

FTSE Russell begins 34th annual Russell US Indexes Reconstitution

- Total US equity market capitalization of the broad market Russell 3000 Index down 5.9% to \$44.9 trillion as of May 6th rank day.
- Market cap breakpoints separating small caps (Russell 2000 Index) and large caps (Russell 1000 Index) decreased by 11.5% to \$4.6 billion.
- For the first time since 2019, the largest five companies reshuffled with Alphabet overtaking Amazon.com for third and Tesla replacing Meta as fifth largest.
- Microsoft joins Apple in exceeding \$2 trillion in total market cap, marking the first time ever that multiple companies have broken the \$2 trillion market cap level.
- Energy and Consumer Discretionary industries dominate companies moving up from the Russell 2000 Index.

Today, FTSE Russell, a leading global index provider, 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 34th annual Russell US Indexes Reconstitution. This year's changes will take place after US equity markets close Friday, June 24. The lists of projected additions and deletions for the Russell US Indexes and other information regarding the annual rebalancing process is available on the [FTSE Russell website](#).

Each June, the Russell US index family is recalibrated to accurately reflect the current state of the US equity market. During this highly anticipated market event, the breakpoints between large, mid, small, and micro cap are redefined to ensure market changes over the last year are captured. Companies are also reevaluated to determine where they rank along the investment styles spectrum. With approximately \$12 trillion in investor assets benchmarked to or invested in products based on the Russell US Indexes, the Russell Reconstitution concludes with traditionally one of the highest trading volume days of the year on major US equity exchanges.

Arne Staal, CEO of FTSE Russell, said:

“Our annual index rebalancing is a vital step in the construction of objective, reliable benchmarks, ensuring our family of Russell US Indexes accurately reflect their intended market segments and remain free of unintended size and style biases. Celebrating nearly four decades of Russell Reconstitution, our dedicated global indexes team works relentlessly to ensure a seamless index recalibration for market participants.”

Catherine Yoshimoto, FTSE Russell Director of Product Management for the Russell US Indexes, said:

“With the backdrop of heightened market volatility and inflation fears, Energy is this year's standout industry, leading the other industries in terms of index performance and the number of companies graduating from the Russell 2000 Index to the Russell 1000 Index. In terms of industry performance over the 1-year period ended May 6, 2022, Consumer Staples, Utilities, and Real Estate also saw gains, albeit at much lower levels than Energy companies.”

US Total Market Size Impacted by Significant Volatility

Preliminary results for this year's reconstitution reveal the US broad market decreased in size, with the total market capitalization of the Russell 3000 Index down 5.9% from \$47.7 trillion as of last year's rebalance to \$44.9 trillion based on this year's rank day of May 6.

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, decreased by 11.5% from \$5.2 billion in 2021 to \$4.6 billion this year following a volatile year in US equity markets, where small cap stocks underperformed large cap stocks. The smallest company in the Russell 1000 Index by market capitalization is Signify Health with a total market cap of \$2.9 billion, while the smallest company in the Russell 2000 Index is Akoustis Technologies at \$240.1 million, a decrease of 6.6% from 2021.

Largest Companies Shuffle Positions as Tesla Joins Top Five

For the first time since 2019, the five largest companies in the Russell US Indexes shifted. Although Apple and Microsoft retained their positions as the largest and second largest companies in the index respectively, Alphabet surpassed Amazon.com for third largest and Tesla replaced Meta as the fifth largest company.

Despite an overall decrease of 0.9% to \$10.8 trillion in the total market cap of the 10 largest companies, seven of the 10 companies increased their total market caps, including Tesla by 38.46% – the largest increase seen this year. Apple expanded its gap at the top of the Russell 3000 Index after an increase in market cap of 17.15% compared to Microsoft's increase of 8.06%. With this, Microsoft joins Apple in having a total market cap of over \$2 trillion, marking the first time ever that multiple companies have broken the \$2 trillion market cap level.

New entrants to the list of 10 largest companies by market cap include UnitedHealth Group and Nvidia, ranking as the eighth and ninth largest companies in the Russell US Indexes, respectively, after replacing JPMorgan Chase and Visa.

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

Company	2022 Rank by size	2022 Total Market Cap	2021 Rank by size	2021 Total Market Cap	Change from 2021
Apple	1	\$2,545.6B	1	\$2,172.9B	17.15%
Microsoft	2	\$2,054.7B	2	\$1,901.4B	8.06%
Alphabet	3	\$1,524.4B	4	\$1,576.2B	-3.29%
Amazon.com	4	\$1,167.7B	3	\$1,660.0B	-29.66%
Tesla	5	\$896.8B	7	\$647.7B	38.46%
Berkshire Hathaway	6	\$703.5B	6	\$664.4B	5.90%
Meta	7	\$551.5B	5	\$904.7B	-39.05%
UnitedHealth Group	8	\$468.7B	12	\$394.1B	18.93%
Nvidia	9	\$467.6B	14	\$368.8B	26.81%
Johnson & Johnson	10	\$464.1B	10	\$443.7B	4.59%

Source: FTSE Russell as of May 6, 2022.

Energy and Consumer Discretionary Industries Lead

Based on the preliminary results, by the conclusion of this year's reconstitution, 45 companies will be added to the Russell 1000 Index, 21 of which are moving up from the Russell 2000 Index. Six of the 21 companies moving up fall within the Energy industry (Antero Resources, Chesapeake Energy, Ovintiv, PDC Energy, Range Resources, Southwestern Energy) and four are Consumer Discretionary companies (AMC Entertainment, Avis Budget Group, BJ's Wholesale Club, Macy's).

The remaining 11 companies moving from small to large cap are represented by the Industrials, Technology, Real Estate, Health Care, Consumer Staples and Basic Materials industries.

At this year's reconstitution, six recent IPOs are being added to the Russell 2000 Index, four of which are classified in the Health Care industry. Another 76 companies are shifting up from the Russell Microcap Index (with notably 25 allocated to the Financials industry, 11 to Consumer Discretionary and 10 to Energy).

Style: Value Continues to Outperform Growth

Value stocks continued to outperform growth stocks, continuing the trend that began Q4 2020. The Russell 2000 Value Index saw a total return of -7.7% in the year ending May 31, 2022, compared with the Russell 2000 Growth at -25.7%. On the large cap front, the Russell 1000 Value had a total return of 0.9% versus the Russell 1000 Growth at -6.3%.

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.

Today's posting of the preliminary lists of additions and deletions is the first public step in the annual reconstitution process for the Russell US Indexes. Updates to the lists will be posted to the FTSE Russell website after US market close on June 10 and 17. 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 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 27 when the 2022 Russell Reconstitution takes effect and the newly recalibrated indexes begin to operate.

To complete this year's Russell US Indexes Reconstitution, FTSE Russell uses primary exchange closing prices from NYSE and Nasdaq. 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 June 24. Emerging from two years of virtual events, FTSE Russell is excited to celebrate the close of this year's Russell Reconstitution in person with Nasdaq officials at the June 24 closing bell ceremony.

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Notes to editors:

About FTSE Russell:

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