

GLOBAL EQUITY MARKETS

THE YEAR 2014 IN REVIEW

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**RUSSELL
INDEXES**

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2014 Global Equity Markets Review

This report provides a review of the 2014 performance of global equity markets. We analyze the markets in aggregate and by developed, emerging and frontier segments. The performance of the Russell-identified “three dimensions of style” – capitalization (small/large); valuation (growth/value); and stability (defensive/dynamic), is also evaluated along with country and sector-level performance. New to this year’s report, we’ve included 2014 results for the Russell Conscious Currency® Indexes, which are designed to reflect the performance of the global currency market, and the Russell-Parametric Cross-Sectional Volatility (CrossVol™) Indexes, which indicate whether stocks are moving together or diverging within given markets.²

General observations:

- › The U.S. market continued to be a primary driver of global growth, outperforming other developed markets as well as emerging markets in 2014.
- › On the whole, large cap outperformed small cap. This was particularly evident in the U.S. market with the performance of the Russell 1000 Index surpassing that of the Russell 2000 Index by a margin of over 8 percentage points (pp).
- › Global growth outperformed global value for the first time since 2011. Across developed market indexes, it was value stocks that continued to persevere, but only by small margins. The greatest performance differential between growth and value was experienced in emerging markets, where growth stocks returned 10 pp more than their value counterparts (2.7% vs. -7.3%, respectively).
- › Global defensive outperformed global dynamic for the first time since 2011 as well, with the widest disparity between defensive and dynamic occurring in non-U.S. developed markets, where defensive outperformed by ~5 pp.
- › Asia-Pacific countries from both emerging and frontier markets dominated the lists of top performing countries.
- › The most important development in global currency markets was the strengthening of the U.S. Dollar in the second half of 2014. Currency exposure had a significant detrimental impact on the non-hedged U.S. based investor; a conscious currency approach utilizing the Russell Conscious Currency Index, in contrast, would have measurably improved investment outcomes.
- › 2014 was a year of great challenges for active management, as CrossVol levels—the measure of the size of the active opportunity set—marked historic lows in many markets.

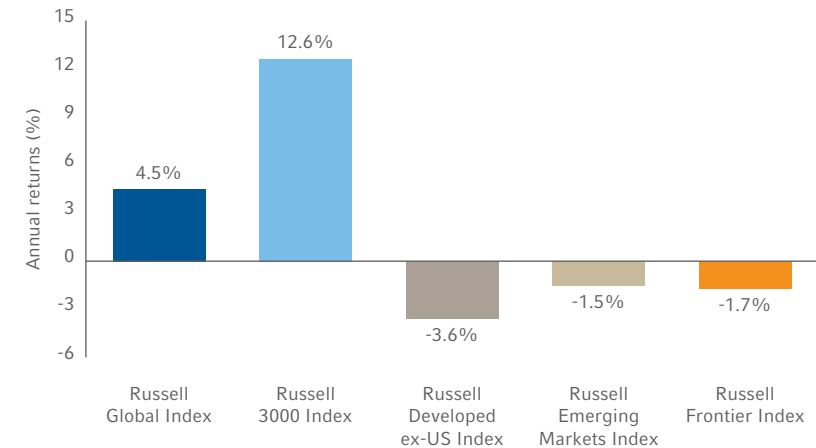


BROAD MARKET PERFORMANCE

2014 performance of the Russell Global Index, its broad market segments and the Russell Frontier Index.

- › The Russell Global Index, which covers approximately 10,000 securities across 24 developed and 22 emerging equity markets, finished 2014 with a calendar year return of 4.5%.
- › Segmenting the Russell Global Index into a configuration of the U.S. market (Russell 3000 Index), developed ex-US markets, and emerging markets, the U.S. outperformed by a wide margin (12.6%) as compared to negative results from developed ex-US (-3.6%) and emerging markets (-1.5%).
- › The Russell Frontier Index, which provides access to 35 countries across five regions: Americas, Asia-Pac, Africa, Europe, the Middle East, posted a -1.7% return for 2014. The regional performance for this market segment is detailed on page 16.

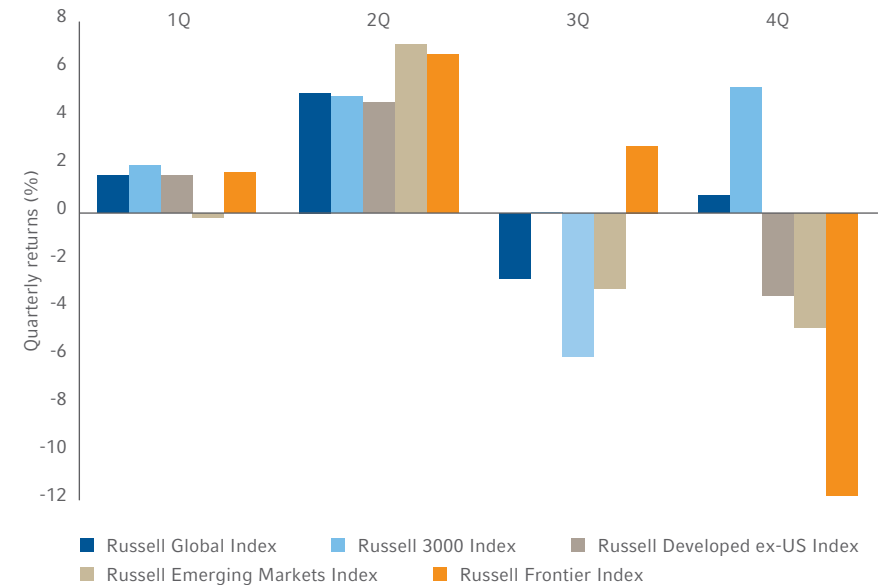
Exhibit 1 / 2014 total return of the Russell Global Index, its broad market sub-segments, and the Russell Frontier Index



2014 quarter by quarter

- › The Russell Global Index posted modest gains in Q1 of 2014, led by the Russell 3000 Index, which continued rising toward all time highs, but was checked by an emerging crisis between Russia, Ukraine and the West.
- › Although tension over the Russia-Ukrainian conflict was ongoing in Q2, it did not overwhelm global equity markets, as frontier, developed and emerging markets posted gains.
- › The third quarter of 2014 was driven by many headline-grabbing events, which had uneven effects on equity markets. Continued tensions in Eastern Europe, the spread of the Ebola virus, violent ISIS takeovers in Iraq and Syria, and the Alibaba IPO were just a few of the events affecting investor sentiment. Barely breaking through the headwinds, the Russell 3000 posted a 0.01% gain for the quarter; the Russell Frontier Index achieved better performance with its 2.8% climb. The Russell Developed ex-US Index and the Russell Emerging Markets Index, however, posted negative returns during this period.
- › The Russell 3000 Index recorded a far greater gain in Q4, closing 2014 as another strong year for the U.S. market, which enabled the Russell Global Index to maintain a positive one year return. The Russell Developed ex-US Index underperformed in the fourth quarter, returning negative -3.4%, as did the Russell Emerging Markets Index, which ended the quarter with a negative -4.8% return. The Russell Frontier Index was the worst performer during this period, relinquishing all of its gains from the prior three quarters with a Q4 negative return of -11.8%.

Exhibit 2 / 2014 quarterly performance of broad market equity indexes



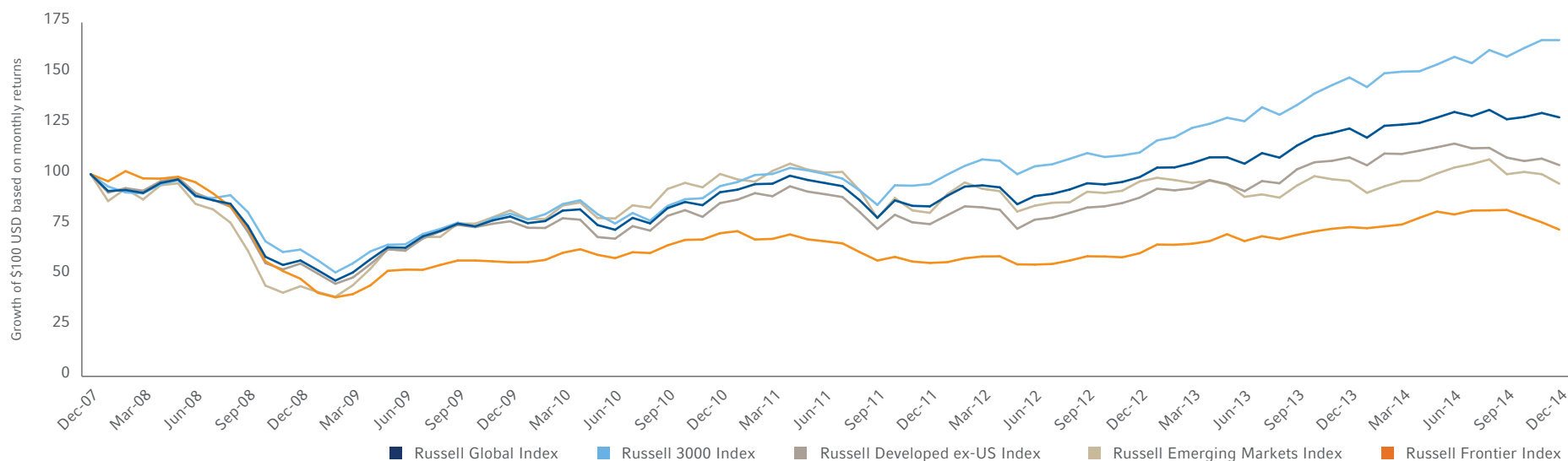


Performance since 2008

- › Following the global financial crisis of 2008, equity markets experienced volatile yet cumulatively positive performance through April 2011, at which point markets began to retreat, dragged down by concerns over the sovereign debt crisis in Europe.
- › 2012 provided a refreshing change of course despite looming macroeconomic issues in Europe, fiscal uncertainties in the U.S. and predictions of slower economic growth globally. 2013 was the year when many global markets finally transitioned from recovery from the global financial crisis to expansion (relative to 2007 highs); posting new all-time highs for the Russell Developed Index and its U.S. component, the Russell 3000 Index.
- › Investor sentiment in 2014 was plagued by geopolitical issues in Europe, outbreaks of violence in the Middle East, and a widespread epidemic of the Ebola virus in Africa. Despite these challenges, The Russell Developed ex-US Index and the Russell Emerging Markets Index experienced declines in 2014, but thanks to the strong performance of the Russell 3000, the Russell Global Index was able to maintain its slow but steady climb into 2015.

Exhibit 3 / Cumulative returns of the Russell Global Index, its broad market sub-segments, and the Russell Frontier Index

December 31, 2007–December 31, 2014





COUNTRY PERFORMANCE

Top performing countries of 2014

- › Led by Pakistan, Vietnam and India, emerging and frontier markets from the Asia-Pacific region dominated the list of 2014 top-performing countries.
- › New Zealand, Israel and the U.S. were the only developed countries in the top 15 for 2014.
- › Pakistan, Vietnam, Kenya, Bahrain and the U.S. were among the top 15 performers for the second year in a row, although the 2014 results for these countries did not keep pace with their 2013 returns.
- › The Middle East region continued to be well represented, with three countries (Qatar, Bahrain and Israel) making the list for 2014.
- › United Arab Emirates, which topped the chart in 2013 with an annual return of 83.4%, was not a top-15 performer in 2014, but remained among the top 20 performers of 2014 (not shown) with a one-year return of just 7.2%.

Exhibit 4 / The 15 top-performing countries in the combined Russell Global and Russell Frontier indexes, ranked by 2014 returns

Country	Category	World Region	2014 Return (%)	2013 Return (%)
Pakistan	Frontier	Asia-Pacific	32.1	35.9
Vietnam	Frontier	Asia-Pacific	31.4	32.7
India	Emerging	Asia-Pacific	31.0	-5.1
Sri Lanka	Frontier	Asia-Pacific	29.2	6.4
Bangladesh	Frontier	Asia-Pacific	25.8	5.7
Indonesia	Emerging	Asia-Pacific	23.9	-22.5
Philippines	Emerging	Asia-Pacific	23.5	-6.5
Qatar	Frontier	Middle East	23.3	27.2
Thailand	Emerging	Asia-Pacific	19.0	-9.2
Kenya	Frontier	Africa	18.5	42.3
Turkey	Emerging	Europe	16.8	-24.6
New Zealand	Developed	Asia-Pacific	15.8	17.9
Bahrain	Frontier	Middle East	14.5	40.5
Israel	Developed	Middle East	13.1	19.5
United States	Developed	Americas	12.6	33.6

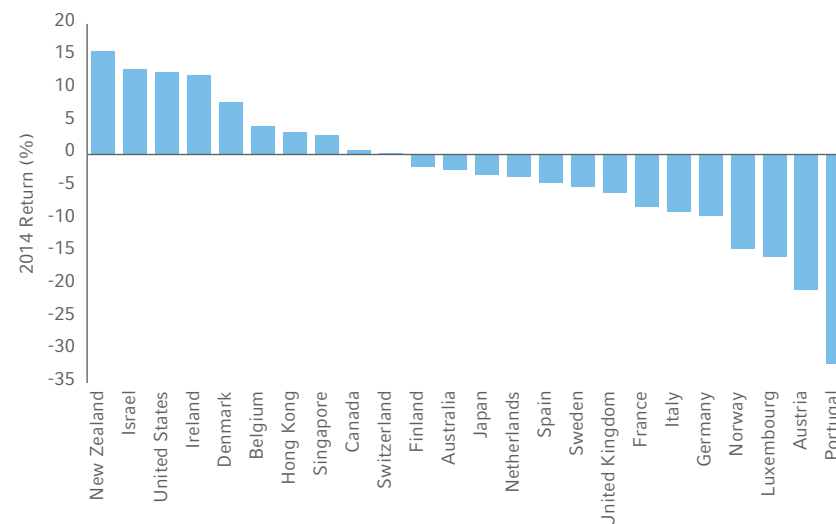


Performance of developed countries

- › New Zealand was the best performing developed market with its return of 15.8%, followed by Israel and the U.S., which delivered 13.1% and 12.6%, respectively.
- › The European developed countries were not immune to the geopolitical turbulence among their emerging market neighbors. Norway, Luxembourg, Austria and Portugal were among the worst developed market performers, each posting double-digit negative results.

Exhibit 5 / Performance of developed countries

January 1, 2014–December 31, 2014

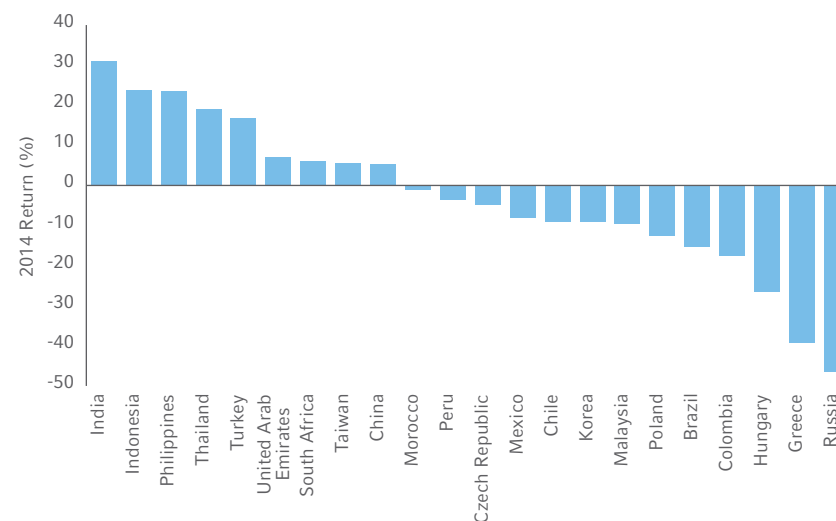


Performance of emerging countries

- › Boosted by the election of reform candidate Narendra Modi, India's gain of 31% made it the top performing emerging market of 2014.
- › The Asia-Pacific countries of Indonesia, the Philippines and Thailand were the next three best performers.
- › Perhaps unsurprisingly, the European countries of Hungary, Greece and Russia were the three worse performing emerging markets.

Exhibit 6 / Performance of emerging market countries

January 1, 2014–December 31, 2014



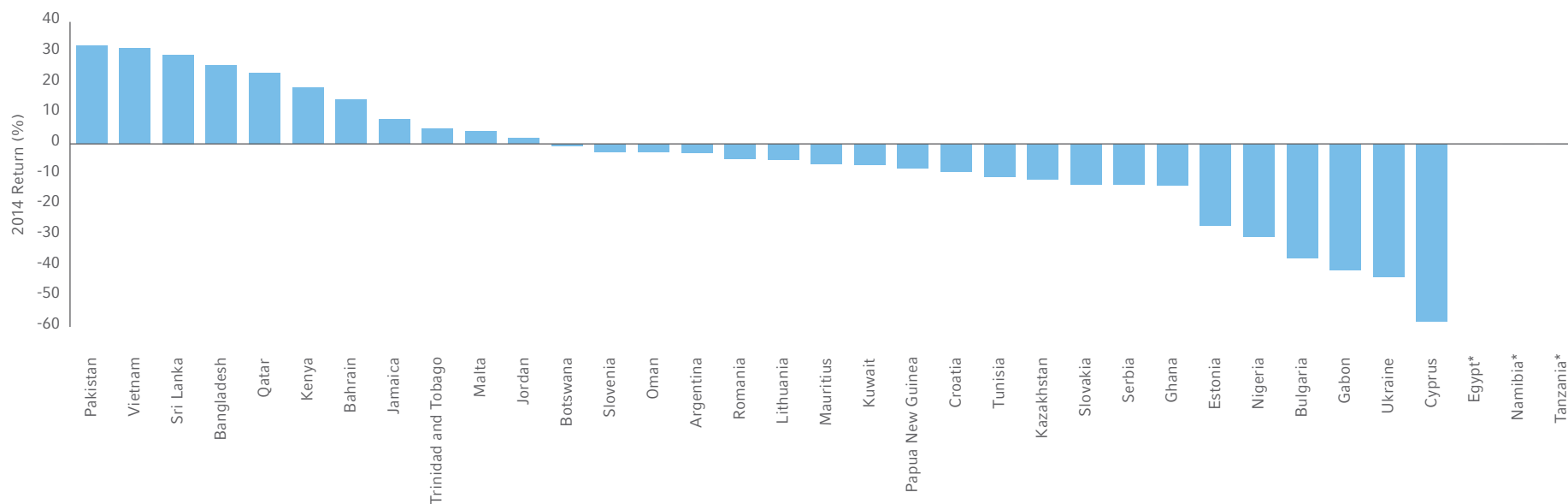


Performance of frontier countries

- › The Asia-Pacific region crowded the list of top performing frontier markets as well, with Pakistan, Vietnam, Sri Lanka and Bangladesh as the top four performing frontier markets with returns ranging from 25.8% to 32.1%.
- › Qatar boasted a 23.3% return for the year, moving the country up from its rank as the 11th best performing frontier market in 2013 to the 5th best in 2014.
- › The Ukraine and Cyprus, each suffering through major crises, were the laggards of the group, with negative returns of -43.7% and -58.2%, respectively.

Exhibit 7 / Performance of frontier countries

January 1, 2014–December 31, 2014



*Annual performance for Egypt, Namibia and Tanzania was not included because they did not join the Russell Frontier Index until Reconstitution (June 2014).



THE THREE DIMENSIONS OF STYLE™: CAPITALIZATION, VALUATION AND STABILITY

Large and small cap

- › The Russell Global Large Cap Index outperformed the Russell Global Small Cap Index in 2014, a reversal from 2013.
- › With a return of 13.2%, the Russell 1000 (U.S. large cap) outperformed all other broad market large and small cap indexes. Large cap outperformed small cap across non-U.S. developed indexes as well.
- › Small cap outperformed large cap in emerging markets, as measured by the Russell Emerging Markets Index.

Exhibit 8 / 2014 returns of large and small cap

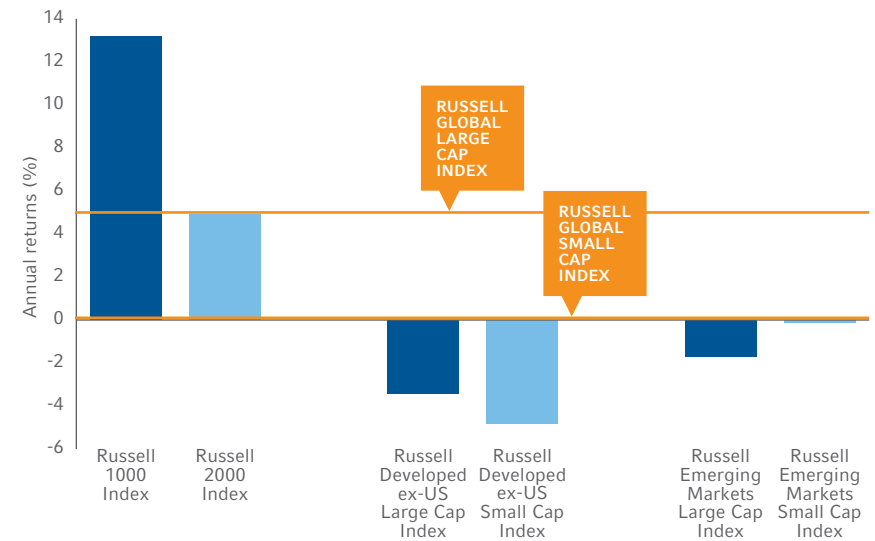
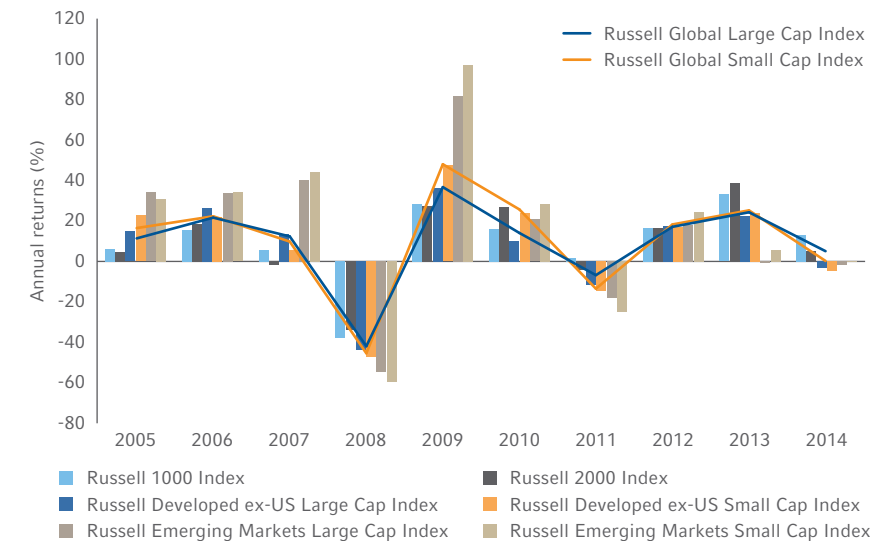


Exhibit 9 / Calendar year returns of large and small cap 2005-2014





THE THREE DIMENSIONS OF STYLE: CAPITALIZATION, VALUATION AND STABILITY

Growth and value (broad markets)

- › At the aggregate global level, growth stocks outperformed value stocks in 2014. This was a reverse in trend from 2013 and 2012, when the Russell Global Value Index outperformed the Russell Global Growth Index.
- › In the U.S., value and growth performed very similarly for the fifth year in a row. Since 2010, the spread between the Russell 3000 Growth and Russell 3000 Value indexes has been no wider than 2.3 pp. In 2014, value edged growth by only 0.3 pp.
- › In the developed markets outside the U.S., value outperformed growth, but both segments posted negative results.
- › The widest growth/value spread occurred in the emerging markets, where growth outpaced value, with a positive return of 2.7% from growth as compared to a negative -7.3% result from value.

Exhibit 10 / 2014 return of global growth and value

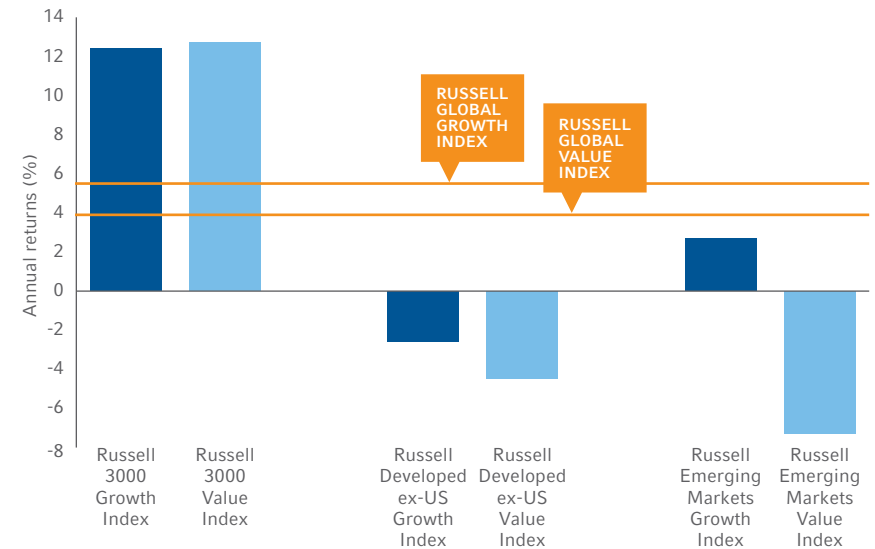
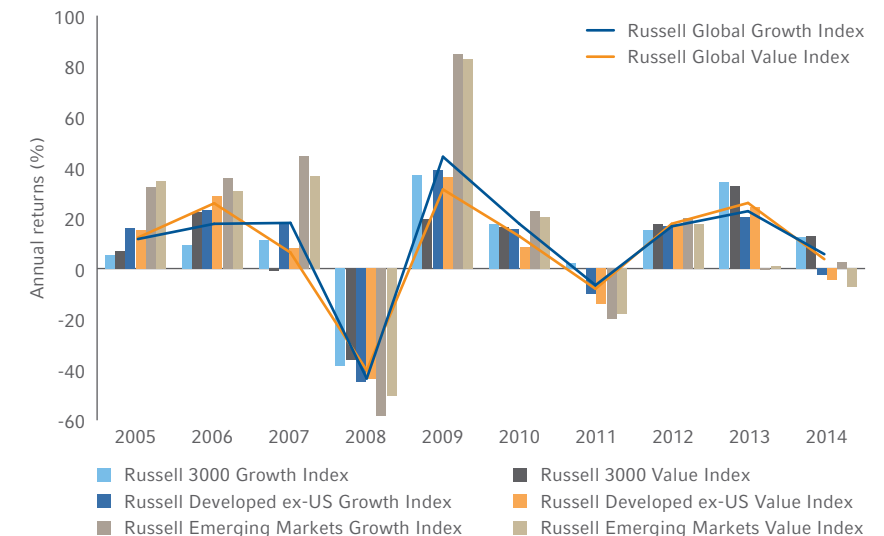


Exhibit 11 / Annual returns of global growth and value
2005-2014





THE THREE DIMENSIONS OF STYLE: CAPITALIZATION, VALUATION AND STABILITY

Growth and value across large cap markets

- › Globally, large cap growth stocks outperformed value stocks as measured by the Russell Global Large Cap Growth and Russell Global Large Cap Value Indexes.
- › Among U.S. large caps, value only slightly outperformed growth (reversing 2013's results) with the Russell 1000 Value Index returning 13.5% and the Russell 1000 Growth Index returning 13.1%.
- › The Russell Developed ex-US Large Cap Growth Index surpassed its value counterpart for the first time since 2011.

Exhibit 12 / 2014 return of large cap growth and value

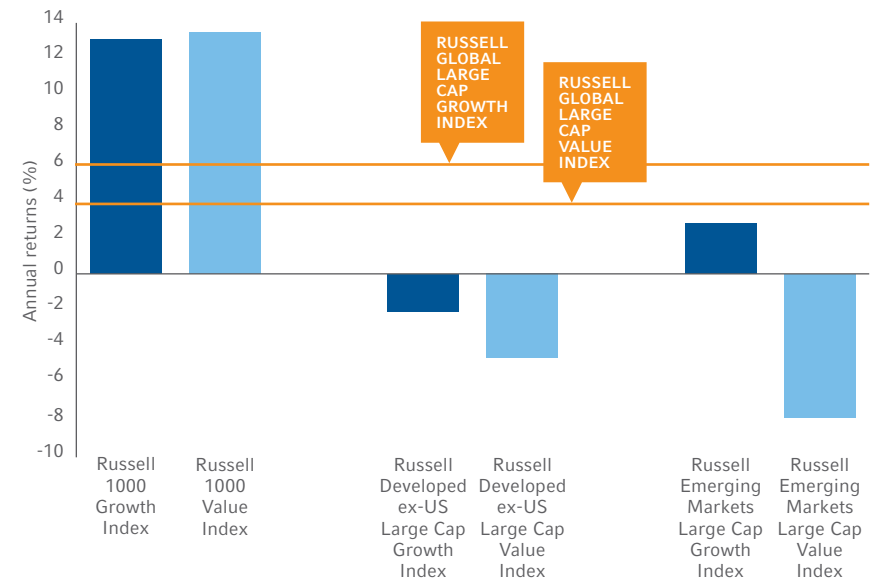
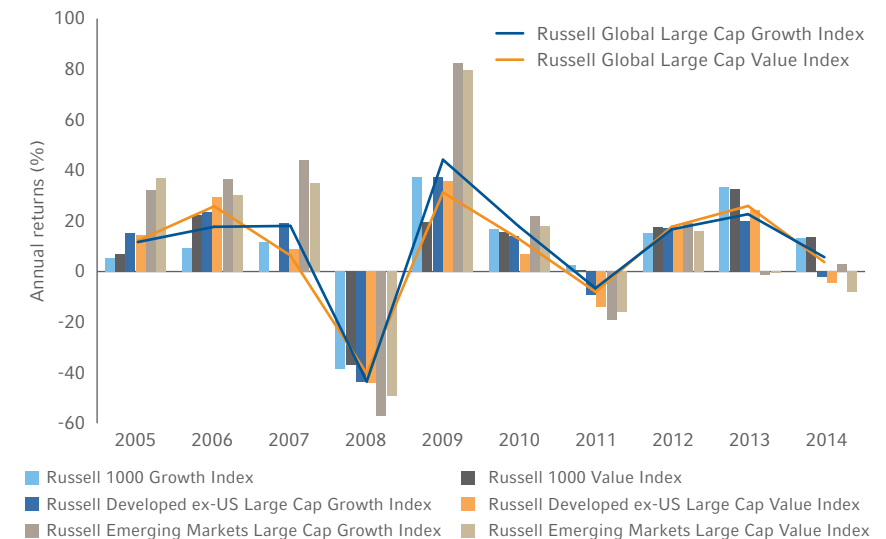


Exhibit 13 / Annual returns of large cap growth and value 2005-2014





THE THREE DIMENSIONS OF STYLE: CAPITALIZATION, VALUATION AND STABILITY

Growth and value across small cap markets

- › Global small cap growth stocks outperformed value stocks by a paper thin margin of just 0.1 pp.
- › The Russell 2000 Growth Index was the strongest performing small cap growth segment for the second year in a row, continuing a rebound from 2012.
- › Mirroring the emerging market large cap segment, the Russell Emerging Markets Small Cap Growth Index outperformed the value index as well.
- › Both growth and value versions of the Russell Developed ex-US Small Cap Index posted negative returns for the year, with value outperforming growth by ~4 pp.

Exhibit 14 / 2014 returns of small cap growth and value

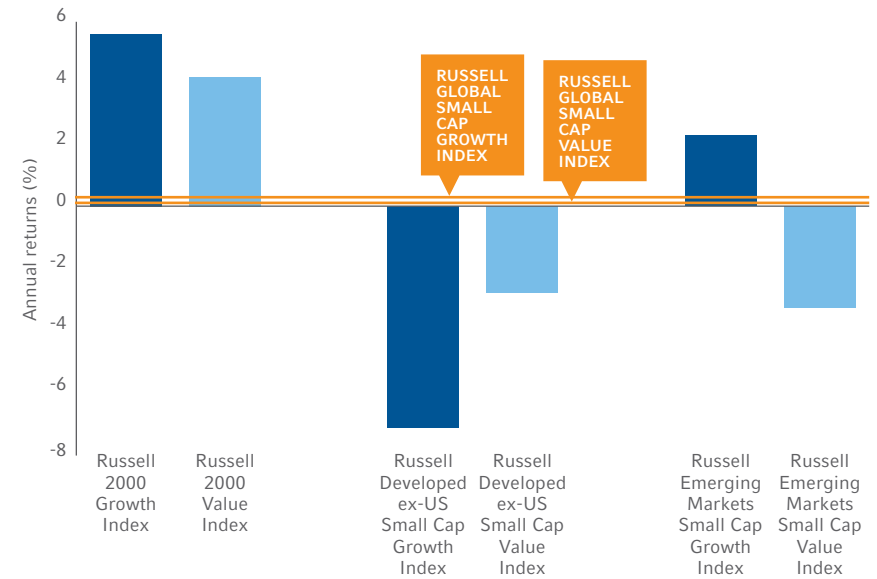
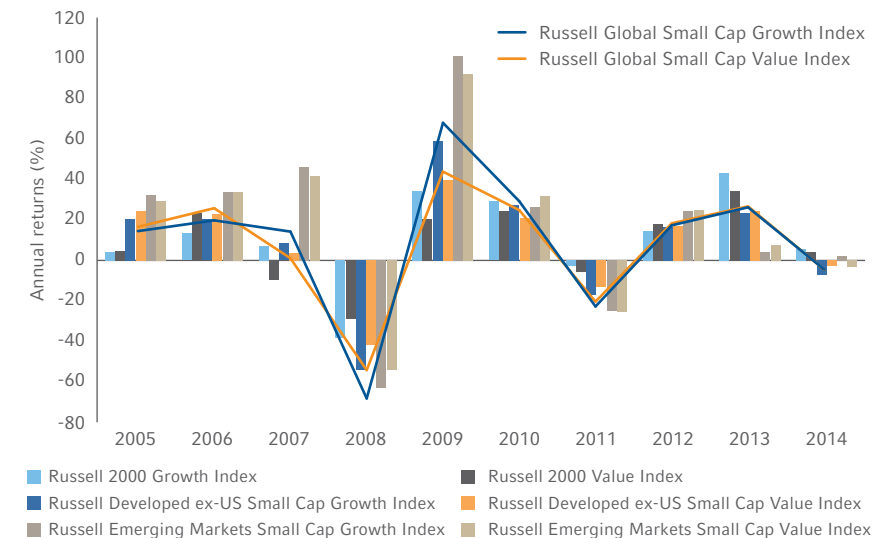


Exhibit 15 / Annual returns of small cap growth and value 2005-2014





THE THREE DIMENSIONS OF STYLE: CAPITALIZATION, VALUATION AND STABILITY

Defensive and Dynamic

- › Global defensive and dynamic markets traded places in 2014; after a three-year run by the Russell Global Dynamic Index®, the Russell Global Defensive Index® outperformed by 2.8 pp.
- › Across developed markets, defensive stocks outperformed their dynamic counterparts, but it was only in the U.S. where both defensive and dynamic stocks achieved positive performance, posting gains of 13.2% and 11.9%, respectively.
- › In the emerging markets, the dynamic index edged out defensive by a tiny relative margin.
- › The Developed ex-US Dynamic Index was the worst performer of 2014, with a negative return of -6.3. The 30 pp year-over-year drop represents the largest decrease in performance as compared to 2013.

Exhibit 16 / 2014 return of global defensive and dynamic

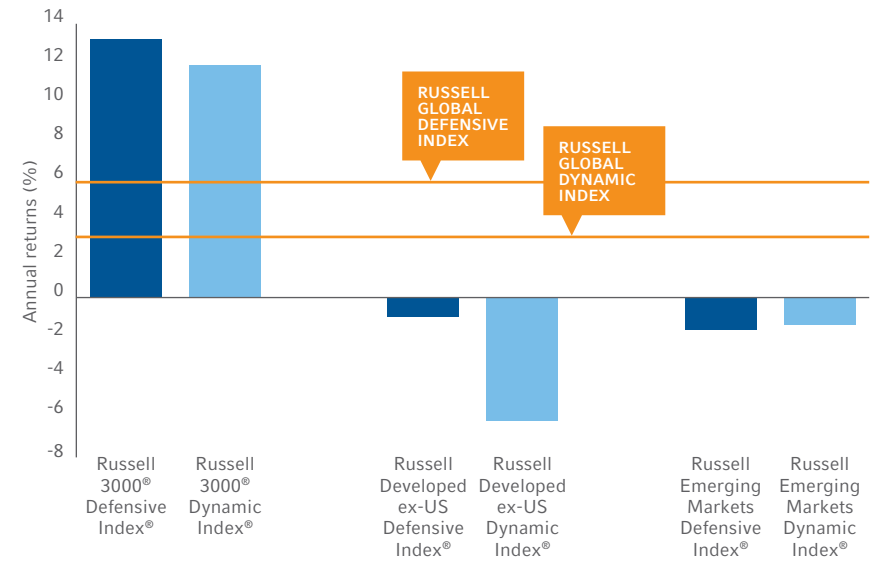
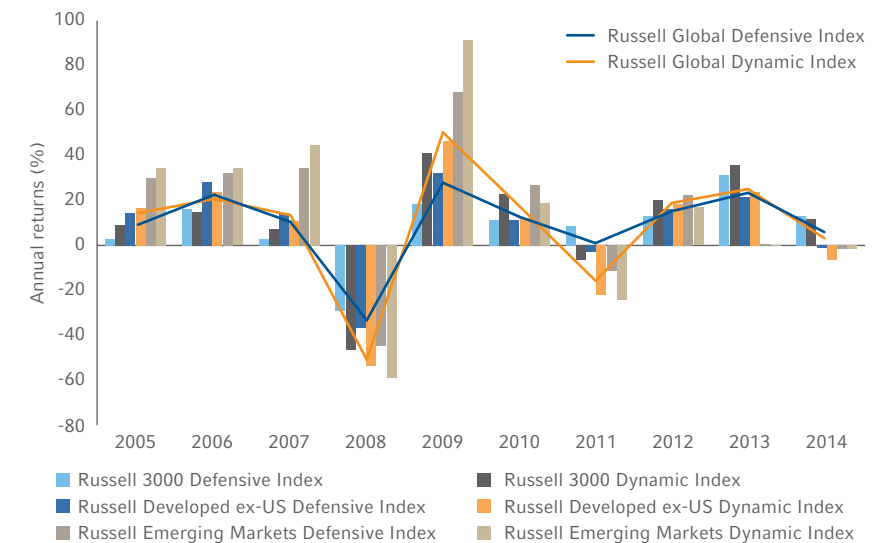


Exhibit 17 / Annual performance of global defensive and dynamic 2005-2014





Developed large cap markets

- › The Russell Developed Large Cap Index returned 5.8% in 2014 (orange line).
- › For the second year in a row, the Russell 1000 Index represented the strongest performing developed large cap regional market, posting the only positive return among its peers: 13.2%.
- › The Russell 1000 Index is the only developed large cap benchmark to have achieved six consecutive years of positive annual performance, as the Europe and Pacific Basin large cap market segments dipped into negative returns territory in 2011 and again in 2014.

Exhibit 18 / 2014 performance of global and regional developed large cap

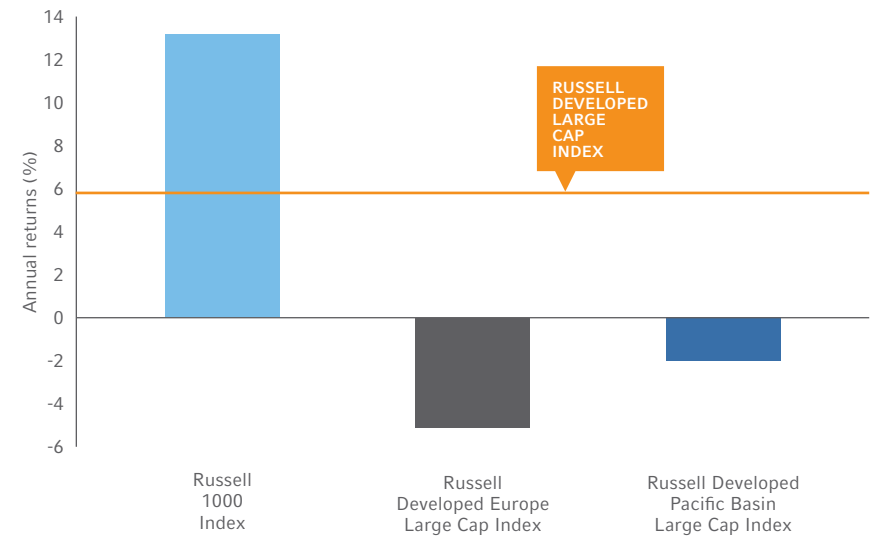
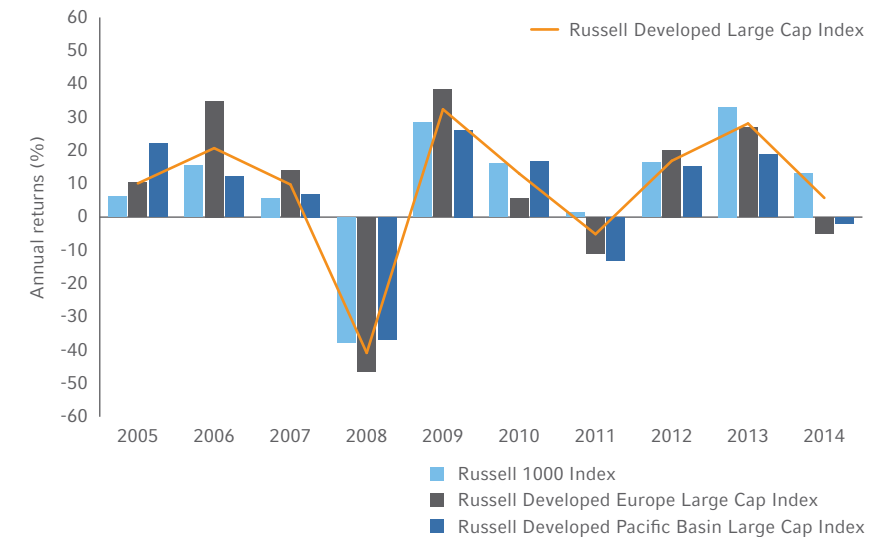


Exhibit 19 / Annual performance of global and regional developed large cap 2005–2014





Developed small cap markets

- › The Russell Developed Small Cap Index posted token positive performance with a gain of 0.1% for 2014 (orange line).
- › The Russell 2000 Index was the strongest performing regional small cap market highlighted, with a return of 4.9%.
- › The Russell Developed Europe Small Cap Index, which boasted this group's strongest return of 2013 of 39.9%, was the worst performing segment for 2014 with a negative return of -7.2%.
- › Both the Russell Developed Europe Small Cap Index and Russell Developed Pacific Basin Small Cap Index posted negative returns in 2014, the first time both have done so since 2011.

Exhibit 20 / 2014 performance of global and regional developed small cap

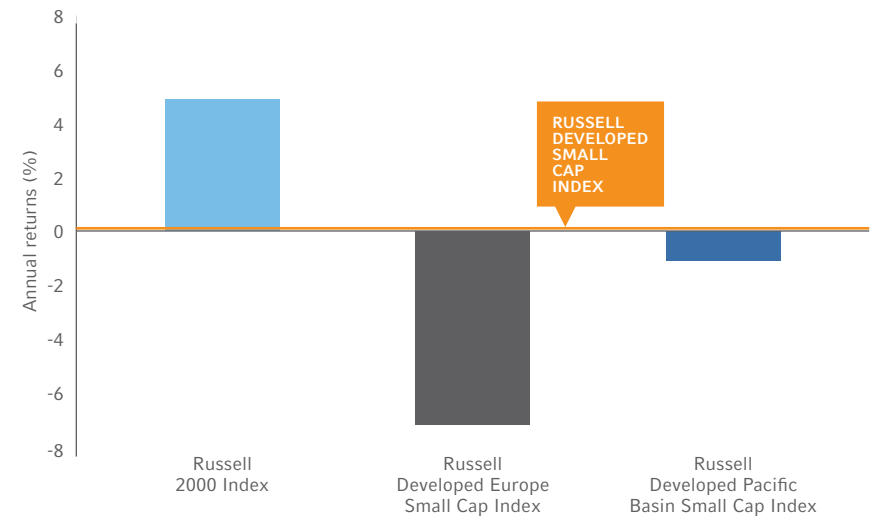
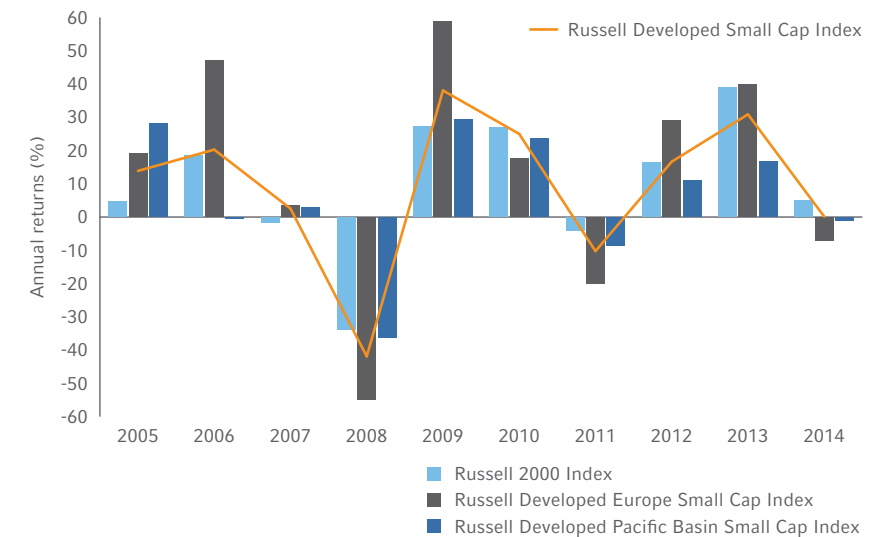


Exhibit 21 / Annual performance of global and regional developed small cap 2005-2014





Emerging large cap markets

- › The Russell Emerging Markets Large Cap Index returned -1.7% in 2014 (orange line).
- › For the second year in a row, the Russell Emerging Asia Large Cap Index outperformed its Latin America and EMEA counterparts, posting a positive return of 5.5% for the year.
- › Both the emerging EMEA large cap and Latin America large cap benchmarks ended 2014 with double-digit negative returns: -15.5% and -12.36%, respectively.

Exhibit 22 / 2014 performance of global and regional emerging large cap

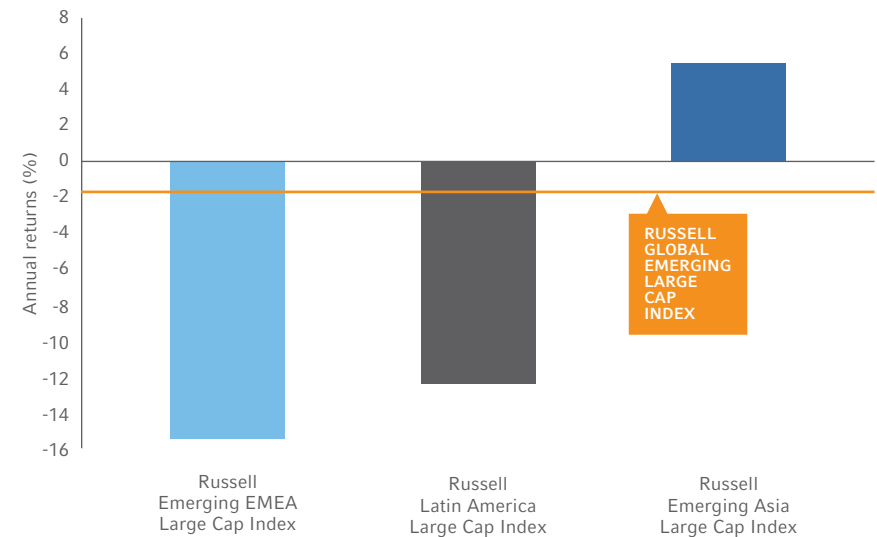
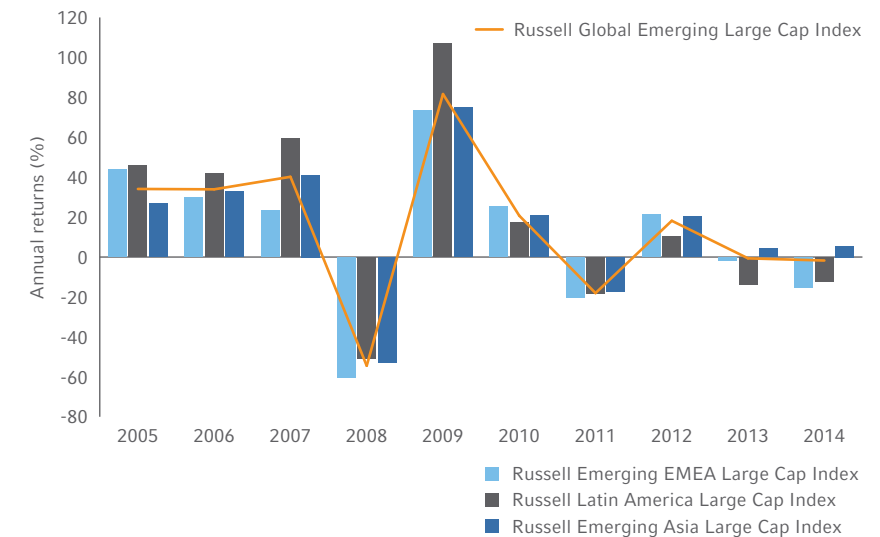


Exhibit 23 / Annual performance of global and regional emerging large cap 2005–2014





Emerging small cap markets

- › The Russell Emerging Markets Small Cap Index performed slightly better than the large cap index in 2014 (orange line) (-0.1% versus -1.7%).
- › The strongest-performing regional emerging small cap benchmark, the Russell Emerging Asia Small Cap Index, posted a positive return of 3.6% for 2014, its third year in a row of positive results after a 2011 decline of -25%.
- › The Russell Emerging EMEA Small Cap Index and the Russell Latin America Small Cap Index both posted negative results for 2014, with returns of -7.4% and -15.6%, respectively.

Exhibit 24 / 2014 performance of global and regional emerging small cap

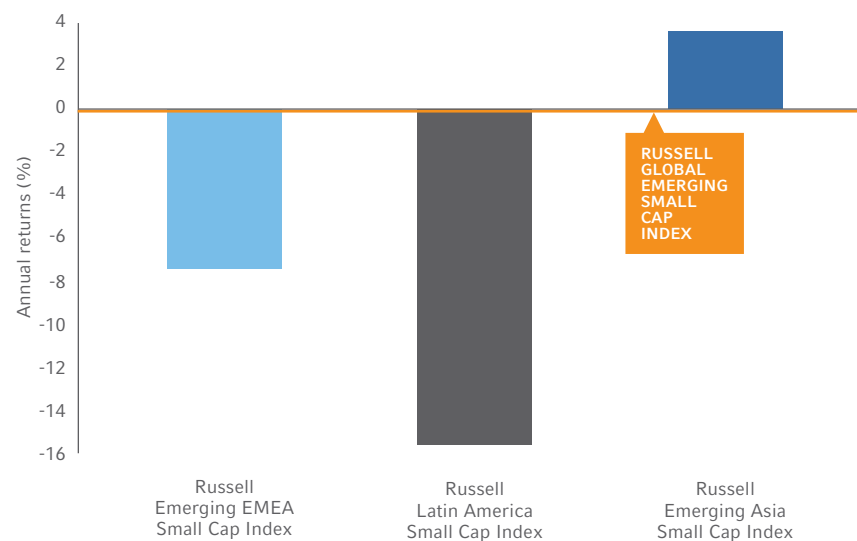
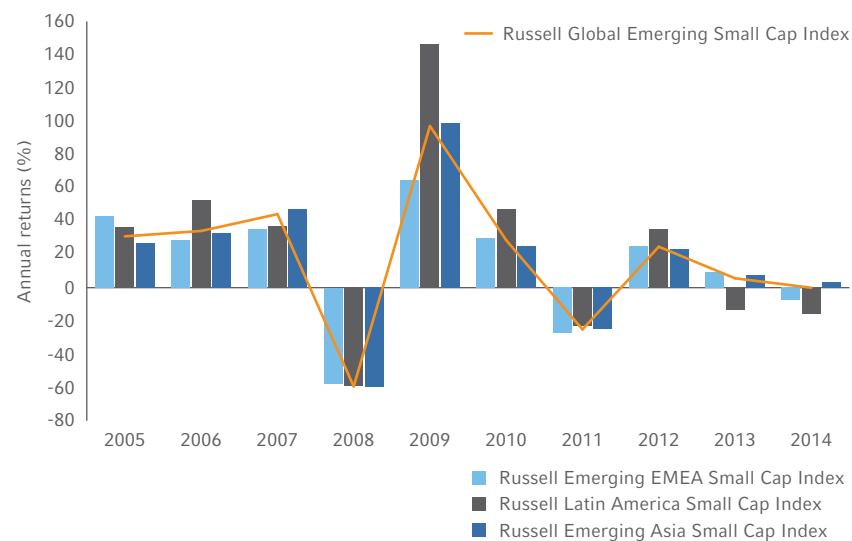


Exhibit 25 / Annual performance of global emerging small cap and emerging small cap regions 2005–2014





Frontier markets

- › After two successive years of positive returns, the Russell Frontier Index level fell in-line with emerging markets, returning a negative -1.6% for the year (orange line).
- › The Russell Frontier Europe Index, however, succumbed to the Ukraine-Russia conflict. The benchmark represented the worst performing frontier segment, with a negative return of -30.1%.
- › The Americas and Africa regional benchmarks experienced the biggest differences compared to their 2013 results. Both top performers a year ago with returns of 43.6% and 30.3%, respectively, the 2014 annual performance of each dropped ~45 pp.

Exhibit 26 / 2014 performance of the Russell Frontier Index and frontier regional benchmarks

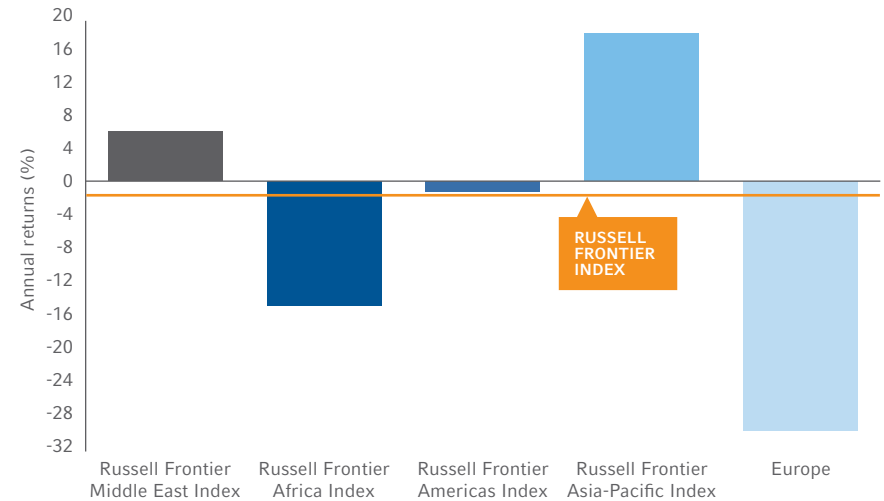
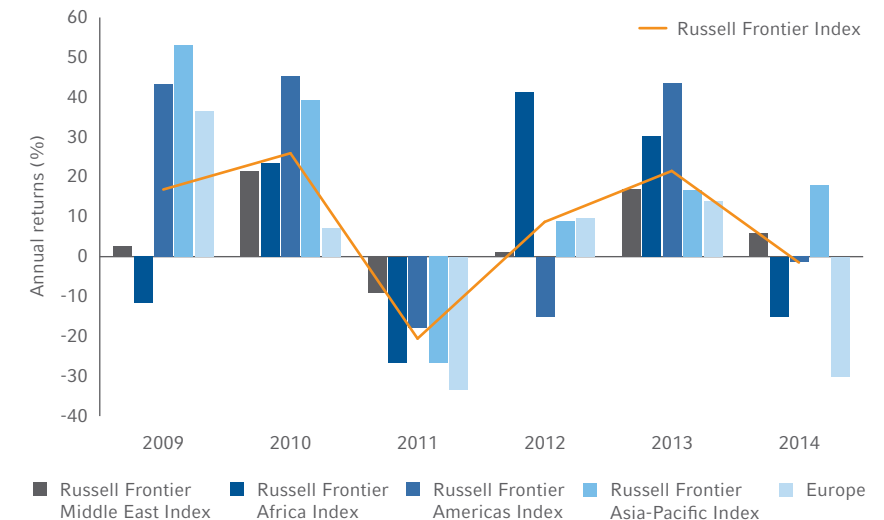


Exhibit 27 / Annual returns of the Russell Frontier Index and frontier regional benchmarks 2009–2014

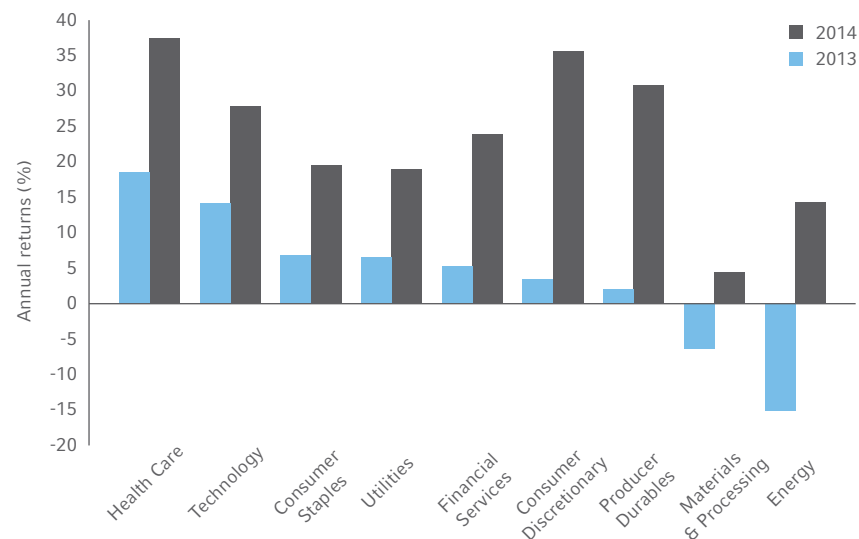




Russell Global Sectors

- › Health care was the top performing sector for the second year in a row with a return of 18.5%, perhaps an indication that investors are still clinging to this defensive sector due to looming uncertainty.
- › Technology, the second best performing sector, had another strong year with a 14.2% gain.
- › The energy sector drastically underperformed with a negative return of -15.1% as the price of oil reached a five-year low.
- › Materials & Processing was the second worst performing sector - negatively impacted by the reduced demand for commodities.

Exhibit 28 / 2013–2014 annual performance of Russell Global Index sectors



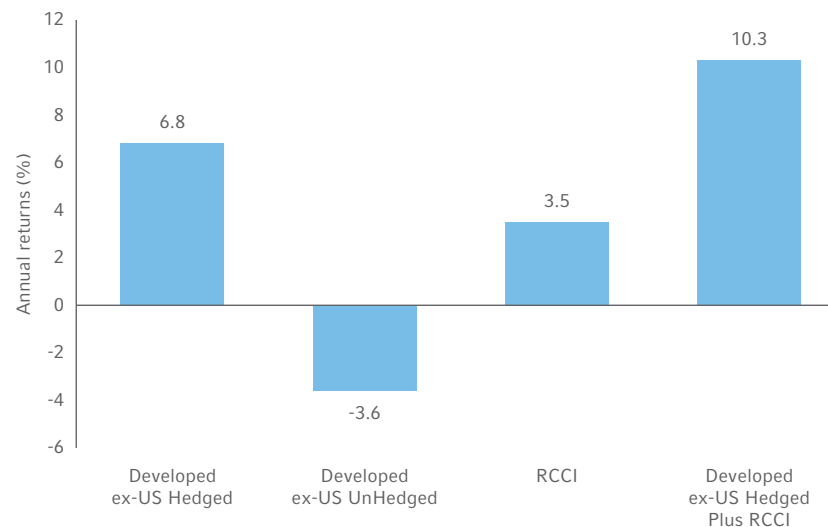


The U.S. Dollar Strengthens, Dominates

Combining currency with equity investments: The risk of embedded currency exposures for the U.S. investor

- › For the U.S.-based investor, unhedged international investments are short the USD.
- › Unhedged, the Russell Developed ex-US Index lost -3.6% in 2014.
- › Hedged, the same index gained 6.8%.
- › The investor who, adopting a conscious currency investment approach, hedged out the currency exposures embedded in the index, and invested in currency via the Russell Conscious Currency Index (RCCI) would have had a combined 2014 return of 10.3% (6.8% from hedged international equity, 3.5% from currency).

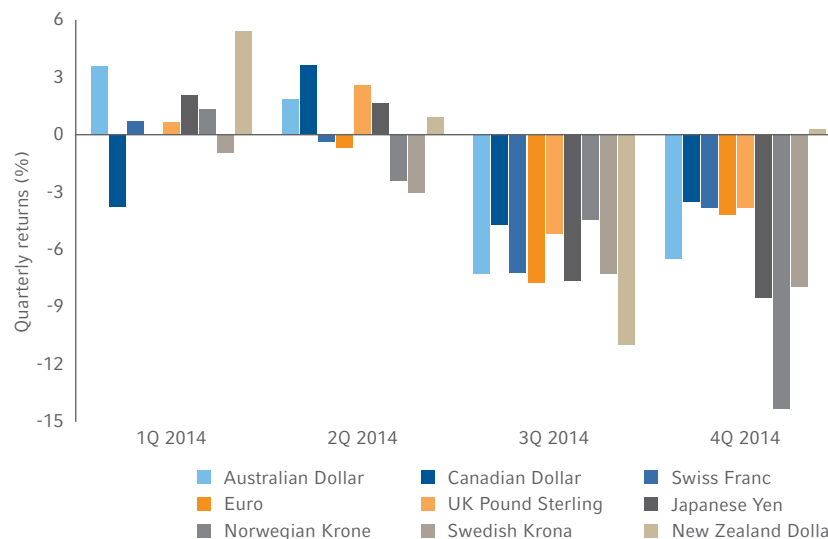
Exhibit 29 / Impact of currency on 2014 performance: Developed ex-US equity markets (USD)



How currency changed in 2014

- › The USD surge fully impacted currency returns beginning in the 3rd quarter of 2014, strongly outperforming other developed market currencies. The USD continued to improve during the 4th quarter as all developed currencies underperformed the dollar, some significantly so, e.g., the Norwegian Krone lost almost 15% versus the dollar.

Exhibit 30 / 2014 quarterly performance of developed currencies vs. the USD



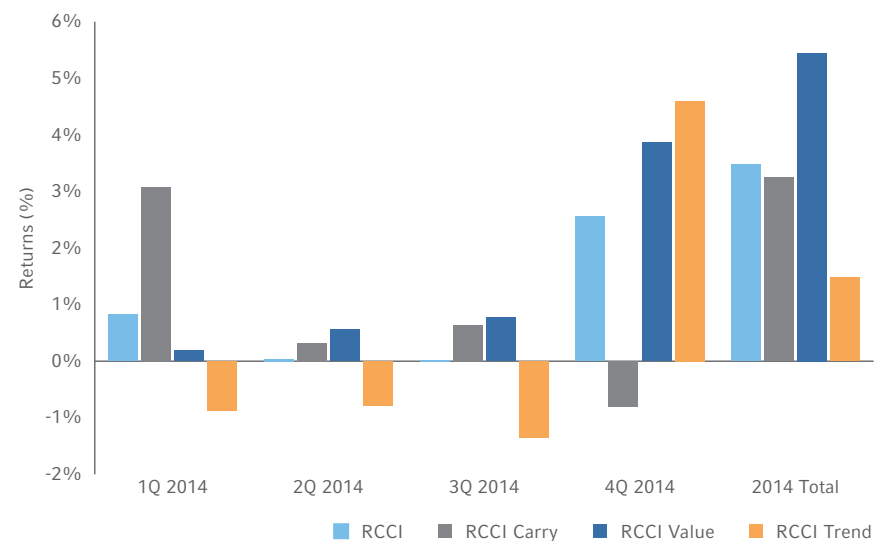


2014 was a strong year for the RCCI Indices:⁵

All four indices posted a positive 2014 total return

- › The RCCI went long the dollar beginning in July, increasing exposure in the 4th quarter.
- › Value, followed by Carry, was the biggest positive contributor to the total index return for the year.
- › Trend was challenged throughout the year until the 4th quarter, when it enacted a positive bet on the USD which, coupled with a short position in the Norwegian Krone, paid off handsomely.

Exhibit 31 / 2014 performance of Russell Conscious Currency Indexes





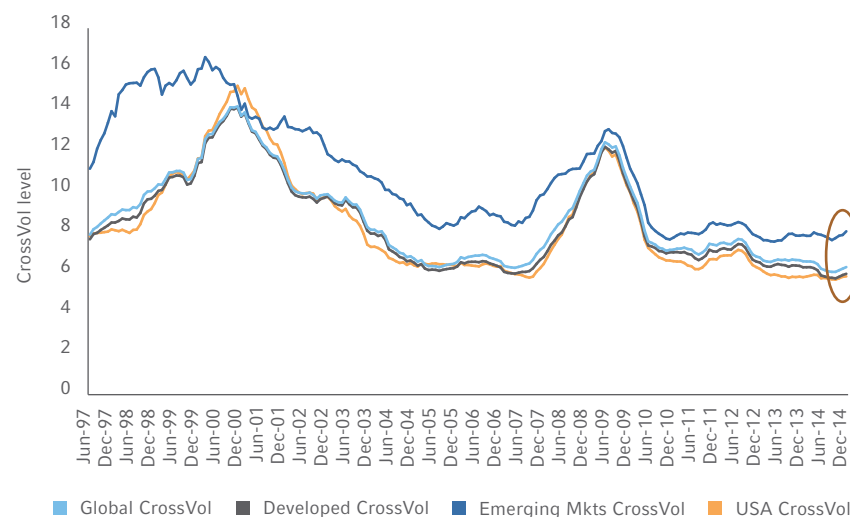
The active management opportunity set in 2014: A challenging environment for active management

By the end of 2014, cross-sectional volatility as measured by the Russell-Parametric CrossVol Indexes had moved slightly off historic lows² marked earlier in the year.³ Low levels of CrossVol signal a smaller opportunity set for active management to exploit via skilled investing.

- › U.S., Global and Developed CrossVol levels hit historic lows (measured by a 12-month moving average) in 2014; previous record lows were recorded in 2007.
- › U.S. and Developed CrossVol both reached this historical low in September; Global Markets hit its all time low in August.
- › Emerging markets CrossVol, while not marking a new low in 2014, reported levels in July, August and September which were all within the 5th percentile of historic distributions.

Exhibit 32 / Rolling 12-month average CrossVol levels in global, developed, U.S. and emerging markets

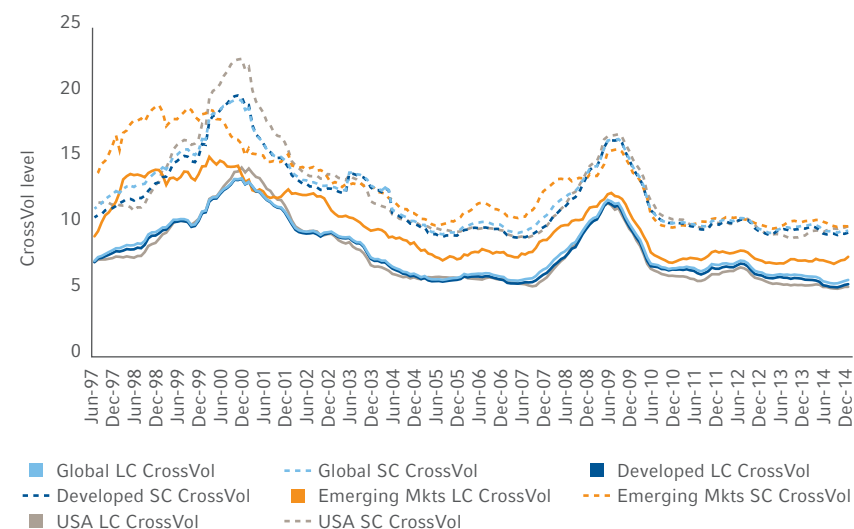
June 1997–December 2014



- › Active management had a challenging year in 2014, with a preponderance of active funds underperforming their benchmarks and passive fund alternatives.⁴ Low CrossVol levels (dispersion) were consistently cited by experts as a key variable when assessing active performance and active opportunities.
- › Dispersion as measured by CrossVol has been and remains greater in the small cap sections of global and U.S. equity markets, although small cap CrossVol generally has been low relative to historical levels since the end of 2010.
 - › Across global, developed, emerging and U.S. markets, small cap CrossVol was measurably greater than large cap.
 - › Among large cap markets, the active opportunity set was greatest in emerging markets.

Exhibit 33 / CrossVol Figure 2: Rolling 12-month average CrossVol levels in large and small cap equity markets

June 1997–December 2014 in Large and Small Cap Equity





RUSSELL-PARAMETRIC CROSS-SECTIONAL VOLATILITY (CrossVol™) INDEXES

› Across major equity markets, CrossVol levels in 2014 were low relative to historical observations.

- › In broad global and developed markets, CrossVol 12-month average levels fell into the 5th percentile of their historical distributions for 8 of the 12 months of 2014, beginning in May.
- › In the U.S. broad market, CrossVol Levels were within the 5th Percentile range for 7 months, May through November.
- › Historic CrossVol record lows were observed across global, developed and U.S. broad markets during August (global) and September (developed and U.S. markets).

Exhibit 34 / 12-month average CrossVol levels for major equity markets:

Identification of historic lows and observations falling within the 5th percentile of all historical observations from 6/30/1996 to 12/31/2014

	Global	Developed	Emerging Mkts	USA
1/31/14	6.54	6.26	7.80	5.80
2/28/14	6.54	6.26	7.80	5.84
3/31/14	6.51	6.21	7.97	5.89
4/30/14	6.41	6.11	7.89	5.88
5/31/14	6.19	5.86	7.85	5.71
6/30/14	6.12	5.80	7.79	5.73
7/31/14	6.06	5.75	7.69	5.69
8/31/14	6.03	5.74	7.59	5.66
9/30/14	6.03	5.71	7.69	5.65
10/31/14	6.11	5.79	7.81	5.72
11/30/14	6.19	5.88	7.84	5.79
12/31/14	6.27	5.94	8.02	5.81
5th percentile	6.27	5.98	7.70	5.79
Minimum	6.03	5.71	7.52	5.65
	Within 5th percentile of observations			
	Historic all time low			

› The historically low levels observed in the broad market indices (Exhibit 34) were dominated by the large cap portions of the markets, all of which marked historic low levels of dispersion in 2014.

- › For global, developed and emerging markets, CrossVol 12-month average levels for large cap stocks all reached historic lows in either August or September.
- › For global large cap, 8 out of the 12 observations in 2014 fell into the 5th percentile of historical observations; 7 out of 12 for developed and emerging fell into this category.

Exhibit 35 / 12-month average CrossVol levels for major large cap equity markets:

Identification of Historic lows and observations falling within the 5th percentile of historical observations from 6/30/1996 to 12/31/2014

	Global LC	Developed LC	Emerging Mkts LC	USA LC
1/31/14	6.05	5.79	7.19	5.37
2/28/14	6.04	5.78	7.20	5.39
3/31/14	6.01	5.74	7.38	5.44
4/30/14	5.91	5.64	7.28	5.42
5/31/14	5.68	5.38	7.27	5.25
6/30/14	5.62	5.33	7.19	5.24
7/31/14	5.54	5.25	7.11	5.16
8/31/14	5.51	5.24	7.00	5.13
9/30/14	5.53	5.22	7.14	5.11
10/31/14	5.61	5.30	7.27	5.17
11/30/14	5.70	5.40	7.31	5.25
12/31/14	5.78	5.46	7.54	5.26
5th percentile	5.78	5.53	7.16	5.36
Minimum	5.51	5.22	7.00	5.11
	Within 5th percentile of observations			
	Historic all time low			



RUSSELL-PARAMETRIC CROSS-SECTIONAL VOLATILITY (CrossVol™) INDEXES

- › Small Cap stocks offered more opportunity for active managers on a relative basis, i.e., greater levels of CrossVol, in 2014.
 - › No historic lows were observed in major small cap markets.
 - › CrossVol across small caps was still low relative to history (close to or within the 5th percentile of historic observations) during the 4th quarter of 2014, with the exception of the U.S.

Exhibit 36 / 12-month average CrossVol levels for major small cap equity markets:
 Identification of historic lows and observations falling within the 5th percentile of all historical observations from 6/30/1996 to 12/31/2014

	Global SC	Developed SC	Emerging Mkts SC	USA SC
1/31/14	9.95	9.77	10.27	9.38
2/28/14	10.01	9.86	10.26	9.50
3/31/14	9.95	9.76	10.34	9.53
4/30/14	9.81	9.58	10.33	9.54
5/31/14	9.57	9.31	10.21	9.40
6/30/14	9.48	9.24	10.11	9.55
7/31/14	9.48	9.30	9.94	9.66
8/31/14	9.46	9.30	9.88	9.69
9/30/14	9.37	9.19	9.81	9.66
10/31/14	9.47	9.31	9.86	9.78
11/30/14	9.45	9.29	9.86	9.76
12/31/14	9.53	9.38	9.85	9.87
5th percentile	9.41	9.17	9.87	9.14
Minimum	9.25	9.00	9.68	8.91
	Within 5th percentile of observations			
	Historic all time low			



APPENDIX

ASSET CLASS	CATEGORY	CAP TIER	STYLE	INDEX	INCEPTION DATE
Europe Large Cap	Developed	Large	Broad	Russell Developed Europe Large Cap Index	1/2007
Europe Small Cap	Developed	Small	Broad	Russell Developed Europe Small Cap Index	1/2007
Global ex-US All Cap	Developed	Broad	Broad	Russell Developed ex-US Index	1/2007
Global ex-US Large Cap	Developed	Large	Broad	Russell Developed ex-US Large Cap Index	1/2007
Global ex-US Large Cap Growth	Developed	Large	Growth	Russell Developed ex-US Large Cap Growth Index	4/2008
Global ex-US Large Cap Value	Developed	Large	Value	Russell Developed ex-US Large Cap Value Index	4/2008
Global ex-US Small Cap	Developed	Small	Broad	Russell Developed ex-US Small Cap Index	1/2007
Global ex-US Small Cap Growth	Developed	Small	Growth	Russell Developed ex-US Small Cap Growth Index	4/2008
Global ex-US Small Cap Value	Developed	Small	Value	Russell Developed ex-US Small Cap Value Index	4/2008
Pacific Basin Large Cap	Developed	Large	Broad	Russell Developed Pacific Basin Large Cap Index	1/2007
Pacific Basin Small Cap	Developed	Small	Broad	Russell Developed Pacific Basin Small Cap Index	1/2007
U.S. All Cap	Developed	Broad	Broad	Russell 3000® Index	1/1984
U.S. Large Cap	Developed	Large	Broad	Russell 1000® Index	1/1984
U.S. Large Cap Growth	Developed	Large	Growth	Russell 1000® Growth Index	1/1987
U.S. Large Cap Value	Developed	Large	Value	Russell 1000® Value Index	1/1987
U.S. Small Cap	Developed	Small	Broad	Russell 2000® Index	1/1984
U.S. Small Cap Growth	Developed	Small	Growth	Russell 2000® Growth Index	6/1993
U.S. Small Cap Value	Developed	Small	Value	Russell 2000® Value Index	6/1993
Emerging Markets	Emerging	Broad	Broad	Russell Emerging Markets Index	1/2007
Asia Large Cap	Emerging	Large	Broad	Russell Emerging Asia Large Cap Index	1/2007
Asia Small Cap	Emerging	Small	Broad	Russell Emerging Asia Small Cap Index	1/2007
EMEA Large Cap	Emerging	Large	Broad	Russell Emerging EMEA Large Cap Index	1/2007
EMEA Small Cap	Emerging	Small	Broad	Russell Emerging EMEA Small Cap Index	1/2007
Global Large Cap	Emerging	Large	Broad	Russell Emerging Markets Large Cap Index	1/2007
Global Large Cap Growth	Emerging	Large	Growth	Russell Emerging Markets Large Cap Growth Index	4/2008
Global Large Cap Value	Emerging	Large	Value	Russell Emerging Markets Large Cap Value Index	4/2008
Global Small Cap	Emerging	Small	Broad	Russell Emerging Markets Small Cap Index	1/2007
Global Small Cap Growth	Emerging	Small	Growth	Russell Emerging Markets Small Cap Growth Index	4/2008
Global Small Cap Value	Emerging	Small	Value	Russell Emerging Markets Small Cap Value Index	4/2008
Latin America Large Cap	Emerging	Large	Broad	Russell Latin America Large Cap Index	1/2007
Latin America Small Cap	Emerging	Small	Broad	Russell Latin America Small Cap Index	1/2007
Frontier Markets	Frontier	Broad	Broad	Russell Frontier® Index	10/2010
Frontier Middle East	Frontier	Broad	Broad	Russell Frontier® Middle East Index	9/2011
Frontier Africa	Frontier	Broad	Broad	Russell Frontier® Africa Index	9/2011
Frontier Asia-Pacific	Frontier	Broad	Broad	Russell Frontier® Asia-Pacific Index	9/2011
Frontier Europe	Frontier	Broad	Broad	Russell Frontier® Europe Index	9/2011
Frontier Americas	Frontier	Broad	Broad	Russell Frontier® Americas Index	9/2011



1 The author would like to thank Mat Lystra for his contributions to this paper.

2 In this analysis we report the CrossVol levels based on 12-month rolling averages of monthly CrossVol.

3 M. Fjelstad and C. Yoshimoto, 2014, "Russell-Parametric Cross-Section Volatility levels at historic lows," Index Insights, Russell Investments, August.

4 D. Strumph (2014). "Abreast of the Market: Stock-pickers have tough time in 2014," Wall Street Journal, June 29: <http://online.wsj.com/articles/stock-pickers-have-tough-time-in-2014-1404069851>; Rosenbaum, E. (2014), "2014 a stock picker's market? Yeah, right," July 2: <http://www.cnbc.com/id/101807615#>. Authers, J. (2014), "An active headache for fund managers," Financial Times, Dec 3: <http://www.ft.com/intl/cms/s/0/4b9840c0-7a42-11e4-a8e1-00144feabdc0.html#axzz3LczSYk3r>.

5 RCCI Carry aims to capture long exposure to high-yielding currencies and short positions in low-yielding currencies. RCCI Value aims to capture long exposure to undervalued currencies and short positions in overvalued currencies. RCCI Trend aims to capture long exposure to positive trend currencies and short positions in negative trend currencies. The combined Russell Conscious Currency Index (RCCI) is constructed by weighting the Carry, Value and Trend indexes equally.

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