

OCEAN TOMO

# ASSET MANAGEMENT SERVICES



Ocean Tomo Asset Management (OTAM) has developed a family of investment products based on its proprietary Intellectual Property valuation methodologies. While IP alpha is common to all strategies, OTAM's strategies represent a spectrum of risk adjusted returns, liquidities, correlations and holding periods.

## Retail Investor Products

### OCEAN TOMO 300® PATENT INDEX

The Ocean Tomo 300® Patent Index (NYSE Euronext: OTPAT) is the first Intellectual Property index. It represents a diversified portfolio of the 300 publicly traded companies in the U.S. with the highest Innovation Ratios.

OTP, the ETF that tracks the OT300 stock index, generated an annualized excess return of 4.38% versus the S&P 500 (SPY) for the 10 quarters ended July 2009. Morningstar ranks OTP as the #1 performer of all Large Blend ETFs (U.S. & Foreign) since its inception. The OT300 has now outperformed SPY in 20 out of 20 rolling one-year periods.

The OT300 is constructed as follows: potential constituents are narrowed to a universe of companies that own patents. The patent-owning companies are then divided into 50 style and size groups and ranked according to their Innovation Ratios, with each group containing an approximately equal number of patent-owning companies. The securities in each group are ranked using a 100% rules-based methodology that identifies those securities with the highest Innovation Ratios, while maintaining broad-based diversification. The six highest ranking securities in each of the 50 groups are selected (a total of 300 securities) and then weighted by market capitalization.

### IP-ENHANCED INDEX PRODUCTS

OTAM's quantitative IP investment program has the capability to create an IP-based absolute return or benchmarked fund for any size, style, and sector criteria specified. In partnership with the Intellectual Property Exchange International (IPXI.com), Ocean Tomo has created IP-enhanced indexes for S&P 500 and 1500, Nasdaq, and the WilderHill Clean Energy Index. In each case, OTAM's enhanced index products outperform their benchmark indexes with a greater information ratio.

The enhanced indexes are constructed using a 130/30 ratio. Each starts with the underlying index weights, and then the weights are reduced by 30% in names with relatively weaker IP signals and increased by 30% in names with stronger IP signals. How much is added or reduced for an individual name is proportional to the IP signal. Since the IP signal is "sector neutral," this procedure does not change sector weightings. As a result, you get an index tracking product with return and information ratio outperformance.

## Accredited Investor Products

### MARKET NEUTRAL FUND

Ocean Tomo's intra-sector market neutral strategy has been trading since October 2007. Since its inception, the fund has generated a positive gross return of 7% with less than 4% volatility. In 2008, while the strategy generated a positive gross return of 3.26%, the HFR Market Neutral Index was down 5.92%, the DJ Market Neutral Index was down 8.33%, the S&P 500 was down 38.5%, and hedge funds in general were down 18%. Each of these generated market measures with significantly higher volatility.

Ocean Tomo is the only investment firm that can offer this investment program because of the patented processes that underlie the analysis of its proprietary IP dataset. The dataset took eight years to construct and continues to evolve, with weekly re-grading based on value changes attributable to new patent issuance. Once the system grades the quality of corporate IP portfolios, Ocean Tomo's Investments team constructs intra-sector relative value baskets by buying the stocks of companies with strong IP portfolios and short-selling the stocks of companies with weak or non-existent IP portfolios.

#### SPECIAL SITUATIONS

OTAM's Special Situations team invests in unique arbitrage opportunities as they relate to qualitative IP valuation. Types of Special Situations investments include PIPEs, IP collateralized debt, sale/license-back transactions, Unit License Right™ Contracts, and royalty securitizations. The scope and nature of these investments are considerably idiosyncratic and require a high degree of specialized IP and investment knowledge. For these reasons, OTAM is a market leader in this field.

## Structured Products

Each of the investment products described above can be bundled into structured products. Doing so provides investors with all of the benefits of structured products (e.g., principal protection) and IP investments (e.g., unique alpha, low correlation).



#### CONTACT

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Ryan Zurek is a Managing Director in Ocean Tomo Investment Group and in Ocean Tomo's Investments practice. He holds the FINRA Series 7 license and 63 license.

Mr. Zurek plays an integral role in all aspects of the firm's investment banking and asset management initiatives, including facilitating IP-driven transactions, mergers and acquisitions, IP monetization strategies, financing and IP-based special situations investments. Mr. Zurek has significant experience in IP valuation, licensing strategy, market research and cash flow analysis. Prior to joining the Investments practice, Mr. Zurek spent 5 years with Ocean Tomo's Expert Testimony practice where he spearheaded engagements involving the valuation of intangible assets across a broad spectrum of technologies.



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## About Ocean Tomo

Established in 2003, Ocean Tomo provides Financial Expert, Management Consulting, and Advisory services related to intellectual property (IP) and other intangible assets; corporate accounting investigations; regulatory and reporting obligations; solvency and restructuring; and contractual or competition disputes.

Practice offerings address economic damage calculations and testimony; accounting investigations and financial forensics; technology and intangible asset valuation; strategy and risk management consulting; mergers and acquisitions; debt and equity private placement; and IP brokerage.

Subsidiaries of Ocean Tomo include Ocean Tomo Investments Group, LLC, a registered broker dealer. Ocean Tomo is a part of J.S. Held. With more than 100 offices globally, J.S. Held assists clients – corporations, insurers, law firms, governments, and institutional investors – on complex technical, scientific, and financial matters across all assets and value at risk.

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## About J.S. Held

J.S. Held is a specialized global consulting firm whose professionals serve as trusted, expert advisors to organizations facing high-stakes events that demand urgent attention, exceptional knowledge, staunch integrity, and clear-cut analysis and advice. The firm provides a comprehensive suite of technical, scientific, financial, and technology advisory services that enable clients across the spectrum of industries to navigate complex, contentious, and often catastrophic situations with precise analysis, reliable insights, and confidence.

In 2022, Ocean Tomo joined J.S. Held, continuing the strategic growth of the firm. Leveraging the J.S. Held team of more than 1,500 professionals around the world, our clients will now have access to J.S. Held's suite of specialized services, including:

- Construction Advisory Services
- Corporate Finance
- Economic Damages and Valuation Services
- Environmental, Health, and Safety Services
- Equipment Consulting
- Forensic Accounting
- Forensic Architecture and Engineering
- Global Investigations
- Property and Infrastructure Damage Consulting
- Surety Services

Headquartered in New York, J.S. Held has offices across the United States, Canada, Latin America, Europe, Asia Pacific, and the Middle East.

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