Smallcap Winners Strategy

Weekly Subscriber Report

Vital Quantitative Research, LLC | Subscriber's Weekly Report | June 14, 2026 | Data as of June 12, 2026 | Benchmark: S&P SmallCap 600

TOTAL RETURN Since 2010	ANNUALIZED Return	YTD RETURN 2026	MAX DRAWDOWN Since Inception	SHARPE RATIO Since Inception	ACTIVE RETURN vs SmallCap 600
65,652%	48.34%	27.01%	-14.45%	2.10	+65,091%

Strategy Overview

Smallcap Winners is a high-octane, rules-based strategy that screens a liquid small-cap universe (every holding under $2B market cap) through the Smallcap Performance v2.4 ranking system, holding ten positions rebalanced weekly. It is the most aggressive engine in the VitalQuant lineup: since the 2010 inception a $10,000 stake has compounded to $6.56 million — a 65,652% total return (48.34% annualized) versus the S&P SmallCap 600's 560% — while holding the maximum drawdown to -14.45% against the index's -44.36%. Although far more active than a buy-and-hold approach, the strategy is not a rapid in-and-out trader: realized positions are held for an average of 51.97 trading days, the equivalent of about 2.5 months — long enough to let a winning thesis play out, while still moving on from names that lose their ranking.

This Week

The model turned over three of ten positions. It bought Radiant Logistics (RLGT), Daktronics (DAKT), and Iturán (ITRN), and sold Aveanna (AVAH), L.B. Foster (FSTR), and SmartRent (SBC). One trade is worth flagging: FSTR was bought just last week (June 8) and sold again on June 15 — a one-week round trip that shows the ranking system cutting a position quickly when it fell out of favor, exactly the discipline that keeps losers short. Six of the current ten holdings were opened on June 1 or June 15, underscoring how actively the book refreshes. Cash is effectively zero ($75), so the strategy is fully invested. The week was soft in relative terms — the model added 1.16% while the small-cap benchmark gained 3.61% — a short-term lag discussed below.

Performance Summary

Return (%)	Model	S&P SC600
Total	65,651.57	560.34
Annualized	48.34	12.16
Year To Date	27.01	19.73
Month To Date	1.16	3.61
4 Week	1.64	7.27
13 Week	15.91	17.90
1 Year	56.02	34.35
3 Year	165.88	51.11

Year	Model	S&P SC600	Excess
2010*	57.06	26.61	**30.45**
2011	35.51	0.80	**34.70**
2012	68.49	16.30	**52.19**
2013	115.05	41.33	**73.72**
2014	9.89	5.85	**4.05**
2015	30.08	-2.08	**32.16**
2016	60.61	26.60	**34.01**
2017	41.98	13.15	**28.83**
2018	67.23	-8.51	**75.74**
2019	46.24	22.82	**23.42**
2020	81.76	11.28	**70.48**
2021	87.60	26.58	**61.02**
2022	3.21	-16.20	**19.41**
2023	33.96	16.06	**17.90**
2024	20.96	8.63	**12.33**
2025	47.68	5.89	**41.79**
2026**	27.01	19.73	**7.28**

The headline is that this strategy has beaten its benchmark in every single calendar year on record — seventeen for seventeen — including a +75.74% excess in 2018 and +70.48% in 2020, both years the index struggled. The honest caveat is short-term: the model is running behind the S&P SmallCap 600 over the last four weeks (+1.64% vs +7.27%) and is essentially level over thirteen weeks. It remains comfortably ahead year-to-date (+27.01% vs +19.73%), over one year (+56.02% vs +34.35%), and over three years (+165.88% vs +51.11%). Small-cap momentum is choppy by nature, and brief stretches of underperformance are a normal feature of the approach, not a warning sign.

Risk Metrics

Trailing 3 Year	Model	Bench
Total Return (%)	165.88	51.11
Annualized Return (%)	38.53	14.75
Max Drawdown (%)	-12.11	-28.02
Standard Deviation (%)	22.64	19.43
Sharpe Ratio	1.37	0.52
Sortino Ratio	2.06	0.77
Beta	0.86	-
Alpha (ann., %)	24.66	-

Since Inception (01/01/10)	Model	Bench
Total Return (%)	65,651.57	560.34
Annualized Return (%)	48.34	12.16
Max Drawdown (%)	-14.45	-44.36
Standard Deviation (%)	19.60	19.16
Sharpe Ratio	2.10	0.62
Sortino Ratio	3.24	0.85
Beta	0.70	-
Alpha (ann., %)	38.28	-

Monthly Performance — Last 12 Months

	25/07	25/08	25/09	25/10	25/11	25/12	26/01	26/02	26/03	26/04	26/05	26/06
Model	-1.01	12.35	3.05	-2.08	4.67	1.97	6.55	10.23	-7.11	14.20	0.78	1.16
Benchmark	0.91	7.04	1.05	-0.87	2.61	-0.11	5.70	2.10	-4.00	10.29	1.14	3.61
Excess	**-1.92**	**5.31**	**2.00**	**-1.21**	**2.06**	**2.08**	**0.85**	**8.13**	**-3.11**	**3.91**	**-0.36**	**-2.45**

Current Holdings

Ticker	Wt %	Rank	Shares	Avg Cost	Price	Value	Ret %	Days	Sector
BWMX	8.84	99.7	32,153	14.28	18.03	579,719	26.26	221	Cons. Non-Cyc.
DAKT	12.97	98.0	41,896	20.33	20.30	850,489	-0.15	-3	Technology
ELA	8.34	99.8	20,031	24.27	27.30	546,846	12.47	11	Finance
ELMD	7.41	99.6	13,086	37.12	37.14	486,014	0.05	11	Healthcare
ESEA	10.58	97.7	9,701	56.00	71.52	693,816	27.71	179	Industrials
ITRN	12.97	98.9	12,828	66.40	66.32	850,753	-0.11	-3	Telecom
OOMA	7.49	99.2	28,001	18.18	17.55	491,418	-3.45	11	Technology
PANL	7.64	99.6	65,238	7.61	7.68	501,028	0.92	11	Industrials
RLGT	12.94	96.4	92,252	9.23	9.20	848,718	-0.36	-3	Industrials
VMD	10.70	98.7	67,180	8.62	10.45	702,031	21.23	123	Healthcare

Turnover is visible right in the book: only three names — BWMX (221 days), ESEA (179) and VMD (123) — have been held more than a quarter, and they are also the largest gainers at +26.26%, +27.71% and +21.23% respectively. The rest are recent entries clustered near break-even, with OOMA the lone laggard at -3.45%. Just as notable is the breadth: the portfolio spans six sectors — industrials (31%), technology (20%), healthcare (18%), telecom (13%), consumer non-cyclicals (9%) and financials (8%) — a far more diversified profile than the firm's large-cap strategies, which mitigates single-sector risk.

Fundamental Ratios

Ticker	Mkt Cap	Yield	P/E	PEG LT	ROE TTM	ROI TTM	Debt/Eq	Pr2CFl
BWMX	673	6.80%	10.6	N/A	94.62%	25.58%	2.94	7.64
DAKT	980	0.00%	36.5	0.61	9.73%	9.76%	0.06	21.23
ELA	709	0.00%	33.8	N/A	31.96%	25.11%	0.26	31.02
ELMD	310	0.00%	31.9	N/A	21.70%	21.70%	0.00	28.62
ESEA	501	4.47%	3.8	N/A	30.55%	21.73%	0.43	3.11

ITRN	1,319	3.02%	21.9	N/A	30.22%	30.38%	0.02	12.96
OOMA	484	0.00%	53.5	2.23	10.00%	6.88%	0.71	19.35
PANL	499	2.60%	14.3	N/A	8.04%	6.51%	0.82	6.14
RLGT	431	0.00%	27.7	N/A	7.15%	5.81%	0.36	14.75
VMD	397	0.00%	27.8	N/A	10.69%	10.65%	0.09	9.28

Unlike the large-cap strategies, the small-cap book leans toward value as much as momentum. Several holdings screen genuinely cheap — Euroseas (ESEA) at a 3.8 trailing P/E, Betterware (BWMX) at 10.6, and Pangaea Logistics (PANL) at 14.3 — and a few pay meaningful dividends, led by BWMX at 6.80% and ESEA at 4.47%. Quality is uneven, as is typical at this size: BWMX posts a 94.62% ROE but carries the heaviest leverage (debt/equity 2.94), while the newer logistics and hardware names show single-digit returns on capital. The blend of low multiples and high momentum ranks is the engine behind the strategy's long-run edge.

Recent Trading Activity

Date	Action	Ticker	Shares	Price
06/15/26	**BUY**	**RLGT**	92,252	9.20
06/15/26	**BUY**	**DAKT**	41,896	20.30
06/15/26	**BUY**	**ITRN**	12,828	66.32
06/15/26	**SELL**	**AVAH**	-69,190	7.09
06/15/26	**SELL**	**FSTR**	-20,359	42.37
06/15/26	**SELL**	**SBC**	-242,840	2.87
06/08/26	**BUY**	**FSTR**	8,282	41.94
06/08/26	**SELL**	**TOYO**	-60,851	13.81
06/01/26	**BUY**	**ELA**	20,031	24.27
06/01/26	**BUY**	**OOMA**	28,001	18.15

Trading Statistics

Starting Capital	**$10,000**
Ending Market Value	**$6,558,666**
Days Since Inception	**6,006**
Total Buy / Sell Trades	**1,320 / 1,403**
Average Annual Turnover	**561.72%**
Total Trading Cost	**$26,697**

Overall Winners	**65.36%**
Realized Winners	**65.41%**
Avg Realized Win / Loss	**+15.62% / -9.08%**
Avg Days Held (realized)	**51.97**
Biggest Realized Winner	**+156.70%**
Biggest Realized Loser	**-38.34%**

Vital Risk Control™

Vital Risk Control™ is what makes a small-cap strategy of this aggressiveness investable. Left unmanaged, micro- and small-cap baskets routinely fall 40–50% in market stress — the S&P SmallCap 600 itself drew down -44.36% over this period. The strategy held its worst decline to -14.45%, less than a third of the index, and just -12.11% over the trailing three years against the benchmark's -28.02%. The risk-adjusted gap is stark: a since-inception Sharpe ratio of 2.10 versus 0.62, a Sortino of 3.24, a beta of only 0.70, and 38.28% of annualized alpha. With no defensive signal currently active, the model is fully invested across all ten positions.

Outlook & Key Observations

The one item to watch is the recent short-term lag against the small-cap benchmark, which has rallied hard over the past month (+7.27% in four weeks). The strategy's 562% turnover means it is constantly rotating toward the strongest-ranked names, and in a fast, broad small-cap rally the concentrated ten-stock book can briefly trail a surging index before re-establishing its edge — a pattern visible repeatedly across the sixteen-year record. Nothing in the data suggests a structural problem: drawdown control is intact, the win rate holds at 65%, and the book is diversified across six sectors. Subscribers should treat the current stretch as ordinary variance for an aggressive momentum strategy rather than a reason to deviate from the signals. The next scheduled rebalance is June 21, 2026.

10 Positions • Cash $75 • YTD +27.01% • Annualized +48.34% • Max DD -14.45% • Next Rebalance 06/21/26