

Investment Philosophy

We consider drawdown the only relevant measure of risk and its avoidance is the cornerstone of our investment process. Our process relies on various techniques aimed at identifying, and avoiding underperforming assets. We are prepared to be fully invested in cash. In addition, we believe that markets and the decision-making process of investors in markets, is generally inefficient. We build portfolios that are resilient in the face of market declines and that compound positive returns stably over the course of the market cycle.

Performance Summary

The MONOGRAM Strategy returned 0.6% gross in the month of March and 0.4% YTD.

Cumulative Performance: MONOGRAM USD Gross Return Index (MM)^{1,2} (Oct 2019 to Mar 2021) and Monthly Performance (%)



Market Overview

March witnessed a divergence in performance between developed and emerging equity markets: China fell approximately -9% with the linked index, EM Asia, down -2.7%.

In developed markets, Europe led the pack gaining 6% despite entering a third pandemic wave, with the largest economies either maintaining or imposing tight restrictions. With the EU expected to receive 100 million vaccine doses per month, as of April, markets may be anticipating the inception of a vaccine led recovery. Japanese Equities also fared well up 4.2% while the S&P 500 and NASDAQ gained 3.4% and 1.4%, respectively.

President Joe Biden announced a \$2.25tn infrastructure proposal on Wednesday (31st March) aimed at reenergising the US power grid while attributing a strong focus on renewables. With clear opposition from Republicans and concern raised by some centrist Democrats we're likely to see volatility in the sectors set to gain/lose as this proposal works its way through the US House and Senate.

Peer Group Performance in USD⁴

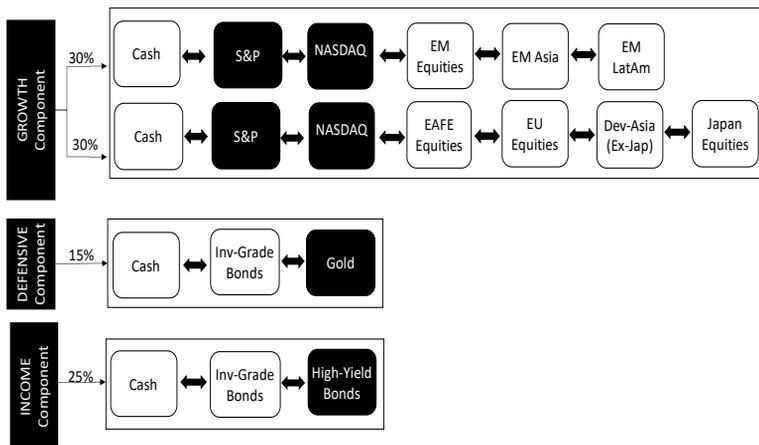
Performance	Monogram (Gross)	AQR (Net)	Aviva (Net)	St Life (Net)	Carmignac (Net)	Invesco (Net)	Ruffer (Net)
Mar-2021	0.6%	3.1%	1.6%	-0.4%	1.3%	-0.1%	3.4%
3 Months	0.4%	1.7%	0.5%	-1.8%	1.3%	-1.7%	7.2%
6 Months	7.9%	7.4%	-0.4%	1.5%	9.1%	-0.8%	13.6%
9 Months	15.8%	11.5%	-6.4%	5.2%	12.2%	-1.9%	14.8%
12 Months	21.4%	16.2%	-9.7%	7.1%	22.2%	-2.7%	24.1%
2020	11.7%	2.2%	-15.0%	7.2%	13.8%	-1.6%	13.8%

Source: Reuters & Monogram Capital Management

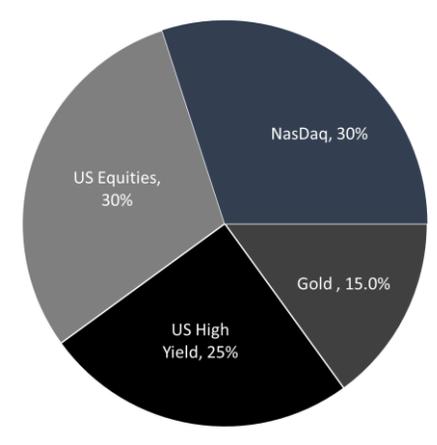
Ruffer exhibited strong performance for the month of March, topping the table with 3.4%, while, Invesco continues to struggle it's way out of persistent sluggish underperformance.

For April 2021, the strategy favours: US Equities, NASDAQ (in the Growth Components); Gold (in the Defensive Component); High Yield Bonds (in the Income Component). Questions to Daniel@monograminvest.com

MONOGRAM Strategy



MONOGRAM



¹ Performance of the MONOGRAM Model is provided for illustrative purposes to highlight the capabilities of MONOGRAM Capital Management Ltd as an investment manager. It refers to past performance which is not a reliable indicator of future performance. Returns may increase or decrease as a result of currency fluctuations.

² Gross: excludes management fee.

³ Gary Antonacci, Dual Momentum.

⁴ Fund Identifiers (ISIN); AQR: LP40186956, Aviva: A119DBX.DX, St Life: LP68090812, Carmignac: LP68346404, Invesco: LP68240655, Raffer: LP68118681

Our experience over the last few years has been that in a low interest rate world, the price of downside protection and rising regulatory cost left too many Absolute Return funds underwater or at best eking out a performance that clients regarded as pedestrian.

The MonograM model keeps the broad structure, that many such funds have of a bonds/equity split, although the last decade also suggested we needed to be (and are) more global, more growth orientated in the equity part.

However, it then uses extensive historic experience to adopt a low dealing, long based momentum model, where we rank the winners and follow the best performer. Save that if nothing in an asset class has momentum, we can revert to cash.

We have been racking our brains over this feature, as we regard the sharp rise in bonds and gold almost exactly a year ago, as harbingers of both classes soon dropping to negative twelve-month momentum. With the prevailing wisdom (ours included) suggesting interest rates were anchored at the “zero bound” we spent time investigating other options including Chinese state bonds. Indeed, we added them to the model as an option. In the event they were never used, and events suggested the era of negative interest rates had already passed. We have now withdrawn that option.

March was a positive month for the fund, rising by 0.6%, also up by some 0.4% year to date. For markets overall it was a good quarter, helped by a reversal in the sharp fall at the end of February.

The theme of rising bond rates globally hurt short term performance, directly, although the MonograM model correctly signaled a move out of investment grade into high yield bonds at the end of January with the rise in the ten-year rates validating that. The second order impact was also notable in falling gold prices, and some softness in growth stocks, where the NASDAQ weighting impacted performance.

The one model change signaled for March was the S&P 500 overtaking the EM Asia on a momentum basis. Both were doing well, but the model picks the best. It is too early to tell if this will endure, but one of the advantages of our only using large liquid ETF’s is low-cost dealing.

Investors should note that the model simply reflects market reality, but it does mean it is now more heavily exposed to the US dollar, which for UK investors is not a hedged position.

Product Information

The product is offered to professional investors as a managed account, through two service providers: this is not an exhaustive list, but both feature low rates. **To set up please contact me, at charles@monograminvest.com**

- Archer Daniel Midland (ADM), for accounts over £100,000 in either Dollar or Sterling variants.
- Jarvis Investment Management(JIM), for accounts under £100,000 in Sterling only.

MCM will manage the account, although it is **held in the investor’s own name**. The management fee is 0.5% plus VAT charged quarterly. There are no other charges except for custody with ADM, who charge 1/100 of one per cent per month, (one basis point) on Exchange Traded Funds (ETFs). No stamp duty is charged on ETFs. Dealing charges are a flat £9.50 per trade (JIM), and \$35 for ADM. The model is a low trading one. ADM reports to you daily. JIM reports quarterly. Real time access to your account is offered at no extra charge.

Please remember that the model has policies on the introduction of funds to the market and in cases the movement between asset classes designed to avoid dislocations at the month end, or to avoid buying into a peak. Your own account (and each account is individual) may reflect these changes, although they should be of limited duration.

Investment and Risk Profile

By investing in an account which invests within the Global Total Return category, you are likely to be looking for an investment which aims to produce a positive return, with capital preservation and low volatility. You are however willing to accept, that your investments will fall and rise and you could get back less than you invested and also that when equity markets do well, this account may not deliver the same returns in the short term.

Risk Warnings and other important information. Issued by Monogram Capital Management Limited, (“MCM”) MCM is authorised and regulated by the Financial Conduct Authority number **820474**.

This document should not be construed as investment advice or an offer to invest nor should its content be interpreted as investment or tax advice, for which you should consult your financial adviser and/or accountant. The managed account product is only deemed suitable if provided via an IFA (for retail clients) or if you are an elective professional client.