

September 2019 update for Radius Capital Management

PERFORMANCE AT A GLANCE

Portfolio/Index	September Return	YTD Return To 9/30/19
Radius 100 (100% stock mutual funds)	0.2%	18.8%
Radius Index 100 (100% stock ETFs)	2.3%	14.6%
U.S. Stock Benchmark (Vanguard S&P 500 Index Fund)	1.9%	20.4%
Balanced Risk 60 (avg. allocation to stocks and long-term assets = 60%)	-1.1%	17.6%
Radius Bond (100% bond mutual funds)	-0.7%	7.6%
Radius Index Bond (100% bond ETFs)	-0.7%	7.5%
Bond Benchmark (Vanguard Total Bond Index Fund)	-0.6%	8.6%

Investors returned from their summer holidays in a relatively bullish mood and drove stocks higher in September. The S&P 500 gained 1.9% with Value stocks being the stars of the month. Large and Small Cap Value Stocks gained 3.3% and 3.9% respectively in September, despite Wall Street's skittishness regarding ongoing US/China trade concerns and the future of US interest rate policy. The US Federal Reserve cut interest rates again in an attempt to prolong economic expansion and support consumers. On the political front, House Democrats announced the initiation of an impeachment inquiry into President Trump. While this development adds to the political risks already in the markets, over the long term stocks are driven by economic and corporate fundamentals. We saw a temporary sell-off of bonds in September as investors weighed the odds of another rate cut in October and chose to take some profits from an asset class that has gained 10% over the last 12 months. Overall short-term bonds outperformed longer-term bonds with the Total Bond Index returning -0.6% for the month. The Radius Balanced Risk 60 strategy was hit by declining long-term US treasuries, but as of 10/3 is outperforming the S&P500 year-to-date. Overall, we believe that the US economy is slowing, and we continue to monitor our portfolios carefully. We firmly believe one should remain invested for the long term in line with one's risk tolerance and investment time horizon. That said, we maintain our preference for asset classes that are higher in quality and liquidity – and have positioned our portfolios accordingly.

MARKET CHARACTERISTICS

Stock market volatility [§]	Average (monthly avg. = 16, month end = 16)
Business Cycle Phase	Late Expansion (eighth out of nine "innings")
Dominant Investment Style (active vs. passive)	Mixed (appears to be moving from Passive to Active)

[§] In general, the higher the market volatility (as measured by the CBOE Volatility Index or VIX), the more the market is driven by investor emotions (greed and fear). Lower market volatility indicates a market environment based on fundamentals (economic growth, corporate earnings, etc.).

CURRENT RISK-ADJUSTED RETURN (RAR) RANKINGS OF MARKET SEGMENTS

RAR Rank	Stock Market Segments	1-Mo. Return	9/30/19 RAR	Bond Market Segments	1-Mo. Return	9/30/19 RAR
1	Large Growth	0.2%	4.7%	Worldwide Bond	-0.4%	11.9%
2	S&P 500	1.9%	3.6%	Intermediate Corporate	-0.5%	8.5%
3	Large Value	3.3%	3.1%	Long Corporate	-2.0%	8.3%
4	Mid-Cap Value	4.4%	3.1%	Total Bond Index	-0.6%	7.7%
5	Foreign Large Growth	1.2%	2.0%	Long Government	-2.6%	7.2%
6	Mid-Cap Growth	-0.2%	2.0%	Intermediate Government	-0.7%	6.7%
7	Small Growth	-1.6%	-3.1%	Short Corporate	0.0%	6.2%
8	Small Value	3.9%	-4.8%	Short Government	-0.2%	4.0%
9	Foreign Large Value	4.1%	-7.0%	High Yield Bond	0.4%	2.4%

LONG-TERM PERFORMANCE THROUGH 9/30/2019

The longer-term performance of the Radius portfolios continues to be strong. Since inception (1/1/2001), the Radius 100 portfolio has generated a net cumulative return of **+284%** (7.4% annualized) vs. a cumulative return of **+220%** (6.4% annualized) for the benchmark S&P 500 – with a comparable level of risk (i.e., standard deviation of monthly returns, maximum drawdown, and beta). Over the same time period, the more conservative Radius 60 (60% stock mutual fund, 40% bond mutual fund) portfolio grew **+231%** (6.6% annualized) vs. a **+195%** return (5.9% annualized) for its benchmark (60% S&P 500 Stock Index and 40% Total Bond Index).

Past performance is no guarantee of future results. It should not be assumed that investment decisions made in the future will be profitable or will equal the performance of the portfolios shown above.

Long-Term Performance (net of fees) to 9/30/2019

For S&P 500*, Bond Index*, Radius¹ 100, 60, & 20 Portfolios
Index² 100, and Balanced Risk^{2,3} 60 & 40 Portfolios

	S&P 500	Bond Index	Radius 100 ¹	Index 100 ²	Balanced Risk 60 ^{2,3}	Radius 60 ¹	Balanced Risk 40 ²	Radius 20 ¹
Inception Date			Jan. 2001	Jul. 2014	Mar. 2015	Jan. 2001	Mar. 2015	Nov. 2003
% in Stock Funds	100		100	100	20	60	16	20
% in Bond Funds		100	-	-	85	40	66	80
% in Real Estate					9		7	
% in Commodities					15		12	
Total			100	100	128	100	100	100
Net Cumulative Returns (net)								
2019 YTD	20%	9%	19%	15%	18%	14%	14%	10%
1-Year	4%	10%	-2%	-6%	10%	1%	8%	6%
3-Year	45%	9%	26%	31%	17%	17%	14%	8%
5-Year	66%	17%	34%	43%	29%	24%	23%	15%
10-Year	242%	41%	126%	187%	131%	86%	80%	50%
Since 1/1/2001	220%	129%	284%	262%	567%	231%	235%	159%
Net Annualized Returns								
3-Year	13%	3%	8%	10%	5%	5%	4%	3%
5-Year	11%	3%	6%	7%	5%	4%	4%	3%
10-Year	13%	4%	8%	11%	9%	6%	6%	4%
Since 1/1/2001	6%	5%	7%	7%	11%	7%	7%	5%
Risk Measures								
Beta	1.00	-0.02	1.00	1.05	0.39	0.62	0.27	0.20
Max Drawdown	-51%	-4%	-57%	-52%	-26%	-38%	-17%	-13%
Std. Deviation	14%	3%	16%	16%	11%	10%	7%	5%
Correlation to S&P	1.00	-0.11	0.88	0.96	0.53	0.85	0.56	0.63

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* **Benchmarks:** S&P 500 Stock Index = Vanguard S&P 500 Stock Fund (VFINX)
Bond Index = Vanguard Total Bond Fund (VBMFX)

Footnotes:

- Investment return numbers for the Radius 100 and Radius 60 reflect the (unaudited) performance of actual portfolios that have been invested since 1/1/2001. For the period prior to its inception date, the returns for the Radius 20 are calculated using the actual returns from the Radius 100 and 60.
- Returns for the Index portfolio prior to 7/30/2014 and Balanced Risk portfolios prior to 3/30/2015 are **back-tested** and not actual returns of accounts managed by Radius. Back-tested (simulated) performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not actually been executed, the results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated investment strategies in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown.
- The Balanced Risk Plus portfolio invests part of its assets in leveraged ETFs. These funds seek daily investment results – before fees and expenses – that are triple the return of stock (S&P 500, S&P Mid-Cap 400, Russell 2000), bond (20+ Year Treasury Bond), and commodity (gold, silver, oil) market indices. Using these leveraged ETFs results in greater volatility and a greater risk of loss.

Other Notes:

- All performance numbers include dividends and capital gains and are net of all transaction costs and management fees, but do not reflect the impact of taxes.
- Data Sources: Account statements, Vanguard.com

COMPANY OVERVIEW

Radius Capital Management is a registered investment advisory company specializing in diversified mutual fund and ETF portfolios. Radius currently manages assets for individuals, retirement and profit-sharing plans, and trusts.

Investment Strategies

- **Radius Strategy** (Market-Correlated Momentum): Seeks to invest in the mutual funds that have the best risk-adjusted returns over the past 1-year.
- **Index Strategy** (Market-Correlated Mean Reversion): Invests in market indices that have lagged the rest of the market over the past 5 to 10 years.
- **Balanced Risk** (Multi-Asset Risk Parity): Seeks to balance the portfolio risk exposure to generate more stable portfolio returns in all market/economic environments.

ADDITIONAL INFORMATION

If you have any questions about the investment approach or would like to learn more about Radius Capital Management, please visit www.radius-capital.com or send an e-mail to info@radius-capital.com.

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