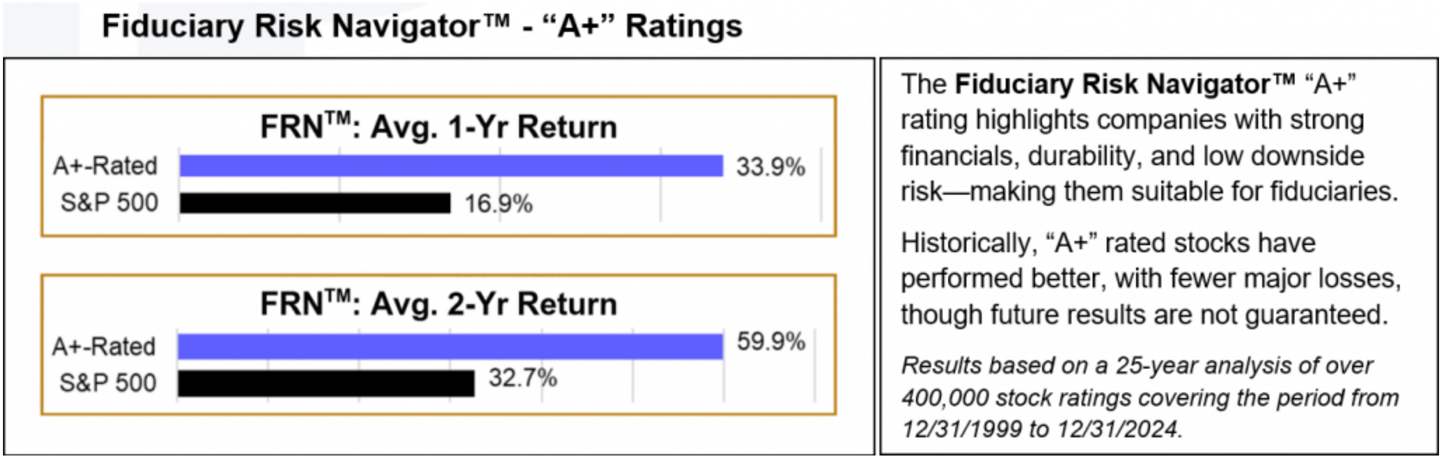
Equity Risk Sciences: The Fiduciary’s Stock Risk Rating Agency

Equity Risk Sciences (ERS) announces its launch as America’s first independent Stock Risk Rating Agency. ERS provides quantitative, evidence-based ratings of the probability and magnitude of stock price changes.



North Kingstown, Rhode Island Jul 15, 2025 (Issuewire.com) - *Equity Risk Sciences (ERS)* announces its launch as America’s first **independent Stock Risk Rating Agency**. ERS provides quantitative, evidence-based ratings of the probability and magnitude of stock price changes.

ERS has developed a suite of proprietary models powered by **only SEC-filed financial data** and 35 years of price history to measure the financial attributes, changes and trends most associated with future stock price changes, both increases and declines. These tools support fiduciaries and institutional investors seeking objective, conflict-free analysis based on data science and AI.

ERS’s ratings are grounded in rigorous statistical analysis of the historical links between financial statement deterioration and significant future stock price declines. Key ERS ratings include:

- **Fiduciary Risk Navigator™ (FRN™):** A comprehensive composite rating of a stock’s overall fiduciary suitability and probability of serious loss, integrating multiple dimensions of financial risk.
- **Durability Risk Indicator™ (DRI™):** A focused rating based solely on financial statement strength and deterioration, highlighting companies with the greatest economic vulnerability.

These ratings provide a revolutionary standard for fiduciary oversight and portfolio risk management, i.e. loss avoidance, equipping professionals with the data-driven evidence they need to meet their legal duty of care and reduce exposure to catastrophic loss.

Fiduciary Risk Navigator™:
“A+” rating highlights companies with strong financials, durability, and low downside risk—making them suitable for fiduciaries.

Historically, “A+” rated stocks have performed better, with fewer major losses, though future results are not guaranteed. (*Results based on a 25-year analysis of over 400,000 stock ratings covering the period from 12/31/1999 to 12/31/2024.)*

Durability Risk Indicator™ - "-3" Ratings

ERS's **Durability Risk Indicator™ (DRI™)** is a rating that assesses the level of financial risk embedded in a company's structure, such as its liquidity, solvency, capital burn rate, operational history, durability, profitability, tangible equity, etc. It answers a critical question: "How much is this stock likely to fall, and how probable is its survival, based on its financial history?"

In a 25-year study, companies with a **Durability Risk Indicator** rating of "-3" consistently underperformed, delivering negative average returns over 1- and 2-year periods even as the broader market rose. These results confirm that DRI ratings serve as effective early warning signals for significant downside risk. (*Results based on a 25-year analysis of over 400,000 stock ratings covering the period from 12/31/1999 to 12/31/2024.)*

ERS does not issue recommendations, does not manage money, and does not receive any payment from the companies it rates. Its mission is to empower fiduciaries and financial institutions with scientific, transparent, and actionable risk ratings grounded in economic reality.

"We're not in the prediction business—we're in the probability business," said Raymond Mullaney, Founder and CEO of ERS. "Our goal is to give fiduciaries the tools they need to avoid preventable losses. We deliver data analytics and the objective ratings data produces."

The Lesson Is in the Data—And Anyone Can See It

ERS's findings also reveal how **simple metrics**, when examined through a statistical lens, can highlight severe risks hiding in plain sight.

In ERS's 5.5-year study of 1,380 large-cap companies, we grouped stocks based on their Price-to-Sales (P/S) ratios at the time of their high price. The results showed a powerful pattern:

- Companies with very high P/S ratios (40 or more) experienced average drawdowns of -71.0%.
- Companies with P/S ratios below 0.5 saw significantly smaller declines of -33.5%.
- Recovery rates were strongest among companies trading at lower P/S ratios at their lows.
- Companies that fell from extreme valuations showed almost no recovery at all.

These findings are a powerful example of what's possible when data science—not opinion—drives investment risk analysis.

Why This Matters Now

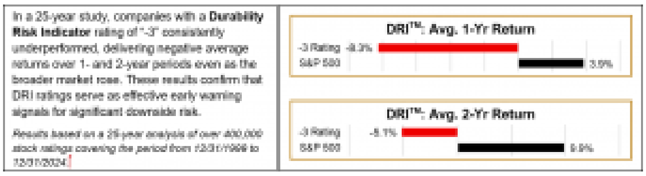
These studies challenge a grossly inaccurate and misleading myth: that severe stock declines must be tolerated and ignored for the long-term success of investors' portfolios. This is shameful. In reality, most major losses are preventable. The data is clear—valuation matters greatly, and ignoring financial fundamentals can be even more costly. Investment professionals—legally obligated to prudently evaluate risk—need objective data to identify companies exhibiting the financial patterns that historically precede major and lasting losses.

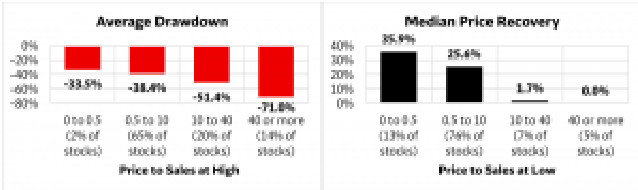
As fiduciaries face growing regulatory and legal scrutiny, ratings like the FRN™ and DRI™, developed by Equity Risk Sciences, aid fiduciaries in both reducing losses and meeting their legal duty of care.

Next Steps

The full study results, charts, and methodology are available upon request. ERS leadership is available for interviews, briefings, or background conversations.

To arrange a call or meeting with Mr. Mullaney, contact Francesca Okleasky, communications manager, at **Francesca@ERS.ai**, or call **(203) 254-0000**.





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