

ASSET CLASS INSIGHTS

The 2026 Russell Reconstitution: Major Shifts in Style Indices

The annual FTSE Russell Index reconstitution will take place after market close on Friday, June 26 and will become effective for trading on Monday, June 29. It is expected to bring historically significant shifts to the US large-cap style benchmarks.

The most significant expected changes in the 2026 reconstitution:

- **Most of Amazon’s weight will move out of the growth benchmark and into the value benchmark.**
- **Apple and Microsoft will move from being 100% allocated to the growth benchmark to being split between growth and value.**
- **Alphabet will move completely out of the value benchmark and will now be 100% in the growth benchmark.**
- **Memory-chip companies, including Micron, will move from being exclusively allocated to value to a 100% weight in the growth benchmark. After this change, semiconductors will likely represent more than 30% of the growth index.**
- **The Russell 1000® Value Index’s exposure to mega-cap technology companies is projected to increase from approximately 7% to 18%.**

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Construction Methodology: US Large-Cap Style Benchmarks

FTSE Russell uses three variables to determine if a stock is more growth or more value. They assign probability-based value and growth scores to determine a composite score that, together with market capitalization and other metrics, help determine each company’s weight in a given style index. These three variables are:

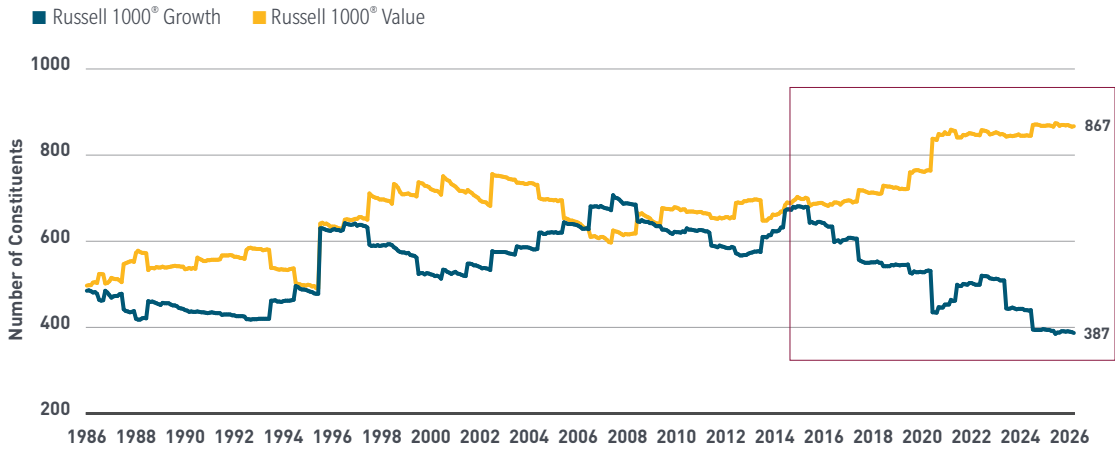
- **Book/price ratio (50%):** a traditional measure of valuation.
- **I/B/E/S forecast medium-term, two-year growth rate (25%):** a forward-looking growth measure.
- **Five-year historical sales-per-share growth (25%):** a backward-looking growth measure.

Companies that exhibit both growth and value characteristics can have weights in both the value and growth benchmarks. In fact, at the end of the first quarter of 2026, more than 240 holdings were included in both large-cap style benchmarks. Overlapping exposure among the Russell 1000® Value, S&P 500, and Russell 1000® Growth indices is expected to increase following the 2026 FTSE Russell index reconstitution, particularly for technology and technology-adjacent companies.

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To maintain an equal market-capitalization-based opportunity set for styles, FTSE Russell targets an approximate 50/50 split of the Russell 1000's total market capitalization between the large-cap style benchmarks. This methodology has contributed to a wide divergence in the number of names in each index over the past 10 years, as illustrated in Exhibit 1.

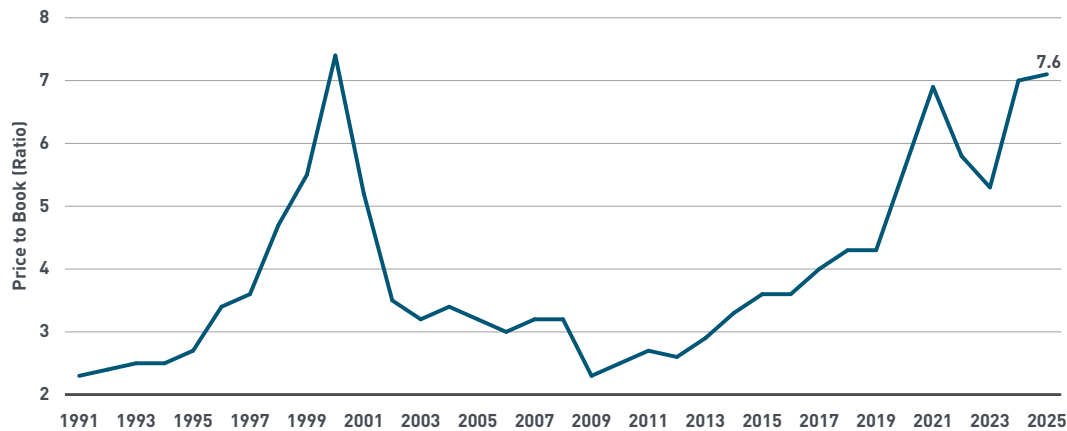
Exhibit 1: Index Constituents Over Time



Source: FactSet. Monthly data from 31 January 1986 to 31 March 2026.

In addition, the weighted median used to classify companies as growth or value has risen meaningfully as markets have become increasingly dominated by mega-cap technology companies. These companies tend to have higher growth rates and higher price-to-book multiples. As markets have become more concentrated in large-growth companies, index providers' 50/50 market-cap split and use of weighted median statistics have therefore resulted in greater concentration in growth benchmarks and more non-traditional value names in value benchmarks.

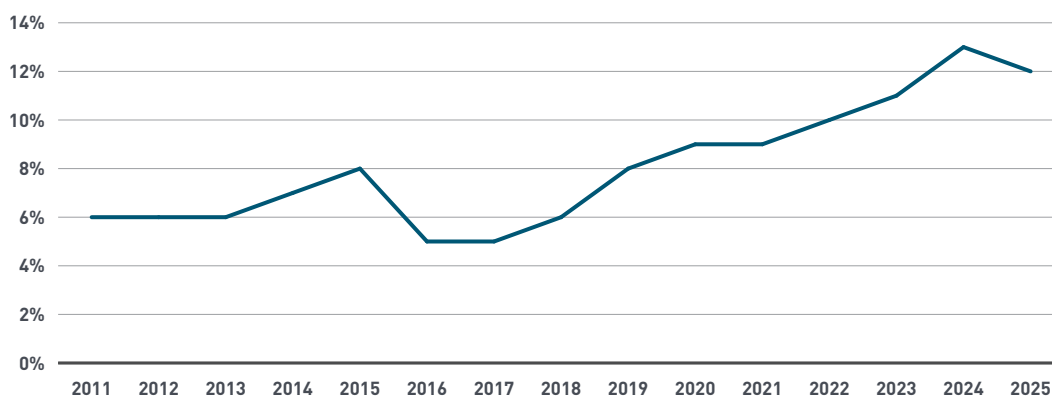
Exhibit 2: Russell 1000® Index Weighted Median P/B



Source: Factset. Annual data from 1991 to 2025.

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Exhibit 3: Russell 1000[®] Median Sales Per Share Growth



Source: FactSet. Annual data from 2011 to 2025.

Provisional Russell 1000[®] Value Index Changes

Company Name	Current	Provisional	Change in Benchmark Weight
APPLE INC	0.00	5.57	5.57
AMAZON.COM INC	1.88	6.13	4.25
MICROSOFT CORP	0.00	3.97	3.97
ABBVIE INC	0.00	0.99	0.99
COSTCO WHOLESALE CORP	0.00	0.67	0.67

Source: FTSE Russell provisional estimates as of 22 June 2026.

Provisional Russell 1000[®] Growth Index Changes

Company Name	Current	Provisional	Change in Benchmark Weight
MICRON TECHNOLOGY INC	0.00	3.79	3.79
ALPHABET INC	7.13	11.53	4.40
CATERPILLAR INC	0.18	1.33	1.15
NVIDIA CORP	13.52	14.56	1.03
APPLIED MATERIALS INC	0.43	1.45	1.02

Source: FTSE Russell provisional estimates as of 22 June 2026.

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