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When the Benchmark Moves:
What the 2026 Russell Reconstitution Did to Growth and Value

THE CORE IDEA

- Every index rebalances on its own rules and calendar, and when it does, it changes what every manager tracking it holds. A fund can look and cost the same while its underlying exposure shifts, all without a single trade the manager chose.
- That is not hypothetical this quarter. The June 2026 Russell reconstitution moved the Growth and Value definitions meaningfully, so this is the live example of a risk that applies to any index and any manager.
- Which index a manager tracks is a risk decision, not a label. Knowing the benchmark is how you know the risk.

WHAT MOVED (MAG 7), 6/30/25 TO 6/29/26 (YEAR OVER YEAR)

- Mag 7 weight in Russell 1000 Growth fell from 52.1% to 43.1% (down 9.1 points).
- Mag 7 weight in Russell 1000 Value rose from 5.5% to 15.7% (up 10.2 points).
- Apple, Microsoft and Amazon now carry real weight in Value alongside Growth. NVIDIA (13.7%) and Alphabet anchor a more concentrated Growth sleeve.

WHAT MOVED (SECTORS), 6/30/25 TO 6/29/26

- Russell 1000 Value's Info Tech weight surged from 10.4% to 18.2% (up 7.9 points), the largest single sector move across either index. Value is no longer tech light.
- Russell 1000 Growth grew more concentrated: Info Tech plus Communication Services now make up 70.1% of the index, with Comm Services up 4.8 points.
- Value stays anchored by Financials (19.1%) and Health Care, but its character shifted toward growth sectors.

WHY IT MATTERS

- A client pairing a growth manager with a value manager to diversify may now hold the same mega caps and the same tech tilt in both sleeves. About 21% of Russell names sit in both indexes. The labels imply diversification the portfolio may not deliver.
- Concentration, sector exposure and tax lots can move without any client trade, simply because the index rebalanced.

QUESTIONS ADVISORS SHOULD BE ASKING

- Which index does each of my managers track, and did that benchmark just change?
- Do my clients' growth and value managers now overlap on the same names and sectors?
- Has a “diversified” style barbell quietly become a concentrated tech bet?
- Do current risk profiles still match what clients actually hold?

THE ACTION

- Treat any reconstitution as a portfolio review trigger, and Russell is the one on the table right now. We can run overlap, sector and concentration analysis on your book and help you frame it for clients.

FOR INFORMATIONAL PURPOSES ONLY. SEE IMPORTANT DISCLOSURES AT THE END OF THE PRESENTATION.

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QUESTIONS?

Reach out to our team to discuss how these inclusions could affect specific client portfolios, walk through tax considerations in more detail, or talk through how to position this with clients ahead of the listings.

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INDEX DESCRIPTIONS

Investors cannot invest directly in an index. The performance of any index is not indicative of the performance of any investment and does not take into account the effects of inflation and the fees and expenses associated with investing.

Russell 1000 Growth Index: The Index measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell1000 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium-term (2 year) growth and higher sales per share historical growth (5 years). The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The index is reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.
Russell 1000 Value Index: The Index measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.
The Magnificent Seven (Mag 7): A group of high-performing and influential large-cap technology sector companies in the U.S. stock market: Alphabet, Amazon, Apple, Tesla, Meta Platforms, Microsoft, and NVIDIA.

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