

# The Problem: \$30 Trillion in Retirement Assets. Zero Independent Risk Ratings.

Every drug is tested before it reaches patients. Every car is crash-tested before it reaches drivers. **Not one of the 5,000+ stocks held in American retirement accounts carries an independent risk rating.** Wall Street has spent decades and billions lobbying Congress to ensure it is never required to provide one.

## THE HISTORICAL RECORD

The S&P 500 Fell 49%. Then 57%. Then Took 13 Years to Recover. No Advisor Warned Anyone.



**-49%**  
S&P 500  
2000-2002

**13 Yrs**  
To recover  
2000 peak

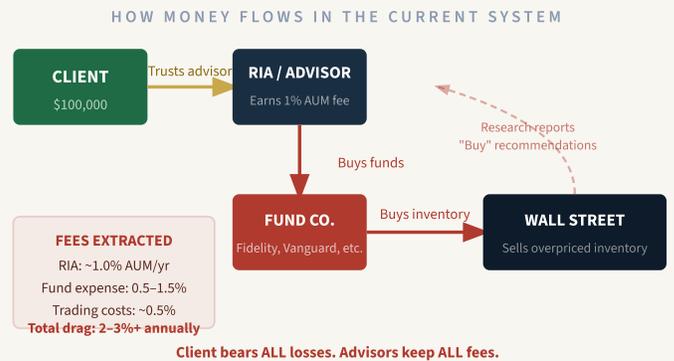
**-57%**  
S&P 500  
2007-2009

A 65-year-old with \$800,000 in savings who loses 40% cannot wait 13 years. They are selling into a declining market to fund living expenses — permanently impairing capital that was supposed to last a lifetime. **This was foreseeable. No advisor was required to foresee it. None faced accountability when it happened.**

*"It does not matter how often a strategy succeeds if, when it fails, the loss is simply too much to bear."*  
— Nassim Taleb

## THE FEE CONFLICT — HOW MONEY ACTUALLY FLOWS

The Industry Is Not Failing By Accident. It Is Built This Way.



## THE STRUCTURAL FAILURES

- 1 **Irreducible Conflict of Interest**  
Advisors earn the same 1% whether clients gain or lose. Moving clients to Treasuries cuts advisor income — so caution is structurally penalized.
- 2 **Valuation Blindness**  
Cisco traded at 100x earnings in 2000. A buyer that day is still waiting to break even — 25 years later. No firm warned them. No firm was required to.
- 3 **Index Fund Contamination**  
The S&P 500 is curated by S&P Global, a for-profit corporation with no obligation to protect the retiree whose 401(k) mirrors it. ERS identifies financially perilous companies within it regularly.
- 4 **Zero Regulatory Accountability**  
The SEC spends \$2.6B/year on "oversight" with no system to detect which of 15,870 RIAs are systematically harming clients. No blotter. No alert. No audit trigger.

# The Solution: Actuarial Logic Applied to Equity Risk — For the First Time in History

## THE CORE INSIGHT

### Insurance Companies Have Protected Savings for 200 Years Using This Method. ERS Applies It to Stocks.

An insurance company does not know which house will burn. It knows, with actuarial precision, which houses are **more likely** to burn — and prices risk accordingly. It does not insure every risk at the same premium. It **measures, distinguishes, and acts on the difference**. That discipline is why insurance companies have protected American savings for two centuries.

ERS applies the same logic to equities. We do not predict which stocks will fall. We identify — through 40 years of data and a formal 25-year study — the financial characteristics present in stocks **before** they fall: weak balance sheets, unsustainable valuations, deteriorating price trends, earnings quality that does not survive scrutiny.

INSURANCE COMPANY	EQUITY RISK SCIENCES
→ Does not predict which house burns	→ Does not predict which stock falls
→ Measures fire risk by property condition	→ Measures financial risk by security
→ Prices exposure by measured probability	→ Rates exposure by measured probability
→ Protected savings for 200 years	→ 40-year data · 25-year formal study

## NINE PROPRIETARY RATING SYSTEMS

Built on 40 years of data and a 25-year formal study. Each system measures a distinct dimension of equity risk.

<b>FSN</b> Fiduciary Stock Navigator	<b>TLI</b> Terminal Loss Indicator	<b>PRI</b> Price Risk Indicator
<b>4D</b> 4-Dimension Rating	<b>V1</b> Valuation Score	<b>PRC</b> Performance & Risk Chart
<b>WMH</b> What Must Happen™	<b>GMR</b> Growth Momentum Rating	<b>TTR</b> Takeover Target Rating

*"I was the advisor I am now trying to reform."*

In 1978, recruited by New York Life in my mid-twenties, I chose equities over insurance products — because they were exciting, because clients wanted them, because the technology economy seemed limitless. I took risks I did not fully understand on behalf of clients who understood them even less. ERS was built on the 40 years of education that followed — to measure what I once simply felt.

— Raymond Mullaney, Founder & CEO · 49 years in the investment industry

## THE 25-YEAR TRACK RECORD

### The Arithmetic Is Unambiguous.



## COMPETITIVE MOAT

### Advantages That Cannot Be Purchased or Quickly Replicated

- ✓ **40 years of proprietary data.** The historical dataset underlying ERS's nine rating systems cannot be replicated by any institution starting today in under a decade.
- ✓ **Structural independence no competitor can match.** Any firm with AUM fees, fund relationships, or underwriting revenue cannot produce genuinely independent risk ratings. That is ERS's permanent, unassailable moat.
- ✓ **First-mover in a regulatory inevitability.** Risk disclosure requirements are tightening. ERS is the infrastructure that will eventually be mandated. Being the established standard when the mandate arrives is a winner-take-most position.
- ✓ **The Fiduciary Mandate campaign.** Active legislative engagement at state and federal level — with formal SEC submissions in 2000 and 2025 — positions ERS as the primary beneficiary of the regulatory change it is helping to create.

*"Show me the incentives, and I'll show you the outcome."*

— Charlie Munger, Psychology of Human Misjudgment, Harvard, 1995

# The Market: The Largest Unrated Market in the World Is American Retirement Savings

## TOTAL ADDRESSABLE MARKET

### \$30 Trillion in Retail Investment Assets. No Independent Risk Standard. One Company.

ERS's market is defined not by industry sector but by a regulatory obligation that already exists in law and has never been enforced with data. Every registered investment advisor in America is legally required to act in the best interest of their clients. **Not one currently has access to an independent, conflict-free risk rating for every security they recommend.**

U.S. ETF Market 4,806 funds · 2025	\$13 trillion	\$13T
U.S. Mutual Funds ~7,200 funds · 2025	\$7.2T	\$7.2T
401(k) Plan Assets ~76M households	\$8.9 trillion	\$8.9T
<b>Subtotal — Retail</b> Direct investor exposure	<b>~\$29 trillion addressable</b>	<b>~\$29T</b>
<b>Total RIA AUM</b> 15,870 registered firms	<b>\$128 trillion — full advisory universe</b>	<b>\$128T</b>

## REVENUE MODEL

### Five Independent Streams. One Structural Monopoly on Independence.

No Wall Street firm can produce what ERS produces. The moment a risk rating agency accepts AUM fees or fund relationships, its independence is compromised and its product is worthless. ERS's conflict-free structure is not a marketing position. **It is the product.**

REVENUE STREAM	MODEL	MARKET
ValueRatings.com	Consumer subscription — risk ratings for individual investors	128M investors
RIA Licensing	Annual license per advisor firm — fiduciary documentation	15,870 RIAs
Institutional / Fund	Suitability scoring for ETF providers and 401(k) platforms	\$29T market
Legal / Expert Witness	ERS ratings as evidence in investor protection litigation	Rapidly growing
Legislative Mandate	If disclosure law passes, every RIA becomes a potential licensee	Entire industry

## THE SIX-FRONT CAMPAIGN

### One War. Six Simultaneous Campaigns. Each Reinforcing the Others.

ERS is not waiting for a single regulatory change to create the market. We are building the market from six directions simultaneously — each front creating independent value and feeding the others.

- 01 State Legislators & Attorneys General**  
 Lobby RI, MA, NY, and CA for mandatory monthly RIA loss reporting and public advisor performance databases. The 2002 Global Analyst Research settlement — \$1.4B in fines — was led by a state AG, not the SEC. That model works.
- 02 National Awareness Campaign**  
 Anti-smoking model applied to investment risk. In 1965, 42% of Americans smoked. Today fewer than 12% do — not because tobacco reformed itself, but because the public was told the truth, repeatedly. The same campaign is overdue in investing.
- 03 Retail Investor Education**  
 ValueRatings.com and InvestingForGeniuses.com — risk data for every investor, free. Every piece of analysis that institutional investors use to evaluate a security should be available in plain language to every individual investor in America.
- 04 Legislative Reform — Disclosure & Accountability**  
 Four specific requirements: honest forecasting standards, mandatory loss disclosure, shareholder return vs. earnings growth distinction, and T-bill benchmark comparison on every recommendation. Each currently absent from law.
- 05 RIA Performance Monitoring**  
 Monthly reporting replacing quarterly. Mandatory written disclosure when any position declines more than 20% from purchase. Annual public disclosure of each advisor's ten largest losing positions, searchable by the public.
- 06 Index Fund & ETF Suitability Reform**  
 Weighted average suitability score on the cover of every fund prospectus. No index fund marketed as a retirement vehicle without disclosing the percentage of holdings that fail a fiduciary suitability test. Updated monthly.

# Why Now: Four Forces Have Converged to Create a Window That Will Not Stay Open

## THE CONVERGENCE

### The Case for Independent Risk Rating Has Never Been More Obvious — or More Urgent

Four forces have converged — regulatory, market, demographic, and competitive — creating conditions for ERS to scale rapidly.

#### 01

##### Regulatory Momentum Is Accelerating

The Investment Advisers Act, Dodd-Frank, and Reg BI created fiduciary vocabulary without enforcement mechanics. **State AGs are filling the gap.** ERS is positioned to be the established standard when a mandate arrives.

#### 02

##### Current Valuations Make the Case Undeniable

The S&P 500 is at or near historical valuation extremes. **Palantir trades at 60x revenue.** The argument for independent risk rating is strongest at market peaks. This is a peak.

#### 03

##### 76 Million Households With No Risk Framework

**76 million U.S. fund-owning households** — 56% of all American households — have never been given a plain-language risk framework. ValueRatings.com is built precisely for them.

#### 04

##### AI and Data Technology Make Scale Possible

ERS's nine rating systems were built over 40 years. That framework can now cover all 5,000+ U.S. public companies **continuously, automatically, and at consumer-grade pricing.**

## REGULATORY TIMELINE — THE MILESTONES THAT MATTER

Each of the following regulatory developments created demand for exactly what ERS provides. None of them has yet been satisfied by any existing product.

- 1940 Investment Advisers Act**  
Established fiduciary duty for registered advisors — but provided no measurement tools.
- 2002 Global Analyst Research Settlement**  
\$1.4B in fines for conflicted research. The underlying problem — no independent risk measurement — was never addressed.
- 2010 Dodd-Frank Act**  
Extended fiduciary standards and compliance burden without providing analytical tools. ERS fills that gap.
- 2019 SEC Regulation Best Interest**  
Required advisors to act in clients' "best interest" — without defining how to measure it. ERS provides that measurement.
- 2025 ERS Formal SEC Submission**  
Formal submissions to SEC, FINRA, and Congress via TheFiduciaryMandate.org. The regulatory record is being built.

## THE PROOF OF CONCEPT

### The Systems Work. The 40-Year Data Record Is Auditable.

ERS's claim is not theoretical. It is arithmetical. The 25-year formal study underlying ERS's rating systems is the product of 40 years of data collection and model development by a team that has operated continuously, independently, and without Wall Street affiliation since inception.

The specific, documented examples of ERS identifying risk before it materialized include:

- ▶ **Bristol-Myers Squibb, April 2020:** ERS identified multiple characteristics historically associated with significant future underperformance. The stock subsequently declined materially while Wall Street consensus remained bullish.
- ▶ **Zoom Communications, \$400–500/share, 2020:** Rated high-risk by ERS at peak. Subsequently traded below \$70. Every major firm covering it maintained buy recommendations through the decline.
- ▶ **Borg Warner, 2020:** ERS identified as undervalued and financially strong — a "battleship of financial strength" — at a time of broad market pessimism. The stock rose 58% in the subsequent year.
- ▶ **Top 10 S&P Companies, December 31, 1999:** All ten were "great companies" by every Wall Street measure. All ten declined an average of more than 50% in the following three years. ERS's valuation metrics flagged all ten as overpriced.

## WHAT ERS IS BUILDING RIGHT NOW

### The Capital Raise Funds Specific, Measurable Milestones

- PLATFORM ValueRatings.com — Consumer Risk Intelligence**  
Consumer platform: risk displays, peer comparisons, and base rates for every U.S. security. Free to investors; revenue from institutional licensing.
- LEGAL Plaintiff Litigation Partnerships**  
ERS ratings as expert evidence in investor protection cases — creating legal precedent, media coverage, and RIA awareness simultaneously.
- POLICY State Lobbying — RI, MA, NY, CA**  
Introduce RIA performance reporting requirements in four states. One state precedent creates the national template.
- ACADEMIC Peer Review of 25-Year Study**  
Independent academic validation of the 25-year study. Third-party confirmation transforms a proprietary claim into a citable fact.
- MEDIA National Investigative Press Campaign**  
The story of systematic investor failure has not been told comprehensively. ERS can tell it — creating the public pressure for legislative action.

# The Ask: Capital to Fight on Six Fronts Simultaneously

INVESTMENT INSTRUMENT

## SAFE Note

Simple Agreement for Future Equity

COMPANY STAGE

## Growth / Pre-Scale

12+ years operational · 40-yr data asset

PRIMARY CONTACT

## Raymond Mullaney

Founder & CEO · 401-450-4040

HEADQUARTERS

## Providence, RI

10 Dorrance Street, Suite 500

### USE OF PROCEEDS

## Every Dollar Deployed Against a Specific, Measurable Objective

We are not a nonprofit. We are a mission-driven company that has spent 12 years building the analytical infrastructure to make this argument with evidence, not opinion. Capital changes ERS from a company that has the proof to a company that has the proof and the platform, the lobbyists, the lawyers, and the media presence to use it.

DEPLOYMENT	OBJECTIVE	WHY IT MATTERS
<b>ValueRatings.com</b> Platform Build-Out	<b>Consumer Risk Intelligence Platform</b>	Creates the retail investor base that drives legislative and media pressure while generating subscription revenue
<b>State Lobbying</b> RI · MA · NY · CA	<b>Legislative Reform Precedent</b>	One state-level win creates the template for all 50 states. AGs are motivated to act. ERS provides the data to justify action.
<b>Legal Partnerships</b> Plaintiff Litigation	<b>ERS as Expert Evidence</b>	Establishes ERS ratings as court-admissible standard of care. Each case creates precedent, press, and RIA awareness simultaneously.
<b>National Media</b> Press + Documentary	<b>Awareness Campaign</b>	The financial press cannot tell this story — it depends on industry advertising. ERS funds the independent journalists who can.
<b>Academic Validation</b> Peer Review	<b>25-Year Study Certification</b>	Transforms the 21% vs 9% result from a proprietary claim into a peer-reviewed, citable fact. Unlocks institutional licensing.
<b>Team Expansion</b> Researchers + Communicators	<b>Execution Capacity</b>	One war on six fronts requires six kinds of resources. The analytical infrastructure is built. The execution team must scale to match it.

### INVESTMENT TERMS

## SAFE Note — Standard Terms, Transparent Structure

Term Sheet Summary	
Instrument	SAFE (Simple Agreement for Future Equity)
Company	Equity Risk Sciences™, LLC
Headquarters	10 Dorrance Street, Suite 500, Providence, RI
Founded	Operational 12+ years · Data history 40 years
Conversion Trigger	Qualified financing, acquisition, or IPO
Investor Protection	Pro-rata rights · MFN clause available
Primary Contact	Raymond Mullaney · 401-450-4040

### WHAT THE INVESTOR IS BUYING

## Data Independence in a \$128T Industry

- ✓ **40 years of proprietary data** that cannot be replicated. The historical database is the asset. The rating systems are the product built on top of it.
- ✓ **A structural competitive moat** that Wall Street cannot enter. The moment any firm with AUM fees or fund relationships tries to compete, it destroys its own product.
- ✓ **First-mover position in a regulatory inevitability.** Risk disclosure requirements are tightening. ERS is building the standard that will be mandated. The S&P ratings agency analogy is exact — and instructive about scale.
- ✓ **An active legislative campaign** in which ERS is both advocate and beneficiary. Formal SEC submissions in 2000 and 2025.
- ✓ **A founder with 49 years of industry experience** who built, operated, and now understands from the inside the system he is reforming — and who has the documented track record to prove the alternative works.

### Contact & Next Steps

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