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Momentum, volatility-managed

Statement of Additional Information

TICKER	ISSUER	LISTING	CUSIP
FMVM	ETF Foundry Research (hypothetical)	Not listed (hypothetical)	Not applicable (hypothetical model portfolio)

DRAFT DRAFT — HYPOTHETICAL MODEL PORTFOLIO — NOT A REGISTERED FUND, NOT AN OFFER TO SELL SECURITIES, NOT INVESTMENT ADVICE.

01 Fund History

This Statement of Additional Information relates to Momentum, volatility-managed (FMVM), a hypothetical model portfolio in the Hypothetical Model Portfolio Series (not a registered trust). It is not part of any registration statement because none exists; it is provided for research transparency only.

02 Investment Policies and Restrictions

The model applies the rules described under Portfolio Construction Methodology and holds only the stocks they select. Apart from the short side of the long-short construction and the modeled overlay described below, it uses no leverage, options, or borrowing. There are no fundamental investment restrictions because the Fund is not a registered investment company and holds no assets.

03 Portfolio Construction Methodology

The hypothetical Fund seeks to track a rules-based model that ranks stocks on one signal, 12-month momentum, and rebuilds its portfolio monthly. The stocks are U.S. common stocks listed on the NYSE, NASDAQ or NYSE American, with a share price of at least $5 and a market value of at least $50 million.

Each month every signal is signed so that higher values are the ones the model buys, and turned into a percentile among the eligible stocks that have a value for it.

Stocks are ranked on that percentile. The model buys the top decile (10%) and sells short the bottom decile (10%). A month is used only when at least 50 stocks are ranked.

Within each side, stocks are weighted by market value.

The model is long-short: it holds the long side and sells the short side short in equal dollar amounts, so its return is the long side's return minus the short side's. The portfolio is rebuilt at the end of every month from data known at that date and held through the following month.

An overlay scales the model's exposure: each month exposure is set to the 12% annualized volatility target divided by the model's realized volatility over the previous 6 months, capped at 1.5×. Exposure below 1× leaves the rest in cash at the 1-month Treasury bill rate, and exposure above 1× is financed at that rate plus 0.5% a year. Over the backtest the average exposure was 0.62× and the model was in cash in 0% of months. The overlay changes the return stream, not the holdings: holdings shown are the underlying portfolio's.

The model uses point-in-time Sharadar fundamentals and split- and dividend-adjusted total-return prices. It is a research backtest, not a live trading record.

Because this is a hypothetical model portfolio and not a registered investment company, the Fund does not actually hold securities, accept investments, or transact; all figures are illustrative.

SETTING	VALUE
Signals	12-month momentum (100%)
Combined	One ranking
Stocks	U.S. common stocks on the NYSE, NASDAQ or NYSE American
Screens	Price $5+; market value $50M+
Sectors	All
Industry adjustment	None
Long side	The top decile (10%)
Short side	The bottom decile (10%)
Weighting	Company size
Largest position	No cap
Rebalance	Monthly
Overlay	Vol target 12%

04 Disclosure of Portfolio Holdings

Because the model is fully transparent and reconstitutes monthly, the complete hypothetical holdings are published on the accompanying Daily Holdings file. No selective disclosure policy applies.

05 Management and Governance

Investment Adviser (hypothetical): ETF Foundry Research (hypothetical). There is no board of trustees, officer, custodian, or transfer agent because no assets are held; any such roles are illustrative placeholders.

06 Control Persons and Principal Holders of Securities

None. No shares are issued or outstanding, so there are no control persons or record/beneficial holders.

07 Investment Advisory and Other Services

If the Fund were real, the Adviser would provide investment management for a unitary fee of 0.35%. No advisory, administrative, custody, audit, or legal services are actually provided or paid for.

08 Brokerage Allocation and Other Practices

Not applicable. No brokerage is placed and no commissions are paid because the model does not trade.

09 Capital Structure

Not applicable. The Fund has no authorized or outstanding shares, no share classes, and no net asset value.

10 Purchase, Redemption, and Pricing of Shares

Not applicable. There are no Creation Units, Authorized Participant agreements, or net-asset-value calculations because the Fund is hypothetical.

11 Taxation

Not applicable. The Fund is not a regulated investment company, holds no assets, and makes no distributions, so it has no tax status or consequences.

12 Hypothetical Performance Detail

Backtest metrics (hypothetical, gross of expenses and costs, including the overlay):

METRIC	VALUE
Full-period Sharpe (long-short)	0.53
Annualized return (long-short)	8.74%
Annualized volatility	16.35%
Maximum drawdown	-23.87%
Sharpe ratio, 2019-26 window	0.52
FF5 alpha, 2019-26 window (annualized)	9.78%
FF5 alpha t-statistic, 2019-26 window	2.01
Average monthly turnover (long side, by name)	28.05%
Average number of long positions	326
Months in sample	335