Rock Steady Strategy

August 23, 2026

Vital Quantitative Research, LLC • Systematic S&P 500 Large-Cap

Rebalance of 08/24/26 • Next: 08/30/26

TOTAL RETURN (Since Inception)	ANNUALIZED RETURN	YEAR-TO-DATE RETURN	MAX DRAWDOWN	SHARPE RATIO	WIN RATE (Realized Trades)
3,569%	36.26%	61.83%	-19.91%	1.57	58.74%
S&P 500: +273%	S&P 500: 11.96%	S&P 500: 12.11%	S&P 500: -33.92%	S&P 500: 0.70	205 of 349 closed

Strategy Overview

The **Rock Steady Strategy** holds ten equally weighted positions drawn from the S&P 500 large-cap universe, rebalanced weekly using the proprietary **AdvancedLargeCap-RS** ranking system with static-weight sizing. Position-level exits are driven by rank decay, technical deterioration, stop-loss and gain-target rules, including the Rank Stop Loss rule added in July; portfolio-level exposure is governed by **Vital Risk Control™** (patent pending). All figures are net of modeled commissions and variable slippage. Benchmark: S&P 500 Index. Inception: 01/01/15.

This Week at a Glance

The model closed two positions on rank deterioration — **UAL** at $113.17 (-9.6%) and **DAL** at $82.41 (-11.3%) — and replaced them with **SNDK** and **LITE**, while trimming **DELL** by 64 shares as a sizing adjustment. This has been a hard stretch and the numbers say so: the strategy is **-0.60%** over 13 weeks against **+2.69%** for the S&P 500, and July's **-12.48%** was the worst month in the strategy's record. The portfolio currently sits roughly 17.7% below its late-July peak, close to the -19.91% deepest drawdown recorded since 2015. Year-to-date the model remains at **+61.83%** versus **+12.11%**. Place all six transactions at Monday's open per the published list.

Performance Summary

Period	Model	S&P 500	Excess
Month-to-Date	-0.16%	2.47%	-2.62%
4-Week	-0.80%	3.54%	-4.34%
13-Week	-0.60%	2.69%	-3.29%
Year-to-Date	61.83%	12.11%	+49.72%
1-Year	120.31%	20.47%	+99.84%
3-Year	311.38%	74.91%	+236.47%
Since Inception (01/01/15)	**3,568.66%**	**272.74%**	**+3,295.92%**
Annualized	**36.26%**	**11.96%**	**+24.30%**

The three short windows are all negative and all behind the index. That is not noise: the model has given back roughly 17.7% from its late-July peak, driven by a cluster of rank and stop-loss exits that fired within days of each other. The longer windows are intact — 120.31% over one year and 311.38% over three — but subscribers who bought in during July are underwater today and the report will not present that as anything else.

Performance by Calendar Year

Return (%)	2015*	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026**
Model	12.45	52.09	19.07	7.23	34.53	47.66	54.75	9.76	41.65	33.22	63.06	61.83
S&P 500	-0.73	9.54	19.42	-6.24	28.88	16.26	26.89	-19.44	24.23	23.31	16.39	12.11
Excess	**13.18**	**42.56**	**-0.35**	**13.47**	**5.65**	**31.40**	**27.86**	**29.20**	**17.42**	**9.91**	**46.68**	**49.72**

(*) From 01/01/15 (**) Year-to-date through 08/21/26. The model has finished ahead of the S&P 500 in ten of eleven completed calendar years; 2017 is the exception, trailing by 0.35 points. Its widest margins came in 2016 (+42.56) and 2025 (+46.68), and it returned 9.76% in 2022 while the index lost 19.44%. Results are hypothetical and net of modeled costs.

Risk Metrics

Metric	Model (3-Yr)	S&P 500 (3-Yr)	Model (Incep.)	S&P 500 (Incep.)
Annualized Return	60.23%	20.49%	36.26%	11.96%
Max Drawdown	-19.91%	-18.90%	-19.91%	-33.92%
Standard Deviation	26.72%	13.07%	19.87%	15.03%
Sharpe Ratio	1.80	1.05	1.57	0.70
Sortino Ratio	3.04	1.50	2.67	0.94
Beta	1.13	—	0.68	—
Correlation	0.55	—	0.51	—
R-Squared	0.30	—	0.26	—
Alpha (annualized)	37.91%	—	26.97%	—

One number here runs against the strategy and should be read plainly: over the trailing three years the model's maximum drawdown of -19.91% is deeper than the S&P 500's -18.90%, on roughly double the volatility. The since-inception picture is the opposite — -19.91% against -33.92% — because the index took losses in 2020 and 2022 that the model avoided. Sharpe of 1.57 against 0.70 and a beta of 0.68 describe the longer record.

Monthly Performance — Last 12 Months

Return (%)	2025/09	2025/10	2025/11	2025/12	2026/01	2026/02	2026/03	2026/04	2026/05	2026/06	2026/07	2026/08
Model	14.87	7.26	3.94	4.04	25.67	2.19	0.00	11.40	27.64	1.42	-12.48	-0.16
S&P 500	3.53	2.27	0.13	-0.05	1.37	-0.87	-5.09	10.42	5.15	-1.06	-0.13	2.47
Excess	**11.34**	**4.99**	**3.81**	**4.09**	**24.31**	**3.06**	**5.09**	**0.98**	**22.50**	**2.48**	**-12.35**	**-2.62**

July's -12.48% against a flat index is the largest monthly loss and the largest monthly shortfall in the twelve months shown, and it followed May's +27.64%. Nine of the twelve months beat the benchmark; the two that did not are the two most recent. A single month of that size does not invalidate a model, but it does define the current drawdown and it is the reason the short-window numbers above are negative.

Current Holdings

Ticker	Sector	Shares	Avg Cost	Last Close	Value ($)	Weight	Return %	Rank	Days Held
ANET	Technology	167	191.64	188.65	31,505	8.59%	-1.56%	98.2	11
APH	Technology	187	168.86	157.01	29,361	8.01%	-7.02%	74.7	11
DELL	Technology	98	179.19	442.08	43,324	11.81%	+146.71%	97.8	130
FTNT	Technology	198	163.98	153.51	30,395	8.29%	-6.39%	66.1	11
HPE	Technology	716	48.02	53.45	38,270	10.44%	+11.32%	96.4	25
KEYS	Technology	92	338.15	316.13	29,084	7.93%	-6.51%	68.3	11
LITE	Technology	50	867.59	866.71	43,336	11.82%	-0.10%	93.8	New
NTAP	Technology	193	164.40	192.27	37,108	10.12%	+16.95%	97.4	39
PLTR	Business Services	184	175.42	179.94	33,109	9.03%	+2.58%	98.8	11
SNDK	Technology	32	1,597.69	1,596.08	51,075	13.93%	-0.10%	90.6	New

*Portfolio value $366,711 with $146 in cash. Six of ten positions show a loss, though two of those are the new entries sitting essentially flat at -0.10%. The meaningful detractors are the four names bought on 08/10 that have not worked: **APH** (-7.02%), **KEYS** (-6.51%), **FTNT** (-6.39%) and **ANET** (-1.56%). Three of those now sit in the 66-75 rank band, well below the 90-plus scores at which they were purchased two weeks ago. **DELL** carries the book at +146.71% over 130 days and remains the largest single contributor even after this week's trim.*

Portfolio Composition

Sector	Weight
Technology	90.97%
Business Services	9.03%

Exchange / Market Cap	Weight
NASDAQ	53.20%
NYSE	46.80%
Mega cap ($200B+)	51.39%
Large cap (under $200B)	48.61%

Technology now stands at 90.97% of assets — nearly three times the sector's weight in the S&P 500 — after the DAL exit removed the portfolio's only industrial holding. Just two sectors are represented across ten names. That is where the ranking system is finding its highest scores rather than a sector call, but the practical effect is the same: this portfolio will move with technology, and subscribers holding other technology-heavy positions should size accordingly.

This Week's Trades — Effective 08/24/26

Date	Action	Ticker	Shares	Price	Value ($)	Rank	Exit / Entry Reason
08/24/26	**BUY to initiate position**	**SNDK**	32	1,596.08	51,126	90.56	Top-ranked replacement
08/24/26	**BUY to initiate position**	**LITE**	50	866.71	43,379	93.78	Top-ranked replacement
08/24/26	**SELL to close position**	**UAL**	244	113.17	27,583	52.61	Rank deterioration
08/24/26	**SELL to close position**	**DAL**	431	82.41	35,519	50.80	Rank deterioration
08/24/26	**SELL to reduce position**	**DELL**	47	442.08	20,757	97.79	Position-size adjustment
08/24/26	**SELL to reduce position**	**DELL**	17	442.08	7,508	97.79	Position-size adjustment

*Both exits were rank-driven and both were losses. **UAL** closed at -9.6% over fourteen days (rank 96.79 at purchase, 52.61 at exit) — the second failed UAL attempt in two months, after the 07/20 stop-out at -13.3%. **DAL** closed at **-11.3%** over 56 days, roughly $4,530 on the modeled position, after its rank fell from 97.20 to 50.80. **SNDK** (90.56) and **LITE** (93.78) replace them. The two **DELL** lines are a combined sizing trim of 64 of 162 shares, not an exit — 98 shares remain at rank 97.79.*

Recent Trading Activity

Date	Action	Ticker	Shares	Price	Reason
08/10/26	BUY to initiate position	**ANET**	167	191.44	Rank 99.60
08/10/26	BUY to initiate position	**APH**	187	168.69	Rank 98.60
08/10/26	BUY to initiate position	**FTNT**	198	163.81	Rank 96.19
08/10/26	BUY to initiate position	**PLTR**	184	175.23	Rank 92.99
08/10/26	BUY to initiate position	**KEYS**	92	337.80	Rank 80.56
08/10/26	SELL to close position	**DDOG**	146	253.58	Stop Loss
07/28/26	SELL to close position	**AMD**	65	498.71	Rank Stop Loss
07/28/26	SELL to close position	**JBHT**	106	271.75	Rank Stop Loss
07/28/26	SELL to close position	**HUM**	72	380.24	Rank Stop Loss
07/27/26	BUY to initiate position	**HPE**	716	47.96	Rank 98.60

*The 07/28 exits were the **Rank Stop Loss** rule doing what it was built to do — AMD, JBHT and HUM had each recorded both technical and rank declines after purchase and were cleared together. **DDOG** stopped out on 08/10. The five replacements bought that day entered at ranks of 80.56 to 99.60 and are collectively down after two weeks. High turnover in a compressed period is what a rules-based model produces when scores deteriorate quickly; it is a cost, not an achievement.*

Trading Statistics

Metric	Value	Metric	Value
Closed (realized) trades	349	Average holding period	86.3 days (≈4.1 mo.)
Realized win rate	58.74% (205 of 349)	Avg. hold — winners	113.0 days
Average return per closed trade	+11.52%	Avg. hold — losers	48.2 days
Average winning trade	+23.85%	Best closed trade	+286.68%
Average losing trade	-6.04%	Worst closed trade	-26.97%
Win/loss size ratio	3.95 : 1	Average annual turnover	269.40%
Open positions	10	Total modeled trading cost	$5,934
Unrealized winners	40.00% (4 of 10)	Overall winners (incl. open)	58.22%

Winners are held 113 days and losers 48 — the widest hold-time gap of the three VitalQuant strategies — producing a 3.95-to-1 payoff on a 58.74% realized hit rate. Turnover of 269% annually is moderate for a weekly rebalance but rises sharply in periods like July; $5,934 of modeled trading cost is already deducted. Win rate uses closed trades only; 58.22% includes the ten open positions, four of which are currently profitable.

Vital Risk Control™

Vital Risk Control™ Signal

Status: RISK-ON — fully invested. The Vital Risk Control™ breadth framework remains in its risk-on state, and the strategy is carrying all ten positions with $146 in cash. It has not signalled a move to cash during the current drawdown, and that is worth stating plainly: VRC responds to market-level breadth conditions, not to the strategy's own losses. The July decline came from position-level rules clearing deteriorating names, which is a different mechanism operating normally.

Across the full record, Vital Risk Control™ has held the strategy's maximum drawdown to -19.91% against -33.92% for the S&P 500, largely by moving to cash in 2020 and 2022. It does not prevent every drawdown, and it has not prevented this one. Its value is measured over full cycles rather than individual quarters.

Outlook & Key Observations

Look Ahead: Place all six transactions at Monday's open per the published list — the **SNDK** and **LITE** purchases, the **UAL** and **DAL** exits, and the **DELL** trim; the other eight positions are held, DELL at a reduced weight. This is the strategy's hardest stretch in years — a -12.48% July, a negative 13-week window, and four holdings carrying real losses — and the model's response has been to keep clearing names as their scores fall rather than wait for recovery. Both of this week's exits were losses taken by rule. That discipline is what produced 63.06% in 2025 and 9.76% in 2022, and it is the same discipline operating now. The next rebalance runs **Sunday, August 30**, with any changes posted to the VitalQuant.com dashboard and delivered to your inbox before Monday's open.

YTD: **+61.83%** | 1-Yr: **+120.31%** | Sharpe: **1.57** | Max DD: **-19.91%** | Positions: **10** | Next Rebalance: **08/30/26**

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