

**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 0.2% net in the month of July and 2.1% YTD.

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



Source: Reuters & Monogram Capital Management

**Market Overview**

A mixed bag for the month of July with Developed Equity Markets posting positive returns, with the exception of Japan. The S&P 500 saw its 5<sup>th</sup> consecutive week of gains at +2.5% (GBP 1.8%).

This was largely aided by second quarter earning season with 88% of reported companies in the S&P posting better-than-expected earnings. Emerging Market Equities witnessed a sell-off largely confined to EM Asian Equities -7.5% (GBP, 8.2%) while LatAm was down -0.7% (GBP, -3.3%). US Aggregate Bond gained 1% (GBP, 0.5%), High Yield Bonds 0.4% (GBP; flat) and Gold up 3.3% (GBP; 2.6%).

10Yr. bond yields continued to trend lower. There seem to be two schools of thought as to what exactly is driving this given the backdrop. The first believes that the Fed will be quicker to tighten monetary policy (~2023) which would curb inflation and likely keep yields anchored around current levels. A second theory points to investors lowering expectations of future economic growth. If the latter were to dominate we might likely see broader stock markets begin to soften.

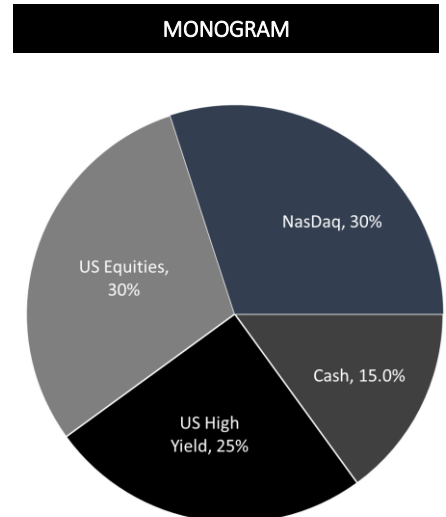
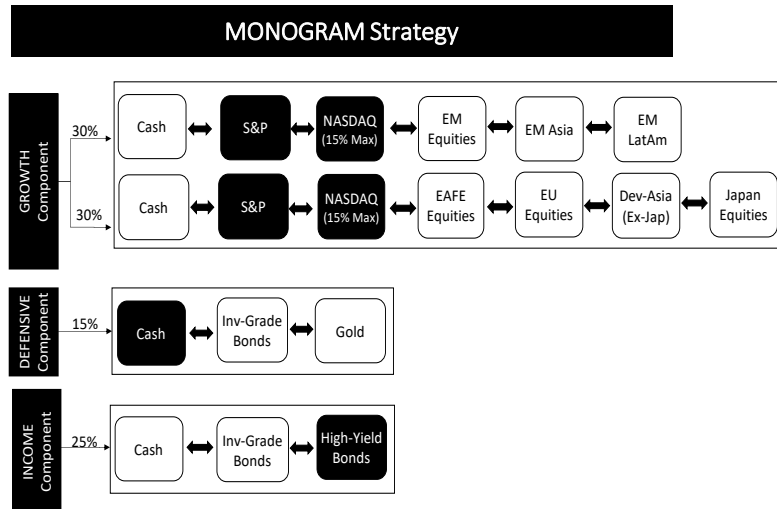
**Peer Net Performance in GBP<sup>4</sup>**

Performance	Monogram	AQR	Aviva	St Life	Carmignac	Invesco	Ruffer	VT GTR
	(Net)	(Net)	(Net)	(Net)	(Net)	(Net)	(Net)	(Net)
Jul-2021	0.2%	4.4%	-0.1%	-1.3%	-2.1%	-0.2%	-0.2%	0.0%
3 Months	0.5%	8.4%	0.2%	-0.8%	-2.9%	-0.4%	-0.1%	0.6%
6 Months	1.9%	9.9%	2.6%	-2.0%	0.2%	-1.2%	7.2%	9.3%
9 Months	5.8%	19.0%	6.4%	1.0%	4.1%	0.2%	14.5%	14.7%
12 Months	7.2%	18.5%	4.4%	2.1%	4.9%	-0.9%	12.3%	15.5%
2020	18.1%	4.3%	3.7%	7.5%	18.5%	-1.4%	9.7%	6.0%

Source: Reuters & Monogram Capital Management

AQR topped the table with 4.4% followed by Monogram's 0.2%. We've added a fund to the peer group table, the VT Global Total Return Fund. A UCITS fund also advised by MCM.

For August 2021, the strategy favours: US Equities, NASDAQ (in the Growth Components); Cash (in the Defensive Component); High Yield Bonds (in the Income Component).



<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> Net: 1% all-in fee.

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

<sup>4</sup> Fund Identifiers (ISIN); Ruffer: GB00B81SLX02, Invesco: GB00B8CHD613, Carmignac: LP68245753, St Life: GB00B28S0218, Aviva: GB00BMJ6D2T6, AQR: LP68140783, VT GTR: GB00B4VVT948.

The supremacy of currency is reflected in these results: while the US markets do well (in which this model currently invests), that same performance in sterling terms is far weaker, flat on the month, little changed on the year.

While the Monogram model can invest elsewhere, indeed our front-page schematic shows numerous options, none of these, even in sterling terms, are superior. Although the model did, intriguingly propose Latin America last month, it has now reverted back to the US markets.

For contrast we have now added the VT-Global Total Return Fund, an actively managed (also advised by Monogram) UCITS fund also in the Absolute Return space, to the peer group table.

Any fund or model will have its day, but active funds would expect to do well in volatile markets, as it has, but also less well in extreme conditions. The results for 2020 (where the Monogram GBP model was 12% ahead) contrast with the last twelve months (where the VT-GTRF is 8% ahead), demonstrate this well.

Both of course made investors money in both periods, both came in the top two of the peer group shown.

What hurts non-US markets is a lack of clarity on the path of US rates, and indeed US growth. For a while this year US fixed income showed an attractive premium to the negative nominal rates on offer elsewhere.

But that has faded in the face of both inflows and uncertainty about rate rises, the latter are now pegged to US jobs growth. That in turn is opaque as long as the virus and attendant fiscal measures, along with a mildly hostile migration and regulation backdrop, make the employment statistics unusually opaque.

The dollar exchange rate is the inverse of the US interest rate argument, to a great degree, and that remains an area of instability. So, I conclude by reminding you again that this is a sterling fund, and reports in sterling terms.

#### 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 the Exchange Traded Funds (ETFs) used in this strategy. 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.*