

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 **2.3% net** in the month of August and **10.5% YTD**.

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



Source: Reuters & Monogram Capital Management

Inflation concerns, supply-chain constraints, labour shortages and the spread of the coronavirus Delta variant were not sufficient headwinds to keep equity markets down.

All broad market indices, with the exception of Latin America, witnessed gains for the month of August, both in USD and GBP, with gains in the latter currency marginally more pronounced. The S&P 500 (USD 3.2%, GBP 4.2%) and in particular the Nasdaq (4.2%, 5.3%), led markets followed by Japan (2.2%, 3.3%) EFEA (2%, 2.6%) Asia EM (1.2%, 2.5%) and lastly Asia Pacific ex-Japan (0.2%, 1%). US Aggregate bond saw a marginal contraction (-0.2%, 0.8%) while HY bonds gained (0.5%, 1.4%).

Fed Chair Jerome Powell's dovish comments expressed a commitment to support the economy for as long as is needed to achieve recovery. Markets took this to mean inflation would be tolerated, and subsequently tapering withheld, until clear progress had been made in unemployment numbers which currently stand at 5.2%.

Peer Net Performance in USD⁴

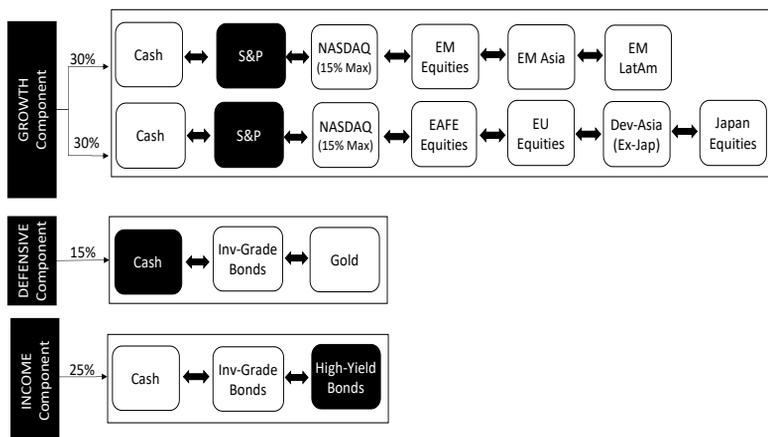
Performance	Monogram (Net)	AQR (Net)	Aviva (Net)	St Life (Net)	Carmignac (Net)	Invesco (Net)	Ruffer (Net)
Aug-2021	2.3%	0.6%	1.6%	0.8%	0.1%	1.1%	1.2%
3 Months	4.9%	5.3%	0.5%	-0.3%	-0.2%	2.6%	-1.0%
6 Months	8.8%	15.5%	-0.4%	-0.6%	2.3%	0.9%	4.9%
9 Months	19.1%	16.8%	-6.4%	-0.7%	4.4%	-0.7%	11.3%
12 Months	18.6%	19.4%	-9.7%	1.1%	8.5%	-0.6%	15.3%
2020	10.7%	2.2%	-3.7%	7.2%	13.8%	-1.6%	13.8%

Source: Reuters & Monogram Capital Management

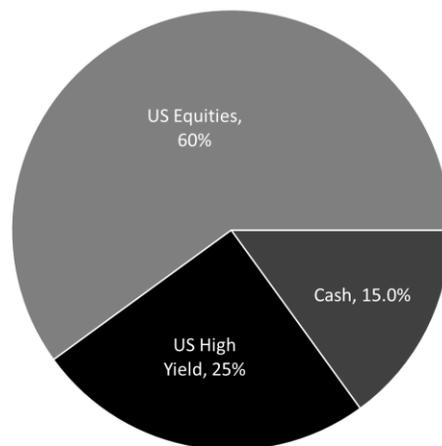
Monogram topped the table posting a 2.3% gain in August marking it 10 months of consecutive gains. Aviva came second with 1.6% after a terrible year and Ruffer third at 1.2%.

For September 2021, the strategy favours: US Equities (in the Growth Components); Cash (in the Defensive Component); High Yield Bonds (in the Income Component). For questions please contact 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 Net: 1% all-in fee.

³ Gary Antonacci, Dual Momentum.

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

Some of our guiding principles

The fall in portfolio value from high to low (peak-to-trough loss or drawdown) is the main relevant measure of risk and not volatility as is the industry standard;

Minimising drawdowns is key to preserving wealth and compounding returns in a stable manner over time.

Cash is a strategic asset and can be fully allocated to (up to 100% of portfolio) if all assets in the investment universe are in drawdown.

Active asset allocation is driven by a combination of absolute and relative momentum factors.

Passive implementation is via cost efficient and physically backed Exchange Traded Funds (ETFs) and Index Funds.

Momentum investing has been proven to generate out-performance across asset classes and time periods: It is founded on behavioural finance – investors flock to appreciating assets and run away from depreciating assets thus re-enforcing the market trend up or down. Future returns can thereby be inferred by past returns – this is the phenomenon underpinning momentum investing.

Absolute Momentum is defined by us as the last 12-month return of an asset less the return on the “risk free” asset i.e., Cash. We invest only in assets with positive absolute momentum i.e. positive excess return; by taking the portfolio *out of* assets in drawdown (in negative momentum) *into* assets with positive momentum or Cash we avoid large portfolio drawdowns.

Relative Momentum allows us to put assets in competition with each other where we invest in the assets with the strongest positive momentum; the role of relative momentum is to identify top performers and generate alpha for the portfolio.

Dual Momentum allows us to combine the benefits of *absolute* and *relative* momentum – setting assets against each other while retaining the ability to invest 100% of the portfolio in Cash should absolute momentum fall below the risk-free rate.

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.