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An LSEG Business



RUSSELL US INDEXES

Russell 2000 Index quarterly chartbook

February 2024

Covering Q4 2023 index performance



Learn more: The Russell 2000 Index is the investable small cap market

Dive into **market performance** from every angle

- Market cap performance
- Performance: Growth of a unit
- Style performance
- Style box performance

Explore **sectors** and their reflection in the market

- Quarterly IPOs
- Quarterly sector weightings
- Quarterly sector performance review
- Sector contribution to return
- Sector history

Find analytical perspectives on **risk/characteristics**

- Implied volatility
- Fundamental characteristics:
 - Q4 2023
 - Q3 2023
 - Q2 2023
 - Q1 2023

Use **Focal Point** as your guide to new and trusted resources

- Highlights
- Resources



Indexes driven by the market. Not picked by a committee.

The Russell US equity indexes define the market and year after year the Russell 2000 Index sets the standard for small cap measurement. The Index provides a pure and objective exposure to small cap stocks. Its transparent methodology, annual reconstitution and the quarterly additions of IPOs ensure that small cap stays small and perhaps more importantly, doesn't miss out on small cap opportunities.



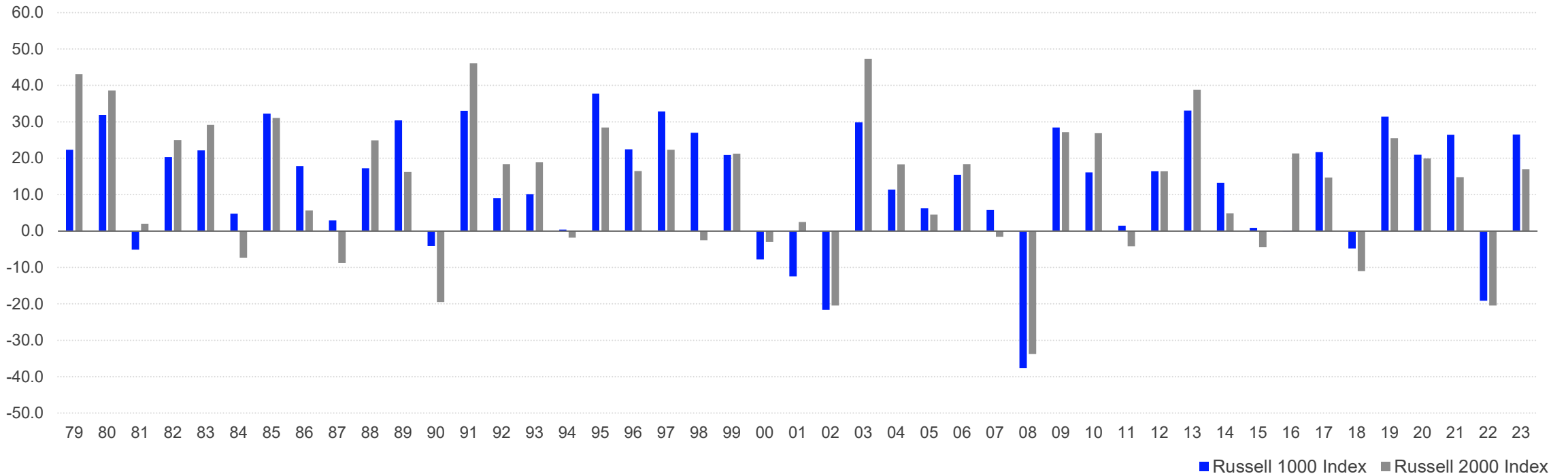
Market performance

SMALL CAPS TELL US MORE

The Russell 2000 Index provides live index tracking data, with historical performance dating back to January 1984. Academic and practitioner research confirms that large-cap stocks behave differently to small-cap stocks and performance is variable. There are sub-periods during which the Russell 1000 outperforms the Russell 2000 and vice versa. Quarterly performance assessments provide valuable datapoints for understanding market sentiment and US economic activity.

Exhibit 1

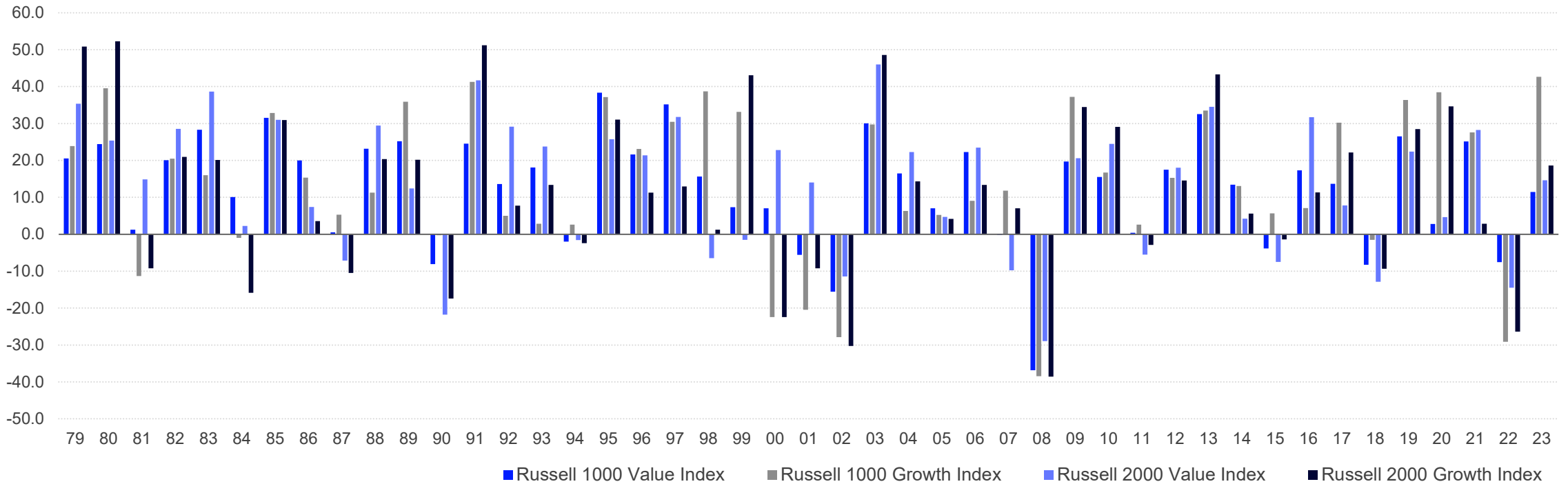
Market cap performance Annual return (%)



Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 1b

Market cap performance Annual return (%)

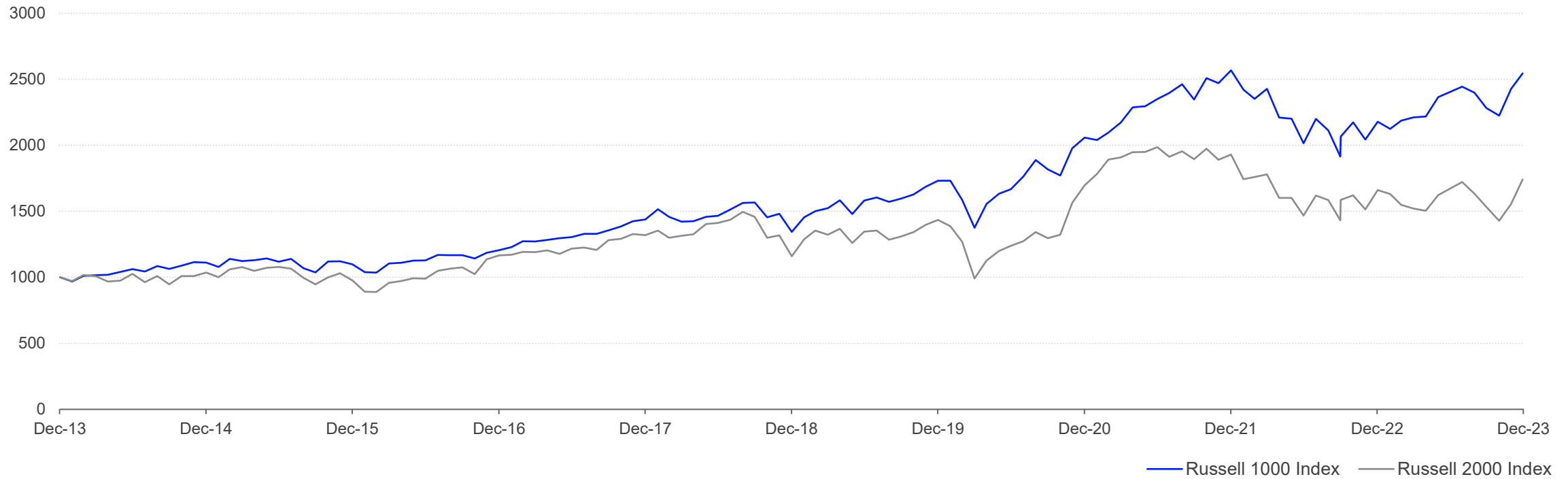


Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 2

Performance: Growth of a unit

Total return (growth of 1,000) 10 years



Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 3

Market cap performance

Total return (%)

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	12 months
Russell 3000® Index	12.1	-3.3	8.4	7.2	26.0
Russell Top 200® Index	11.7	-2.7	9.9	8.7	29.9
Russell 1000® Index	12.0	-3.1	8.6	7.5	26.5
Russell Midcap® Index	12.8	-4.7	4.8	4.1	17.2
Russell 2000® Index	14.0	-5.1	5.2	2.7	16.9
Russell Microcap® Index	16.1	-7.9	5.3	-2.8	9.3

Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 4

Style performance

Total return (%)

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	12 months
Russell 1000 Growth Index	14.2	-3.1	12.8	14.4	42.7
Russell 2000 Growth Index	12.7	-7.3	7.1	6.1	18.7
Russell 1000 Value Index	9.5	-3.2	4.1	1.0	11.5
Russell 2000 Value Index	15.3	-3.0	3.2	-0.7	14.6
Russell 1000 Defensive Index	10.1	-3.3	7.3	5.2	20.2
Russell 2000 Defensive Index	15.4	-3.8	3.4	2.2	17.2
Russell 1000 Dynamic Index	13.9	-3.0	9.9	9.8	33.3
Russell 2000 Dynamic Index	12.7	-6.4	7.1	3.3	16.8

Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 5

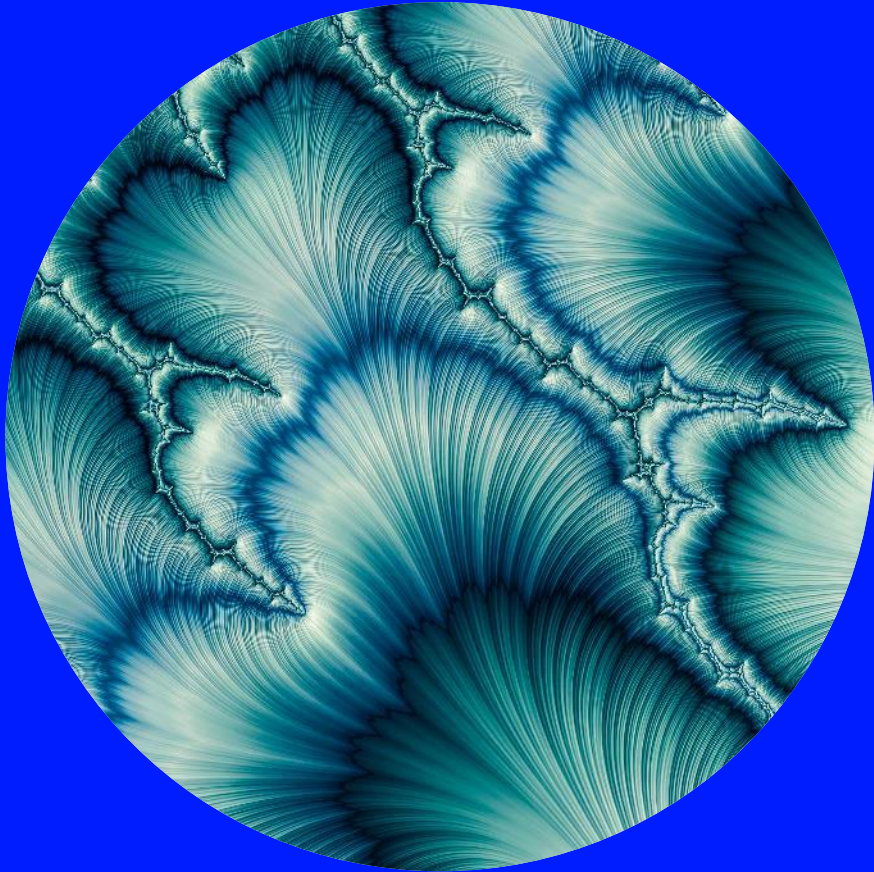
Style box performance

Total return (%)

	Value	Core	Growth
2023			
Large	11.46	26.53	42.68
Mid	12.71	17.23	25.87
Small	14.65	16.93	18.66
2022			
Large	-7.54	-19.13	-29.14
Mid	-12.03	-17.32	-26.72
Small	-14.48	-20.44	-26.36

	Value	Core	Growth
2021			
Large	25.16	26.46	27.60
Mid	28.34	22.58	12.73
Small	28.27	14.82	2.84
2020			
Large	2.80	20.96	38.49
Mid	4.97	17.10	35.59
Small	4.63	19.96	34.63

Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.



Sectors

SMALL CAPS REVEAL A SHIFTING ECONOMY

The US has experienced a massive shift in the nature of its economy over the last half century. The US was traditionally a manufacturing-focused economy, supplying a variety of raw materials and consumer and industrial products domestically and abroad. Today, data shows the US economy is most heavily represented by service-oriented sectors such as Technology, Health Care and Financials and less so by the industrial sectors such as Energy, Basic Materials and Industrials. However, the leading sectors are always in a state of change indicative of economic, consumer, and industry trends.

Exhibit 6

Fourth quarter IPOs

Quarter end

Russell 2000 Index IPOs by sector

Sector	Number of IPOs	Total market cap (\$B)
Health care	2	1.49
Total	2	1.49

Russell 2000 Index IPOs company detail

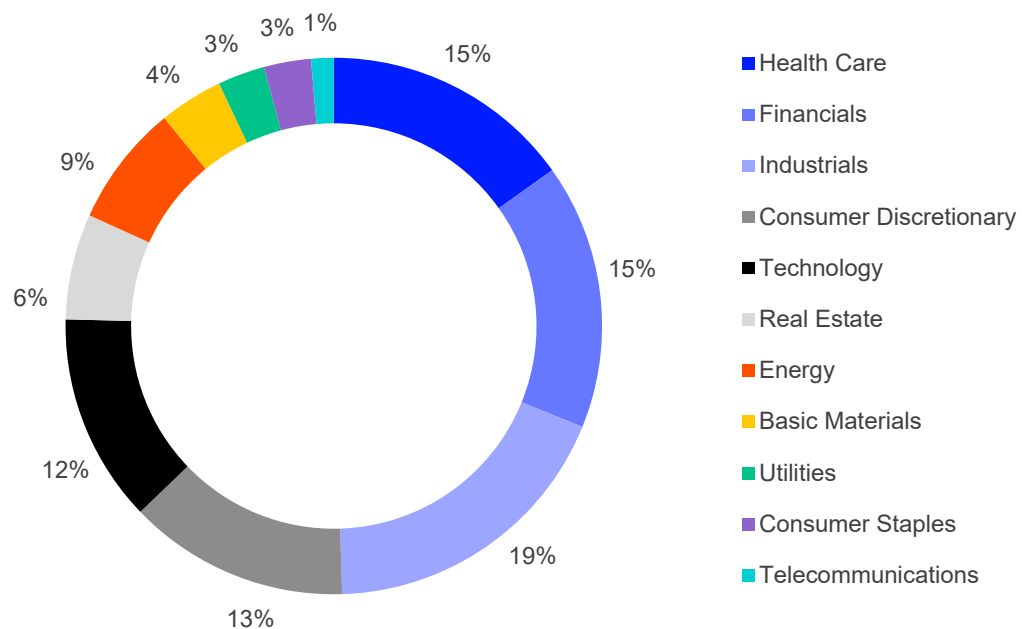
Sector	Company name	Ticker	Total market cap (\$B)
Health care	NEUMORA THERAPEUTICS INC	NMRA	0.25
	RAYZEBIO INC	RYZB	1.24

Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 7

Quarterly sector weightings

Quarter end (%)



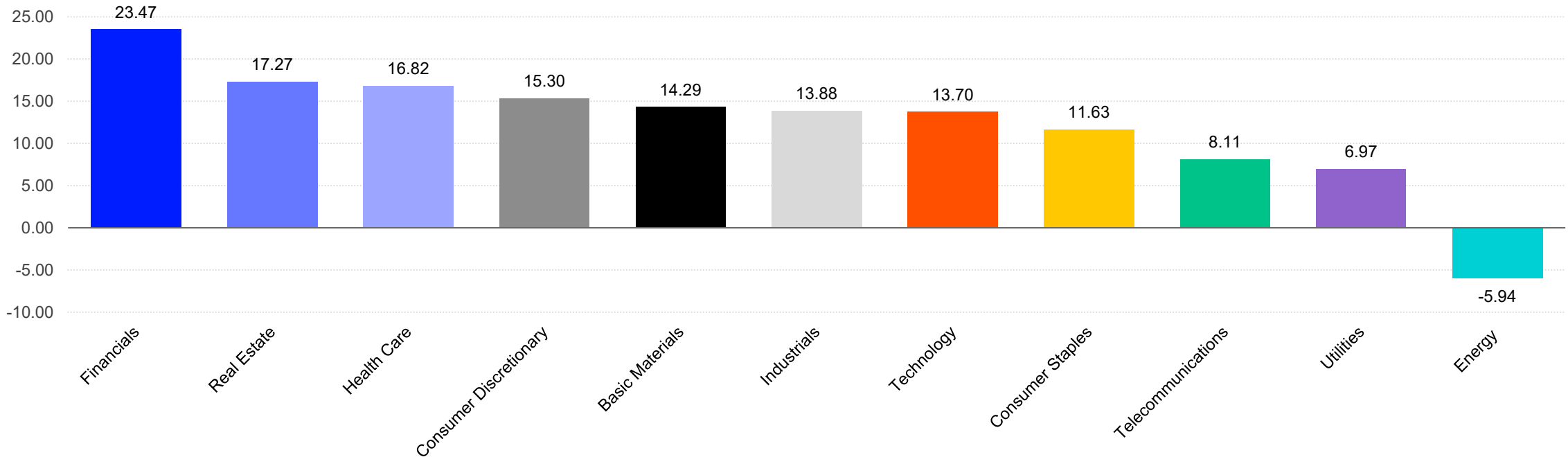
	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Health Care	15.1	14.5	16.4	15.6
Financials	16.0	14.9	14.0	15.1
Industrials	18.4	18.4	18.4	17.5
Consumer Discretionary	13.3	13.1	13.1	13.7
Technology	12.6	12.4	12.7	11.6
Real Estate	6.4	6.2	6.3	6.5
Energy	7.3	9.0	7.3	6.8
Basic Materials	3.8	3.9	4.0	4.3
Utilities	2.8	3.0	3.2	3.8
Consumer Staples	2.8	3.1	3.0	3.4
Telecom	1.4	1.4	1.6	1.7

Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 8

Quarterly sector performance review

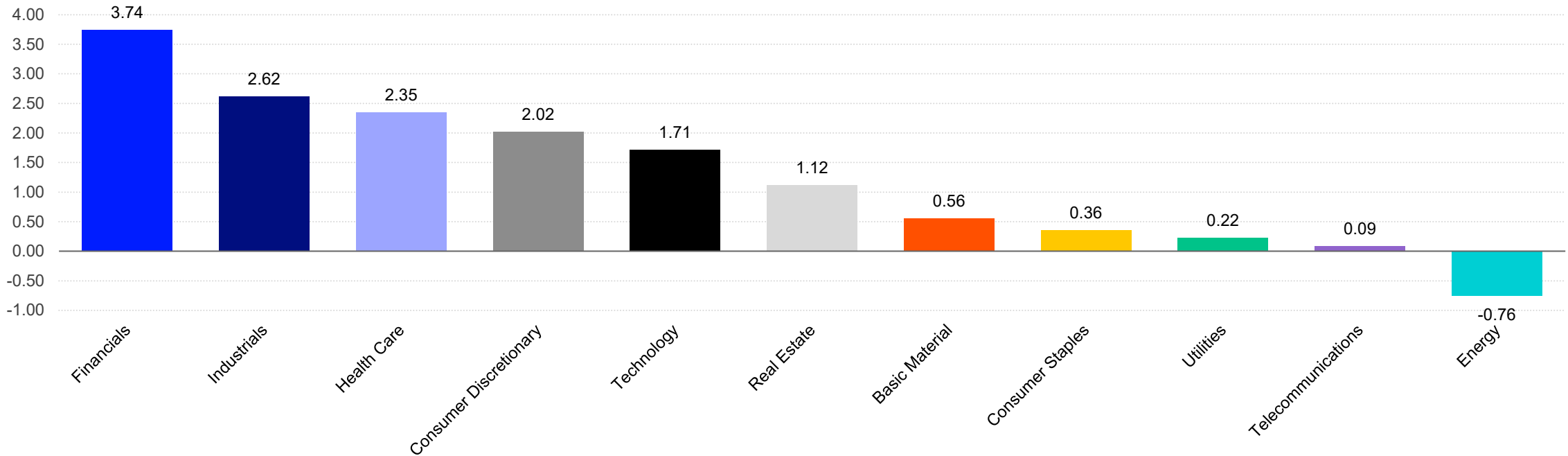
Total return (%)



Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 9

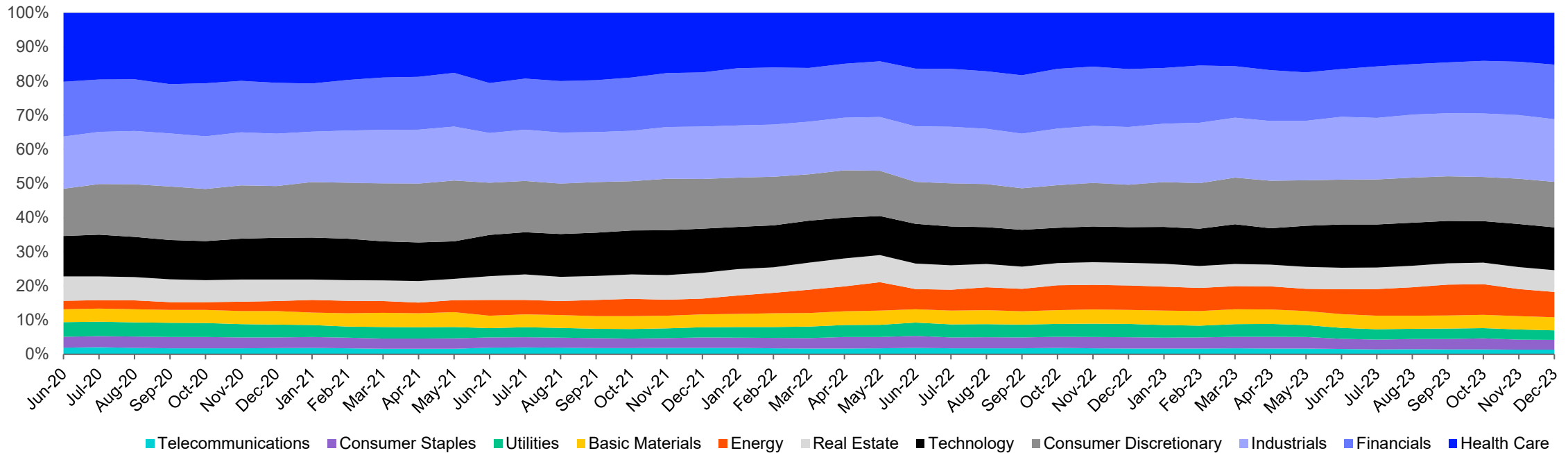
Sector contribution to return Year to date (%)



Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results.
Please see important legal disclosures at the end of this report.

Exhibit 10a

Sector history ICB monthly weightings (%)

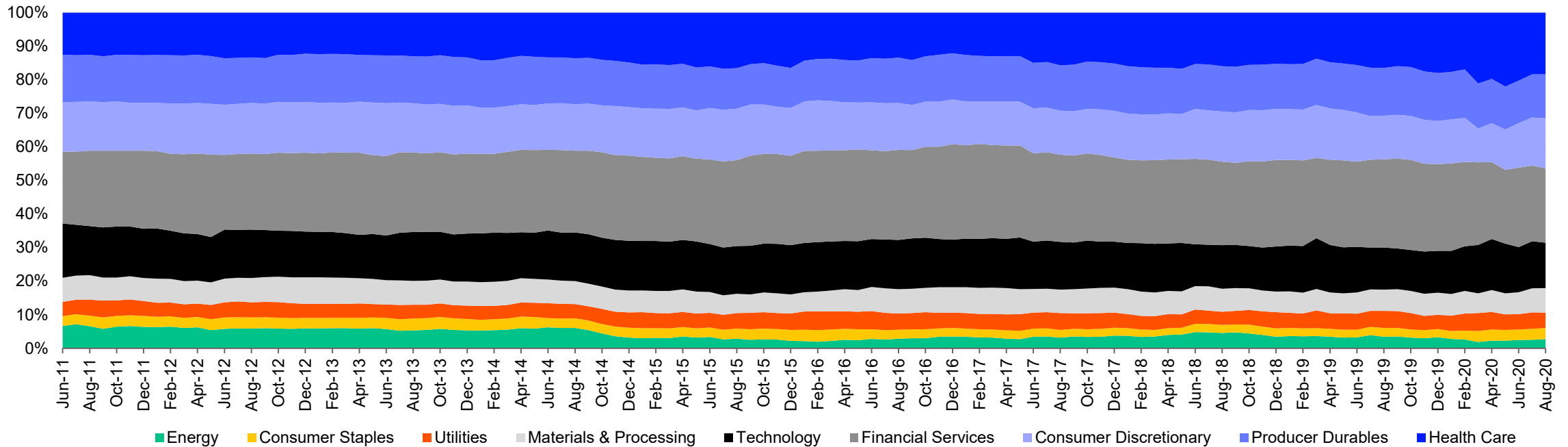


Source: FTSE Russell Industry Classification Benchmark (ICB) data is shown starting June 30, 2020. Historical index weightings reflect Russell Global Sectors. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 10b

Sector history

RGS historical monthly weightings (%)



Source: FTSE Russell Industry Classification Benchmark (ICB) data is shown starting June 30, 2020. Historical index weightings reflect Russell Global Sectors. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.



Risk/characteristics

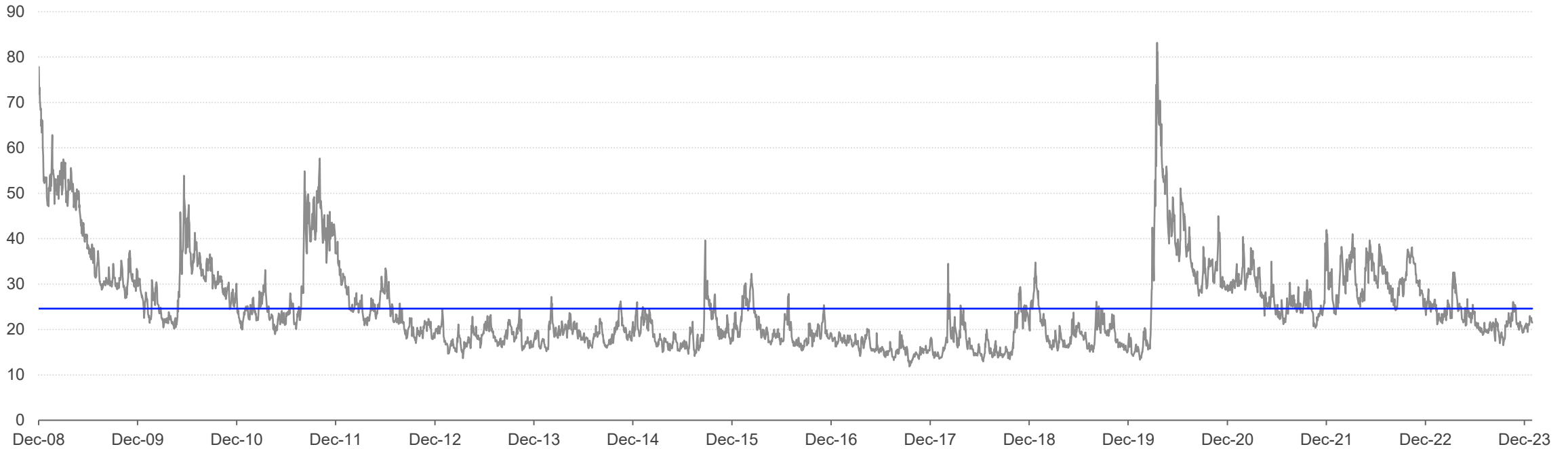
SMALL CAPS REFLECT THE MARKET

Russell 2000 companies tend to be more specialized than those of the more diversified Russell 1000 constituents, this suggests that Russell 2000 companies are less resilient to economic or industry specific shocks. That riskiness has likely contributed to the historically higher volatility of Russell 2000 returns. However, it is important to note that more recently, large and small cap markets seem to be converging as illustrated by similarities in metrics.

Exhibit 11

Implied volatility

CBOE Russell 2000 Volatility Index (RVX) 12/1/2008 – 12/29/2023



Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 12a

Fundamental characteristics: Q4 2023

Quarterly market snapshots

Index	Growth		Quality			
	Sales per Share Growth (5 Yr)	Long Term Forecasted Growth (I/B/E/S Median)	EPS Variability (10 Yr)	ROA (5 Yr Avg)	Debt/Equity	Dividend Yield
Russell 2000 Index	7.90	12.33	149.71	2.97	0.69	1.48
Russell 1000 Index	12.30	11.15	96.81	12.25	0.85	1.44

Index	Valuation			Risk—Standard Deviation (%)		
	P/E (I/B/E/S 1 Yr) Forecasted	Price/Book	Price/Cash Flow	1 Yr	3 Yr	5 Yr
Russell 2000 Index	15.24	2.11	12.01	23.19	21.11	24.01
Russell 1000 Index	20.13	4.28	14.96	14.53	17.42	18.79

Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 12b

Fundamental characteristics: Q3 2023

Quarterly market snapshots

Index	Growth		Quality			
	Sales per Share Growth (5 Yr)	Long Term Forecasted Growth (I/B/E/S Median)	EPS Variability (10 Yr)	ROA (5 Yr Avg)	Debt/Equity	Dividend Yield
Russell 2000 Index	7.37	13.74	153.09	3.79	0.71	1.61
Russell 1000 Index	12.13	10.16	91.21	12.01	0.86	1.57

Index	Valuation			Risk—Standard Deviation (%)		
	P/E (I/B/E/S 1 Yr) Forecasted	Price/Book	Price/Cash Flow	1 Yr	3 Yr	5 Yr
Russell 2000 Index	13.18	1.86	10.08	21.14	22.07	24.16
Russell 1000 Index	18.22	3.91	13.64	15.40	17.82	19.21

Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 12c

Fundamental characteristics: Q2 2023

Quarterly market snapshots

Index	Growth		Quality			
	Sales per Share Growth (5 Yr)	Long Term Forecasted Growth (I/B/E/S Median)	EPS Variability (10 Yr)	ROA (5 Yr Avg)	Debt/Equity	Dividend Yield
Russell 2000 Index	7.17	13.25	151.52	3.64	0.72	1.54
Russell 1000 Index	11.91	9.69	91.10	11.95	0.88	1.50

Index	Valuation			Risk—Standard Deviation (%)		
	P/E (I/B/E/S 1 Yr) Forecasted	Price/Book	Price/Cash Flow	1 Yr	3 Yr	5 Yr
Russell 2000 Index	13.53	2.02	11.08	23.40	21.57	23.84
Russell 1000 Index	19.15	4.13	13.92	19.75	18.17	19.05

Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Exhibit 12d

Fundamental characteristics: Q1 2023

Quarterly market snapshots

Index	Growth		Quality			
	Sales per Share Growth (5 Yr)	Long Term Forecasted Growth (I/B/E/S Median)	EPS Variability (10 Yr)	ROA (5 Yr Avg)	Debt/Equity	Dividend Yield
Russell 2000 Index	7.26	11.80	154.24	3.70	0.73	1.58
Russell 1000 Index	11.32	9.47	92.45	11.61	0.91	1.67

Index	Valuation			Risk—Standard Deviation (%)		
	P/E (I/B/E/S 1 Yr) Forecasted	Price/Book	Price/Cash Flow	1 Yr	3 Yr	5 Yr
Russell 2000 Index	12.93	2.00	10.74	25.56	22.52	23.70
Russell 1000 Index	17.60	3.91	13.06	22.84	19.28	18.89

Source: FTSE Russell, data as of December 29, 2023. Past performance is no guarantee of future results. Please see important legal disclosures at the end of this report.

Focal point

Russell US Indexes and the Russell 2000 Index

**Ideal for Institutional Investors.
Perfect for Financial Advisors.**



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can drive better portfolio outcomes for wealth
advisors. Discover additional resources
supporting your index product selection.**

Highlights



Global Investment Research
Market Maps

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Russell US Indexes Spotlight

QUARTERLY REPORT: JANUARY 2024

Broad-based Q4 rally aids small-cap rebound; Growth dominates in 2023

Small caps rebounded strongly in broad-based Q4 rally, supported by easing financial conditions and expectations of the end of aggressive rate hikes. Large-cap Growth continued to hold sway over its Value counterpart in Q4, preserving its massive outperformance for the year. Real Estate and small-cap Financials shone. Energy lagged badly, hurt by falling oil prices.

Highlights

Small caps led in broad-based Q4 rally
Russell 2000 edged out the Russell 1000. Small cap Value outperformed the other style indexes. Large-cap Growth prevailed over its Value counterpart (pages 7-8).

Financials and Real Estate rebounded, Energy lagged
Easing financial conditions supported a strong rebound in Real Estate and small-cap Financials. A steep decline in the oil price hurt Energy broadly (pages 4-6).

EPS growth stabilized for large-caps
The EPS growth outlook stabilized for the Russell 1000 but declined modestly for the Russell 2000. They are up 10m year-ago levels for both indexes (page 7-8).

Dividend yields edged lower
Dividend yields edged lower over Q4, but are up from pandemic-era lows (page 9).

Valuation re-ratings continued
Forward P/Es expanded over Q4 and are at or above five-year averages for the Russell 1000 and its style cohorts, as well as Russell 2000 Value (page 10).

Russell IPO inclusions remained muted
IPO inclusions in Russell indexes remained muted relative to long-term history (page 11).

Large-cap Growth outpaced large-cap Value in Q4 as US long yields decline

Oil price fell over Q4, hurting the Oil, Gas & Coal sector, and the Energy industry broadly

Russell Indexes: Your index matters | FTSE Russell

FTSE Russell | Global | US | 10130466 | 10131710 | 10131841

Small-caps led in broad-based Q4 rally

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Financials and Real Estate rebounded, Energy lagged

Easing financial conditions supported a strong rebound in Real Estate and small-cap Financials. A steep decline in the oil price hurt Energy broadly.

Dividend yields edged lower

Dividend yields edged lower over Q4, but are up from pandemic-era lows.

EPS growth stabilized for large-caps

The EPS growth outlook stabilized for the Russell 1000, but declined modestly for the Russell 2000. They are up from year-ago levels for both indexes.

Valuation re-ratings continue

Forward P/Es expanded over Q4 and are at or above five-year averages for the Russell 1000 and its style cohorts, as well as Russell 2000 Value.

Russell IPO inclusions remained muted

IPO inclusions in Russell indexes remained muted relative to long-term history.

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[Russell US Indexes Spotlight, January 2024 | FTSE Russell](#)

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