



Investment Newsletter

July 2021

“ **Omni Alpha:** ”
Profit From Disruptions

Why Omni Investment Services



“

By entrusting us with your investments via this **discretionary mandate offering**, you can relieve yourself from the day-to-day burden of managing your assets, allowing you to have more time for other meaningful pursuits.

”

“

Your investments will be **expertly and professionally managed** according to your specific investment goals and risk tolerance, whether investing in private, public or both. Besides, your investment will be supported with timely updates and meaningful reporting to make sure you are well informed.

”

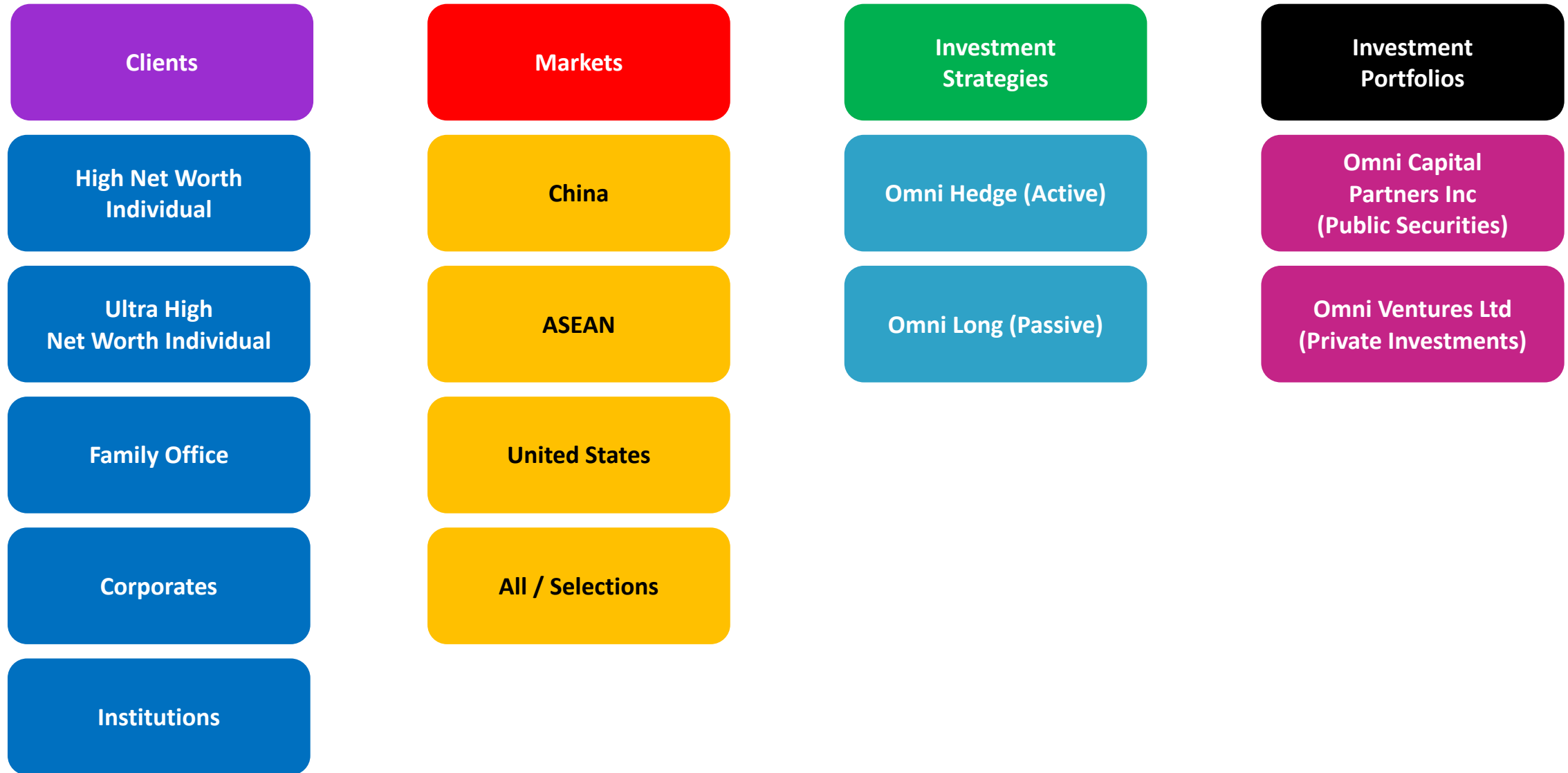
Experienced with
Impressive Track
Records

Different Approach,
Perspective and
Ideas

Global Investing
with focus on
China, ASEAN, and
United States

Thematic Investing
with focus on
Disruptive
Technology

Omni Investment Advisory



Omni Investment Focus



Asset Classes

Public Securities:

- Public Equity
- Digital Assets
- Forex
- Commodities

Private Investments:

- Startups
- Venture Capital
- Private Equity
- Direct Investments

Omni Hedge Overview



Omni Hedge®

Principal Investment Strategy

- OMNI's strategy seeks long-term growth and protection of capital. The investment objective is achieved by investing primarily in China (at least 50% of its assets), ASEAN and United States companies:
 - That will ride the emerging global trends
 - That have strong management team and resources
 - That have explosive growth potential
 - That will use transformative technologies for high impact
 - That have superior business and earnings model

Inception Date

- 1 July 2020

Current Number of Holdings

- 23

Team

- Scott (Strategy / Asset Allocation)
- Derrick (Macro / Theme)
- Analysts (Micro / Sector)

Hedge Fund Strategy

Hedging strategy involves taking an offsetting position for the related assets through versatile investment options.

Purpose

To minimise the risk of adverse movements in the value and generate active positive returns.

Characteristics

- Define success in both absolute terms
- Active adjustment on correlation to market movements
- Volatility is relevant
- Versatile investment options to optimize the performance

Features

- Global Macro & Micro
- Directional
- Arbitrage
- Long / Short
- Event Driven
- Momentum Investing

Omni Hedge Portfolio



	Industry Breakdown
Electronic Equipment, Instruments & Components	9%
Interactive Media & Services	9%
Internet & Direct Marketing Retail	9%
Machinery	9%
Pharmaceuticals	9%
Household Durables	9%
Semiconductors & Semiconductor Equipment	4%
Beverages	4%
Insurance	4%
Healthcare Equipment & Supplies	4%
Communication Equipment	4%
Food Products	4%
Personal Products	4%
IT Services	4%
Automobiles	4%
Technology Hardware, Storage & Peripherals	4%
Banks	4%

Note: Information as of 1 July 2021

	Sector Breakdown
Information Technology	26%
Consumer Discretionary	22%
Consumer Staples	13%
Healthcare	13%
Communication Services	9%
Industrials	9%
Financials	9%

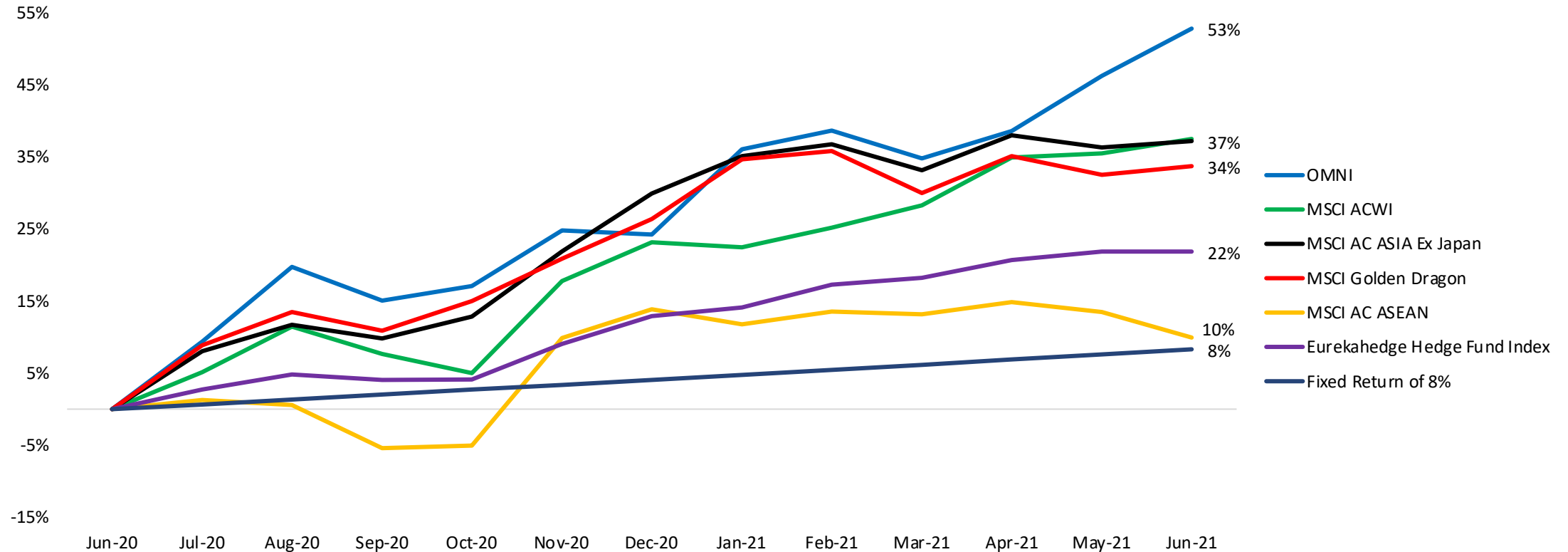
	Geographic Breakdown
Asia Pacific	78%
America (North)	22%
Africa / Middle East	-
Europe (Western)	-

	Market Capitalization
Mega (USD 100 Billion +)	17%
Large (USD 10 to USD 100 Billion)	43%
Medium (USD 2 to USD 10 Billion)	17%
Small (USD 0.3 to USD 2 Billion)	17%
Micro (USD 50 to USD 300 Million)	4%

Omni Hedge Performance



Performance of Omni's Model Portfolio (Hedge Fund Strategy)



Note:

MSCI ACWI captures large and mid cap representation across 23 Developed Markets and 27 Emerging Markets countries.

MSCI AC ASIA Ex Japan captures large and mid cap representation across 2 of 3 Developed Markets countries (excluding Japan) and 9 Emerging Markets countries in Asia.

MSCI Golden Dragon captures the equity market performance of large and mid-cap China securities (H shares, B shares, Red-Chips and P-Chips) as well as securities classified in Hong Kong and Taiwan.

MSCI AC ASEAN captures large and mid cap representation across 4 Emerging Markets countries and 1 Developed Market country.

The EurekaHedge Hedge Fund Index is EurekaHedge's flagship equally weighted index of 1710 constituent funds. The index is designed to provide a broad measure of the performance all underlying hedge fund managers irrespective of regional mandate.

Omni Hedge Performance



	1 Month	3 Months	6 Months	YTD	Since Inception
OMNI Hedge	4%	13%	23%	23%	53%
MSCI ACWI	1%	7%	12%	12%	37%
MSCI AC ASIA Ex Japan	1%	3%	6%	6%	37%
MSCI Golden Dragon	1%	3%	6%	6%	34%
MSCI AC ASEAN	-3%	-3%	-3%	-3%	10%
Eurekahedge Hedge Fund Index	0%	3%	8%	8%	22%
Fixed Return of 8%	1%	2%	4%	4%	8%

Note:

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Omni Long Overview



Omni Long®

Principal Investment Strategy

- OMNI's strategy seeks long-term growth of capital. The investment objective is achieved by investing primarily in China (at least 50% of its assets), ASEAN and United States companies:
 - That will ride the emerging global trends
 - That have strong management team and resources
 - That have explosive growth potential
 - That will use transformative technologies for high impact
 - That have superior business and earnings model

Inception Date

- 1 July 2020

Current Number of Holdings

- 30

Team

- Scott (Strategy / Asset Allocation)
- Derrick (Macro / Theme)
- Analysts (Micro / Sector)

Long Only Strategy

This passive strategy involves long-term holding of investments which we believe will ride through all volatilities to produce superior returns.

Purpose

Buy growth company regardless of market timing.

Characteristics

- Define success in relative terms
- No adjustment on correlation to market movements
- Volatility is irrelevant
- Performance depends on generation of alpha

Features

- Global Macro & Micro
- Long Positions Only
- Value Investing
- Alpha Investing
- Absolute Return

Omni Long Portfolio



Industry Breakdown	
Electronic Equipment, Instruments & Components	13%
Software	13%
Insurance	7%
Entertainment	7%
Internet & Direct Marketing Retail	7%
Beverages	7%
Healthcare Equipment & Supplies	3%
Communication Equipment	3%
Interactive Media & Services	3%
Semiconductors & Semiconductors Equipment	3%
Machinery	3%
Food Products	3%
Pharmaceuticals	3%
Banks	3%
Transportation Infrastructure	3%
Diversified Telecommunication	3%
Personal Products	3%
Electrical Equipment	3%
IT Services	3%
Automobiles	3%

Note: Information as of 1 July 2021

Sector Breakdown	
Information Technology	37%
Communication Services	13%
Consumer Staples	13%
Financials	10%
Consumer Discretionary	10%
Industrials	10%
Healthcare	7%

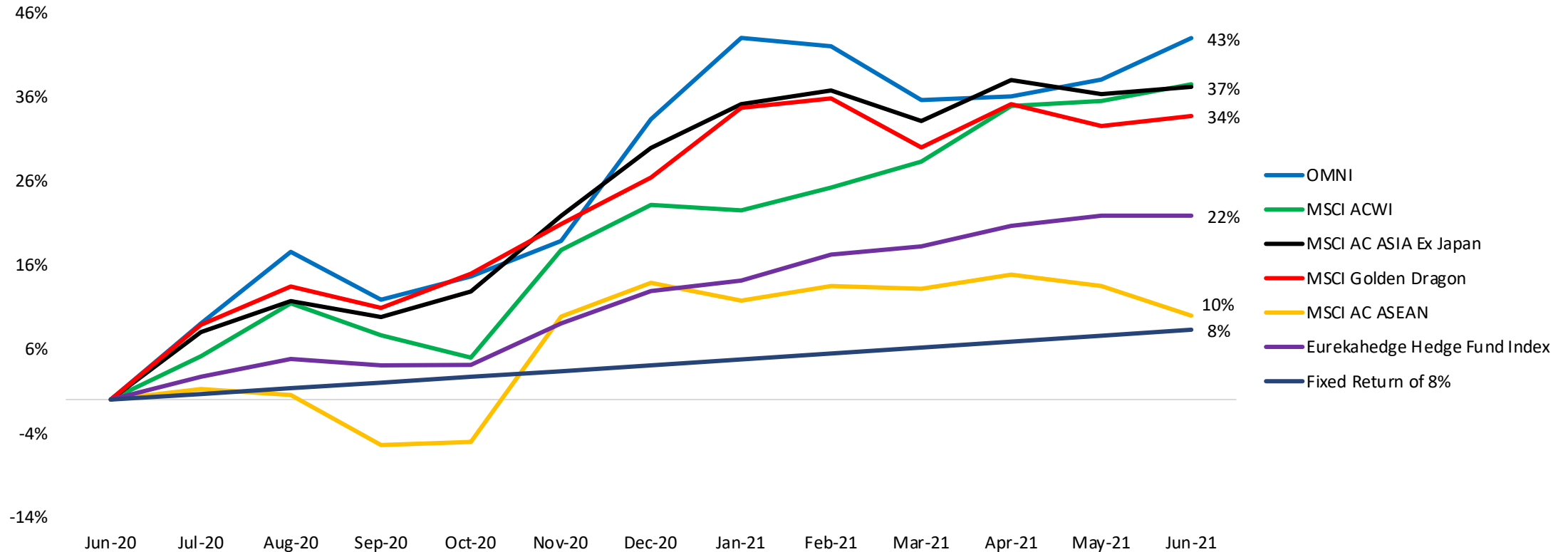
Geographic Breakdown	
Asia Pacific	71%
America (North)	19%
Europe (Western)	6%
Africa / Middle East	3%

Market Capitalization	
Mega (USD 100 Billion +)	17%
Large (USD 10 to USD 100 Billion)	37%
Medium (USD 2 to USD 10 Billion)	20%
Small (USD 0.3 to USD 2 Billion)	20%
Micro (USD 50 to USD 300 Million)	7%

Omni Long Performance



Performance of Omni's Model Portfolio (Long Only Strategy)



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Omni Long Performance



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OMNI Long	4%	5%	7%	7%	43%
MSCI ACWI	1%	7%	12%	12%	37%
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Investment Review and Outlook



- Countries across the Asia-Pacific region are scrambling to slow the spread of the more infectious delta variant, reimposing restrictions and stay-at-home orders in a jarring reminder for societies that had just begun to reopen that the pandemic is far from over. The lockdowns and restrictions have deflated hopes across the region, where many countries avoided the worst of the pandemic's initial spread last year. Now, weary residents are frustrated by what some describe as their countries' pandemic regression, as other parts of the world edge toward normalcy. Despite studies have shown that COVID-19 vaccines are still largely effective against the delta variant, the protection is significantly lower for those who are partially vaccinated. Besides, the experiences of several countries show that the delta variant can spread rapidly through the unvaccinated, including children. That said, COVID-19 cases show sign of global resurgence, due to a new more contagious delta variant.
- While the second-half of the year could be bumpier or more volatile for financial markets, it is expected that equity markets to consolidate or continue upward path. Inflation worries are likely to contribute to market jitters, but it will take a lot of bad news to shift the central banks towards a even more rapid withdrawal of liquidity. Value stocks have still outperformed growth stocks year-to-date and it is believed that value has room to run if bond yields rise from a support at 1.40% for 10-year Treasury yields. It is believed that the recent underperformance of Asia and China, due to worries over policy tightening and vaccine progress, is temporary and that the structural case for Asia remains intact.

Investment Review and Outlook



- Currently, there are two inter-related risks to the markets overall, the “inflation” and “Fed’s Action”. The gap between CPI and PPI already indicates that companies are retaining inflationary pressure; and market may not react kindly to the Fed moving to curb inflationary pressures. In either case, the risk to markets remain elevated. That said, investors have to be invested in the markets with aware of the risks - indicating “fully invested bears”. In other words, even if the rise in inflation is temporary, “financial market participants could overreact”. This could lead to disruption in markets because there has been a long period of “aggressive risk taking.”
- On one hand, Abu Dhabi is forcing OPEC into a difficult position: accept its requests, or risk unravelling the cartel without an output agreement in place, which would squeeze an already tight market, sending crude prices sharply higher. But only briefly because as Bloomberg notes, a more dramatic scenario is also in play - a repeat of Thanksgiving 2014 - when OPEC risks breaking down entirely, risking a free-for-all that would crash prices in a repeat of the crisis last year. Back then, it was a disagreement between Saudi Arabia and Russia that triggered a punishing price war, which according to some sparked the March 2020 liquidation panic.
- According to Eric Li (venture capitalist and political scientist), the most significant event in this reinvention was the 19th Party Congress in 2017. It was then that China officially declared a paradigm shift, namely from a single-minded pursuit of economic development to the goal of achieving “balanced development” and “common prosperity” - Redistribution.

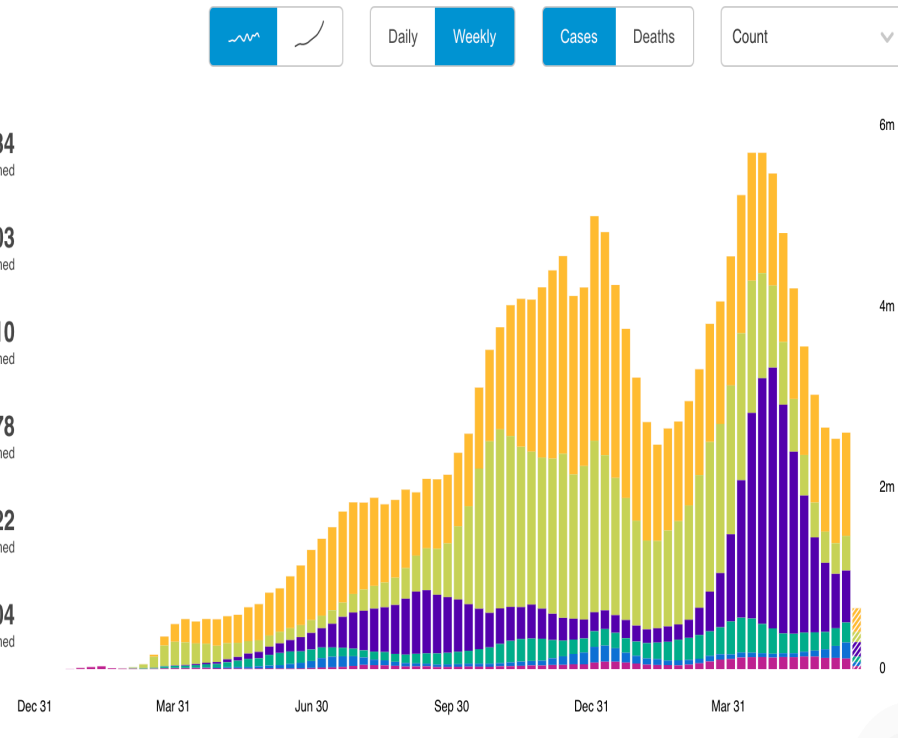
COVID-19 Cases Show Sign of Resurgence



Situation by WHO Region

Americas	72,074,734	confirmed
Europe	55,837,403	confirmed
South-East Asia	34,765,110	confirmed
Eastern Mediterranean	10,948,678	confirmed
Africa	4,012,822	confirmed
Western Pacific	3,537,204	confirmed

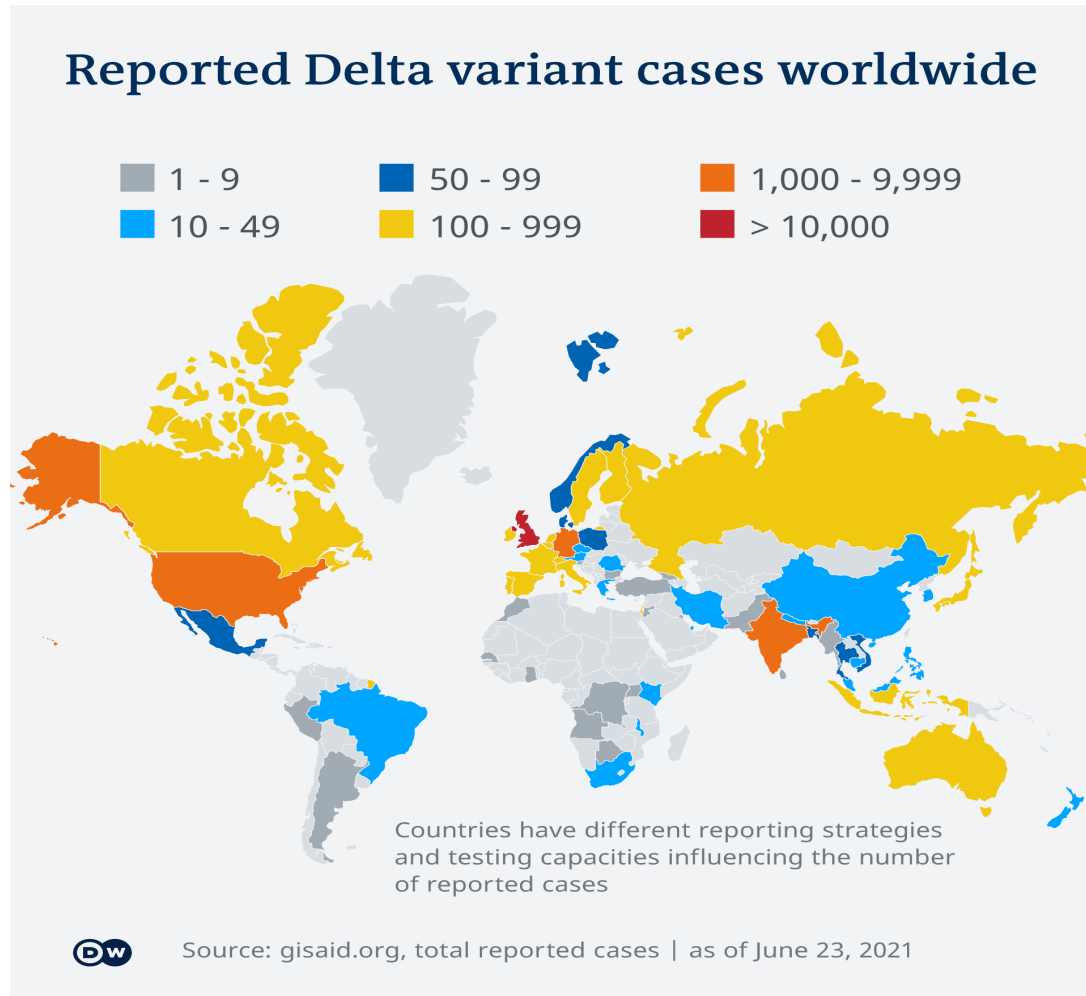
Source: World Health Organization
Data may be incomplete for the current day or week.



According to WHO, globally, as of 30 June 2021, there have been 181,176,715 confirmed cases of COVID-19, including 3,930,596 deaths, reported to WHO. Also, a total of 2,660,756,547 vaccine doses have been administered.

Note: Information as of 30 June 2021

Spread of New Delta Variant



The earliest documented COVID-19 case caused by the delta variant (B.1.617.2) was first found in the Indian state of Maharashtra back in October 2020, and has since then spread widely throughout India and across the world. The World Health Organization (WHO) labelled it a "variant of concern" (VOC) on May 11.

So far, the WHO has identified 4 VOC: alpha (B.1.1.7), beta (B.1.351), gamma (P.1) and delta (B.1.617.2).

Though estimates of delta infectiousness differ, the delta variant could be 50% more contagious than the already faster-spreading Alpha variant.

Global Vaccination Rate Remains Low



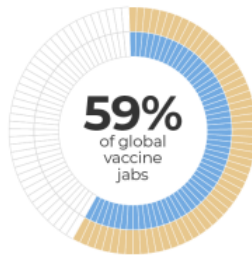
COVID-19

Vaccine recipients per continent

Only **1.7 percent** of global vaccines have been **administered in Africa** despite the continent making up **17 percent of the** world's population.

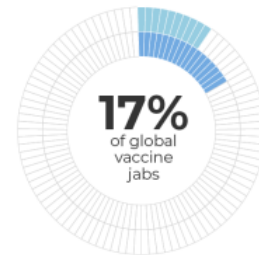
Asia

makes up **59%** of the world's population and has received



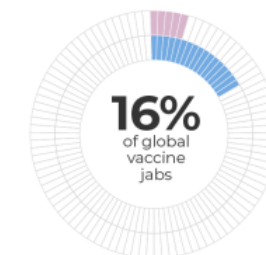
Europe

makes up **10%** of the world's population and has received



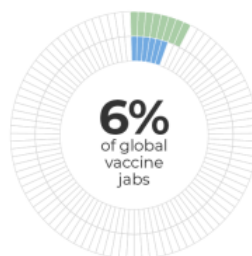
North America

makes up **5%** of the world's population and has received



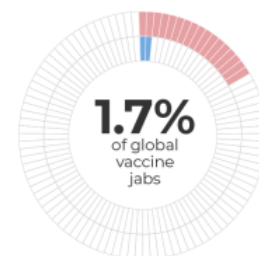
South America

makes up **8%** of the world's population and has received



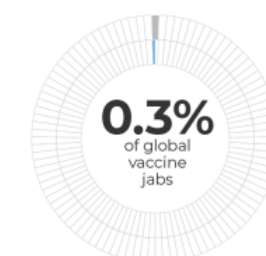
Africa

makes up **17%** of the world's population and has received



Oceania

makes up **1%** of the world's population and has received



This may not equal the number of fully vaccinated people if the vaccine requires two doses.
Source: Our World In Data | Data as of June 20, 2021



About 1.7 billion people, or 22% of the world's population, have received at least one dose of a COVID-19 vaccine. A total of 783 million people, or 10 percent of the globe, are now fully vaccinated against the coronavirus.

Of the global doses administered, most still remain among wealthier nations. North America makes up about five% of the world's population but accounts for 16% of those who received at least one COVID-19 vaccine shot. Europeans make up 17% of global vaccine recipients despite comprising around 10% of the world's population.

Only 1.7% of vaccines (45 million) have been given in Africa, despite the continent making up 17% (1.3 billion) of the world's population. That said, low income countries are left behind.

Returns by Asset Class



2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Q2 2021
MSCI EM 79.0%	Small cap 26.6%	Global Agg 5.6%	Global REITS 23.0%	Small cap 32.9%	Global REITS 22.9%	Growth 3.5%	Small cap 13.3%	MSCI EM 37.8%	Global Agg -1.2%	Growth 34.1%	Growth 34.2%	Cmdty 21.1%	Cmdty 13.3%
Small cap 44.8%	Global REITS 22.8%	Global REITS 2.3%	MSCI EM 18.6%	Value 27.5%	Growth 6.5%	Global REITS 0.6%	Value 13.2%	Growth 28.5%	Global REITS -4.9%	DM Equities 28.4%	MSCI EM 18.7%	Global REITS 18.1%	Growth 11.0%
Growth 33.8%	MSCI EM 19.2%	Value -4.9%	Small cap 18.1%	DM Equities 27.4%	DM Equities 5.5%	Small cap 0.1%	Cmdty 11.8%	Small cap 23.2%	Growth -6.4%	Small cap 26.8%	DM Equities 16.5%	Value 15.1%	Global REITS 9.9%
Global REITS 32.6%	Cmdty 16.8%	DM Equities -5.0%	Growth 16.6%	Growth 27.2%	Value 4.4%	DM Equities -0.3%	MSCI EM 11.6%	DM Equities 23.1%	DM Equities -8.2%	Global REITS 24.4%	Small cap 16.5%	Small cap 15.1%	DM Equities 7.9%
DM Equities 30.8%	Growth 14.9%	Growth -5.1%	DM Equities 16.5%	Global REITS 2.3%	Small cap 2.3%	Global Agg -3.2%	DM Equities 8.2%	Value 18.0%	Value -10.1%	Value 22.7%	Global Agg 9.2%	DM Equities 13.3%	MSCI EM 5.1%
Value 27.7%	DM Equities 12.3%	Small cap -8.7%	Value 16.4%	MSCI EM -2.3%	Global Agg 0.6%	Value -4.1%	Global REITS 6.5%	Global REITS 8.0%	Cmdty -11.2%	MSCI EM 18.9%	Value -0.4%	Growth 11.3%	Small cap 5.1%
Cmdty 18.9%	Value 9.8%	Cmdty -13.3%	Global Agg 4.3%	Global Agg -2.6%	MSCI EM -1.8%	MSCI EM -14.6%	Growth 3.2%	Global Agg 7.4%	Small cap -13.5%	Cmdty 7.7%	Cmdty -3.1%	MSCI EM 7.6%	Value 4.9%
Global Agg 6.9%	Global Agg 5.5%	MSCI EM -18.2%	Cmdty -1.1%	Cmdty -9.5%	Cmdty -17.0%	Cmdty -24.7%	Global Agg 2.1%	Cmdty 1.7%	MSCI EM -14.2%	Global Agg 6.8%	Global REITS -10.4%	Global Agg -3.2%	Global Agg 1.3%

Over the 2nd quarter, equities rose as vaccination campaigns continued to accelerate in most developed economies, especially in Europe, which is now catching up with the UK and the US. Emerging economies continued to lag on the vaccination front. However, cases remain very low in China and seem to have peaked in India. 10-year Treasury yields dropped by 30 bps, falling to 1.45%, with the decline helping growth stocks to outperform value stocks.

Source: Bloomberg Barclays, FTSE, MSCI, Refinitiv Datastream, J.P. Morgan Asset Management. DM Equities: MSCI World; REITS: FTSE NAREIT Global Real Estate Investment Trusts; Cmdty: Bloomberg Commodity Index; Global Agg: Barclays Global Aggregate; Growth: MSCI World Growth; Value: MSCI World Value; Small cap: MSCI World Small Cap. All indices are total return in US dollars. Past performance is not a reliable indicator of current and future results. Data as of 30 June 2021.

Note: Information as of 1 July 2021

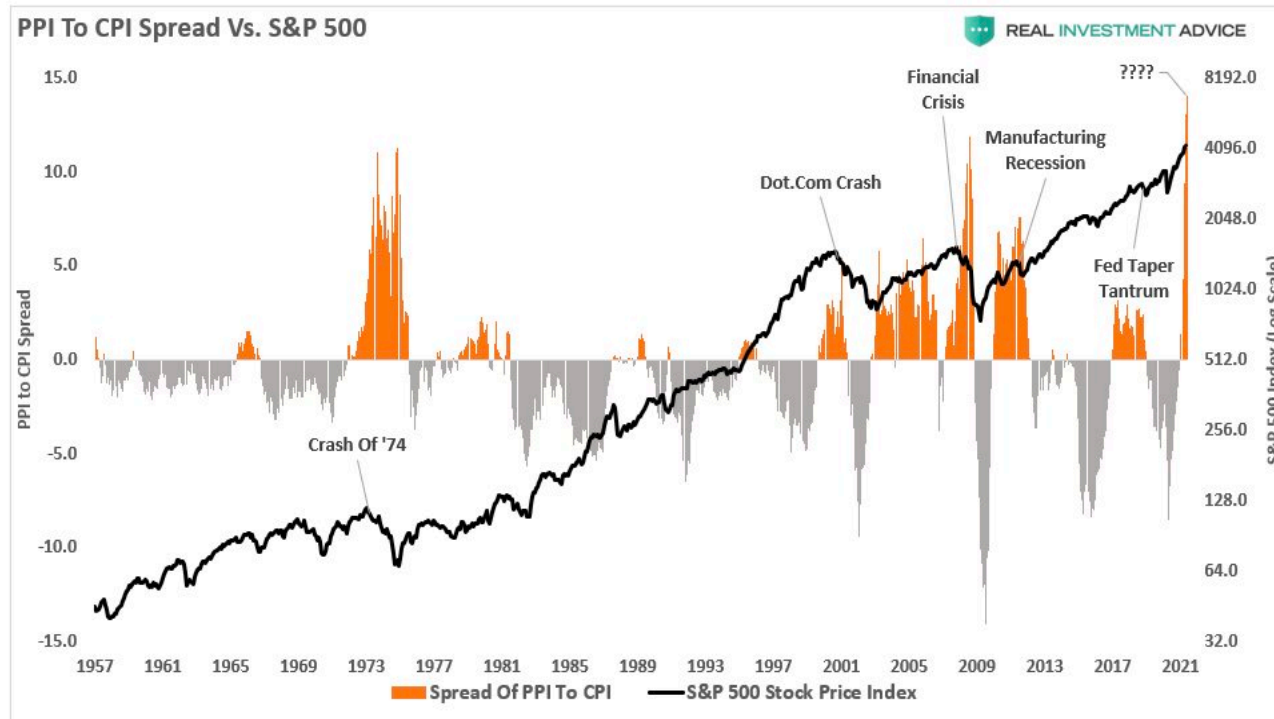
10-year yield hovers around 1.40%



The US central bank surprised market participants in mid-June when it signalled a potential policy shift in the face of higher inflationary pressures and strong growth. Its interest rate projections opened the door to two rate increases in 2023, a sharp divergence from the last forecasts in March when the so-called “dot plot” indicator of rate setters’ predictions suggested it would maintain its ultra-accommodative policy until at least 2024.

Note: Information as of 5 July 2021

The Risk of “Inflation”



The current spread between PPI and CPI hit another record. This spread shows producers cannot pass along inflation to their customers. Therefore, the retained inflation, and by this measure, a lot of it, will erode profit margins and earnings in the future.

However, since 2009, the US stock market is no longer negatively correlated to the spread of PPI to CPI.

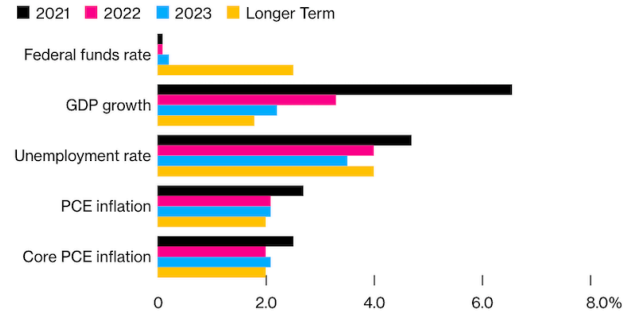
Note: Information as of 4 July 2021

The Risk of “Fed’s Action”



A 2023 Move?

Faster growth and inflation make a rate hike more likely in future years



Source: Bloomberg survey of economists June 4-10
 Note: Economists were asked to forecast what the median Federal Open Market Committee participant would estimate in the Summary of Economic Projections.

When to Taper

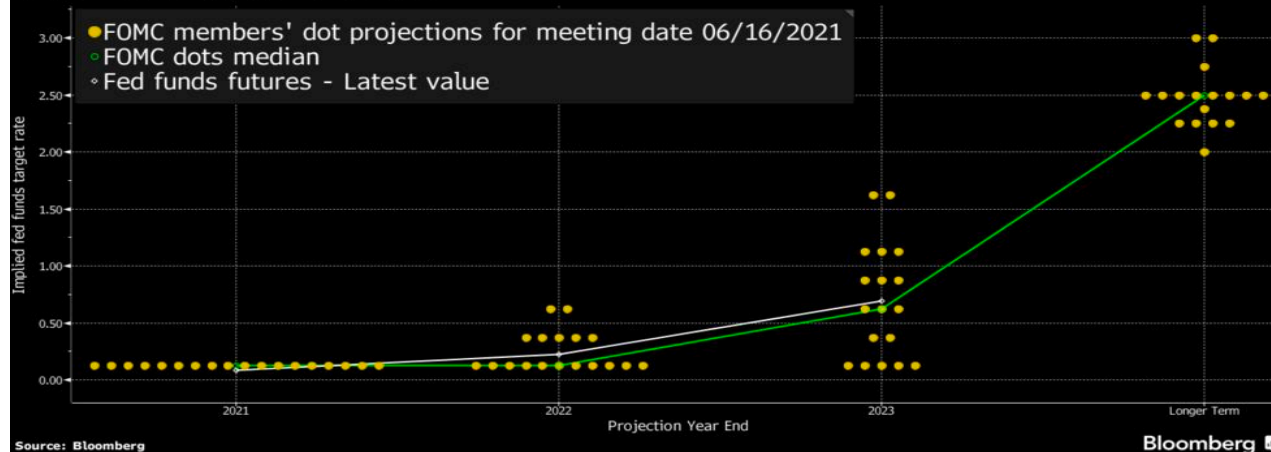
Most economists expect formal taper announcement in late 2021



Source: Bloomberg News survey of economists June 4-10
 Economists were asked when the FOMC would formally announce a tapering of asset purchases.

The US central bank surprised market participants in mid-June when it signalled a potential policy shift in the face of higher inflationary pressures and strong growth. Its interest rate projections opened the door to two rate increases in 2023, a sharp divergence from the last forecasts in March when the so-called “dot plot” indicator of rate setters’ predictions suggested it would maintain its ultra-accommodative policy until at least 2024.

The Fed's New Dot Plot



Note: Information as of 16 June 2021

Presidential Political Parties Affect the Value of US Currency



An analysis of the time-trend of US dollar values over the course of a presidential term indicates that the US dollar tends to start at a high value for Republican presidents and then depreciates, while the opposite pattern is true for Democrats.

Note: Information as of 5 July 2021

Critical Point for Oil Price



The bitter clash between the Saudis and UAE has forced OPEC+ to halt talks three times already, putting markets in limbo as oil continues its inflationary surge above USD 75 a barrel. With the cartel discussing its production policy not only for the rest of the year, but also into 2022, the solution to the standoff will shape the market and industry into next year.

Note: Information as of 5 July 2021

The CCP's Greatest Strength is “Self-Realization” & “Self-Reinvention”



The party's ultimate self-realization is centered on its original mission. The party was founded with two overriding goals in the Chinese context: socialism and national renaissance, to rid China of the humiliating fate of foreign aggression and poverty it suffered in the modern era, build a prosperous, strong, and socialist society, and return the country to its rightful place among the world's leading powers.

This reinvention coincides with significant social trends taking place in Chinese society, especially among young people. Those who were born post 1990 and 2000 are qualitatively different from the previous generations. Nearly 400 million strong, they form the backbone of China's future. They grew up with a lot of education and in a China that has been increasingly prosperous and strong. The main challenge to Chinese society nowadays is inequality.

Note: Information as of 2 July 2021 by Eric Li

Contact Info



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