DRAFT DOCUMENT · NOVEMBER 2026 · DATED 2026-11-14

# Calm and profitable

## *Statement of Additional Information*

| TICKER | ISSUER | LISTING | CUSIP |
|---|---|---|---|
| FCAP | 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 Calm and profitable (FCAP), 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. It uses no leverage, short sales, 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 two signals (low volatility and cash-based operating profitability) 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.

The percentiles are blended into one score: a weighted average in the signals' shares (listed below), taken over the signals a stock has a value for. Stocks are ranked on that score. The model buys the top quintile (20%). A month is used only when at least 25 stocks are ranked.

Within the portfolio, stocks are weighted in proportion to one over each stock's volatility over the past 12 months (floored at 1% a month), so calmer stocks weigh more. A stock that gets no weight under this rule is not held. No stock may weigh more than 5% of the portfolio; any excess is passed to the others in proportion to their weights, and a portfolio with fewer than 20 stocks is equal-weighted instead.

The model is long-only: it holds the long side alone, and its returns in this document are measured in excess of the 1-month U.S. Treasury bill rate. The portfolio is rebuilt at the end of every month from data known at that date and held through the following month.

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 | Low volatility (50%), Cash-based operating profitability (50%) |
| 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 quintile (20%) |
| Short side | None (long-only) |
| Weighting | Calmer stocks more |
| Largest position | 5% of the portfolio |
| Rebalance | Monthly |
| Overlay | None |

## 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):

| METRIC | VALUE |
|---|---|
| Full-period Sharpe (long-only, over T-bills) | 0.81 |
| Annualized return (long-only, over T-bills) | 8.41% |
| Annualized volatility | 10.35% |
| Maximum drawdown | -44.37% |
| Sharpe ratio, 2019-26 window | 0.61 |
| FF5 alpha, 2019-26 window (annualized) | 1.01% |
| FF5 alpha t-statistic, 2019-26 window | 0.47 |
| Average monthly turnover (long side, by name) | 10.01% |
| Average number of long positions | 672 |
| Months in sample | 335 |