

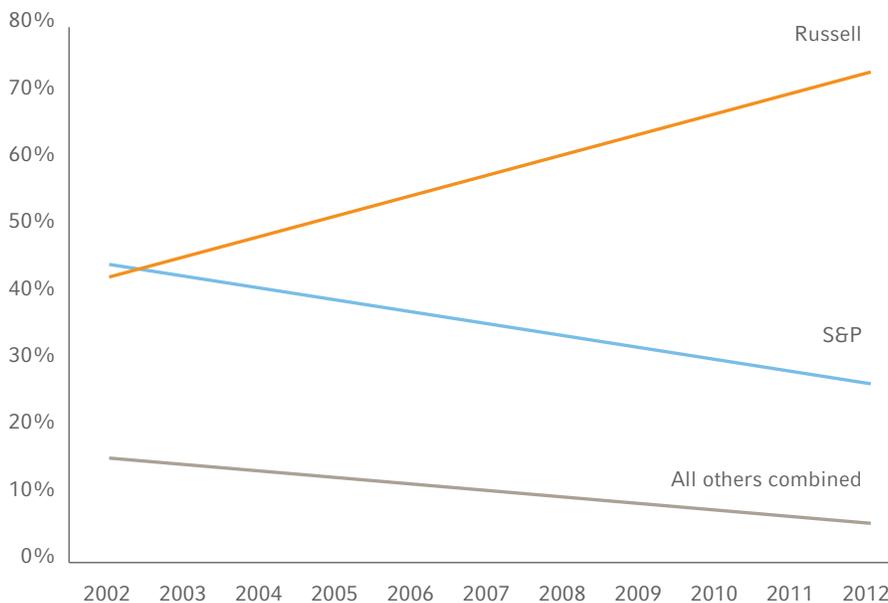
Russell Research

U.S. Equity Indexes: Institutional Benchmark Survey

As reported in the 2012 Russell Institutional Benchmark Survey, the market share of the Russell Index series continues to increase. Russell now captures 72% of the market share for all U.S. institutional equity products reporting a benchmark, up from 68% in 2011. Institutional assets benchmarked to Russell Indexes also increased, from 59% in 2011 to 67% in 2012. Russell offers a unique and valuable perspective to both investors and asset managers. It is this real understanding of manager behavior and markets that has helped support a dramatic increase in benchmark usage, evidenced by the consistent annual increase in market share for the Russell Indexes in every year since 1996.

Leveraging a deep understanding of U.S. and global markets, Russell now captures 72% of the market share for all U.S. institutional products reporting a benchmark.

Russell U.S. Indexes market share by products benchmarked*



*U.S. domiciled institutional equity products. Russell Indexes defines U.S. institutional equity products as all U.S.-domiciled Institutional separate accounts and active institutional mutual funds.

Russell % market share



Depicting your opportunity set

Russell Indexes continues to win the market's acceptance through a commitment to a transparent and objective methodology and pioneering advancements across the index universe. Built on over 20 years of evolving to changing markets, the indexes are fully representative, with no gaps or overlaps in coverage.

Having surpassed S&P in terms of market share in 2003, the Russell Indexes only continue to grow. As illustrated in Table 1, the number of products benchmarked to Russell Indexes has more than doubled since 2002. For the last several years, twice as many products have been benchmarked to Russell Indexes than have been benchmarked to S&P indexes.

Table 1: U.S. institutional equity products benchmarked

	1996	1998	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Russell	372	623	922	1,148	1,355	1,536	1,693	1,776	1,793	2,554	2,644	2,537	2,539
S&P	1,481	1,444	1,170	1,072	1,051	1,030	1,010	930	785	1,069	1,167	995	905
MSCI	—	—	—	—	1	1	2	2	3	16	74	42	27
Dow Jones	11	11	8	7	6	3	3	2	0	15	18	21	11
NASDAQ	40	26	19	16	15	14	14	13	4	6	4	3	—
Lipper	28	33	18	16	8	6	5	5	4	7	8	1	—
Wilshire	23	26	37	43	29	28	15	18	13	24	29	29	9
FTSE	—	—	—	—	—	—	—	—	—	—	—	—	2
Other	57	71	172	222	326	336	357	286	231	320	131	91	44
Total	2,012	2,234	2,346	2,524	2,791	2,954	3,099	3,032	2,833	4,011	4,075	3,719	3,537

Source: Morningstar Direct

Keeping in step with changing markets

We continue to see increased market share and usage by institutional investors, plan sponsors and money managers. This is true across asset classes, capitalization segments and style benchmarks.

With nine of the top 10 most frequently used institutional equity benchmarks, Russell Indexes is the most diversified benchmark provider in terms of asset class coverage. While most other providers tend to concentrate their coverage in one or two products or asset classes, Russell offers a more diverse market leadership across size and style.

Table 2: Most frequently used U.S. equity benchmarks by institutional equity products

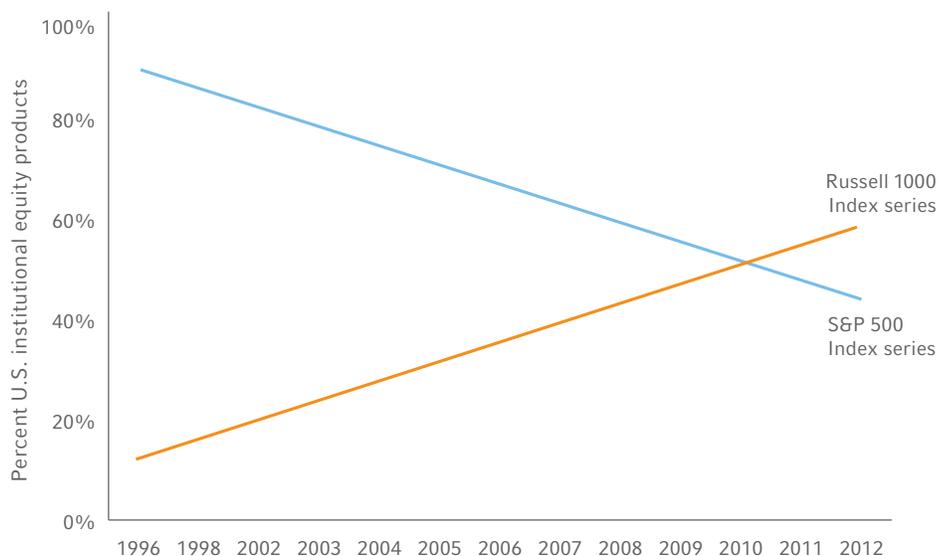
Index	Number of products	Total assets (\$M)
S&P 500 Index	792	971.1
Russell 1000® Value Index	390	552.0
Russell 1000® Growth Index	362	490.9
Russell 2000® Index	284	175.4
Russell 2000® Growth Index	255	113.0
Russell 2000® Value Index	234	149.3
Russell Midcap® Growth Index	145	111.0
Russell Midcap® Value Index	130	136.7
Russell 3000® Index	123	115.3
Russell 1000® Index	115	138.8

Source: Morningstar Direct

The leader in large cap

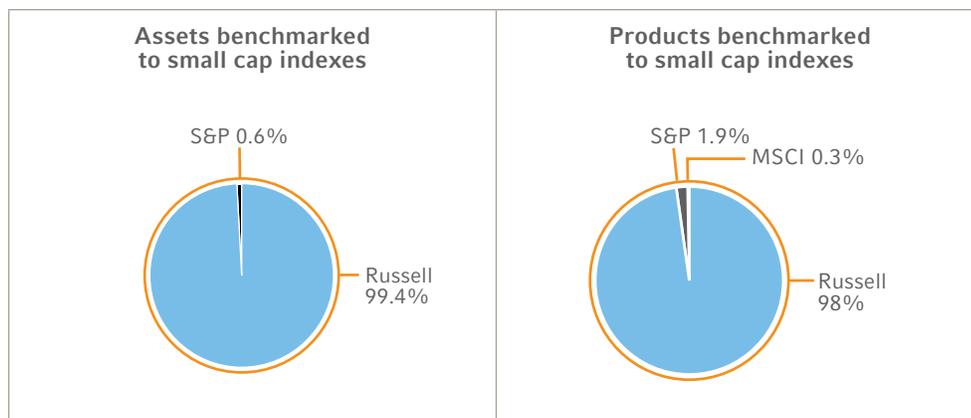
More money managers are choosing the Russell 1000® large cap series (including core, growth and value indexes) over the S&P 500. Benefiting from dramatic growth in usage over the past 15 years, the Russell 1000® series now has a 52% market share in the large cap U.S. institutional space, and eclipsed the S&P 500 series in 2011.

Russell 1000 Index series vs. S&P 500 Index series by U.S. institutional products benchmarked



Continued small cap dominance

The Russell 2000® Index series remains the dominant U.S. small cap benchmark with 99% market share by assets and 98% market share by U.S. institutional equity products benchmarked.



Transforming the landscape of style

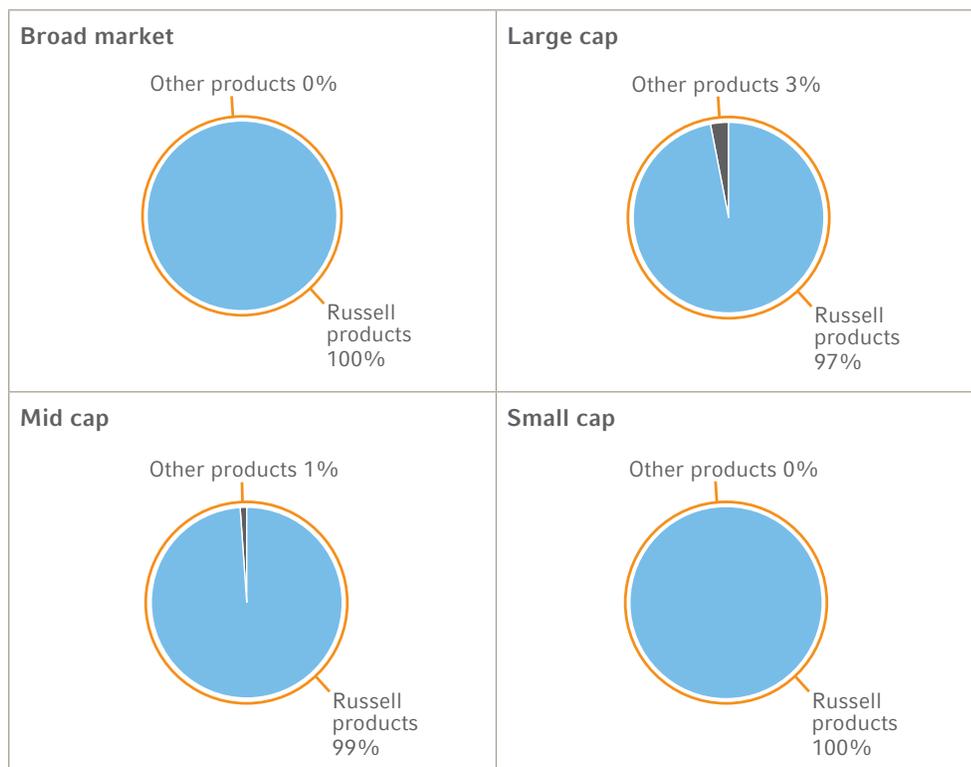
Since launching the industry’s first growth and value indexes in 1987, Russell has transformed the index landscape with its innovative methodology. Today, approximately 50% of all institutional equity products are benchmarked to a style index. Of that, 98% are benchmarked to a Russell style index.

Currently, assets of more than \$1.7 trillion are benchmarked to Russell style indexes, equating to more than 1,800 products. Again, these products are well dispersed across asset classes including broad market, large, mid and small cap. The innovation and leadership in style should continue as the Russell Stability Indexes™, which offer a third dimension of style, gain traction and usage.

Table 3: Style investing market share 2012

Type	Total benchmarked to any style index		Total benchmarked to Russell style indexes		% Russell products
	Products	Assets (\$m)	Products	Assets (\$m)	
Growth	922	829.4	909	789.5	99%
Value	918	933.6	900	928.7	98%
Total	1,840	1,763.0	1,809	1,718.2	98%

Russell style indexes–U.S. institutional products benchmarked



The power of perspective in indexes

Russell Indexes help U.S. equity investors do more as a result of its perspective and consistent focus on its core purpose:

- › Russell Indexes offer a comprehensive suite of truly global index solutions to help investors make better investment decisions
- › Leveraging over three decades in the research of global markets, Russell Indexes serve as proxies for asset allocation benchmarking
- › With a deep understanding of manager behavior and global markets, Russell Indexes are designed to act as performance standards for active management
- › Russell Indexes also allow passive investors to purchase liquid and replicable vehicles

Today, Russell's U.S. indexes are widely embraced by institutional investors, with more than \$4.1 trillion in assets benchmarked against them as of December 31, 2012.

It's this perspective and commitment to providing objective, comprehensive, rules-based and transparent benchmarks that has led Russell Indexes to become the standard for investment professionals.

Background

In the October 1998 issue of MarketPlace News, Nelson Information published the results of a study measuring the benchmarks most frequently used by U.S. equity investment products. The study listed the top 25 benchmarks used by the 3,333 primarily institutional products, including index funds, in the Nelson database. The analysis showed that eight of the top ten fastest-growing benchmarks between 1996 and 1998 were Russell Indexes.

The study also showed that usage of the S&P 500 Index as a benchmark had declined significantly since 1996. While Nelson did not set out to measure market share in this study, it is easily derived by combining benchmark usage data for each index provider. Since this was a one-time study done by Nelson, Russell researchers used it as a starting point in order to replicate its basic methodology in June 2002 and have done so annually since then.

Over this period, our researchers have found that the trend Nelson originally identified continues: more and more U.S. institutional investors are using Russell Indexes as their benchmarks. In fact, in 2003, the number of U.S. institutional investment products utilizing a Russell benchmark surpassed the number of those using an S&P benchmark for the first time. And in 2005, Russell surpassed S&P in U.S. institutional assets benchmarked.

Our present study is the latest installment in the series, which now provides data covering over a full decade.

Methodology

As is Russell's index methodology, our methodology for this market share calculation is transparent. The Morningstar data provides a comprehensive representation of U.S. institutional equity products domiciled in the U.S., equivalent to the Nelson's MarketPlace data historically used in the Russell Institutional Benchmark Survey. Russell researchers found 3,537 U.S. institutional equity products reporting a benchmark as of December 31, 2012. Total assets benchmarked to the Russell series of indexes is calculated by combining Russell-benchmarked global separate account, mutual fund, exchange traded product, and insurance product assets from Morningstar with data from a survey of passive investment managers conducted by Russell Indexes.

One limitation Russell observed in using Nelson's original study (to calculate market share) was that Nelson included products with unreported benchmarks in its calculations, which caused the percentage of products reporting use of a given provider's index to be understated. Using this method, in effect, gives "unreported benchmark" a market share. For example, in our 2008 Institutional Benchmark Survey, 29% of U.S. institutional equity products did not report a benchmark. To overcome this limitation, Russell has adopted a common market share calculation method by basing calculations only on those products for which a benchmark was reported.

**For more information about Russell Indexes, call us or visit www.russell.com/indexes.
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Disclosures

All data included in this presentation compiled by Russell Product & Marketing Research as of 12/31/2012. Historical data compiled using Russell client survey, Nelson's MarketPlace database and Morningstar Direct database: Historical Nelson's Marketplace Information calculated as of June 30, beginning in 2002 and each year thereafter through 2008. Beginning in 2009, historical data compiled using Morningstar Direct. The primary difference between the historical information provided by Nelson's MarketPlace and Morningstar relates to the types of funds included in the computation. Based on Russell's research, Russell does not believe the differences to be significant.

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