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TORREY PINES

No Lifeguard On Duty
KEEP OFF

NO
LIFEGUARD ON DUTY

NO ALCOHOL	NO SMOKING	NO SLEEPING	NO SUNBATHING	NO SWIMMING

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TORREY PINES

VOYANT
ADVISORS

*Tomorrow's investment
uncertainty, discovered today.*



Voyant Advisors combines expertise in forensic accounting and investigative analysis with extensive equity research experience to offer clients a unique perspective on publicly traded equities. Since 2007, Voyant has specialized in the early identification of working capital deterioration, heightened accounting risk and fundamental business challenges prior to widespread recognition by the investing community. Voyant has conducted comprehensive analysis of U.S. and internationally listed companies with expertise in companies operating in the consumer, technology, media, telecommunication, industrial, and healthcare sectors.



About Us

We specialize in four core services...

1 Portfolio Analytics

The early identification of investment risks within client portfolios

2 Bespoke Research

In depth research projects leveraging the full breadth of our analytical process

3 Accounting Expertise

Consulting on complex accounting policy decisions and risk assessment of potential latent accounting irregularities

4 Management Meeting Preparation

Constructing an effective line of questioning or participating on client conference calls with company management to ensure specific risk factors are addressed

Consistent high quality research and forensic accounting to sustain long-term client relationships.

Our client base includes some of the world's largest and most respected asset managers, to whom we offer our unique and valuable analytical perspective. We work with traditional equity managers, hedge funds, private equity funds, and corporate development executives to help them better understand their investments or prospective investments through our independent viewpoint. We also advise and provide analysis for law firms across several practice areas. Our team of experienced former auditors and equity research analysts employs a differentiated research process that routinely uncovers investment risks that traditional investment research and accounting services often overlook.

Based in San Diego, Voyant Advisors has grown from an independent equity research firm into a full-service consulting organization with clients all over the world. Since its formation in 2007, Voyant has supported clients through addressing an unmet need in their investment process, and we are now highly regarded for the quality of our work and the contributions we have made to some of the most successful investors.



Our Approach

Proprietary Quantitative Models

Our models distill years of financial statements to find balance sheet abnormalities, measure asset quality, and unusual cash flow behavior.

Accounting Gimmickry

Corporate management teams under intense pressure to meet Wall Street's expectations routinely employ a wide range of "cosmetic" accounting deceptions to please investors. Earnings management techniques such as adjustments to reserve accounts and loss estimates, accounting policy changes, and increased cost capitalization can be buried in financial statements and are regularly overlooked by analysts. We specialize in identifying these situations, quantifying the degree to which management has obfuscated

weakness in their business, and assessing the likelihood of additional benefits.

Filings and Disclosures

Years of filings and disclosures are combed through to find information or changes that initially appear small or irrelevant, but upon further analysis may prove to be highly material.

Speaking with Management

Management possesses the most thorough knowledge of their company's financial position and operational health. Engaging with them is therefore a critical part of our process. We always attempt to communicate our concerns to the company in order to understand their perspective and their rationale for our areas of concern.

Internal Controls

Our extensive audit experience provides us with a unique ability to recognize internal control weakness. This area of our analysis is focused on the identification of deficiencies in the systems, processes, procedures, and personnel responsible for running the company. Internal controls can provide a lens into a company's fundamental health condition and operational efficiency.

Management Behavior

Studying management's insider trading history and understanding their compensation plans allows us to uncover anomalous executive behavioral signals that provides insight into earnings management incentives. We separate unusual



transactions from neutral signals and evaluate 10b5-1 trading plans for signs of opportunistic design, early exercising of deep-in-the-money options, unusual hedging transactions, and exercise-and-hold behavior.

Financial Statement Analysis

Historical financial statements paint a picture of a company's financial health, uninfluenced by the narratives crafted by investor relations. We ignore popular and subjective viewpoints, and instead focus on verifying every number in the financial statements. On the surface, numbers can be deceiving.

The Sport of Accounting

CFOs are sophisticated and highly skilled at using earnings

management techniques and maneuvers to deceive investors and distort the true financial strength of their company. Acquisitions, amongst other financially altering events, can create an accounting maze that we specialize in navigating.

Solving the Puzzle

Voyant has successfully demonstrated its advanced ability to combine the best of working capital analysis, forensic accounting and an appraisal of a company's fundamentals to identify unsustainable earnings qualities and outright fraudulent situations. Our team digs to the root of the issue to generate a truly valuable deliverable that complements our clients' internal research.

Our research team navigates through years of corporate financial statements and goes deep into the weeds of footnotes, proxy statement disclosures, and insider sales data to identify all potential red flags. The information is readily available, but we dig deeper and strive to process it differently than do other professionals in the industry.



Portfolio Analytics

*Strengthening
returns by avoiding
losses.*

Our portfolio risk analytics service provides asset managers with early identification of high-risk situations in their portfolios. We believe that heeding these red flags and repositioning a portfolio accordingly is a critical tool for preserving a client's track record and avoiding client defections. By running portfolio holdings through our proprietary models, we are able to identify early signs of unsustainable earnings. We assign a risk level to each portfolio holding, with those companies identified as moderate to high risk being subjected

to more thorough review by our analyst team. These findings are presented and explained in a timely report.

Even the most diligent investment process has gaps. These shortcomings allow us to provide value to portfolio managers. By offering additional risk oversight through the lens of an independent team that specializes in playing devil's advocate, we can help monitor positions and alert clients ahead of a detrimental earnings surprise.

*This service is best performed
on a quarterly basis.*



Bespoke **Projects**

& Reports

Investment risks that will surface tomorrow require an experienced team to identify them today.

Our bespoke project work is designed to take an investment idea of our client's choice through the complete scope of our research process and expertise. We apply a rigorous analytical approach to dissect a subject company's reporting history, financial statements, and disclosures and then triangulate our findings with fundamental and executive behavioral research to formulate a thesis. The results of this process are presented in a 15 to 30 page research report that details each key observation used to formulate our thesis.

Most investment teams don't have a group of accountants on staff, particularly a team of former auditors with extensive financial markets

experience. While several members of our team started their careers in public accounting as auditors or tax professionals, our team combines these abilities with our primary roles as equity research analysts. "Accountants" are typically backward-looking by nature, but our process uses historical information as an input to provide a forward-looking investment view.

A comprehensive examination of the subject company's financial statements and disclosures is presented to clients in an easy-to-understand format. We discuss every report with our clients, and the analyst team is available for all follow-up questions.



Accounting *Expertise*

Modeling a company's financials can be a complex process, particularly if unfamiliar accounting situations arise. Our clients often encounter acquisitions, internal control deficiencies, or tax issues that are not fully understood. When seasoned investors harbor suspicions that a given management is engaging in complex accounting

gimmickry, they may find themselves uncertain as to the proper analytical approach to such concerns. Our team's experience with these situations is leveraged to help clients sort through "the noise."

Having access to a team of accounting-focused equity research analysts saves time and avoids frustration during the research process. Upon request, we will examine the situation, provide a thorough review, and schedule a conference call to explain our analysis and the relevant accounting rules.

Clients often request that we assess situations such as the nature of a delayed filing with the SEC, timing of pending restatements, and the potential earnings impact of a restatement. This service also focuses on areas such as internal controls, information systems, audit committee quality, and management's financial expertise. Our comprehensive research framework provides clients with a thorough assessment of all accounting-related questions.

Management *Meeting Preparation*

The ability of corporate management teams to draw attention away from deteriorating situations or espouse a positive viewpoint on an area of significant concern can make management meetings frustrating and unproductive. Therefore, preparation for these engagements is vital in understanding a business as a potential or existing investment. We help clients prepare to ask the difficult

questions about the financial statements or nuances we find within disclosures. An effective line of questioning will steer management toward the core of a client's concerns, allowing an understanding of key issues before they affect an investment. We have years of experience navigating the prepackaged answers management often provides to pointed questions. Our analysts provide feedback on management's responses and assist in crafting effective follow-up questions.

Many sell-side analysts simply accept management's remarks and fail to ask the

difficult questions. This common practice diminishes the value of conventional investment research, particularly for investors who rely on these analysts to accurately forecast future results and to provide a comprehensive independent investment viewpoint. We specialize in formulating constructive lines of questioning that probe areas of a business that traditional sell-side analysts ignore. This service helps clients get to the root of issues that could have a major impact on their investments.

CONTACT US

to learn more about Voyant Advisors

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