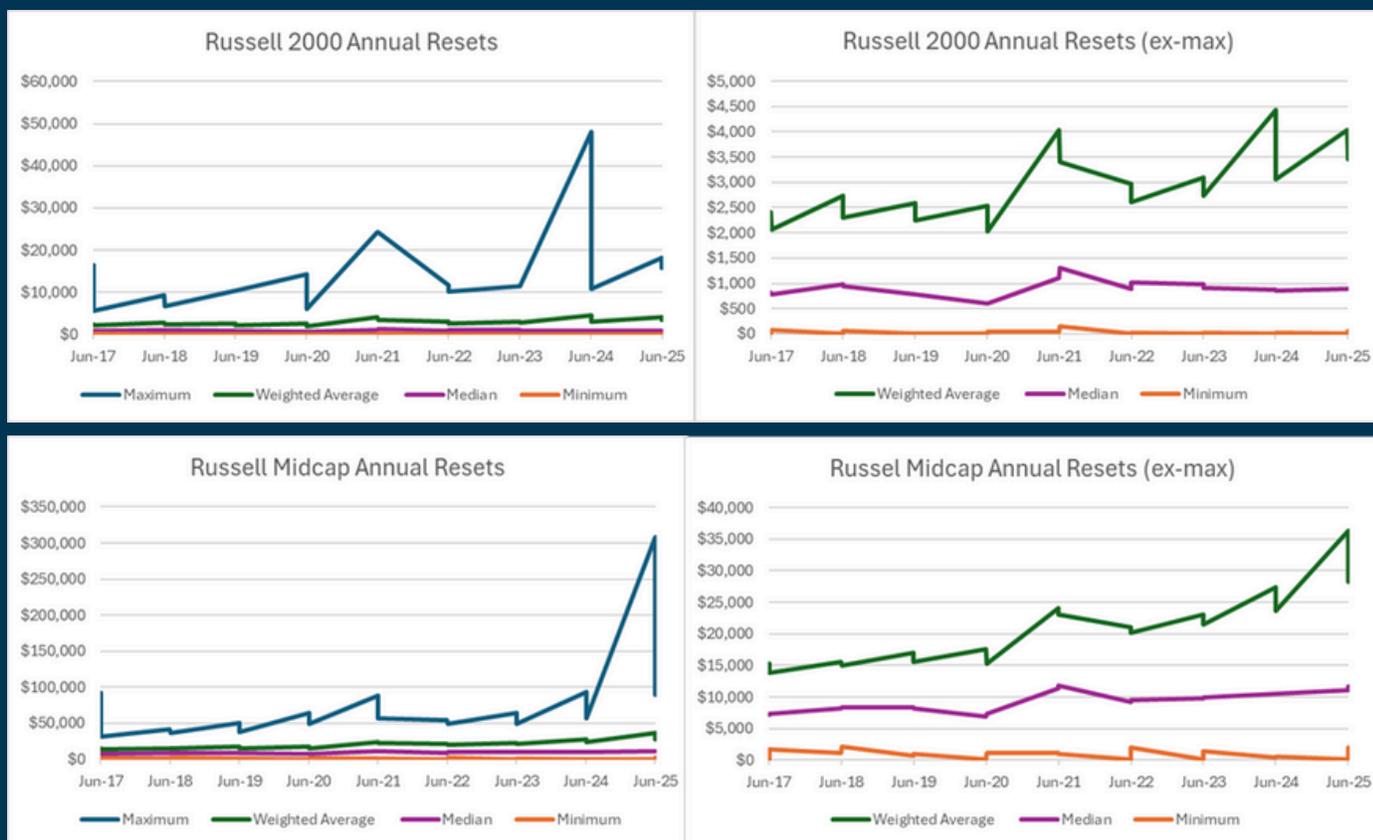


# TSCM Flash Thought

## Objects in the Small & Mid Cap Benchmarks are Larger Than They Appear!

- The annual (soon to be semi-annual) reconstitution of the Russell Indexes is designed to remove stocks that have grown too large for their “small” or “mid” designations.
- While there have been extreme outliers in recent years (Super Micro for the small cap Russell 2000 in 2024 and Palantir for the Russell Midcap in 2025), even after eliminating those, the size profile for each index steadily marched upward as seen by their weighted averages of market capitalizations.
- Investors should be mindful that solely relying on the small or mid cap indexes may not provide the true exposure to the market segments they seek.



Source: Jefferies (data is from immediately prior and following each year’s reconstitution)