Construction and Methodology

November 2026

Russell US Equity Indexes

v7.3

FTSE RUSSELL
An LSEG Business

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Section 1

Introduction

1. Introduction

1.1 Introduction

1.1.1 FTSE Russell provides float-adjusted, market capitalization-weighted indexes for a precise picture of the market. Today, approximately $12.2 trillion in assets are benchmarked to the Russell US indexes[1].

1.1.2 The Russell US Equity Indexes do not take account of ESG factors in the index design.

1.2 FTSE Russell

1.2.1 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.

1.2.2 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on this methodology;
- any inaccuracies in this methodology;
- any non-application or misapplication of the policies or procedures described in this methodology;
- any inaccuracies in the compilation of the index or any constituent data.

1.3 Available indexes

- Capital and total return indexes.
- Net total return indexes based on specified withholding tax rates.
- Indexes calculated in currencies other than the base currency (USD).
- Currency hedged indexes.
- Capped indexes; for full details see the FTSE Russell Capping Methodology Guide.
- Constituent size bands – large, mid, small and micro capitalization indexes.
- Sector indexes.

Additional customised variants can be calculated on request including indexes with industry, country and sector exclusions. Selected indexes are calculated and disseminated on a real-time basis.

[1] Data as of June 30, 2025 as reported on November 15, 2025 by eVestment for active institutional funds, Morningstar for active retail mutual funds, insurance products, and ETFs, and passive assets directly collected by FTSE Russell. AUM includes blended benchmarks and excludes futures and options. AUM data does not include active and passive assets not reported to a 3rd party source or FTSE Russell. For funds where the AUM was not reported as of June 30, 2025, the previous period AUM was used as an estimate. No assurances are given by FTSE Russell as to the accuracy of the data.

A number of Russell US Sector Exclusion and Select Indices are available – these are listed in the following document: Russell US Sector Exclusion and Select Indexes

1.3.1 All Russell US equity indexes are subsets of the Russell 3000E Index. A list of available tickers and index values can be found in Appendix A.

1.3.2 Price, total, net and hedged data for the Russell US indexes is available in the following currencies. Exchange rates used in the end-of-day calculations are WMR Closing Spot Rates™, collected at 16:00 London time.

Russell US TTM indexes are available using T+1 Telegraphic Transfer Middle Rate (TTM). The TTM rate is only available after US close and is therefore applied on the next business day. TTM source: MUFG Bank Ltd.

1.3.3 The base currency of the benchmark is US Dollars. Index values may also be published in other currencies.

AUD	CAD	CHF	EUR	GBP	JPY	USD	SGD	ZAR

Broad market US indexes	Large cap US indexes	Midcap US indexes
Russell 3000E Index	Russell 1000® Index	Russell Midcap® Index
Russell 3000E Value Index	Russell 1000® Value Index	Russell Midcap® Value Index
Russell 3000E Growth Index	Russell 1000® Growth Index	Russell Midcap® Growth Index
Russell 3000® Index	Russell 1000® Defensive Index®	Russell Midcap® Defensive Index®
Russell 3000® Value Index	Russell 1000® Dynamic Index®	Russell Midcap® Dynamic Index®
Russell 3000® Growth Index	Russell 1000® Growth-Defensive Index®	Russell Midcap® Growth-Defensive Index®
Russell 3000® Defensive Index®	Russell 1000® Growth-Dynamic Index®	Russell Midcap® Growth-Dynamic Index®
Russell 3000® Dynamic Index®	Russell 1000® Value-Defensive Index®	Russell Midcap® Value-Defensive Index®
Russell 3000® Growth-Defensive Index®	Russell 1000® Value-Dynamic Index®	Russell Midcap® Value-Dynamic Index®
Russell 3000® Growth-Dynamic Index®	Russell Top 200® Index	Russell Midcap® Value Benchmark Index
Russell 3000® Value-Defensive Index®	Russell Top 200® Value Index	Russell Midcap® Growth Benchmark Index
Russell 3000® Value-Dynamic Index®	Russell Top 200® Growth Index	
Russell 3000E Value Benchmark Index	Russell Top 200® Defensive Index®	
Russell 3000E Growth Benchmark Index	Russell Top 200® Dynamic Index®	
Russell 3000® Value Benchmark Index	Russell Top 200® Growth-Defensive Index®	
Russell 3000® Growth Benchmark Index	Russell Top 200® Growth-Dynamic Index®	
	Russell Top 200® Value-Defensive Index®	
	Russell Top 200® Value-Dynamic Index®	
	Russell Top 50® Mega Cap Index	
	Russell Top 500 Index	
	Russell Top 500 Growth Index	
	Russell Top 500 Value Index	
	Russell 1000® Value Benchmark Index	
	Russell 1000® Growth Benchmark Index	
	Russell Top 200® Value Benchmark Index	
	Russell Top 200® Growth Benchmark Index	
	Russell Top 500 Growth Benchmark Index	
	Russell Top 500 Value Benchmark Index	

Small-Mid US indexes	Small Cap US indexes	Microcap US indexes
Russell 2500 Index	Russell 2000® Index	Russell Microcap® Index
Russell 2500 Value Index	Russell 2000® Value Index	Russell Microcap® Value Index
Russell 2500 Growth Index	Russell 2000® Growth Index	Russell Microcap® Growth Index
Russell 2500 Defensive Index®	Russell 2000® Defensive Index®	Russell Microcap® Value Benchmark Index
Russell 2500 Dynamic Index®	Russell 2000® Dynamic Index®	Russell Microcap® Growth Benchmark Index
Russell 2500 Growth-Defensive Index®	Russell 2000® Growth-Dynamic Index®	
Russell 2500 Growth-Dynamic Index®	Russell 2000® Value-Defensive Index®	
Russell 2500 Value-Defensive Index®	Russell 2000® Value-Dynamic Index®	
Russell 2500 Value-Dynamic Index®	Russell 2000® Growth-Defensive Index®	
Russell 2500 Value Benchmark Index	Russell Small Cap Completeness® Index	
Russell 2500 Growth Benchmark Index	Russell Small Cap Completeness® Value Index	
	Russell Small Cap Completeness® Growth Index	
	Russell 2000® Value Benchmark Index	
	Russell 2000® Growth Benchmark Index	
	Russell Small Cap Completeness® Value Benchmark Index	
	Russell Small Cap Completeness® Growth Benchmark Index	
	Russell 2000 Extended Index	

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index[2].

2.1.2 FTSE Russell is responsible for the daily calculation, production and operation of the index series and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the methodology;
- carry out the periodic index reviews of the index series and apply the changes resulting from the reviews as required by the methodology;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews; and
- disseminate the indexes.

2.2 Amendments to the construction and methodology

2.2.1 This Construction and Methodology shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index. Any proposals for significant amendments to the construction and methodology will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index governance board before approval is granted.

[2] The term administrator is used in this document in the same sense as it is defined in Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the European Benchmark Regulation) and The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (the UK Benchmark Regulation).

Section 3

FTSE Russell Index policies

3. FTSE Russell Index policies

These Ground Rules should be read in conjunction with the following policy documents, which can be accessed using the links below:

3.1 Queries, complaints and appeals

3.1.1 A constituent or prospective constituent company (or professional advisor acting on behalf of the company), a national organisation or a group of no fewer than 10 users of the Indexes from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

FTSE Russell's complaints procedure can be accessed using the following link:

Benchmark_Determination_Complaints_Handling_Policy.pdf

FTSE Russell's appeal process can be accessed using the following link:

Appeals_Against_Decisions.pdf

3.2 Index policy for trading halts and market closures

3.2.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

Index_Policy_for_Trading_Halts_and_Market_Closures.pdf

3.3 Index policy in the event clients are unable to trade a market or a security

3.3.1 Details of FTSE Russell's treatment can be accessed using the following link:

Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market_or_a_Security.pdf

3.4 Recalculation policy and guidelines

3.4.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the Russell US Equity Indexes will be notified through appropriate media.

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document, which is available from the FTSE Russell website using the link below or by contacting info@ftserussell.com.

Equity_Index_Recalculation_Policy_and_Guidelines.pdf

3.5 Policy for benchmark methodology changes

3.5.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

Policy_for_Benchmark_Methodology_Changes.pdf

3.6 FTSE Russell governance framework

3.6.1 To oversee its indexes, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks[3], the European benchmark regulation[4] and the UK benchmark regulation[5]. The FTSE Russell Governance Framework can be accessed using the following link:

FTSE_Russell_Governance_Framework.pdf

3.7 Real Time Status Definitions

3.7.1 For indexes which are calculated in real time, please refer to the following guide for details of real time status definitions:

Real_Time_Status_Definitions.pdf

[3] IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.
[4] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
[5] The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Basic methodology

4. Basic methodology

4.1.1 Russell indexes are objectively constructed and based on transparent rules. The broadest US index is the Russell 3000E Index, which contains the largest 4,000 US companies. Sub-indexes in the Russell 3000E Index are broken out by market capitalization and style.

4.1.2 The members of the Russell 3000E Index and its subsets are determined during semi-annual reconstitution and enhanced quarterly with the addition of initial public offerings (IPOs).

4.2 Reconstitution

4.2.1 Reconstitution is the process by which all Russell indexes are completely rebuilt. Reconstitution is a vital part of the creation of a benchmark that accurately represents a particular market segment. Companies may get bigger or smaller over time or periodically undergo changes in their style characteristics. Reconstitution ensures that companies continue to be correctly represented in the appropriate Russell indexes.

4.2.2 On the rank day, all eligible securities are ranked by their total market capitalization. The largest 4,000 become the Russell 3000E Index and the other Russell US indexes are determined from that set of securities. If there are not 4,000 eligible securities in the US market, the entire eligible set is included.

4.2.3 Reconstitution occurs on the fourth Friday in June and the second Friday in December. A full calendar for reconstitution is published each spring, although the guidelines that define the schedule are available in Appendix F along with the differences between semi-annual reconstitutions.

4.3 Initial public offerings

4.3.1 Eligible initial public offerings (IPOs) are added to Russell indexes quarterly in accordance with the schedule in section 6. In addition, sizeable IPOs are eligible for fast entry (see section 4.3.5) FTSE Russell adds IPOs each quarter to ensure that new additions to the institutional investing opportunity set are reflected in representative indexes. FTSE Russell focuses on IPOs each quarter because it is important to reflect market additions between reconstitution periods. Companies filing an initial public offering registration statement (or the local equivalent when outside the US) and listing within the same quarter* on an eligible US exchange are reviewed for eligibility regardless of previous trading activity (exceptional or unique events may induce extraordinary treatment, which will be communicated appropriately). Companies currently trading on foreign exchanges or OTC markets will be reviewed for eligibility if:

– the company files an IPO statement for an eligible US exchange; and

– the offering is announced to the market and confirmed by our vendors as an IPO.

* A one-month window will be used to ensure that companies submitting the requisite filings just outside of the quarter are not excluded from eligibility.

To ensure that the requisite number of shares are available to satisfy the inclusion criteria and to ensure an accurate company weighting within the index calculation, FTSE Russell will distinguish between fully guaranteed IPOs, variable/best effort IPOs and direct listing IPOs as follows:

4.3.2 Fully guaranteed IPOs (i.e. underwritten)

– The free float is assigned based on the post IPO shareholder structure contingent on this information being publicly available and disclosed in the appropriate filings prior to the IPO rank date. Otherwise, the free float will be based on the number of shares publicly offered at the time of the IPO.

4.3.3 Variable/best effort/direct listing IPOs

– Variable, best effort and direct listing IPOs will be considered for index inclusion at the next quarterly review if, by the IPO cut-off date, a public disclosure* (which has been published post IPO) is available confirming the IPO updated shareholder structure. Index inclusion remains subject to meeting all other eligibility criteria. If the post IPO shareholder structure has not been disclosed by the IPO cut-off date, the evaluation of the company will be deferred to the subsequent quarterly review. If no disclosure is published prior to the IPO cut-off date of the following quarter, the company will be evaluated at Reconstitution only (and inclusion will remain contingent on the above disclosures)**.

  **For illustration purposes:

  For the December reconstitution, a variable, best effort or direct listing IPO, which listed in October of the same year, will be required to disclose, post IPO, its updated shareholder structure by the December review IPO cut-off (i.e. 31 October).

  If there is no disclosure prior to this date, the company will not be eligible for inclusion at the December reconstitution and will be reassessed at the next review in March.

  If a published post IPO shareholder structure is not published prior to the March review IPO cut-off (i.e. 31 January), the company will no longer be considered as a potential IPO addition and will instead be evaluated during the next reconstitution process only.

For the avoidance of doubt:

– shares that are locked up during the IPO will be considered for inclusion within the free float of a company only once the lock up has expired; and

– green shoes (underwriter overallotment options) will only be considered for inclusion within the free float of a company once the green shoe has been exercised and publicly confirmed (confirmation must be available on or prior to the rank date).

4.3.4 SPAC IPOs

– Companies that conduct their initial public offering via a de-SPAC transaction will only be considered for potential inclusion following the expiry of the longest stated lock-up. Former SPACs will be evaluated at the quarterly review following the expiry of the longest stated lock-up (where expiration occurs prior to the IPO rank date).

– If an unlisted special purpose acquisition company (“SPAC”) has its longest lock-up expire, acquires a target company, becomes an eligible company structure and files an IPO registration statement and lists, all in the same quarterly window, then the company will be considered an IPO for the purposes of index inclusion.

– If an unlisted SPAC files an IPO registration statement has its longest lock-up expire, lists, acquires a target company and becomes an eligible company structure, then files another registration statement, all in the same quarterly window, then the company will be considered an IPO. If a listed SPAC (which listed prior to the current quarterly window) acquires a target company and subsequently files another registration statement, the company will not be considered an IPO.

4.3.5 Fast entry IPOs

– IPOs with an investable market capitalization of greater than the market adjusted total market capitalization breakpoint for the Russell Top 500 as of the previous reconstitution will be eligible for potential fast entry inclusion. Breakpoints are established at the semi-annual reconstitution and will be market-adjusted and published quarterly. See section 6.8.1 below for a description of market adjustments.

- The investable market capitalization for the purposes of evaluating fast entry will be determined using the shares offered in the IPO (including any over-allotments if confirmed before the first day of trading) and the price at market close on the first trading day. If shares being offered within the IPO are identified as being taken up by restricted holders, these will be removed from the investable market capitalization calculation.
- The calculation to determine that the minimum free float requirement has been met, will be based on the total share capital issued by the company and the post IPO shareholder structure.
- IPOs with less than 5% free float and/or voting rights at the time of the initial public offering, will be deemed eligible if within 12 months from the date of index inclusion, the company is estimated to surpass the minimums due to the expiry of lock ups of otherwise available shares. For the avoidance of doubt: The investable market capitalization calculation for potential fast entry inclusion will not include the locked up shares and the locked-up shares will not be included in the index at the time of fast entry.
- Eligible fast entry IPOs will be added after the close of the fifth day of trading following the initial listing (FTSE Russell will provide notice confirming effective date).
- Fast entry IPOs with an effective addition date falling within lock-down period (schedule found in Appendix F) will be implemented in conjunction with the scheduled rebalance.
- Fast entry IPOs must be fully guaranteed (i.e. underwritten) and IPOs structured as variable, best efforts, and direct listings are not eligible for fast entry inclusion.

Section 5

Defining eligible securities

5. Defining eligible securities

5.1.1 Russell US indexes capture approximately 99% of the US equity market and 100% of the investable US market. Below are the requirements for securities' inclusion in the Russell US indexes.

5.2 Determining US companies

5.2.1 Historically, asset owners have diversified their risk by assigning assets to specific countries. Some companies incorporate in a specific country for tax reasons, while some companies choose better access to capital. Therefore, to most closely track country risk, FTSE Russell uses objective criteria to assign companies to the US equity market. All companies that are determined to be part of the US equity market are included in the Russell US indexes.

5.3 Home-country indicators (HCIs)

5.3.1 If a company incorporates in, has a stated headquarters location in and also trades on a standard exchange[6] in the same country (ADRs and ADSs are not eligible), the company is assigned to its country of incorporation. FTSE Russell refers to these three factors as home country indicators, or HCIs. The HCIs are as follows:

1. country of incorporation;
2. country of headquarters; and
3. country of the most liquid exchange as defined by two-year average daily Dollar trading volume (ADDTV) from all exchanges within a country.

If any of the three HCIs do not match, FTSE Russell then uses these HCIs to guide in the decision of country assignment

5.3.2 After the HCIs are defined, the next step in the country assignment involves an analysis of assets by location. FTSE Russell cross-compares the primary location of the company's assets with the three HCIs. If the primary location of assets matches ANY of the HCIs, then the company is assigned to its primary asset location (see Appendix B for specifics on the definition of primary asset/revenue location).

5.3.3 If there is not enough information to determine a company's primary location of assets, FTSE Russell uses the primary location of the company's revenue for the same cross-comparison and assigns the company to the appropriate country in a similar fashion. FTSE Russell uses an average of two years of assets or revenue data for analysis to reduce potential turnover.

5.3.4 If conclusive country details cannot be derived from assets or revenue, FTSE Russell assigns the company to the country in which its headquarters are located unless the country is a benefit driven incorporation (BDI) country (see Appendix B for a list of BDI countries). If the country in which its headquarters are located is a BDI, the company is assigned to the country of its most liquid stock exchange.

[6] Subject to the commencement of primary corporate listings in October 2026, securities whose primary listing is on TXSE shall be considered eligible U.S. listings, provided all other eligibility requirements are satisfied.

5.3.5 If a company is designated as a Chinese N share, it will not be considered for inclusion within the Russell US Indexes. An N share is a company incorporated outside of mainland China that trades on a US exchange (e.g. the New York Stock Exchange, NYSE American, NASDAQ or Texas Stock Exchange). An N share will have a headquarters or principle executive office or its establishment in mainland China, with the majority of its revenue or assets derived from the PRC. Further information regarding the designation of N shares is available within Appendix B.

5.4 Share descriptions

5.4.1 For a description of Chinese share classes please see the Guide to Chinese Share Classes document, which can be accessed using the following link:

Guide_to_Chinese_Share_Classes.pdf

5.4.2 The definitions these share classes are reviewed annually in September.

5.5 Steps to determining US country assignment

STEP 1	Is the company incorporated in, traded in and headquartered in one unique country?	YES – classified in the unique country	NO – move to Step 2
STEP 2	Are the company's reported assets primarily located in one of the HCIs?	YES – classified in the country of primary assets	NO – move to Step 3
STEP 3	Are the company's reported revenues primarily derived from one of the HCIs?	YES – classified in the country of primary revenue	NO – move to Step 4
STEP 4	Is the company headquartered in a non-BDI country?	YES – classified in the country of headquarters	NO – assigned to primary exchange country

Note: if the company does not trade on a major US exchange, it is not eligible.

Example 1: XYZ company

HCIs: Incorporation: US
Headquarters: China
Trading locations: US UK Hong Kong (most liquid exchange: US)

Asset location: 100% in Canada

STEP 1	Is the company incorporated in, traded in and headquartered in one unique country?	NO – move to Step 2	
STEP 2	Are the company's reported assets primarily located in the one of the HCIs?	NO – Canada move to Step 3	
STEP 3	Are the company's reported revenues primarily located in one of the HCIs?	NO – no data Move to Step 4	
STEP 4	Is the company headquartered in a non-BDI country?	YES – China	CLASSIFICATION: China

Example 2: ABC company

HCIs: Incorporation: Ireland
Headquarters: Ireland
Trading locations: US, Ireland, Germany (most liquid exchange: US)

Asset location: 85% in US

STEP 1	Is the company incorporated in, traded in and headquartered in one unique country?	YES – Ireland	Assigned to Ireland

Example 3: DEF Company

Incorporation: Canada

Headquarters: Dual Headquarters in Canada and US

Listings: Canada and US (most liquid)

In the above case the company will be assigned to Canada under Step 1 as it is incorporated, listed and headquartered in Canada, no HCIs need to be determined. In this example the determination would be the same regardless of whether the US was the location of the principal executive offices (provided Canada was still called out as a headquarters within company filings).

5.6 Trading requirements

5.6.1 All securities eligible for inclusion in Russell US indexes must trade on an eligible US exchange. Bulletin board, pink sheet or over the counter (OTC) traded securities are not eligible for inclusion, including securities for which prices are displayed on the FINRA ADF.

5.7 Exchange and segment requirements

5.7.1 In construction of its equity indexes, FTSE Russell reviews each exchange considering closing mechanism, availability of real-time prices, regulatory requirements for each exchange segment, settlement, trading rules and recognition of the exchange by the governing regulatory body. Following review of US exchanges, the following markets are deemed eligible. There is no minimum number of securities required for the Russell US indexes.

Eligible US exchanges: CBOE, NYSE, NYSE American, NYSE Arca, Nasdaq, Texas Stock Exchange (TXSE)[7].

5.8 Minimum closing price

5.8.1 A stock must have a close price at or above $1.00 (on its primary exchange) on rank day to be considered eligible for inclusion. In order to reduce unnecessary turnover, if an existing index member's closing price is less than $1.00 on rank day, it will be considered eligible if the average of the daily closing prices (from its primary exchange) during the 30 days prior to the rank date is equal to or greater than $1.00. If an existing index member does not trade on the rank day, it must price at $1.00 or above on another eligible US exchange to remain eligible. A stock added during the quarterly IPOs process is considered a new index addition and therefore must have a close price on its primary exchange at or above $1.00 on the last day of the IPO eligibility period in order to qualify for index inclusion.

5.9 Minimum total market capitalization

5.9.1 Companies with a total market capitalization less than $30 million are not eligible for inclusion in Russell US indexes.

5.10 Minimum available shares/float requirement

5.10.1 Companies with only a small portion of their shares available in the free float as defined by FTSE Russell are not eligible for the Russell indexes. Companies with less than an absolute 5% of shares available will be removed from eligibility. (4.9999% or less of shares available is considered ineligible for all tests in Section 5). See Section 7: Adjustments to Members' Shares Outstanding (Float) for details on calculations of available shares. Fast entry eligible IPOs may be added with less than 5% float if locked-up shares expiring within 12 months from the date of index inclusion are expected to increase the float to meet the 5% minimum free float requirement.

5.11 Company structure

5.11.1 Companies structured in the following ways are excluded from inclusion in Russell indexes: royalty trusts, US limited liability companies, closed-end investment companies (as a point of clarification: companies that are required to report acquired fund fees and expenses as defined by the SEC, including business

[7] Subject to the commencement of primary corporate listings in October 2026, securities whose primary listing is on TXSE shall be considered eligible U.S. listings, provided all other eligibility requirements are satisfied.

development companies, are not eligible for inclusion), blank-cheque companies, special-purpose acquisition companies (SPACs), and limited partnerships. Exchange traded funds (ETFs), mutual funds and tokenized shares are also excluded.

5.12 UBTI screening

5.12.1 Companies that produce unrelated business taxable income (UBTI) are restricted from ownership for tax-exempt investors. In recognition of this, FTSE Russell screens all REITs and publicly traded partnerships (PTPs), removing any security from eligibility that generates or has historically generated UBTI and has not taken steps to block UBTI to equity holders. The research process is conducted as part of FTSE Russell's semi-annual rebalance effort. Additional screening will not be assessed or changed outside of the reconstitution period. Information used to confirm UBTI impact includes the following publicly available sources: 10-K, SEC Form S-3, K-1, company annual report, dividend notices or company website.

5.12.2 For UBTI to be passed to a security holder, the UBTI must be produced by the company directly. UBTI incurred by a subsidiary will not be realised by the holder of the parent entity and would not require removal of the parent company from eligibility.

5.12.3 If a company restructures to block UBTI, they will remain eligible for index inclusion. Acceptable forms of restructure are as follows:

1. formal creation of a shell entity or offshore vehicle ensuring that any dividend payment is void of UBTI; and
2. if within a public filing (SEC filing, dividend disclosure, press release) the company declares that any UBTI producing assets have been sold AND no future intent to purchase UBTI producing assets exists. This declaration of intent must clearly state that the company's past investment strategy has changed, and the intent is to remove the exposure of UBTI to the end holder.

5.13 Shares excluded

5.13.1 The following share types are not eligible for inclusion: preferred and convertible preferred stock, redeemable shares, participating preferred stock, warrants, rights, depositary receipts, tokenized shares, instalment receipts and trust receipts.

5.14 Deadline for inclusion

5.14.1 Stocks must be listed on the rank day and FTSE Russell must have access to documentation on that date supporting the company's eligibility for index inclusion. This includes corporate description, verification of incorporation, number of shares outstanding and other information needed to determine eligibility. IPOs will be considered for index inclusion on a quarterly basis. Within the Russell US and derived indices, a company emerging from bankruptcy protection or insolvency will be re-considered for index inclusion at the next semi-annual reconstitution (i.e. there will be no 12 month exclusion).

The Rank Day occurs on the last business day of April for the June reconstitution and the last business day of October for the December reconstitution. Membership eligibility is determined using public information available on the Rank Day and market capitalizations calculated at market close.

5.15 Minimum voting rights

5.15.1 Companies are required to have 5% or greater of the company's voting rights (aggregated across all of its equity securities, including, where identifiable, those that are not listed or trading) in the hands of unrestricted shareholders or they will be deemed ineligible for index inclusion. Shares referenced as non-voting or provide legally minimum rights only will be viewed as having no voting power as it relates to the minimum voting rights review. Fast entry eligible IPOs may be added with less than 5% voting rights if locked-up shares expiring within 12 months from the date of index inclusion are expected to increase voting rights to meet the minimum 5% voting rights requirement.

5.15.2 Voting rights are assessed for existing members once a year during the June reconstitution process. Potentially eligible new adds are reviewed during the December and June reconstitution process.

5.15.3 Minimum voting rights were required beginning in 2017, with existing companies grandfathered for 5 years. As of reconstitution 2023, all companies with less than 5% voting rights have been removed.

5.15.4 The percentage of a company's voting rights in public hands is calculated as:

$$\frac{\text{The number of votes in the hands of shareholders that are unrestricted as determined by the application of FTSE Russell free float definitions}}{\text{The total number of votes conferred by the shares oustanding of all the company's voting securities including those that have not been admitted to trading on a regulated venue}}$$

For example, company A has 100m listed class A shares each conferring one vote, free float is 65%. It also has 300m unlisted class B shares each conferring 10 votes.

The test to assess whether the listed class A line has the required 5% or greater of the company's voting rights is as follows (5.0000% or greater of the company's voting rights in public hands will be considered eligible):

$$\frac{65\text{m (i.e. 100m Class A voting rights} * 65\%\text{ float)}}{3.1\text{bn (i.e. 100m Class A} + 3\text{bn Class B}}$$

$$= 2.097\%\text{ of the company's voting rights in public hands}$$

5.16 Chess Depository Interests (CDI')

Securities with exposure to CDIs will be assessed as of cut-off date for the index reviews. If a new addition has 40% or greater free float shares in the form of CDIs, the CDIs will be treated as restricted and CDI shares will be removed from free float in line with the review implementation. Once CDI shares have been restricted for a name, the CDI restriction will be carried forward throughout its inclusion. For existing members, any security with unrestricted CDI exposure of 50% or greater of its free float shares in the form of CDIs will have its shares adjusted to restrict the portion of shares represented in the form of CDIs at the subsequent review. For the avoidance of doubt, US common shares will remain eligible in this case subject to them meeting all other index eligibility requirements (e.g. minimum 5% available shares and minimum 5% voting rights).

Section 6

Defining membership by size

Market capitalization

6. Defining membership by size

6.1.1 FTSE Russell calculates the total market capitalization of each security to determine whether it is large enough for inclusion in one or more of the Russell indexes. Total market capitalization is determined by multiplying total outstanding shares by the market price as of the rank day for those securities being considered at reconstitution.

6.2 Determining total shares outstanding

6.2.1 Common stock, non-restricted exchangeable shares and partnership units/membership interests (in certain cases – see below) are used to calculate a company's total market capitalization. Exchangeable shares are shares that may be exchanged at any time, at the holder's option, on a one-for-one basis for common stock. Membership or partnership units/interests represent an economic interest in a limited liability company or limited partnership. FTSE Russell includes membership or partnership units/interests as part of total market capitalization when the company in question is merely a holding company of an underlying entity that issues membership or partnership units/interests and when these membership units are the company's sole asset. This is not to be confused with operating partnership units that are issued in conjunction with UPREITs. In these cases, total market capitalization will be calculated based on 100% of the value of all membership interests.

6.2.2 Any other form of shares – such as preferred or convertible preferred stock, redeemable shares, participating preferred stock, warrants, rights, instalment receipts or trust receipts – are excluded from the calculation. If multiple share classes of common stock exist, they are combined to determine total shares outstanding. In cases where the common stock share classes act independently of each other (e.g. tracking stocks), each class is considered for inclusion separately.

6.2.3 Stapled units and other paired share structures are considered eligible for index inclusion, unless an underlying component of the stock is an ineligible security type (e.g. convertible debt).

6.3 Determining price

6.3.1 During reconstitution, the last price traded on the primary exchange on the rank day is used to determine market capitalization.

6.4 Corporate actions impacting reconstitution ranking

6.4.1 For merger and spin-off transactions that are effective between rank day and the business day immediately before the index lock down takes effect ahead of the reconstitution , the market capitalizations of the impacted securities are recalculated and membership is reevaluated as of the effective date of the corporate action. For corporate events that occur during the reconstitution lock down period (which take effect from the open on the first day of the lock-down period onwards), market capitalizations and memberships will not be reevaluated. Non-index members that have been considered ineligible as of rank day will not be reevaluated in the event of a subsequent corporate action that occurs between rank day and the reconstitution effective date.

6.5 Reconstitution

6.5.1 If an eligible company trades under multiple share classes, FTSE Russell will review each share class independently for US index inclusion. Share classes in addition to the primary share class (pricing vehicle) that meet the following minimum size, liquidity and float requirements will also be eligible:

- **size:** must have a total market cap larger than $30 million;
- **liquidity:** average daily Dollar trading value (ADDTV) must exceed that of the global median, which is determined each reconstitution rank day by ranking all securities in investable countries by ADDTV. As of the reconstitution 2026 rank date, the global median ADDTV was USD 175,000; and
- **float:** must have 5% or greater of shares available in the free float as defined by FTSE Russell (5.000% or greater shares available to be considered eligible).

6.5.2 For reconstitution ranking purposes, all share classes for a company, including unlisted shares will be aggregated and considered total shares outstanding. Total shares are multiplied by the primary exchange close price of the pricing vehicle and used to determine the company's total market capitalization for the purpose of ranking of companies and determination of index membership. If no volume exists on the primary exchange on the rank day, the last trade price from an eligible secondary exchange will be used where volume exists (using the lowest last trade price above $1 if multiple secondary markets exist). Rank will be determined based on cumulative market capitalization. As of reconstitution 2016, share classes not qualifying for eligibility independently will not be aggregated with the pricing vehicle within the available shares calculation.

6.5.3 For companies with multiple share classes, the pricing vehicle will be designated as the share class with the highest two-year trading volume as of the rank day. In the absence of two years' worth of data, all available data will be used for this determination. If the difference between trading volumes for each share class is less than 20%, the share class with the most available shares outstanding will be used as the pricing vehicle. At least 100-day trading volume is necessary to consider the class as a pricing vehicle for existing members. New members will be analyzed on all available data, even if that data is for less than 100 days. If applicable, shares held across different share classes will be represented on a mathematically equivalent basis (e.g. conversion ratios between share classes will be considered).

Due to replication issues related to Berkshire Hathaway Class A (BRK.A) share price, BRK.A shares will be aggregated with the primary share class rather than considered for membership separately.

6.5.4 Growth, value, defensive and dynamic probabilities will be based on that of the pricing vehicle and assigned consistently across all additional share classes.

6.6 Corporate actions

6.6.1 If a company distributes shares of an additional share class to its existing shareholders through a mandatory corporate action, FTSE Russell will evaluate the additional share class for separate index membership. The new share class will be deemed eligible if the market capitalization of the distributed shares meets minimum size requirement (above the minimum market capitalization breakpoint defined as the smallest member of the Russell 3000E Index from previous rebalance, adjusted for performance to date.) Index membership of additional share classes that are added due to corporate actions will mirror that of the pricing vehicle, as will style and stability probabilities. If the distributed shares of an additional share class do not meet eligibility requirements, they will not be added to the index (the distributed shares may be added to the index temporarily until they are settled and listed to enable index replication).

6.7 IPOs

6.7.1 Between reconstitution periods, FTSE Russell will review for index inclusion any share class in addition to that of the pricing vehicle that is made available via IPO as per the quarterly IPO inclusion methodology described in section 4. Additional share classes will be considered eligible if the following conditions are met:

- **size:** must have a total market cap larger than that of the smallest company in the Russell 3000E Index as of the previous reconstitution, adjusted for performance;

- **liquidity:** ADDTV must exceed that of the global median, which is determined each reconstitution rank day by ranking all securities in investable countries by ADDTV. As of the reconstitution 2026 rank date, the global median ADDTV was USD 175,000; and
- **float:** must have 5% or greater of shares available in the free float as defined by FTSE Russell. (5.000% or greater of shares available to be considered eligible)

6.7.2 Additional share classes introduced via IPO that do not meet eligibility requirements will not be added to the index and subsequently reviewed for index membership during the next annual reconstitution.

6.8 Initial public offerings (IPOs)

6.8.1 IPOs are added to Russell indexes based on total market capitalization ranking within the market-adjusted capitalization breaks established during the most recent reconstitution. Country assignment determination is made using data provided in prospectuses or other filings. Market adjustments to the capitalization breaks from the prior reconstitution are made using the returns of the broad market Russell 3000E Index. Market adjustment is made for performance between rank dates. See Appendix F for cut-off dates. Eligible IPOs will be added to Russell's growth/value indexes using their sub-sector average style (see Rule 8.1 for methodology if sub-sector has less than 5 members) probability established at the latest reconstitution. All IPOs entering the index outside of reconstitution are assigned as 100% dynamic within the Russell Stability Indexes. IPOs entering the index during reconstitution are reviewed for Russell Stability Index assignment and probabilities are calculated using the methodology described in section 8.

6.9 Russell US Equity Indexes timing of quarterly IPO additions

6.9.1 The IPO rank date is the last business day of the first month of each quarter (January, April, July, October, respectively). Accordingly, IPOs which price/trade between rank day + 1 of the previous cycle and rank day of the current cycle will be considered for inclusion as part of the quarterly review. Quarterly IPO additions in March and September will be announced on the Friday four weeks prior to implementation, with additions becoming effective after the close of the third Friday of the review month. IPO additions in June and December will be implemented in conjunction with the semi-annual rebalances, which will become effective on the fourth Friday in June and the second Friday in December. These changes are announced five weeks prior to implementation for the June review and four weeks prior to the December review.

Note: once IPO additions have been announced, an IPO may be added to the index prior to the previously announced schedule. If a corporate action has deemed this to be appropriate and notice can be provided (e.g. an index member automatically receives shares via a stock distribution into a projected IPO add).
In order to be added during a quarter outside of reconstitution, an IPO must meet all Russell US Index eligibility requirements. Additionally, the IPO must meet the following criteria on the rank day for the quarterly additions: (1) it is priced and traded; and (2) it ranks larger in total market capitalization than the market-adjusted smallest company in the Russell 3000E Index as of the latest June reconstitution. See Appendix F for calculations.

6.10 Determining index membership

6.10.1 Once the market capitalization for each security is determined by use of total shares and price (as described above), each security is placed in the appropriate Russell market capitalization-based index. The largest 4,000 securities become members of the Russell 3000E Index. If eligible securities total less than 4,000, the Russell 3000E and Russell Microcap Index will include all eligible securities. The other index capitalization breaks remain unchanged. All remaining indexes are a subset of this index. A market capitalization breakpoint is determined by the break between the companies below.

Index	Companies included (based on descending total market capitalization)
Russell 3000E Index	Companies #1-4,000 or 100% of the eligible securities
Russell 3000 Index	Companies #1-3,000
Russell Top 50 Mega Cap Index	Companies #1-50
Russell Top 200 Index	Companies #1-200
Russell Top 500 Index	Companies # 1-500
Russell 1000 Index	Companies #1-1,000
Russell Midcap Index	Companies #201-1,000
Russell 2000 Index	Companies #1,001-3,000
Russell 2500 Index	Companies #501-3,000
Russell Microcap Index	Companies #2,001-4,000
Russell Top Indexes	Top 10, 20, and 100 companies

6.10.1 To avoid unnecessary turnover at reconstitution, a band is placed around market capitalization breakpoint to ensure companies near the breakpoint demonstrate material and sustained growth or decline. Companies that fall near the market capitalization breakpoints are often still within a manager's opportunity set, since they have not significantly grown or declined in market capitalization.

6.10.2 After the initial market capitalization breakpoints are determined by the ranges listed above, new members are assigned based on the breakpoints and existing members of the Russell 3000 are reviewed to determine if they fall within the cumulative band. If an existing Russell 3000 member's market cap falls within any cumulative band around market capitalization breakpoints, it is subject to that band. Banding only applies to members of the Russell 3000. Therefore, members of the Russell Microcap, ex-Russell 2000, are treated as new adds and not subject to banding.

Breakpoint	Cumulative band
Stock #50	None
Stock #200	±2.5%
Stock #500	±2.5%
Stock #1,000	±2.5%
Stock #2,000	±0.5%
Stock #3,000	None
Stock #4,000 or 100% of the eligible securities	None

6.10.3 Exceptions: there will be no percentile banding at the bottom of the Russell 3000 Index (stock 3,000) or the Russell 3000E Index (stock 4,000) and no percentile banding for the Top 50 Mega Cap (banding is applied to the top 200 (5%) and the top 500 (5%)). In addition, due to the small market cap percentage, the Russell Microcap Index will be banded at 1% around stock 2,000. There will be no percentile banding for the Russell Top Indexes.

6.11 Steps in calculating percentile ranges of the new index

1. Sort the Russell 3000E Index members in descending order by total market capitalization.
2. Calculate the total market capitalization of the Russell 3000E Index by summing all members' total market capitalizations.

3. Calculate percentiles for each company in the Russell 3000E Index by dividing the cumulative market cap associated with each member by the total market cap of the Russell 3000E.
4. Calculate a range of five percentiles around the newly determined market cap breakpoints by subtracting, and then adding, 2.5% from/to the calculated percentile of the market cap breakpoint.

Example

Assume the market capitalization of security 1,000 is $2 billion (i.e., the breakpoint between the Russell 1000 and the Russell 2000). Current members of the Russell 1000 Index that are smaller than $2 billion are slated to be moved to the Russell 2000, while current members of the Russell 2000 that are larger than $2 billion are slated to be moved to the Russell 1000. However, since they are current members, they are further assessed for the magnitude of their differences from the market capitalization breakpoint.

Illustration

1. Sort the new Russell 3000E Index members by descending market capitalization (see below).
2. Calculate the total market capitalization of the Russell 3000E Index. Assume for illustration purposes that the index = $182,500 ($M). (Note: total market cap has been dramatically reduced for simpler illustration.)
3. Calculate percentiles for each company (see below).
4. Calculate a five-percentile range around the $2 billion market cap percentile (89.99 for this illustration):
   a. 89.99 - 2.5 = 87.49
   b. 89.99 + 2.5 = 92.49

   Range = 87.49% - 92.49%

Rank	Company	Current R1 member	Current R2 member	Company Market cap ($M)	Cumulative market cap	Cumulative percentile	New index membership
995	XYZ company	Y	N	$2,115	$154,000	84.38%	R1
996	ABC company	N	Y	$2,105	$156,105	85.54%	R1
997	Drugstore Inc.	Y	N	$2,100	$158,205	86.69%	R1
998	PYK Shipping	N	Y	$2,011	$160,216	87.79%	R2
999	Z Technology	N	Y	$2,010	$162,226	88.89%	R2
1,000	RE Trust	N	Y	$2,000	$164,226	89.99%	R2
1,001	Foods Inc.	Y	N	$1,995	$166,221	91.08%	R1
1,002	PETs and more	N	Y	$1,950	$168,171	92.15%	R2
1,003	RYT Inc.	Y	N	$1,923	$170,094	93.20%	R2

Therefore, the market capitalization of current Russell 2000 Index members PYK Shipping, Z Technology and RE Trust have not changed significantly enough to require a membership move into the Russell 1000, and current Russell 1000 Index member Foods Inc.’s market capitalization has not changed significantly enough to require a membership move out of the Russell 1000 (although it is smaller than $2 billion). These companies remain in their current indexes.

6.12 Russell Magnificent 7 Index

The Russell Magnificent 7 Index includes the following stocks (and includes all eligible share classes in the Russell US Indexes, e.g. Alphabet Class A and C):

Alphabet

Amazon

Apple

Meta

Microsoft

Nvidia

Tesla

Section 7

Float

Adjustments to member's shares outstanding

7. Float

7.1.1 After membership is determined, a security's shares are adjusted to include only those shares available to the public. This is often referred to as "free float." The purpose of this adjustment is to exclude from market calculations the capitalization that is not available for purchase and is not part of the investable opportunity set. Stocks in the Russell US indexes are weighted by their available (also called float-adjusted) market capitalization, which is calculated by multiplying the primary closing price by the available shares. Adjustments to shares are reviewed at reconstitution, during quarterly update cycles and for corporate actions such as mergers. During the June reconstitution, free float is fully reviewed, determined, and applied. During the December reconstitution, free float is updated only for material changes, consistent with the quarterly review process

Full details of the free float adjustments applied to the Russell US Indexes can be found within the following guidelines:

Free_Float_Restrictions.pdf

Section 8

Determining style

8. Determining style

8.1.1 Each company's style classification is set annually during the June reconstitution. For the December review, style probabilities will be calculated for all securities. However, only new additions, membership changes since the previous rank date (updates to preliminary reconstitution membership lists, spin-offs, IPOs) and any current member migrating to a new capitalization family (the Russell 1000 and Russell 2000, and the smallest 1,000 in Russell Microcap) will be updated. For the avoidance of doubt, all other current members that retain the same index membership between the June and December review will have their style probability retained for the December review implementation.

8.1.2 To ensure proper style classifications of newly classified members (see description in 8.1.1), the entire style calculation process is applied at both semi-annual reconstitutions, including the calculations of a new banded CVS for all securities. At June reconstitution, banding applies the December CVS for securities classified in December and the June CVS for securities that retained their prior style probability (see section 8.2.4 for CVS and 8.8 for banding).

8.1.3 FTSE Russell uses a "non-linear probability" method to assign stocks to the growth and value style valuation indexes, and to assign stocks to the defensive and dynamic Russell Stability Indexes®.

8.2 Russell growth and value indexes

8.2.1 FTSE Russell uses three variables in the determination of growth and value. For value, book-to-price (B/P) ratio is used, while for growth, two variables—I/B/E/S forecast medium-term growth (two-year) and sales per share historical growth (five year) are used.

8.2.2 The term "probability" is used to indicate the degree of certainty that a stock is value or growth, based on its relative book-to-price (B/P) ratio, I/B/E/S forecast medium-term growth (two year) and sales per share historical growth (five year). This method allows stocks to be represented as having both growth and value characteristics, while preserving the additive nature of the indexes.

8.2.3 The process for assigning growth and value weights is applied separately to the stocks in the Russell 1000 and Russell 2000 and to the smallest 1,000 stocks in the Russell Microcap Index Research indicates that on average, valuations of small stocks differ from those of large stocks. Treating the Russell 1000, Russell 2000 and smallest Russell Microcap stocks separately prevents the possible distortion to relative valuations that may occur if the Russell 3000E is used as the base index.

8.2.4 For each base index (the Russell 1000 and Russell 2000, and the smallest 1,000 in Russell Microcap), stocks are ranked by their book-to-price ratio (B/P), their I/B/E/S forecast medium-term growth (two year) and sales per share historical growth (five year). These rankings are converted to standardised units, where the value variable represents 50% of the score and the two growth variables represent the remaining 50%. They are then combined to produce a composite value score (CVS). Stocks are then ranked by their CVS and a probability algorithm is applied to the CVS distribution to assign growth and value weights to each stock. In general, a stock with a lower CVS is considered growth, a stock with a higher CVS is considered value and a stock with a CVS in the middle range is considered to have both growth and value characteristics and is weighted proportionately in the growth and value index. Stocks are always fully represented by the combination of their growth and value weights; e.g. a stock that is given a 20% weight in

a Russell value index will have an 80% weight in the corresponding Russell growth index (prior to the application of any index weight capping). Style index assignment for non-pricing vehicle share classes will be based on that of the pricing vehicle and assigned consistently across all additional share classes.

8.2.5 Effective at the open of March 24, 2025, the standard Russell US Style Indexes listed in rule 1.3.3. apply a quarterly capping methodology. For full details see the FTSE Russell Capping Methodology. Indexes with "Benchmark" in the index names are the uncapped versions of the style indexes. Prior to March 24, 2025, the index history for the growth or value "Benchmark" index is identical to that of its respective standard Russell US Style Index.

8.3 Russell defensive and dynamic indexes

8.3.1 The Russell Stability Indexes add a Third Dimension of Style™ to the Russell Style Indexes[8]. Stability is measured in terms of volatility (price and earnings), leverage and return on assets. Stability indexes are created in a similar fashion as the growth and value indexes in that they involve splitting an existing applicable Russell index in half based on the combination of the stability indicators. The more stable half of the split is called "defensive," and the less stable half is called "dynamic."

8.3.2 The Russell Defensive Indexes® measure the performance of companies that have relatively stable business conditions which are less sensitive to economic cycles, credit cycles and market volatility based on their stability indicators. The Russell Dynamic Indexes® measure the performance of companies that have relatively less stable business conditions and are more sensitive to those market cycles.

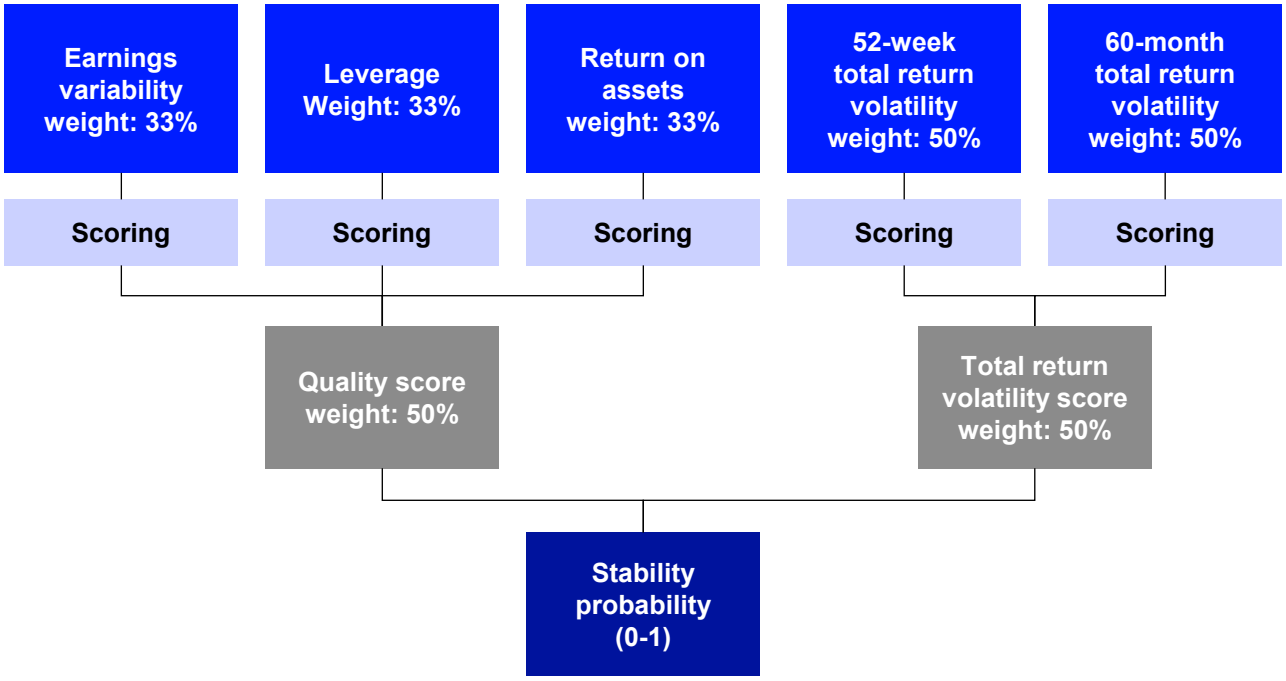
8.3.3 For each base index (Russell 1000 and Russell 2000), there are five specific fundamentals used to determine the probability of being defensive or dynamic: debt/equity, return on assets (ROA), earnings variability and total return volatility (52 week and 60 month). Among other things, a company has risks related to balance sheet leverage, economic cycles and industry/product cycles, and weaknesses in its business model. FTSE Russell uses debt/equity ratios as a proxy for risks related to balance sheet leverage. Earnings variability is used as a proxy for risks related to economic cycles and industry/product cycles. Return on assets (ROA) is used as a proxy for risks related to the strength of a company's business model. The final component used as an indicator of a company's risk is the volatility of its stock's returns. Total return volatility reflects aspects of a company's stability or risk not captured by the other three inputs to a company's stability probability. Stability index assignment for non-pricing vehicle share classes will be based on that of the pricing vehicle and assigned consistently across all additional share classes.

8.3.4 Using the non-linear style algorithm, companies with high stability probabilities are included in the Russell Defensive Indexes. Companies with low stability probabilities are included in the Russell Dynamic Indexes.

8.3.5 FTSE Russell has assigned the label "quality" to the score, resulting from an equal weight of the three accounting-based indicators (earnings variability, debt/equity ratios and ROA). Together, these three indicators comprise 50% of the stability probability. The "volatility" score makes up the other half of the stability probability and is based on an equal weight of the past 52 weeks of the stock price's weekly volatility and the past 60 months of the stock price's monthly volatility. The volatility and quality variables are gathered annually (as of rank).

8.3.6 A company may be included in both the defensive and dynamic indexes based on its stability probability. However, the number of shares for each index will be divided based on its stability probability. The total shares will be the same as the parent index.

[8] To clarify, the June 2020 rebalance was applied using the legacy RGS style substitution. New ICB became the official sector scheme for the index from September 2020. New additions/IPOs used the new ICB average for missing variables following the June 2020 review (September 2020 quarterly). The first rebalance that was implement fully using the new ICB scheme was the June 2021 annual reconstitution.



8.4 Quality score (comprises 50% of the overall stability probability)

8.4.1 There are three stability indicators that comprise the quality score – debt/equity, pre-tax ROA and earnings variability. Each indicator comprises one third of the quality score.

8.4.2 **Debt/equity:** the debt/equity ratio is based on the most recent quarterly SEC filing.

8.4.3 **Pre-Tax ROA:** the pre-tax ROA is based on the last year's pre-tax income divided by the average of the assets for the previous year ((current assets + same quarter one year prior)/2).

8.4.4 **Earnings variability:** the earnings variability computation uses quarterly EPS for the previous five years. It is based on the standard error of the linear earnings-per-share (EPS) trend regression. The rationale for using the standard error is that if there is a trend in the EPS over time, then the trend itself should not contribute to EPS variability. The standard error is then dividend by the median EPS (of the 20 observations). This scaling normalises the information to make each company directly comparable to other companies regardless of the relative level of EPS.

8.4.5 Negative (or zero) EPS numbers are included in the standard error calculation; however, a negative or zero median EPS value will not be used to calculate EPS variability. Rather, EPS variability is excluded in the analysis and set to zero/dynamic. Assigning this value is equivalent to characterising the company has having very high earnings variability.

8.4.6 If there are less than 20 observations for EPS (or standard error is equal to zero), it is considered NULL and standard error will not be calculated (see missing variables below).

8.5 Volatility score (comprises 50% of the overall stability probability)

8.5.1 Total return volatility (standard deviation) is measured over two horizons: over the previous year and over the previous five years. Each indicator represents one half of the volatility score.

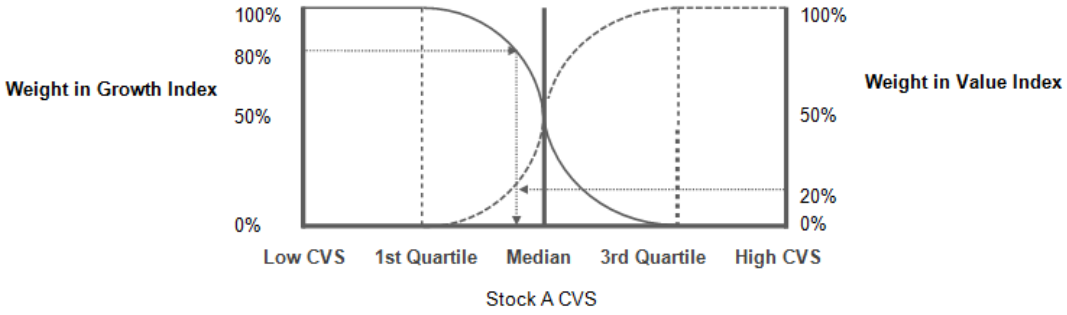
8.5.2 **52-week price volatility (one year):** the one year-volatility is the standard deviation based on the 52 weekly returns that end on the last Friday prior to rank.

8.5.3 **60-month price volatility (five year):** trailing five-year volatility is the standard deviation based on monthly returns. Thus, for a score based on 30 April, 2023 data, the five-year volatility is based on the 60 monthly returns for the period that starts on 30 April, 2018 and ends on 30 April, 2023.

8.6 Description of non-linear probability algorithm

8.6.1 Stock A, in figure 1, is a security with 20% of its available shares assigned to the value index and the remaining 80% assigned to the growth index. The growth and value (or defensive and dynamic) probabilities will always sum to 100% (prior to the application of any index weight capping). Hence, the sum of a stock's market capitalization in the growth and value index will always equal its market capitalization in the Russell 1000 Index, Russell 2000 Index, or Russell Microcap Index.

Figure 1: Non-linear probability function for index position weights



In figure 1, the quartile breaks are calculated such that approximately 25% of the available market capitalization lies in each quartile. Stocks at the median are divided 50% in each style index. Stocks below the first quartile are 100% in the growth index. Stocks above the third quartile are 100% in the value index. Stocks falling between the first and third quartile breaks are in both indexes to varying degrees, depending on how far they are above or below the median and how close they are to the first or third quartile breaks.

8.7 5% rule

8.7.1 Roughly 70% of the available market capitalization is classified as all-growth or all-value (or all-defensive or all-dynamic). The remaining 30% of stocks have some portion of their market value in either the value or the growth index (or defensive and dynamic), depending on their relative distance from the median value score. The astute observer may note that since the percentage of capitalization between the first quartile and the third quartile is 50%, we would expect that 50% of the capitalization would be found in both indexes. What happened to the 20% (i.e. 50% to 30%)? The source for the disappearance of the 20% is our decision to institute a small position cutoff rule. If a stock's weight is more than 95% in one style index, we increase its weight to 100% in that index. This rule eliminates many small weightings and makes passive management easier.

8.8 Banding rule

8.8.1 In an effort to mitigate unnecessary turnover, FTSE Russell implements a banding methodology at the composite value score (CVS) level of the growth and value style algorithm. If a company's CVS change from the previous reconstitution is ≤ to +/- 0.10 AND if the company remains in the same core index (Russell 1000 or Russell 2000), then the CVS remains unchanged during the next reconstitution process. Keeping the CVS static for these companies does not mean the probability (growth/value) will remain unchanged in all cases due to the relation of a CVS score to the overall index. However, this banding methodology has proved to reduce turnover caused by smaller, less meaningful movements while continuing to allow the larger, more meaningful changes to occur, signalling a true change in a company's relation to the market.

8.9 Market capitalization of growth/value "Benchmark" and defensive/dynamic indexes

8.9.1 The market capitalization of the growth and value style indexes, as well as that of the defensive and dynamic stability indexes, may not each equal 50% of their base index. At first glance, this seems counterintuitive, since the methodology uses capitalization-weighted medians and quartiles, which in turn implies that 50% of the capitalization is above and 50% is below the median. However, asymmetry in the

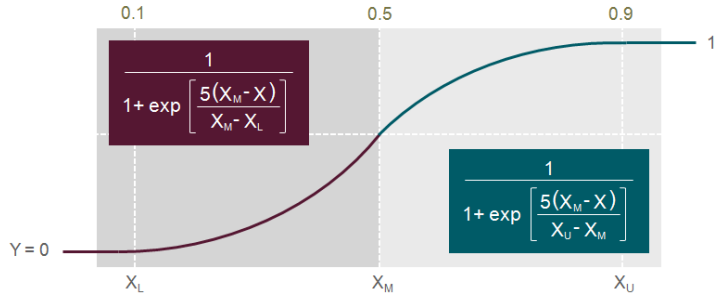
capitalization distributions within the second and third quartiles results in a skewed distribution of CVS. When CVS is normally distributed, 50% will be in each index.

8.10 Missing values, negative values or low coverage

8.10.1 For valuation styles (growth and value), stocks with missing or negative values for B/P, or missing values for I/B/E/S growth (negative IBES medium-term growth is valid), or missing sales per share historical growth (five year) (six years of quarterly numbers are required), are allocated by using the mean value score of the base index (Russell 1000, Russell 2000, Russell Microcap) (ICB) subsector, sector, supersector or industry group into which the company falls. Each missing (or negative B/P) variable is substituted with the subsector, sector, supersector or industry group independently. A subsector must have five members or the substitution reverts to the next level, sector, supersector and then industry. This method was found to produce the fewest distortions and it has the added advantage of being very simple. In addition, a weighted value score is calculated for securities with low analyst coverage for I/B/E/S medium-term growth. For securities with coverage by a single analyst, 2/3 of the Subsector, Sector, Supersector or Industry group value score is weighted with 1/3 the security's independent value score. For those securities with coverage by two analysts, 2/3 of the independent security's value score is used and only 1/3 of the Subsector, Sector, Supersector or Industry group is weighted. For those securities with at least three analysts contributing to the I/B/E/S medium-term growth, 100% of the independent security's value score is used.

8.10.2 For stability indexes (defensive and dynamic), if the quality or volatility indicator is not available, the company receives a stability score for that indicator of 0.25. Since zero is the worst possible score and one is the best, this conservative assumption mandates that missing data will result in a lower-than-average stability probability.

Russell non-linear probability algorithm



X_L – Lower breakpoint

X_M – Median

X_U – Upper breakpoint

Section 9

Corporate action-driven changes

9. Timing and treatment of corporate actions

9.1.1 FTSE Russell applies corporate actions to its indexes daily, both to reflect the evolution of securities and to ensure that the indexes remain highly representative of the US equity market. A company's index membership and its weight in the index can be impacted by these corporate actions. FTSE Russell uses a variety of reliable public sources to determine when an action is final, including a company's press releases and regulatory filings, local exchange notifications and official updates from other data providers FTSE Russell deems trustworthy. Prior to the completion of a corporate action, FTSE Russell estimates the effective date based on the same above sources. As new information becomes available, FTSE Russell may revise the anticipated effective date and the terms of the corporate action, before ultimately confirming its effective date.

9.1.2 Depending upon the time an action is determined to be final, FTSE Russell either (1) applies the action before the open on the ex-date or (2) applies the action providing appropriate notice, referred to as a "delayed action" (see specific action types for details on timing and procedure). The timing of when corporate actions are applied is critical for accurate market representation and it impacts tracking for passive managers. FTSE Russell believes this methodology strikes the best balance between the two. The impact of the action and the effective date will be communicated to clients on a regular schedule, via the daily cumulative change files and the corporate action calendar. For a schedule and sample of notifications, see Appendix C.

9.1.3 For the purposes of index calculation, FTSE Russell generally applies the most recently available market prices to the index for corporate action adjustments. FTSE Russell will only use exchange provided estimates and price adjustments in the absence of market prices and if the exchange provided estimate is deemed to be appropriate.

9.1.4 If FTSE Russell has confirmed the completion of a corporate action, scheduled to become effective subsequent to a rebalance; the event may be implemented in conjunction with the rebalance to limit turnover, providing appropriate notice can be given. Example: company ABC is scheduled to be added or continue as an existing member at rebalance. A tender offer is confirmed to be completed two days following the rebalance effective date. FTSE Russell will provide appropriate notice of this index change per our normal procedures and will remove company ABC at the rebalance effective date.

9.2 "No replacement" rule

9.2.1 Securities that leave the index for any reason (e.g. mergers, acquisitions or other similar corporate activity) are not replaced. Thus, the number of securities in the indexes over the year will fluctuate according to corporate activity.

Full details of changes to constituent companies due to corporate actions can be accessed in the Corporate Actions and Events Guide using the following link:

Corporate_Actions_and_Events_Guide.pdf

9.3 Changes to shares outstanding and free float

9.3.1 To maintain representativeness and maximise the available investment opportunity for index managers, the Russell US Indexes will be reviewed quarterly for updates to shares outstanding and to free floats used within the index calculation. The changes will be implemented at the close of the market within each of the quarterly review processes; third Friday of March, fourth Friday in June (unless the last Friday occurs on the 29th or 30th, when reconstitution will occur on the Friday prior), third Friday in September and second Friday in December.

9.3.2 For the June review, no buffers will be observed for ranking total capitalization or implementation of free float changes (i.e. float updates will be implemented regardless of size as buffers will not be applied).

9.3.3 For the December review, no share buffers will be observed for ranking total capitalization. However, changes to shares in issue and free float will remain subject to the standard quarterly buffers of 1% and 3%, respectively. Both the March and September quarterly review processes will apply buffers on both share and float changes to reflect the following:

– changes greater than 1% for cumulative shares in issue changes;

– changes greater than three percentage points for cumulative free float changes*.

*A constituent with a free float of 15% or below will not be subject to the three-percentage points threshold and will instead be updated if the change is greater than one percentage point. For example, Company B with a free float of 8% would trigger a change if its free float moved to above 9% or below 7%.

9.3.4 Quarterly updates will be triggered by vendor changes and confirmed appropriately, as of the cut-off for new information that occurs on the last business of the month in January, April, July and October respectively.

9.3.5 Outside of the quarterly update cycle, shares and free float will be updated with at least two days' notice if occasioned by primary or secondary offerings IF:

– there is a USD one billion investable market cap change related to a primary/secondary offering measured by multiplying the change to index shares by the subscription price;

OR

– there is a resultant 5% change in index shares related to a primary or secondary offerings AND a USD 250 million investable market cap change measured by multiplying the change to index shares by the subscription price.

The pricing date will serve as the trigger for implementation within the FTSE Russell US indexes, i.e. once FTSE Russell is aware that an offering has priced (confirmed via an appropriate publicly disclosed announcement or filing), the update will be implemented with two days' notice from market close (contingent on the thresholds described above being triggered).

9.3.6 If discovery of the pricing date occurs more than two days after the pricing date, the update will be deferred until the next quarterly review.

9.3.7 Free float and share changes resulting from corporate events will not be subject to the buffers as detailed above and will be implemented in line with the event Corporate Actions and Events Guide.

9.3.8 For primary offerings: there will be no change to the free float with any potential updates being deferred to the next quarterly review. For example, in the event an existing restricted shareholder is diluted as a consequence of the primary offering, any change to free float will be made at the next quarterly update subject to a review of the shareholder structure at that time.

9.3.9 For secondary offerings: if the shares being offered were previously restricted, entirely or partially, the free float will be adjusted accordingly, otherwise there will be no change to the free float with any potential updates being deferred to the next quarterly review. Where all the previously restricted shares are solely being offered to another restricted holder then there will be no change to free float.

9.3.10 Secondary offerings are defined as share offerings of existing shares made directly by the company; by the company on behalf of selling shareholders; or offerings by shareholders themselves if the appropriate filings have been submitted.

9.3.11 Share and free float changes resulting from activity such as private placements, exercise of warrants and expiry of lockups will be deferred to the next quarterly review.

Appendix A

Index tickers and base values

Russell index	CUSIP	RIC	Bloomberg symbol price return	Bloomberg Symbol total return	AMEX	ETF
Russell 1000®		.RUI	RIY	RU10INTR		IWB
Russell 1000® Mini		.RUI.M	RXU			
Russell 1000® Value		.RLV	RLV	RU10VATR	RLV	IWD
Russell 1000® Growth		.RLG	RLG	RU10GRTR	RLG	IWF
Russell 1000® Value Benchmark		.RLVB	RU1VB	RU10VBTR		
Russell 1000® Growth Benchmark		.RLGB	RU1GB	RU10GBTR		
Russell 1000® Defensive Index®		.RU1000DF	RU1000DF			
Russell 1000® Dynamic Index®		.RU1000DY	RU1000DY			
Russell 2000®	12483510	.RUT	RTY	RU20INTR		IWM
Russell 2000® Mini		.RUT.M				
Russell 2000® Value		.RUJ	RUJ	RU20VATR	RUJ	IWN
Russell 2000® Growth		.RUO	RUO	RU20GRTR	RUO	IWO
Russell 2000® Value Benchmark		.RUJB	RU2VB	RU20VBTR		
Russell 2000® Growth Benchmark		.RUOB	RU2GB	RU20GBTR		
Russell 2000® Defensive Index®		.RU2000DF	RU2000DF			
Russell 2000® Dynamic Index®		.RU2000DY	RU2000DY			
Russell 3000®		.RUA	RAY	RU30INTR		IWV
Russell 3000® Mini		.RUA.M				
Russell 3000® Value		.RAV	RAV	RU30VATR	RAV	IWW
Russell 3000® Growth		.RAG	RAG	RU30GRTR	RAG	IWZ
Russell 3000® Value Benchmark		.RAVB	RU3VB	RU30VBTR		
Russell 3000® Growth Benchmark		.RAGB	RU3GB	RU30GBTR		
Russell 3000® Defensive Index®		.RU3000DF	RU3000DF			
Russell 3000® Dynamic Index®		.RU3000DY	RU3000DY			
Russell 2500™		.R25I	R2500	RU25INTR		**SMMD**
Russell 2500™ Value		.R25IV	R2500V	RU25VATR		
Russell 2500™ Growth		.R25IG	R2500G	RU25GRTR		

Russell index	CUSIP	RIC	Bloomberg symbol price return	Bloomberg Symbol total return	AMEX	ETF
Russell 2500™ Value Benchmark		.R25IVB	R2500VB	RU25VBTR		
Russell 2500™ Growth Benchmark		.R25IGB	R2500GB	RU25GBTR		
Russell 2500™ Defensive Index®		.RU2500DF	RU2500DF			
Russell 2500™ Dynamic Index®		.RU2500DY	RU2500DY			
Russell Midcap®		.RMCC	RMC	RUMCINTR	RMC	IWR
Russell Midcap® Value		.RMCCV	RMV	RUMCVATR	RMV	IWS
Russell Midcap® Growth		.RMCCG	RDG	RUMCGRTR	RCG	IWP
Russell Midcap® Value Benchmark		.RMCCVB	RMIDVB	RUMCVBTR		
Russell Midcap® Growth Benchmark		.RMCCGB	RMIDGB	RUMCGBTR		
Russell Midcap® Defensive Index®		.RUMCAPDF	RUMCAPDF			
Russell Midcap® Dynamic Index®		.RUMCAPDY	RUMCAPDY			
Russell Top 200®		.RT200	R200	RUTPINTR	RTL	IWL
Russell Top 200® Value		.RT200V	R200V	RUTPVATR	RVA	IWX
Russell Top 200® Growth		.RT200G	R200G	RUTPGRTR	RTS	IWY
Russell Top 200® Value Benchmark		.RT200VB	R200VB			
Russell Top 200® Growth Benchmark		.RT200GB	R200GB			
Russell Top 200® Defensive Index®		.RUT200DF	RUT200DF			
Russell Top 200® Dynamic Index®		.RUT200DY	RUT200DY			
Russell Small Cap Completeness®		.RSCC	RSCC	RSCCINTR		
Russell Small Cap Completeness® Value		.RSCCV	RSCCV	RSCCVATR		
Russell Small Cap Completeness® Growth		.RSCCG	RSCCG	RSCCGRTR		
Russell Small Cap Completeness® Value Benchmark		.RSCCVB	RSCCVB			
Russell Small Cap Completeness® Growth Benchmark		.RSCCGB	RSCCGB			
Russell Top 50® Mega Cap		.RU50	RTOP50	RUTP50TR		
Russell Microcap®		.RUMIC	RMICRO	RUTPMCTR		IWC
Russell Microcap® Value		.RUMICV	RMICROV	RUMRVATR		
Russell Microcap® Growth		.RUMICG	RMICROG	RUMRGRTR		
Russell Microcap® Value Benchmark		.RUMICVB		RUMRVBTR		
Russell Microcap® Growth Benchmark		.RUMICGB				

The index value is the result of compounding daily (or monthly) return percentages, where the starting value of the index is equal to the base value and base date. Returns between any two dates can then be derived by dividing the ending period index value (IV1) by the beginning period (IV0) index value.

(Return = [(IV1/IV0) –1]*100).

	Calculated end of day		Calculated real time *	
Index	**Base date/value**	**History start date**	**Base date/value**	**History start date**
Russell 1000®	12/31/78 = 100.00	12/31/78	12/31/86 = 130.00	12/31/86
Russell 1000® Value	12/31/90 = 100.00	12/31/78	08/31/92 = 200.00	08/31/92
Russell 1000® Growth	12/31/90 = 100.00	12/31/78	08/31/92 = 200.00	08/31/92
Russell 1000® Value Benchmark	12/31/90 = 100.00	12/31/978	08/31/92 = 200.00	08/31/92
Russell 1000® Growth Benchmark	12/31/90 = 100.00	12/31/78	08/31/92 = 200.00	08/31/92
Russell 1000® Defensive	12/31/10 = 1000.00	7/1/96	NA	NA
Russell 1000® Dynamic	12/31/10 = 1000.00	7/1/96	NA	NA
Russell 2000®	12/31/78 = 100.00	12/31/78	12/31/86 = 135.00	12/31/86
Russell 2000® Growth	05/31/93 = 1000.00	12/31/78	03/16/00 = 500.00	03/16/00
Russell 2000® Value	05/31/93 = 1000.00	12/31/78	03/16/00 = 500.00	03/16/00
Russell 2000® Growth Benchmark	05/31/93 = 1000.00	12/31/78	03/16/00 = 500.00	03/16/00
Russell 2000® Value Benchmark	05/31/93 = 1000.00	12/31/78	03/16/00 = 500.00	03/16/00
Russell 2000® Defensive	12/31/10 = 1000.00	7/1/96	NA	NA
Russell 2000® Dynamic	12/31/10 = 1000.00	7/1/96	NA	NA
Russell 3000®	12/31/78 = 100.00	12/31/78	12/31/86 = 140.00	12/31/86
Russell 3000® Growth	05/31/95 = 1000.00	12/31/78	03/16/00 = 700.00	03/16/00
Russell 3000® Value	05/31/95 = 1000.00	12/31/78	03/16/00 = 700.00	03/16/00
Russell 3000® Growth Benchmark	05/31/95 = 1000.00	12/31/78	03/16/00 = 700.00	03/16/00
Russell 3000® Value Benchmark	05/31/95 = 1000.00	12/31/78	03/16/00 = 700.00	03/16/00
Russell 3000® Defensive	12/31/10 = 1000.00	7/1/96	NA	NA
Russell 3000® Dynamic	12/31/10 = 1000.00	7/1/96	NA	NA
Russell Midcap®	12/31/78 = 100.00	12/31/78	08/31/92 = 200.00	08/31/92
Russell Midcap® Growth	12/31/85 = 100.00	12/31/85	03/16/00 = 500.00	03/16/00
Russell Midcap® Value	12/31/85 = 100.00	12/31/85	03/16/00 = 500.00	03/16/00
Russell Midcap® Growth Benchmark	12/31/85 = 100.00	12/31/85	03/16/00 = 500.00	03/16/00
Russell Midcap® Value Benchmark	12/31/85 = 100.00	12/31/85	03/16/00 = 500.00	03/16/00
Russell Midcap® Defensive	12/31/10 = 1000.00	7/1/96	NA	NA
Russell Midcap® Dynamic	12/31/10 =1000.00	7/1/96	NA	NA
Russell Top 200®	12/31/78 = 100.00	12/31/78	03/16/00 = 400.00	03/16/00
Russell Top 200® Growth	12/31/85 = 100.00	12/31/85	03/16/00 = 400.00	03/16/00
Russell Top 200® Value	12/31/85 = 100.00	12/31/85	03/16/00 = 400.00	03/16/00

	Calculated end of day		Calculated real time *	
Index	**Base date/value**	**History start date**	**Base date/value**	**History start date**
Russell Top 200® Growth Benchmark	12/31/85 = 100.00	12/31/85	03/16/00 = 400.00	03/16/00
Russell Top 200® Value Benchmark	12/31/85 = 100.00	12/31/85	03/16/00 = 400.00	03/16/00
Russell Top 200® Defensive	12/31/10 = 1000.00	7/1/96	NA	NA
Russell Top 200® Dynamic	12/31/10 =1000.00	7/1/96	NA	NA
Russell 2500	12/31/90 = 100.00	12/31/78	11/30/03 = 200	11/30/03
Russell 2500 Growth	05/31/95 = 1000.00	12/31/85	11/30/03 = 200	11/30/03
Russell 2500 Value	05/31/95 = 1000.00	12/31/85	11/30/03 = 200	11/30/03
Russell 2500 Growth Benchmark	05/31/95 = 1000.00	12/31/85	11/30/03 = 200	11/30/03
Russell 2500 Value Benchmark	05/31/95 = 1000.00	12/31/85	11/30/03 = 200	11/30/03
Russell 2500 Defensive	12/31/10 = 1000.00	7/1/07	NA	NA
Russell 2500 Dynamic	12/31/10 =1000.00	7/1/07	NA	NA
Russell Small Cap Completeness®	3/31/99 = 1000.00	12/31/79	11/30/03 = 500	11/30/03
Russell SCC Growth	3/31/99 = 1000.00	12/31/79	11/30/03 = 500	11/30/03
Russell SCC Value	3/31/99 = 1000.00	12/31/79	11/30/03 = 500	11/30/03
Russell SCC Growth Benchmark	3/31/99 = 1000.00	12/31/79	11/30/03 = 500	11/30/03
Russell SCC Value Benchmark	3/31/99 = 1000.00	12/31/79	11/30/03 = 500	11/30/03
Russell Top 50® Mega Cap	12/31/01 = 1000.00	3/21/05	915.03	3/18/05
Russell Microcap® Index	6/24/05 = 1000.00	6/30/00	9/25/05 = 300	9/25/05
Russell Microcap® Growth	6/30/06 = 1000.00	6/30/00	NA	
Russell Microcap® Value	6/30/06 = 1000.00	6/30/00	NA	
Russell Microcap® Growth Benchmark	6/30/06 = 1000.00	6/30/00		
Russell Microcap® Value Benchmark	6/30/06 = 1000.00	6/30/00		
Russell 3000E Index	6/24/05 = 1000.00	6/24/05	NA	12/31/86

*Prior to 13 January, 2014, some Russell US real-time indexes were calculated by Refinitiv.

Appendix B

Country assignment methodology details

Home country indicators (HCIs)

– Country of incorporation

– Country of headquarters

– Country of most liquid exchange as defined by the two-year average daily Dollar trading volume (ADDTV)

Headquarters: FTSE Russell defines headquarters as the address of principal executive offices. For those companies reporting in the US, FTSE Russell uses the SEC filings to determine the location of headquarters. For those companies reporting outside of US reporting requirements, multiple vendor sources and independent Russell research are used. In a case where multiple headquarters are listed on the SEC filings and a home country indicator (HCI) needs to be determined, FTSE Russell will research the headquarters designated as the principal executive offices and assign the HCI for headquarters to that location. If multiple headquarter offices are reported and no differentiation exists (e.g. no principal executive office is designated or multiple headquarters are identified as principal executive offices), headquarters will be assigned to the headquarters' country with the highest average daily trading volume. If the HCI for headquarters cannot be determined (for example, if there is no trading in any headquarters location), the two remaining HCIs are used. For the avoidance of doubt, companies that do not list a headquarter location, the remaining HCI's will be used. This treatment is similar to a Benefit Driven Incorporation where an inconclusive result from asset and revenue testing would result in a default to location of most liquid exchange.

Asset/revenue data sources and requirements defined: assets and revenues data are retrieved from the company's annual reports (10-Ks, 20Fs, 40Fs, or prospectuses in the case of IPOs) as of the rank day. Any filings published after that date are not used. FTSE Russell will use an average of two years of assets or revenues data to reduce potential turnover. However, if only one year of data is available (a company either starts or stops reporting by location) one year of data will be used. The two-year average will be calculated using the percentage by county/region in the previous year and the percentage by country/region in the current year.

Assets and revenue reporting

Assets and/or revenue found in the text or table of the geographical segment section of the filing is given preference over other information in the filing. Assets and/or revenue must be reported as numbers or percentages, which allow us to confirm substantial tolerance is met or stating ALL assets/revenue come from a specific country will be used to designate primary country of risk. Footer notes within the geographical segment section which include numbers and/or percentages which evidence that the required tolerance is met will be accepted to confirm location of assets and/or revenues. Asset and revenue data must be reported as positive values only. Any case where negative asset or revenue data is reported for the most recent financial year, FTSE Russell will conclude that the asset or revenue test for the company is inconclusive and proceed to the next steps within the nationality determination. If the most recent yearly values are positive but year prior data includes negative values, one year data will be used for f determination. In addition, "substantially all" or "majority of" assets and/or revenue will be considered as acceptable confirmatory statements.

FTSE Russell gives preference to long-lived/long-term assets over total assets if both are listed. However, either type will be used prior to reviewing revenue.

If intangible assets are reported separately as part of a total assets table, FTSE Russell removes intangibles from consideration. In other words, preference is given to tangible assets.

Total and net revenue are both considered. If both exist in table form, total takes precedent.

When a BDI is present within regional reporting, FTSE Russell will attribute any assets or revenues to the non-BDI HCIs only. When a BDI has reported country level data, it will be tested as a location, but the test would be considered inconclusive if assets or revenues pointed to the single BDI since nationality cannot be assigned to a BDI.

Country versus regional reporting

- If both country and regional are reported, regional reporting will be considered inconclusive.
- If a company changes their detailed level of reporting (country to regional or regional to country), FTSE Russell first utilises the more detailed level of reporting, but also reviews the less detailed reporting to ensure accuracy and monitor current trends.
- The majority of assets or revenue is determined by looking at the absolute difference between the percentages.
- A 20% difference is required to confirm if, for example, one country has 44% and another has 24% (44% – 24% = 20%).
- A 20% difference is not used to confirm if one country is listed at 30% and another is 36%, because the difference is only 6% (36% is 20% larger than 30%, but again, FTSE Russell compares the absolute difference between percentages to confirm thresholds are met).
- The same principle applies when comparing regions or a combination of single country and region (i.e. assets/revenues for country must be an absolute 20% greater than single region).

Company reports by	Requirements to be determined majority*
Country: (used when more than one country is reported)	Total assets and/or revenues for HCI country is 20 percentage points greater than that of any other reported country.
Region: (used when more than one region is reported)	Total assets and/or revenues for region containing only one HCI country is greater than 20 percentage points of any other reported region.
Combination of single country and region:	Total assets/revenues for HCI country are greater than 20 percentage points of any reported region.
Combination of single country or single region and rest of the world:	Total assets/revenue for (country or region) HCI is 40 or more percentage points of the total assets/revenues.
No, or insufficient, data available:	Defaults to headquarters or most liquid exchange if BDI country.

* Majority of assets/revenue is determined by the absolute difference between those percentages. For example, 20% difference would be achieved if assets were 44% in one country and 20% in another. 20% difference would NOT be recognised if country one was 30% and country two was 20% higher at 36%.

Benefit-driven incorporation countries, no domestic exchange countries and US Territories

No domestic exchange (NDEs) countries	Benefit driven incorporation (BDIs) countries	
Falkland Islands	Anguilla	Faroe Islands
Liechtenstein	Antigua and Barbuda	Gibraltar
Monaco	Aruba	Guernsey
Suriname	Bahamas	Isle of Man
	Barbados	Jersey
	Belize	Liberia
	Bermuda	Marshall Islands
	Bonaire	Panama
	British Virgin Islands	Saba

	Cayman Islands	Sint Eustatius
	Channel Islands	Sint Maarten
	Cook Islands	Turks and Caicos Islands
	Curacao	

US territories

A US HCI is assigned for any company incorporated or headquartered in a US territory. This includes countries such as: Puerto Rico, Guam and US Virgin Islands.

Example by country

Home country indicators: incorporated in US, headquartered in China, most liquid exchange US.

Country	Year one assets/revenues ($USD in millions)	Year one calculated percentage
US	6	30.00%
China	**3**	**15.00%**
Country 3	3	15.00%
Country 4	3	15.00%
Country 5	3	15.00%
Country 6	2	10.00%
Total	**$20M**	**100.00%**

Results: total assets/revenues from the US are NOT 20 percentage points greater than that from any other individual country. Assuming assets and revenues are equal this example defaults to headquarters.

Example by region

Home country indicators: incorporated in the US, headquartered in UK, most liquid exchange is the US.

Region	Year one assets/revenues ($USD in millions)	Year one calculated percentage
North America	**6**	**37.50%**
Europe	2	12.50%
Asia	2	12.50%
Middle East	2	12.50%
Africa	2	12.50%
South America	2	12.50%
Total	**$16M**	**100.00%**

Results: total assets/revenues for North America are 20 percentage points greater than that from any other region. Also, the HCI countries are in different regions. Country assignment is the US.

Example by single country and rest of the world combination:

Home country indicators: incorporated in UK, headquartered in the US, most liquid exchange is the US.

Reporting	Year one assets/revenues ($USD in millions)	Year one calculated percentage
US	**10M**	**77.00%**
All other countries	3M	23.00%
Total	**$13M**	**100.00%**

Results: total US assets/revenues comprise more than 40% of the total assets/revenues. Country assignment is the US.

China N share designation

A US-listed company is not eligible for inclusion within the Russell US Indexes if it has been classified by FTSE Russell as a China N share on the rank date of the index reconstitution. For a description of Chinese share classes, please see the “Guide to Chinese Share Classes” document, which can be accessed using the following link:

Guide_to_Chinese_Share_Classes.pdf

The definitions these share classes are reviewed annually in March.

Appendix C
Sample client notification

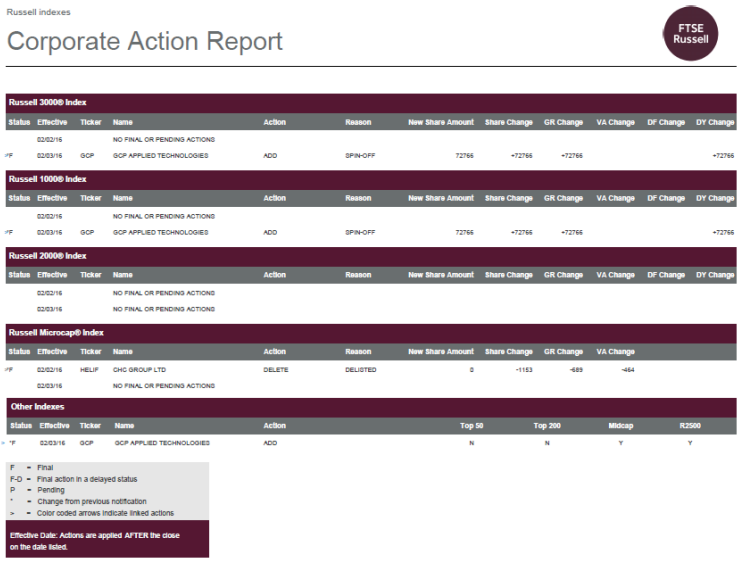
Timely communication regarding the impact of corporate events on the Russell US indexes is vital for passive managers tracking the indexes. For this reason, FTSE Russell provides a calendar of predictive corporate action events and provides a daily schedule of e-mail notifications to Premier subscribers. The calendar provides a forecast of actions expected to complete in the next two weeks and their anticipated effective dates. In addition, throughout the day, e-mail notifications are sent to clients regarding actions that are completing on the current and following market days. The status flag will indicate the likelihood that an action will be effective for the day. A final flag indicates that the action is confirmed as final. Notifications follow the schedule below. However, any information that becomes available between the scheduled times will be sent immediately. See Appendix D for a description regarding predictive index data.

Schedule of notifications*

Time of notification (Eastern Time)	Content of notification
10:00 a.m.	Actions effective after the close of the current day and the following day, both preliminary and final, are included.
2:00 p.m.	Final actions effective after the close of the current day and anticipated actions and final actions for the following day. Note: a notification is sent regardless of whether a change has occurred since the 10:00 a.m. notice.
6:30 p.m.	Actions anticipated to take effect after the close of the following day.

* Note: on days when the markets close early only, one report is generated, which will serve as final notice. The report will be delivered an hour and a half prior to market close.

Sample report



Russell indexes

Corporate Action Report

FTSE Russell

Russell 3000® Index

Status	Effective	Ticker	Name	Action	Reason	New Share Amount	Share Change	GR Change	VA Change	DF Change	DY Change
	02/02/16		NO FINAL OR PENDING ACTIONS								
*F	02/03/16	GCP	GCP APPLIED TECHNOLOGIES	ADD	SPIN-OFF	72766	+72766	+72766			+72766

Russell 1000® Index

Status	Effective	Ticker	Name	Action	Reason	New Share Amount	Share Change	GR Change	VA Change	DF Change	DY Change
	02/02/16		NO FINAL OR PENDING ACTIONS								
*F	02/03/16	GCP	GCP APPLIED TECHNOLOGIES	ADD	SPIN-OFF	72766	+72766	+72766			+72766

Russell 2000® Index

Status	Effective	Ticker	Name	Action	Reason	New Share Amount	Share Change	GR Change	VA Change	DF Change	DY Change
	02/02/16		NO FINAL OR PENDING ACTIONS								
	02/03/16		NO FINAL OR PENDING ACTIONS								

Russell Microcap® Index

Status	Effective	Ticker	Name	Action	Reason	New Share Amount	Share Change	GR Change	VA Change
*F	02/02/16	HELIF	CHC GROUP LTD	DELETE	DELISTED	0	-1153	-689	-464
	02/03/16		NO FINAL OR PENDING ACTIONS						

Other Indexes

Status	Effective	Ticker	Name	Action	Top 50	Top 200	Midcap	R2500
> *F	02/03/16	GCP	GCP APPLIED TECHNOLOGIES	ADD	N	N	Y	Y

F = Final
F-O = Final action in a delayed status
P = Pending
* = Change from previous notification
> = Color coded arrows indicate linked actions

Effective Date: Actions are applied AFTER the close on the date listed.

How to read e-mail notifications

Status: P = preliminary; estimation based on available information.
F = final; effective date has been confirmed.

Effective date: The effective date refers to the date the action will occur after the close/before the open. A manager would want to put in a “market on close” order for the day of the effective date.

Action: Add = addition of a name and shares to the applicable index.
Delete = deletion of name and corresponding shares in applicable index.
Share change = Increase or decrease in shares only. Name remains.

Reasons: Acquisition/merger
Delisted
Spin-off
IPO

Appendix D

Predictive index data

Any security level detail contained within the report that has not yet reached its effective date for processing across the index represents the most recent and best available information. Events that have not yet reached their effective date are subject to change as regulatory agencies, parties involved in the action and market terms may be updated prior to final effective date and should be considered predictive data (“predictive index data”). The information should be considered preliminary until the effective date has been reached. FTSE Russell reserves the right to update or change details of the action or update to effective date.

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Appendix E

Performance algorithms

Calculation of a synthetic position or a "delayed action"

Stock/stock plus cash actions between members. The closing price of the acquired company will be adjusted to capture the performance of the newly formed entity, according to the merger terms.

Adjusted closing price calculation:

= (acquiring company closing price per share * stock terms) + cash offer per share

Stock-only example: on trading day, company A, a member of the Russell 1000, acquires company B, a member of the Russell 2000, at the acquisition terms of 1:5 shares. Based on the time of final notification from the exchange, Russell classifies this as a "delayed action." Therefore, for an entire trading day, company B remains a member of the Russell 2000, although the action has been finalised and technically company B no longer trades. At the close of that day, company B's price is adjusted to mimic the terms of the deal and capture the performance of company A. After the close, company B is removed from the Russell 2000 and company A's shares are increased in the correct proportion according to the merger terms.

Date	Company A (R1)	Company B (R2) – 1,200 shares
Closing price (effective date)	$10.00	$2.00
Closing price (effective date+1)	$12.00	No longer trading
Adjusted closing price (effective date+1)	NA	$2.40

Stock + cash example: in the same example as above, assume that the merger terms were stock plus cash, 1:5 plus $2 per share.

Date	Company A (R1)	Company B (R2) – 1,200 shares
Closing price (effective date)	$10.00	$4.00
Closing price (effective date+1)	$12.00	No longer trading
Adjusted closing price (effective date+1)	NA	$4.40

Cash-only actions or actions involving non-members. If a company is acquired for cash, the acquired company will remain in the index for an additional trading day at a stale price and will be removed at the cash price after the close of the following day.

Cash example: Company Z, a member of the Russell 2000 Index, is acquired for $5.02 per share in cash. Based on the timing of final notification from the exchange, FTSE Russell considers this a "delayed action" and delays deletion for one trading day. Company Z remains in the index the following day at a stale price and removed at the cash price, mimicking the cash received by investors. After the close, Company Z is removed from the index.

Date	Company Z (R2)
Closing price (effective date)	$5.00
Closing price (effective date+1)	No longer trading
Adjusted closing price (effective date+1)	$5.02

Market-adjusted breakpoints

Market-adjusted breakpoints are determined by applying the performance of the Russell 3000E Index to date to the latest reconstitution breakpoints.

Example: Russell 3000E performance to date = 2.05%

Latest reconstitution breakpoint between R1 and R2 = $1.8 billion

Market-adjusted breakpoint = $1.8B * 1.0205 = $1.804

Appendix F

Reconstitution schedule and applicable updates

Reconstitution Schedule	Semi -Annual Reconstitution (June)	Semi-Annual Reconstitution December
Rank Day	Last business day of April	Last business day of October
Style Characteristics	Last business day of April	Last business day of October: Updated style probabilities are applied to new additions, membership changes since previous rank date, and migrations only (current members moving between R1000, R2000, RMicro only) Existing members maintain the probability assigned during June reconstitution.
Preliminary Information Released	**Five** weeks prior to implementation	**Four** weeks prior to implementation
Query Period	For two weeks following preliminary announcement	For two weeks following preliminary announcement
Lock down	**Three** weeks after query period ends	**Two** weeks after query period ends
Implementation	4th Friday of June	2nd Friday of December

Definitions:

- The **rank day** is the day when membership eligibility, including styles, are determined using the publicly available information and market capitalizations are calculated at market close.
- A **preliminary announcement** is made of the preliminary additions, deletions, indicative shares outstanding and free float data to clients of FTSE Russell and preliminary adds and deletes are posted to FTSE Russell's website.
- During the **query period** FTSE Russell welcomes queries on the published data.
- During **lock down**, the Russell US index semi- annual reconstitution is considered final, and any additional changes are made in exceptional circumstances only, in accordance with the FTSE Russell Recalculation Policy and Guidelines:
- **Implementation** is the day changes are made after the close of the market and become effective at the open on the Monday following

Reconstitution updates	Semi-Annual Reconstitution (June)	Semi-Annual Reconstitution (December)
Total Market Cap (Movement between Market Cap Indexes)	✓	✓
Nationality/Country Assignment Changes	✓	✓
Total Shares Outstanding Changes-Used for Ranking	✓	✓ **
Float Adjustments (large private holders) Changes	✓	Applied with a 3% buffer
Style Probability Changes	✓	New Adds to R3000E. Any membership changes between rank dates (updates to preliminary reconstitution membership lists, spin-offs, IPOs) Movement between: Russell 1000 & Rusell 2000 Russell 2000 and Microcap (ex-2000)
Voting Rights Changes	✓	No adjustments or further research on existing members, potentially newly eligible companies are reviewed.
Unrelated Business Taxable Income(UBTI)	✓	✓

** Total shares outstanding represented in Russell US index data files include a 1% buffer on total shares, and therefore may not equal the total shares used in ranking by total market capitalization on rank date.

Equity_Index_Recalculation_Policy_and_Guidelines.pdf

*For the avoidance of doubt, Russell US will observe a three-week lockdown in June, while FTSE GEIS will experience a two-week lockdown given the difference in implementation dates in June.

Appendix G
Status of Indexes

Russell US Indexes may be calculated in real time.

For further details of real time definitions please refer to the following guide:

– Real_Time_Status_Definitions.pdf

Appendix H
Further information

A glossary of terms used in FTSE Russell's Ground Rule documents can be found through the following link:

Glossary.pdf

For further information on the Russell US Equity Indexes Construction and Methodology visit
www.lseg.com/en/ftse-russell/
or e-mail info@ftserussell.com. Contact details can also be found on this website.

For more information about our indexes, please visit https://www.lseg.com/en/ftse-russell.

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