

October 2020 update for Radius Capital Management

PERFORMANCE AT A GLANCE

Portfolio/Index	November Return	YTD Return To 11/30/2020
Radius 100 (100% stock mutual funds)	11.7%	15.9%
Radius Index 100 (100% stock ETFs)	11.0%	7.1%
U.S. Stock Benchmark (Vanguard S&P 500 Index Fund)	10.9%	14.0%
Balanced Risk Max (target risk/volatility same as S&P 500)	2.5%	7.5%
Radius Bond (100% bond mutual funds)	1.0%	2.5%
Radius Index Bond (100% bond ETFs)	1.2%	4.7%
Bond Benchmark (Vanguard Total Bond Index Fund)	1.1%	7.5%

Stock markets soared in November on the back of announcements of three effective Covid-19 vaccines and the results of the 2020 Presidential election. The S&P 500 rose 10.9% in the month of November – the best November gain **ever** for the stock index – resulting in a year-to-date return of almost 16%. Both the active Radius 100 portfolio and the passive Index 100 portfolio performed even better, gaining 11.7% and 11.0% respectively. The multi-asset Radius Balanced Risk Max portfolio returned a respectable 2.5% for the month despite a drop of more than 5% for gold, one of the key “safe harbor” assets in the portfolio. With renewed optimism over the economy, investors poured money into smaller companies in November, pushing the Russell 2000 up an incredible 18% and setting a new all-time high for the small-cap index. Bond returns were also positive for the month as the Vanguard Total Bond Index gained 1.1%. Riskier Long Term Corporate Bonds posted a gain of 5.5%.

We are cautiously optimistic following the relatively smooth US election and positive vaccination news, but we remain concerned regarding the path to a full economic recovery. 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 [§]	Above Average (monthly avg. = 25, month end = 21)
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	November RAR	Bond Market Segments	1-Mo. Return	November RAR
1	Large Growth	10.5%	37%	Worldwide Bond	0.2%	6%
2	Mid-Cap Growth	13.5%	34%	Intermediate Government	0.2%	5%
3	Small Growth	14.1%	32%	Total Bond Index	1.1%	5%
4	Foreign Large Growth	10.2%	26%	Intermediate Corporate	1.8%	4%
5	S&P 500	10.9%	23%	Long Corporate Bond	5.5%	4%
6	Small Value	17.7%	18%	Short-Term Corp Bond	0.5%	4%
7	Mid-Cap Value	13.4%	15%	Short Government	0.0%	3%
8	Large Value	12.9%	13%	Long Government Bond	1.6%	2%
9	Foreign Large Value	17.1%	11%	High Yield Bond	3.0%	2%

LONG-TERM PERFORMANCE THROUGH 11/30/2020

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 +372% (8.1% annualized) vs. a cumulative return of +298% (7.2% 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 +279% (6.9% annualized) vs. a +249% return (6.5% 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 11/30/2020

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 ^{2,3}	Balanced Risk Plus ^{2,3}	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	26	22	60	17	20
% in Bond Funds		100	-	-	95	78	40	61	80
% in Real Estate					7	7		5	
% in Commodities					26	22		17	
Total			100	100	154	130	100	100	100
Net Cumulative Returns (net)									
2020 YTD	14%	8%	16%	7%	7%	8%	11%	9%	5%
1-Year	18%	8%	18%	10%	10%	10%	12%	11%	6%
3-Year	45%	17%	31%	25%	29%	21%	23%	21%	14%
5-Year	92%	23%	58%	59%	71%	42%	38%	36%	20%
10-Year	272%	42%	138%	176%	215%	125%	88%	92%	47%
Since 1/1/2001	298%	147%	372%	320%	1655%	654%	279%	385%	175%
Net Annualized Returns									
3-Year	13%	5%	10%	8%	9%	7%	7%	7%	4%
5-Year	14%	4%	10%	10%	11%	7%	7%	6%	4%
10-Year	14%	4%	9%	11%	12%	8%	7%	7%	4%
Since 1/1/2001	7%	5%	8%	7%	15%	11%	7%	8%	5%
Risk Measures									
Beta	1.00	-0.01	0.99	1.05	0.57	0.43	0.61	0.31	0.22
Max Drawdown	-55%	-4%	-57%	-52%	-33%	-24%	-38%	-16%	-13%
Std. Deviation	15%	3%	17%	16%	16%	11%	11%	8%	5%
Correl. to S&P	1.00	-0.08	0.89	0.96	0.55	0.58	0.87	0.59	0.66

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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:

- ¹ 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.
- ² 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.
- ³ 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 with a focus on tax efficiency and avoiding 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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