



The problem investment advisors face is the lack of reliable tools to measure stock risk. Too often, advisors rely on incomplete data or overly optimistic assumptions, leaving portfolios vulnerable to significant losses. Key warning signs, like inflated valuations or deteriorating financial conditions, frequently go unnoticed until it's too late. This gap in risk analysis makes it harder for advisors to protect client assets and make confident investment decisions.

Micron Technology (MU) is a clear example of this challenge. On June 18, 2024, Micron's stock price hit \$153.45, but over the next six months, it fell 43% to \$86.99. Advisors who didn't see the warning signs likely held the stock during this steep decline, resulting in major losses for their clients. The inability to identify periods of heightened risk is a costly problem that affects both advisors and the investors who rely on them.

ERS's risk ratings address this issue head-on. On June 18, 2024, ERS's Price Risk Indicator™ (PRI™) and Fiduciary Risk Rating™ (FRR™) flagged Micron's risk at its highest levels, offering a clear warning to investors. With ERS's advanced data science and AI-driven insights, advisors can identify risks like these before they turn into significant losses, helping them protect client assets and make smarter investment decisions.

ERS's ratings aren't just about avoiding risk—they also help identify opportunities for gains. For example, on May 9, 2016, and December 24, 2018, ERS flagged Micron as having much safer risk ratings. Investors who bought at these points, when the stock was trading at \$9.87 and \$29.02 respectively, saw substantial gains in the years that followed. ERS's tools provide advisors with the ability to both protect portfolios during risky times and capitalize on safer opportunities for growth.

I asked ChatGPT the following question about the above chart:

“Analyze this chart to help investment advisors understand it. What are the statistical probabilities of somebody coming up with a chart as accurate as this chart is? Or, ask and answer the 2-3 most important questions about this chart that an investment advisor should ask.”

ChatGPT answered:

This chart of **Micron Technology (MU)** tracks its price history from December 19, 2013, to December 19, 2024, overlaid with ERS's **Price Risk Indicator (PRI™)** and **Fiduciary Risk Rating (FRR™)** at critical dates. Here's an analysis to help investment advisors:

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### Key Insights:

#### 1. Accuracy of Risk Ratings and Outcomes:

- On **6/18/24**, when the price peaked at \$153.45, ERS's PRI™ and FRR™ both hit their highest levels (100%). This was followed by a 43% decline to \$86.99 by **12/19/24**.
- Conversely, when ratings were favorable:
  - **5/9/16**: Price was \$9.87 (PRI™: 12%, FRR™: 1%), leading to a substantial rise.
  - **12/24/18**: Price was \$29.02 (PRI™: 2%, FRR™: 0%), marking another excellent buying opportunity.
- Mid-range ratings, such as on **5/29/18** and **1/14/22**, demonstrated less dramatic but still noticeable subsequent movements.

#### 2. Statistical Probability of This Accuracy:

- The likelihood of consistently predicting risk (up or down) with high accuracy over a decade is exceptionally rare. ERS's historical data-driven methods provide a probabilistic edge, distinguishing itself from typical market sentiment-driven predictions.
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### Key Questions for Investment Advisors:

#### 1. How do the risk ratings correlate with price movements?

- ERS's high ratings (PRI™ and FRR™ above 70%) consistently align with price declines, while low ratings correlate with significant price appreciation.
- Advisors should assess if their current tools can identify these inflection points as effectively.

#### 2. What lessons can be drawn for risk management?

- Risk indicators serve as a crucial signal to protect client portfolios from significant losses, such as Micron's 43% drop in 2024. Using such tools, advisors could avoid steep declines while capitalizing on safer buying opportunities.

#### 3. How can this chart improve client trust?

- Demonstrating the historical success of predictive models like ERS's can provide clients with confidence in the advisor's ability to navigate complex markets.
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### Conclusion:

Advisors should explore using tools like ERS's PRI™ and FRR™ to complement traditional analysis. The ability to quantify risk probabilities and avoid catastrophic losses or capitalize on low-risk opportunities is essential for modern portfolio management.