

## May 2022 update for Radius Capital Management

### PERFORMANCE AT A GLANCE

Portfolio/Index	May Return	YTD Return To 5/31/2022
Radius 100 (100% stock mutual funds)	1.6%	-10.7%
Radius Index 100 (100% stock ETFs)	0.4%	-12.0%
U.S. Stock Benchmark (Vanguard S&P 500 Index Fund)	0.2%	-12.8%
Balanced Risk Max (target risk/volatility same as S&P 500)	-2.3%	-14.3%
Radius Bond (100% bond mutual funds)	-0.2%	-4.8%
Radius Index Bond (100% bond ETFs)	0.9%	-7.2%
Bond Benchmark (Vanguard Total Bond Index Fund)	0.6%	-9.1%

Despite significant intra-month volatility, world Stock Markets ended the month broadly flat. With the ongoing risks of the war in Ukraine, tightening monetary policy, and Covid restrictions in China, markets lacked a clear catalyst for a change in sentiment. Value stocks outperformed Growth stocks, with Large Cap Value stocks returning 2.3% over the month vs. Large Growth's 2.7% decline. Real estate was the worst performing asset class (the Fidelity Real Estate Index was down 4.6% for the month) as leading indicators suggested that US and UK housing markets are starting to slow. Bonds were somewhat flat despite an (expected) 0.5% hike in interest rates by the Federal Reserve Bank (the Fed). The market is now pricing in another two anticipated 0.5% hikes in June and July. This combined with headline inflation coming in slightly lower at 8.3% YoY resulted in both inflation-protected bonds (TIPs) and Gold prices falling during the month. The iShares US TIPs Index was down 1% whereas the SPDR Gold Shares ETF was down 3.3% for the month.

The economic and political repercussions of Russia's invasion of Ukraine remain uncertain, as do the substantial challenges facing global central banks as they tackle inflation concerns. While the market has pulled back somewhat, we recommend (as always) that investors remain prudent. 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. Interested in more? Read the latest Fidelity Quarterly Market Update and other market news on our website [here](#).

### MARKET CHARACTERISTICS

Stock market volatility <sup>§</sup>	High (monthly avg. = 29, month end = 26)
Business Cycle Phase	Mid Cycle
Dominant Investment Style (active vs. passive)	Mixed, but trending towards 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 Value	2.3%	8%	High Yield Bond	1.0%	-5%
2	Mid-Cap Value	2.2%	4%	Long Government Bond	(1.9%)	-10%
3	Foreign Large Value	2.2%	(1%)	Long Corporate Bond	1.0%	-11%
4	Small Value	1.9%	(3%)	Intermediate Government	0.7%	-13%
5	<b>S&amp;P 500</b>	<b>0.2%</b>	<b>(8%)</b>	<b>Total Bond Index</b>	<b>0.6%</b>	<b>-14%</b>
6	Large Growth	(2.7%)	(19%)	Intermediate Corporate	1.0%	-15%
7	Foreign Large Growth	(0.9%)	(21%)	Worldwide Bond	(1.0%)	-15%
8	Mid-Cap Growth	(3.2%)	(21%)	Short-Term Corp Bond	0.8%	-16%
9	Small Growth	(2.9%)	(24%)	Short Government	0.6%	-16%

### LONG-TERM PERFORMANCE THROUGH 5/31/2022

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 +408% (7.9% annualized) vs. a cumulative return of +364% (7.4% 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 +292% (6.6% annualized) vs. a +267% 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 5/31/2022

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>	Balance d Risk Max <sup>2,3</sup>	Balance d Risk Plus <sup>2,3</sup>	Radius 60 <sup>1</sup>	Balance d Risk Basic <sup>2</sup>	Radius 20 <sup>1</sup>
Inception Date			Jan. 2001	Aug. 2014	Oct. 2019	Apr. 2015	Jan. 2001	Apr. 2015	20
% Stock Funds	100		100	100	26	20	60	22	80
% Bond Funds		100			74	57	40	47	
% Real Estate					3	3		2	
% Commodities					41	36		29	100
Total			100	100	144	117	100	100	20
<b>Net Cumulative Returns (net)</b>									
2022 YTD	-13%	-9%	-11%	-12%	-14%	-11%	-8%	-9%	-6%
1-Year	0%	-8%	-9%	-3%	-6%	-4%	-6%	-3%	-3%
10-Year	280%	17%	144%	183%	125%	77%	83%	61%	35%
10-Year Ann.	14%	2%	9%	11%	8%	6%	6%	5%	3%
Since 1/1/2001	364%	121%	408%	371%	1644%	663%	292%	394%	173%
Since 1/1/2001 Ann.	7%	4%	8%	8%	14%	10%	7%	8%	5%
<b>Risk Measures</b>									
Beta	1.00	0.00	0.97	1.04	0.58	0.44	0.60	0.32	0.22
Max Drawdown	-55%	-11%	-57%	-52%	-33%	-24%	-38%	-16%	-13%
Std. Deviation	15%	4%	16%	16%	15%	11%	10%	8%	5%
Correl. to S&P	100%	-3%	89%	96%	56%	59%	86%	60%	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:

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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](http://www.radius-capital.com) or send an e-mail to [info@radius-capital.com](mailto:info@radius-capital.com).

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