

**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 return 4.1% gross in the month of April and 4.5% YTD.

**Cumulative Performance:**  
MONOGRAM USD Gross Return Index (MM)<sup>1,2</sup> (Oct 2019 to Apr 2021) and Monthly Performance (%)



Source: Reuters & Monogram Capital Management

**Market Overview**

In April broad developed markets performed well, with the exception of Japan -2.9%, after a state of emergency relating to the spread of coronavirus was declared.

Europe gained 2.6%, Developed Asia Ex-Japan 2.8% and the US 5.2%. Latin America was the only region in Emerging Markets which witnessed significant gains at 2.3%, while EM Europe and Asia were largely muted.

In April Mr. Biden announced a 3<sup>rd</sup> domestic funding proposal. With one passed, the American Rescue Plan (\$1.9tn), and two remaining: the American Jobs Plan (\$2.3tn) and The American Families Plan (\$1.8tn). The collective proposals now amount to \$6tn. This coupled with projected covid immunity for 60-70% of the population for most developed economies (ref. [Economist Report](#)) by early Q3, will see concern about accelerated growth rates, placing upward pressure on interest rates, play out in the markets. We could therefore see increased volatility in growth stocks in the coming quarters.

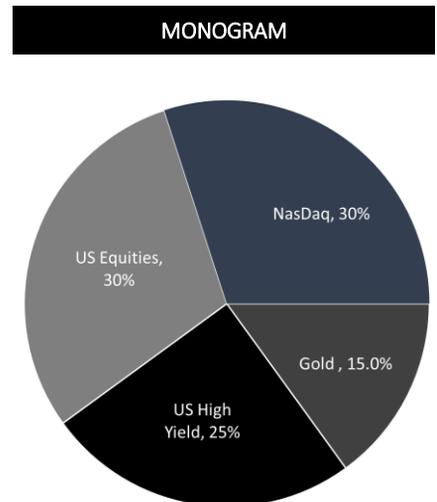
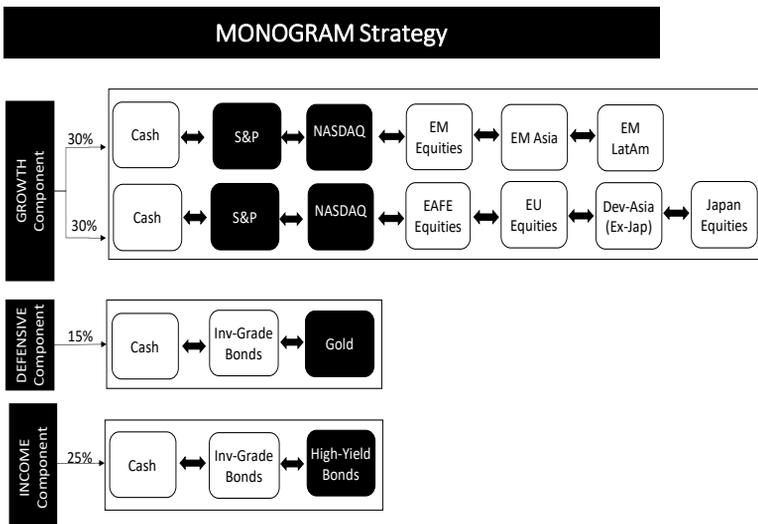
**Peer Group Performance in USD<sup>4</sup>**

Performance	Monogram	AQR	Aviva	St Life	Carmignac	Invesco	Ruffer
	(Gross)	(Net)	(Net)	(Net)	(Net)	(Net)	(Net)
Apr-2021	4.1%	3.6%	1.6%	0.0%	2.2%	0.3%	0.9%
3 Months	4.0%	5.9%	0.5%	-1.1%	5.1%	-1.0%	7.9%
6 Months	14.1%	13.8%	-0.4%	1.8%	11.4%	0.0%	15.7%
9 Months	13.9%	12.5%	-6.4%	2.7%	12.3%	-0.9%	14.2%
12 Months	24.3%	18.3%	-9.7%	7.0%	20.7%	-3.1%	17.5%
2020	11.7%	2.2%	-11.6%	7.2%	13.8%	-1.6%	13.8%

Source: Reuters & Monogram Capital Management

Performance was largely positive, among peers, in April with Monogram topping the table at 4.1%. Aviva, revised their historical performance for 2020 up from -15% to -11.6% for reasons which remain unclear at present.

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



<sup>1</sup> 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.

<sup>2</sup> Gross: excludes management fee.

<sup>3</sup> Gary Antonacci, Dual Momentum.

<sup>4</sup> Fund Identifiers (ISIN); AQR: LP40186956, Aviva: A119DBX.DX, St Life: LP68090812, Carmignac: LP68346404, Invesco: LP68240655, Ruffer: LP68118681

## MONTHLY REPORT FOR APRIL FACT SHEET

Markets famously must ‘climb a wall of worry’ to advance, which is a good summary for April. The model advanced strongly by 4.1% in the month, which is some 4.5% for the year, but starting to feel less confident, as the twin forces of inevitable inflation battle with (equally inevitable) rate raises. One of course provokes the other and to a degree markets are playing chicken, to see which jumps first.

We should remind investors as well that this is a dollar model, so we take no direct note of rising sterling. However clearly this impacts sterling returns, and investors should have formed their own view on the currency.

After a period of holding Emerging Markets (EM) Asia, the dominance of the US in the model has re-established itself, so the full equity component is now equally split between the S&P and NASDAQ. The more long-standing positions in gold and US high yield bonds remain, we were expecting the lockdown anniversary to change that, but it has yet to do so.

It was weakness in those, the income and defensive components that had held back Q1 performance, but the view into Q2 feels more nuanced, the rather binary discussion of growth versus super growth is now more complex.

The overall weakness in the Far East persists, as Biden shows no great sign of backing off from the fight with China and to a degree nor does the Chinese government show much sign of relenting in controlling over-mighty internet stocks.

Nevertheless, on momentum grounds, were any of the US equities to falter, we would expect to reposition into EM Asia, although our more regional options have picked up well, they still need a very strong performance, to challenge.

Meanwhile, we did look at Chinese state bonds as a yield alternative, should (as is possible) both the defensive and income elements default to cash. However, the rise in US rates removes the worrying threat of holding cash at a time of negative interest rates. It might be the right thing to do (and we will do so if the model requires it), but it remains unattractive.

Charles Gillams  
Monogram Capital Management Ltd

### Product Information

The product is offered as a managed account, through two service providers: this is not an exhaustive list, but both feature low rates.

- 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.*