

June 2019 update for Radius Capital Management

PERFORMANCE AT A GLANCE

Portfolio/Index	June Return	YTD Return To 6/30/19
Radius 100 (100% stock mutual funds)	5.8%	18.0%
Radius Index 100 (100% stock ETFs)	6.8%	14.0%
U.S. Stock Benchmark (Vanguard S&P 500 Index Fund)	7.0%	18.5%
Balanced Risk 75 Portfolio (target risk/volatility vs. S&P = 75%)	4.6%	14.0%
Radius Bond (100% bond mutual funds)	1.0%	5.4%
Radius Index Bond (100% bond ETFs)	1.4%	5.3%
Bond Benchmark (Vanguard Total Bond Index Fund)	1.1%	6.0%

The S&P500 index continued its upward trajectory last month and posted its best June since 1955 on support from a dovish mid-month Federal Reserve meeting. The S&P500 index gained 7% and is up a whopping 18% year-to-date, thereby negating its losses in Q4 2018. Given that economic conditions have not improved since then, it is difficult to believe that the current bull run is sustainable. While Q2 earnings season won't start for another week or two, Wall Street consensus expectations are calling for earnings to be down 2.5% year-on-year as manufacturing and business indicators declined in June. US Treasury yields continued to fall (driving bond prices higher), with the market anticipating multiple Federal Reserve interest rate cuts by the end of 2020. The Radius Portfolios performed well for the month. The Radius Index 100 performed in line with its benchmark (S&P 500), whereas the Radius 100 and Balanced Risk 75 and 50 slightly lagged the benchmark as a result of their exposure to defensive stocks and traditionally safe-haven assets such as Gold and Bonds. The US is still in the late phase of the business cycle and as such, we will 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 currently prefer asset classes that are higher in quality and liquidity – and have positioned our portfolios accordingly.

MARKET CHARACTERISTICS

Stock market volatility [§]	Below Average (monthly avg. = 16, month end = 15)
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.). 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	6/30/19 RAR	Bond Market Segments	1-Mo. Return	6/30/19 RAR
1	Mid-Cap Growth	6.3%	18%	Intermediate Corporate	1.7%	9%
2	Large Growth	6.8%	16%	Long Corporate Bond	3.1%	8%
3	S&P 500	7.0%	16%	Worldwide Bond	1.6%	7%
4	Foreign Large Growth	6.6%	14%	Total Bond Index	1.1%	7%
5	Small Growth	7.3%	13%	Intermediate Government	1.0%	6%
6	Large Value	7.2%	13%	High Yield Bond	2.7%	5%
7	Mid-Cap Value	7.8%	11%	Long Government Bond	1.0%	4%
8	Small Value	6.8%	5%	Short-Term Corp Bond	0.8%	4%
9	Foreign Large Value	5.4%	2%	Short Government	0.5%	2%

LONG-TERM PERFORMANCE THROUGH 6/30/2019

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 **+282%** (7.5% annualized) vs. a cumulative return of **+215%** (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 **+227%** (6.6% annualized) vs. a **+189%** 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 6/30/2019

For S&P 500*, Bond Index*, Radius¹ 100, 60, & 20 Portfolios
Index² 100, and Balanced Risk^{2,3} 75 & 50 Portfolios

	S&P 500	Bond Index	Radius 100 ¹	Index 100 ²	Balanced Risk 75 ^{2,3}	Radius 60 ¹	Balanced Risk 50 ²	Radius 20 ¹
Inception Date			Jan. 2001	Dec. 2018	Mar. 2015	Jan. 2001	Mar. 2015	Nov. 2003
% in Stock Funds	100		100	100	26	60	19	20
% in Bond Funds		100	-	-	88	40	68	80
% in Real Estate					3		3	
% in Commodities					14		10	
Total			100	100	131	100	100	100
Net Cumulative Returns (net)								
2019 YTD	18%	6%	18%	14%	14%	13%	11%	8%
1-Year	10%	8%	3%	5%	7%	4%	6%	5%
3-Year	48%	6%	27%	43%	15%	16%	12%	6%
5-Year	65%	15%	32%	55%	24%	22%	22%	11%
10-Year	289%	44%	161%	243%	183%	105%	103%	57%
Since 1/1/2001	215%	124%	282%	235%	441%	227%	218%	154%
Net Annualized Returns								
3-Year	14%	2%	8%	13%	5%	5%	4%	2%
5-Year	11%	3%	6%	9%	4%	4%	4%	2%
10-Year	15%	4%	10%	13%	11%	7%	7%	5%
Since 1/1/2001	6%	4%	8%	7%	10%	7%	6%	5%
Risk Measures								
Beta	1.00	-0.02	1.00	0.98	0.50	0.62	0.33	0.21
Max Drawdown	-51%	-4%	-57%	-49%	-29%	-38%	-18%	-13%
Std. Deviation	14%	3%	16%	14%	11%	10%	7%	5%
Correlation to S&P	1.00	-0.10	0.88	0.99	0.65	0.85	0.69	0.64

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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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