

**\$44T**  
U.S. MUTUAL FUND &  
ETF MARKET

**128M**  
AMERICAN INVESTORS  
WITH NO RISK RATINGS

**40 Yrs**  
ERS DATA HISTORY  
25-YEAR FORMAL STUDY

**21% VS 9%**  
ERS ANNUALIZED RETURN  
VS. S&P 500 (25 YRS)

THE PROBLEM

## A \$44 Trillion Industry With No Obligation to Measure Risk

Wall Street manages **\$44 trillion** in American retirement savings with no requirement to measure — or disclose — the probability of loss before placing a client's money in any security. The S&P 500 fell **49%** (2000–02), then **57%** (2007–09), and took **13 years** to recover from its 2000 peak. No advisor was required to warn any client. None faced accountability when their clients suffered catastrophic losses.

S&P 500 — THE 13-YEAR RECOVERY TRAP



The industry's structural incentive is not to protect client capital. It is to keep capital **fully invested at all times** — because fees are collected on assets under management, not on outcomes. As Charlie Munger said: *"Show me the incentives, and I'll show you the outcome."*

THE SOLUTION

## What ERS Does — And What No One Else Does

ERS applies the same actuarial logic that insurance companies have used for two centuries — to equities. An insurer does not know which house will burn. It knows which houses are *more likely* to burn, and prices its policies accordingly. ERS does the same for stocks.

- ▶ **Nine proprietary risk ratings** built on 40 years of data and a formal 25-year study
- ▶ **Identifies stocks before they fall** — weak balance sheets, unsustainable valuations, deteriorating trends
- ▶ **No buy/sell recommendations** — we measure risk. Advisors make decisions. Clients are protected.
- ▶ **Conflict-free and independent** — no AUM fees, no fund relationships, no Wall Street affiliation

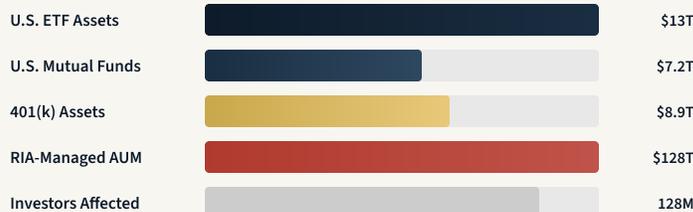
*"Most risks in equity investing can be identified before they become losses. When most risks are avoided, so too are most losses."*

— Raymond Mullaney, Founder & CEO, Equity Risk Sciences

THE MARKET

## The Largest Unrated Market in the World

Every drug is tested before it reaches the shelf. Every car is crash-tested. Every home is appraised. **Not one of the 5,000+ stocks held in American retirement accounts carries an independent risk rating.** ERS is building the infrastructure to change that.



PROFIT POTENTIAL

## Multiple Revenue Streams. One Unfillable Gap.

- ▶ **ValueRatings.com (B2C):** Subscription risk ratings for individual investors — the Bloomberg Terminal for Main Street
- ▶ **RIA Licensing (B2B):** Risk rating data licensed to 15,870 registered investment advisors as fiduciary documentation
- ▶ **Institutional Data:** Fund suitability scoring licensed to ETF providers, 401(k) platforms, and plan sponsors
- ▶ **Legal/Expert Witness:** ERS ratings as evidence in investor protection litigation — a rapidly growing market
- ▶ **Legislative Mandate:** If ERS-style disclosure becomes law, every RIA in America becomes a potential licensee

### The Raise

Instrument	SAFE Note
Deployment: Platform Build-Out	ValueRatings.com
Deployment: State Lobbying	RI, MA, NY, CA
Deployment: Legal Partnerships	Plaintiff Litigation
Deployment: Media Campaign	National Awareness
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