

**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 -2.5% net in the month of September and 8% YTD.

All broad market indices, with the exception of Japan, witnessed losses for the month of September, both in USD and GBP, with losses in the former currency more pronounced. The S&P 500 (USD -3.9%, GBP -1.7%) and in particular the Nasdaq (-4.7%, -2.8%) saw significant losses as did Asia EM (-3.3%, -1.2%), Asia Pacific ex- Japan (-3.6%, -2.1%) and EFEA (-1.6%, 1.2%). Japan (4.4%, 4.4%) bucked the trend with strong gains. US Aggregate Bonds saw a contraction (-1%, 1%) while HY bonds remained muted (-0.3%, 1.9%).

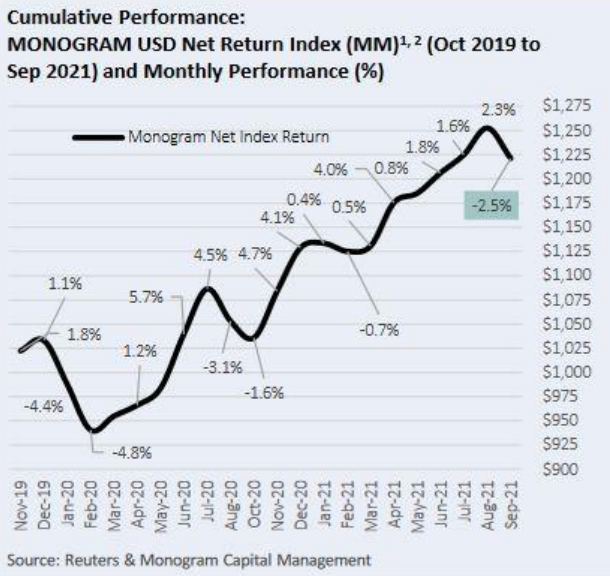
Until recently markets have staved off inflation concerns, supply-chain constraints, labour shortages and the spread of the coronavirus Delta variant. Yet stocks slid as concerns grew about US political gridlock potentially leading to a US default and as instability in China's real estate titans tempered markets. Investor also eyed the Fed's plan to slow its purchases of US Treasuries later in the year.

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

	Performance Monogram	AQR	Aviva	St Life	Carmignac	Invesco	Ruffer
	(Net)	(Net)	(Net)	(Net)	(Net)	(Net)	(Net)
Sep-2021	-2.5%	-3.7%	1.6%	-1.6%	-0.8%	-0.6%	0.5%
3 Months	1.2%	0.1%	0.5%	-2.1%	-2.0%	0.1%	0.4%
6 Months	8.0%	7.9%	-0.4%	-1.8%	0.4%	0.4%	1.9%
9 Months	8.2%	9.8%	-6.4%	-3.6%	1.7%	-1.3%	8.7%
12 Months	16.0%	15.9%	-9.7%	-0.3%	9.5%	-0.4%	15.1%
2020	10.7%	2.2%	-0.6%	7.2%	13.8%	-1.6%	13.8%

Source: Reuters & Monogram Capital Management

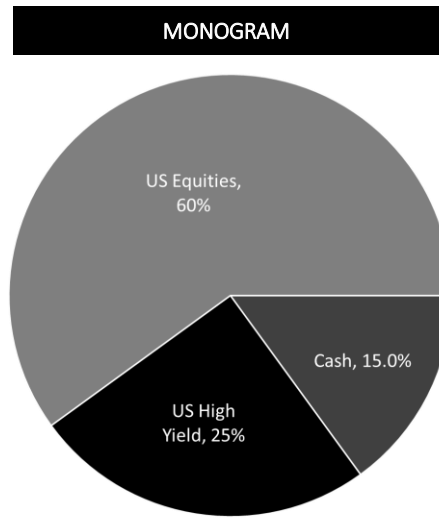
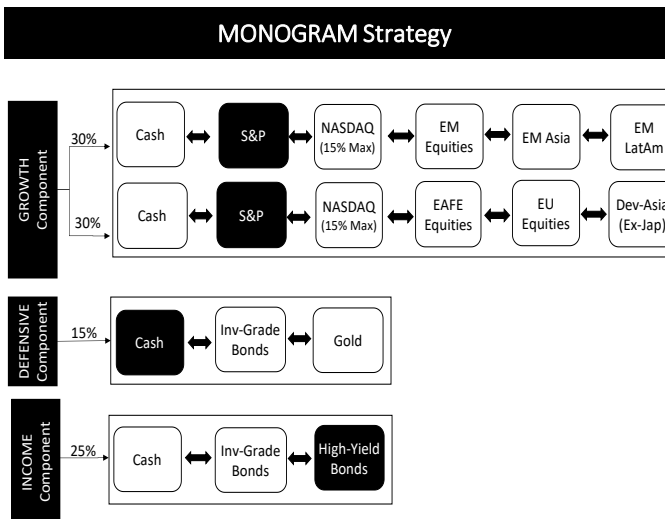
Aviva topped the table posting a 1.6% gain for the month of September. Yet, returns were broadly muted to negative across the peer group with AQR reporting losses of -3.7%.



**Market Overview**

September saw the sharpest monthly decline in the S&P since the early days of the pandemic in March 2020 and one that snapped a seven-month streak of gains.

For October 2021, the strategy favours: US Equities (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); AQR: LP40186956, Aviva: A119DBX.DX, St Life: LP68090812, Carmignac: LP68346404, Invesco: LP68240655, Ruffer: LP68118681

September was heavily influenced by foreign exchange movements, which we consider reflected the sharp move higher in 10-year US interest rates. This caused the dollar to strengthen, but equity markets to drop. The year-to-date gain of 8% remains competitive.

The world remains dependent on the US Federal Reserve and reading the runes on their 'Chairspeak'. This is odd, as like the old Politburo, they are trained to say nothing, albeit in a more charming way. And they do answer questions. However, by the time of the press conference (and in cases well before) the economic data is well known, yet odd nuances can still cause significant market flutters.

Our model relies on sustained upward momentum, at which the US markets continue to excel, although we did exit the more richly priced NASDAQ in August and the model repeated that exit signal in September, as high growth stocks (and valuations) came under pressure.

Yet the underlying great expansion ploughs on, massive unfunded social spending, rammed through on the back of COVID, with no real belief that any Central Bank can hold back current inflation, in the face of a demand surge and supply chain failures, many of which were structured with far too little slack, after a long smooth decade of steady growth.

How the Monogram model will respond is conjecture, but a number of other markets are showing not dissimilar returns to the US, which suggests either the S&P will be sidelined, or that its performance is not that detached from reality.

The notable exception is anything with a China taint, but that market lost momentum several quarters ago. While in the defensive area we continue to watch gold, although it lacks short term momentum, and so is excluded. In the income area the converse is true, if the US rate move does become established, we would logically expect high yield bonds to be replaced by cash.

#### 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.*