Equity Risk Sciences, Inc

Technology for Investment Excellence

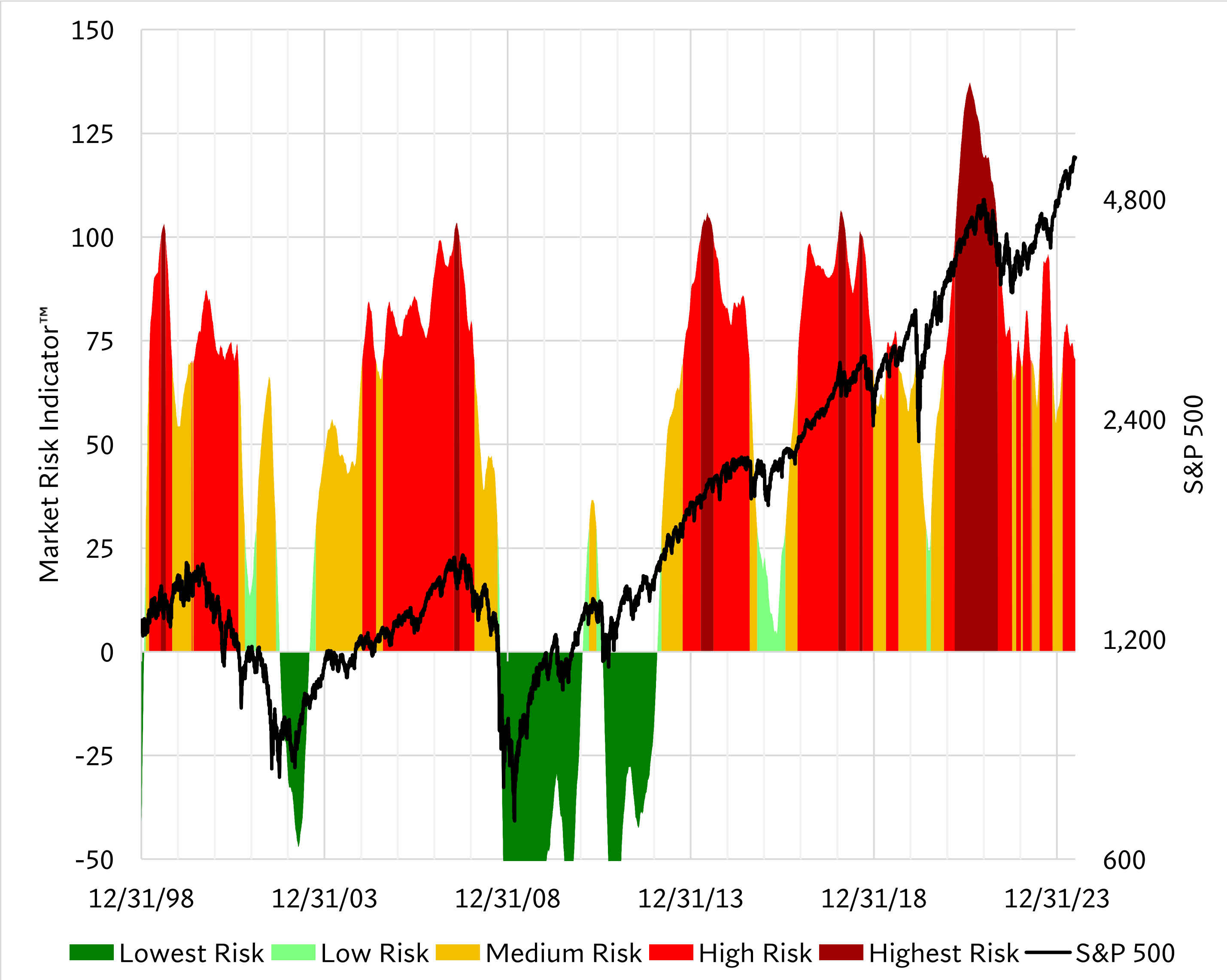
ERS's Market Risk Indicator™

July 3, 2024

What Is the Market Risk Indicator™?

The Market Risk Indicator™ (MRI™) is a comprehensive rating system that assesses the overall risk level of the stock market by analyzing the largest 500 stocks. This indicator helps investors gauge the current market risk environment and potential volatility, enabling them to make more informed investment decisions. By utilizing the MRI™, investors can better anticipate periods of heightened risk or potential market downturns, allowing them to adjust their portfolios to mitigate potential losses. The MRI's™ value lies in its ability to provide a clear, data-driven assessment of market conditions, helping investors protect and grow their wealth by managing market exposure based on reliable insights.

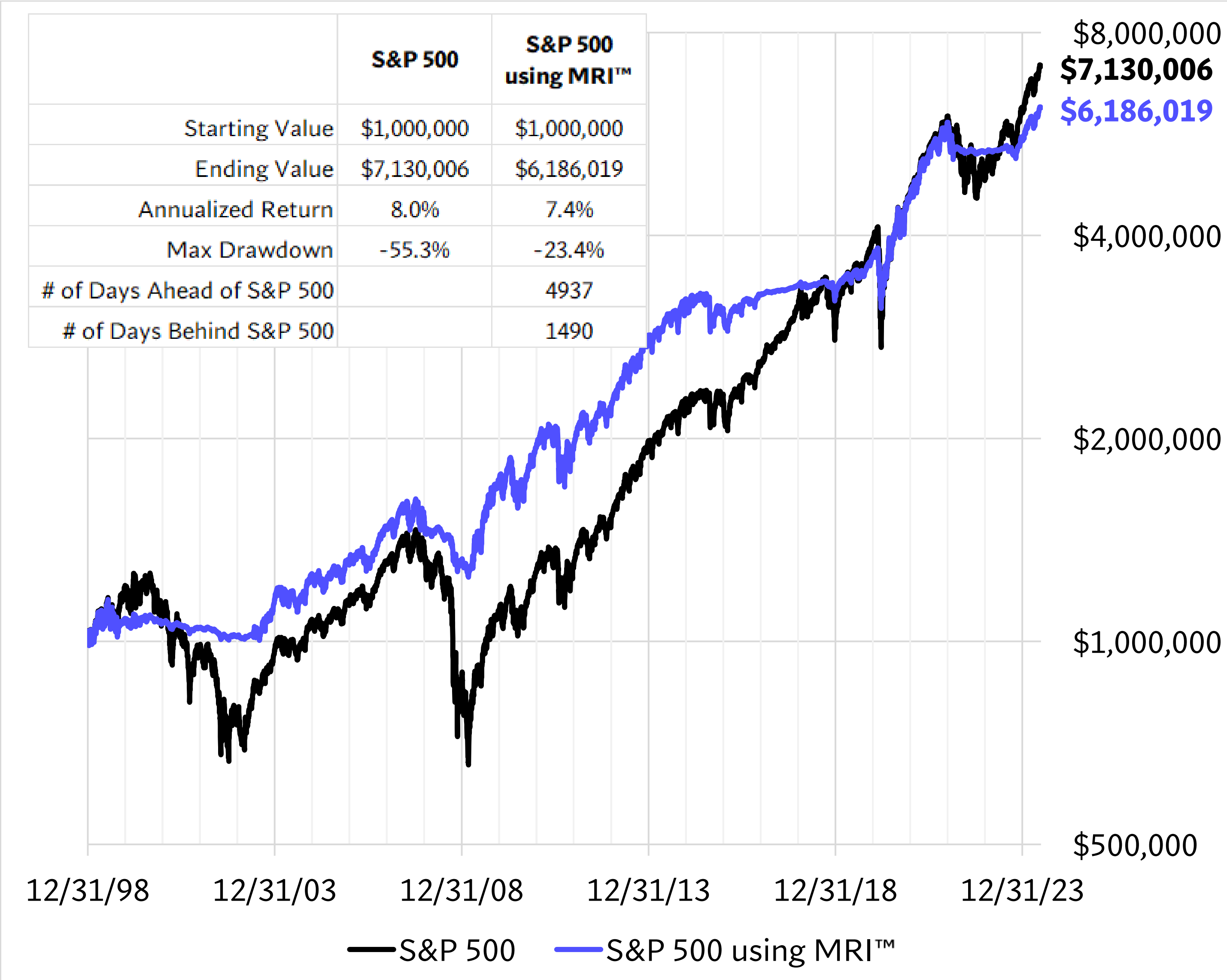
ERS's Market Risk Indicator™, 12/31/1998 to 6/30/2024



The chart presents a 25-year history of the MRI™ overlaid on the performance of the S&P 500. Observing the chart, readers will notice that periods marked by the highest market risk according to the MRI™ (highlighted in dark red) often coincide with instances where the S&P 500 reached new highs and subsequently experienced significant declines. This pattern underscores the predictive value of the MRI™ in signaling potential market downturns. By paying attention to the MRI™, investors can gain valuable insights into the overall market risk environment, allowing them to make more informed decisions and better avoid substantial losses during market declines. The ability to anticipate and react to high-risk periods is crucial for protecting and growing investments.

S&P 500 Using the MRI™, 12/31/98 to 6/30/24

	S&P 500	S&P 500 using MRI™
Starting Value	$1,000,000	$1,000,000
Ending Value	$7,130,006	$6,186,019
Annualized Return	8.0%	7.4%
Max Drawdown	-55.3%	-23.4%
# of Days Ahead of S&P 500		4937
# of Days Behind S&P 500		1490



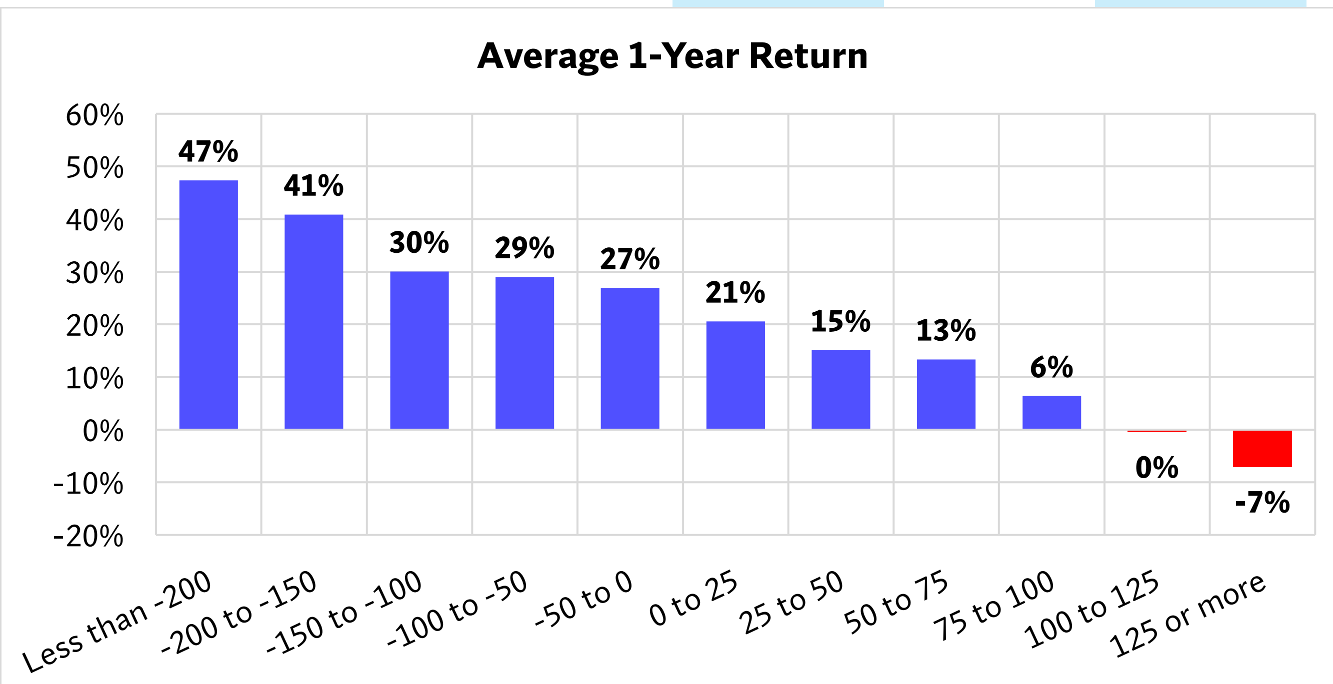
The chart compares the performance of two portfolios over a 25-year period: one that continuously holds the S&P 500 and another that adjusts its allocation between the S&P 500 and cash based on the Market Risk Indicator™. While the portfolio that continuously held the S&P 500 achieved a higher overall value, the MRI™-based portfolio experienced significantly less drawdown during market downturns. Notably, the MRI™-based portfolio was ahead of the continuous S&P 500 portfolio for approximately 77% of the study period. This highlights the value of using the MRI™ to manage risk, as it provided more stable returns and better protection against market losses, making it a valuable tool for investors seeking to mitigate risk while still participating in market gains.

1-Year S&P 500 Performance Relative to MRI™ Levels

This table and chart collectively demonstrate a clear inverse relationship between the Market Risk Indicator™ and the performance of the S&P 500. The chart shows that as the MRI™ rises, the average returns of the S&P 500 diminish significantly. The S&P 500's average 1-year return and the probability of gains are highest when the MRI™ is low, and these metrics decline as the MRI™ increases.

This analysis highlights that higher MRI™ levels correlate with lower future returns and a decreased likelihood of gains, emphasizing the importance of the MRI™ in assessing market risk and making informed investment decisions to avoid potential downturns.

MRI	# of Days	% of Days	Avg 1-Yr Return	# of Gains	P(Gain)
Less than -200	23	0.4%	47%	23	100%
-200 to -150	105	2%	41%	105	100%
-150 to -100	99	2%	30%	99	100%
-100 to -50	225	4%	29%	225	100%
-50 to 0	707	11%	27%	700	99%
0 to 25	407	7%	21%	348	86%
25 to 50	751	12%	15%	556	74%
50 to 75	1478	24%	13%	1049	71%
75 to 100	1845	30%	6%	1395	76%
100 to 125	403	7%	0%	237	59%
125 or more	126	2%	-7%	0	0%
All	**6169**	**100%**	**14%**	**4737**	**77%**

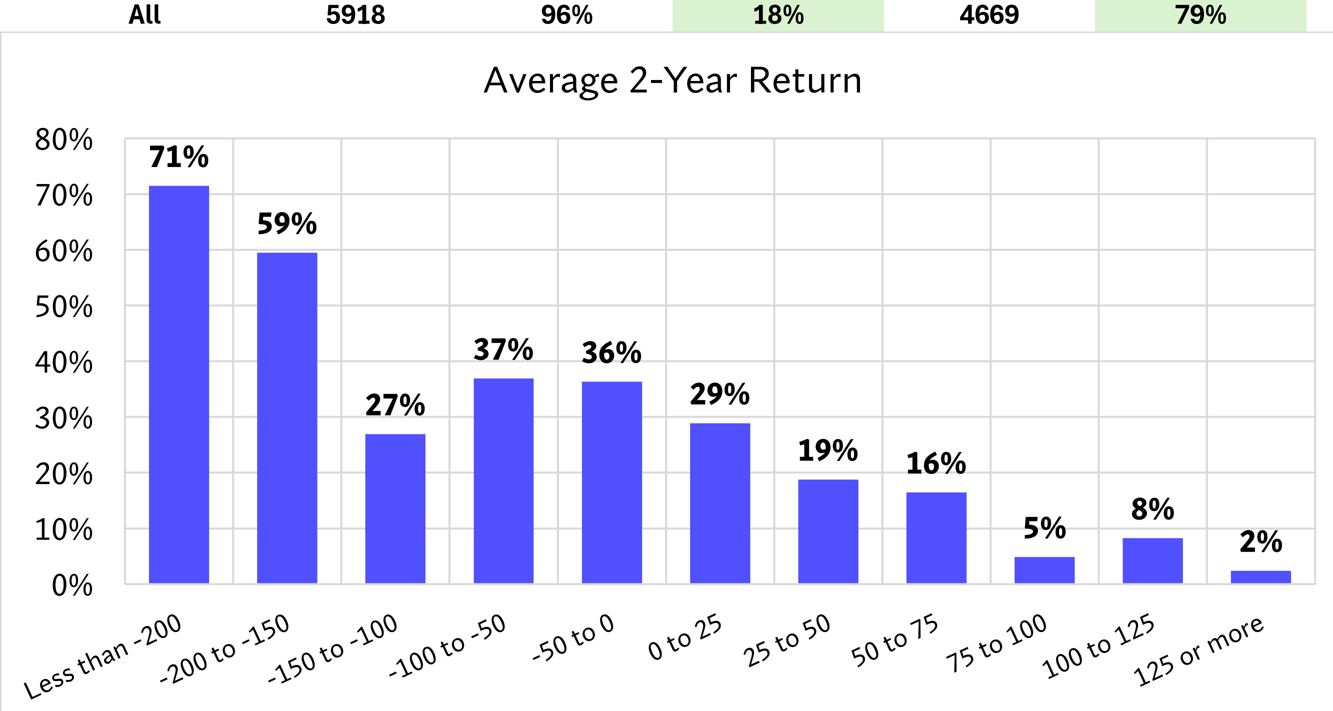


2-Year S&P 500 Performance Relative to MRI™ Levels

This table and chart collectively demonstrate a clear inverse relationship between the Market Risk Indicator™ and the performance of the S&P 500. The chart shows that as the MRI™ rises, the average returns of the S&P 500 diminish significantly. The S&P 500's average 2-year return and the probability of gains are highest when the MRI™ is low, and these metrics decline as the MRI™ increases.

This analysis highlights that higher MRI™ levels correlate with lower future returns and a decreased likelihood of gains, emphasizing the importance of the MRI™ in assessing market risk and making informed investment decisions to avoid potential downturns.

MRI	# of Days	% of Days	Avg 2-Yr Return	# of Gains	P(Gain)
Less than -200	23	0.4%	71%	23	100%
-200 to -150	105	2%	59%	105	100%
-150 to -100	99	2%	27%	99	100%
-100 to -50	225	4%	37%	225	100%
-50 to 0	707	12%	36%	707	100%
0 to 25	407	7%	29%	365	90%
25 to 50	751	12%	19%	602	80%
50 to 75	1326	21%	16%	917	69%
75 to 100	1746	28%	5%	1203	69%
100 to 125	403	7%	8%	324	80%
125 or more	126	2%	2%	99	79%
All	**5918**	**96%**	**18%**	**4669**	**79%**



Equity Risk Sciences is a leader in quantitative investment ratings technology.

ERS calculates the statistical probability, magnitude and timing of future price changes of US and Canadian stocks.

ERS serves registered investment advisors, financial institutions and fiduciaries.

Equity Risk Sciences provides advanced technology at www.InvestLabs.ai.

We are raising $25 million in a 506(c) private placement offering.
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Important factors that could cause actual results to differ from those in the forward-looking statements include but are not limited to the successful commercialization of our risk rating system and solutions, development of our sales and marketing capabilities, our ability to retain key management personnel including our Founder Ray Mullaney as well as Thomas Harpin, acceptance of our solutions by potential customers, the ability of our risk rating systems and solutions to provide valuable information related to a company's stock price, and intellectual property litigation, and our ability to raise capital necessary for ongoing operations. The statements made herein speak only as of the date of this presentation. The Company's actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update or revise its forward-looking statements to reflect events or circumstances after the date of this presentation, except as required by law.

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