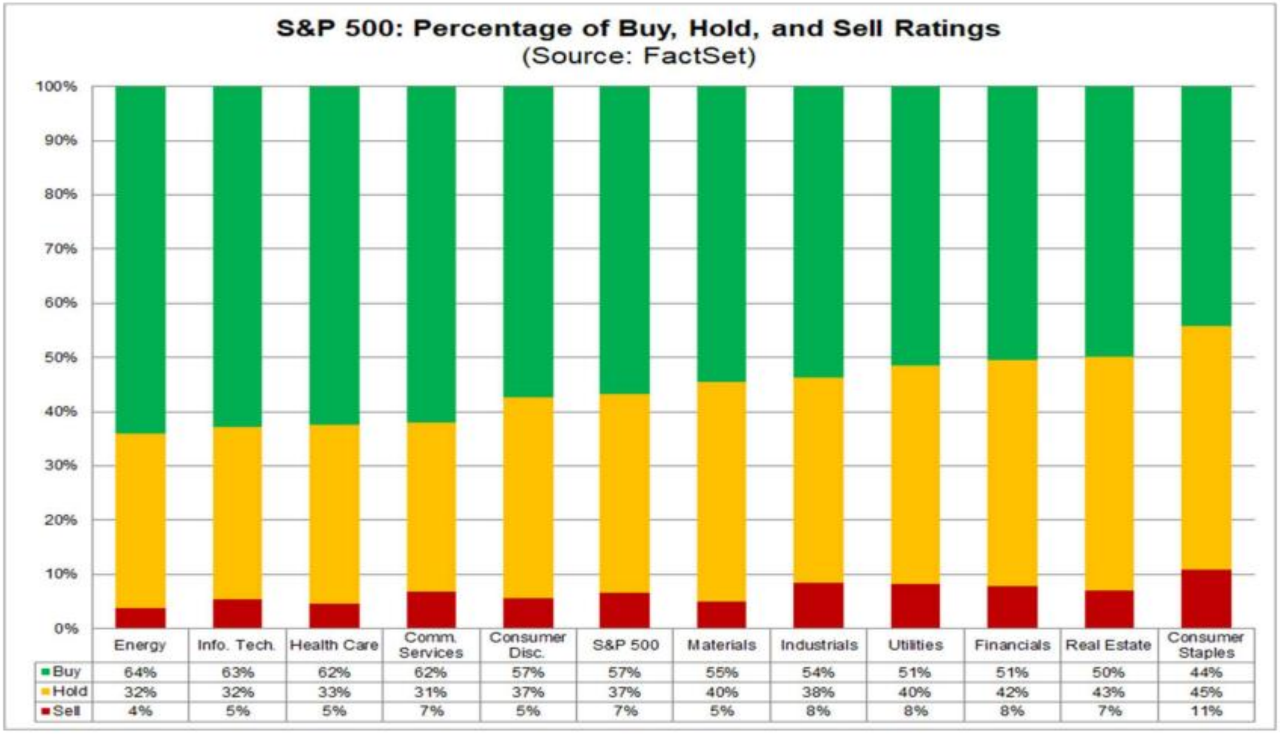
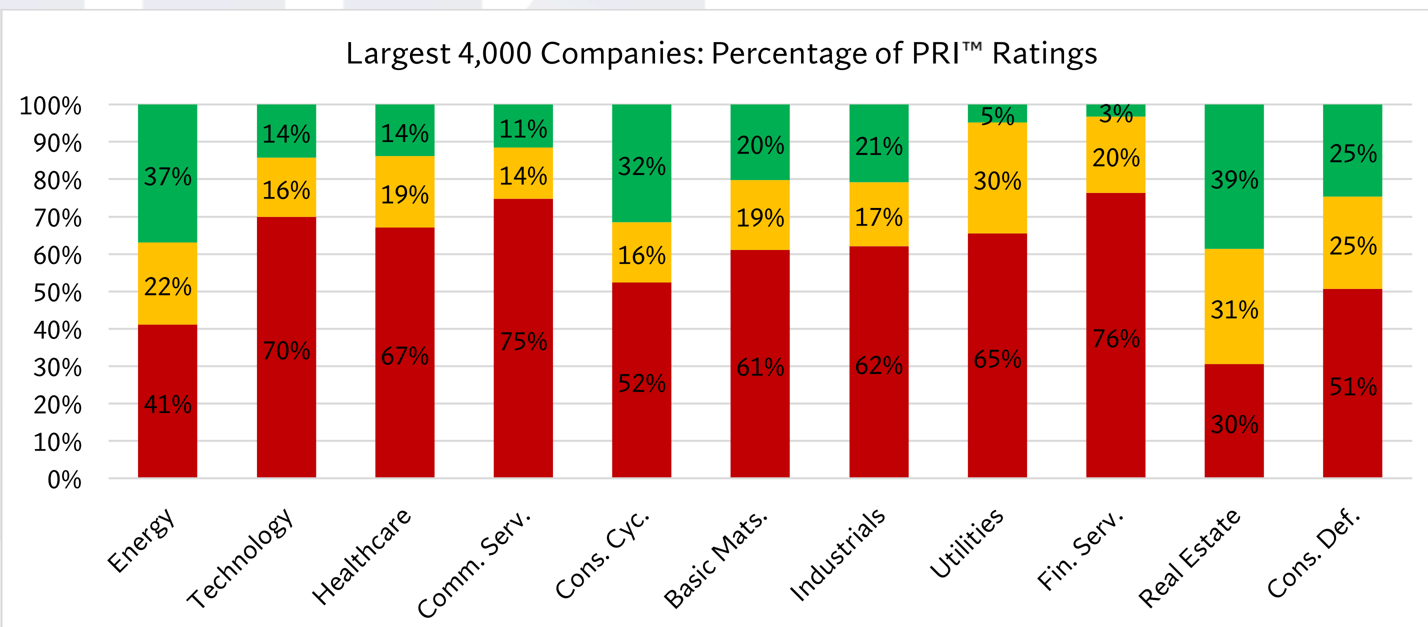
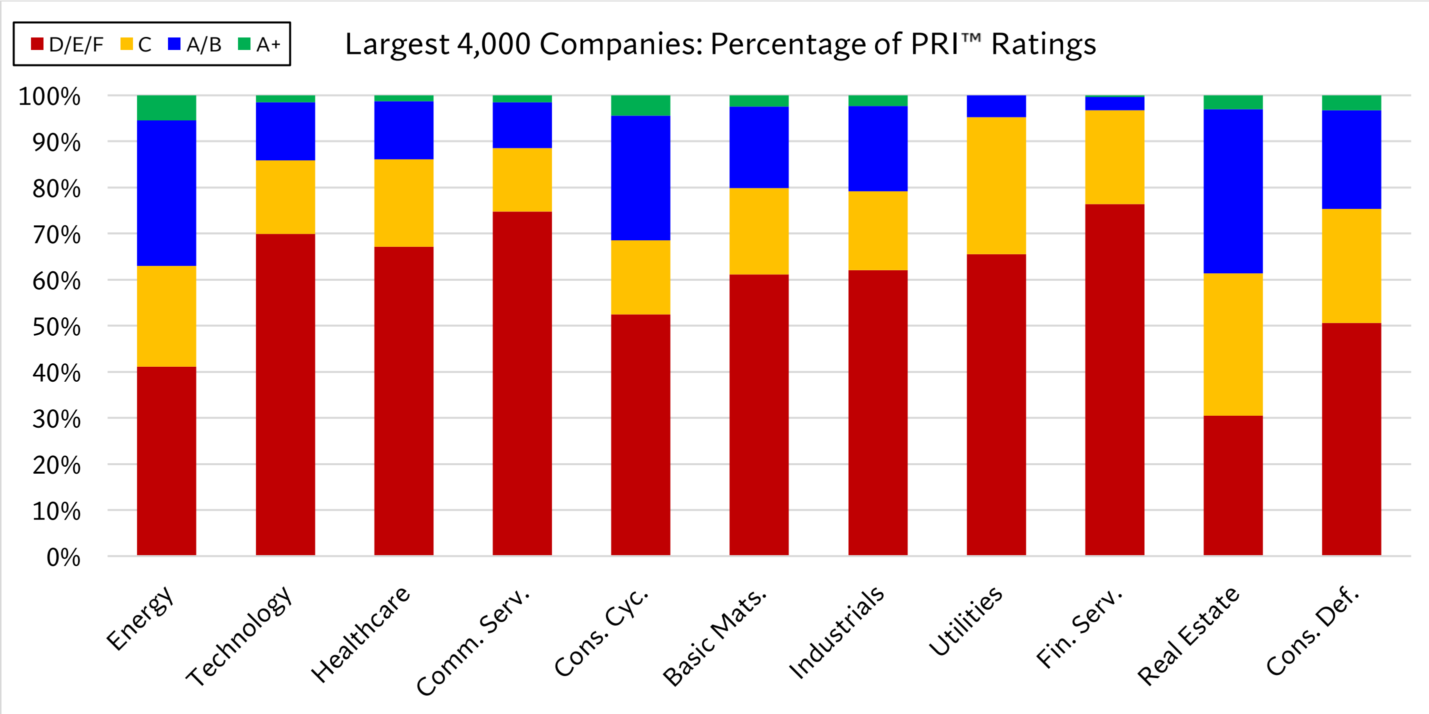
Exhibit XI: "Questions of Fact" About "BUY" Stock Ratings from Investment Analysts

May 28, 2025





	Energy	Tech.	Healthcare	Comm. Serv.	Cons. Cyc.	Basic Mats.	Industrials	Utilities	Fin. Serv.	Real Estate	Cons. Def.
Low-Risk	37%	14%	14%	11%	32%	20%	21%	5%	3%	39%	25%
Medium-Risk	22%	16%	19%	14%	16%	19%	17%	30%	20%	31%	25%
High-Risk	41%	70%	67%	75%	52%	61%	62%	65%	76%	30%	51%



	Energy	Tech.	Healthcare	Comm. Serv.	Cons. Cyc.	Basic Mats.	Industrials	Utilities	Fin. Serv.	Real Estate	Cons. Def.
A+	5%	2%	1%	2%	4%	2%	2%	0%	0%	3%	3%
A/B	32%	13%	13%	10%	27%	18%	18%	5%	3%	36%	21%
C	22%	16%	19%	14%	16%	19%	17%	30%	20%	31%	25%
D/E/F	41%	70%	67%	75%	52%	61%	62%	65%	76%	30%	51%

Do reports from the largest brokerage firms on Wall Street meet fiduciary obligations of RIAs?

I.E., can RIAs cite and rely on Wall Street BUY reports for stocks they buy for their clients?

The answer is definitively NO. Investment banking firms operate under SEC Regulation Best Interest, which is substantially weaker than the fiduciary duty required of investment advisers under the Investment Advisers Act of 1940. This creates a deliberate deception where investors assume these firms operate under fiduciary standards when they legally do not.

Top 3 Reasons Wall Street Reports Fail to Meet SEC Fiduciary Standards:

1. Lack of Independence

Most research from major investment banks is **not independent**. The analysts are often conflicted by their firms' investment banking relationships or internal incentives. This leads to a consistent bias toward **"Buy" ratings**, as shown in the **FactSet chart**, where *less than 10% of stocks are ever rated "Sell."*

SEC Fiduciary Standard: Advisors must act in the **best interest of their client**, which includes **avoiding conflicted advice** (SEC Interpretation, 2019; Reg BI principles).

2. Failure to Disclose Real Downside Risks

Wall Street reports rarely include meaningful **quantitative risk analysis** or "stress testing" of financial strength. Their reports focus on upside potential, with vague or minimal coverage of downside risks—failing to prepare fiduciaries or clients for losses.

By contrast, **ERS's PRI ratings** show that **50–75% of companies in each sector are high risk**, directly contradicting the Wall Street narrative.

3. No Client-Specific Suitability Analysis

Wall Street research is produced for mass consumption. It does **not assess whether a stock is suitable for a conservative, moderate, or risk-averse investor**, nor does it consider the **goals, timelines, or risk tolerances** of individual clients—something fiduciaries are *legally obligated* to evaluate.

SEC Reminder (Release No. IA-5248): "An RIA must evaluate a recommendation's suitability for each client in light of that client's investment profile, risk tolerance, and objectives."

What Research Must RIAs Conduct to Fulfill Their Fiduciary Duty?

RIAs must go beyond surface-level research and perform **substantive, documented due diligence** that includes:

1. Analysis of financial strength and deterioration risks (liquidity, solvency, profitability, equity levels)
2. Probability-weighted downside risk assessments
3. Stress testing of assumptions (what happens to the business under adverse conditions)
4. Clear suitability linkage – How does the investment fit the client's income, risk, liquidity, and time horizon needs?
5. Ongoing monitoring and review – to ensure conditions haven't changed materially.

SEC Regulations and Commentary

1. SEC Interpretation – Fiduciary Duty of RIAs (July 12, 2019)

- SEC states that fiduciaries must **provide advice based on a reasonable understanding of the client's objectives** and have a **reasonable belief that the advice is in the client's best interest**.
- The SEC clarifies that this includes understanding **the investment itself**, through **independent inquiry and analysis**.

2. SEC Staff Legal Bulletin No. 11 (1998)

"If an adviser cannot demonstrate that a written analysis was conducted, the SEC will assume it was **never performed**."

This confirms that a **documented process is legally critical.** RIAs who fail to retain or create such documentation are **automatically at risk** during audits or legal claims.

3. Third-Party Research Use

SEC allows the use of third-party research **if**:

- It is truly **independent**
- The RIA **reviews, understands, and agrees** with the methodology
- The research **supports a reasonable basis** for making the recommendation

RIAs *cannot simply outsource* their duty of care. They must **evaluate the third-party research** and apply it to the client's specific circumstances.

4. Stress Testing and Suitability

While not called "stress testing" directly, SEC guidance (Reg BI and fiduciary interpretations) **implies the obligation** to evaluate:

- **Durability** of the investment (will it survive market or economic downturns?)
- **Liquidity and solvency** of the underlying company
- **Valuation vs. risk** tradeoff
- **Client impact** under downside scenarios

This means **owning stock in a company with weak or deteriorating fundamentals**, without evidence that it's a suitable risk for that client, is **not defensible**.

Wall Street Research is Not Enough

Wall Street's "Buy" ratings are based on **optimism, upside speculation**, and often **conflicts of interest.**

ERS's PRI™ ratings show a radically different picture: **50% or more** of stocks across most sectors are at *high risk of decline*. This makes clear that RIAs **cannot rely** on legacy systems or reports for fiduciary decisions.

Using biased or incomplete research may violate **Sections 206(1) and 206(2)** of the Investment Advisers Act of 1940—relating to fraud and breach of duty.

How ERS Helps RIAs Meet Fiduciary Standards

- **Independent, Conflict-Free Risk Ratings**
- **Quantitative Evidence** of financial deterioration and risk
- **Written Documentation** of suitability and durability assessments
- **Client-Facing Tools** to explain and justify buy/sell decisions
- **Audit Trail** of research and monitoring activities

Final Thought: Fiduciary Means Independent

Advisors who rely on Wall Street research alone are **failing their clients**. They are **not meeting the standards the SEC expects**. ERS was built to help fiduciaries meet—and exceed—these standards.