

ABOVE THE FRAY

Dude, You're Gettin' a Dell

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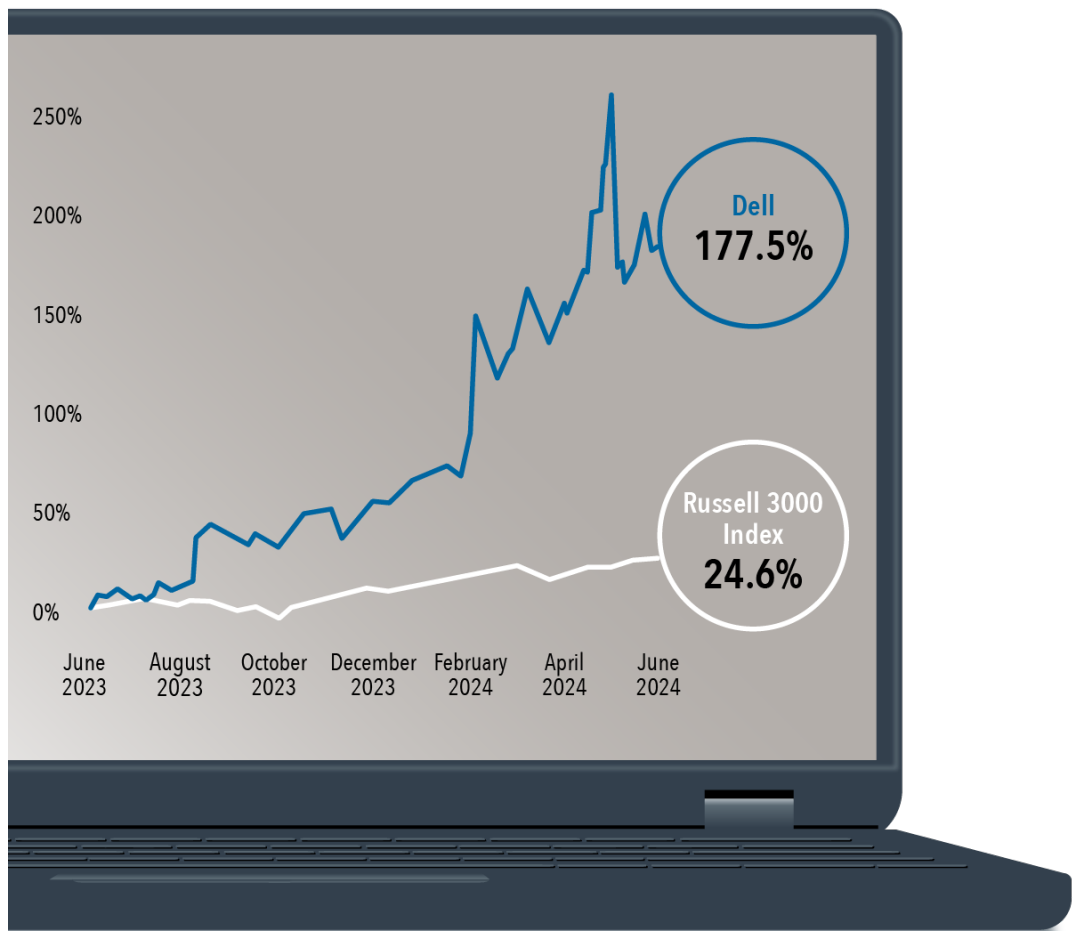
Russell's annual reconstitution took place last month, and one of the notable additions to the Russell 3000 Index was Dell. Some investors may be confused as to why the stock of a company with a household name and a \$98 billion market value was not already part of this broad US stock market index.¹ Dell was dropped from the index during the 2023 reconstitution due to Russell's eligibility rules. Its reinstatement in 2024 signals it once again checks the box for inclusion.

Russell 3000 Index fund investors may be more interested in Dell's performance during its one-year exile. During the stretch between Russell's 2023 and 2024 reconstitution events, Dell's stock posted a cumulative total return of 177.5%—more than seven times that of the Russell 3000 Index.

This is another example highlighting how index rules and procedures can drive a wedge between what the market offers and what index fund investors receive, particularly if the process is conducted only once a year, as is the case for Russell indices.

Exhibit 1**Missing Out**

Cumulative return, June 26,
2023–June 26, 2024



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Return and market value data from FactSet.

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1. Market value as of June 27, 2024, as reported by FactSet.

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