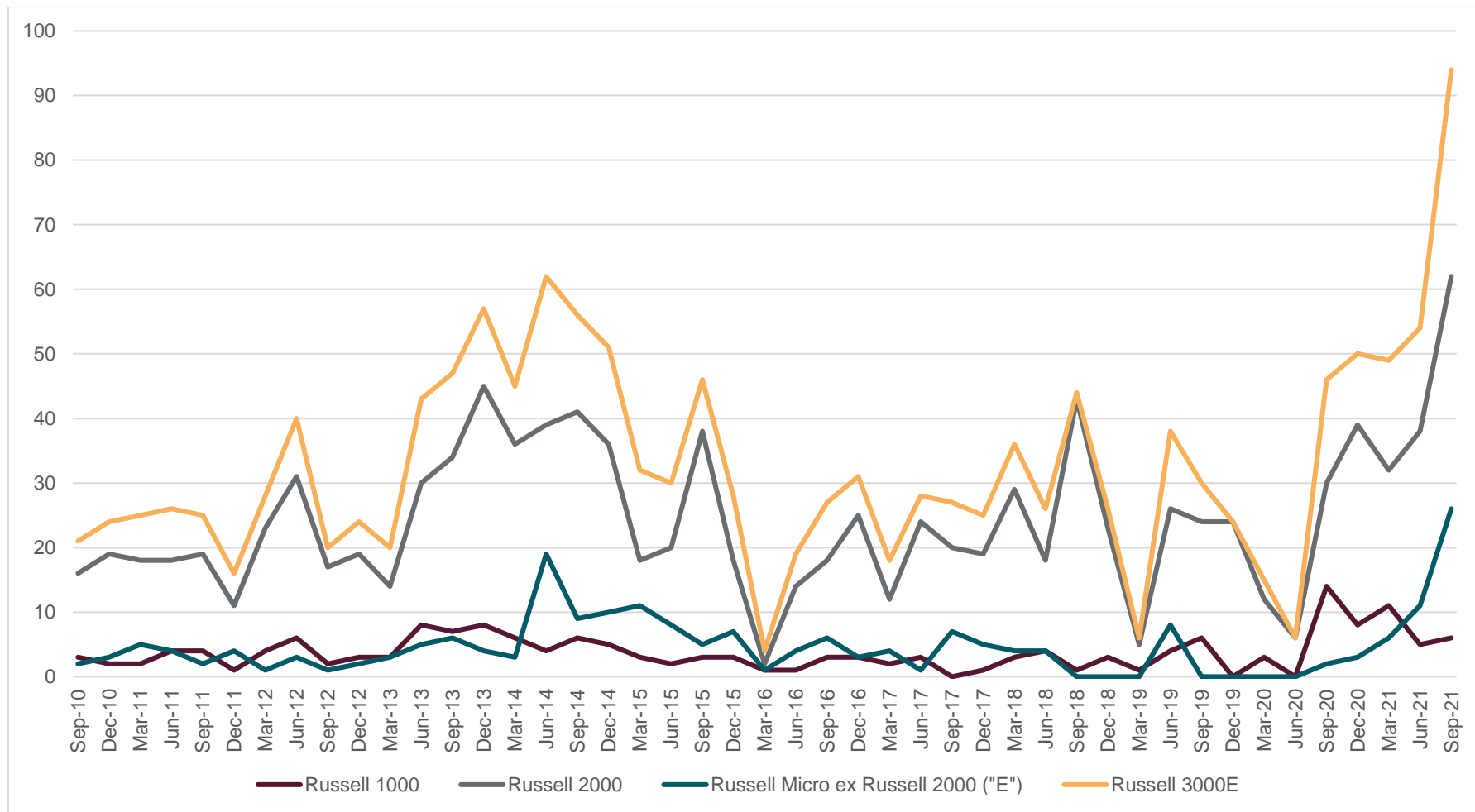
LegalZoom.com, Inc. was the largest Industrials IPO added to the Russell 1000 index, at a market cap of \$6.9B.

FTSE Russell, data as of September 20, 2021. Market cap data included within Industry Highlights is total company market cap as of September 17, 2021 (at the close).

### Russell Indexes add eligible IPOs quarterly

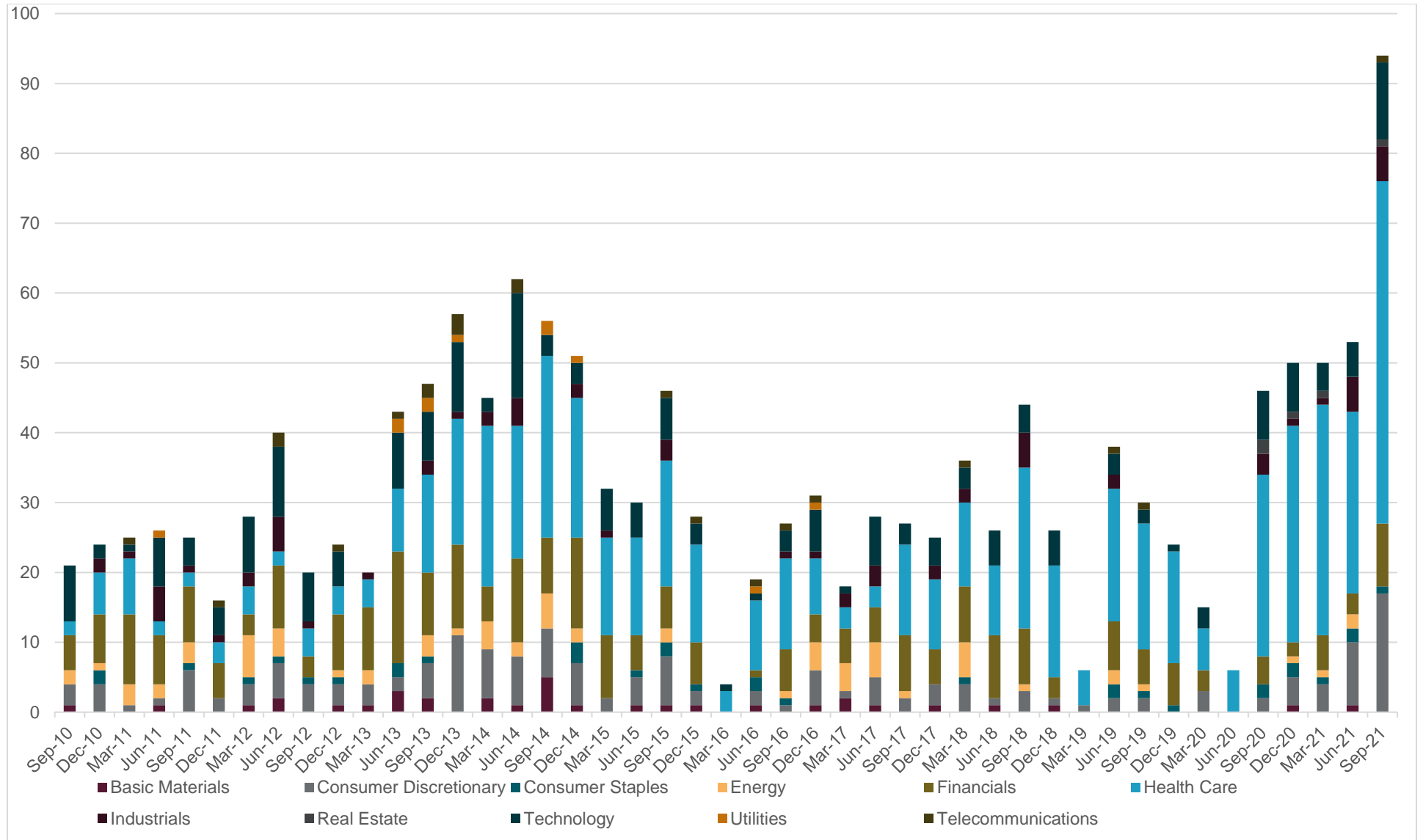
Initial public offerings (IPOs) are added to the Russell US Indexes on a quarterly basis to enhance overall market representation. Over the last 10 years, there have been over 1,489 IPO additions to the Russell US indexes, especially in the Russell 2000 Index, which measures the performance of the small cap segment of the US equity market. Most IPO additions this quarter are concentrated in the Health Care and Consumer Discretionary sectors, as classified by ICB.

#### Historical number of IPO additions to the Russell US indexes



Source: FTSE Russell, data as of September 20, 2021.

Historical number of IPO additions to the Russell US indexes by sector



Source: FTSE Russell, data as of September 20, 2021.

## Benefits of adding eligible IPOs to the Russell Indexes on a regular basis

Adding stocks to an index significantly later could impact the performance of the benchmark. In the figure below, we highlight some of the differences in performance resulting from the S&P 500 adding certain large-cap stocks later than their inclusion date in the Russell 1000 Index (or the Russell 2000 Index if the stock was added as a small cap)—in some cases up to a decade later. These coverage gaps contribute to performance differences.

### Timely addition of new and emerging companies

Company	IPO month	Added to Russell 3000 (A)	Added to S&P 500 (B*)	% Cumulative Total Return of the Stock from A to B*	Russell 1000 Cumulative Excess Return over S&P 500 from A to B*	Russell 3000 Cumulative Excess Return over S&P 1500 from A to B*
Apple	Dec 1980	Mar 1981	Nov 1982	30%	-0.7%	N/A*
Microsoft	Mar 1986	Mar 1986	Jun 1994	3,270%	-6.1%	N/A*
Starbucks	Jun 1992	Jun 1993	Jun 2000	523%	-6.0%	N/A*
Amazon.com	May 1997	Jul 1997 (R2); Jul 1998 (R1)	Nov 2005	1,923%	5.6%	-0.8%
Netflix.com	May 2002	Jun 2002 (R2); Jun 2009 (R1)	Dec 2010	2,412%	6.7%	3.3%
Alphabet (Google)	Aug 2004	Sep 2004	Mar 2006	201%	2.5%	1.7%
Tesla	Jun 2010	Sep 2010	Dec 2020	17,192%	6.1%	5.8%
Facebook	May 2012	Jun 2012	Dec 2013	46%	0.8%	0.6%
Square	Nov 2015	Dec 2015	TBD*	1,732%	2.4%	2.7%
Moderna	Dec 2018	Mar 2019	Jul 2021	1,638%	2.0%	2.2%
Zoom	Apr 2019	Jun 2020	TBD*	3%	1.8%	1.4%

Source: FTSE Russell, data as of September 30, 2021. Companies are listed in order of IPO date. 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 500 has not added the stock yet, performance is as September 30, 2021. Performance is based on monthly returns following the month listed in (A), and inclusive of the month listed in (B\*). Past performance is no guarantee of future returns. See the end for important disclosures.

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