

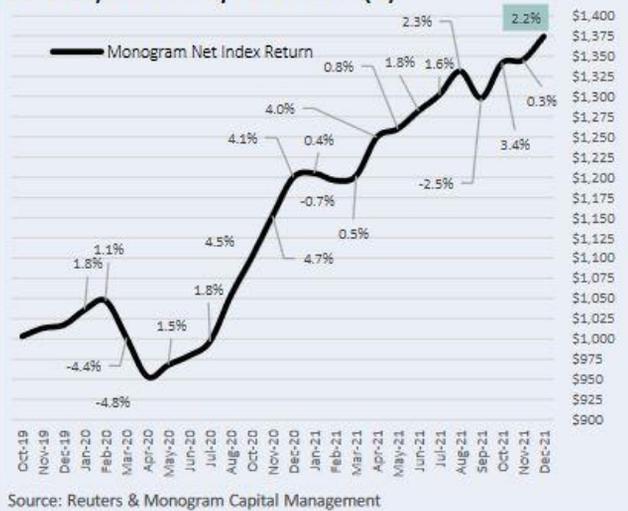
## Investment Philosophy

We consider drawdown the only relevant measure of risk and its avoidance is the cornerstone of our investment process. Our process relies on various momentum 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 2.2% net in the month of December and 14.5% for the 2021 year end .

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



## Market Overview

The year 2021 ended on a high with global equity markets posting gains for the month of December. Europe saw the largest uptick in performance (USD 5%, GBP 3.6%) following the

parliamentary approval of the 2022 budget for both Spain and Italy under the European Union’s Recovery Program. Spain spending plans total EUR 240Bn, the largest in the country’s history, while Italy’s 32Bn budget includes income and business tax cuts. Japan (3%, 0.8%) also saw gains, along with Developed Asia (2.5%, 1.9%), LatAm (4.2%, 4.8%) and US Equities (4.2%, 2.2%).

Despite daily coronavirus cases rising to record highs, waning fears over the omicron variant appeared to deserve much of the credit for the gains. Evidence arrived that the latest wave of the virus was also having a milder effect on economic activity. US Weekly jobless claims fell back to near five-decade lows, and continuing claims fell much more than expected hitting their lowest level since the onset of the pandemic.

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

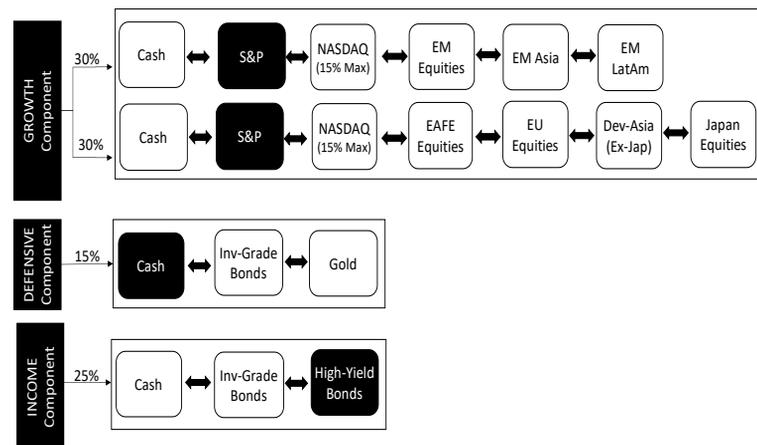
Performance	Monogram	AQR	Aviva	St Life	Carmignac	Invesco	Ruffer
	(Net)	(Net)	(Net)	(Net)	(Net)	(Net)	(Net)
Dec-2021	2.2%	-3.0%	1.6%	2.1%	-0.7%	2.9%	0.1%
3 Months	5.9%	-2.1%	0.5%	0.9%	-2.0%	0.2%	1.3%
6 Months	7.2%	-2.0%	-0.4%	-1.2%	-3.9%	0.4%	1.6%
9 Months	14.4%	5.6%	-6.4%	-0.8%	-1.6%	0.6%	3.1%
12 Months	14.5%	7.4%	-9.7%	-2.7%	-0.3%	-1.1%	9.9%
2021	14.5%	7.4%	-9.7%	-2.7%	-0.3%	-1.1%	9.9%

Source: Reuters & Monogram Capital Management

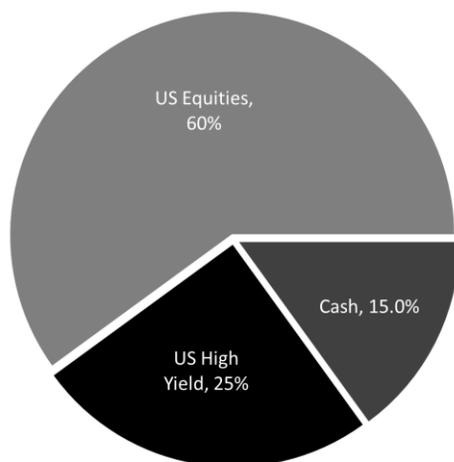
Monogram topped the table for the month of December with 2.2% while also topping the table for the year 2021 by some margin with 14.5%.

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

## MONOGRAM Strategy



## MONOGRAM



<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 Aberdeen: LP68090812, Carmignac: LP68346404, Invesco: LP68240655, Ruffer: LP68118681

The Monogram USD model had an excellent month again, adding 2.2%. This gives a full year return of 14.5% which is extremely good, given the lower volatility and low-cost model.

Momentum is a proven winner, but so is a model that efficiently tracks the key turning points and defaults to cash when that momentum falters. December was itself a rebound month, after a tough November (omicron impacted) close and we suspect rather aided by thin trading towards the year end, with high levels of retail activity.

The year ended with a full equity allocation to the S&P 500, while the income section stayed in US High Yield Bonds and the defensive part is held in cash.

By contrast the New Year has started with a cold shower, as the downside of the substantial and it seems on-going fiscal stimulus, is becoming evident in the general price level.

There is now the growing realisation that far from being a short-lived emergency, COVID and the disruption it brings is here to stay, and simply running up higher and higher debts and sparking inflation, is neither a solution nor popular. We expect more currency movements, but note that already sterling is seeing levels seldom seen, in the era since the 2016 Brexit vote. For now, the early move by the Bank of England to raise rates looks to be the cause.

To remind you of some of the keys to the power of the Monogram model:

- **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 negative.
- **Passive implementation** is via cost efficient and physically backed Exchange Traded Funds (ETFs) and Index Funds.
- **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 lower bound.

More information about the company is available on our website: [www.monograminvest.com](http://www.monograminvest.com)

Our fortnightly blog posts are available to read on [this page](#), and previous newsletters are on [this page](#).

#### 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.*