

Rock Steady Strategy

October 11, 2026

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

No changes this week • Next rebalance: 10/19/26

TOTAL RETURN (Since Inception)	ANNUALIZED RETURN	YEAR-TO-DATE RETURN	MAX DRAWDOWN	SHARPE RATIO	WIN RATE (Realized Trades)
4,196.44%	37.61%	89.53%	-19.91%	1.60	58.81%
S&P 500: +279.40%	S&P 500: 11.99%	S&P 500: 14.11%	S&P 500: -33.92%	S&P 500: 0.70	207 of 352 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, and run continuously rather than only at the weekly rebalance; 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 weekly rebalance produced **no transactions** for the fourth week running. October is running **+5.62%** against **+2.09%** for the S&P 500, the past four weeks **+11.68%** against **+2.02%**, and thirteen weeks **+10.55%** against **+3.12%**. All ten positions remain profitable, carrying **\$65,865** of unrealized gain. Not everything advanced: **SNDK** fell from +16.09% a week ago to **+6.77%** and **MU** from +15.29% to **+10.37%**. Year-to-date the model stands at **+89.53%** versus **+14.11%**. Vital Risk Control™ remains risk-on. **No action is required from subscribers this week** — hold all ten positions at published weights.

Performance Summary

Period	Model	S&P 500	Excess
Month-to-Date	5.62%	2.09%	+3.53%
4-Week	11.68%	2.02%	+9.66%
13-Week	10.55%	3.12%	+7.43%
Year-to-Date	89.53%	14.11%	+75.41%
1-Year	122.74%	15.98%	+106.76%
3-Year	381.77%	79.24%	+302.53%
Since Inception (01/01/15)	4,196.44%	279.40%	+3,917.03%
Annualized	37.61%	11.99%	+25.62%

Every window is positive. The thirteen-week margin has widened from +5.08 points a week ago to +7.43 and year-to-date from +73.53 to +75.41, while the four-week margin *narrowed* from +11.04 to +9.66 as the index itself recovered. July's -12.48% has now fully cleared the thirteen-week window, so that figure reflects current holdings rather than a hole being refilled.

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	89.53
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	14.11
Excess	13.18	42.56	-0.35	13.47	5.65	31.40	27.86	29.20	17.42	9.91	46.68	75.41

(*) From 01/01/15 (**) Year-to-date through 10/12/26. 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. At +75.41 points the current partial year is running wider than any completed year, ahead of 2025's +46.68 and 2016's +42.56 — but a partial year is not a result until it closes, and this one still contains July's -12.48%. All figures are net of modeled costs.

Risk Metrics

Metric	Model (3-Yr)	S&P 500 (3-Yr)	Model (Incep.)	S&P 500 (Incep.)
Annualized Return	68.89%	21.47%	37.61%	11.99%
Max Drawdown	-19.91%	-18.90%	-19.91%	-33.92%
Standard Deviation	26.48%	12.35%	19.77%	14.94%
Sharpe Ratio	1.96	1.38	1.60	0.70
Sortino Ratio	3.23	1.96	2.70	0.95
Beta	1.15	—	0.68	—
Correlation	0.53	—	0.51	—
R-Squared	0.28	—	0.26	—
Alpha (annualized)	37.53%	—	27.52%	—

One number deserves to be read plainly: over the trailing three years the model's maximum drawdown of -19.91% is slightly worse than the index's -18.90%, and standard deviation is more than twice the benchmark's. The drawdown advantage appears only over the full record, where -19.91% stands against -33.92%, because Vital Risk Control™ sidestepped the deeper 2020 and 2022 declines. Beta of 0.68 and R-squared of 0.26 since inception reflect the periods the model spent in cash.

Monthly Performance — Last 12 Months

Return (%)	2025/11	2025/12	2026/01	2026/02	2026/03	2026/04	2026/05	2026/06	2026/07	2026/08	2026/09	2026/10
Model	3.94	4.04	25.67	2.19	0.00	11.40	27.64	1.42	-12.48	3.75	6.71	5.62
S&P 500	0.13	-0.05	1.37	-0.87	-5.09	10.42	5.15	-1.06	-0.13	2.62	-0.45	2.09
Excess	3.81	4.09	24.31	3.06	5.09	0.98	22.50	2.48	-12.35	1.13	7.16	3.53

October (+5.62%) is the fourth consecutive positive month since July and the third in a row to beat the index by more than three points. **July's -12.48% remains the worst month shown** and still weighs on the year-to-date figure; the S&P 500 was essentially flat that month, so the shortfall was entirely strategy-specific. March's 0.00% is not a rounding artifact: the model was in cash for the full month while the index fell 5.09%.

Current Holdings

Ticker	Sector	Shares	Avg Cost	Last Close	Value (\$)	Weight	Return %	Rank	Days Held
ANET	Technology	167	191.64	216.74	36,196	8.42%	+13.10%	98.8	60
APH	Technology	374	84.43	87.24	32,628	7.59%	+3.33%	94.6	60
DELL	Technology	64	539.15	586.06	37,508	8.73%	+8.70%	99.8	25
FTNT	Technology	198	163.98	194.75	38,561	8.97%	+18.76%	96.4	60
HPE	Technology	792	48.51	73.46	58,180	13.54%	+51.44%	99.0	74
KEYS	Technology	92	338.15	382.75	35,213	8.20%	+13.19%	97.8	60
LITE	Technology	50	823.08	1,103.36	55,168	12.84%	+34.05%	99.4	46
MU	Technology	44	932.33	1,029.00	45,276	10.54%	+10.37%	96.6	39
PLTR	Business Services	184	175.42	209.05	38,465	8.95%	+19.17%	97.2	60
SNDK	Technology	32	1,481.56	1,581.82	50,618	11.78%	+6.77%	94.8	46

Portfolio value \$429,644 with \$1,672 in cash — effectively fully invested. All ten positions are profitable, carrying \$65,865 of unrealized gain. **HPE** leads at +51.44% (\$19,762) after 74 days, with **LITE** at +34.05% and **PLTR** at +19.17%. Eight of ten advanced over the week; the exceptions are **SNDK**, down from +16.09% to **+6.77%**, and **MU**, down from +15.29% to **+10.37%** — the two memory and storage names in the portfolio moved together. Nine of the ten are Technology names, with **PLTR** the sole Business Services holding.

Portfolio Composition

Exchange	Weight	Market Cap	Weight	Sector	Weight
NASDAQ	53.31%	Mega (>= \$200B)	56.26%	Technology	91.01%
NYSE	46.69%	Large (< \$200B)	43.74%	Business Services	8.99%

Weights are by market value, excluding cash. **Technology represents 91.01% of invested assets** — the ranking system has concentrated the portfolio in a single sector, and position sizing should reflect that. The SNDK and MU moves this week are a small illustration of what that concentration means: related names tend to fall together. Exchange and capitalization splits are more balanced. Sector weight is an output of the ranking process, not a target.

This Week's Trades — Effective 10/12/26

This Week's Trades — None

No transactions were generated by the 10/11 rebalance, the fourth consecutive week without changes. All ten holdings retained ranks sufficient to stay in the portfolio and none triggered a technical, stop-loss, gain-target or Rank Stop Loss exit. Vital Risk Control™ remains risk-on, so no defensive move to cash was indicated. **Subscribers should take no action this week** — continue holding all ten positions at published weights. The next rebalance runs **October 19**. Should a position-level exit be triggered before then, you will receive an **urgent notice advising of the pending sale**, which is executed the following day.

Recent Trading Activity

Date	Action	Ticker	Shares	Price	Reason
09/14/26	SELL to close position	DASH	174	200.37	Stop Loss
09/14/26	BUY to initiate position	DELL	64	538.57	Rank 99.80
08/31/26	SELL to close position	DELL	98	459.85	Rank
08/31/26	SELL to close position	NTAP	193	188.66	Rank
08/31/26	BUY to initiate position	DASH	174	235.80	Rank 98.19
08/31/26	BUY to initiate position	MU	44	931.39	Rank 73.84
08/31/26	BUY to add to position	HPE	76	53.09	Rebalance
08/24/26	SELL to close position	DAL	431	82.86	Rank
08/24/26	SELL to close position	UAL	244	113.98	Rank
08/24/26	BUY to initiate position	LITE	50	822.20	Rank 93.78
08/24/26	BUY to initiate position	SNDK	32	1,479.95	Rank 90.56

No trades have been generated in four weeks, so the table above is unchanged from the prior three issues. The **DASH** round trip remains the one to note: bought 08/31 at \$235.80 and stopped out 09/14 at \$200.37 — a **-15.0%** loss, roughly \$6,210 on the modeled position, and the exit discipline working as designed. **DELL** was exited in tranches at \$435.49 and \$459.85 after an April entry at \$179.00, then re-entered 09/14 at \$538.57 on a 99.80 rank; it is up 8.70% since.

Trading Statistics

Metric	Value	Metric	Value
Closed (realized) trades	352	Average holding period	86.1 days (≈4.1 mo.)
Realized win rate	58.81% (207 of 352)	Avg. hold — winners	112.8 days (≈5.4 mo.)
Average return per closed trade	+11.87%	Avg. hold — losers	48.0 days (≈2.3 mo.)
Average winning trade	+24.45%	Best closed trade	+286.68%
Average losing trade	-6.10%	Worst closed trade	-26.97%
Win/loss size ratio	4.01 : 1	Average annual turnover	272.28%
Open positions	10	Total modeled trading cost	\$6,144
Unrealized winners	100.00% (10 of 10)	Overall winners (incl. open)	59.94%

No trades have closed in four weeks, so the realized figures are unchanged. Winners are held roughly twice as long as losers — 112.8 days against 48.0 — producing a 4.01-to-1 payoff on a 58.81% realized hit rate. Turnover of 272% annually is a structural consequence of a weekly ten-position rotation with a cash overlay, not a performance driver; \$6,144 of modeled cost is already deducted. The win rate uses closed trades only; 59.94% includes the ten open positions, all currently profitable.

Vital Risk Control™

Vital Risk Control™ Signal

Status: RISK-ON — fully invested. The Vital Risk Control™ breadth framework has held risk-on since the **04/13/26** re-entry and carries all ten positions into the coming week with \$1,672 in cash. The preceding risk-off period ran from **02/23 to 04/13** — seven weeks entirely in cash — and covered the month of March, when the model returned 0.00% while the S&P 500 fell 5.09%. No change to exposure is indicated for the coming week.

Vital Risk Control™ operates at the portfolio level and is separate from the position-level stop-loss, technical and Rank Stop Loss rules that drove July's exits. It is the reason the maximum drawdown since 2015 is -19.91% against -33.92% for the S&P 500. It does not prevent months like July, when losses came from individual holdings rather than a breadth deterioration, and it produces occasional whipsaws whose costs are reported in full above.

Outlook & Key Observations

Look Ahead: No action this week. Hold all ten positions at published weights; the 10/11 rebalance produced no changes, the fourth week in a row, and none is required of subscribers. The portfolio has now run four consecutive positive months with every holding profitable and \$65,865 of unrealized gain, and that deserves the same caution as a bad stretch: **a portfolio with no losers is a snapshot, not a durable state.** This week offered a small reminder — SNDK and MU, the two memory and storage names, both gave back ground while the other eight advanced, which is what 91% exposure to a single sector produces. The same ranking and exit rules that delivered July's -12.48% are still running unchanged. The model has finished ahead of the S&P 500 in ten of eleven completed calendar years by following those signals without exception, and that remains the approach. The next rebalance runs **October 19**, with any changes posted to the VitalQuant.com dashboard and delivered to your inbox before the following Monday's open.

YTD: **+89.53%** | 1-Yr: **+122.74%** | Sharpe: **1.60** | Max DD: **-19.91%** | Positions: **10** | Next Rebalance: **10/19/26**

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