

## Why Invest with Radius Capital Management?

I. Your money is accessible and liquid
II. "Boutique" firm with individualized attention
III. Broad Portfolio Offerings
IV. Strong Track Record

Cumulative Performance from Inception $(1 / 1 / 2001)$ to $2 / 29 / 2024$ :
Radius 100 Portfolio* + 469\% (net)
Index 100 Portfolio ${ }^{a}+\mathbf{4 7 2 \%}$ (net)
Balanced Risk ${ }^{a}+423 \%$ (net)
S\&P 500 Stock Index $\mathbf{+ 4 8 8 \%}$
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.

* Total return numbers for the Radius 100 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 100 prior to $8 / 2014$, and Balanced Risk prior to $4 / 2015$ are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

## I. Your money is accessible and liquid



## II. How is Radius Capital Management Different from Other Firms?



## III. Portfolio Offerings

## Radius Capital Management offers 3 primary investment strategies

|  | Radius Strategy | Index Strategy | Balanced Risk |
| :--- | :--- | :--- | :--- |
| Investment Style | Market-Correlated Momentum | Market-Correlated Momentum | Multi-Asset Risk Parity |
| Active vs. Passive | Active |  | Semi-Passive |
| Style Description | Seeks to invest in mutual funds that <br> have the best risk-adjusted returns <br> over the past year. | Invests in broad-based passive market <br> indices and holds them for at least <br> one year to avoid short-term capital <br> gains. | Seeks to balance the portfolio risk <br> exposure to generate more stable <br> portfolio returns in all <br> market/economic environments. |
| Fund Types | Primarily actively managed funds | Primarily passive index ETFs | Primarily passive index ETFs |
| Average Fund Turnover | Nine months to one year | A minimum of one year | Buy and Hold with <br> rebalance every six months |
| Tax Efficiency | Fair <br> (many capital gains are short-term) | Good <br> (all capital gains are long-term) | Moderate (short-term gains, but on a <br> smaller percentage of the portfolio) |
| Stock Fund Categories |  <br> Growth, Diversified Intl. and Global |  <br> Growth | Large Blend, Small Blend |
| Bond Fund Categories | Long-Term and Intermediate-Term <br> Corporate, Blend, and Government <br> High Yield, Intl. and Infl.-Protected | Long-Term and Intermediate-Term <br> Corporate, Blend, and Government <br> High Yield, Intl. and Infl.-Protected | Long Term Government, <br> Government Inflation Protected, <br> Emerging Market |
| "Hard Asset" Categories | None | None | Gold, Commodities, Real Estate |
| Invested Since | January 2001 | July 2014 | April 2015 |

## III. Portfolio Offerings

For the Radius and Index strategies, Radius Capital Management offers five portfolio configurations to meet the diverse risk tolerance and time horizon needs of our clients.

|  |  <br> Index <br> $\mathbf{1 0 0}$ |  <br> Index <br> $\mathbf{8 0}$ |  <br> Index <br> $\mathbf{6 0}$ |  <br> Index <br> $\mathbf{4 0}$ |  <br> Index <br> $\mathbf{2 0}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Risk Profile | Aggressive | Moderately <br> Aggressive | Moderate | Moderately <br> Conservative | Conservative |
| Time Horizon | $20+$ years | $15-20$ years | $10-15$ years | $5-10$ years | $2-5$ years |
| \% of Portfolio Value <br> in Stocks | $99 \%$ | $80 \%$ | $60 \%$ | $40 \%$ | $20 \%$ |
| \% of Portfolio Value <br> in Bonds | $0 \%$ | $19 \%$ | $39 \%$ | $59 \%$ | $79 \%$ |
| \% of Portfolio Value <br> in "Cash" <br> (money market, T-Bills, etc.) | $1 \%$ | $1 \%$ | $1 \%$ | $1 \%$ | $1 \%$ |

## III. Portfolio Offerings

For the Balanced Risk strategy, Radius Capital Management offers one portfolio configuration.

|  | Balanced Risk |
| :--- | :---: |
| Risk Profile | Moderately Conservative |
| Time Horizon | $4-10$ Years |
| Target Portfolio Risk/Volatility vs. S\&P 500 | $50 \%$ |
| \% of Portfolio Risk in Stocks | $33 \%$ |
| \% of Portfolio Risk in "Hard Assets" (gold, <br> commodities, and real estate) | $34 \%$ |
| \% of Portfolio Risk in Bonds | $33 \%$ |

## IV. Track Record: Growth of \$100K



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.

* Total return numbers for the Radius 100 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 100 prior to 8/2014 are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

## IV. Track Record: Growth of \$100K



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.

* Total return numbers for the Radius 60 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 60 prior to $8 / 2014$ and Balanced Risk prior to $4 / 2015$ are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

## V. General Company Information (as of 3/2024)

- Registered investment advisory firm
- Founded in April 2004
- Minimum Initial Investment: \$250,000


## FIVE STAR

PROFESSIONAL Wealth Manager

- Total assets under management: $\$ 38 \mathrm{M}$
- For the past 11 years (since 2012), Radius has been featured in Boston Magazine as a "Five Star Wealth Manager" - Boston wealth managers selected for having the best client satisfaction in an independent survey of consumers and financial service professionals
- Clients include high net worth individuals, foundations, trusts, and retirement plans (profit sharing, defined benefit, 401 k , and 403b)

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Concord, MA 01742
info@radius-capital.com

Fax: (877) 877-2880
www.radius-capital.com

## V. Company Information: Investment Team

- President and Portfolio Manager - Kimball Halsey
- Developed the analytical tools behind the Radius Risk-Adjusted Return Strategy, Index Strategy, and Balanced Risk Strategy.
- Has been tracking the market and developing and refining quantitative investment strategies since 1984
- M.B.A. in Finance, The Wharton School, University of Pennsylvania
" Palmer Scholar: graduated in top 5\% of class
- M.A. in International Studies, University of Pennsylvania
- B.A. in Mathematics and Economics, Dartmouth College
- Vice President - Helen Jamieson, CFA FRM
- Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM)
- Has been investing in the market and managing multi-asset class portfolios since 2002
- B.Com. Honors in Financial Analysis and Portfolio Management, University of Cape Town, South Africa
- B.Sc. Mathematics and Statistical Sciences, University of Cape Town, South Africa


## Appendices

Appendix 1: How much should I invest in Stocks, Bonds, and Cash?

- 100-Year Historical Returns for Stocks, Bonds, and Cash
- Two Ways of Thinking About Investment Risk
- Choosing the Correct Portfolio Allocation

Appendix 2: What are the differences between the 3 Radius Strategies?

- Active vs. Passive Investment Management
- Strategy Detail - Radius, Index, and Balanced Risk
- Recommended Allocations to Each of the Radius Strategies

Appendix 3: Radius Performance Data

- Portfolio Returns: Calendar Year \& Annualized for Different Time Periods
- Returns During Stock Market Corrections
- Returns vs. Risk: Modern Portfolio Theory Statistics

Appendix 4: Company Information

- Company Fee Structure
- Assets Under Management
- Disclosures and Risks


## Definitions: Stocks, Bonds, \& Cash

> Stocks Buying a piece (albeit rather small) of a company. Note: Other similar long-term assets include real estate, gold, commodities
> Bonds Lending money to a company, government, or municipality
> Cash
Lending money, but where the principal is guaranteed over the short as well as long term (e.g., checking or savings accounts, CDs, money market mutual funds, T-bills)

## Appendix 1: Historical Total Returns for Past 100 Years (Nominal)

## Nominal Growth of \$1 from 12/31/1923 to 12/31/2023 (not adjusted for inflation)



Data Sources:

- Stock Index - Compiled by Professor Jeremy Siegel and presented in his book Stocks for the Long Run, the stock data represent a capitalization-weighted index of all New York Stock Exchange (NYSE) stocks prior to 1962 and all NYSE, American, and NASDAQ stocks thereafter. Return numbers include price appreciation plus all dividends.
- Bond Index - A total-return index of 10-year treasury bonds from 1919-1980 and the Barclays U.S. Aggregate (treasury and corporate) Bond Index from 1981 onwards
- Cash - 3-month treasury bills.
- Inflation - Consumer Price Index (CPI)


## Appendix 1: Historical Total Real Returns for Past 100 Years

Real Growth of $\$ 1$ from 12/31/1923 to 12/31/2023 (adjusted for inflation)


Data Sources:

- Stock Index - Compiled by Professor Jeremy Siegel and presented in his book Stocks for the Long Run, the stock data represent a capitalization-weighted index of all New York Stock Exchange (NYSE) stocks prior to 1962 and all NYSE, American, and NASDAQ stocks thereafter. Return numbers include price appreciation plus all dividends.
- Bond Index - A total-return index of 10-year treasury bonds from 1919-1980 and the Barclays U.S. Aggregate (treasury and corporate) Bond Index from 1981-2019
- Cash - 3-month treasury bills.
- Inflation - Consumer Price Index (CPI)


## Appendix 1: Worst Historical

 Returns for Different Holding PeriodsMinimum Total Returns (not adjusted for inflation)
for Stocks, Bonds, and Cash, 1924 through 2023


Data Sources:

- Stock Index - Compiled by Professor Jeremy Siegel and presented in his book Stocks for the Long Run, the stock data represent a capitalization-weighted index of all New York Stock Exchange (NYSE) stocks prior to 1962 and all NYSE, American, and NASDAQ stocks thereafter. Return numbers include price appreciation plus all dividends.
- Bond Index - A total-return index of 10-year treasury bonds from 1919-1980 and the Barclays U.S. Aggregate (treasury and corporate) Bond Index from 1981-2019
- Cash - 3-month treasury bills.
- Inflation - Consumer Price Index (CPI)


# Appendix 1: Worst Hist. Real Returns for Different Holding Periods 

## Minimum Total Real Returns (adjusted for inflation) for Stocks, Bonds, and Cash, 1924 through 2023



Data Sources:

- Stock Index - Compiled by Professor Jeremy Siegel and presented in his book Stocks for the Long Run, the stock data represent a capitalization-weighted index of all New York Stock Exchange (NYSE) stocks prior to 1962 and all NYSE, American, and NASDAQ stocks thereafter. Return numbers include price appreciation plus all dividends.
- Bond Index - A total-return index of 10-year treasury bonds from 1919-1980 and the Barclays U.S. Aggregate (treasury and corporate) Bond Index from 1981-2018
- Cash - 3-month treasury bills.
- Inflation - Consumer Price Index (CPI)

Appendix 1: Two Definitions of Risk
> Volatility: How much does the value of my portfolio fluctuate from month to month?

- Focused on Emotions
- Easy to quantify (standard deviation of monthly returns)
>Value at Risk: What is the maximum (real) percentage I can expect to lose over a given period of time (e.g., 1 year, 10 years, etc.)?
- Focused on Results
- Dependent on holding period
- Can only be estimated based on historical data


## Appendix 1:

RADIUS
CAPITAL MANAGEMENT ${ }^{\text {LIC }}$

## Determining Investment Time Horizon

The primary factor in determining how much you should invest in Long-Term (e.g., stocks), Intermediate-Term (e.g., bonds), and ShortTerm (e.g., cash) assets is your Investment Time Horizon (i.e., the amount of time your account will be invested). It is calculated as follows:

Time Horizon $=$ Investment Period $+1 / 2$ Withdrawal Period

- Example 1: You open an account today for a down payment on a house in five years. Time Horizon $=5$ since all of the money will be withdrawn at the end of the five years.
- Example 2: You set up an investment account to pay for your eight-year-old daughter's four years of college. She will start college at age 18.
Time Horizon $=10$ years (Investment Period before withdrawal starts) +
$1 / 2 \times 4$ years $($ Withdrawal Period during college $)=12$ years
- Example 3: You set up an IRA from which you will withdraw throughout your retirement years. You are currently 45 years old (with a life expectancy of 79) and plan to retire at 65. Time Horizon $=20($ Investment Period $=65-45)+1 / 2 \times 14($ Withdrawal Period $=79-65)=27$ years.
This raises the question of what portfolio configuration (stocks / bonds / cash) is best for any given time horizon....


## Appendix 1: Where to Invest Life Expectancy for U.S. Women

| Age | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 | 45 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Life Expectancy | 81 | 81 | 82 | 82 | 82 | 82 | 82 | 82 | 82 | 83 |
| Age | 50 | 52 | 54 | 56 | 58 | 60 | 62 | 64 | 66 | 68 |
| Life Expectancy | 83 | 83 | 84 | 84 | 84 | 84 | 85 | 85 | 86 | 86 |
| Age | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 |
| Life Expectancy | 86 | 87 | 87 | 87 | 88 | 88 | 88 | 89 | 89 | 89 |
| Age | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 |
| Life Expectancy | 90 | 90 | 90 | 91 | 91 | 92 | 92 | 93 | 93 | 94 |
| Age | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 |
| Life Expectancy | 95 | 95 | 96 | 97 | 98 | 98 | 99 | 100 | 101 | 102 |

Source: Social Security Administration Actuarial Life Table

## Appendix 1: Where to Invest Life Expectancy for U.S. Men

| Age | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 | 45 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Life Expectancy | 76 | 77 | 77 | 77 | 77 | 77 | 78 | 78 | 79 | 79 |
| Age | 50 | 52 | 54 | 56 | 58 | 60 | 62 | 64 | 66 | 68 |
| Life Expectancy | 80 | 80 | 80 | 81 | 81 | 82 | 82 | 83 | 83 | 84 |
| Age | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 |
| Life Expectancy | 84 | 85 | 85 | 85 | 86 | 86 | 86 | 87 | 87 | 88 |
| Age | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 |
| Life Expectancy | 88 | 89 | 89 | 90 | 90 | 91 | 91 | 92 | 93 | 93 |
| Age | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 |
| Life Expectancy | 94 | 95 | 95 | 96 | 97 | 98 | 99 | 99 | 100 | 101 |

Source: Social Security Administration Actuarial Life Table

## Appendix 1: Historical 1-Year Nominal Returns (not adjusted for inflation)



## Appendix 1: Historical 1-Year

 Real Returns (adjusted for inflation)

## Appendix 1: Historical 3-Year Real Returns (adjusted for inflation)



## Appendix 1: Historical 5-Year Real Returns (adjusted for inflation)



## Appendix 1: Historical 10-Year Real Returns (adjusted for inflation)



# Appendix 1: Historical 20-Year Real Returns (adjusted for inflation) 



Data Sources:

- Stock Index - Compiled by Professor Jeremy Siegel and presented in his book Stocks for the Long Run, the stock data represent a capitalization-weighted index of all New York Stock Exchange (NYSE) stocks prior to 1962 and all NYSE, American, and NASDAQ stocks thereafter. Return numbers include price appreciation plus all dividends.
- Bond Index - A total-return index of 10-year treasury bonds from 1919-1980 and the Barclays U.S. Aggregate (treasury and corporate) Bond Index from 1981-2019
- Cash - 3-month treasury bills.
- Inflation - Consumer Price Index (CPI)
- Rebalance Frequency - Annual


# Appendix 1: Choosing the Correct Portfolio Allocation 



Time Horizon $=$ Investment Period + $1 / 2$ Withdrawal Period

Each investor's tolerance for investment risk is different. An aggressive investor is willing to risk losing money in the short-term to get potentially better long-term results. A conservative investor favors investments that minimize short-term portfolio losses - at the cost of lower long-term returns.
Choices:

- Aggressive (top 25\%)
- Moderate (middle 50\%)
- Conservative (bottom

Using the table on the next slide, determine which portfolio allocation best corresponds to your time horizon and risk tolerance.

Each investment account may have a different time horizon. For example, an account to be used for a down payment on a house will likely have a shorter time horizon than an IRA.

## Appendix 1: Where to Invest Asset Allocation

| A diversified investment portfolio contains assets from some or all of the following asset classes: |  |  |
| :--- | :--- | :--- |
| Long-Term Assets | Intermediate-Term Assets | Short-Term Assets |
| Stocks (U.S., International), <br> "Hard" Assets (Commodities, Gold, <br> Real Estate) | Bonds (Government, Corporate, High <br> Yield, Inflation-Protected, Emerging <br> Market, International) | Bank Accounts (Checking, Savings), <br> Certificates of Deposit, Treasury Bills, <br> Money Market Funds |


| Portfolio Asset Allocations based on Investment Risk Tolerance and Time Horizon <br> (Percentages are for Long-Term/Intermediate-Term/Short-Term Assets) |  |  |  |
| :---: | :---: | :---: | :---: |
| Investment Time Horizon | Conservative (bottom 25\%) | Moderate (middle 50\%) | $\underset{\text { (top 25\%) }}{\text { Aggressive }}$ |
| 1 Year | 0\%/0\%/100\% | 0\%/50\%/50\% | 10\%/65\%/25\% |
| 2 Years | 0\%/50\%/50\% | 10\%/65\%/25\% | 20\%/80\%/0\% |
| 3 Years | 10\%/65\%/25\% | 20\%/80\%/0\% | 40\%/60\%/0\% |
| 5 Years | 20\%/80\%/0\% | 40\%/60\%/0\% | 60\%/40\%/0\% |
| 10 Years | 40\%/60\%/0\% | 60\%/40\%/0\% | 80\%/20\%/0\% |
| 15 Years | 60\%/40\%/0\% | 80\%/20\%/0\% | 100\%/0\%/0\% |
| 20+ Years | 80\%/20\%/0\% | 100\%/0\%/0\% | 1001\%/0\%/0\% |

The portfolio allocations given in the table above are similar to - but slightly more aggressive than - Portfolio allocations of the target date mutual funds (also known as life cycle or age-based funds) of companies such as Fidelity, Vanguard, T. Rowe Price, BlackRock, JP Morgan, etc.. 29

# Appendix 1: Where to Invest Economic Cycle Review 

## Business Cycle Framework: Cycle Phases

| EARLY | MID | LATE | RECESSION |
| :---: | :---: | :---: | :---: |
| - Economic Activity Rebounds (GDP, Employment, Incomes) <br> - Credit begins to grow <br> - Profits grow rapidly <br> - Monetary Policy still stimulative <br> - Inventories low, sales improve | - Growth rate peaking <br> - Credit growth strong <br> - Profit growth peaks <br> - Monetary policy neutral <br> - Inventories, sales grow; equilibrium reached | - Growth positive but rate declining <br> - Credit tightens <br> - Earnings under pressure <br> - Monetary policy contractionary <br> - Inventories grow, sales growth falls | - Falling economic activity <br> - Credit dries up <br> - Profits decline <br> - Monetary policy eases to stimulative <br> - Inventories, sales fall |

 Economically Sensitive Assets

Green = Strong
Note: The diagram above is a hypothetical illustration of the business cycle. There is not always a chronological, linear progression among the phases of the business cycle, and there have been cycles when the economy has skipped a phase or retraced an earlier one.
Source: Fidelity Investments Asset Allocation Research Team (AART), as of 12/31/2023.

# Appendix 1: Where to Invest Current Market Review and Outlook 

## MACRO

Q4-2023
Global disinflation and economic expansion trends continued

- The global business cycle remains in expansion but is less synchronized and faces multiple crosswinds.

Outlook

- The U.S. is in the late-cycle expansion phase, supported by a solid consumer backdrop.
- The "last mile" of disinflation toward the Fed's target may be difficult without greater economic slowing.
- The global monetary tightening cycle appears over, but the pace and magnitude of easing remains uncertain.
- Alternative scenarios to the soft-landing consensus include both upside inflation risks and the possibility of a greater-than-expected economic slowdown.


## ASSET MARKETS

Stock and bond prices rallied significantly as yields dropped

- Markets begin 2024 with favorable momentum and easier financial conditions.
- Investors may be overly sanguine about the aggressiveness of Fed rate cuts, absent clearer signs of economic slowing.
- Upside surprises may be more difficult amid low market volatility and higher valuations.
- Some equity sectors and categories, including non-U.S. stocks, have priced in less good news and appear relatively attractive.
- Late-cycle positioning implies smaller cyclical tilts and a readiness for opportunities; owning bonds and high levels of long-term portfolio diversification remain warranted.


## Appendix 1: Where to Invest Market Assessment

Fidelity's Business Cycle Board, composed of portfolio managers across a variety of asset-allocation strategies, believes the inflation and monetary backdrop contributes to uncertainty and risks to the capital markets outlook. Diversification is both more important and more difficult to achieve. Members held differing views on some issues but generally held smaller active allocation positions compared with earlier in the cycle.

## Business Cycle

- U.S. in late-cycle expansion phase
- Non-U.S. cycles are becoming desynchronized with some countries experiencing better cyclical trends


## Risks

- Inflation may remain above the Fed's target over the medium term
- Corporate earnings remain challenged by slowing growth, above-target high inflation, and monetary tightening


## Asset Allocation Implications

- The late-cycle phase warrants smaller active allocation positions
- Most members view fixed income assets as attractive
- Security selection may present additional return opportunities


## Appendix 2: Active vs. Passive Investment Management

## There are two main approaches to investing in stocks and bonds

1. Passive Investment Strategy

Passive management, or indexing, is an investment management approach based on investing in exactly the same securities, and in the same proportions, as an index such as the S\&P 500 or Dow Jones US Total Stock Market Index. The goal of passive investment managers is to replicate the performance of the index as closely as possible.*
2. Active Investment Strategy

Active management, as its name implies, involves actively buying and selling portfolio holdings in order to increase investment returns. By analyzing market trends, the economy, and companyspecific factors, active managers are constantly searching out information and gathering insights to help them make their investment decisions. The goal of active investment managers is to outperform the market.*

In addition, there are a number of alternative multi-asset investment strategies that are less correlated to the performance of stock or bond market indices than the active or passive strategies described above. These include Risk Parity (e.g., Radius Balanced Risk strategy), Long-Short, Private Equity, Managed Futures, and hedge funds.

## Appendix 2: Active vs. Passive Investment Management

At any given point in time, which investment strategy does better depends on a number of factors. These include:
a) how focused the market movement is (i.e., is the index moving due to big moves in just a few stocks as was the case during the tech bubble in 1999) and
b) how correlated the components of the index are (i.e., do most index components move in the same direction, or are their movements independent of each other).
Over the past 25 years, the strategy that was dominant (and had the best returns) for stocks is summarized in the table below*:

| 1992-1994 | 1995-2000 | 2001-2005 | 2006-2010 | 2011-2019 | 2020-2022 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Active | Passive | Active | Mixed | Passive | Mixed |

Given this back-and-forth between active and passive management styles, a good way to smooth out portfolio returns is to invest a portion of the total in an active strategy (e.g., the Radius strategy), a portion in a passive strategy (e.g., Radius Index or stock index fund), and a portion in a multiasset strategy (e.g., Balanced Risk).

## Appendix 2:

## Active vs. Passive Investment Management

The graph below shows where the Radius investment strategies fall in terms of active vs. passive and how correlated they are to the market (S\&P 500). Market Correlation ( $r^{2}$ ) and Investment Style of Radius Portfolio Management Strategies


The result of over 20 years of extensive research and testing, the Radius strategy is a non-traditional quantitative investment model based on the following methodologies...

> No individual stocks, bonds, or options

- No sector-focused funds (e.g., specialty technology or precious metals fund)
$>\quad$ No country or regionspecific international funds (e.g., Japan or Europe fund)


## Dynamic Portfolio Allocation

> Based on the Modern Portfolio Theory work of 1990 Nobel Prize winning economists William Sharpe and Harry Markowitz
> Seeks to maximize the Sharpe Ratio of the portfolios:
$\frac{\text { Return of Portfolio* }- \text { Risk Free Return** }}{\text { Risk of Portfolio (std dev of monthly returns) }}$
> Not a market timing tool
> Momentum-based
$>$ Goal is to identify - and invest in - the best performing market categories (e.g., large cap growth, small cap value) and the best funds within those categories.

Step 1: Calculate At the end of each quarter we calculate the individual RiskAdjusted Return (RAR) for roughly 1,000 diversified noload stock and bond mutual funds and for the five Radius portfolios (Radius 100, 80, 60, 40, and 20)

For each Radius portfolio, we use the RAR of the overall portfolio and of the individual funds in the portfolio to determine if a fund should be dropped from the portfolio (i.e., if it is necessary to proceed to Step 3)

Using our proprietary investment model, we identify the mutual fund that when added to the funds remaining in the portfolio will deliver the highest risk-adjusted return for the portfolio as a whole.

Before any change is made, we perform due diligence on the fund identified in Step 3 (for fiduciary score, stock/ sector diversification, etc.) and repeat Step 3 if the fund identified does not meet selection criteria.

## Index Strategy Flow Chart

## Step 1: Calculate

At the end of each quarter we calculate the individual Risk-Adjusted Return (RAR) for roughly 150 no-load stock and bond index mutual funds and exchange-traded funds (ETFs).

While we calculate the RAR for all index funds each quarter, only one fund ( $25 \%$ ) of the stock or bond holdings is replaced in any given quarter.

Every effort is made to avoid short-term capital gains, although small short-term gains may occur as positions are rebalanced back to $25 \%$ in each fund.

We use the Risk-Adjusted Return numbers to rank the indices from best to worst in the following Morningstar ${ }^{\odot}$ categories:

## Stock Funds

Foreign Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Small Blend, Small Growth, Small Value, World Stock

## Bond Funds

Corporate Bond, High Yield Bond, InflationProtected Bond, Intermediate Core Bond, Intermediate Core-Plus Bond, Intermediate Government, Intermediate-Term Bond, Long Government, Long-Term Bond, Multisector Bond, Nontraditional Bond, Short
Government, Short Term Bond, World Bond, World Bond-USD Hedged

Step 3: Invest

Each quarter, $25 \%$ of the stock portion of the portfolio is invested in the index mutual fund or ETF with the highest RAR in one of the following four categories ( $25 \%$ in each category):

- Large Blend (e.g., S\&P 500)
- Growth (Large, Mid, or Small Cap) or Foreign/World
- Blend (Large, Mid, or Small Cap)
- Value (Large, Mid, or Small Cap)

Each quarter, $25 \%$ of the bond portion of the portfolio is invested in the index mutual fund or ETF with the highest RAR in one of the following four categories ( $25 \%$ in each category):

- Total Bond Index
- Corporate (High Yield, Long, Intermediate, or Short Term) or World Bond
- Corporate/Government Blend (Long, Intermediate, or Short Term)
- Government (Inflation-Protected, Long, Intermediate, or Short Term)


## Balanced Risk Strategy Overview

- Origin: Inspired by the All Weather hedge fund, a risk parity asset allocation strategy developed by Bridgewater Associates*.
- Balancing Risk: Whereas most traditional investment strategies allocate the total portfolio value (e.g., $60 \%$ stock, $40 \%$ bond), this strategy seeks to allocate the overall portfolio risk.
- Risk Targets: Sets specific risk allocation targets for the following diverse asset classes
- Stocks: US Large Cap Blend, US Small Cap Blend
- Bonds: Long-Term Government, Inflation-Linked (TIPs), Emerging Markets
- Hard Assets: Gold, Commodities, Real Estate
- Rebalancing Risk: This is not a static "invest and forget" portfolio. As the economic and business environment changes over time, the relative risk of the asset classes also changes. This means that the portfolio must be periodically rebalanced to bring the risk profile back in line with the target percentages given above.
- Performance: As a result of the risk targeting/balancing, the Balanced Risk portfolios tend to have lower (stock or bond) market correlation, more stable overall portfolio returns, and the potential to perform well in all economic/market environments.

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## Appendix 2: Balanced Risk Underlying Economic Assumptions

- Major changes in asset prices occur in each of the following four economic environments:
- Growth exceeds market expectations
- Growth falls short of market expectations
- Inflation exceeds market expectations
- Inflation falls short of expectations
- It is possible to reduce (but not eliminate) overall portfolio risk by
a) balancing the risk of assets that do well when growth exceeds expectations with the risk of those that do well when growth falls short of expectations and
b) balancing the risk of assets that do well when inflation exceeds expectations with the risk of those that do well when inflation falls short of expectations
- The result is a portfolio that seeks to capture the long-term outperformance of non-cash financial assets without subjecting the investor to the risk normally associated with higher returns.


## Appendix 2: Balanced Risk Strategy

|  | Growth | Inflation |
| :---: | :---: | :---: |
| Above | $50 \%$ of Risk <br> Stocks <br> Commodities <br> Real Estate <br> Emerging Market Bonds | $50 \%$ of Risk <br> Commodities <br> Gold <br> Real Estate <br> Inflation-Linked Bonds <br> Emerging Market Bonds |
| expectations <br> Below | $50 \%$ of Risk <br> Gold <br> Government Bonds Inflation-Linked Bonds | $50 \%$ of Risk <br> Stocks <br> Government Bonds |

## Appendix 2:

CAPITAL MANAGEMENT ${ }^{\text {LIC }}$
Cash Management Strategy Overview

- Aims to offer better returns than those available from bank savings accounts while still providing the liquidity not available to CD (Certificate of Deposit) holders.
- Savings are invested in liquid, US Treasury bonds that are backed by the US Government.
- Unlike a CD or fixed deposit, there is no holding period on your funds and your money may be withdrawn immediately (if withdrawn early, realized yields may vary depending on market movement)


## Appendix 2:

Cash Management Strategy Current Yield

Yield Comparison (net of fees) as of 2/29/2024


Data Sources:

- Actual rates may vary depending on portfolio size and short-term market movements.
- Cash Management Yields are yield if held to maturity.
- Cash Management Yields based on Quoted YTW of invested portfolio as at 2/1/2024 after fees.
- National Average on Savings Account as per Banknote.com's 2/1/2024 weekly survey of institutions.
- Fidelity Money Market Cash Account Rate (Fidelity's default Money Market Account) from www.fidelity.com as of $2 / 1 / 2024$

3/5/2024

Appendix 2:

## Recommended Radius Allocations

Portfolio Configurations for Different Asset Allocation Levels

|  | Active | Passive | Multi-Asset <br> (Risk Parity) | Short-Term |
| :---: | :---: | :---: | :---: | :---: |
| $\mathbf{0 \% / 0 \% / 1 0 0 \%}$ | - | - | - | $100 \%$ Cash <br> Management |
| $\mathbf{0 \% / 5 0 \% / 5 0 \%}$ | $25 \%$ Radius Bond | $25 \%$ Index Bond |  | $50 \%$ Cash <br> Management |
| $\mathbf{2 0 \% / 8 0 \% / 0 \%}$ | $50 \%$ Radius 20 | $50 \%$ Index 20 | - | $1 \%$ Money Market |
| $\mathbf{4 0 \% / 6 0 \% / 0 \%}$ | $33 \%$ Radius 40 | $33 \%$ Index 40 | $33 \%$ Balanced Risk | $1 \%$ Money Market |
| $\mathbf{6 0 \% / 4 0 \% / 0 \%}$ | $33 \%$ Radius 60 | $33 \%$ Index 60 | $33 \%$ Balanced Risk | $1 \%$ Money Market |
| $\mathbf{8 0 \% / 2 0 \% / 0 \%}$ | $33 \%$ Radius 80 | $33 \%$ Index 80 | $33 \%$ Balanced Risk | $1 \%$ Money Market |
| $\mathbf{1 0 0 \% / \mathbf { 0 } \% / \mathbf { 0 \% }}$ | $50 \%$ Radius 100 | $50 \%$ Index 100 |  | $1 \%$ Money Market |

## Appendix 3:

Calendar Year Returns

Calendar Year Investment Returns (net of fees) from 2001 to 2005 for Radius 100*, Index $100^{\text {a }}$, and S\&P 500

Market Environment: Active


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.

* Total return numbers for the Radius 100 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 100 prior to $8 / 2014$ and Balanced Risk prior to $4 / 2015$ are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

## Appendix 3:

## Calendar Year Returns

Calendar Year Investment Returns (net of fees) from 2006 to 2010 for Radius 100*, Index 100², Balanced Risk ${ }^{\text {a }}$, and S\&P 500 Market Environment: Mixed


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.

* Total return numbers for the Radius 100 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 100 prior to $8 / 2014$ and Balanced Risk prior to $4 / 2015$ are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

## Appendix 3:

Calendar Year Returns
Calendar Year Investment Returns (net of fees) from 2011 to 2015 for Radius 100*, Index $100^{a}$, Balanced Risk ${ }^{\text {a }}$, and S\&P 500 Market Enviroment: Passive


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.

* Total return numbers for the Radius 100 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 100 prior to $8 / 2014$ and Balanced Risk prior to $4 / 2015$ are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

## Appendix 3:

## Calendar Year Returns

Calendar Year Investment Returns (net of fees) from 2016 to 2020 for Radius 100*, Index $100^{a}$, Balanced Risk ${ }^{\text {a }}$, and S\&P 500 Market Enviroment: Passive


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.

* Total return numbers for the Radius 100 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 100 prior to $8 / 2014$ and Balanced Risk prior to $4 / 2015$ are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

## Appendix 3:

Calendar Year Returns

Calendar Year Investment Returns (net of fees) from 2021 to 2025 for Radius 100*, Index $100^{\circ}$, Balanced Risk ${ }^{\text {a }}$, and S\&P 500 Market Enviroment: Mixed


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.

* Total return numbers for the Radius 100 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 100 prior to $8 / 2014$ and Balanced Risk prior to $4 / 2015$ are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

| Net Returns for Different Time Periods |  |  |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\mathbf{2 0 2 4}$ YTD | 1-Year | 3-Year <br> (annualized) | 5-Year <br> (annualized) | 10-Year <br> (annualized) | Since <br> (annualized) <br> (annu |
| Radius 100* | $2.9 \%$ | $19.2 \%$ | $2.8 \%$ | $9.2 \%$ | $7.2 \%$ | $7.8 \%$ |
| Index 100 |  | $6.1 \%$ | $23.9 \%$ | $8.5 \%$ | $10.6 \%$ | $8.8 \%$ |
| S\&P 500 Index | $7.1 \%$ | $30.4 \%$ | $11.9 \%$ | $14.7 \%$ | $12.6 \%$ | $8.0 \%$ |

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.

* Total return numbers for the Radius 100 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 100 prior to 8/2014 are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

| Net Returns for Different Time Periods |  |  |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2024 YTD | 1-Year | 3-Year <br> (annualized) | 5-Year <br> (annualized) | 10-Year <br> (annualized) | Since <br> $\mathbf{1 / 1 / 2 0 0 1}$ <br> (annualized) |
| Radius 60* | $1.7 \%$ | $13.3 \%$ | $1.6 \%$ | $6.1 \%$ | $4.8 \%$ | $6.4 \%$ |
| Index 60 |  |  |  |  |  |  |

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.

* Total return numbers for the Radius 60 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 60 prior to $8 / 2014$ and Balanced Risk prior to $4 / 2015$ are back-tested and do not represent the actual performance of portfolios managed by Radius.

| Performance Measures from Inception (1/1/2001) to 2/29/2024 |  |  |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Alpha | Beta (vs. <br> S\&P 500) | Correlation <br> w/ S\&P 500 | Standard <br> Deviation | Sharpe Ratio | Maximum <br> Drawdown |
| Radius 100* | 0.4 | 0.95 | 0.89 | $16 \%$ | 0.45 | $-57 \%$ |
| Index 100 |  | -0.2 | 1.03 | 0.96 | $16 \%$ | 0.45 |
| S\&P 500 Index | 0.0 | 1.00 | 1.00 | $15 \%$ | 0.49 | $-55 \%$ |

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.

* Total return numbers for the Radius 100 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 100 prior to 8/2014 are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

| Performance Measures from Inception (1/1/2001) to 2/29/2024 |  |  |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Alpha | Beta (vs. <br> S\&P 500) | Correlation <br> w/ S\&P 500 | Standard <br> Deviation | Sharpe Ratio | Maximum <br> Drawdown |
| Radius 60* | 0.8 | 0.60 | 0.87 | $11 \%$ | 0.56 | $-38 \%$ |
| Index 60 |  |  |  |  |  |  |
| 60/40 Benchmark | 0.6 | 0.61 | 0.94 | $10 \%$ | 0.58 | $-32 \%$ |
| Balanced Risk ${ }^{\text {a }}$ | 0.7 | 0.61 | 0.98 | $10 \%$ | 0.62 | $-33 \%$ |

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.

* Total return numbers for the Radius 60 portfolio reflect the (unaudited) performance of actual portfolios that have been invested since $1 / 2001$.
${ }^{\text {a }}$ Performance numbers for the Index 60 prior to $8 / 2014$ and Balanced Risk prior to $4 / 2015$ are back-tested and do not represent the actual performance of portfolios managed by Radius.

All performance numbers include dividends and capital gains and are reported net of all transaction costs and management fees.

- Alpha is a measure of an investment's performance arising from factors other than the volatility of the market. It measures the performance compared with that of the S\&P 500. For example, an alpha of 6 indicates that in a year when the S\&P 500 has a return of $0 \%$, the investment would be expected to return $+6 \%$.
- The Beta ( $\beta$ ) of a stock or portfolio is a number describing the relation of its returns with those of the financial market as a whole (e.g., S\&P 500). An asset has a Beta of zero if its returns change independently of changes in the market's returns. A positive beta means that the asset's returns generally follow the market's returns, in the sense that they both tend to be above their respective averages together, or both tend to be below their respective averages together. A negative beta means that the asset's returns generally move opposite the market's returns: one will tend to be above its average when the other is below its average. By definition, the market itself has a beta of 1.0 . A beta of less than 1 implies that the security will be less volatile than the market, and a beta of greater than 1 indicates that the security will likely be more volatile than the market. For example, if a portfolio's beta is 1.2 , it is theoretically $20 \%$ more volatile than the market.
- Correlation is a statistical measure of how two investments move in relation to each other. The "correlation coefficient" ranges between -1 to 1 . A correlation of 1 , or perfect positive correlation, indicates that whenever one moves, the other will move in the same direction. A correlation of -1 means that if one security moves the other will move in the opposite direction. If the correlation is 0 , the two securities are said to have no correlation, and are completely random with respect to one another.
- Standard Deviation is a widely used measure of variability used in statistics. It shows how much variation or "dispersion" exists from the average. In finance, standard deviation is applied to the monthly rate of return of an investment to measure the investment's volatility. For example, a volatile portfolio will have a high standard deviation while the standard deviation of a more stable portfolio will be lower.
- Drawdown measures the peak-to-trough decline in the value of a portfolio and is usually quoted as percentage decline. It answers the question: "How much would I have lost if I had invested at the peak, rode the portfolio down, and pulled my money out at the worst possible time?"
- The Sharpe Ratio was developed by Nobel laureate William F. Sharpe to measure risk-adjusted performance. It is calculated by subtracting the risk-free rate - such as that of 3-month U.S. Treasury bills - from the rate of return for a portfolio and then dividing the result by the standard deviation of the monthly portfolio returns. The Sharpe ratio tells whether a portfolio's returns are due to smart investment decisions or are simply the result of excess risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been.


## Appendix 4: Annual Fee Structure

Radius Capital Management, LLC offers the following three (annual) fee structures based on the Assets Under Management (AUM) in each account ${ }^{1}$ :

For Accounts Managed by Radius

- $0.75 \%$ of the account's AUM if the total household AUM is greater than $\$ 5 \mathrm{M}$
- $1.00 \%$ of the account's AUM if the total household AUM is between than $\$ 1 \mathrm{M}$ and $\$ 5 \mathrm{M}$
- $1.25 \%$ of the account's AUM if the total household AUM is between $\$ 200 \mathrm{~K}$ and $\$ 1 \mathrm{M}$
- $1.50 \%$ of the account's AUM if the total household AUM is less than $\$ 200 \mathrm{~K}$
- $0.30 \%$ of the account's AUM on Managed Cash Accounts

For Non-Discretionary Accounts Managed Collaboratively (Radius \& Client)

- $0.10 \%$ of the account's AUM

For Non-Discretionary Accounts Managed by Client

- Radius charges no fee


## All fees are billed quarterly in arrears.

${ }^{1}$ Assets under Management (AUM) are calculated on the last business day of each calendar quarter

Appendix 4: Assets Under Management

Total Assets by Strategy on 2/29/2024


## Appendix 4: Disclosures

- Returns not Guaranteed: The Radius strategies have worked well in the past (both in actual and back-tested terms), but as with all investments, past performance is no guarantee of future results. There will be periods when the strategies lose money and/or underperform market benchmarks (S\&P 500 for stocks, Barclay Capital Aggregate Bond index for bonds).
- Radius Track Record: The Radius Risk-Adjusted Return investment strategy was developed by the president and founder of Radius Capital Management, Kimball Halsey. Although Mr. Halsey did not start Radius Capital Management until the spring of 2004, he has been investing money (initially his own and that of family members) using his strategy since January 1, 2001. During this time, Mr. Halsey managed the portfolios both independently ( $1 / 2001-6 / 2002$ ) and while affiliated with two investment advisory firms: Halsey Advisory and Management ( $7 / 2002$ - 3/2004) and Radius Capital Management (4/2004 - present). The initial amounts invested in the strategy were relatively small: $\$ 118 \mathrm{~K}$ in the Radius 100 and $\$ 16 \mathrm{~K}$ in the Radius 60.
- Balanced Risk and Index Strategy Track Records: The track records for the Balanced Risk Max prior to 11/2019, Balanced Risk and Balanced Risk Plus prior to $4 / 2015$, and Index Strategy prior to $8 / 2014$ are backtested and do not represent the actual performance of portfolios 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 underor 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.
- Data Sources: Account statements (unaudited), Vanguard (S\&P 500 Index = Vanguard 500 Index Fund, VFINX)


## Appendix 4: Risks

- Focus on Stocks: The focus of the more aggressive Radius Portfolios (Radius 100, Radius 80 and Radius 60) is on investments in equity securities (stock mutual funds). In the short term, the value of equity securities can fluctuate dramatically in response to business, political, market, and economic developments.
- Interest Rate Risk: The Balanced Risk portfolio invest heavily in interest rate sensitive bond ETFs (particularly long-term treasury bond funds). When interest rates rise, these portfolio holdings have the potential to decline significantly.


[^0]:    * Bridgewater Associates, the world's largest manager of hedge funds, is an investment management firm founded in 1975 by Ray Dalio and located in Westport, CT. The firm manages approximately $\$ 150$ billion in global investments for a wide array of institutional clients,

