‘What if’ questions about Monogram

Academic work has identified the level of losses in extreme market conditions as an important driver of both client experiences and investment performance. Through extensive back testing and driven by research highlighting the dangers of overtrading, Monogram seeks to produce a systemic investment model that focuses on a limited range of diversified assets and regular rebalancing, all driven by the momentum inherent in those products and markets.

‘What if’ scenarios

If the Monogram model cannot find positive momentum in an asset class, or if that momentum is inferior to other similar assets, it avoids investment.

What if the investor feels the need to monitor his or her holdings? The model is so structured as to eliminate the need for clients to actively monitor holdings (although they can always do so). The model is designed to reject the normally prevalent theory of full investment into risk assets.

What about forecasts and research in particular investments? What if we find ‘better’ research outcomes? The model does not attempt to forecast or research investments, recognizing that the collective force of market trends is far superior to any one analyst or analytical system. It is anathema for a group of serious market participants to even say that - but the ‘alternative’ element of this investment type is demonstrated thereby.

What if we have believed in a balanced portfolio, where the way we balance it, has been successful so far, before the pandemic hit? It turns out that Monogram has also been shown to be superior to a "balanced portfolio” model (typically a 60/40 split of equities to bonds) because of its ability to move fully into cash, although it replicates much of that defensive stance. At all times it holds at least 40% in defensive assets, and only invests into equities at times of positive momentum.

Monogram only invests in ETF’s to further diversify the portfolio and to capture positive momentum in major indices.

While Monogram may sit alone in a portfolio, it will typically be an addition to add stability. While it is provided as a lower risk variant, it can apply the same beneficial logic of low costs, limited trading and momentum following to any asset class or mix of asset classes on request.

For further information and an informed discussion for up to half an hour, please set up an appointment, we are happy to talk about the model.

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