

Russell Reconstitution Impact Report

June 2026 — First Semi-Annual Reconstitution in History

R1000/R2000 BREAKPOINT

~\$6.0B

Consensus estimate

EST. CLOSE VOLUME

\$245B

June 26 effective date

PASSIVE AUM

~\$12T

Tracks Russell indexes

KEY DATES

| DATE | EVENT | SIGNIFICANCE |
|---------------|-----------------------------------|---|
| Apr 30 | ★ RANK DAY | Market cap at close determines ALL membership. The single most important date. |
| May 22 | Preliminary Lists Posted | First public adds/deletes/migrations after 6 PM ET. Positioning window opens. |
| May 29 | Updated Lists (weekly) | Reflects corporate actions and IPO eligibility. |
| Jun 5 | Updated Lists (weekly) | Ongoing refinement. |
| Jun 8 | Lock-Down Begins | Membership considered final. |
| Jun 12 | Updated Lists (weekly) | Minor adjustments only. |
| Jun 18 | Updated Lists (Thursday) | Final update. |
| Jun 26 | ★ RECONSTITUTION EFFECTIVE | After close. Est. \$245B volume. Largest forced trading event globally. |

WHY THIS MATTERS

- **Historic change:** Russell moves from annual to semi-annual (June + November) in 2026
- **November 2026:** Rank day last biz day Oct, effective 2nd Friday Dec. Size rules only (no Growth/Value).
- **\$12 Trillion** in passive AUM — every reconstitution triggers massive forced trading
- **Semi-annual impact:** ~70-80% of annual flow per event; more frequent but smaller rebalances

THRESHOLD ESTIMATES (MOE CONSENSUS)

| METRIC | 2026 EST. | 2024 ACTUAL | 2025 EST. |
|-------------------------------|----------------|---------------|---------------|
| R3000E Entry Threshold | ~\$150M | \$250M | \$280M |
| R1000/R2000 Breakpoint | ~\$6.0B | \$4.6B | \$5.2B |
| Total Close Volume | ~\$245B | \$219.6B | N/A |
| Net Passive Flows | \$25-30B | N/A | N/A |
| Buffer Band Width | ±5% | ±5% | ±5% |

BORDERLINE COMPANIES (NEAR \$6.0B)

Final determination depends on market caps at close on April 30, 2026.

| TICKER | COMPANY | CURRENT | EST. MCAP | EXPECTED MOVE | IMPACT |
|-------------|----------------------|---------|-----------|---------------|--|
| SMCI | Super Micro Computer | R2000 | \$6.8B | → R1000 | R1000 funds must buy; R2000 funds sell |
| GTLB | GitLab Inc. | R2000 | \$5.9B | → R1000 | R1000 funds must buy; R2000 funds sell |
| WEN | Wendy's Co. | R1000 | \$5.4B | → R2000 | R1000 funds sell; R2000 funds must buy |
| NCR | NCR Voyix Corp. | R1000 | \$5.2B | → R2000 | R1000 funds sell; R2000 funds must buy |

EXPECTED MARKET IMPACT

- **June 26 close:** 5-10x normal volume for affected stocks; 1-3% price swings common
- **MOC imbalances** telegraph demand direction in final hour of trading
- **Additions see sustained buying** from preliminary lists (May 22) through effective
- **Deletions face selling pressure** concentrated in final 2 weeks before effective
- **Historical net alpha:** 0.5-1.0% per event for rules-based predictions (~90% accuracy)
- **Crowding risk:** Most arbitrated rebalance globally — edge compressed 30-50% since 2020
- **Academic research:** Sammon & Shim (JFE 2026) show 46-69 bps annual drag from rebalancing