

OCEAN TOMO

# OCEAN TOMO 300<sup>®</sup> PATENT INDEX METHODOLOGY



## 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.



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The Ocean Tomo 300<sup>®</sup> 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 maintenance value to book value ratio as determined by Ocean Tomo, LLC. 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

Potential Index constituents include all equities trading on major U.S. exchanges that are among the 1,000 most liquid securities.

1. The potential Index constituents are then narrowed to a universe of companies that own patents.
2. The patent-owning companies are divided into 50 style and size groups with the highest patent value to book value ratio. Each group contains an approximately equal number of patent-owning companies.
3. 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.
4. The six highest ranking stocks in each group are selected (resulting in a total of 300 stocks) and are weighted by market capitalization.

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## About Ocean Tomo

Ocean Tomo LLC provides Expert Opinion, Management Consulting, and Advisory services focused on matters involving intellectual property (IP) and other intangible assets. Practice offerings address economic damage calculations and testimony; business licensing strategy and contract interpretation; trade secret reasonable measures; asset and business valuation; strategy and risk management consulting; merger and acquisition advisory; debt and equity private placement; and IP brokerage.

Ocean Tomo experts are routinely qualified in U.S. District Courts, U.S. Bankruptcy Courts, U.S. Tax Court, U.S. Court of Federal Claims, state courts, the U.S. Patent and Trademark Office Patent Trial and Appeal Board, international courts, and arbitration tribunals on questions relating to intellectual property economics. The firm's professionals have provided expert opinions on IP valuation, reasonable royalty, lost profits, price erosion, commercial success, corrective advertising, creditor allocations, Hatch-Waxman Act market exclusivity, business licensing terms including RAND obligations, venture financing, and equities of a potential injunction. The firm's experience extends to general business valuation and commercial disputes, domestic and foreign, as well as policy issues affecting international technology transfer and economic matters before the International Trade Commission.

Intangible assets comprise 90 percent of business value but are also subject to significant impairment due to enterprise and regulatory compliance risk. Our services are built upon more than three decades of experience assessing intellectual property in the most rigorous of venues. Our financial, market, scientific, and technical experts have deep experience with tangible and intangible assets protected by intellectual property. We bring a unique understanding of the contributory value of proprietary innovation to every engagement. This is the cornerstone of our business.

Subsidiaries of the firm include Ocean Tomo Investments Group, LLC, a registered broker-dealer. As a part of J.S. Held, Ocean Tomo works alongside more than 1500 professionals globally and 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 global consultancy providing technical, scientific, and financial expertise across all assets and value at risk. Our professionals serve as trusted advisors to organizations facing high-stakes events demanding urgent attention, staunch integrity, clear-cut analysis, and an understanding of both tangible and intangible assets. The firm provides a comprehensive suite of products, data, and services that enable clients across industries to navigate complex, contentious, and often catastrophic situations.

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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