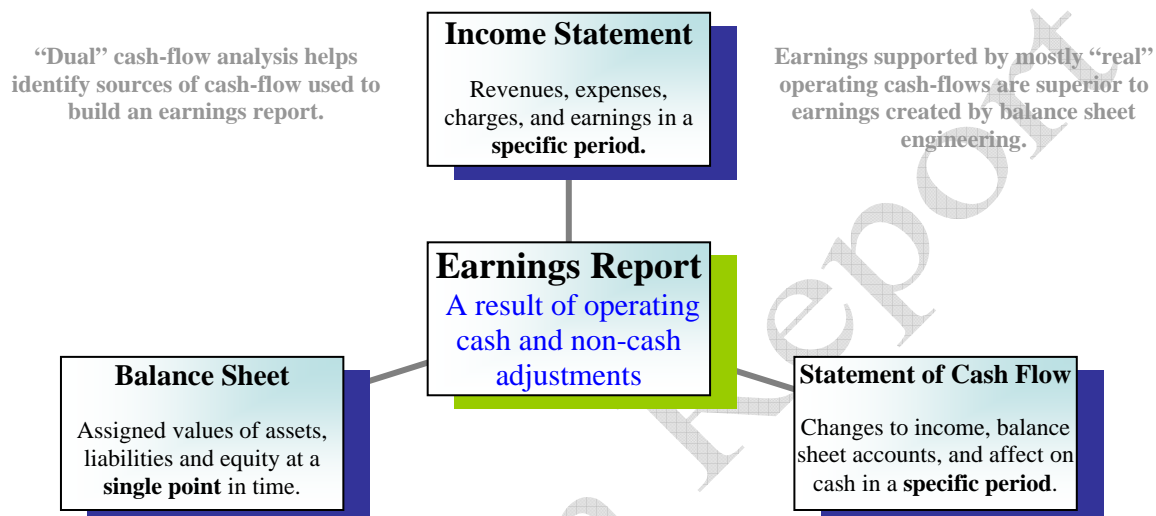


**Merriam Report Investment Research** specializes in analysis of corporate financial statements. Since the mid 1990's our field of discipline has focused on the structural accounting changes occurring in the component financial statements over multiple periods of time.

Unlike traditional analysis, our model combines innovative cash-flow, accrual and capital productivity analysis to identify a company's true earnings quality and determine a fair-value price of the underlying security.



Analysis of accrual (non-cash) components in an earnings statement helps identify the impact of cash and non-cash activities (adjustment for depreciation, asset sales, etc.) to the corresponding changes in balance sheet accounts. Accrual analysis also helps verify or refute results of the dual cash evaluation.

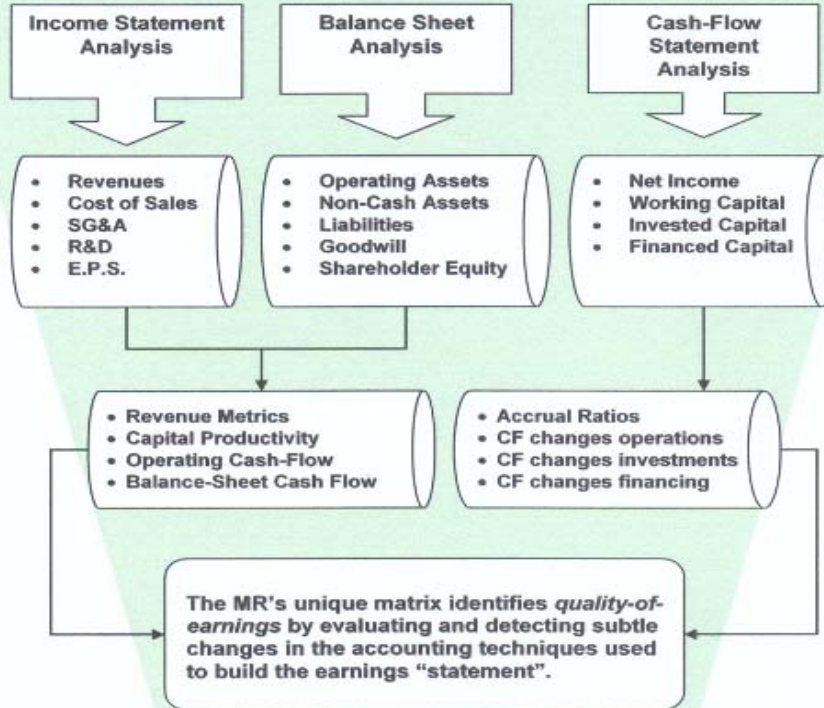
Our fifteen-plus years of applied research and back-test studies with these unconventional techniques also confirmed a far more remarkable capability of the Merriam Report platform.

**That is, a significant and consistent correlation between signals and indicators generated by the Merriam Report to the future directional price movements of an underlying security.**

By observing the changes occurring in certain relationships within the component statements (balance sheet, income statement and statement of cash-flow), our model has demonstrated a high accuracy rate at detecting significant price changes in a security 2-6 months before it occurs.

Thus, the Merriam Report model not only helps us understand the earnings quality and intrinsic value of a stock, it also provides very actionable and predictive information to position ourselves going forward.

## The Merriam Report Top-Down Process



Merriam