

FTSE Russell begins 33rd annual Russell US Indexes Reconstitution

- Total US equity market capitalization increased 52% reaching \$47.7 trillion as of May 2021.
- Market cap breakpoint separating small-caps (Russell 2000 Index) and large-caps (Russell 1000 Index) increased by 73%.
- Four companies exceeded \$1 trillion in total market cap, with Alphabet joining Microsoft, Apple & Amazon, which reached this milestone in 2020.
- Tesla and JP Morgan Chase & Co. join the top ten companies in the Russell US Indexes.

FTSE Russell, a leading global index provider, today posted its preliminary lists of companies set to enter or leave the US broad-market Russell 3000 Index and the Russell Microcap Index, marking the start of its 33rd annual Russell US Indexes Reconstitution. Changes will take place after US equity markets close Friday, June 25. The lists of projected additions and projected deletions for the Russell US Indexes and other information are [available on the FTSE Russell website](#).

Every year in June, the Russell US family of indexes is reconstituted to account for market changes in the previous year. It is a significant market event, which impacts more than \$10.6 trillion in investor assets benchmarked to, or invested in, products based on the Russell US Indexes.

Arne Staal, CEO, FTSE Russell, said:

“Our annual Russell Reconstitution process is critical to ensure the transparency, reliability and comprehensiveness of the US Russell indexes for investors around the world. For over three decades, our global index teams have worked to ensure a seamless rebalance for our clients and market participants.”

Catherine Yoshimoto, FTSE Russell Director of Product Management, said:

“In 2020, overall capitalization for the US equity market stayed fairly flat, decreasing by 1%. However, we’ve seen a surge in growth in the first half of 2021 with the total market cap in the Russell 1000 reaching \$44.1 trillion. We have also seen a resurgence in market capitalizations of small cap companies in the Russell 2000 reflecting the overall bounce back of US equity markets following the COVID-19 recession in early 2020.”

US Equity Markets Reach New Heights

Total US equity market capitalization as represented by the Russell 3000 Index, increased by 52%, rising from \$31.4 trillion in 2020 to \$47.7 trillion in as of this year’s rank day (May 7, 2021). The large end of the US equity market grew significantly in the last year, with the total market cap of the Russell 1000 Index rising 50% to \$44.1 trillion, compared with \$29.5 trillion this time last year,

The market capitalization breakpoint which separates companies in the US large-cap Russell 1000 Index and companies in the US small-cap Russell 2000 Index increased by 73% from \$3.0 billion in 2020 to \$5.2 billion for 2021.

US small caps made a strong comeback after the extreme market volatility in early 2020. The total market capitalization of the Russell 2000 Index increased 84% as of last year's reconstitution to \$3.5 trillion. Now, the smallest company in the index is Velocity Financial with a total market cap of \$257.1 million, an increase of 171.2% from \$94.8m (Limestone Bancorp) in 2020.

Apple and Microsoft Switch Places and Tesla Vaults into Top 10

Apple (APPL) has retaken the top spot from Microsoft (MSFT) in the Russell 3000, after seeing a 62% increase in total market cap. Microsoft has dropped to second place in the index after seeing only a 36% increase in total market cap. Alphabet (GOOGL) also joins Apple, Microsoft and Amazon.com (AMZN) 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.

Tesla (TSLA) and JPMorgan Chase & Co (JPM) are new entrants to the list, replacing Walmart and Proctor & Gamble, and are the seventh and ninth largest companies in the Russell US Indexes, respectively. All the top 10 companies in the index increased their total market caps to a combined \$10.9 trillion, an increase of 53% from the 2020 top 10 market cap total of \$7.1 trillion.

At this year's Reconstitution, 38 new issuers will be added to the Russell 2000, with 21 of them classified as Health Care. Meanwhile, five recently listed IPOs will be added to the Russell 1000.

Style Shifts: Value Surpasses Growth

In a reversal of past trends, value stocks outperformed growth stocks. The Russell 2000 Value Index saw a total return of 79% in the year ending May 28, 2021, compared with the Russell 2000 Growth at 50%. On the large cap front, the Russell 1000 Value had a total return of 44% versus the Russell 1000 Growth at 40%.

The largest addition to the Russell 1000 Growth Index by size is Walt Disney Co (DIS), which shifted from 100% Value to partial Growth (5%). The largest addition by weight is Caterpillar Inc (CAT) 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 (LLY), which shifted from 100% Growth to partial Value (21%). The largest addition by weight is Regeneron Pharmaceuticals (REGN), which shifted from 100% Growth to 89% Value.

The Russell 1000 Style Indexes provide an objective measure of growth-oriented and value-oriented US company performance by weighting index constituents based on their relative growth or value characteristics. Most companies are 100% growth or 100% value-oriented, but some contain a blend of both growth and value characteristics.

The posting of the preliminary lists of additions and deletions is the first public step in the annual reconstitution process for the Russell US Indexes. This is also the first annual review to be conducted using the ICB framework as the official sector taxonomy. The ICB framework is comprised of 11 industries, 20 supersectors, 45 sectors and 173 subsectors. Migration to the ICB framework is an important step toward a consistent industry classification framework across FTSE Russell's equity indexes globally.

Further updates to the lists will be posted on the FTSE Russell website after US market close on June 11 and 18. If any changes to the publicly announced membership lists occur during the query period, technical notices will be published to the FTSE Russell website.

The closely-watched final index membership lists, with breakouts for the Russell 1000 Index, the Russell 2000 Index and the Russell Midcap Index, will be published on Monday, June 28 when the Russell Reconstitution takes effect and the newly reconstituted indexes begin to operate.

FTSE Russell uses primary exchange closing prices from NYSE and NASDAQ to complete this year's Russell US Indexes reconstitution. NYSE-listed stocks utilize NYSE's auction mechanism while NASDAQ-listed stocks utilize NASDAQ's "closing cross" mechanism to execute shares for each stock at a single price on Friday, June 25. FTSE Russell will once again celebrate the close of the annual Russell Reconstitution with Nasdaq officials at a virtual closing bell ceremony.

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Notes to editors:

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