

AKQA + THEMATIC

PINK CHIP INDICES

INDEX METHODOLOGY

INDEX DESCRIPTION

The Pink Chip Indices, developed by AKQA and Thematic, is a collection of indices that track the performance of exceptional companies run by women CEOs. Peer reviewed research has shown that unconscious bias undervalues companies run by women. The Pink Chip Indices seek to dispel that bias.

Thesis

Numerous peer reviewed studies show that unconscious bias leads investors to undervalue companies led by women, or even react negatively to the appointment of a female CEO to a publicly listed company. This is despite the fact that a large body of literature shows that firms with female executives are more likely to be profitable, and produce superior stock performance over time, than firms with male executives.

By tracking the performance of exceptional companies run by women CEOs, Pink Chip demonstrates the tangible value of female leadership. In doing so, Pink Chip seeks to dispel the unconscious bias that holds women back - who are marginalized and underrepresented in business.

References:

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Jeong, Seung-Hwan & Harrison, David. 2016. "Glass Breaking, Strategy Making, and Value Creating: Meta-Analytic Outcomes of Women as CEOs and TMT members." Academy of Management Journal 60

Lee, Peggy M., and Erika Hayes James. 2007. "She'-E-Os: Gender Effects and Investor Reactions to the Announcements of Top Executive Appointments." Strategic Management Journal 28(3):227-41

Mercer, Jamie. 2023. "Where are the female leaders?" Frank Recruitment Group, published February 23. <https://www.frankgroup.com/blog/where-are-the-female-leaders/>

Sandberg, Daniel J. 2019. "When Women Lead, Firms Win." Report by S&P Global.

Index creators

The Pink Chip Indices are a collaboration between AKQA B.V. and Thematic. AKQA is an award winning, global digital design agency that seeks to build a better future with its clients. AKQA is deeply committed to inclusion across the full spectrum of diversity. AKQA has implemented a series of company-wide, industry and recruitment initiatives, ensuring a greater pipeline of diverse talent at all levels, while also hiring and promoting more women and people of color into senior positions. AKQA's parent company, WPP, is among the top 10 performers in the FTSE UK gender diversity report.

Thematic, the platform for building custom investment products at scale, enables investors and organizations of all sizes to build and manage their own financial indices and ETFs, supporting equities, dividend bearing equities, crypto, and more.

Index criteria

The Pink Chip US index (PINKCHIP) focuses on the exceptional companies that are led by women. All of the companies in the index are publicly traded, and meet the following criteria:

- Chief Executive Officer is a woman
- Listed on major US exchanges (NYSE, NASDAQ), including ADRs and non-US based companies
- Float-adjusted market cap greater than \$2b USD
- Company quality: 3 year revenue growth greater than 50th percentile (8% CAGR)

Weighting and return methodology

The Pink Chip Index is a custom weighted index. The companies in the top 20th percentile for 3 year revenue growth are given 2x weight. The remainder of companies are given 1x weight.

The Pink Chip Index is a Total Return (Gross Return) index whereby capital gains and distributions are “reinvested” in the index.

INDEX OPERATIONS

Index calendar

RECONSTITUTION

Schedule

The index will reconstitute annually on March 8, International Women's Day (IWD). If IWD falls on a non-trading day, the index will reconstitute on the last available trading day before IWD.

Reference dates

The Security Eligibility Criteria are applied using market data as of February, 4 weeks prior to IWD.

Announcement dates

Index Reconstitution changes are announced in early March.

REBALANCING

Schedule

The index is rebalanced quarterly in conjunction with the Index Reconstitution in March, June, September, and December.

Reference dates

The rebalance uses market data as of the end of February, May, August, and November respectively.

Announcement dates

Index Rebalance changes are announced in early March, June, September, and December.

Effective dates

Index Rebalance changes become effective at market open on the trading day after the third Friday in March, June, September, and December, respectively.

CONSTITUENT SELECTION

Constituent selection process

All securities that meet the applicable Eligible security criteria are considered for inclusion in the Index. The quarterly Reconstitution is carried out by Thematic. Potential index constituents are provided for final verification, verified by AKQA and the Pink Chip Advisory Board, and changes are made accordingly to index membership.

If, at the time of constituent selection, an eligible company has announced a planned succession of the CEO that impacts the company's eligibility and takes effect after the Reconstitution date, the company will be removed from consideration.

For a security to stay in the Index, the security must:

For securities that have fallen below the \$2B market cap threshold (calculated as average market cap during the quarter) during rebalance sessions, are given a 1 quarter curing period for evaluation and recovery above \$2B before removal.

INDEX MAINTENANCE

Deletion policy

If, at any time during the year other than the Index Reconstitution(s), an Index Security that no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, it is removed from the Index. This includes circumstances where an Index Security is determined to be ineligible for continued inclusion in the Index due to bankruptcy, delisting, or a definitive agreement that would likely result in the security no longer being Index eligible. We will reference Nasdaq's Corporate Actions and Events Manual – Equities for detailed handling of the aforementioned event types.

Replacement policy

Index securities deleted at any time during the year other than the Index Reconstitution(s) are not replaced.

Corporate actions

In the interim periods between scheduled index reconstitution events, individual Index securities may be the subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. Specific treatment of each type of corporate action or event is described in [Nasdaq Corporate Actions and Events Manual – Equities](#), which is incorporated herein by reference.

In certain cases, corporate actions and events are handled according to the weighting scheme or other index construction techniques employed. Wherever alternate methods are described, the Index will follow the "Non-Market Cap Corporate Action Method."

Index share adjustments

Other than as a direct result of corporate actions, the index does not normally experience share adjustments between scheduled index rebalance and reconstitution events.

ADDITIONAL INFORMATION

Announcements

Index-related information will be announced via the Pink Chip Index website and social media channels. For more information on the general Index Announcement procedures, please refer to the Thematic Index Methodology Policy.

Index calculation and holiday schedules

The Index is calculated Monday through Friday on US market trading days, following the holiday schedule set by the major US exchanges, [NYSE](#) and [Nasdaq](#).

Unexpected market closures

For information on Unexpected Market Closures, please refer to the Thematic Index Methodology Policy.

Calculation types

For information on the Index calculation types as well as the mathematical approach used to calculate the Index(es), please refer to the Thematic Index Methodology Policy.

Recalculation and restatement policy

For information on the Recalculation and Restatement Policy, please refer to the Thematic Thematic Index Methodology Policy.

Data sources

For information on data sources and the classification of dividends and associated tax rates, please refer to the Thematic Index Methodology Policy.

Contact information

For any questions regarding an Index, please contact Thematic at index@gothematic.com.

Index dissemination

Index values and weightings information are available at the Pink Chip Index website. For more detailed information regarding Index dissemination, see the Thematic Index Methodology Policy.

Website

For further information, please refer to the Pink Chip Index website.

GOVERNANCE

Index governance

All Thematic indices follow the same governance structure. For a detailed list of this information, please see the Thematic Index Methodology Policy.

Thematic Index Management Committee

The Thematic Index Management Committee approves all new Index Methodologies. This committee is comprised of full-time professional members of Thematic. The committee meets regularly, and reviews items including, but not limited to, pending corporate actions that may affect Index constituents, statistics comparing the composition of the indexes to the market, companies that are being considered as candidates for addition to an Index, and any significant market events.

For a detailed overview of the Index Management Committee, please see the Thematic Index Methodology Policy.

Internal reviews of methodology

For a detailed description on internal reviews of the Methodology, please see the Thematic Index Methodology Policy.

Communication with stakeholders and consultations

For a detailed description on Consultations and Communications with Stakeholders, please see the Thematic Index Methodology Policy.

Index cessation

Thematic has a documented procedure that is followed for Index Cessation that includes termination/retirement of an Index or Index Family.

For more information, please refer to the Thematic Index Methodology Policy.

Discretionary adjustment

This Index Methodology was created by Thematic to achieve the aforementioned objective of measuring the underlying purpose of each Index governed by this methodology document. Any deviations from this methodology are made in the sole judgment and discretion of Thematic so that the Index continues to achieve its objective.

For more information on potential adjustments including Calculation and Pricing Disruptions, Expert Judgment, and Unexpected Reconstitution/Rebalances, please refer to the Thematic Index Methodology Policy.

Glossary of Terms Used in This Document

For the glossary of key terms, please refer to the Thematic Index Methodology Policy.

Disclaimer

Thematic may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity, including but not limited to, quantitative inclusion criteria. Thematic may also, due to special circumstances, if deemed essential, apply discretionary adjustments to ensure and maintain the high quality of the index construction and calculation. Thematic does not guarantee that any Index accurately reflects future market performance.

Thematic, AKQA, or any of their affiliates explicitly makes no recommendations to buy or sell any security or any representation about the financial condition of any company. Investors should undertake their own due diligence and carefully evaluate companies before investing. The information contained herein is provided for informational and educational purposes only, and nothing contained herein should be construed as investment advice, either on behalf of a particular security or an overall investment strategy. Advice from a securities professional is strongly advised. All Rights Reserved.