

# OCEAN TOMO 300® PATENT INDEX

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PATENT INDEX

The Ocean Tomo 300® Patent Index is the first intellectual property index. It is a market capitalization weighted index comprised of 300 publicly traded companies that own quality patent portfolios. The Index was invented by Keith Cardoza and James Malackowski. The American Stock Exchange began to price the Index under the symbol OTPAT on September 13, 2006. The Index annually reconstitutes after the close on the last business day of October. The Index divisor was initially determined to yield a benchmark value of 5000.00 at the close of trading December 31, 2004. The Index is patent pending and was created by and is a trademark of, Ocean Tomo Capital, LLC.

## INDEX METHODOLOGY

The Index selection methodology is designed to identify six companies within each of 50 style and size groups (which include value, relative value, blend, growth at a reasonable price (GARP) and growth by decile) with the highest patent value to book value ratio as determined by Ocean Tomo, LLC using the Ocean Tomo's PatentRatings® system. The Index is designed to actively represent a group of stocks that own quality patent portfolios. The Index constituent selection methodology was developed by Ocean Tomo as a quantitative approach to selecting stocks from a universe of 1,000 companies. The Index constituent selection methodology evaluates and selects stocks from a universe of 1,000 companies using a proprietary, 100% rules-based methodology developed by Ocean Tomo. The Index constituent selection methodology utilizes multi-factor proprietary selection rules to seek to identify those stocks that offer the greatest patent value opportunities while maintaining broad-based diversification. The approach is specifically designed to enhance investment applications and investability. The Index annually reconstitutes after the close of business on the last business day of October.

## INDEX CONSTRUCTION

1. Potential Index constituents include all equities trading on major U.S. exchanges that are among the 1,000 most liquid securities.
2. The potential Index constituents are then narrowed to a universe of companies that own patents.
3. The patent-owning companies are divided into 50 style and size groups with the highest patent value to book value ratio using Ocean Tomo's PatentRatings® system. Each group contains an approximately equal number of patent-owning companies.
4. The stocks in each group are ranked using a 100% rules-based methodology that seeks to identify those stocks that offer the greatest patent value opportunities while maintaining broad-based diversification.
5. The six highest ranking stocks in each group are selected (resulting in a total of 300 stocks) and are weighted by market capitalization.