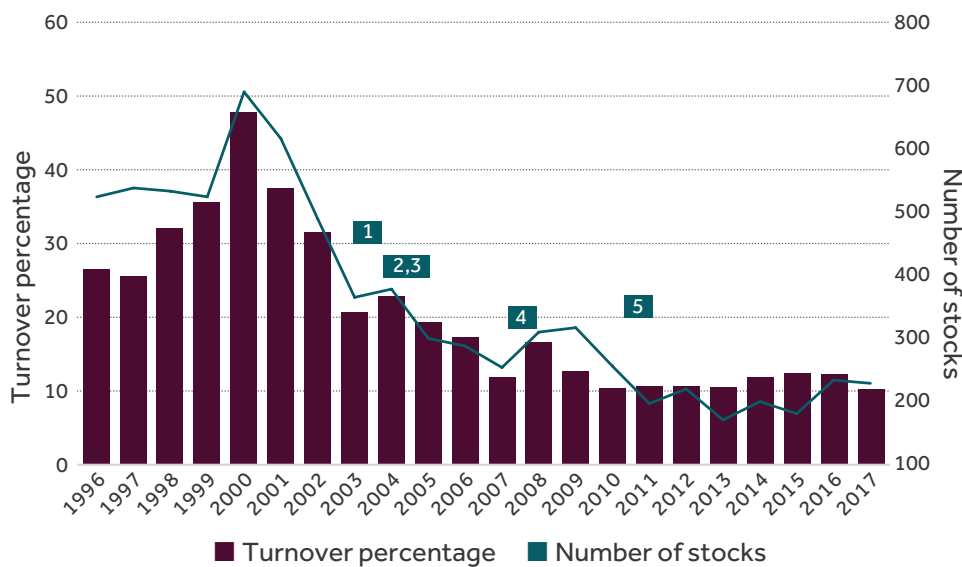


Russell Reconstitution

Impacts of reconstitution

Historical turnover percentage by the greater of the turnover from stock additions or deletions at reconstitution; and the number of stocks impacted, for the Russell 2000® Index.¹



	Average: 1996-2005	Average: 2006-2017	Difference
Turnover percentage	29.8	12.1	-17.6
Number of stocks	495	237	-258

Changes to Russell indexes' methodology beginning in 2003 have reduced the impact of reconstitution without negatively affecting the representativeness of the Russell 2000 Index.

- 1** 2003: Refined turnover calculation to more accurately distinguish and report additions and deletions caused by reconstitution from other corporate action activity.
- 2** 2004: Adopted NASDAQ closing cross to reflect enhanced efficiency of closing auction prices.
- 3** 2004: Moved to quarterly schedule for review of IPOs, allowing for more timely inclusion of new companies vs. waiting until reconstitution.
- 4** 2007: Implemented capitalization banding, reducing turnover by restricting existing index members that have not experienced a material change in size from moving in-and-out of cap tiers at each reconstitution.
- 5** 2010: Implemented enhanced company-to-home country assignment rules that address situations where a company's listing differs from its incorporation or principal place of business (sometimes referred to as "orphaned stocks"). This rule re-assigned foreign companies that were incorporated in the US, and retained US companies that reincorporated outside the US for tax and other considerations.

¹ Turnover percentage can be defined as the market value "purchased" (adds) or "sold" (deletes) by the index relative to its base market value, when rebalancing the index.

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