Global X Russell 2000 ETF

RSSL

Small Caps. Big Potential.

Core – US Small-Cap Equities

FUND DETAILS

ASX Code	RSSL
Bloomberg Code	RSSL AU Equity
IRESS Code	RSSL.AXW
Benchmark	Russell 2000 RIC Capped Index
Mgt. Fee and Costs (% p.a.)*	0.18%
Rebalance Frequency	Quarterly
Distribution Frequency	Quarterly
W-8 BEN Form Required	No

* Calculated on the Net Asset Value (NAV) of the Fund. All fees and costs are inclusive of GST. Refer to the PDS for a complete list of fees and costs.

KEY FEATURES

Small-Cap Diversification
The Russell 2000 Index provides exposure to approximately 2,000 small-cap companies across various sectors, ensuring diversified access to early-stage innovators[1].

Growth Potential
Small-cap equities often outperform during economic recoveries and periods of financial easing, offering significant growth opportunities[2].

Risk Control
Tracks the Russell 2000 RIC Capped Index, with stock weight caps reducing concentration risk.

INTRODUCING RSSL

The Global X Russell 2000 ETF (RSSL) offers investors exposure to US small-cap equities through the Russell 2000 RIC Capped Index. This index tracks approximately 2,000 companies that represent the smallest constituents of the Russell 3000 Index. By focusing on small caps, RSSL enables investors to capture high-growth opportunities in early-stage companies while benefiting from a balanced and diversified approach.

Small-cap companies often derive a significant portion of their revenue domestically, reducing their reliance on global trade. This domestic focus, combined with their agility and innovation, positions small caps to outperform during periods of economic recovery or favourable monetary conditions.

DID YOU KNOW?

Over the past two decades, the Russell 2000 has consistently outperformed large-cap benchmarks like the S&P 500 during periods of economic recovery. This is largely due to small caps' higher sensitivity to domestic growth and interest rate changes.

The Russell 2000 RIC Capped Index provides a more balanced exposure compared to uncapped indices by ensuring no single stock dominates the fund. This methodology has historically kept concentration risk low while maintaining high correlation with the broader Russell 2000 Index.

Additionally, small caps tend to have higher exposure to sectors such as Financials, Industrials, and Health Care - areas that are less represented in large-cap indices but are critical to economic growth.

EVOLVING ECONOMIC TAILWINDS FOR SMALL CAPS

Small caps are particularly well-positioned to benefit from the current economic environment. Lower interest rates reduce borrowing costs, enabling these companies to reinvest in growth and innovation[3]. The Russell 2000 Index has historically outperformed during periods of rate cuts, driven by its higher proportion of companies with floating-rate debt.

Furthermore, as global trade tensions continue to shape markets, small caps' domestic focus provides insulation from external shocks. This makes them an appealing choice for investors seeking stable, homegrown opportunities.

HOW TO USE RSSL IN A PORTFOLIO

- A core allocation to diversify portfolios with US small-cap equities.
- A tactical allocation during economic recovery or interest rate easing cycles.
- A means to complement large-cap holdings by reducing concentration in mega-cap-heavy indices like the S&P 500.

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HOW RSSL WORKS

The Russell 2000 RIC Capped Index is designed to track the performance of approximately 2,000 small-cap US companies while maintaining a balanced exposure. The index applies quarterly stock weight caps, ensuring no single company disproportionately impacts the fund's performance. This methodology provides investors with diversified access to early-stage innovators and domestically focused businesses, while mitigating risks associated with over-concentration.

CONSIDERATIONS FOR INVESTING IN RSSL

Volatility: Small-cap equities tend to exhibit higher volatility compared to large caps, reflecting their growth potential and early-stage nature.

Sector Weightings: With higher exposure to Financials, Industrials, and Health Care, RSSL may experience sector-specific risks.

Macroeconomic Sensitivity: Small caps are sensitive to domestic growth conditions and interest rate changes, which can amplify performance in both directions.

For more information on Global X Russell 2000 ETF (ASX: RSSL), please speak to Global X ETFs.

Client Services

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[1] FTSE Russell – Russell 2000 Index Factsheet

[2] MSCI – Small Caps Have Been a Big Story After Recessions

[3] CME Group – Are S&P 600 & Russell 2000 Small Caps Due for a Rebound?

Information current as at 5 February 2024.