

December 2023 update for Radius Capital Management

PERFORMANCE AT A GLANCE

Portfolio/Index	December Return	YTD Return To 12/31/2023
Radius 100 (100% stock mutual funds)	5.9%	16.4%
Radius Index 100 (100% stock ETFs)	4.8%	20.5%
U.S. Stock Benchmark (Vanguard S&P 500 Index Fund)	4.5%	26.2%
Balanced Risk (multi-asset risk parity portfolio) *	3.9%	12.8%
Radius Bond (100% bond mutual funds)	2.7%	4.5%
Radius Index Bond (100% bond ETFs)	2.7%	5.6%
Bond Benchmark (Vanguard Total Bond Index Fund)	3.7%	5.7%

* This strategy invests in “hard” assets (commodities, gold, and real estate) as well as stocks and bonds. It is designed to be an alternative to the common 60% stock, 40% bond portfolio.

Stock and Bond Markets rallied again in December. For the full year, the S&P 500 gained a whopping 26.2% in 2023 - predominantly on the back of strong returns from the ‘magnificent seven’ tech and AI stocks (Apple, Microsoft, Google parent Alphabet, Amazon.com, Nvidia, Meta Platforms, and Tesla). As a group, these seven stocks rose 74% in 2023 and accounted for roughly three quarters of the S&P 500 return. Since the S&P 500 is weighted by market cap, large companies comprise a bigger chunk of the index, which means that their moves affect the index’s performance significantly more than those of their smaller counterparts. For comparison, the price-weighted Dow Jones Industrial Average returned a more reasonable 13.7% for the year – much closer to the return for the other 493 stocks in the S&P 500. The flagship Radius 100 gained a solid 16.4% in 2023, and the Index 100 portfolio returned 20.5% for the year.

The view that central banks have reached the peak of their tightening cycles continues to support higher stock and bond prices going forward. While economic indicators look resilient, we are, as a team, cautious in our approach to investing and favor solid fundamentals and quality assets. We recommend that investors remain prudent and maintain their targeted investment allocations. Attempting to “time the market” is seldom a successful strategy and we would not recommend you do so. The best way to protect from investment volatility and potential long-term declines is to diversify one’s investments across multiple, uncorrelated asset classes and investment strategies.

MARKET CHARACTERISTICS

Stock market volatility [§]	Low (monthly avg. = 13, month end = 12)
Business Cycle Phase	Late Cycle
Dominant Investment Style (active vs. passive)	Passive

[§] 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	December RAR	Bond Market Segments	1-Mo. Return	December RAR
1	Large Growth	4.3%	28%	High Yield Bond	3.3%	9%
2	S&P 500	4.5%	22%	Intermediate Corporate	4.1%	8%
3	Mid-Cap Growth	7.8%	16%	Worldwide Bond	3.2%	8%
4	Foreign Large Value	2.3%	15%	Long Corporate Bond	7.1%	7%
5	Small Value	9.8%	15%	Total Bond Index	3.7%	5%
6	Small Growth	10.9%	14%	Short-Term Corp Bond	1.8%	4%
7	Foreign Large Growth	6.2%	13%	Long Government Bond	8.6%	3%
8	Large Value	5.0%	11%	Intermediate Government	2.7%	3%
9	Mid-Cap Value	6.5%	11%	Short Government	1.1%	1%

LONG-TERM PERFORMANCE THROUGH 12/31/2023

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 +453% (7.7% annualized) vs. a cumulative return of +449% (7.7% 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 +315% (6.4% annualized) vs. a +310% return (6.3% 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 12/31/2023

For S&P 500*, Radius¹ 100, Index² 100,
Balanced Risk Portfolio²,
Radius¹ Bond, Index² Bond, Bond Index*

	S&P 500	Radius 100	Index 100	Balanced Risk	Radius Bond	Index Bond	Bond Index
Portfolio Characteristics							
Inception Date		Jan. 2001	Aug. 2014	Apr. 2015	Jan. 2002	Aug. 2014	
% Stock Funds	100	100	100	30	-	-	-
% Bond Funds	-	-	-	40	100	100	100
% Real Estate				3			
% Commodities				5			
% Gold				22			
Recent Performance							
3-Month	12%	11%	12%	9%	5%	5%	7%
6-Month	8%	10%	9%	5%	4%	4%	3%
1-Year	26%	16%	21%	13%	5%	6%	6%
Performance since Inception (1/1/2001)							
Cumulative	449%	453%	439%	420%	119%	132%	123%
Annualized	7.7%	7.7%	7.6%	7.4%	3.5%	3.7%	3.6%
Risk Measures since Inception							
Beta	1.00	0.95	1.03	0.34	0.09	0.05	0.03
Max Drawdown	-55%	-57%	-52%	-19%	-10%	-14%	-17%
Std. Deviation	15%	16%	16%	8%	6%	5%	4%
Correlation to S&P	1.00	0.89	0.96	0.64	0.22	0.14	0.11

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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 Bond reflect the (unaudited) performance of actual portfolios that have been invested since 1/2001.

² Returns for the Index portfolios prior to 8/2014 and Balanced Risk prior to 4/2015 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.

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:

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