

COMPLEX SECURITIES VALUATION



What We Offer: Services for Complex Securities Valuation

At Marshall & Stevens, our Financial Valuation & Consulting practice brings deep experience in providing independent value opinions for a broad spectrum of complex debt, equity, derivative and structured instruments. Our services include:

- Valuation of equity securities, warrants and options, SPAC warrants, limited partnership interests, carried interest arrangements, MIUs/RSUs/PIUs, SAFEs, PIPEs.
- Valuation of illiquid debt, convertible notes, fixed- and floating-rate liens, structured products, trade and bankruptcy claims.
- Valuation of bespoke derivatives, earnouts, forwards, swaps (credit, equity, interest rate, basis).
- Consulting for financial reporting under US GAAP and IFRS, including instruments governed by ASC 320, ASC 718, ASC 815, ASC 946 and IFRS 9/10/13.
- Strategic modeling & forecasting using methods such as Black-Scholes, synthetic credit analysis, binomial lattice and Monte Carlo simulation, where appropriate to guide critical decision-making.
- Advisory on portfolio and fund valuation matters, addressing illiquid financial instruments within investment funds, hedge funds, BDCs, endowments, pension funds and sovereign wealth funds.

Our Approach

At Marshall & Stevens, we believe a robust complex securities valuation requires more than applying a formula, it demands a disciplined, transparent process tailored to the instrument, the context, and the reporting/transaction purpose. Our approach is structured around the following steps:

Understanding the instrument and its economics

We begin by gaining a full understanding of the rights, obligations, payoff profile, liquidity, marketability and contractual features of the security or derivative in question. We assess how the instrument functions in the broader transaction, its place in the capital structure and how other claims or underlying assets affect its value.

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Determining the appropriate standard of value and framework

Depending on whether the valuation is for financial reporting, investment fund compliance, transaction advisory, tax or litigation, we select the appropriate standard (e.g., fair value, fair market value) and align with guidance such as ASC 320, ASC 815, ASC 946 or IFRS equivalents.

Selecting and executing valuation techniques

For complex securities, traditional methods (such as market or income approaches) may need to be supplemented with advanced techniques. We employ option-pricing models (Black-Scholes), lattice methods (binomial/trinomial), and simulation (Monte Carlo) when payoff structures, path-dependencies or embedded optionality demand them.

We reconcile results from multiple approaches, understand sensitivities and document assumptions and inputs with full rigor.

Transparent documentation and defensibility

Our deliverables are structured to withstand scrutiny from auditors, regulators, counsel and other stakeholders. We provide clear explanation of assumptions, disclosures of limitations, robust sensitivity analyses and framing of how value might change under alternate scenarios. Throughout the process, we tailor our work to meet the timeline, purpose and reporting obligations of our client.

Integration with client advisors

Whether working with audit firms, investment funds, boards of directors, trustees or transaction counsel, we coordinate with the relevant stakeholders early in the assignment. This ensures our valuation work properly aligns with the broader reporting, transaction or regulatory context. For example, many audit firms will accept or redirect to our independent opinion in portfolio-valuation engagements.

Who We Serve

Our clients for complex securities valuation span a wide spectrum, including:

- Investment managers, hedge funds, private equity funds, endowments, pension funds and sovereign wealth funds where the portfolio includes illiquid or structured financial instruments.

- Corporations with non-traditional securities (e.g., convertible notes, warrants, contingent instruments), or that require instruments valued for financial reporting (public or private) under GAAP/IFRS.
- Boards of directors, special committees, fiduciaries and financing sources that require independent opinions of value to support transactions, restructuring, recapitalization or spin-off events.
- Audit firms and their clients who need an independent specialist to provide opinions of value of complex securities to support financial-reporting disclosures and compliance.
- Legal counsel, tax advisors and transaction advisors who rely on defensible valuations of complex instruments in tax, litigation, restructuring or transaction contexts.

Why Complex Securities Valuations Matter

Complex securities pose valuation challenges and at the same time, they carry significant implications. Here's why they matter:

- Regulatory & reporting compliance: Instruments such as derivatives, warrants, convertible debt and illiquid securities are increasingly under scrutiny from auditors, regulators and investors. Standards such as ASC 320, ASC 718, ASC 815 and ASC 946 (and IFRS equivalents) require rigorous fair-value analysis.
- Transaction risk mitigation: In acquisition, divestiture, recapitalization or restructuring scenarios, undisclosed or poorly valued instruments can present significant financial, tax or disclosure risk. Independent valuation helps to surface and quantify these risks.
- Portfolio transparency and investor confidence: For funds and investment vehicles with non-liquid assets or complex strategies, having a defensible valuation framework builds credibility with investors, auditors and regulators.

- Strategic decision-making: Whether structuring incentives, issuing preferred equity, designing warrants or negotiating debt instruments, understanding the economic value of these instruments enables better decision-making from both an issuer and investor perspective.
- Defensibility in dispute and audit settings: Valuations of complex securities often become focal points in litigation, tax controversy, divorce, bankruptcy or regulatory inquiry. A robust analysis helps clients position themselves with credibility and defensibility.

Why Choose Marshall & Stevens

With a history dating back to 1932, Marshall & Stevens brings a blend of depth, independence and real-world experience.

- Our professionals include senior valuation specialists with backgrounds at international audit firms, investment banking and large fund/asset-management firms.
- We have specific expertise in the valuation of complex instruments and the modeling required for derivatives, structured products and illiquid securities.
- We coordinate across disciplines—business valuation, portfolio/fund valuation, tax, transaction advisory—to deliver a holistic service aligned with your overall objectives.
- We only accept assignments where we can provide independent, defensible opinions. This independence matters to your auditors, regulators and fiduciaries.
- We partner with you, your auditors and your advisors to ensure alignment, efficient delivery, and clarity of documentation in the context of your reporting or transaction timeline.
- Our methodologies and deliverables are known to, and have passed scrutiny by, many of the nation's leading audit firms. Our reputation, expertise, and professionalism ensure the valuation process goes as smoothly as possible.

EXPERTISE IN ACTION

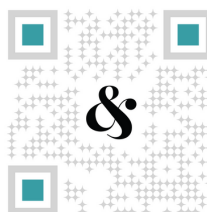
Marshall & Stevens is a leading provider of valuation consulting, transaction advisory, and litigation support services. For over 90 years, our specialists have helped companies, investors, and advisors navigate complex financial and legal matters with confidence.

From the boardroom to the courtroom, Marshall & Stevens delivers clarity, independence, and results.

Contact us today and let us put our expertise to work for you.

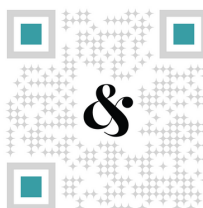
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