



EQUITY RISK SCIENCES

Low Risk and Compounded
Gains over 21 Years

May 5, 2021

This is a study which shows the investment results in the largest 10 and 20 public companies from 12/31/1999 to 5/4/2021.

This study also compares the results of investing in companies with ERS's worst and best ratings.

21 YEARS OF INVESTMENT RESULTS

On 12/31/1999, there were 913 US public companies trading with a market capitalization over \$250 million, that still traded on May 4, 2021.

This study shows the investing results in the largest 10 and 20 public companies in that period. It also compares the results of investing in companies with ERS's worst and best ratings.*

Results Summary

All rates are adjusted for inflation:

- 1. The 10 largest companies, on average, **lost 3.2%** per year for each of the last 21 years.**
A \$10,000 investment in the 10 largest companies would have declined to \$5,005. These companies had an average PRI of 95.
- 2. The 20 largest companies, on average, **lost 0.7%** per year for each of the last 21 years.**
A \$10,000 investment in the 20 largest companies would have declined to \$8,567. These companies had an average PRI of 90.
- 3. Investing in all 913 companies equally would have yielded an average of 4.0% per year.**
A \$10,000 investment in all 913 companies would have grown to \$22,964. These companies had an average PRI of 62.
- 4. The 190 stocks with an ERS rating of 90 and over (**unsafe**) yielded 0.36% per year.**
A \$10,000 investment in stocks rated 90 or higher would have grown to \$10,804. These companies had an average PRI of 98.
- 5. The 165 stocks with an ERS rating of 30 and under (safest) yielded 8.09% per year.**
A \$10,000 investment in stocks rated 0 to 30 would have grown to \$52,565. These companies had an average PRI of 17.

*See page 3 for disclosures.

BREAKDOWN OF COMPANIES BY PRICE RISK INDICATOR™

PRI Range	# Companies	% Co's	Avg Annualized Performance*
0 to 10	38	4.2%	8.5%
10 to 20	64	7.0%	7.6%
20 to 30	63	6.9%	8.3%
30 to 40	55	6.0%	7.0%
40 to 50	59	6.5%	8.4%
50 to 60	75	8.2%	6.7%
60 to 70	111	12.2%	6.1%
70 to 80	110	12.0%	3.3%
80 to 90	95	10.4%	4.4%
90 to 100	190	20.8%	0.4%
0 to 20	102	11.2%	8.0%
80 to 100	285	31.2%	1.7%
All Companies with Ratings	860	94.2%	4.9%
Companies Without Ratings	53	5.8%	-11.7%

**The above gain and loss figures are the annualized returns from 12/31/1999 to 5/4/2021. These figures are adjusted for inflation.*

BREAKDOWN OF UNDER-30 COMPANIES BY SECTOR

Basic Materials	9
Communication Services	0
Consumer Cyclical	36
Consumer Defensive	7
Energy	7
Financial Services	3
Healthcare	8
Industrials	45
Real Estate	29
Technology	6
Utilities	15

FOLLOW-UP

For complete data and details of the study,
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This study includes only those companies that were trading on 12/31/1999 which were still trading on 5/4/2021. Therefore, it is not a complete account of the results one would have attained by investing in all public companies with a market cap over \$250 million on 12/31/1999. We obtain our data from sources believed to be reliable and accurate. **We are near certain that accounting for the "survivorship bias" by adding all companies which have subsequently been delisted would increase the benefits of investing in stocks based on ERS' safety ratings.*