

# ARIAD

ASSET MANAGEMENT

## ARIAD Patent Equity Strategy Profit from Intellectual Property



## Background of the Strategy

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# Executive Summary

## Intellectual Property

### ✓ Relevance

- Intangible assets account for the majority (>80%) of the market capitalisation of S&P500 companies
- Patent applications tripled in the last 3 decades
- Products becoming more complex, building upon many patents
- Licensing income from patents becoming more important

### Scientifically Validated Connection to Company Success

- Patents protect innovations
- Patents increase: *company value*  
*revenue*  
*overall profitability*

## Patent Data Processing

- Standardised, but complex patent information on various complex processes as a basis
- Is made usable from a database technical point of view (prepared, cleaned and correctly assigned)
- Calculation of scientifically based patent indicators
- The ARIAD company universe is made smaller by means of filter processes
- Universe basis:  
company (mkt. cap. > €200 million) from "MSCI Developed Countries"

## Outperformance from micro, small & mid cap „hidden champions“

- Main sectors: industry, health/pharmaceuticals and technology
- Many candidates for inclusion "identified" at an early stage

Since the start of 2015, the ARIAD Patent Equity Strategy has also been very successfully implemented in a **mutual fund**.

## Background & the Strategy

Put the future in your portfolio – today

# PATENT LICENSE AGREEMENT

This patent license agreement (hereinafter referred to as the "AGREEMENT"), is made and entered into by and between .....  
..... a corporation existing and organized under the laws of  
..... its principal place of business .....

..... is an actual or potential smart card competitor of LICENSOR  
..... and on behalf of its AFFILIATED

# Intellectual Property as Indicator

What do these 37 companies have in **common**?



1. Takeover candidates



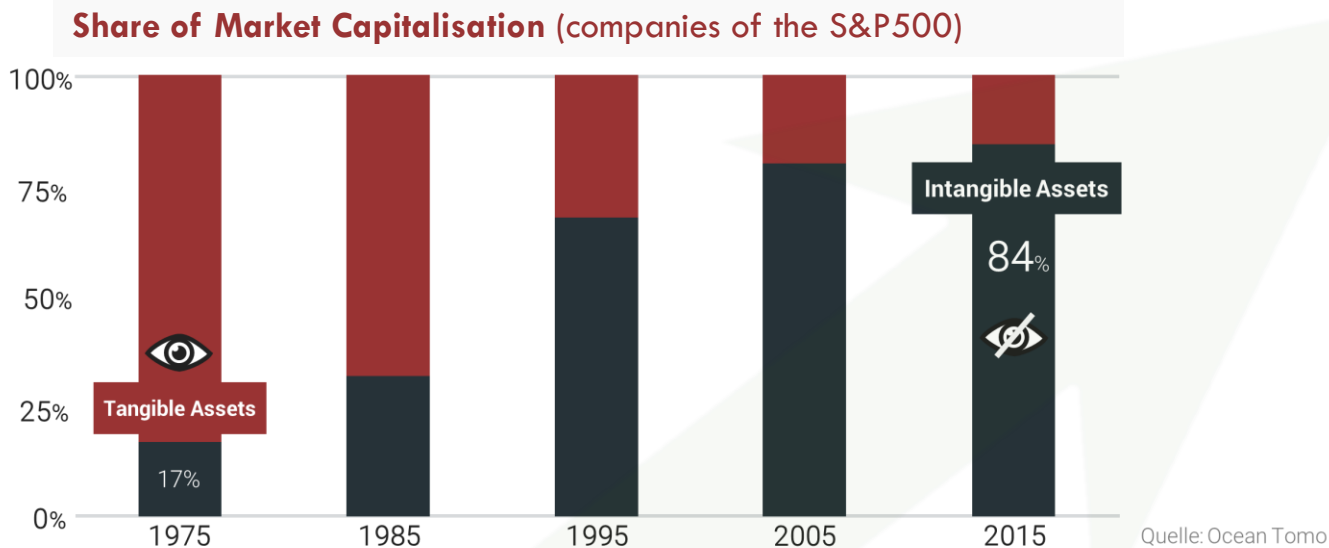
2. Technological sector leaders

Leadership protected by patents



3. In our portfolio before takeover

# Intellectual Property is highly relevant



## Reasons for the growing relevance

- 1. Complex products**  
... based on many patents.
- 2. Emerging economies**  
... in eastern Asia are seeking industrial property rights.
- 3. Patent infringement suits**  
... in recent years ensure a more effective use of industrial property rights.
- 4. Licensing income**  
... is becoming increasingly important.

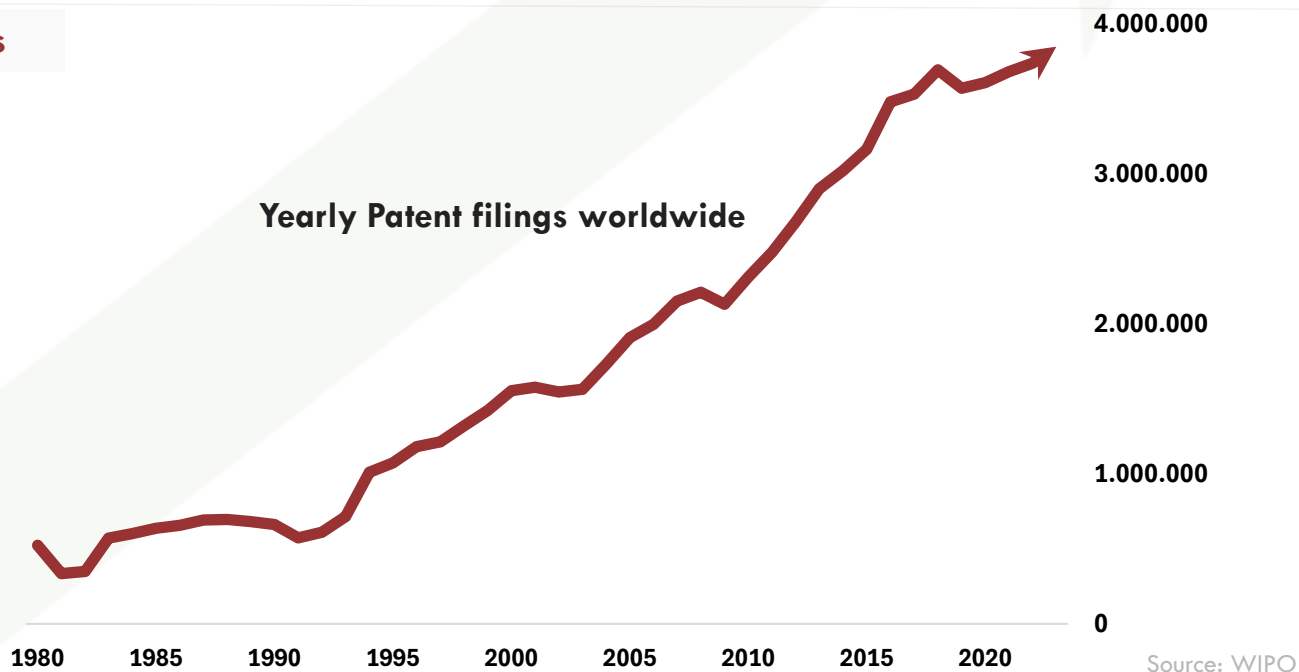
### Company IBM:

- 1990: USD 30 million
- 2017: USD **1,193** million

## Top-Innovators

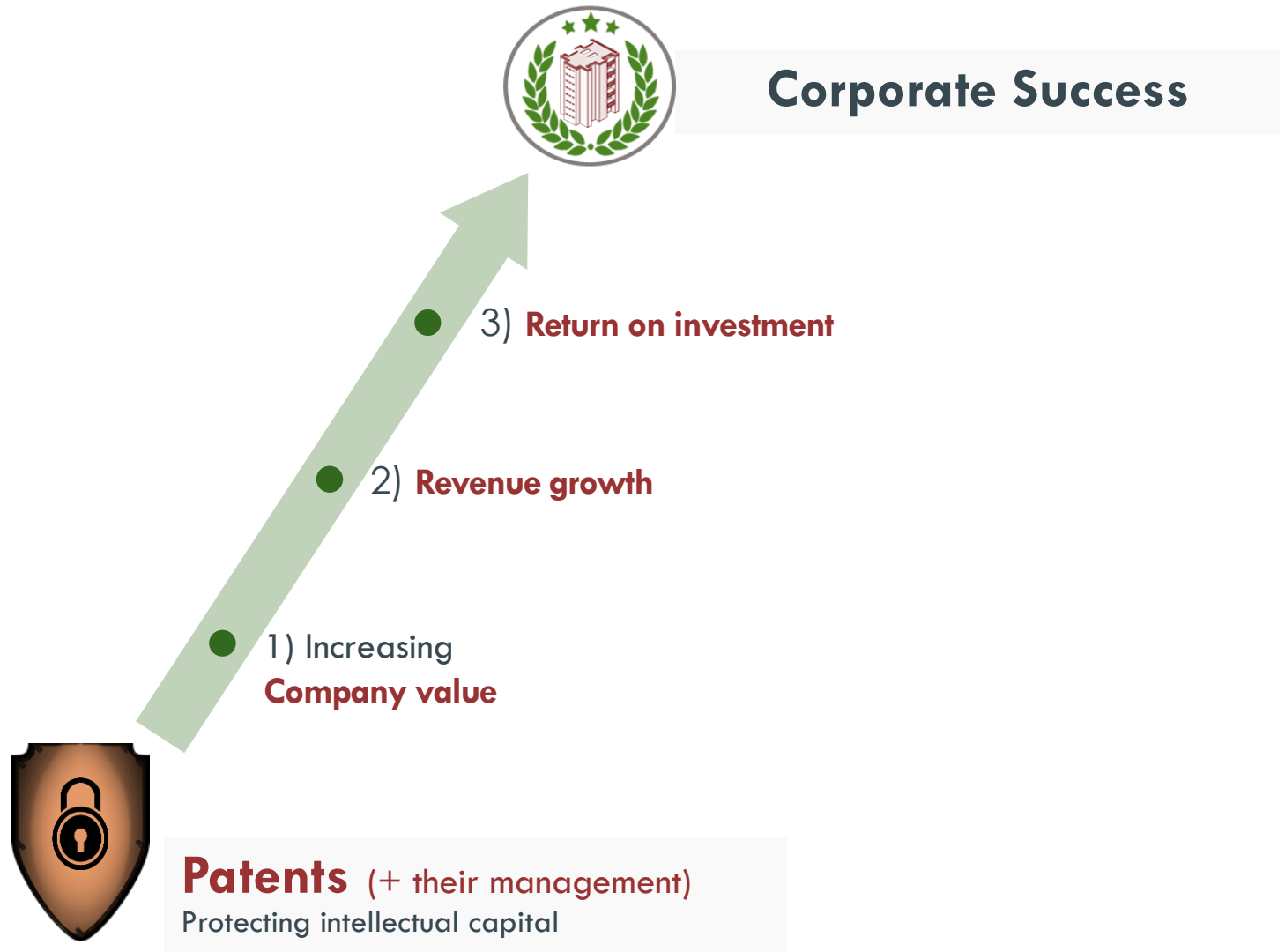


## Yearly Patent filings worldwide



# Patents protect Innovations

... and have a scientifically validated.  
**positive influence on a company's success.**



## Scientific confirmation

- 1) Tobin (1969); Wernerfelt u. Montgomery (1988); Lang und Stolz (1994); Bosworth u. Rogers (2001), Lee u. Grewal (2004); ...
- 2) Powell u. Dent-Micallef (1997); Spanos u. Lioukas (2001); Baum u. Wally (2003); Wiklund u. Shepherd (2003); Desarbo et al. (2005); ...
- 3) Penner-Han u. Shaver (1995); Baum u. Wally (2003); De Carolis (2003); Tanriverdi u. Venkatraman (2005) ; ...

## ... also of the ARIAD patent approach!



**Prof. Dr. Houdou Basse Mama**  
ESCP Europe (Berlin Campus)

*"Innovative efficiency and stock returns: Should we care about nonlinearity?" – Finance Research Letters (2017)*



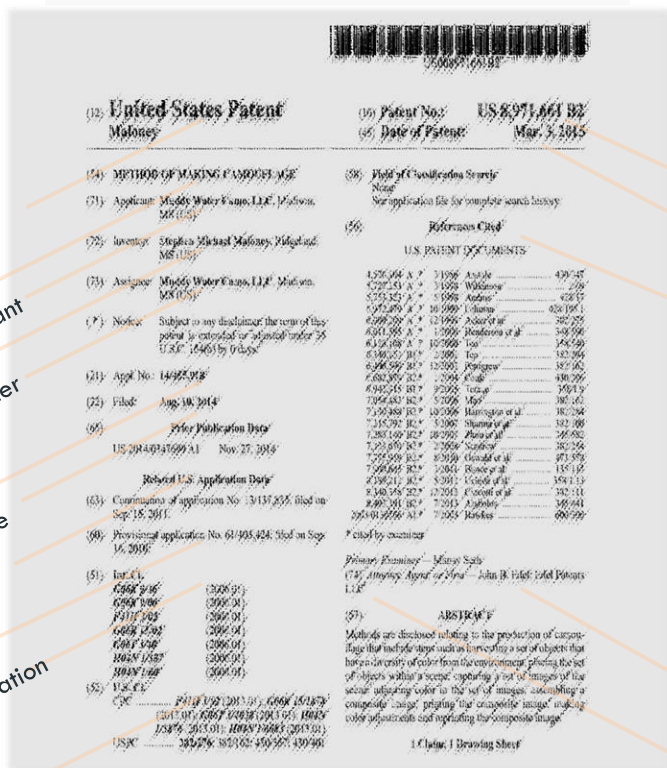
**Close cooperation**



**ARIAD patent approach & data**  
... scientifically verified

# How Patents can be analysed

**Patent specifications**  
... offer **standardised, complete & up-to-date** information



- Name of invention
- Inventor
- Owner
- Registry number
- Registry date
- Registry information
- Information about involved patents
- International Patent Classification
- National Patent Classification

- Patent number & description
- Date of publication
- Research area
- Citations
- Patent attorney
- Summary

## Countless Variables

Von (10) Patent designation [...]

...über (50) technical data[...]

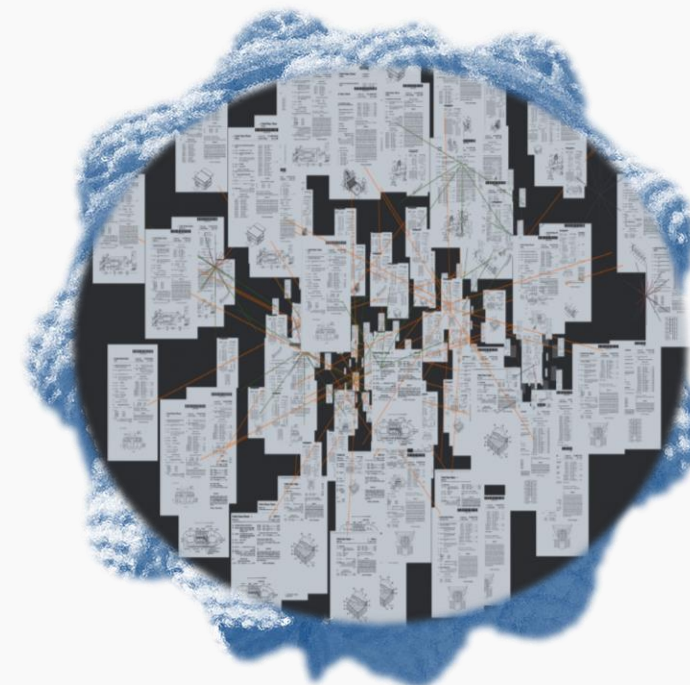
... bis (98) [...] application-date for the extension of the duration [...]

## Big-Data Chaos

Patents are practically never stand-alone. They **form a network** of forward and backward citations, contradictions and superior patent families.

In combination with the countless variables of a single patent specification, this results in a jumble of information: **Big Data Chaos.**

**The challenge is to make this information usable.**



# From Patents to the Patent Equity Strategy

## Leveraging Big Data to drive investment returns

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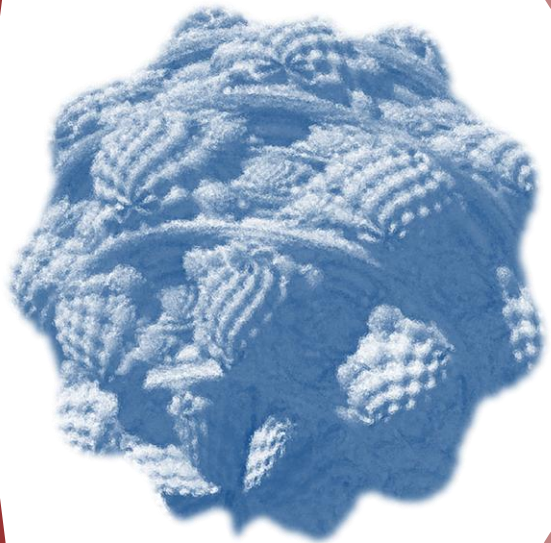
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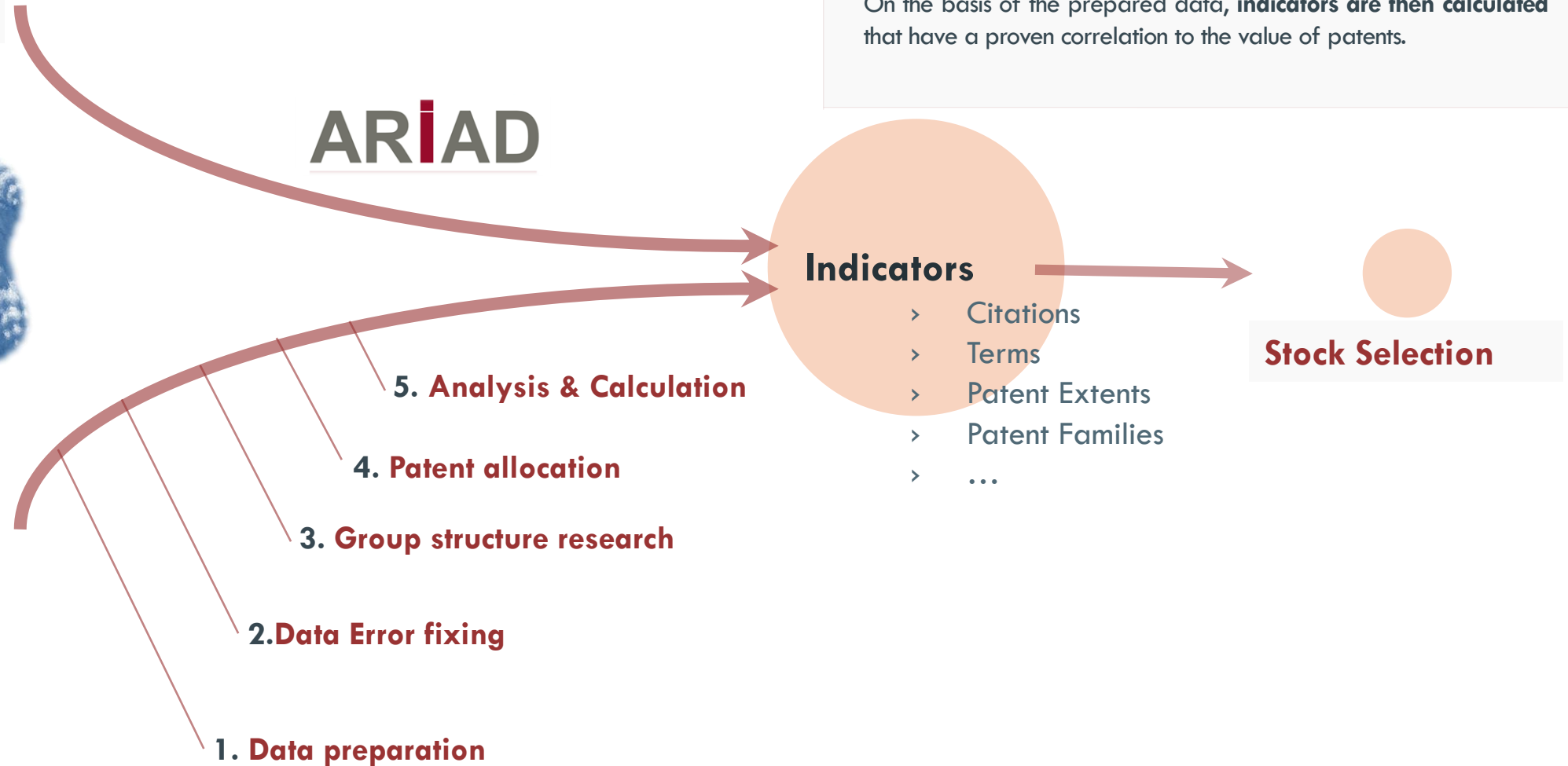
# Making Patent Information usable

„Big Data“-Chaos

= Information-Overkill



ARIAD

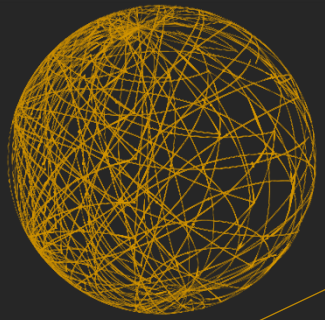


## From patent data to patent indicators

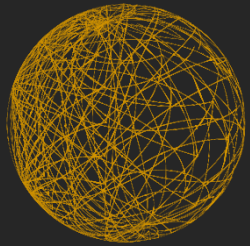
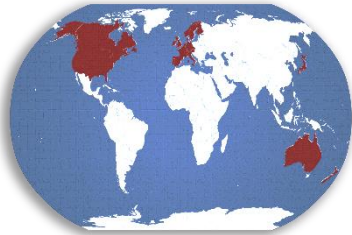
Using various complex **processes (1.-5.)** the patent information is made usable from a technical database point of view, prepared, cleaned and correctly assigned. Here, the **Group Structure Research** in particular is very time-consuming, since, for example, Siemens alone has more than 600 different subsidiaries with patents.

On the basis of the prepared data, **indicators are then calculated** that have a proven correlation to the value of patents.

# The global ARIAD Patent-Universe



**#1: Industrialized Countries**  
+according to the definition of MSCI  
+ additional filter (freefloat, marketcap)



**#2: Sectors with high patent activity**



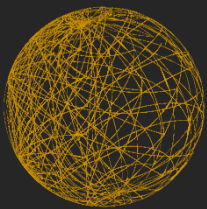
Utilities



Logistics



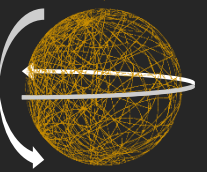
Raw Materials



**#3: Patent portfolio-ranking**

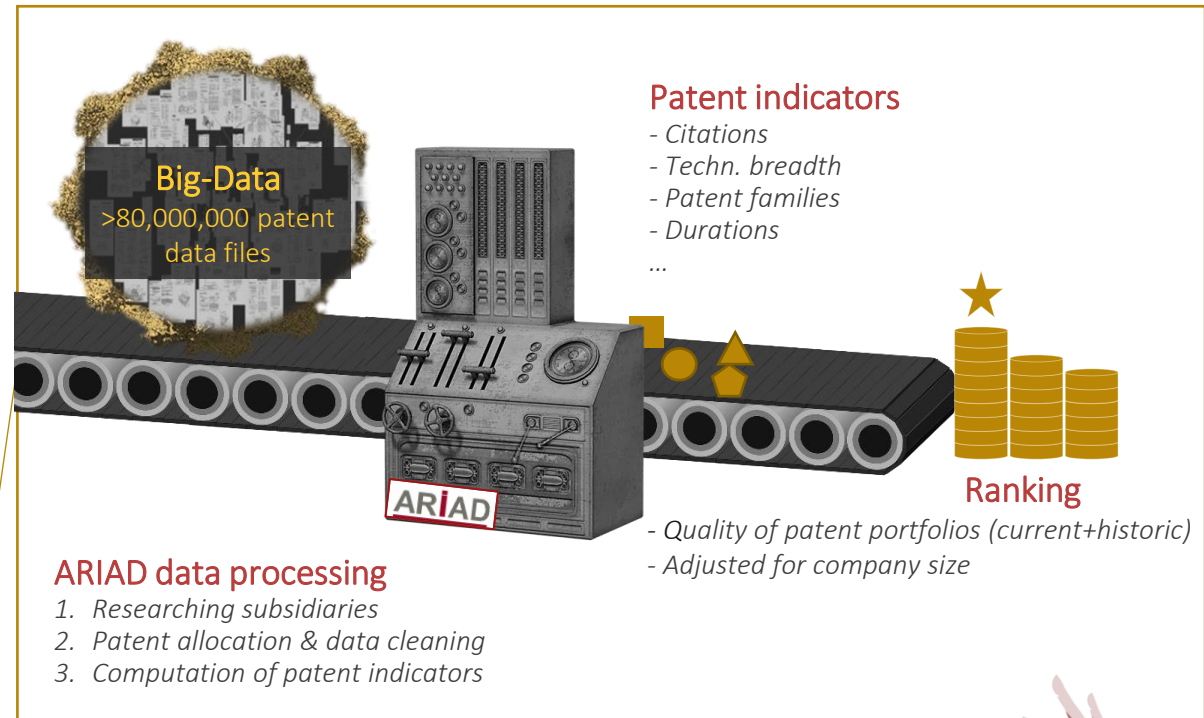
- ✓ Most innovative companies
- ✓ Mainly micro-, small- und midcap
- ✓ Focus: USA, Japan, Europe

Yearly ranking



Quarterly rebalancing

ARIAD Patent-Universe



**#4: Selection process**

- ✓ Investment in **about 100 companies** with highest ranking
- ✓ Consideration of **fundamental and technical data**
- ✓ **No orientation on any benchmark**



# The Strategy at a Glance

- Companies with a **high-quality patent portfolio** receive investment. (mainly small/midcaps)
- Positive side effect: above-average number of **candidates for takeover** in the portfolio - before takeover offers are known on the market.
- Regionally, the investments concentrate on **USA** and **Japan/Pacific** alongside the main focus of **Europe**.
- The main focus of the selection process is the **systematic quality evaluation of the patent portfolio** using many scientifically validated indicators.
- The **selection of regions and sectors** is determined by the quality of the patent portfolio.
- **High degree of diversification.** (approx. 100 titles in the portfolio)
- **Items are held in the medium to long term.**
- Adaptation according to ranking
  - "Opportunistic" transactions possible during the year
  - No currency hedging

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the "Parties".



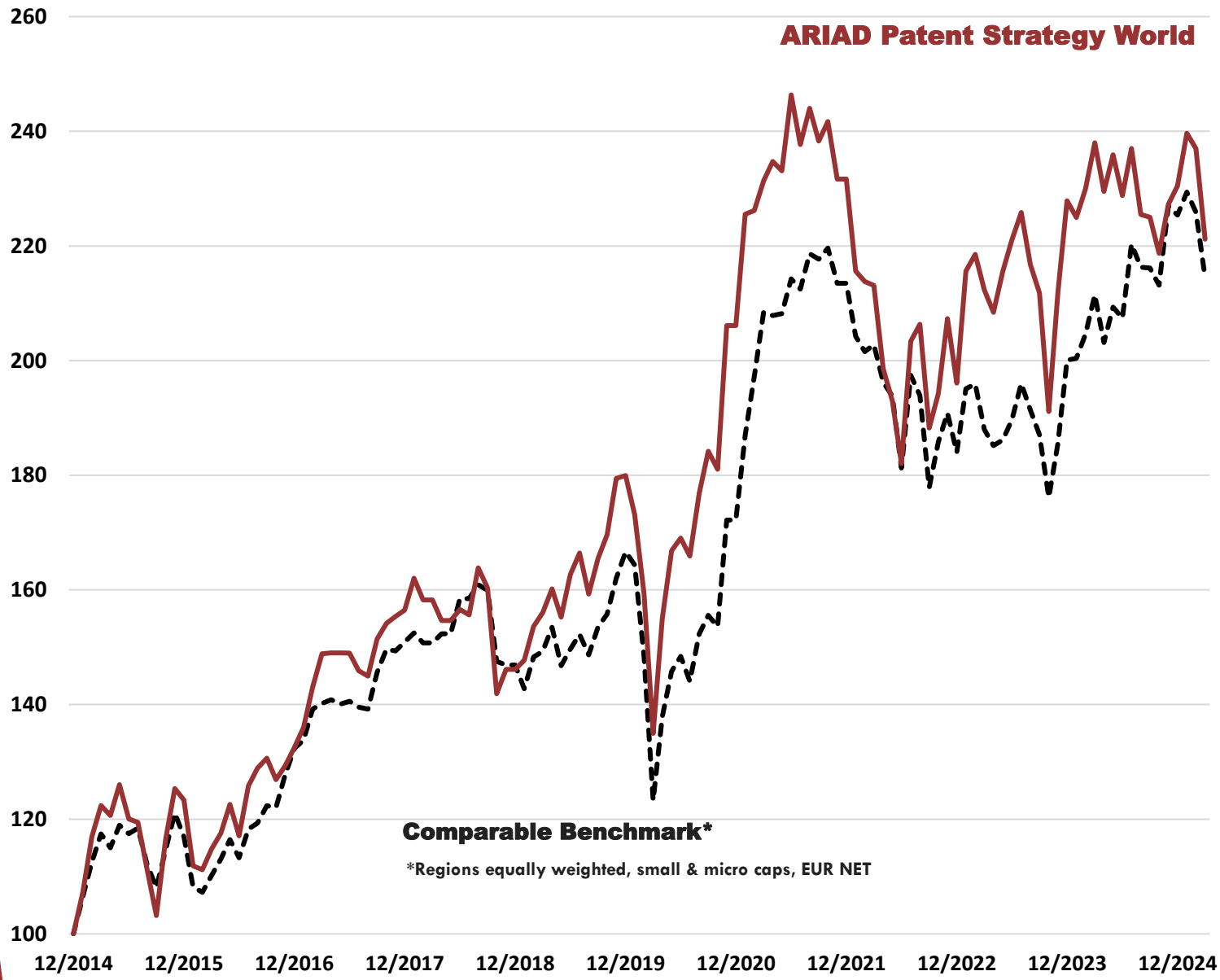
## Results of the Strategy:

Outperformance, especially by small & mid cap stocks

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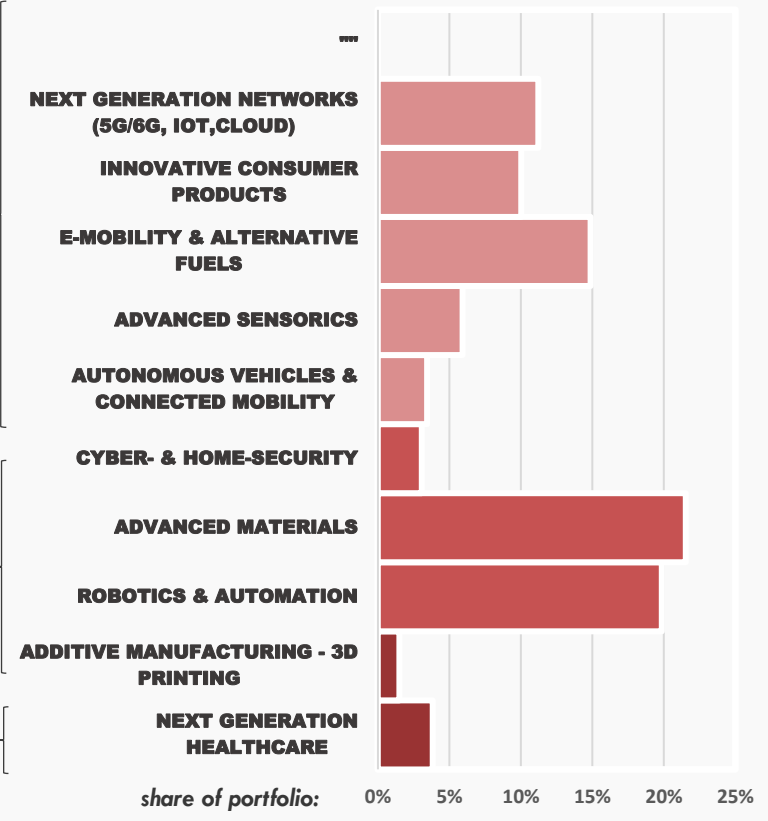
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# Performance of the „World“ Patent Strategy: Multiple Track Records Prove the Added Value



## TECHNOLOGY LEADERS IN MEGATRENDS IDENTIFIED BY PATENT DATA

NextGen Healthcare  
Smart Industry  
Digitalization of Everything



**Global Equities Small&Midcap**  
**rank 1:** 1-year performance  
**rank 2:** 3-year performance  
**rank 2:** 5-year performance

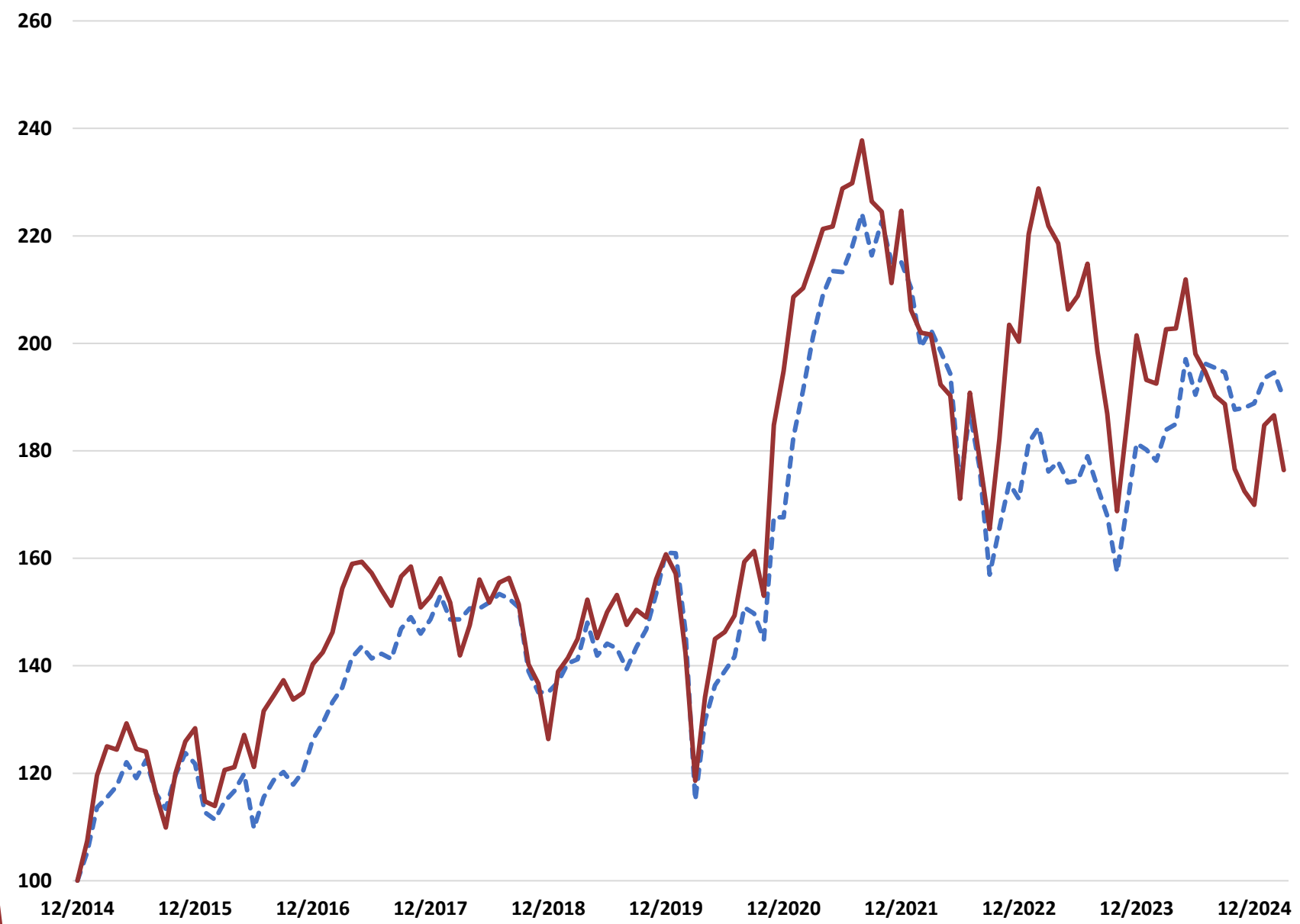
Awarded to the **Monega ARIAD Innovation R** that is based on ARIADs Patent Strategy

Quelle: ARIAD - Updated 03/31/2025

# Region Europe



Main Sector - Industry



**ARIAD Patent Strategy Europe**  
*(Carve-Out)*

**Comparable Benchmark\***

\*Europe, small & micro caps, EUR NET

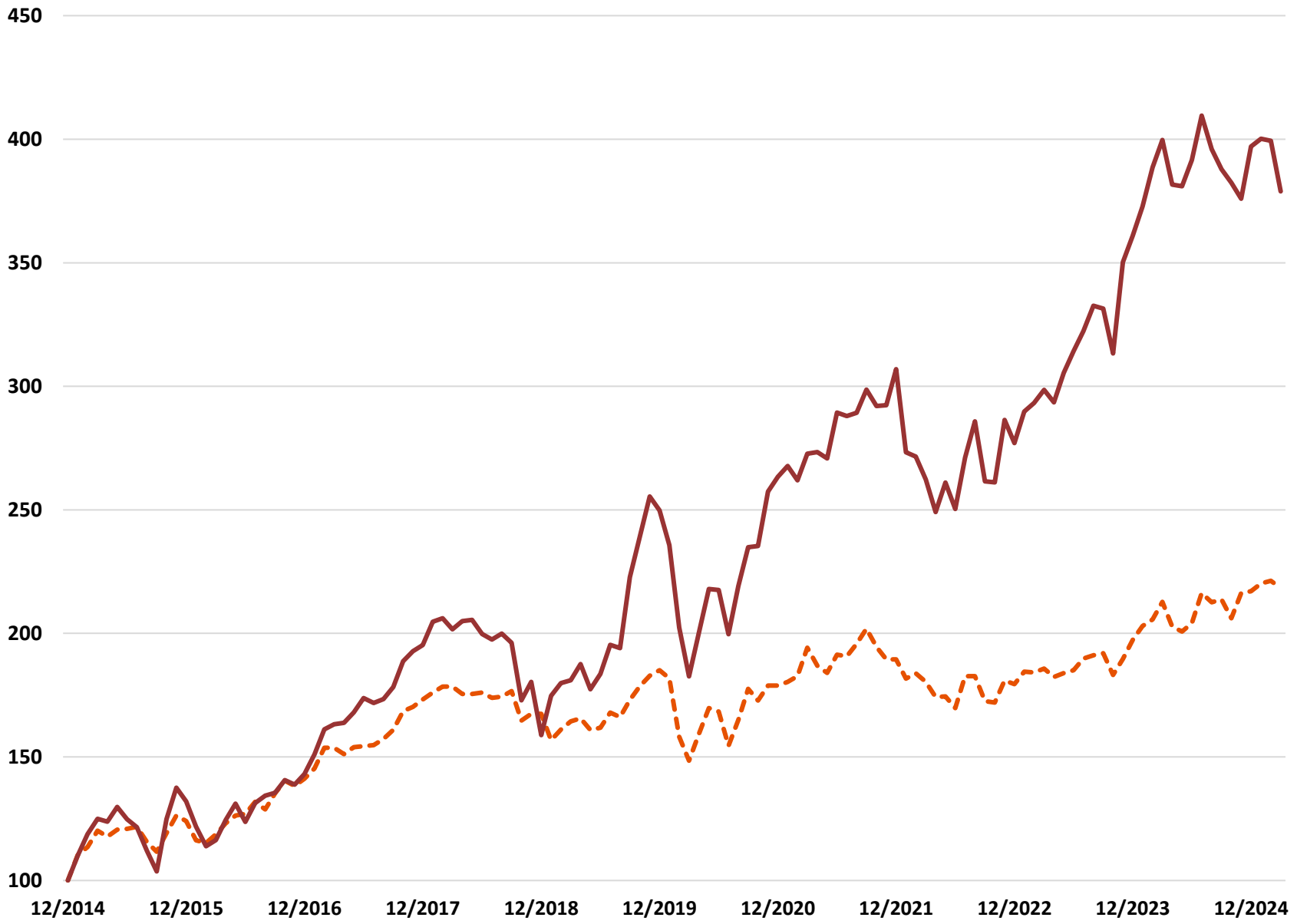
Including transaction costs  
Source: ARIAD - 03/31/2025

# Region Japan/Pacific



Main Sector - Industry

## ARIAD Patent Strategy Japan (Carve-Out)

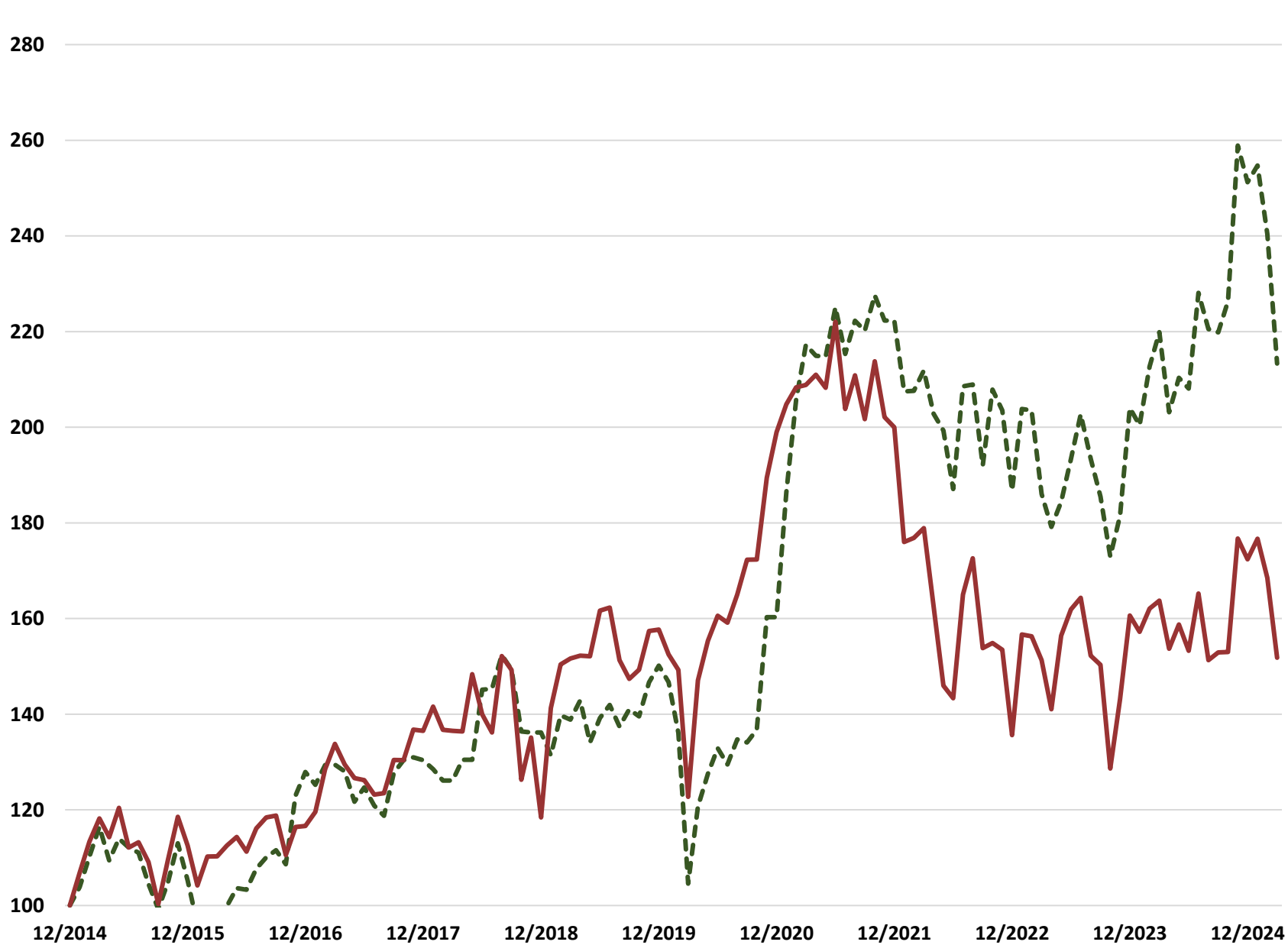


### Comparable Benchmark\*

\*Japan, small & micro caps, EUR NET

Including transaction costs  
Source: ARIAD - 03/31/2025

# Region North America



Main Sector - Biotech & Tech



**Comparable Benchmark\***

\*USA, small & micro caps, EUR NET

**ARIAD Patent Strategy North America  
(Carve-Out)**

Including transaction costs

Source: ARIAD - 03/31/2025



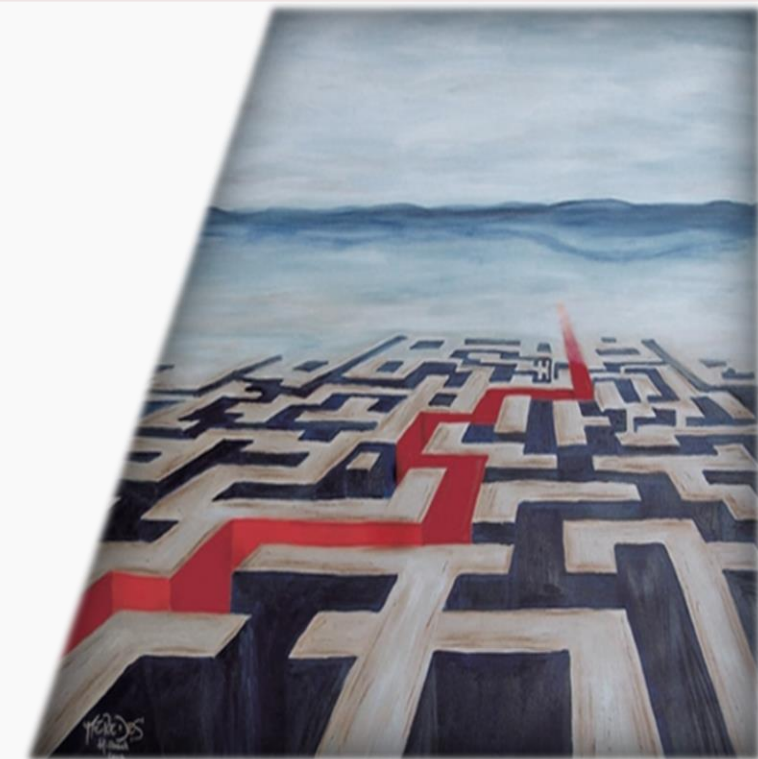
# Further Information

The ARIAD Patent Equity Strategy :  
has been fully implemented in a **mutual fund** since 2015:

**Monega ARIAD Innovation** (WKN 532102)

[www.monega.de](http://www.monega.de)

As an institutional investor you can **register for a monthly update**  
on the strategy at [www.ariad.de](http://www.ariad.de) .



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