



S&P 500 INDIVIDUAL STOCK STUDY

May 29, 2019

ERS'S RATINGS OF S&P STOCKS

- Goal: Determine if selecting stocks in the S&P 500 based on ERS's Price Risk ratings improve investment performance
- Period: 12/31/98 to 3/31/14, quarterly (62 periods)
- Methods:
 - ERS rated every stock in the S&P 500 index for which we were able to obtain financial data
 - Determine those stocks' 5-year gains and losses
 - Create 3 risk categories based on ERS's ratings
 - Group 1 contained the lowest-risk 5% of stocks in each period
 - Group 2 contained the lowest-risk 10% of stocks in each period
 - Group 3 contained the highest-risk 5% of stocks in each period
 - Calculate the average 5-year performance for each group
 - Calculate the probability of gain and loss for each group
 - Calculate the average gain and the average loss for each group

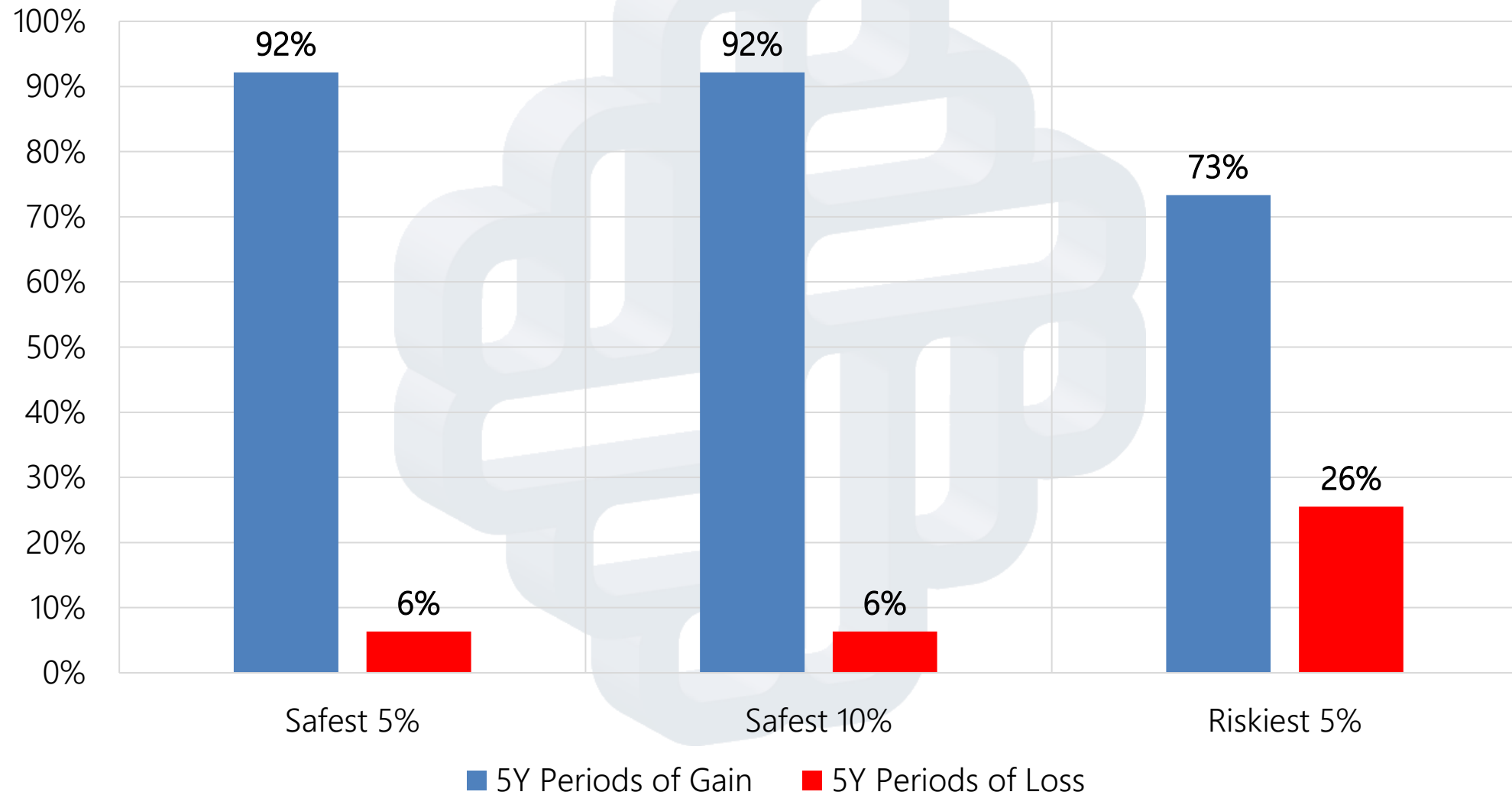
ERS'S EFFICACY – S&P STUDY RESULTS

This study tested the performance over 20 years of every stock in the S&P 500 based on ERS's Financial Risk ratings.

	Safest 5%	Safest 10%	Riskiest 5%
Average 5-Year Performance Results in All 62 Investment Periods	84.3%	78.3%	37.0%
Annualized Results	13.0%	12.3%	6.5%
5Y Periods Which Produced a Gain as Percentage of All 62 Investment Periods	58 of 62 93.5%	58 of 62 93.5%	46 of 62 74.2%
5Y Periods Which Produced a Loss as Percentage of All 62 Investment Periods	4 6.5%	4 6.5%	16 25.8%
Average Gain in Positive Periods	90.8%	84.0%	53.7%
Average Loss in Negative Periods	-10.2%	-5.4%	-11.2%

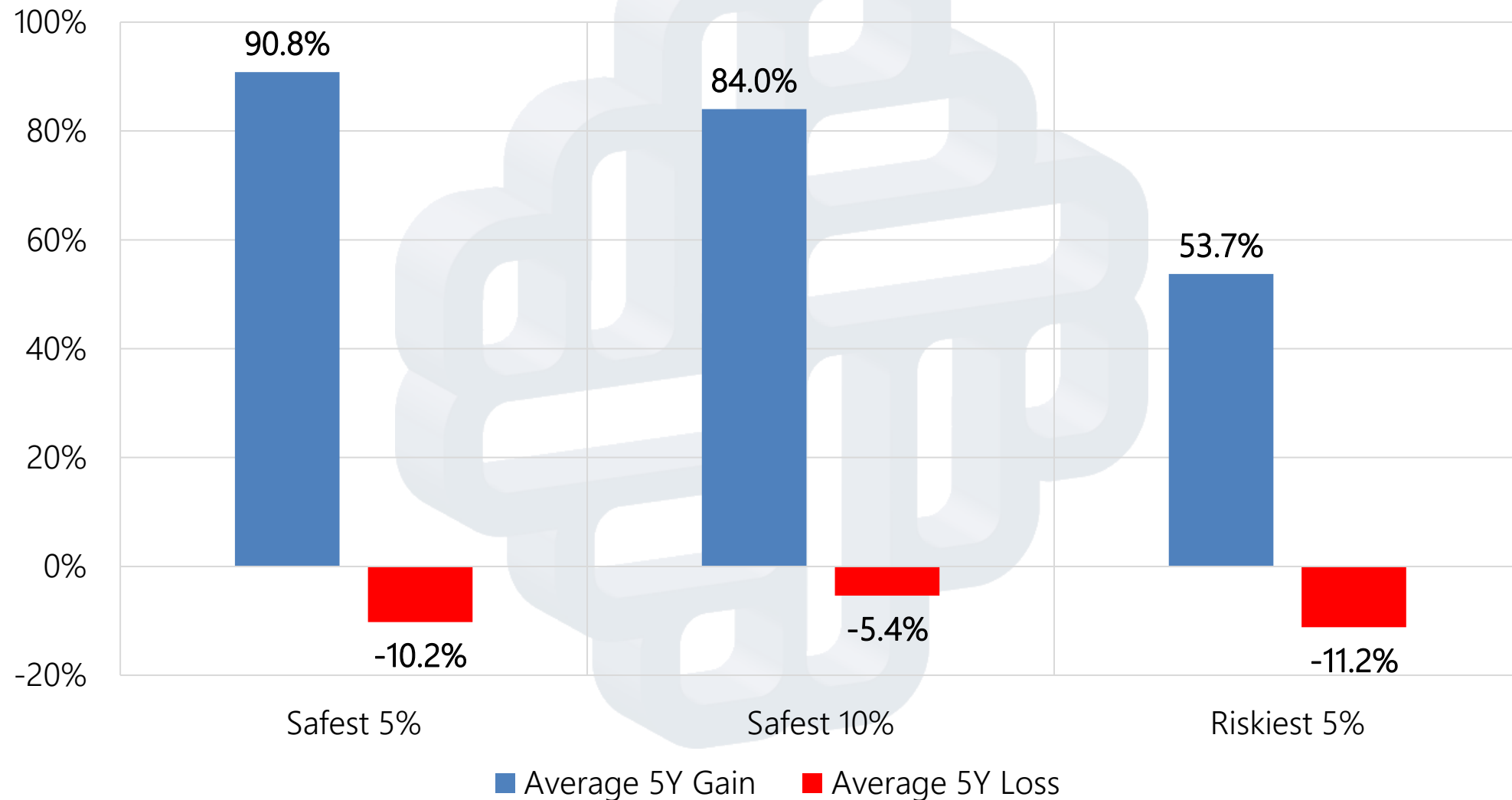
PROBABILITY OF 5-YEAR GAINS

Investing in the S&P 500: Periods of 5-Year Gain,
12/31/98 – 3/31/19 (62 periods)



AVERAGE 5-YEAR GAINS AND 5-YEAR LOSSES

Investing in the S&P 500: Average 5-Year Gain and 5-Year Loss,
12/31/98 – 3/31/19 (62 periods)



CONCLUSIONS

The stocks in the S&P 500 with ERS's "best" Price Risk ratings showed a 100% profit improvement over the stocks in the S&P 500 with ERS's "worst" Price Risk ratings.

Portfolios of stocks with ERS's "best" Price Risk ratings had a 26% greater probability of producing a 5-year gain than portfolios of stocks with ERS's "worst" Price Risk ratings.

Losses sustained by stocks with ERS's "best" Price Risk ratings were only 9% less than losses suffered by portfolios with ERS's "worst" Price Risk ratings; *however, stocks with ERS's "best" Price Risk ratings produced 69% greater gains.*