

**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 -5.1% net in the month of April and -7.9% YTD



EAFE stocks did comparatively better falling -1.7% (GBP -2.5%) as did Japan -1.2%. (GBP -3.2%). There was no safe harbour as the downturn stormed across the fixed income market with US Aggregate bonds down -4% (GBP +0.5%) and gold -2% (GBP +2.7%). A bevy of headwinds are dragging down stocks, including inflation, supply-chain woes, growth concerns, and the war in Ukraine.

Financial conditions, a cross-asset measure of market health using a weighted average of riskless interest rates, exchange rates, equity valuations, and credit spreads, have tightened over the month ahead of the highly anticipated 50bp interest rate hike from the Fed in early May. All signs also point to an official end to QE, as the market no longer believes the Fed will ease every market stress. As of the end of April, the market is pricing in 50bp hikes over the next three Fed meetings.

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

Performance	Monogram (Net)	AQR (Net)	Aviva (Net)	St Life (Net)	Carmignac (Net)	Invesco (Net)	Ruffer (Net)
Apr-2022	-5.1%	-3.3%	1.6%	-1.2%	-0.7%	-1.0%	-0.4%
3 Months	-3.4%	-3.6%	0.5%	-4.0%	-5.5%	-4.3%	3.7%
6 Months	-5.6%	-8.0%	-0.4%	-4.8%	-10.7%	-4.1%	4.9%
9 Months	-2.8%	-9.4%	-6.4%	-6.4%	-10.1%	-5.2%	7.7%
12 Months	1.3%	-2.6%	-9.7%	-7.4%	-11.1%	-5.5%	7.7%
2021	14.5%	7.4%	-11.6%	-2.7%	-0.3%	-1.1%	9.9%

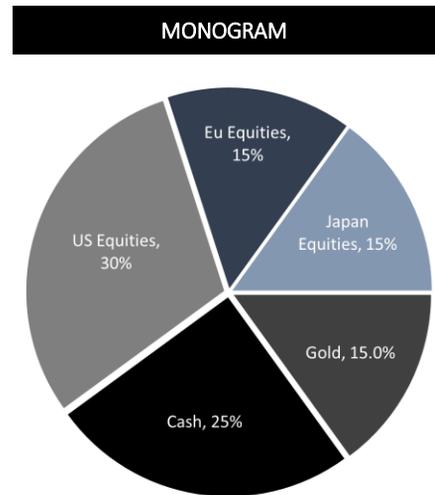
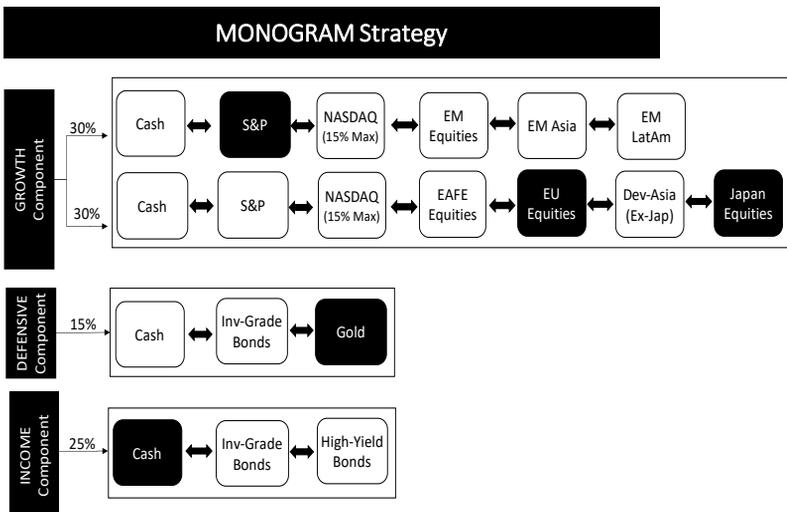
Source: Reuters & Monogram Capital Management

Aviva topped the table posting a gain of 1.6% for the month of April, with, Ruffer second -0.4%. Broadly, performance among peers were negative, in cases sharply so over the full year, 2021.

**Market Overview**

Global equity markets fell to the worst April recorded since 2000 with the S&P 500 down -8% USD (GBP -3.7%) coupled with a -12% (-8%) drop in the NASDAQ 100.

For April 2022, the strategy favours: US, EU and Japanese Equities (in the Growth Components); Gold (in the Defensive Component); Cash (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 Aberdeen: LP68090812, Carmignac: LP68346404, Invesco: LP68240655, Ruffer: LP68118681

The USD Monogram Model dropped 5.1% in April and year to date by 7.9%, reflecting the unfiltered poor performance of US Equities. Having moved decisively out of the NASDAQ in the autumn, the S&P 500 has also now lost momentum compared to other developed markets.

We were already at maximum liquidity in the defensive and income buckets US markets have finally understood the Federal Reserve may not want to raise rates, but really has no choice. Although as sequentially other major currencies understand the same, and start to act, this process may well spread.

The decision to take the Ukrainian border dispute with Russia towards a global confrontation is undoubtedly brave, but also deeply damaging to economies only just recovering from a prior shock.

The Emerging Markets 'bucket' has to first find positive momentum overall, (across the sector) which is a high-level filter and will then pick the best market. Without this overarching filter Latin America would be well ahead. With it our model defaults to the US markets, so this part remains intact.

For Developed Markets a similar filter applies, measured across all EAFE equities, but this one was positive, allowing the model to proceed to the two best parts of that (in USD terms) being Japan and Europe (incl UK). Indeed, it is likely that without the UK the EAFE filter would also have failed.

The filters have the effect of making switches harder to achieve, unless the momentum in the asset class is broad based.

It almost goes without saying that markets remain highly volatile and signals hard to call. So, beyond the impact on our model, we would caution against further interpretation.

#### 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.*