

What is the Russell 2000[®] and Why It Matters

Unlocking opportunities in the US small cap stock market

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Agenda

1

Introduction to the Russell 2000® Index

Russell US Indexes are constructed using objective and transparent methodology, with semi-annual reconstitution and quarterly addition of newly eligible public companies.

2

Small Cap Advantage

Small cap companies can help diversify a large cap-heavy portfolio due to their different characteristics (e.g. domestic revenue orientation, balanced sector composition, lower correlation of returns).

3

Why Small Caps Now

Historically, lower interest rates have supported small cap companies in terms of availability of opportunity. Small caps have recently traded at a discount relative to large caps on a forward earnings basis.

What is the Russell 2000® and Why It Matters

Russell 2000®: A core benchmark for US small caps

Transparent, rules-based methodology with regular updates – since 1984

Semi-annual reconstitution and quarterly IPO inclusions keeps the Russell 2000 current and relevant.

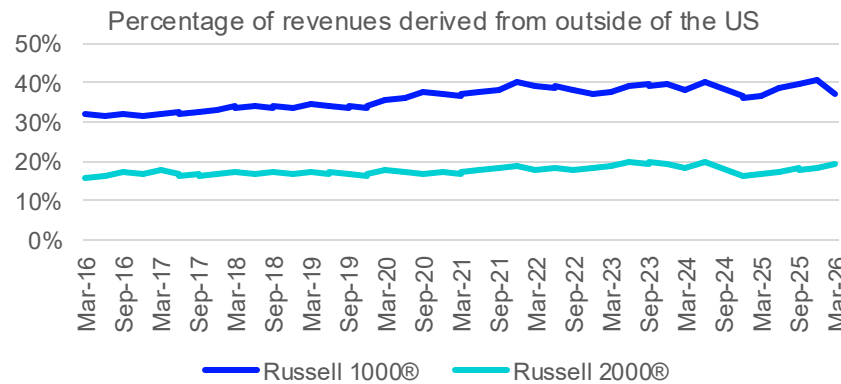
Widely recognized as a reliable and objective benchmark to track US small cap stock performance within an ecosystem of \$12.2 trillion* in assets benchmarked across the Russell US Indexes.

~2,000 US small cap stocks representing early-stage growth opportunities

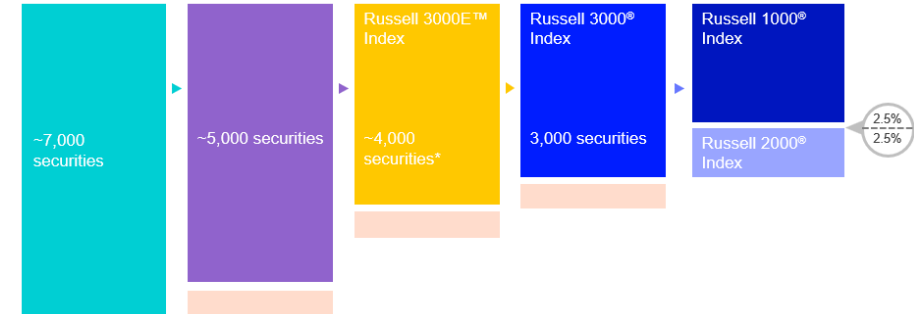
Includes emerging companies in early growth stages, serving as an incubator for potential future US large-cap companies.

For example, **Nvidia, Amazon, and Netflix** were first included in the Russell 2000 shortly after going public, underscoring the role of small caps as an entry point for companies that later scale into large-cap market leaders.

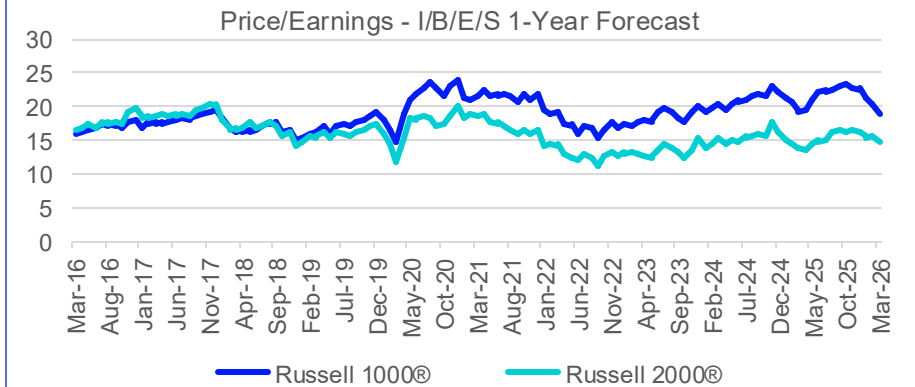
More domestically focused and reflects US economic cycles



Part of the Russell 3000, which covers ~98% of the investable US equity market



Small caps have recently traded at a discount relative to large caps on a forward earnings basis



*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.

Russell US Indexes

A complete US market view

Comprehensive representation of the US equity market, from mega cap to micro cap.

The leading US benchmarks for institutional investors, with approximately \$12.2 trillion benchmarked to the Russell US Indexes.*

Modular index construction covering market segments (large/ mid/ small cap) and investment styles (growth/ value/ defensive/ dynamic).

$$1,000 + 2,000 = 3,000$$

It's really that simple

The Russell 1000 Index—The largest 1,000 stocks by market cap, the index comprehensively covers the large cap opportunity set.

The Russell 2000 Index—The next 2,000 largest stocks by market cap, the index comprehensively covers the small cap opportunity set.

The Russell 3000 Index—This broad cap index of the top 3,000 US stocks by market cap is designed to represent approximately 98% of the investable US equity market.

*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.

Syntax Direct:

Index Creation & Management for RIAs, at infinite scale.

BUILD AT SCALE TO

CUSTOMIZE

Create an unlimited number of investment portfolios to meet the needs of an increasingly diverse clientele—across themes, factors, impact strategies, and benchmark customizations.

RAPID IMPLEMENTATION IN

MINUTES

Answer up to 12 simple questions and press Deploy.
Indices are investable immediately upon creation—no waiting period, no wrapper.

TRANSPARENT & COMPLIANT

RULES-BASED

Portfolio management rules and methodologies are clearly described and disclosed — with documentation that meets all requirements of a regulated investment review.

AUTOMATED PLATFORM

FRONT-TO-BACK

Covers the entire investment design process, from index construction and backtesting to daily trade files and go-forward reconstitution, rebalances, and pro forma notifications.

+ Scalable — grow your practice

+ No wrapper — lower client fees

+ Integrates with SMA platforms & TAMPs

+ Daily index, change & corporate action files

Syntax Direct:

Why the Russell 2000 belongs in a diversified portfolio.

SECTOR DIVERSIFICATION

SECTORS

- Can Mitigate Large Cap Tech Bias
- More Physical Assets:
 - Energy
 - Real Estate
 - Basic Materials
- Complementary Exposures
 - Industrials
 - Healthcare
 - Financials

MACRO DIVERSIFICATION

MACRO

- **Russell 1000**
 - Scalable Intellectual Property
 - Global Demand
 - Margin Expansion
- **Russell 2000**
 - Domestic Growth
 - Operating Leverage to Economic Cycle
 - Asset Heavy Businesses

INNOVATION & BUSINESS MODELS

INNOVATION

- Biotech and Niche Tech
- Metals and Mining
- Oilfield Services & Equipment
- Real Estate Loans
- Medical Devices
- Capital Goods
- REITS
- Commercial Hardware
- Electrical Components

+ Reduces concentration risk

+ Adds cycle-sensitive exposures

+ Captures domestic operating leverage

+ Broadens the innovation surface

Syntax Direct:

Three examples of customized RIA solutions.

SCENARIO	CLIENT NEEDS	TARGET COUNT	ADVISOR ACTION
NEAR RETIREMENT	Would like to diversify exposure to small cap stocks, but is concerned about volatility	200 Stocks	Creates a 200-stock portfolio to support diversification. Uses two factors to address volatility concerns: <ul style="list-style-type: none">• Quality• Low Debt to Equity
BANKING EXECUTIVE	Personal wealth is linked to their job, and equity position in a bank.	150 Stocks	Creates a 150-stock portfolio with two exclusions: <ul style="list-style-type: none">• Banking within in the Financials sector• The entire Real Estate sector given its high correlation to Banking
TAX LOSS HARVESTING	Has large embedded gains in large cap portfolio, focused on tax loss harvesting.	100 Stocks	Creates a 100-stock index that is focused on sectors with high return dispersion: <ul style="list-style-type: none">• Healthcare• Technology• Consumer Discretionary• Energy

About Syntax Data

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