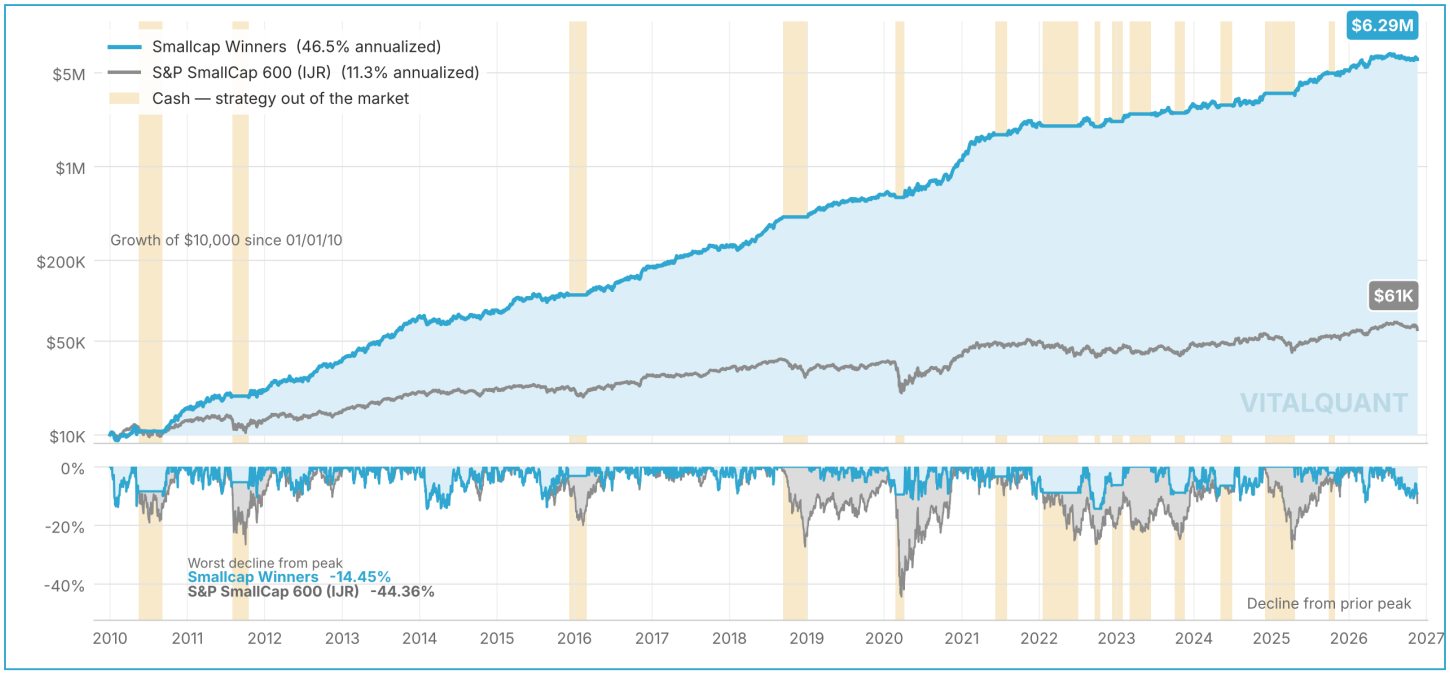
Smallcap Winners Strategy

November 22, 2026

Vital Quantitative Research, LLC • Systematic Liquid Small-Cap

100% cash — risk-off • Next rebalance: 11/28/26

TOTAL RETURN (Since Inception)	ANNUALIZED RETURN	YEAR-TO-DATE RETURN	MAX DRAWDOWN	SHARPE RATIO	WIN RATE (Realized Trades)
62,750.80%	46.47%	21.41%	-14.45%	2.19	64.67%
S&P 600: +507.27%	S&P 600: 11.27%	S&P 600: 10.11%	S&P 600: -44.36%	S&P 600: 0.44	626 of 968 closed



Growth of $10,000 since inception (01/01/10), logarithmic scale, net of modeled costs including slippage. A log scale is used so that a given percentage move occupies the same vertical distance anywhere on the chart; on a linear scale the first decade would be compressed to a flat line and the recent gains exaggerated. $10,000 at inception would be **$6,275,080** in the strategy against **$60,727** in the benchmark. **The shaded bands mark periods when the strategy held cash**; the line is flat through them, as cash participates in neither market gains nor losses. **The lower panel shows the decline from each prior peak — the clearest picture of what Vital Risk Control™ is for.** The strategy's deepest decline since inception was **-14.45%** against **-44.36%** for the benchmark: across seventeen years and every market shock in them, the strategy's worst loss from a high was under a third of the index's. Both series are daily; the benchmark is total return with dividends reinvested. Past performance does not guarantee future results.

Strategy Overview

The **Smallcap Winners Strategy** holds ten equally weighted positions drawn from the Smallcap Liquid Universe, rebalanced weekly using the proprietary **Smallcap Performance v2.4** ranking system with static-weight sizing. Position-level exits are driven by rank decay, technical deterioration, stop-loss, gain-target and cash-flow rules, 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 SmallCap 600 (IJR). Inception: 01/01/10.

This Week at a Glance

Vital Risk Control™ signalled on Tuesday 11/17 and all ten positions were sold Wednesday 11/18. The strategy is now 100% in cash. The exit was well timed: the S&P SmallCap 600 fell **6.66%** over the week while the model gave up **3.54%**, and the index has fallen further since. **Eight of the ten positions closed profitable**, realizing **$328,873** in total, led by **RCKY +13.8%, LQDT +13.4%** and **GIC +12.9%**. November now stands at **+0.36% against -6.44%** for the benchmark, and the year-to-date lead has widened from 7.89 points to **11.30**. **No action is required this week.**

Performance Summary

Period	Model	S&P SmallCap 600	Excess
Month-to-Date	0.36%	-6.44%	+6.80%
4-Week	0.07%	-5.04%	+5.11%
13-Week	-5.26%	-10.58%	+5.32%
Year-to-Date	21.41%	10.11%	+11.30%
1-Year	32.67%	18.65%	+14.02%
3-Year	151.69%	44.09%	+107.60%
Since Inception (01/01/10)	**62,750.80%**	**507.27%**	**+62,243.53%**
Annualized	**46.47%**	**11.27%**	**+35.20%**

Every window on this table favours the model, and the short ones widened sharply this week. November is +0.36% against -6.44% for the benchmark and four weeks +0.07% against -5.04% — the model is roughly flat over both while the index has fallen. Thirteen weeks is -5.26% against -10.58%. Year-to-date the model leads by 11.30 points, up from 7.89 a week ago, and three years by 107.60.

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	21.41
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	10.11
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**	**11.30**

(*) From 01/01/10 (**) Year-to-date through 11/20/26. **The model has finished ahead of the S&P SmallCap 600 in all sixteen completed calendar years**, including 2022 (+3.21% against -16.20%) and 2018 (+67.23% against -8.51%). **The current partial year's lead widened from 7.89 points to 11.30 in a single week** as the benchmark fell; a partial year is not a result until it closes. All figures are net of modeled costs.

Risk Metrics

Metric	Model (3-Yr)	S&P 600 (3-Yr)	Model (Incep.)	S&P 600 (Incep.)
Annualized Return	36.05%	12.96%	46.47%	11.27%
Max Drawdown	-12.11%	-28.02%	-14.45%	-44.36%
Standard Deviation	20.28%	19.50%	20.28%	21.32%
Sharpe Ratio	1.68	0.56	2.19	0.44
Sortino Ratio	2.62	0.84	3.39	0.62
Beta	0.62	—	0.58	—
Correlation	0.60	—	0.61	—
R-Squared	0.35	—	0.37	—
Alpha (annualized)	27.27%	—	39.10%	—

Volatility is slightly below the benchmark's — 20.28% against 21.32% since inception — while the maximum drawdown is a third of it: -14.45% against -44.36%. That asymmetry, not raw return, is what produces a Sharpe of 2.19 against 0.44 and annualized alpha of 39.10%. Over the trailing three years the same pattern holds in smaller form: -12.11% against -28.02%. Sharpe and Sortino are computed against an assumed 2.0% risk-free rate using the realized compound annual return; cash balances are credited no interest, which understates the model's return.

A note on the ratio basis. Sharpe, Sortino, beta, correlation and alpha are computed in-house rather than carried from an outside data platform: the ratios use the realized compound annual return over an assumed 2.0% risk-free rate, and downside deviation divides by the full observation count so that non-negative days contribute zero deviation. Figures published in issues before this one used a different convention and are not directly comparable. Returns, drawdowns and every performance table are unaffected.

Monthly Performance — Last 12 Months

Return (%)	2025/12	2026/01	2026/02	2026/03	2026/04	2026/05	2026/06	2026/07	2026/08	2026/09	2026/10	2026/11
Model	1.97	6.55	10.23	-7.11	14.20	0.78	1.66	3.19	-5.12	-3.67	0.50	0.36
S&P 600	-0.11	5.70	2.10	-4.00	10.29	1.14	7.28	-1.92	-0.65	-5.53	3.13	-6.44
Excess	2.08	0.85	8.13	-3.11	3.91	-0.36	-5.63	5.11	-4.47	1.86	-2.63	6.80

November is the cash position at work: the model is +0.36% while the benchmark has fallen 6.44%, an excess of +6.80 and the widest monthly margin of the year. February (+10.23% against +2.10%) and April (+14.20% against +10.29%) built the year. Eight of the twelve months shown are positive for the model.

Current Holdings

Portfolio Position — 100% Cash

The portfolio holds no equity positions. All ten were sold on **Wednesday 11/18** on a Vital Risk Control™ signal, and the model is **100% in cash** — **$6,262,702**, plus $22,378 of accrued dividends still to settle. **No position is being opened on Monday.** Vital Risk Control™ governs portfolio-level exposure independently of the ranking system, so names may qualify on rank while the portfolio stays flat. **While in cash the strategy avoids market risk and individual stock risk, and participates in neither market gains nor losses.**

Track This Strategy on Yahoo Finance ›

This Week's Trades — Ten Exits on 11/18

Ticker	Shares	Avg Cost	Exit Fill	Return %	Realized ($)
RCKY	12,333	45.88	52.20	+13.78%	+77,945
LQDT	17,181	38.72	43.90	+13.37%	+88,933
GIC	15,225	39.72	44.86	+12.93%	+78,199
SBC	69,917	5.52	6.17	+11.71%	+45,209
DDI	41,007	13.94	15.53	+11.41%	+65,201
CLDT	44,199	15.56	16.07	+3.28%	+22,541
GNE	38,538	18.35	18.60	+1.36%	+9,634
FSTR	17,055	40.58	40.86	+0.69%	+4,775
DFIN	10,203	67.94	66.43	-2.22%	-15,407
PANL	54,417	9.27	8.38	-9.55%	-48,159

No Action Required — Week of November 23

All ten positions were sold on Wednesday, November 18, on a Vital Risk Control™ signal issued Tuesday the 17th. The sale is complete and **no action is required this week** — nothing is bought and nothing remains to sell. **Eight of the ten closed profitable, realizing $328,873 in total.** The two that did not were **DFIN** at -2.22% and **PANL** at -9.55%, the latter held only two days. Exit fills are the average of the execution session's high, low and twice the close, as always.

A note on prices. The exit fills above are final, computed from the 11/18 session's own high, low and close rather than estimated in advance. For a newly initiated position the price published in this report is the prior session's close, and the final modeled fill — the average of the execution session's high, low and twice the close — is reported in the following week's issue and will usually differ.

Recent Trading Activity

Date	Action	Ticker(s)	Reason
11/18/26	SELL — all ten	**Full exit, 10 positions**	Vital Risk Control™
11/16/26	SELL / BUY	**ALLT out; PANL, SBC in**	Stop Loss / Rank
11/09/26	BUY — four positions	**CLDT DFIN FSTR GNE**	Ranks 96.6 – 99.1
11/06/26	SELL to close position	**PANL**	Technical Signal
11/04/26	SELL to close position	**TWIN**	Technical Signal
11/03/26	SELL — two positions	**TEN VMD**	Stop Loss
11/02/26	BUY to initiate position	**SBC**	Ranking system
10/27/26	SELL to close position	**RCMT**	Stop Loss
10/19/26	BUY — five positions	**ALLT DDI RCKY TWIN VMD**	Ranks 95.96 – 97.80

November's activity closed with the full exit of 11/18, which realized $328,873 across ten positions, eight of them profitable. Before that, the five exits earlier in the month netted about +$16,100. **One round trip is worth flagging:** PANL was sold on 11/06 at $7.68 on a technical signal, bought back on 11/16 at $9.27 once it qualified again, and sold two days later in the risk-control exit at $8.38 — a loss of $48,159 and the only material one in the ten. The rules re-admitted it on rank and the portfolio signal removed it two days later; that is a real cost of a system that follows signals rather than opinions, and it is the same discipline that produced the eight exits that closed in profit.

Trading Statistics

Metric	Value	Metric	Value
Closed (realized) trades	968	Average holding period	52.4 days (≈2.5 mo.)
Realized win rate	64.67% (626 of 968)	Avg. hold — winners	55.4 days (≈2.6 mo.)
Average return per closed trade	+6.83%	Avg. hold — losers	46.8 days (≈2.2 mo.)
Average winning trade	+15.61%	Best closed trade	+156.70%
Average losing trade	-9.15%	Worst closed trade	-38.34%
Win/loss size ratio	1.71 : 1	Average annual turnover	567.50%
Open positions	0 (100% cash)	Total modeled trading cost	$109,083
Portfolio in cash	100.00%	Realized on the 11/18 exit	+$328,873

The realized win rate stands at 64.67% across 968 closed trades, including the ten exits of 11/18, eight of which closed profitable. The edge is hit rate rather than payoff size: the average winner is 1.71 times the average loser. Turnover is structural to a weekly small-cap rotation, and the $109,083 of modeled trading cost is already deducted from every return shown in this report.

Vital Risk Control™

Vital Risk Control™ Signal

Status: RISK-OFF — 100% CASH. The framework signalled on **Tuesday 11/17** and all ten positions were sold **Wednesday 11/18**. This is the first risk-off period since the one that ran from 09/29/25 to 10/27/25. **The timing has held up: the S&P SmallCap 600 fell 6.66% over the week and has continued lower since the exit.** Portfolio-level exposure is governed independently of the ranking system, so names may qualify on rank while the portfolio stays flat. Exposure returns in one step when the signal clears.

Vital Risk Control™ operates at the portfolio level and is separate from the position-level stop-loss, technical, gain-target and cash-flow rules that drove this month's rotation. It is the reason the maximum drawdown since 2010 is -14.45% against -44.36% for the S&P SmallCap 600 — the shaded bands on the chart above show where it has cut exposure before, and the band at the right edge is this one. **While in cash the strategy avoids market risk and individual stock risk and participates in neither gains nor losses** until exposure is restored.

Outlook & Key Observations

Look Ahead: No action this week. The portfolio is 100% in cash following Wednesday's full exit, nothing is bought and nothing remains to sell. **The exit was well timed.** Vital Risk Control™ signalled on Tuesday 11/17, the positions were sold Wednesday the 18th, and the S&P SmallCap 600 fell 6.66% across the week and has continued lower since — November now reads **+0.36% for the model against -6.44% for the benchmark**. Eight of the ten exits closed profitable for **$328,873** realized, with only DFIN and PANL closing below cost. The year stands at **+21.41% against +10.11%**, a lead that widened by more than three points in a single week, and the model has finished ahead of the benchmark in all sixteen completed calendar years. Cash will be redeployed in a single step when the signal clears, and the entries will appear in that weekend's issue. The next rebalance runs **November 28**; urgent notices remain reserved for exits — a stop-loss, a technical signal, or a Vital Risk Control™ signal.

YTD: **+21.41%** | 1-Yr: **+32.67%** | Sharpe: **2.19** | Max DD: **-14.45%** | Positions: **0 (100% cash)** | Next Rebalance: **11/28/26**

Important Disclosures. Vital Quantitative Research, LLC is a publisher of systematic investment research and is not a registered investment adviser. Nothing in this report is individualized investment advice or a recommendation to buy or sell any security. The Smallcap Winners Strategy results shown are hypothetical model results produced by systematic backtesting and portfolio simulation, and are net of modeled commissions and variable slippage; they do not represent actual trading and no client account achieved these returns. **This strategy invests exclusively in small-capitalization companies**, all under $2 billion in market capitalization. The portfolio currently holds no positions at all, though micro-cap positions have been held in recent cycles and may be held again. Small-cap and micro-cap shares typically trade with wider bid-ask spreads, thinner order books and greater price impact than large-cap shares; a subscriber trading meaningful size may receive materially worse fills than the modeled prices shown, particularly at the open, in volatile markets, or in the smallest and lower-priced names the strategy holds. Small-cap companies also carry greater business, financing and delisting risk, and the portfolio holds only ten positions. Position sizing should reflect both the liquidity constraint and the concentration. The strategy may hold cash for extended periods, during which it will not participate in market gains or losses. Hypothetical performance has inherent limitations, including the benefit of hindsight in strategy construction. Past performance, whether actual or hypothetical, does not guarantee future results. Investing involves risk of loss, including loss of principal. Vital Risk Control™ is a proprietary framework of Vital Quantitative Research, LLC (patent pending).