

October 2020 update for Radius Capital Management

PERFORMANCE AT A GLANCE

Portfolio/Index	October Return	YTD Return To 10/31/2020
Radius 100 (100% stock mutual funds)	-1.0%	3.7%
Radius Index 100 (100% stock ETFs)	-3.7%	-3.5%
U.S. Stock Benchmark (Vanguard S&P 500 Index Fund)	-2.7%	2.7%
Balanced Risk Max (target risk/volatility same as S&P 500)	-2.7%	4.9%
Radius Bond (100% bond mutual funds)	-0.7%	1.5%
Radius Index Bond (100% bond ETFs)	-0.9%	3.5%
Bond Benchmark (Vanguard Total Bond Index Fund)	-0.6%	6.4%

October news was dominated by the upcoming US election and the resurgence of Covid-19 in Europe. Markets spent much of the month in wait-and-see mode before the announcement of widespread restrictions across Europe in the final days of the month. This announcement resulted in the S&P 500 dropping over 5% in the last week of October. For the month as a whole, the S&P 500 was down 2.7% – although it is still up 2.7% year-to-date. The multi-asset Radius Balanced Risk Max portfolio fared better, giving up 2.1% in October and posting a gain of 4.9% YTD. Large Cap Stocks were the most penalized in October, with Mid Cap Stocks ending flat for the month and Small Cap Stocks posting a respectable 2% return in October. Bond returns remained muted, and the Vanguard Total Bond Index lost 0.6% for the month.

Given the ongoing uncertainty around the outlook for the virus, the election and possible volatility as a result of a potentially turbulent transfer of power, we continue to recommend that investors remain prudent and expect further volatility in the near term. The best way to protect from long-term investment declines is to diversify one's investments across multiple, uncorrelated asset classes and investment strategies. Attempting to "time the market" is seldom a successful strategy and we would not recommend you do so.

MARKET CHARACTERISTICS

Stock market volatility [§]	High (monthly avg. = 29, month end = 38)
Business Cycle Phase	Early Recovery
Dominant Investment Style (active vs. passive)	Mixed

[§] 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.). The long-term average for the VIX is 20, 30 is considered high, 40 very high, and 50+ extreme.

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

RAR Rank	Stock Market Segments	1-Mo. Return	October RAR	Bond Market Segments	1-Mo. Return	October RAR
1	Large Growth	(3.3%)	31%	Worldwide Bond	0.4%	4%
2	Mid-Cap Growth	(0.7%)	21%	Short-Term Corp Bond	0.2%	4%
3	Small Growth	0.9%	20%	Intermediate Government	(0.7%)	4%
4	S&P 500	(2.7%)	13%	Intermediate Corporate	(0.1%)	3%
5	Foreign Large Growth	(1.8%)	12%	Total Bond Index	(0.6%)	2%
6	Mid-Cap Value	0.7%	2%	Short Government	(0.0%)	2%
7	Small Value	3.0%	2%	High Yield Bond	0.4%	1%
8	Large Value	(2.1%)	-2%	Long Corporate Bond	(0.8%)	1%
9	Foreign Large Value	(2.6%)	-9%	Long Government Bond	(3.3%)	0%

LONG-TERM PERFORMANCE THROUGH 10/31/2020

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 +322% (7.5% annualized) vs. a cumulative return of +259% (6.7% 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 +253% (6.6% annualized) vs. a +226% return (6.1% 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 10/31/2020

For S&P 500*, Bond Index*, Radius¹ 100, 60, & 20 Portfolios
Index² 100, Balanced Risk^{2,3} Max, Plus, and Basic Portfolios²

	S&P 500	Bond Index	Radius 100 ¹	Index 100 ²	Balanced Risk Max ²³	Balanced Risk Plus ²³	Radius 60 ¹	Balanced Risk Basic ²	Radius 20 ¹
Inception Date			Jan. 2001	Aug. 2014	Oct. 2019	April 2015	Jan. 2001	April 2015	Nov. 2003
% in Stock Funds	100		100	100	20	16	60	18	20
% in Bond Funds		100	-	-	93	78	40	58	80
% in Real Estate					3	3		2	
% in Commodities					32	28		22	
Total			100	100	148	125	100	100	100
Net Cumulative Returns (net)									
2020 YTD	3%	6%	4%	-3%	5%	6%	3%	7%	2%
1-Year	10%	6%	9%	3%	8%	8%	6%	9%	3%
3-Year	34%	16%	20%	16%	30%	20%	16%	19%	11%
5-Year	73%	22%	41%	44%	63%	37%	29%	32%	16%
10-Year	236%	40%	114%	152%	202%	117%	75%	86%	41%
Since 1/1/2001	259%	144%	322%	278%	1612%	637%	253%	374%	167%
Net Annualized Returns									
3-Year	10%	5%	6%	5%	9%	6%	5%	6%	3%
5-Year	12%	4%	7%	8%	10%	7%	5%	6%	3%
10-Year	13%	3%	8%	10%	12%	8%	6%	6%	4%
Since 1/1/2001	7%	5%	8%	7%	15%	11%	7%	8%	5%
Risk Measures									
Beta	1.00	-0.01	0.98	1.05	0.58	0.44	0.61	0.31	0.22
Max Drawdown	-55%	-4%	-57%	-52%	-33%	-24%	-38%	-16%	-13%
Std. Deviation	15%	3%	16%	16%	16%	11%	11%	8%	5%
Correl. to S&P	1.00	-0.08	0.89	0.96	0.56	0.59	0.86	0.59	0.65

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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 1/2001. 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 8/2014, the Balanced Risk Basic and the Balanced Risk Plus prior to 4/2015, and the Balanced Risk Max portfolio prior to 11/2019 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 and Max portfolios invest part of their assets in leveraged ETFs. These funds seek daily investment results – before fees and expenses – that are triple the return of stock (S&P 500, NASDAQ, Russell 2000), bond (20+ Year Treasury Bond), commodity (gold, oil), and real estate 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** (Active Market-Correlated Momentum): Seeks to invest in the mutual funds that have the best risk-adjusted returns over the past 1-year.
- **Index Strategy** (Passive Market-Correlated Momentum): Invests in broad-based passive market indices and holds them for at least one year to avoid short-term capital gains.
- **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.

DISCLAIMER:

The information provided in this newsletter is not intended as specific investment advice, nor therefore, as a recommendation to buy or sell a specific security or other financial instrument. Investments mentioned in this newsletter may not be suitable for certain investment objectives. For specific investment advice, please contact Kimball Halsey.

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