

The Russell 1000[®] Index

A better benchmark for US large cap ETPs



You probably know that ETPs are designed to track indices, but did you know that indices all have different designs? So the index your ETP is tracking impacts your investment. Your choice of index matters more than ever when you are seeking to capture the performance of the world's biggest equity market, home to many of the world's best-known companies such as Apple, Microsoft, Amazon, Tesla, Alphabet, Meta and many more.

How do you ensure that your portfolio benefits from the fastest growing large cap stocks? You choose the index that is most reliable, relevant, and representative of US large cap stocks: The Russell 1000 Index.

Since it was first introduced in 1984, the Russell 1000 has stood out through:

- Adding future equity market winners up to a decade before competing indices
- Capturing the performance of US large caps with precision
- Regularly enhancing the index's methodology to make it more usable
- Being part of the Russell family of indices that covers 98% of US equities.

The largest companies in the Russell 1000 (as at April 2023)

Company	2023 rank by size	2023 total market cap (billions)	2022 rank by size	2022 total market cap (billions)	Change from 2022
Apple	1	\$2,684.7	1	\$2,545.6	5.46%
Microsoft	2	\$2,284.6	2	\$2,054.7	11.19%
Alphabet	3	\$1,362.9	3	\$1,524.4	-10.59%
Amazon.com	4	\$1,082.0	4	\$1,167.7	-7.34%
Berkshire Hathaway	5	\$717.4	6	\$703.5	1.98%
Nvidia	6	\$685.4	9	\$467.6	46.58%
Meta	7	\$615.9	7	\$551.5	11.68%
Tesla	8	\$520.8	5	\$896.8	-41.93%
Exxon Mobil	9	\$480.4	13	\$386.3	24.36%
Visa	10	\$476.9	11	\$422.5	12.88%

Source: FTSE Russell as of April 28, 2023



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A complete view of large US stocks

The Russell 1000 Index includes approximately 1,000 of the largest companies in the US equity universe. Constructed using a transparent, rules-based methodology, the index objectively represents large US equities. It is part of the trusted Russell US index family.

Delivering what you expect

Not all large-cap US equity indices are the same and the differences may surprise an uninformed observer. What's more, these differences can have performance implications.

As you would expect, the Russell 1000 includes the top 1000 stocks (from the broader Russell 3000 index). By contrast though, the S&P 500 sounds like it tracks the top 500 US large cap companies, but it doesn't always – because the companies listed on that index are updated and changed by a committee on an ad-hoc basis. For instance, well-known companies like Blackstone, Airbnb and Uber Technologies were not included in the S&P 500 at the time of a recent analysis.¹

The S&P 500's intermittent, subjective process also affects how initial public offerings are added. The Russell 1000 adds them every three months, which means it added tech stocks such as Microsoft, Amazon, Netflix, Alphabet and Google up to a decade before S&P did. In the cases of Microsoft, Amazon, Netflix and Tesla, the stock prices gained from 1,000-17,000 % between entering the Russell 1000 and joining the S&P 500.²

Differences in performance from the timing of index additions – Russell 1000 vs S&P 500

Company	IPO month	Added to Russell 3000 (A)	Added to S&P 500 (B*)	% Cumulative Total Return of the Stock from A to B*	Russell 1000 Cumulative Excess Return over S&P 500 from A to B*	Russell 3000 Cumulative Excess Return over S&P 1500 from A to B*
Apple	Dec 1980	Mar 1981	Nov 1982	30%	-0.7%	N/A*
Microsoft	Mar 1986	Mar 1986	Jun 1994	3,270%	-6.1%	N/A*
Starbucks	Jun 1992	Jun 1993	Jun 2000	523%	-6.0%	N/A*
Amazon.com	May 1997	Jul 1997 (R2); Jul 1998 (R1)	Nov 2005	1,923%	5.6%	-0.8%
Netflix.com	May 2002	Jun 2002 (R2); Jun 2009 (R1)	Dec 2010	2,412%	6.7%	3.3%
Alphabet (Google)	Aug 2004	Sep 2004	Mar 2006	201%	2.5%	1.7%
Tesla	Jun 2010	Sep 2010	Dec 2020	17,192%	6.1%	5.8%
Meta Platforms Inc (Facebook)	May 2012	Jun 2012	Dec 2013	46%	0.8%	0.6%
Lululemon Athletica	Jul 2007	Jun 2015	TBD*	480%	-6.1%	-6.8%
Block Inc (Square)	Nov 2015	Dec 2015	TBD*	409%	-3.9%	-4.7%
Moderna	Dec 2018	Mar 2019	Jul 2021	1,638%	2.0%	2.2%

Source: FTSE Russell, June 2023. Russell 3000 additions to the Russell 1000 (R1) unless a date is noted for the Russell 2000 (R2). The inception date of the Russell 3000 Index is January 1, 1984. All performance presented prior to the index inception date is back-tested performance. *S&P 1500 Index inception is 1/31/1995, so index performance is not available prior to this date. If the S&P 500 has not added the stock yet, performance is as September 30, 2023. Past performance is no guarantee of future returns. IPO additions have been added to the Russell US Indices quarterly, in addition to annual reconstitution in June, beginning in September 2004.

¹ Data as at April 28, 2023.

² Or the Russell 2000, if they joined that first and were later promoted to the Russell 1000.

Three reasons why the Russell family of indices is a trusted partner

Approximately \$21.2 trillion is benchmarked to the Russell US family of indices, which provide comprehensive representation of the US equity market and its size and style segments. Partner firms trust Russell for three reasons:

Relevance:

The Russell US Indices are modular and flexible in their design, allowing ETP investors to customise their asset allocations.

Representation:

Comprehensive coverage of the large-cap segment of the US equity market, make the Russell indices a suitable foundation for index-linked products such as mutual funds or ETFs.

Reliability:

The Russell indices are maintained using transparent, objective rules. Annual reconstitution of the index, quarterly IPO additions and daily corporate action adjustments ensure the index remains reliable.

About FTSE Russell

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For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

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