

RUSSELL US INDEXES

Russell 2000 Index quarterly chartbook

July 2023

Covering Q2 index performance

FTSE
Russell

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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 **sectors** and their reflection in the market



Second quarter IPOs
Quarterly sector weightings
Quarterly sector performance review
Sector contribution to return
Sector history

Find analytical perspectives on **risk/characteristics**



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

Use **Focal Point** as your guide to news 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.

Market performance

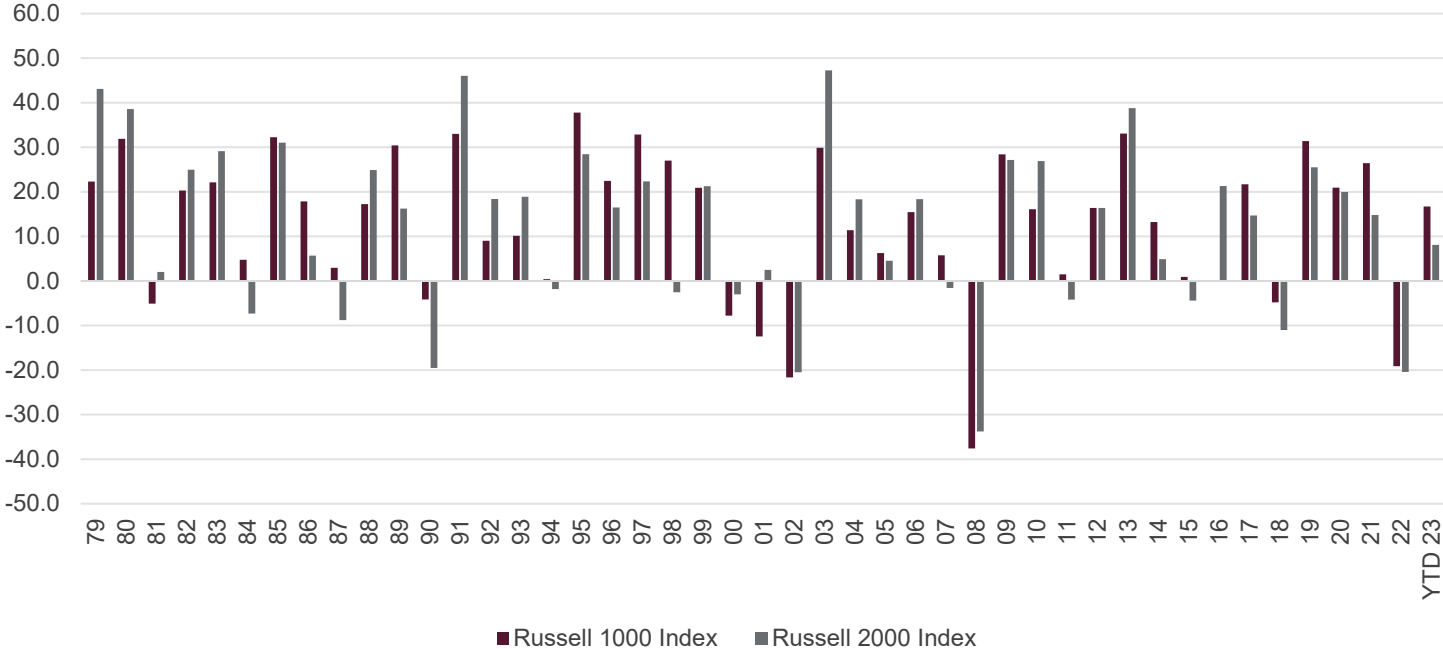
SMALL CAPS TELL US MORE

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 (%)

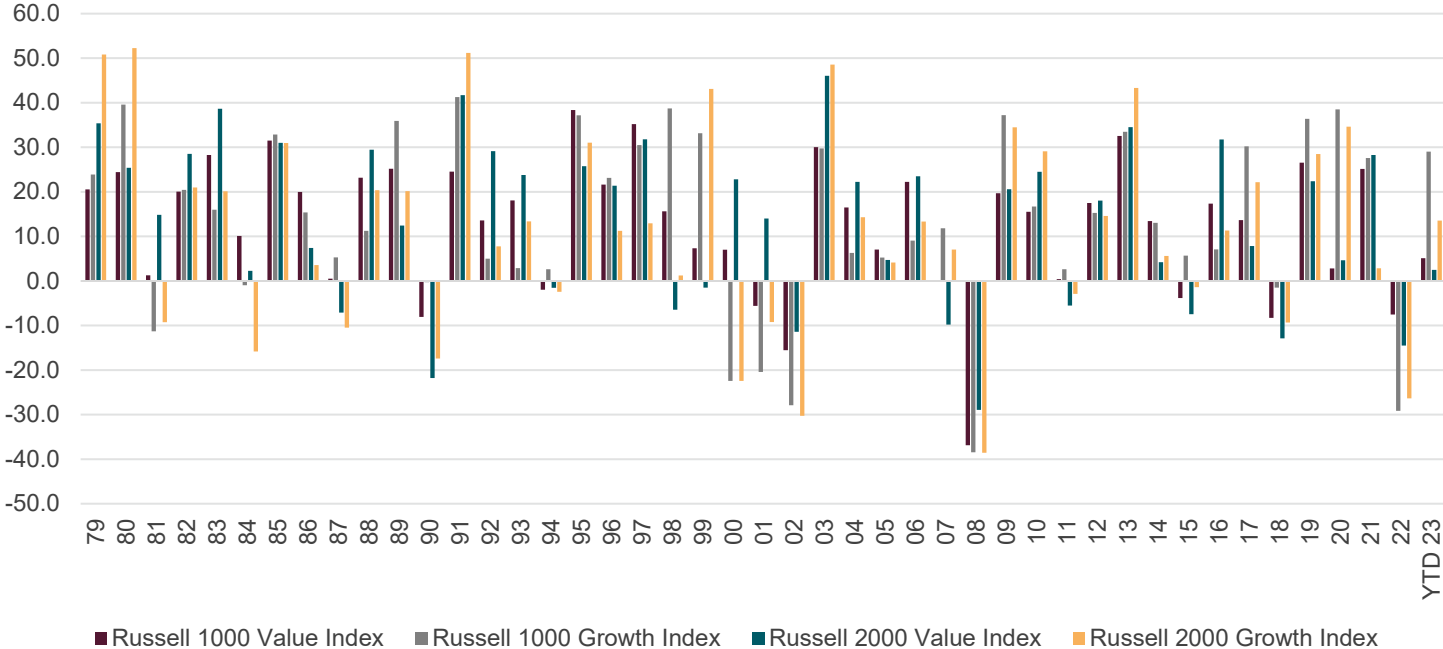


Source: FTSE Russell, data as of June 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 1b

Market cap performance

Annual return (%)



Source: FTSE Russell, data as of June 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 June 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 (%)

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	12 months
Russell 3000 Index	8.4	7.2	7.2	-4.5	19.0
Russell Top 200 Index	9.9	8.7	6.6	-5.0	20.9
Russell 1000 Index	8.6	7.5	7.2	-4.6	19.4
Russell Midcap Index	4.8	4.1	9.2	-3.4	14.9
Russell 2000 Index	5.2	2.7	6.2	-2.2	12.3
Russell Microcap Index	5.3	-2.8	4.7	-0.5	6.6

Source: FTSE Russell, data as of June 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 (%)

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	12 months
Russell 1000 Growth Index	12.8	14.4	2.2	-3.6	27.1
Russell 2000 Growth Index	7.1	6.1	4.1	0.2	18.5
Russell 1000 Value Index	4.1	1.0	12.4	-5.6	11.5
Russell 2000 Value Index	3.2	-0.7	8.4	-4.6	6.0
Russell 1000 Defensive Index	7.3	5.2	9.7	-7.1	15.1
Russell 2000 Defensive Index	3.4	2.2	9.5	-4.6	10.3
Russell 1000 Dynamic Index	9.9	9.8	4.8	-2.0	23.9
Russell 2000 Dynamic Index	7.1	3.3	3.0	0.3	14.3

Source: FTSE Russell, data as of June 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
YTD 2023			
Large	5.12	16.68	29.02
Mid	5.23	9.01	15.94
Small	2.50	8.09	13.55
2022			
Large	-7.54	-19.13	-29.14
Mid	-12.03	-17.32	-26.72
Small	-14.48	-20.44	-26.36

	Value	Core	Growth
2021			
Large	25.16	26.46	27.60
Mid	28.34	22.58	12.73
Small	28.27	14.82	2.84
2020			
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 June 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Sectors

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 sectors such as Technology, Health Care and Financials and less so by the industrial sectors such as Energy, Basic Materials and Industrials. However, the leading sectors are always in a state of change indicative of economic, consumer, and industry trends.

Exhibit 6

Second quarter IPOs

Quarter end

Russell 2000 Index IPOs by sector

Sector	Number of IPOs	Total market cap (\$B)
Energy	1	0.3
Industrials	2	0.2
Total	3	0.5

Russell 2000 Index IPO company detail

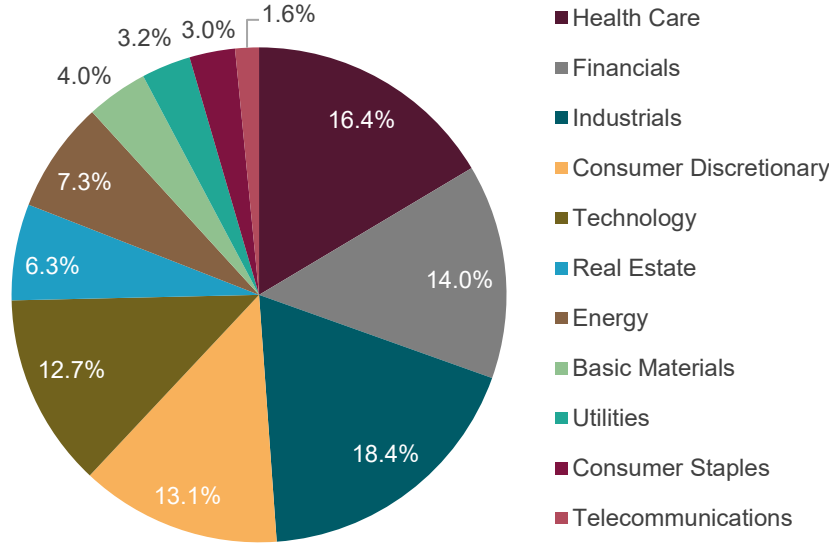
Sector	Company name	Ticker	Total market cap (\$B)
Energy	ATLAS ENERGY SOLUTIONS I	AESI	0.3
Industrials	ISPIRE TECHNOLOGY INC	ISPR	0.2
	HIMALAYA SHIPPING LTD	HSHP	0.02

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

Exhibit 7

Quarterly sector weightings

Quarter end (%)



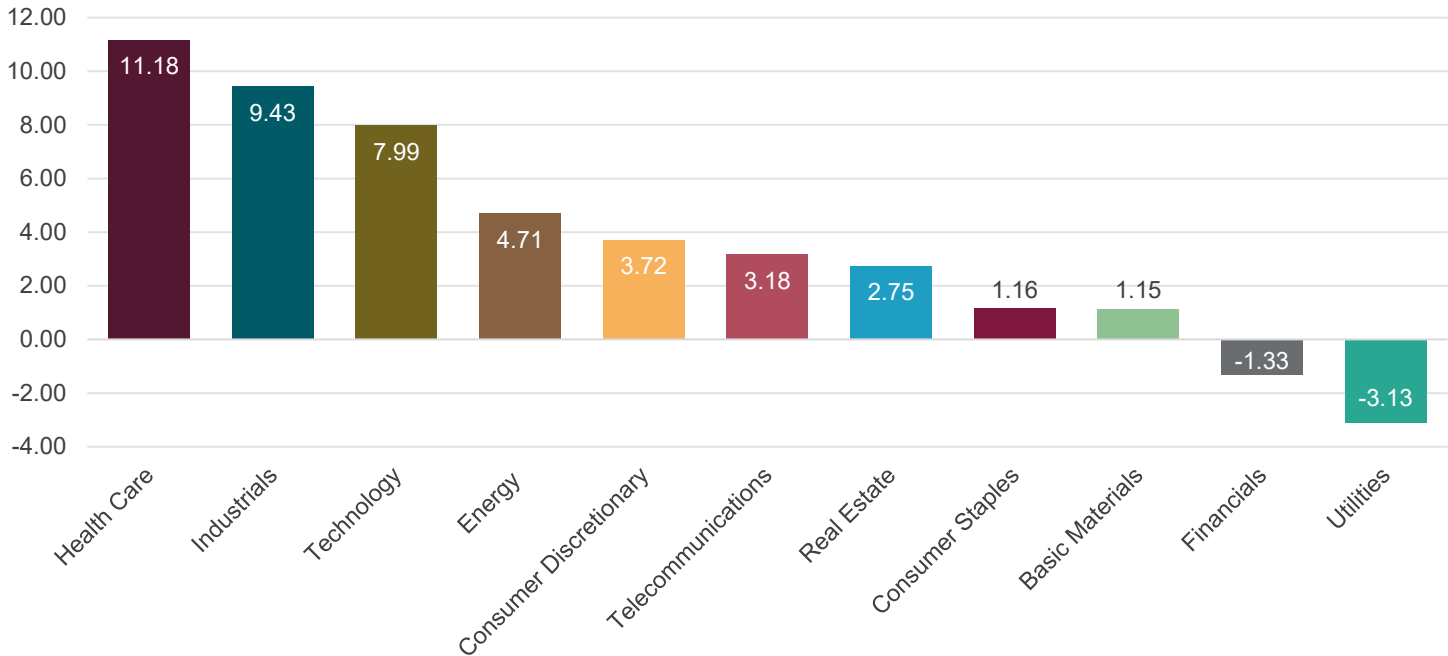
	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Health Care	16.4	15.6	16.5	18.3
Financials	14.0	15.1	17.0	17.1
Industrials	18.4	17.5	16.9	16.0
Consumer Discretionary	13.1	13.7	12.4	12.2
Technology	12.7	11.6	10.5	10.8
Real Estate	6.3	6.5	6.6	6.5
Energy	7.3	6.8	7.1	6.6
Basic Materials	4.0	4.3	4.1	3.9
Utilities	3.2	3.8	3.9	3.8
Consumer Staples	3.0	3.4	3.3	3.2
Telecom	1.6	1.7	1.7	1.7

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

Exhibit 8

Quarterly sector performance review

Total return (%)

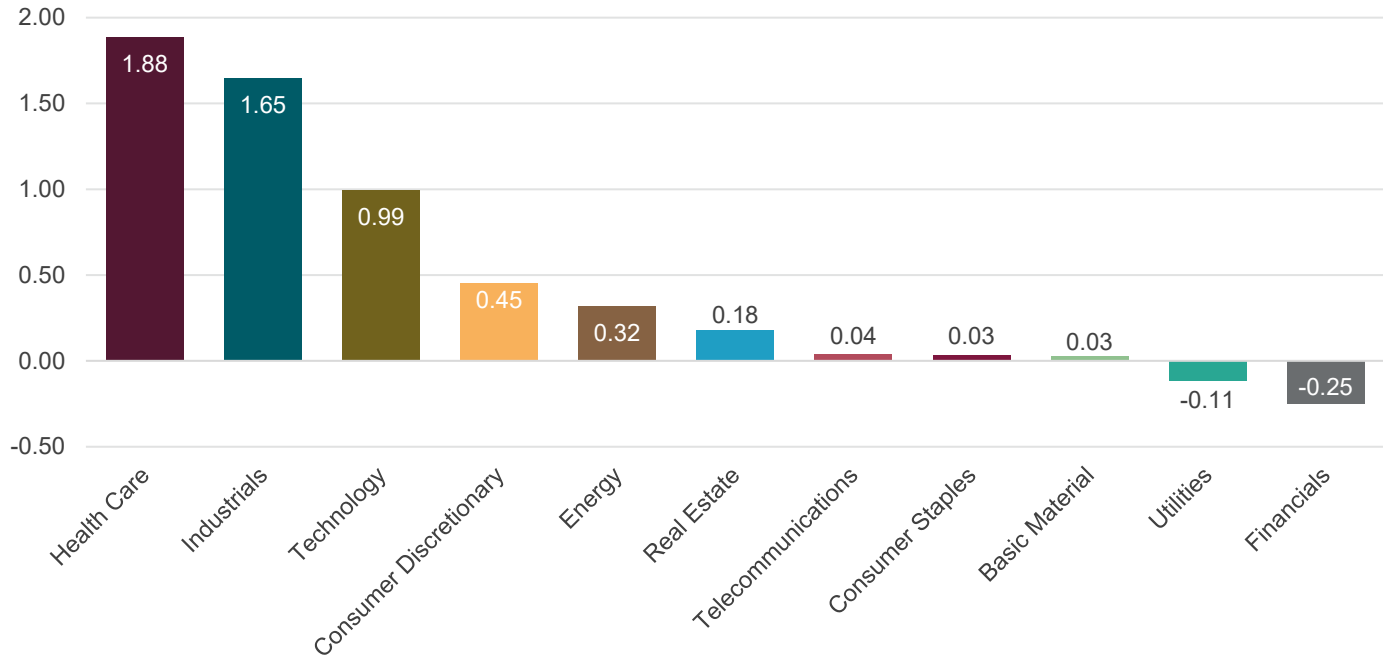


Source: FTSE Russell, data as of June 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 9

Sector contribution to return

Year to date (%)

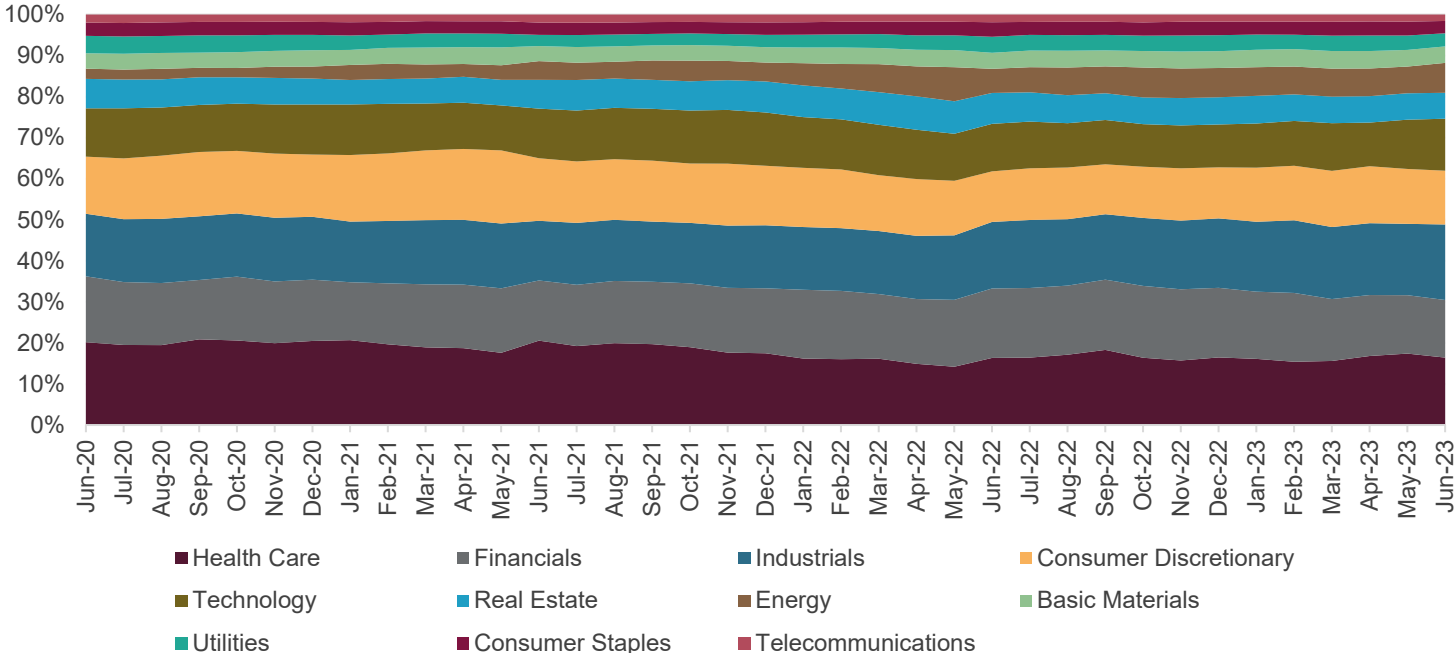


Source: FTSE Russell, data as of June 30, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 10a

Sector history

ICB monthly weightings (%)

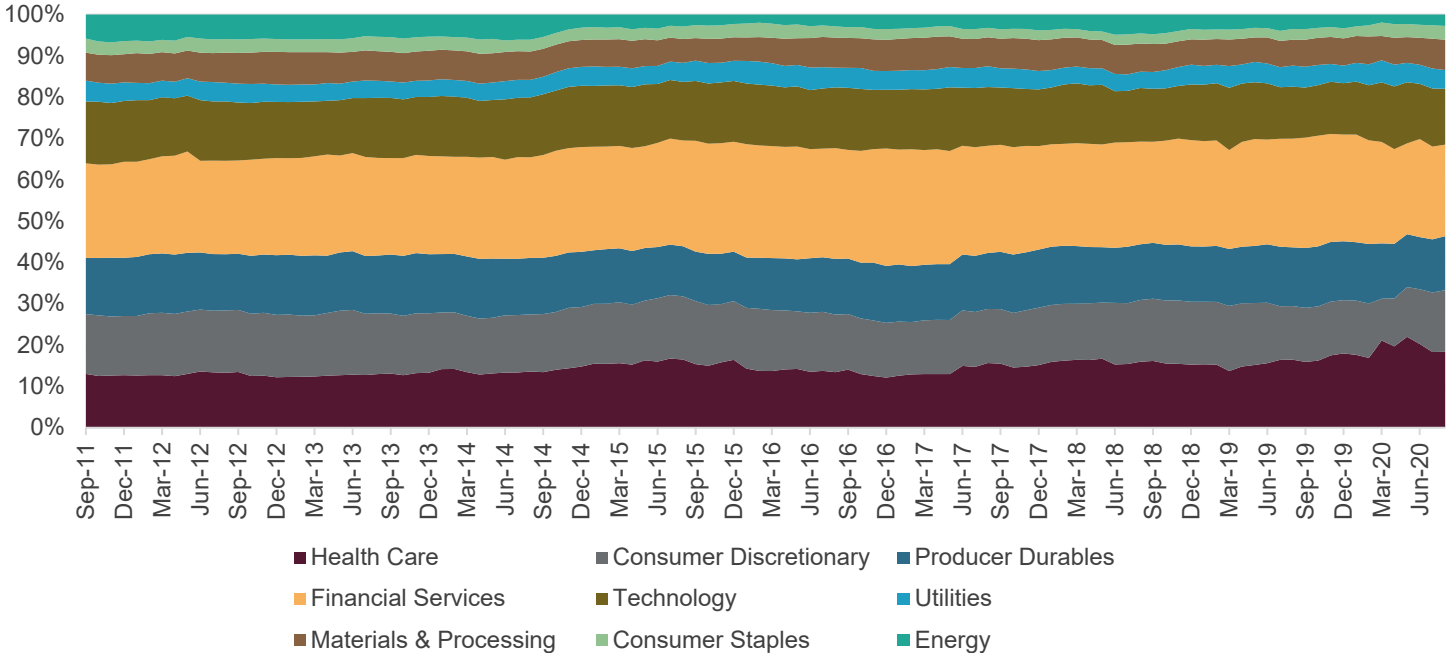


Source: FTSE Russell Industry Classification Benchmark (ICB) data is shown starting June 30, 2020. Historical index weightings reflect Russell Global Sectors. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

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.

Risk / characteristics

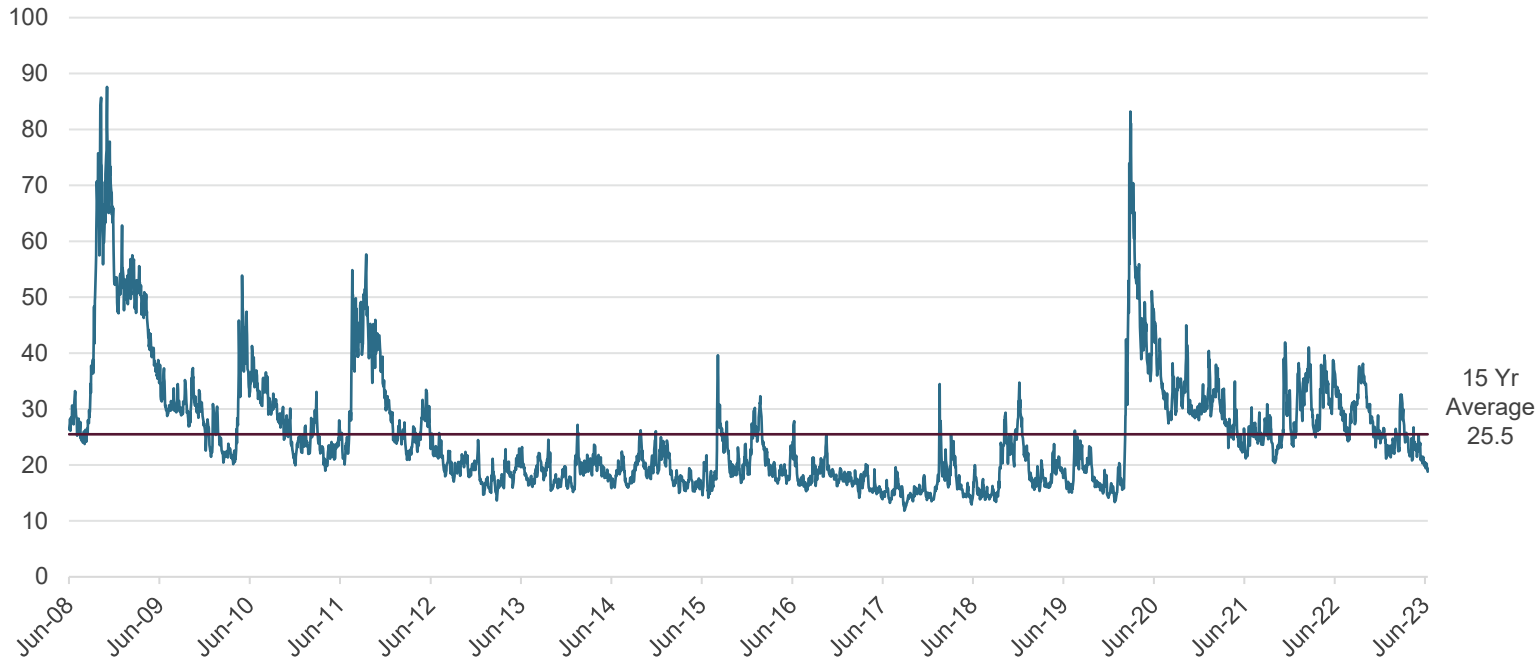
SMALL CAPS REFLECT THE MARKET

Russell 2000 companies tend to be more specialized than those of the more diversified Russell 1000 constituents, 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) 6/1/2008 – 06/30/2023



Source: FTSE Russell, data as of June 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: Q2 2023

Quarterly market snapshot

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 June 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: Q1 2023

Quarterly market snapshot

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 June 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: Q4 2022

Quarterly market snapshot

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 June 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: Q3 2022

Quarterly market snapshot

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	6.01	13.06	143.62	3.26	0.69	1.51
Russell 1000 Index	11.26	12.14	93.84	11.08	0.90	1.81

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	11.28	1.93	10.76	21.40	25.10	22.62
Russell 1000 Index	15.28	3.50	11.77	20.76	20.51	18.32

Source: FTSE Russell, data as of June 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

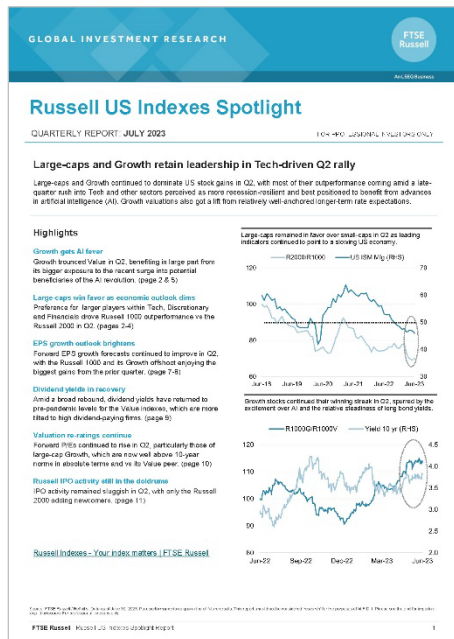
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Highlights



Growth gets AI fever

Growth trounced Value in Q2, benefiting in large part from its bigger exposure to the recent surge into potential beneficiaries of the AI revolution.

Large-caps win favor as economic outlook dims

Preference for larger players within Tech, Discretionary and Financials drove Russell 1000 outperformance vs the Russell 2000 in Q2.

EPS growth outlook brightens

Forward EPS growth forecasts continued to improve in Q2, with the Russell 1000 and its Growth offshoot enjoying the biggest gains from the prior quarter.

Dividend yields in recovery

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 continued to rise in Q2, particularly those of large-cap Growth, which are now well above 10-year norms in absolute terms and vs its Value peer.

Russell IPO activity still in the doldrums

IPO activity remained sluggish in Q2, with only the Russell 2000 adding newcomers.

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