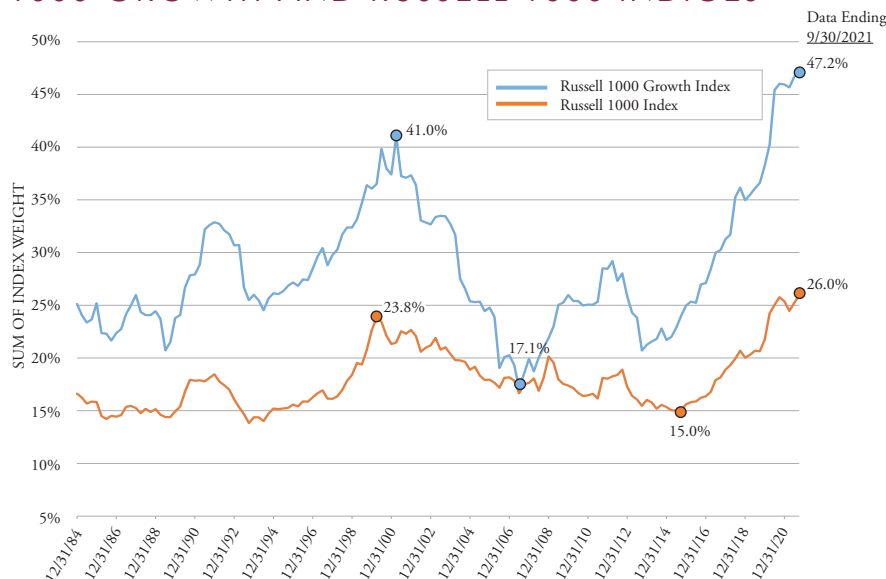


The index weighting of mega-cap stocks reached all-time highs in September, as the largest 10 stocks by market capitalization accounted for 26.0% of the Russell 1000 Index, and 47.2% of the Russell 1000 Growth Index.

We have to go back to the early 2000s to find similarly large weightings of such a limited number of stocks. In March of 2000 the largest 10 stocks in the Russell 1000 Index accounted for 23.8% of the overall index. Then, as now, the common characteristics of the largest 10 stocks were a high level of popularity among investors and, not coincidentally, strong price performance over preceding years.

The table below shows the largest 10 stocks in the Russell 1000 as of March 31, 2000. The second column in the table shows the price performance of each stock over the preceding 5 years, revealing some amazing figures (for example, Oracle went from \$2.31 in

WEIGHT OF LARGEST 10 STOCKS IN THE RUSSELL 1000 GROWTH AND RUSSELL 1000 INDICES



Data from 12/31/1984–9/30/2021
Sources: FactSet, FTSE Russell

March of 1995 to \$39.03 in March of 2000!). Of course, rising prices tend to result in rising investor enthusiasm, and many of these stocks were among the most widely held by investors in the early 2000s.

What's happened to them since? The final column shows their price performance from March 31, 2000 to this past September. Remarkably, 5 of these 10 stocks are still trading below their price of over 20 years ago,

WHERE ARE THEY NOW?

10 LARGEST RUSSELL 1000 COMPANIES AS OF 3/31/2000⁽¹⁾ (PRICES ADJUSTED FOR SPLITS)

	Price as of 3/31/2000	% Change 5 Years Ending 3/31/2000	Price as of 9/30/2021	% Change 3/31/2000–9/30/2021
Cisco Systems	\$77.31	3550.2%	\$54.43	-29.6%
General Electric	\$398.92	476.4%	103.03	-74.2%
Intel	\$65.97	1143.6%	\$53.28	-19.2%
Microsoft	\$53.13	1095.1%	\$281.92	430.7%
Exxon Mobil	\$38.97	134.0%	\$58.82	50.9%
IBM	\$118.00	474.7%	\$138.93	17.7%
Citigroup	\$418.84	597.6%	\$70.18	-83.2%
Lucent Technologies	\$61.25	N/A ⁽²⁾	\$2.34 ⁽³⁾	-96.2%
AT&T	\$42.13	100.6%	\$27.01	-35.9%
Oracle	\$39.03	1586.2%	\$87.13	123.2%
Russell 1000	1536.33	200.7%	4,648.47	202.6%
S&P 500	1498.58	199.3%	4,307.54	187.4%

Data as of 9/30/2021.

⁽¹⁾Price change only. Any securities referenced should not be considered a recommendation to purchase or sell a particular security. The past performance of these securities is no guarantee of future results.

⁽²⁾Lucent Technologies did not exist as a company five years prior to 3/31/2000.

⁽³⁾Lucent merged with Alcatel on 11/30/2006. Closing price on 11/29/2006 was \$2.34.

Source: FactSet

despite the strong overall market over the past several decades (Lucent no longer exists). Only one of those stocks, Microsoft, has beaten the market since early 2000, but even that statistic is misleading. Microsoft did not get back to its March 2000 price until mid-2015 (15 years later), and has only outperformed over the past 6 years or so.

Today's largest 10 stocks in the Russell 1000 Index are shown below. As was

the case in 2000, many of these stocks have enjoyed strong price performance in recent years, along with a high level of investor enthusiasm (does Tesla in 2021 = Oracle in 2000?). As a group, will they continue to outperform the broad market over the long term and account for a larger and larger share of market indices? Of course, the future is unknown, but the past does present some clues. Some of these stocks may still represent good investment opportunity at current levels, but there are

many other stocks that we believe offer good investment potential as well. Importantly, while we are optimistic about our current holdings, we know that it is unlikely that the same stocks will outperform year-after-year into the future.

We continue to believe that a disciplined investment approach with an emphasis on broad diversification present the best path toward good long-term returns.

10 LARGEST RUSSELL 1000 COMPANIES

AS OF 9/30/2021⁽¹⁾

	Price as of 9/30/2021	% Change 5 Years Ending 9/30/2021
Amazon.com	\$3,285.04	292.3%
Johnson & Johnson	\$161.50	36.7%
JPMorgan Chase	\$163.69	145.8%
NVIDIA	\$207.16	1109.3%
Berkshire Hathaway	\$272.94	88.9%
Tesla	\$775.48	1800.4%
Facebook	\$339.39	164.6%
Alphabet	\$2,673.52	232.5%
Microsoft	\$281.92	389.4%
Apple	\$141.50	400.7%
Russell 1000	4,648.47	101.1%
S&P 500	4,307.54	98.7%

Data as of 9/30/2021.

⁽¹⁾ Price change only. Any securities referenced should not be considered a recommendation to purchase or sell a particular security. The past performance of these securities is no guarantee of future results.

Source: FactSet

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Continued

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REFERENCED INDICES

(Indices are unmanaged and are not available for direct investment.)

Russell 1000 Index— The Russell 1000[®] Index is a market capitalization-weighted index of the approximately 1,000 largest companies in the U.S. equity market.

Russell 1000 Growth Index— The Russell 1000[®] Growth Index is a market capitalization weighted index that measures the performance of those Russell 1000[®] companies with higher price-to-book ratios and higher forecasted growth values.

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