SFJ: AI-powered solutions for fundamental research

Our Mission
We leverage **data science** and quantitative modeling to help **fundamental investors** and risk professionals **augment their research capabilities** with intuitive and actionable signals

Our Focus
Fundamental research areas that can lead to **permanent capital loss** or carry reputational risk, where our double expertise in **data science** and **fundamental investing** can give our clients an edge

Our Solutions
We offer two technologies, the **Lemon** and **GovX**, that systematically analyze **accounting risk** and **governance risk** for thousands of companies worldwide and provide analysts with clear, **researchable diagnostics**

Our Clients
Banks, Hedge Funds and Asset Managers. They utilize the Lemon et GovX to improve the early detection of risk in corporate portfolios (equity and credit), for portfolio surveillance, ESG, hedging, short selling and credit analysis

Fitting easily into existing investment processes, SFJ's technologies can help you:
- **Dramatically increase research efficiency**
- **Incorporate actionable & intelligible data science driven insights into your research**

The Lemon and GovX: high value-added solutions to manage downside risk

- **Accounting irregularities** and **weak governance** in portfolio companies are two of the greatest risks faced by fundamental investors, as they **affect all further analysis**, can lead to **permanent capital losses** and carry **reputational risk**

The Lemon

The Lemon is a proprietary tool combining investigative accounting, financial analysis and data science that acts as a "bionic arm" for analysts to help them:

- ✓ *Identify and measure the risk of accounting irregularities*
- ✓ *Audit and research those irregularities further*

GovX

GovX is a proprietary tool customized to clients' own governance views that acts as another "bionic arm" for analysts to help them:

- ✓ *Integrate the "house views" on governance in the investment process*
- ✓ *Identify and measure the governance risks for a given company*
- ✓ *Audit and research those risks further*

GovX Analysis: instantaneous, transparent and customized insights into the governance risks of any company

Example: Nissan, Oct 2018

Analysis Date	10/30/2018
Ticker / ISIN	7201 JP Equity
Time Stamp Source	2018-10-30
Short Name	NISSAN MOTOR CO
Governance Risk: Comp	44%
Governance Risk: Board	96%
Governance Risk: Ethics	58%
Governance Risk: Sh. Rights	2%
Governance Risk: Other	43%
Controversy Risk: Grade	F
Governance Risk: Comp cause	LOW EXECUTIVE INVESTMENT AND NO LONG-TERM EXECUTIVE INCENTIVE
Governance Risk: Board cause	TOO FEW INDEPENDENT DIRECTORS, LOW BOARD ATTENDANCE, NO INDEPENDENT LEAD DIRECTOR, LOW % OF INDEPENDENT DIRECTORS, NO EXECUTIVE SUCCESSION PLAN, LOW BOARD GENDER DIVERSITY AND LOW BOARD CULTURAL DIVERSITY
Governance Risk: Ethics cause	NO ANTI-BRIBERY POLICY
Governance Risk: Sh. Rights cause	
Governance Risk: Other cause	NO SUSTAINABILITY INCENTIVE
Controversy Risk: Controversy Risk Factors	1 ENVIRONMENTAL CONTROVERSY, 5 RECENT MANAGEMENT COMPENSATION CONTROVERSIES, 2 RECENT ACCOUNTING CONTROVERSIES, 1 ANTI-COMPETITION CONTROVERSY, 1 RECENT ANTI-COMPETITION CONTROVERSY, 8 BUSINESS ETHICS CONTROVERSIES, 7 RECENT BUSINESS ETHICS CONTROVERSIES, 2 CONSUMER CONTROVERSIES, 6 CUSTOMER HEALTH & SAFETY CONTROVERSIES, 3 RECENT CUSTOMER HEALTH & SAFETY CONTROVERSIES, 1 RECENT PRIVACY CONTROVERSY, 1 MARKETING CONTROVERSY, 3 RECENT MARKETING CONTROVERSIES, MANAGEMENT DEPARTURES CONTROVERSY

GovX provides a complete quantitative evaluation of governance risk based on our clients' priorities

GovX also provides a clear qualitative "audit analysis" to highlight the main governance risks and enable deeper research