



## May 2020 update for Radius Capital Management

### PERFORMANCE AT A GLANCE

Portfolio/Index	May Return	YTD Return To 5/31/2020
Radius 100 (100% stock mutual funds)	5.3%	-3.9%
Radius Index 100 (100% stock ETFs)	4.9%	-9.4%
U.S. Stock Benchmark (Vanguard S&P 500 Index Fund)	4.8%	-5.0%
Balanced Risk Max (target risk/volatility same as S&P 500)	3.1%	-4.4%
Radius Bond (100% bond mutual funds)	1.2%	0.6%
Radius Index Bond (100% bond ETFs)	0.6%	3.7%
Bond Benchmark (Vanguard Total Bond Index Fund)	0.5%	5.6%

The rebound in stock markets continued in May as investors appeared optimistic regarding the economy's recovery, with many states beginning to re-open. The S&P 500 climbed 4.8% higher in May, and as of the market close on June 8th is now just 4% below the February peak and is **up** 0.8% year-to-date. This is despite the World Bank now projecting global growth in 2020 to fall to -5% (vs. a +2% growth forecast back in January 2020). A 5% economic contraction would make the "Great Lockdown" the worst recession since the Great Depression, and far worse than the Global Financial Crisis of 2007-2008.

Growth stocks outperformed value stocks in May with Small Cap Growth (+11% in May) underscoring investors increasing appetite for risk. Bond returns were mostly positive in May with only longer Government Bonds declining as the Fed commented that they had sufficient remaining ammunition to fight the effects of the covid19 pandemic. Despite the recent stock market gains, we are not confident that this period of stock market volatility is over. Given the depth of job losses and the global economic slowdown, considerable uncertainty remains regarding global growth over the coming months. For this reason, we strongly recommend that investors remain prudent and expect further volatility. 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 <sup>§</sup>	High (monthly avg. = 31, month end = 27)
Business Cycle Phase	Early recession
Dominant Investment Style (active vs. passive)	Active

<sup>§</sup> 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	May RAR	Bond Market Segments	1-Mo. Return	May RAR
1	Large Growth	7.0%	22%	Intermediate Government	0.3%	13%
2	Mid-Cap Growth	9.7%	10%	Short Government	0.1%	12%
3	Small Growth	10.8%	5%	Long Government Bond	-1.7%	8%
4	<b>S&amp;P 500</b>	<b>4.8%</b>	<b>4%</b>	<b>Total Bond Index</b>	<b>0.5%</b>	<b>7%</b>
5	Foreign Large Growth	4.3%	1%	Intermediate Corporate	2.2%	3%
6	Large Value	2.8%	-12%	Long Corporate Bond	1.1%	2%
7	Mid-Cap Value	4.2%	-17%	Short-Term Corp Bond	1.4%	2%
8	Small Value	4.8%	-19%	Worldwide Bond	0.2%	2%
9	Foreign Large Value	2.0%	-21%	High Yield Bond	3.7%	-2%

### LONG-TERM PERFORMANCE THROUGH 5/31/2020

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 +291% (7.3% annualized) vs. a cumulative return of +232% (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 +236% (6.4% annualized) vs. a +210% return (6.0% 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 5/31/2020

For S&P 500\*, Bond Index\*, Radius<sup>1</sup> 100, 60, & 20 Portfolios  
Index<sup>2</sup> 100, Balanced Risk<sup>2,3</sup> Max, Plus, and Basic Portfolios<sup>2</sup>

	S&P 500	Bond Index	Radius 100 <sup>1</sup>	Index 100 <sup>2</sup>	Balanced Risk Max <sup>2,3</sup>	Balanced Risk Plus <sup>2,3</sup>	Radius 60 <sup>1</sup>	Balanced Risk Basic <sup>2</sup>	Radius 20 <sup>1</sup>
Inception Date			Jan. 2001	Aug. 2014	Oct. 2019	May 2015	Jan. 2001	May 2015	Nov. 2003
% in Stock Funds	100		100	100	37	26	60	20	20
% in Bond Funds		100	-	-	85	61	40	47	80
% in Real Estate					9	6.5		5	
% in Commodities					50	36.5		28	
Total			100	100	181	130	100	100	100
<b>Net Cumulative Returns (net)</b>									
2020 YTD	-5%	6%	-4%	-9%	-4%	-2%	-2%	1%	0%
1-Year	13%	9%	8%	5%	12%	8%	7%	10%	5%
3-Year	34%	16%	19%	16%	26%	15%	15%	16%	10%
5-Year	59%	21%	23%	30%	42%	22%	18%	22%	12%
10-Year	240%	45%	127%	160%	212%	123%	85%	91%	46%
Since 1/1/2001	232%	142%	291%	255%	1462%	583%	236%	350%	161%
<b>Net Annualized Returns</b>									
3-Year	10%	5%	6%	5%	8%	5%	5%	5%	3%
5-Year	10%	4%	4%	5%	7%	4%	3%	4%	2%
10-Year	13%	4%	9%	10%	12%	8%	6%	7%	4%
Since 1/1/2001	6%	5%	7%	7%	15%	10%	6%	8%	5%
<b>Risk Measures</b>									
Beta	1.00	-0.01	0.99	1.05	0.58	0.44	0.62	0.31	0.22
Max Drawdown	-51%	-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	-0.09	0.89	0.96	0.55	0.58	0.86	0.58	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](http://www.radius-capital.com) or send an e-mail to [info@radius-capital.com](mailto:info@radius-capital.com).

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