

OCEAN TOMO

# INVESTMENTS



Ocean Tomo Investments uses its knowledge from valuing intangible assets to identify and capitalize on the growing importance of intellectual property (IP) as a distinct asset class. Ocean Tomo produces valuable offerings for the market place to take advantage of the inefficiencies of the IP asset class.

## Investment Banking

Ocean Tomo Investment Banking (OTIB) provides IP-based services and products to corporations rich in intangible assets who are looking for non-traditional ways to approach their structural, capital and strategic issues. As the value of corporations increasingly becomes a function of their IP value, Ocean Tomo's Investment Banking services will remain at the forefront of value extraction, monetization and maximization.

### ADVISORY

OTIB provides advisory services in connection with a wide range of strategic financial matters. These services are grounded by Ocean Tomo's ability to value IP from a bottom-up qualitative perspective, as well as from top-down quantitative methodologies. OTIB advisory services facilitate strategic IP-driven transactions, mergers and acquisitions, IP portfolio optimization and rationalization and competitive positioning.

### FINANCING

#### IP COLLATERALIZED DEBT

OTIB provides financing for corporations who elect to use their IP to collateralize debt obligations. Ocean Tomo will value the IP and find financing sources that will rely on those valuations to extend credit. Capital comes from our network of relationships with commercial banks, private investment vehicles and other financial sponsors.

#### SALE/LICENSE-BACK

OTIB employs a sale/license-back (SLB) structure to help corporations monetize their IP without any associated business interruption. Through the SLB, OTIB facilitates the purchase of technology-based patents and related IP held by the client. The purchaser simultaneously enters into a non-exclusive agreement on a field-of-use basis for a fixed term and fixed amount to license-back those rights needed by the original patent owner to continue to operate. In some cases, the selling patent owner can participate in additional licensing revenues developed by the purchaser, further contributing to the seller's revenue.

### CAPITAL MARKETS

#### SECURITIZATIONS

The number of securitizations using IP as the underlying asset has increased significantly. This is a result of companies leveraging their IP royalty cash flows into collateral to achieve a lower cost of funding. OTIB facilitates IP securitizations by acting as a Special Servicer or Back-Up IP manager capable of understanding, managing and liquidating the IP assets in the case of an issuer default or other event of distress. Acting in this manner, OTIB satisfies the unique concerns of bond holders and rating agencies. OTIB served as the Special Servicer to the largest IP securitization completed to date.

## RESTRUCTURING

OTIB acts as a special IP advisor in corporate restructurings and liquidations. Ocean Tomo, using its quantitative processes applied to its database of global patent owners, finds counter-parties for 363 sales of IP rights. OTIB also employs the SLB structure discussed above as an alternative to debtor in possession DIP loans. SLBs are superior to DIP loans since they bring cash to the balance sheet without subordinating existing creditors.

## Asset Management

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. All quantitative products employ Ocean Tomo's team of investment, valuation, analytics and consulting experts.

### RETAIL INVESTOR PRODUCTS

#### OCEAN TOMO 300® PATENT INDEX

The Ocean Tomo 300® Patent Index (NYSE Euronext: OTPAT) was 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.

#### 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 IPXI, 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 greater information ratio.

### 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 were generally down 18%. Each of these generated market measures with significantly higher volatility.

#### SPECIAL SITUATIONS

OTAM's Special Situations team invests in unique arbitrage opportunities as they relate to qualitative IP valuation.

### 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 and low correlation).

## Research

Ocean Tomo's Investment practice offers two types of investment research: long-term research support to fundamental investment groups looking to add IP insight into their alpha generating processes and special situations research support to investment groups looking to execute specific trades where IP is the driving catalyst. Fundamental IP research integrates quantitative and qualitative methods to identify competitive positions made defensible by IP or the ability to drive enhance returns through more efficient utilization of IP portfolios. Special situations research supports IP-based change of control, activist, distressed, patent arbitrage and litigation outcome investing. Ocean Tomo combines almost 20 years of hedge fund investing experience with more than 25 years of IP valuation experience to develop its unique research product.



### 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

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 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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