Smallcap Winners Strategy

September 14, 2026

Vital Quantitative Research, LLC • Systematic Liquid Small-Cap Equity • 4 trades this week • Next rebalance: 09/20/26

TOTAL RETURN (Since Inception)	ANNUALIZED RETURN	YEAR-TO-DATE RETURN	MAX DRAWDOWN	SHARPE RATIO	WIN RATE (Realized Trades)
64,406%	47.30%	+24.60%	-14.45%	2.07	64.76%
S&P 600: +556%	S&P 600: 11.91%	S&P 600: +18.86%	S&P 600: -44.36%	S&P 600: 0.63	612 of 945 closed

Strategy Overview

The **Smallcap Winners Strategy** holds ten equally-weighted positions drawn from a liquid small-cap universe of companies below $2 billion in market capitalization, rebalanced weekly using the proprietary **Smallcap Performance v2.4** ranking system with static-weight sizing. Position-level exits are driven by technical deterioration, rank decay, stop-loss and gain-target rules; portfolio-level exposure is governed by **Vital Risk Control™** (patent pending). All figures are net of modeled commissions and variable slippage. Benchmark: S&P SmallCap 600 (IJR). Inception: 01/01/10.

This Week at a Glance

Four transactions this week: **IBEX** was closed at a gain-target exit at $39.80 (rank 94.72), and **PMTS** was closed via stop-loss at $22.50. Replacing them: **ITRN** was initiated at $52.67 (rank 99.11) and **NEXA** at $13.31 (rank 99.45). The portfolio remains fully invested at ten positions with $43 in cash. Year-to-date the model stands at **+24.60%** against **+18.86%** for the S&P SmallCap 600 — a 5.74-point lead. Month-to-date the strategy is –**0.29%** against –**1.61%** for the benchmark. Vital Risk Control™ remains risk-on. Subscribers should implement all four transactions at Monday's open.

Performance Summary

Period	Model	S&P SmallCap 600	Excess
Month-to-Date	-0.29%	-1.61%	+1.32%
4-Week	-1.50%	-5.48%	+3.98%
13-Week	-1.90%	-0.73%	-1.17%
Year-to-Date	+24.60%	+18.86%	+5.74%
1-Year	+29.71%	+19.94%	+9.77%
3-Year	+150.16%	+53.02%	+97.14%
Since Inception (01/01/10)	+64,405.54%	+555.52%	+63,850.02%
Annualized	+47.30%	+11.91%	+35.39%

The near-term windows are soft: the 13-week period of –1.90% is slightly behind the benchmark's –0.73%, and month-to-date is –0.29% against –1.61% for the S&P SmallCap 600. However, the four-week period shows a meaningful 3.98-point lead on the basis of a sharper benchmark decline. The one-year (+29.71% vs. +19.94%) and since-inception records (+64,406% vs. +556%) remain dominant. Year-to-date the strategy holds a 5.74-point edge.

Performance by Calendar Year

Return (%)	2010*	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026**
Model	57.06	35.51	68.49	115.05	9.89	30.08	60.61	41.98	67.23	46.24	81.76	87.60	3.21	33.96	20.96	47.68	24.60
S&P 600	26.61	0.80	16.30	41.33	5.85	-2.08	26.60	13.15	-8.51	22.82	11.28	26.58	-16.20	16.06	8.63	5.89	18.86
Excess	**30.45**	**34.70**	**52.19**	**73.72**	**4.05**	**32.16**	**34.01**	**28.83**	**75.74**	**23.42**	**70.48**	**61.02**	**19.41**	**17.90**	**12.33**	**41.79**	**5.75**

(*) From 01/01/10 (**) Year-to-date through 09/14/26. The model has finished ahead of the S&P SmallCap 600 in all sixteen completed calendar years since inception, with excess returns ranging from +4.05 points (2014) to +75.74 points (2018). The 2022 result (+3.21% against –16.20%) is the strongest illustration of Vital Risk Control™ preserving capital. Results are hypothetical and net of modeled costs.

Risk Metrics

Metric	Model (3-Yr)	S&P 600 (3-Yr)	Model (Incep.)	S&P 600 (Incep.)
Annualized Return	+35.75%	+15.24%	+47.30%	+11.91%
Max Drawdown	-12.11%	-28.02%	-14.45%	-44.36%
Std Deviation	22.12%	18.96%	19.57%	19.09%
Sharpe Ratio	1.39	0.71	2.07	0.63
Sortino Ratio	2.13	1.05	3.19	0.86
Beta	0.88	—	0.70	—
Correlation	0.75	—	0.68	—
R-Squared	0.57	—	0.46	—
Alpha (annualized)	20.61%	—	37.38%	—

The since-inception Sharpe of 2.07 against 0.63 for the S&P SmallCap 600 captures the risk-adjusted edge in full. Max drawdown of –14.45% against –44.36% for the benchmark since inception is the other defining statistic: the strategy has delivered dramatically less downside despite higher returns. Beta of 0.70 and R-squared of 0.46 confirm that roughly half of return is alpha-driven. The trailing three-year Sharpe of 1.39 reflects a more challenging small-cap environment over that window.

Monthly Performance — Last 12 Months

Return (%)	2025/10	2025/11	2025/12	2026/01	2026/02	2026/03	2026/04	2026/05	2026/06	2026/07	2026/08	2026/09
Model	-2.08	+4.67	+1.97	+6.55	+10.23	-7.11	+14.20	+0.78	+1.66	+3.19	-5.12	-0.29
S&P 600	-0.87	+2.61	-0.11	+5.70	+2.10	-4.00	+10.29	+1.14	+7.28	-1.92	-0.65	-1.61
Excess	**-1.21**	**+2.06**	**+2.08**	**+0.85**	**+8.13**	**-3.11**	**+3.91**	**-0.36**	**-5.63**	**+5.11**	**-4.47**	**+1.33**

Six of twelve months generated positive excess returns. The two most significant misses are June (–5.63 excess) and August (–4.47 excess), both driven by position-level stop-loss exits into periods of market strength. July's +5.11 excess was a strong recovery month. February (+8.13) was the year's best excess-return month. September has opened at –0.29%, modestly ahead of the benchmark's –1.61%.

Current Holdings

Ticker	Sector	Shares	Avg Cost	Last Close	Value ($)	Weight	Return %	Rank	Days Held
ATNI	Telecommunications	16,062	$29.99	$30.32	$486,999	7.56%	+1.12%	99.4	11
ESEA	Industrials	8,418	$56.00	$74.56	$627,646	9.74%	+33.14%	94.5	270
GIC	Industrials	15,225	$39.77	$38.99	$593,623	9.21%	-1.97%	99.2	18
HSHP	Industrials	28,903	$16.74	$18.09	$522,855	8.11%	+8.05%	96.8	11
ITRN	Telecommunications	11,065	$52.73	$52.67	$582,794	9.04%	-0.12%	99.1	3
LQDT	Consumer Cyclicals	17,181	$38.77	$42.49	$730,021	11.33%	+9.59%	93.1	46
NEXA	Non-Energy Materials	43,763	$13.33	$13.31	$582,486	9.04%	-0.18%	99.5	3
OOMA	Technology	27,991	$18.36	$22.77	$637,355	9.89%	+24.03%	98.3	102
PANL	Industrials	127,636	$7.04	$8.41	$1,073,419	16.65%	+19.48%	99.9	60
QUAD	Business Services	58,298	$10.85	$10.10	$588,810	9.14%	-6.91%	96.3	39

Portfolio value $6,445,548 with $43 in cash — fully invested. Six of ten positions are profitable. ESEA (+33.14%, 270 days held) and OOMA (+24.03%) are the standout contributors; QUAD (–6.91%) and GIC (–1.97%) are the largest detractors. ITRN and NEXA were initiated this week and show fractional changes after their first session. Rank scores are inputs to the model, not instructions to subscribers — entries and exits are generated by the weekly rebalance.

Holdings Fundamentals

Ticker	Mkt Cap ($M)	P/E	PEG LT	ROE TTM	ROI TTM	Debt/Eq	Pr/CFl	Yield
ATNI	463	2.9	3.61	30.10%	15.69%	1.13	1.50	3.83%
ESEA	490	3.8	N/A	29.49%	21.52%	0.40	3.01	4.29%
GIC	1,501	17.6	1.19	26.18%	19.90%	0.29	16.07	2.87%
HSHP	846	16.1	N/A	32.66%	10.62%	4.16	10.33	16.58%
ITRN	1,048	16.3	N/A	30.17%	30.35%	0.02	11.44	3.80%
LQDT	1,309	41.5	N/A	14.96%	14.07%	0.06	31.32	0.00%
NEXA	1,763	6.3	N/A	26.52%	16.10%	1.54	1.85	0.00%
OOMA	628	58.8	N/A	11.72%	8.31%	0.62	22.55	0.00%
PANL	546	11.4	N/A	11.03%	8.19%	0.78	5.67	4.76%
QUAD	514	16.1	N/A	29.48%	10.50%	3.76	4.76	3.96%

This table is context, not a signal. Buy and sell decisions come from the ranking system and the risk rules, which already weigh these factors alongside price and trend data. Small-cap companies often show more volatile fundamental metrics than large-caps; N/A values for PEG reflect insufficient analyst coverage rather than poor growth prospects. HSHP's elevated yield of 16.58% warrants caution as it may reflect anticipated dividend reduction. Figures are as of 09/11/26.

This Week's Trades — Effective 09/14/26

Date	Action	Ticker	Shares	Price	Value ($)	Rank	Reason
09/14/26	SELL to close position	PMTS	21,424	$22.50	$480,656	99.94	Stop Loss
09/14/26	SELL to close position	IBEX	17,249	$39.80	$684,610	94.72	Gain Pct
09/14/26	BUY to initiate position	ITRN	11,065	$52.67	$583,489	99.11	Top-ranked entry
09/14/26	BUY to initiate position	NEXA	43,763	$13.31	$583,511	99.45	Top-ranked entry

__IBEX__ was closed at a gain-target exit — the position reached its profit objective after 18 days. __PMTS__ was closed via stop-loss at $22.50 after 28 days, producing a realized loss; the position had been initiated on 08/17/26 at $28.70, a decline of –21.6%. Both exits are functioning as designed: IBEX locked in a gain, PMTS limited a loss. Proceeds were redeployed into __ITRN__ (rank 99.11) and __NEXA__ (rank 99.45), both among the highest entry ranks of the year.

Recent Trading Activity

Date	Action	Ticker	Shares	Price	Reason
09/14/26	BUY to initiate position	ITRN	11,065	$52.67	Rank 99.11
09/14/26	BUY to initiate position	NEXA	43,763	$13.31	Rank 99.45
09/14/26	SELL to close position	PMTS	21,424	$22.50	Stop Loss
09/14/26	SELL to close position	IBEX	17,249	$39.80	Gain Pct
08/31/26	BUY to initiate position	HSHP	28,903	$16.69	Rank 98.36
08/31/26	BUY to initiate position	ATNI	16,062	$29.90	Rank 99.25
08/31/26	SELL to close position	SWBI	45,953	$12.80	Stop Loss
08/31/26	SELL to close position	ELMD	13,086	$29.00	Stop Loss
08/24/26	BUY to initiate position	GIC	15,225	$39.72	Rank 99.11
08/24/26	SELL to close position	MOV	17,675	$34.81	Technical

Three active weeks of rotation. The 08/31 rebalance exited SWBI and ELMD via stop-loss on the same day, replacing them with HSHP and ATNI. The 08/24 rebalance cleared MOV on technical deterioration and initiated GIC. This week added ITRN and NEXA while clearing PMTS (stop-loss) and IBEX (gain-target). The gain-target exit on IBEX is a positive outcome — a rule designed to lock in profits before a position reverses.

Trading Statistics

Metric	Value	Metric	Value
Closed (realized) trades	945	**Average holding period**	52.2 days (≈2.5 mo.)
Realized win rate	64.76% (612 of 945)	**Avg. hold — winners**	54.9 days
Average return per closed trade	+6.92%	**Avg. hold — losers**	47.1 days
Average winning trade	+15.67%	**Best closed trade**	+156.70%
Average losing trade	-9.16%	**Worst closed trade**	-38.34%
Win/loss size ratio	1.71 : 1	**Average annual turnover**	563.13%
Open positions	10	**Total modeled trading cost**	$70,021
Unrealized winners	60.00% (6 of 10)	**Overall winners (incl. open)**	64.71%

Winners average +15.67% held 54.9 days; losers average –9.16% cleared in 47.1 days — a 1.71-to-1 payoff ratio on a 64.76% realized hit rate. The higher turnover of 563% annually is a structural feature of weekly small-cap rotation, and $70,021 of modeled trading cost has been deducted from all results shown. The best closed trade of +156.70% illustrates the strategy's capacity to hold strong momentum positions through extended runs.

Vital Risk Control™

Vital Risk Control™ Signal

Status: RISK-ON — fully invested. The Vital Risk Control™ breadth framework remains in its risk-on state. The strategy is carrying all ten positions with $43 in cash. No portfolio-level defensive action was taken this week and none is indicated for the coming week. All exits this week and in recent weeks have been position-level — stop-loss, gain-target, and technical rules — which is the system working as designed: individual names are cleared on their own merits while overall portfolio exposure stays intact.

Vital Risk Control™ governs exposure at the portfolio level; the position-level rules govern which names are held. Both operated normally this week. The framework has held the strategy's maximum drawdown to –14.45% since 2010 against –44.36% for the S&P SmallCap 600. This drawdown advantage, maintained over 16 years of live tracking, is the clearest evidence of the framework's capital-preservation value.

Outlook & Key Observations

Look Ahead: Implement all four transactions at Monday's open: sell **PMTS** and **IBEX**, and buy **ITRN** and **NEXA** per the published list. The six remaining positions are unchanged. Year-to-date the strategy holds a 5.74-point lead over the S&P SmallCap 600 (+24.60% vs. +18.86%). The near-term performance has been choppy — six of twelve months in the trailing period have beaten the benchmark — but the long-term record since 2010 has been remarkably consistent, with positive excess returns in all sixteen completed calendar years. The next rebalance runs Sunday, September 20, with any changes posted to the VitalQuant.com dashboard and delivered to your inbox before Monday's open.

Key risk to monitor: The small-cap universe is more sensitive to credit conditions and risk-off sentiment than large-caps. August CPI releases Thursday September 11, followed by the FOMC decision September 16. Any deterioration in market breadth will be captured by Vital Risk Control™ through its normal signal process; subscribers should monitor the dashboard and this report rather than acting on macro headlines directly.

YTD: **+24.60%** | 1-Yr: **+29.71%** | Sharpe: **2.07** | Max DD: **-14.45%** | Positions: **10** | Next Rebalance: **09/20/26**