EQUITY RISK SCIENCES, INC

Computers and AI are Creating Massive Opportunities for Profit

Raymond M. Mullaney, CEO – April 8, 2024

Logic-based strategies, particularly those propelled by the advanced capabilities of computers and artificial intelligence (AI), are creating massive profit opportunities.

The sophisticated pattern recognition and predictive analytics offered by big-data algorithms enable profit-rate potential previously unattainable, with the one exception being the achievements of James Simons, PhD. of the Medallion Fund.

The use of computer driven logic-based strategies mitigates emotional or cognitive biases that derail human decision-making. By relying on data-driven facts, investment managers can build portfolios that are optimized for performance, regardless of market conditions.

The organizations that are early adopters of data science driven strategies are now reaping significant gains in their profitability (see Simons). These technologies now provide bedrock and competitive advantages to asset managers who adeptly integrate them into their decision-making processes.

1) Improving Investing Profit

Data science and artificial intelligence are revolutionizing investing, outperforming traditional methods by rapidly identifying key financial patterns and trends.

Our approach is based on the analysis of financial statements to assess and grade the consistency and scale of changes in a company's financial health and trajectory.

Differing from the slower, error-prone and bias-influenced human analysis, ERS's algorithms delve into massive datasets to detect, differentiate, and evaluate subtle yet significant variations in a company's fundamental financial condition. This encompasses a detailed review of historical cash flows, examining both the origin and magnitude of changes in cash as well as the strategic deployment of debt.

By scrutinizing both the sources of generation and allocation of cash, alongside debt usage, ERS rates a company's future prospects with greater accuracy.

Our data-centric approach is grounded in statistical rigor, offering a dependable foundation for investment decisions. Our ratings are supported by comprehensive, independent validation. By quantifying and rating the difference between a company's "minimum value" (an ERS proprietary value), the magnitude and direction of their fundamental trends and its current market capitalization, investors can channel their capital with greater efficiency and profit.

2) The Reality of the Stock Market: Financial Health Indicators

The essence of logic-based investing lies in acknowledging that the past direction and magnitude of changes in a company's fundamental capability of producing free cash to owners eventually both reflects and drives future stock prices. Key among these is the financial health of companies,

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particularly their consistency of producing cash. Companies that reduce debt or demonstrate that they can reduce debt provide the soundest evidence of their business durability and resilience. Such companies rank among the most attractive investment candidates. Utilizing data science excels in continuously monitoring these financial indicators, filtering out short-term market volatility to focus on intrinsic company value. This approach leads to more informed, fundamentally sound and statistically reliable investment choices.

3) Overcoming Resistance to Logic-Based Investing

Despite having proven and measurable superior investment results, many advisors are not embracing logic-based computer-driven investing technologies. This resistance often stems from a lack of experience with this technology, or the false belief that humans can outperform technology. Hokum!

AI and computer algorithms are tools to maximize investment profitability and minimize losses. Those are every client's key goals! These technologies can be used to enhance human decision-making or replace it. It's your choice. You can use them to provide valuable insights to complement your current methods, leading to more fully-informed investment choices and strategies. Furthermore, automating your analysis methods will free up advisors' time to focus on developing new business relationships and bringing in new clients. Embracing ERS's technology will help you grow faster and become more profitable.

The future of investing will increasingly utilize logic-based strategies, with computers and AI playing THE pivotal role. Their ability to analyze fundamental financial data, focusing on a company's financial strength and durability, makes them invaluable assets in creating a superior-performing company.

The choice is: adopt advanced investment technologies and grow rapidly or be beaten by those that do.

Unlock rapid growth and enhanced performance with ERS—your key to a carefully curated, high-speed path to investment success.