



Recap

FTSE
Russell

2021 Russell US Indexes Reconstitution

Annual reconstitution ensures accurate US market representation

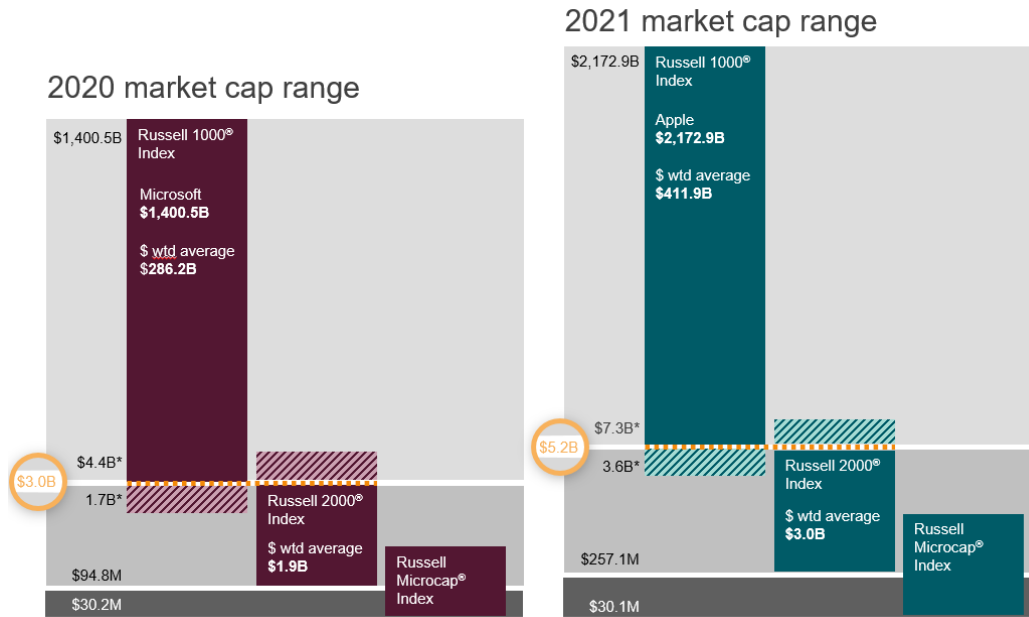
The Russell US Indexes are designed to reflect the ever-changing US equity market, and the annual reconstitution process is critical to maintaining accurate representation. During this highly anticipated market event, the breakpoints between large, mid, and small cap are redefined to ensure market changes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

This year's reconstitution reveals the US equity market increased in size, with the total market cap of the Russell 3000® Index up 51.9% from \$31.4 trillion as of last year's rebalance to \$47.7 trillion based on this year's rank day (May 7, 2021).

The largest five companies in the Russell US Indexes have remained unchanged since 2019's reconstitution, but the order of them has since changed. Apple is again the largest company in the index, followed by Microsoft, which is now the second largest company in the index after trading spots with each other. The total market cap of the ten largest companies has increased since last year's reconstitution.

The breakpoint between large cap and small cap increased 73.3% from \$3.0 billion in 2020 to \$5.2 billion, as shown in Exhibit 1.

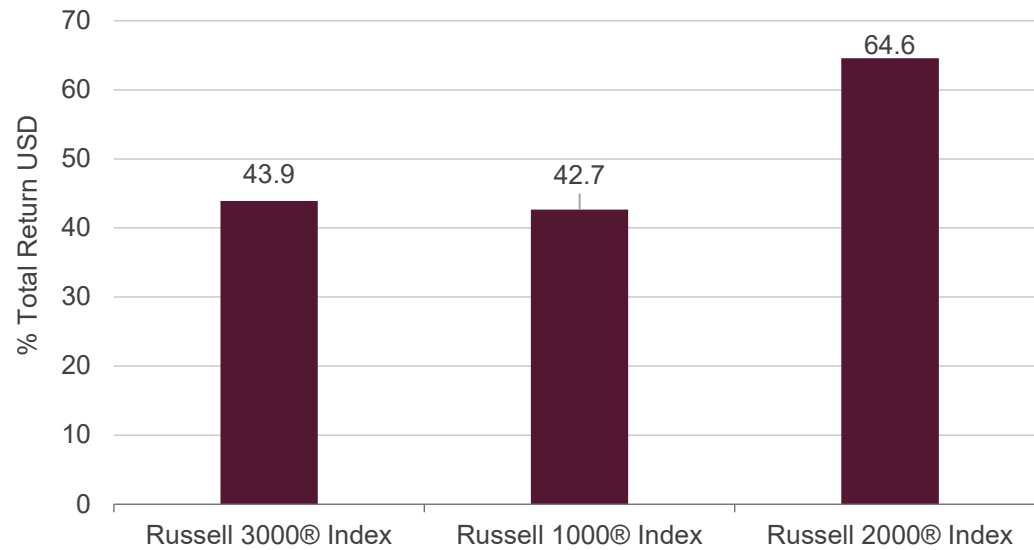
Exhibit 1: Breakpoints between US large and small cap, with and without banding



* Reflects banding. Data as of May 8, 2020 and May 7, 2021, respectively.

Core Russell US Indexes

Exhibit 2: Core Russell US Indexes performance one-year period ending May 28, 2021



Source: FTSE Russell, data as of May 28, 2021. Past performance is no guarantee of future results. Please see the end for important legal disclosures.

Russell 3000® Index

- Representing the US broad market, the total market capitalization of the Russell 3000 Index increased by 51.9%, up from \$31.4 trillion in 2020 to \$47.7 trillion in 2021.
- The breakpoint between large cap and small cap increased by 73.3% from \$3.0 billion last year to \$5.2 billion for 2021 (see Exhibit 1).
- Exhibit 3 lists the largest 10 companies by total market capitalization as of rank day 2021 along with their ranks and total market capitalization as of last year's reconstitution.
- Tesla and JPMorgan Chase & Co are two new entries to the list, replacing Walmart and Procter & Gamble, and are the seventh and ninth largest companies in the Russell US Indexes, respectively.
- Apple has taken the top spot in the index back from Microsoft after seeing a 61.7% increase in total market cap. Microsoft has dropped to second place in the index after seeing only a 35.8% increase in total market cap
- Alphabet has joined Apple, Microsoft and Amazon.com in having a total market cap of over \$1 trillion, marking the first time ever that four companies have broken the \$1 trillion market cap level.
- All of the top 10 companies in the index increased their total market caps from 2020. The largest increase was Tesla, which increased by 326.4% and the smallest increase was Johnson & Johnson, which increased by 10.69%.
- The total market cap of the 2021 top 10 companies is \$10.9T, an increase of 53.0% from the 2020 top 10 market cap total of \$7.1T.

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

Company	2021 Rank by size	2021 Total Market Cap	2020 Rank by size	2020 Total Market Cap	Change from 2020
Apple	1	\$2,172.9B	2	\$1,344.2B	61.65%
Microsoft	2	\$1,901.4B	1	\$1,400.5B	35.77%
Amazon.com	3	\$1,660.0B	3	\$1,189.9B	39.86%
Alphabet	4	\$1,576.2B	4	\$945.0B	66.80%
Facebook	5	\$904.7B	5	\$605.0B	49.54%
Berkshire Hathaway	6	\$664.4B	6	\$429.7B	54.61%
Tesla	7	\$647.7B	35	\$151.9B	326.42%
Visa	8	\$492.9B	7	\$394.1B	25.07%
JP Morgan Chase	9	\$488.1B	12	\$282.5B	72.80%
Johnson & Johnson	10	\$433.7B	8	\$391.8B	10.69%

Source: FTSE Russell as of May 7, 2021.

Russell 1000[®] Index

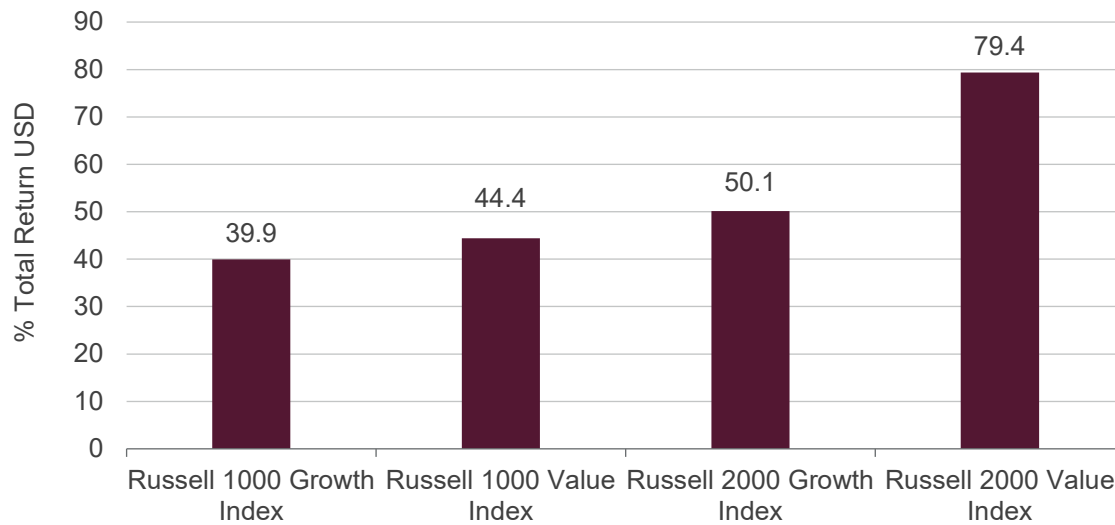
- Representing the US large cap market segment, the total market cap of the Russell 1000 Index increased 49.5% from \$29.5 trillion as of last year's reconstitution to \$44.1 trillion.
- With banding applied, the smallest company by market capitalization in the index is Viasat Inc with a total market capitalization of \$3.6 billion (refer to Exhibit 1).
- 56 companies are being added to the Russell 1000 Index, a majority of which are migrating from the Russell 2000[®] Index.
- Eleven of the 30 companies moving up from the Russell 2000 Index are Consumer Discretionary companies, and five are Industrials companies. The remaining 14 companies moving from small to large cap are represented by the Basic Materials, Consumer Staples, Energy, Financials, Health Care, Technology and Utilities industries.
- Examples of companies joining the Russell 1000 Index from the Russell 2000 Index are Caesars Entertainment (Consumer Discretionary), Gamestop (Consumer Discretionary), Brookfield Renewable (Utilities), and Novavax (Health Care).
- Five IPOs are being added to the Russell 1000 index at this year's reconstitution, headlined by Agilon Health.
- Twenty-six companies are joining the Russell 1000 Index as new additions to the Russell US Indexes universe, including The Blackstone Group (Financials), DraftKings (Consumer Discretionary), Doordash (Technology) and Snowflake (Technology).
- 45 companies are migrating from the Russell 1000 Index to the Russell 2000 Index.

Russell 2000[®] Index

- Representing the US small cap market segment, the total market capitalization of the Russell 2000 Index increased 84.2% from \$1.9 trillion as of last year's reconstitution to \$3.5 trillion.
- The largest company in the index (with banding applied) is Performance Food Group, with a total market cap of \$7.3 billion, a 65.9% increase from last year's largest company (see Exhibit 1).
- The smallest company in the index is Velocity Financial with a total market cap of \$257.1 million, an increase of 171.2% from \$94.8 million in 2020 (see Exhibit 1).
- There is a total of 271 companies joining the Russell 2000 Index, with 45 dropping down from the Russell 1000 Index / Russell Midcap[®] Index, and 52 shifting up from the Russell Microcap[®] Index (16 of which are allocated to the Health Care industry and another 16 allocated to the Consumer Discretionary industry and 9 Industrial companies).
- 38 IPOs are being added to the Russell 2000, with 21 of them classified in the Health Care industry, while 136 companies are joining from outside the Russell US Indexes universe.
- The largest addition to the small cap index by size is Open Lending Corp (Financials) with a total market cap of \$4.9 billion.
- 323 companies are departing the Russell 2000 Index. Thirty companies are moving to the Russell 1000 Index, 286 are moving to the Russell Microcap Index, and another 7 companies are leaving the Russell US Indexes universe altogether.

Russell US Style Indexes

Exhibit 4: Russell US Style Indexes performance – one-year period ending May 28, 2021



Source: FTSE Russell, data as of May 28, 2021. Past performance is no guarantee of future results. Please see the end for important legal disclosures.

Russell 1000® Growth and Value Indexes

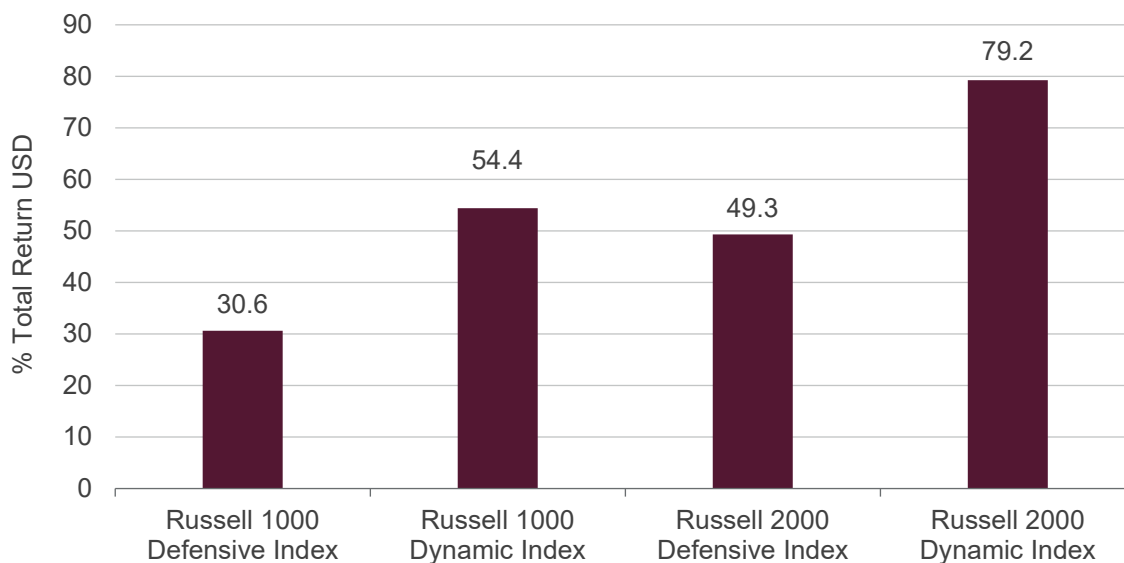
- The largest addition to the Russell 1000 Growth Index by size is Walt Disney Co, which shifted from 100% Value to partial Growth (5%). The largest addition by weight is Caterpillar Inc which shifted from 100% Value to predominantly Growth (86%).
- The largest addition to the Russell 1000 Value Index by size is Eli Lilly and Co, which shifted from 100% Growth to partial Value (21%). The largest addition by weight is Regeneron Pharmaceuticals, which shifted from 100% Growth to 89% Value.
- The largest company leaving the Russell 1000 Growth Index by size is Johnson & Johnson, shifting from 13% Growth to 100% Value. The largest company to leave by weight is Merck & Co Inc which has shifted from 87% Growth to 100% Value.
- Home Depot Inc is the largest company by both size and weight to leave the Russell 1000 Value Index, going from 50% Value to 100% Growth.
- Technology remains the largest industry in the Russell 1000 Growth Index, with its weight dropping slightly from 45.8% to 45.7%. The industry decreasing the most in size is the Health Care industry, dropping from 13.3% to 8.7%. The industry increasing in weight the most is Consumer Discretionary, up from 19.3% to 22.1%
- The largest industry in the Russell 1000 Value Index continues to be the Financials industry, with its weight slightly increasing from 20.6% to 20.8%. The industry with the largest increase in weight is Health Care, up from 11.8% to 16.2% of the index. The industry with the largest decrease in weight is Consumer Discretionary, dropping from 12.4% to 10.2%.

Russell 2000® Growth and Value Indexes

- The largest addition to the Russell 2000 Growth Index by size is Ovintiv Inc, which has shifted from 100% Value to 6% Growth. The largest addition by index weight is Performance Food Group, which is which has shifted from 100% Value to 100% Growth.
- The largest addition to the Russell 2000 Value Index by size is BridgeBio Pharma, which is shifting from 100% Growth to 33% Value. The largest addition by index weight is Chesapeake Energy which is a new add to the Russell 2000 and is assigned a 100% Value probability.
- The largest company leaving the Russell 2000 Growth Index by size is Caesars Entertainment Inc, which is moving to the Russell 1000 Growth Index, while going from 59% Growth to 62% Growth. The largest company leaving by weight is Plug Power Inc, which is also moving to the Russell 1000 Growth Index. It remains at 100% Growth.
- The largest company leaving the Russell 2000 Value Index by size is Caesars Entertainment Inc, which is moving to the Russell 1000 Value Index, while going from 41% Value to 38% Value. The largest company leaving the index by weight is GameStop Corp, which is also moving to the Russell 1000 Index while shifting from 100% Value to 100% Growth.
- The largest industry in the Russell 2000 Growth Index remains Health Care, although it sees its weight decrease from 31.0% to 28.9%, which is the largest decrease of any industry in the index. Financials is experiencing the largest increase in weight in the Russell 2000 Growth Index, increasing from 4.0% to 5.0%.
- The largest industry in the Russell 2000 Value Index remains Financials with a weight of 26.2% Consumer Discretionary is showing the largest shift in representation, decreasing from 18.9% to 13.4%, while the Health Care industry is displaying the largest increase in weight in the Russell 2000 Value Index, up from 5.6% to 10.5%.

Russell US Stability Indexes®

Exhibit 5: Russell US Stability Indexes performance – one-year period ending May 28, 2021



Source: FTSE Russell, data as of May 28, 2021. 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 5 above, the Russell 1000 Defensive Index (+30.6%) posted a lower return than the Russell 1000 Dynamic Index (+54.4%) during the one-year period ending May 28, 2021.
- The largest addition to the Russell 1000 Defensive Index by size is JPMorgan Chase & Co which is shifting from 100% Dynamic to 6% Defensive. The largest addition to the index by weight is NextEra Energy, which is shifting from 100% Dynamic to 77% Defensive.
- The largest addition to the Russell 1000 Dynamic index by size is Facebook, which is shifting from 100% Defensive to 19% Dynamic. The largest addition by weight is Eli Lilly and Co which is shifting from 100% Defensive to 91% Dynamic
- The largest company leaving the Russell 1000 Defensive Index by size is Walt Disney Co, which is shifting from 16% Defensive to 100% Dynamic. The largest company leaving the index by weight is Linde, which is leaving the Russell US index series.
- The largest company to leave the Russell 1000 Dynamic index by size is UnitedHealth Group which is shifting from 10% Dynamic to 100% Defensive. The largest leaving by weight is Philip Morris International which is shifting from 53% Dynamic to 100% Defensive.
- The largest industry in the Russell 1000 Defensive Index remains Technology although it sees a substantial drop in weight from 36.1% to 28.0%, the largest decrease of any industry in the index. Consumer Discretionary sees the largest increase in representation, going from 8.8% to 12.0%.
- Technology is now the largest industry in the Russell 1000 Dynamic Index after increasing from 19.0% to 25.9%, followed by Consumer Discretionary at 20.3%. Utilities is showing the largest decrease in weight from 4.1% to 1.5%.

Russell 2000[®] Defensive and Dynamic Indexes[®]

- As shown in Exhibit 5 above, the Russell 2000 Defensive Index (49.3%) underperformed the Russell 2000 Dynamic Index (79.2%) over the 12-month period ending May 28, 2021.
- The largest addition to the Russell 2000 Dynamic Index by size is American Eagle Outfitters, which has shifted from 100% Defensive to 32% Dynamic. The largest addition to the index by weight is Open Lending Corp, which is a new add to the Russell 2000 and has been assigned to 100% Dynamic.
- The largest addition to the Russell 2000 Defensive Index by size is Denali Therapeutics, which is shifting from 100% Dynamic to 27% Defensive. The largest addition to the index by weight is Blueprint Medicines Corp, which is shifting from 100% Dynamic to 91% Defensive.
- The largest company leaving the Russell 2000 Dynamic Index by both size and weight size is Caesars Entertainment Inc, which is joining the Russell 1000 Dynamic Index at 100%.
- The largest company by size leaving the Russell 2000 Defensive Index is Darling Ingredients which is joining the Russell 1000 Dynamic Index with 100% Dynamic probability. The largest company by weight leaving the index is Deckers Outdoor Corp which is joining the Russell 1000 Dynamic and Defensive Indexes with 73% Dynamic and 27% Defensive probabilities.
- Financials remains the largest industry in the Russell 2000 Defensive Index despite a reduction in weight from 26.3% to 25.0%, which was the largest decline in the index. The largest increase is Consumer Discretionary, up to 12.8% from 11.2%.

- Health Care remains the largest industry in the Russell 2000 Dynamic Index with a weight of 31.2%, up from 25.6%. This is the largest increase of any industry in the index. The industry declining the most in size is Consumer Discretionary, which is shifting from 22.8% to 17.7% of the index.

Performance data is reported as of May 28, 2021. Company-level and index-level market capitalization figures within this summary report are as of May 7, 2021 (rank day), while market capitalization figures within the preliminary analysis reports are as of May 28, 2021. Market capitalizations referenced reflect the total market capitalization unless otherwise noted. Industry weights referenced are as of May 28, 2021. Russell Style and Stability probabilities were calculated based on May 28, 2021 data and applied to the index membership that was determined as of May 7, 2021. For the purpose of reconstitution ranking, all eligible share classes for a company are consolidated and ranked as one single company. Totals may not equal 100% due to rounding.

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