

OCEAN TOMO

# COMPLEX FINANCIAL INSTRUMENTS VALUATION



OCEAN TOMO®  
INTELLECTUAL CAPITAL EQUITY®

Independent valuation service requirements amongst the non-banking financial sector has grown over the past decade. Boards of directors, management committees, trustees, investors, auditors, and regulators are increasingly seeking independent valuation appraisals for investment portfolios as exposure to illiquid and alternative investment assets grows in an economic environment underpinned by low yield within traditional investment products.

As asset managers, funds, and PE shops actively invest in alternative investments, they seek out portfolio valuation opinion and advisory services for acquisitions and dispositions from trusted and experienced professionals.

Law firms require the help of experienced valuation professionals to help them navigate complex commercial disputes and to provide their clients' due diligence services for mergers and acquisitions, as well as distressed litigation.

Regulated banks and regulators look for professional services with assistance around recovery and resolution valuations, stress test valuations, and other resilience-based valuation metrics. The need for experienced valuations professionals who can provide perspective on underlying asset classes and can take advantage of evolving analytics takes center stage.

Financial services firms seek to harness the power of bespoke and commoditized analytics, combined with data and technology, to build viable solutions for their valuation needs.

## Ocean Tomo Services

Intangible assets comprise more than eighty percent of business value but are also subject to significant impairment due to enterprise and regulatory compliance risk. Ocean Tomo, the Intellectual Capital Merchant Bank™ firm, provides a comprehensive set of products and services to help our clients realize their Intellectual Capital Equity® value as well as to manage systemic risk which may threaten these same assets or their benefit for stakeholders.

Ocean Tomo offers specialist valuation services and solutions for law firms, financial services, energy, commodity, and corporate clients. We value financial assets and liabilities across the balance sheet spectrum and offer independent portfolio and asset/transaction level valuations.

Ocean Tomo utilizes and deploys best in class and audit compliant valuation analytic tools. We offer fully outsourced, engagement specific valuation support that allows clients to take advantage of our competitively priced shared services model.

Our valuation resources include quantitative professionals with alternative investment and banking and quantitative modeling backgrounds. Our team of technical accounting and corporate finance professionals has deep experience in valuing financial instruments, investments, and illiquid portfolios.

### Complex Financial Instrument Valuation Services:

- Fair valuations for financial & tax reporting purposes
- Portfolio valuation services
- Fairness and solvency valuations
- Opinion, positive assurance valuations for fund managers and LPs, PE sponsors
- Expert support for law firms
- Advisory pre-acquisitions and for dispositions
- Valuations for regulatory compliance
- Development and review of policies, procedures, processes and controls
- Treasury support services

## Our Clients

### Law Firms

### Financial Institutions

Regulated banks  
Challenger banks, emerging finance  
FinTech companies  
PE investment firms  
Funds and fund managers  
Exchanges, broker dealers  
Credit institutions, deposit takers  
Asset & wealth management firms  
Insurers

### Multinational Corporations

### Energy & Commodity Firms

Energy, metals, agricultural commodity trading firms, merchandisers  
Investment firms  
Producers and processors  
Power and gas utilities, marketers, retail and wholesale suppliers  
Oil and gas, refineries, NGL firms  
Renewable energy firms

### Regulators

### Auditors

## Services by Client Category

### Law Firms

Commercial litigation and disputes support for:

- Derivative & financial securities
- Structured finance, energy transactions
- Alternative investments
- Commodity and energy portfolios

Transaction advisory support

Bankruptcy & financial distress valuations

Recovery & resolution support

Acquisitions and dispositions due diligence

Regulatory enforcement support

Valuation, structuring analytics and tools

### Energy & Commodity Companies

Valuations for structured commodity transactions derivative and physical hedges physical assets

Advisory for acquisitions and dispositions

### Financial Institutions

Net asset value appraisals, measurement

Fair valuations for US/UK GAAP, IFRS

Portfolio valuations for all liquid and illiquid balance sheet assets, securities

Opinion, positive assurance, third party valuations for GPs, LPs

Outsourced services

Valuation analytics and solutions build

Acquisitions, dispositions, transaction support

Stress test, scenario assessment valuations

Valuation governance review, review of policies, procedures

Model review and remediation

### Corporations

Debt and derivative valuations

Treasury portfolio reviews

Valuations for corporate loans and securities

Employee incentive program valuations

## Featured Engagements

### Portfolio Valuations – Alternative Asset Manager

A portfolio of illiquid private placement loans and securities; credit contingent swaps and synthetic collateralized debt obligations, needed to be independently valued for the alternative asset management division of a leading insurance firm. We built bespoke valuation models for each of the underlying asset classes. Analytic models supported valuations reporting monthly and quarterly, to the finance and controllership teams. Repeatable data analytics powered valuations implied that the initial investment made by the client paid for itself along a falling cost curve.

### Commodity Portfolio Valuations – Fund Manager

A fund manager required outsourced portfolio valuations for a portfolio of commodity derivatives, and structured commodity trades. The underlying commodity assets included crude oil and oil products, natural gas, power, precious and base metals, and agricultural products. We set up valuation processes and tools to support a bi-monthly independent valuation report. The process supported on-demand intra-month valuations. The valuation governance processes of the firm were enhanced with additional documentation and control enhancements. The client was able to save significantly on costs related to the onboarding of systems, personnel, and controls by outsourcing 'commodity' portfolio valuations.

### Recovery and Resolution Valuations – Banking

Federal Reserve examiners reviewed Comprehensive Capital Analysis and Review (CCAR), and Dodd-Frank Act Stress Test (DFAST), processes related to Dodd-Frank regulatory compliance, of a large US Bank that was a systematically important financial institution (SIFI). The Fed review concluded that the bank needed to re-assess its stressed valuation scenarios, enhance its living will and recovery, resolution process documentation. The work involved coordination with credit, risk, and finance teams responsible for booking the trades along with the commercial groups originating the transactions. A review was conducted with the bank's economists and pricing quants to assess the integrity of the stress scenarios. Documentation related to the stress testing and recovery and resolution scenarios was enhanced. After conducting independent valuations, detailed reports by loan portfolio were created. This assisted the bank in re-submitting a CCAR and DFAST recovery and resolution plan to the Federal reserve later that year.

### Distressed Valuations – Banking

The European Union (EU) Single Resolution Board issued bids for the procurement of advice and assistance on economic and financial valuation' services to various legal and financial advisory consulting firms. The engagement involved reviewing and enhancing documented recovery and resolution options for a distressed Cypriot bank. It required a reconciliation of the bank's portfolio valuations to market values, to assess the regulatory capital injection needed to keep the bank solvent. A quarterly balance sheet valuation reporting process was put in place for the board of directors of the bank, and the regulatory authorities coordinating with the bank. Market valuations and portfolio assessments helped identify assets that could be sold to alleviate capital injection needs. Legal partners were supplied with stress and scenario valuations, and documentation on the underlying assets and valuation methodologies utilized.



#### CONTACT

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Manish Das is a Managing Director at Ocean Tomo. He provides valuation services for Complex Financial Instruments; and Risk & Regulatory Compliance advisory for law firms, financial services, energy & commodity firms, and the corporate sector. Over the past 20 years, Mr. Das has worked as a global head of valuation, risk, and regulatory analytics, across premier financial institutions and consulting firms. He has advised the Board of Directors and C-Suites of regulated banks, asset managers, funds and PE firms. He has assisted clients and regulators remediate enterprise risk, valuation, model, regulatory capital, liquidity, and compliance issues. He has provided forensic valuation and risk analytic support within corporate litigation and regulatory enforcement engagements, and support for expert testimony.



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## About Ocean Tomo

Ocean Tomo, the Intellectual Capital Merchant Banc<sup>™</sup> firm, provides companies with financial services related to intellectual property and intangible assets including financial expert testimony, intellectual property and complex financial instrument valuation, strategy consulting, risk and regulatory compliance, patent analytics, investment advisory, innovation management consulting and transaction brokerage.

Our Opinion, Management, and Advisory Services are built upon more than three decades of experience valuating intellectual property in the most rigorous of venues – State, Federal and international courts. Our financial, market and technical experts provide a unique understanding of the contributory value of proprietary innovation. This is the cornerstone of our business. This insight permeates every practice and client engagement.

Collectively, Ocean Tomo professionals have:

- Completed over 1000 engagements involving IP worth in excess of \$10 billion including over 300 valuation and 500 financial damages expert testimony engagements;
- Successfully closed hundreds of IP sale transactions with a cumulative transaction value well in excess of \$750 million;
- Served as a trusted advisor involving the biggest IP transactions in history;
- Originated more successful IP monetization solutions than any other firm, including creation of the world's oldest and most successful live patent auction.

Our track record of results spans more than 100 different industry segments. Because our past success provides the best indication of our capabilities, we are proud to feature a few representative engagements and encourage potential clients to seek references from past clients.

Headquartered in Chicago, Ocean Tomo has offices in Greenwich, Houston and San Francisco. Subsidiaries of Ocean Tomo include: Ocean Tomo Investment Group, LLC, a licensed broker-dealer under Federal and State securities law (brokercheck.finra.org Broker Check CRD #: 172912); OTI Data Networks, LLC and Patent Marking, LLC.

Ocean Tomo assists clients – corporations, law firms, governments and institutional investors – in realizing Intellectual Capital Equity<sup>®</sup> value broadly defined.

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