



# Investment Newsletter

August 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.

”

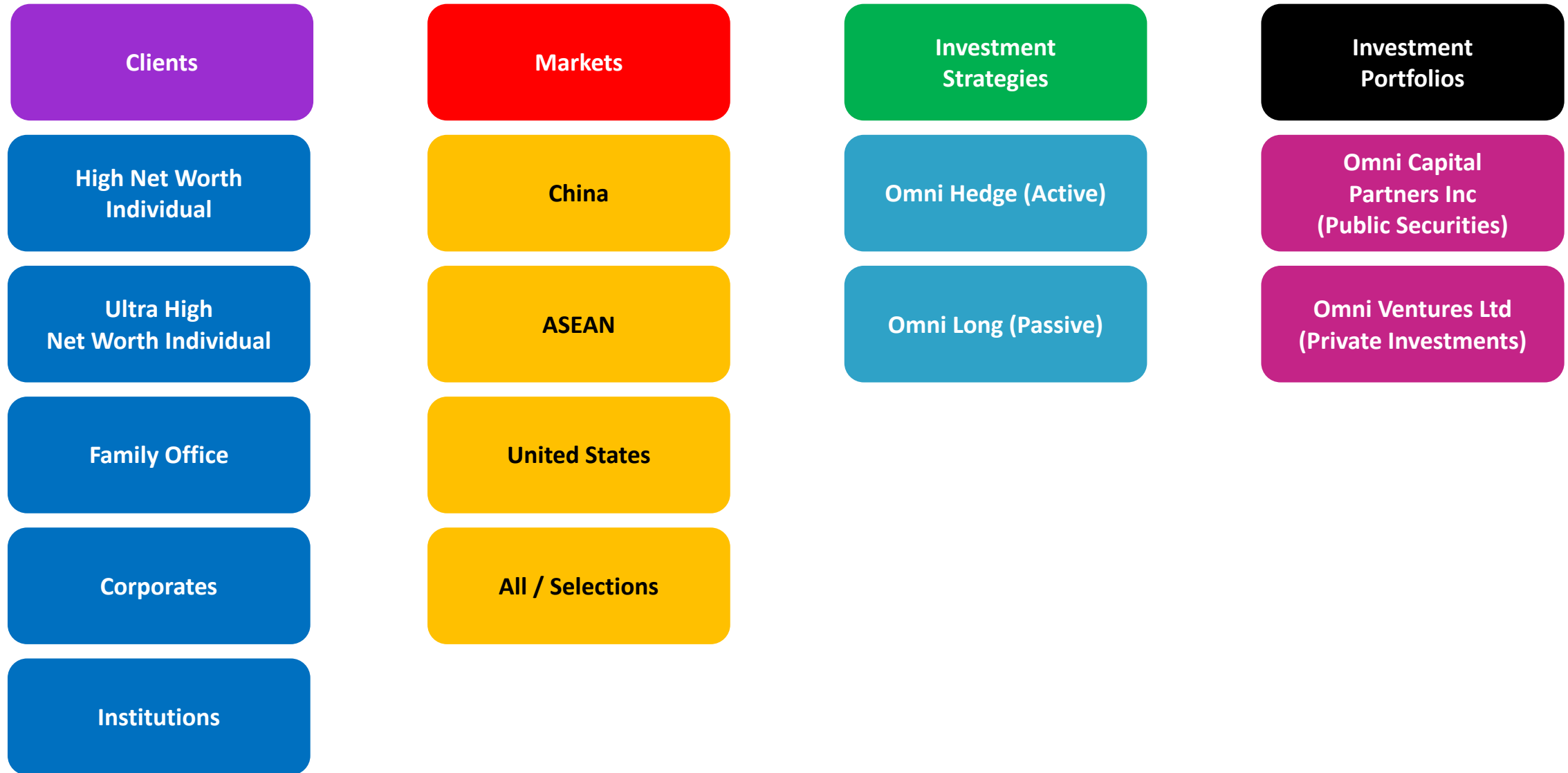
Experienced with  
Impressive Track  
Records

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

- 21

### 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	
Household Durables	14%
Interactive Media & Services	10%
Internet & Direct Marketing Retail	10%
Machinery	10%
Pharmaceuticals	10%
Semiconductors & Semiconductor Equipment	10%
Food Products	10%
Technology Hardware, Storage & Peripherals	10%
Electronic Equipment, Instruments & Components	5%
Insurance	5%
Banks	5%
Software	5%

*Note: Information as of 1 August 2021*

Sector Breakdown	
Information Technology	29%
Consumer Discretionary	24%
Consumer Staples	10%
Healthcare	10%
Communication Services	10%
Industrials	10%
Financials	10%

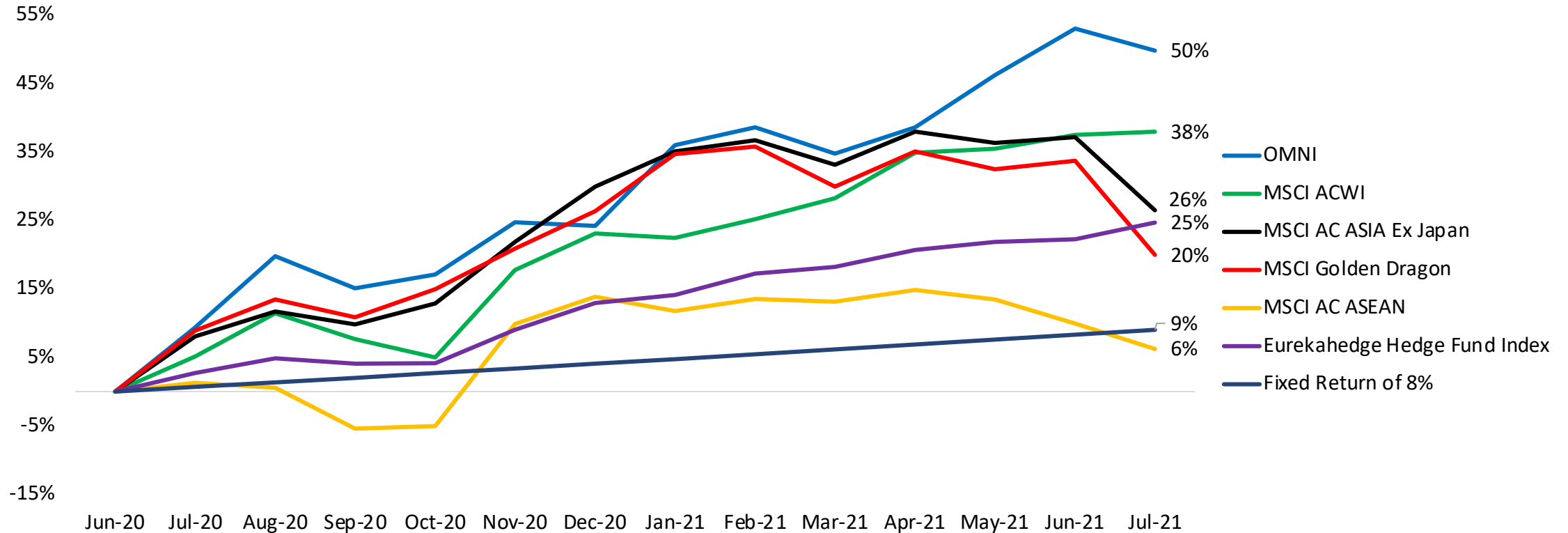
Geographic Breakdown	
Asia Pacific	81%
America (North)	19%
Africa / Middle East	-
Europe (Western)	-

Market Capitalization	
Mega (USD 100 Billion +)	19%
Large (USD 10 to USD 100 Billion)	43%
Medium (USD 2 to USD 10 Billion)	14%
Small (USD 0.3 to USD 2 Billion)	19%
Micro (USD 50 to USD 300 Million)	5%

# 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	-2%	8%	10%	21%	50%
MSCI ACWI	0%	2%	13%	12%	38%
MSCI AC ASIA Ex Japan	-8%	-8%	-6%	-3%	26%
MSCI Golden Dragon	-10%	-11%	-11%	-5%	20%
MSCI AC ASEAN	-3%	-7%	-5%	-7%	6%
Eurekahedge Hedge Fund Index	2%	3%	9%	10%	25%
Fixed Return of 8%	1%	2%	4%	4%	9%

**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

- 29

### 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
Software	14%
Semiconductors & Semiconductor Equipment	14%
Internet & Direct Marketing Retail	10%
Machinery	10%
Interactive Media & Services	7%
IT Services	7%
Biotechnology	7%
Household Durables	7%
Real Estate Management & Development	7%
Entertainment	3%
Food Products	3%
Pharmaceuticals	3%
Banks	3%
Transportation Infrastructure	3%

*Note: Information as of 1 August 2021*

	Sector Breakdown
Information Technology	34%
Consumer Discretionary	17%
Industrials	14%
Communication Services	10%
Healthcare	10%
Real Estate	7%
Consumer Staples	3%

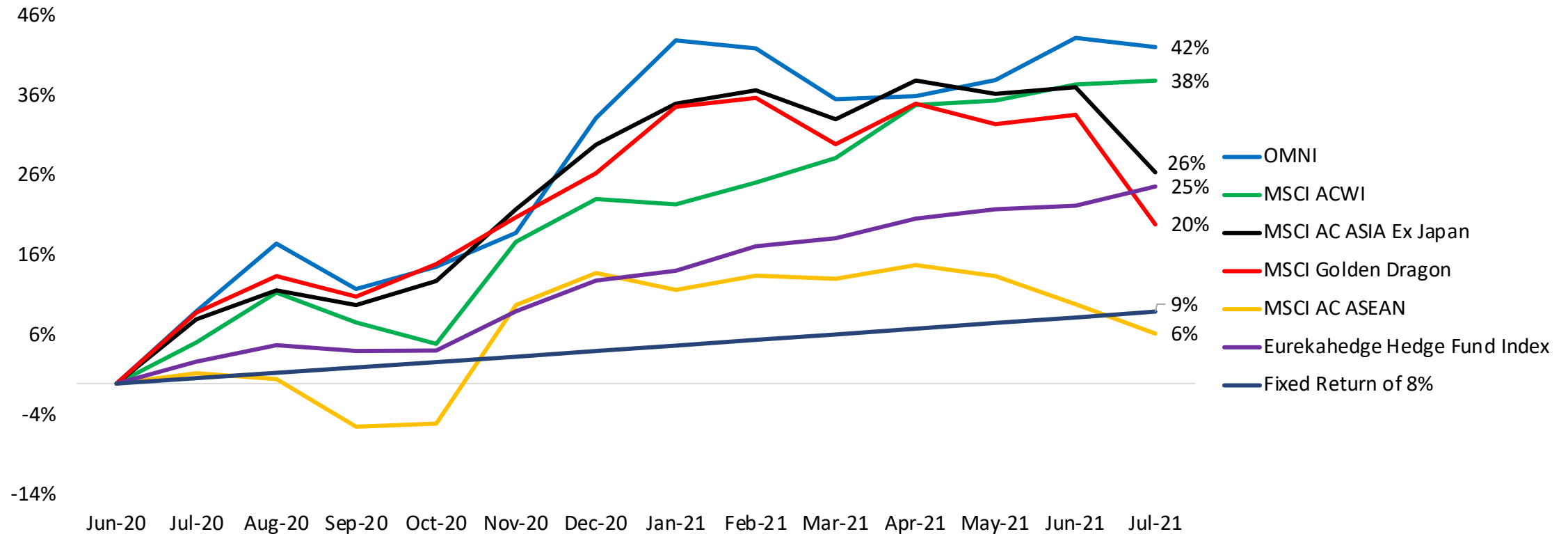
	Geographic Breakdown
Asia Pacific	66%
America (North)	34%
Europe (Western)	0%
Africa / Middle East	0%

	Market Capitalization
Mega (USD 100 Billion +)	14%
Large (USD 10 to USD 100 Billion)	48%
Medium (USD 2 to USD 10 Billion)	14%
Small (USD 0.3 to USD 2 Billion)	14%
Micro (USD 50 to USD 300 Million)	10%

# Omni Long Performance



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



**Note:**

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# Omni Long Performance



	1 Month	3 Months	6 Months	YTD	Since Inception
OMNI Long	-1%	4%	-1%	7%	42%
MSCI ACWI	0%	2%	13%	12%	38%
MSCI AC ASIA Ex Japan	-8%	-8%	-6%	-3%	26%
MSCI Golden Dragon	-10%	-11%	-11%	-5%	20%
MSCI AC ASEAN	-3%	-7%	-5%	-7%	6%
Eurekahedge Hedge Fund Index	2%	3%	9%	10%	25%
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# *Investment Review and Outlook*



- The new wave of global COVID-19 pandemic caused by the Delta variant strain is very serious. The number of new confirmed cases in a single day has reached a new high in the US, Japan and many European countries, as well as affecting Nanjing, capital of East China's Jiangsu Province. The challenge posed by the pandemic to human society is still evolving. According to a July 2021 report by Kaiser Family Foundation, a health-policy organization based in San Francisco, California, finds that low-income countries won't achieve substantial levels of protection until at least 2023, at current vaccination rates.
- A key part of Biden's agenda, the bipartisan bill is the first phase of the US president's infrastructure plan. It calls for USD 550 Billion in new spending over five years above projected federal levels, what could be one of the more substantial expenditures on the nation's roads, bridges, waterworks, broadband and the electric grid in years. Still, the bipartisan bill face a rough road in the House, where progressive lawmakers want a more robust package.
- The outcome with the bipartisan effort will set the stage for the next debate over Biden's much more ambitious USD 3.5 Trillion package, a strictly partisan pursuit of far-reaching programs and services including child care, tax breaks and health care that touch almost every corner of American life. Republicans strongly oppose that bill, which would require a simple majority for passage. Final votes on that measure are not expected until September / October 2021.

# *Investment Review and Outlook*



- As of 28 July 2021, the Federal Reserve decided to hold rates steady and stated that the US economy is recovering despite lingering COVID-19 concerns. Chair Jerome Powell said the US economy is still a good deal away from making “substantial further progress” toward stable prices and maximum employment. Economists polled by Reuters expect the Fed to announce a strategy for tapering its asset purchases in coming August or September, with the first cut to its bond-buying program beginning early next year in 2022.
- Broadly, since April, Tips yields and Treasury yields have fallen together, implying stable inflation expectations and falling real rates and hence, an anxiety over the outlook for economic growth. It is creating an impression that the rush of all that fiscal stimulus may soon wear off. Furthermore, gold prices are anticipating that economic growth is going to disappoint, so inflation is expected to be lower and Tips yields are expected to rise in near future, likely driven by increasing in Treasury yields. However, the significant risk of inflationary pressures remained in mid-term.
- The PBOC’s move puts it at odds with other central banks, like the US Federal Reserve, which is discussing tapering its bond-buying program as it tries to exit from its pandemic stimulus. China’s central bank had been ahead of its peers in scaling back stimulus, and its about-turn now shows the difficulties policy makers will face in withdrawing support while the COVID-19 pandemic continues to rage, resulting in related restrictions and supply chain hiccups.

# *Investment Review and Outlook*



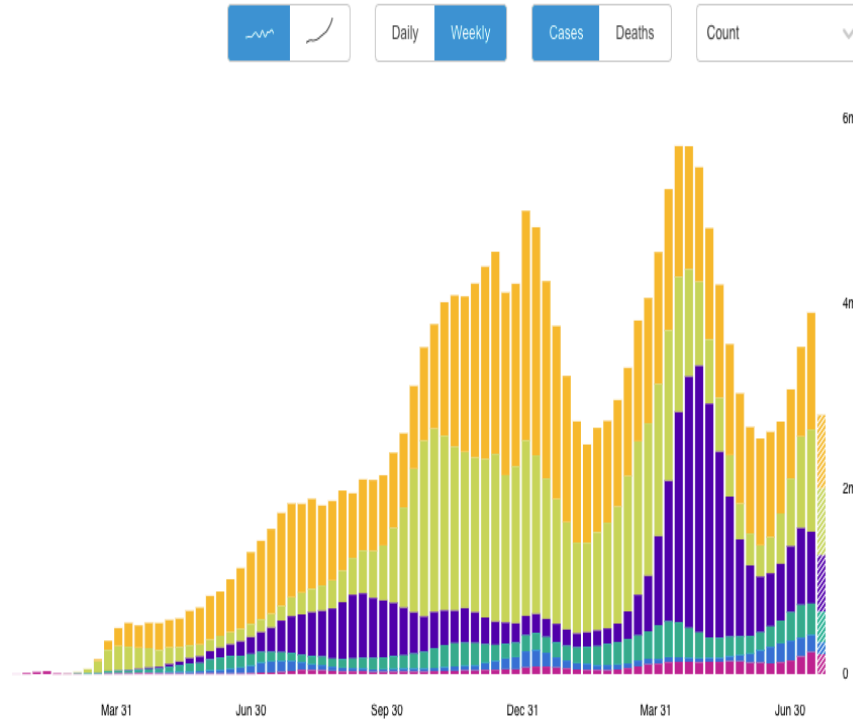
- According to Caixin Global, 7 categories of companies are perhaps in the crosshairs of Chinese regulators:
  - I. Companies that are considered “too big to fail” and ignore or even defy regulations.
  - II. Companies that are involved in national security or other security issues amid a complex international landscape and mounting China-US tensions.
  - III. Companies in certain industries such as property, education, finance and healthcare that are closely related to Chinese people’s livelihood that are subject to China’s overall strategic direction backed by the central government’s top-level and logic.
  - IV. Companies that hurt small and midsize businesses or consumers.
  - V. Companies in labour-intensive industries as increasingly protecting the basic rights of workers.
  - VI. Companies that produce or deal with content related to culture and ideology.
  - VII. Companies that violate traditional morality or values.
- In Beijing’s view, Mr. Biden has taken a more strategic approach than his predecessor, enlisting allies to join his campaign against Chinese behaviour in ways that appear to have frustrated officials. China has resorted to its usual instinct for tit-for-tat measures, while lashing out with a heavy dose of vitriol and sarcasm. However, we are now in the early years of what comes next - a China that not only seeks regional influence as so many great powers do, but as Evan Osnos has argued, “that is preparing to shape the twenty-first century, much as the US shaped the twentieth.” That competition for influence will be a global one, and Beijing believes with good reason that the next decade will likely determine the outcome.

# COVID-19 Cases Show Sign of Resurgence



## Situation by WHO Region

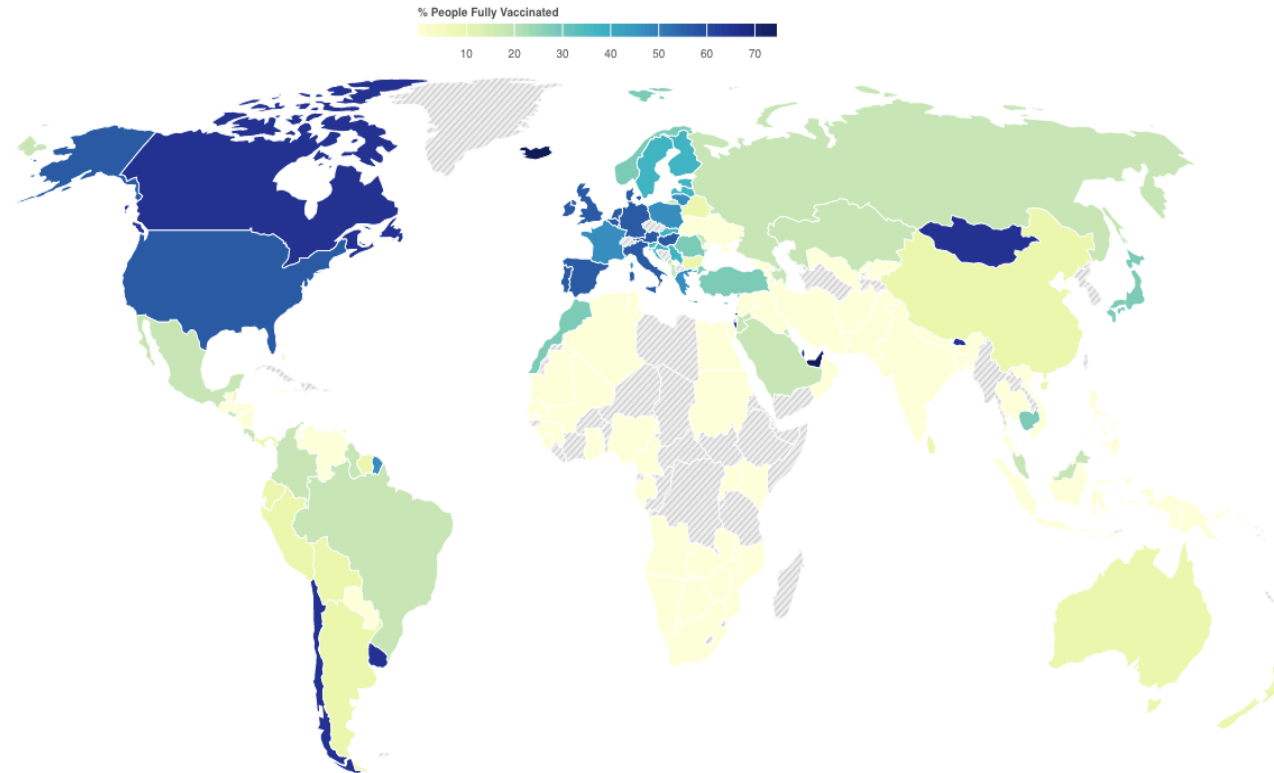
Americas	76,788,166 confirmed
Europe	59,829,499 confirmed
South-East Asia	38,145,433 confirmed
Eastern Mediterranean	12,464,402 confirmed
Africa	4,900,415 confirmed
Western Pacific	4,424,330 confirmed



According to WHO, globally, as of 30 July 2021, there have been 196,553,009 confirmed cases of COVID-19, including 4,200,412 deaths, reported to WHO. Also, a total of 3,839,816,037 vaccine doses have been administered.

Note: Information as of 31 July 2021

# US and Europe Lead in COVID Vaccinations



The WHO maintains that these shots would be more useful for curbing the pandemic if they were sent to low and lower-middle income countries, where more than 85% of people - some 3.5 billion - haven't had a single jab.

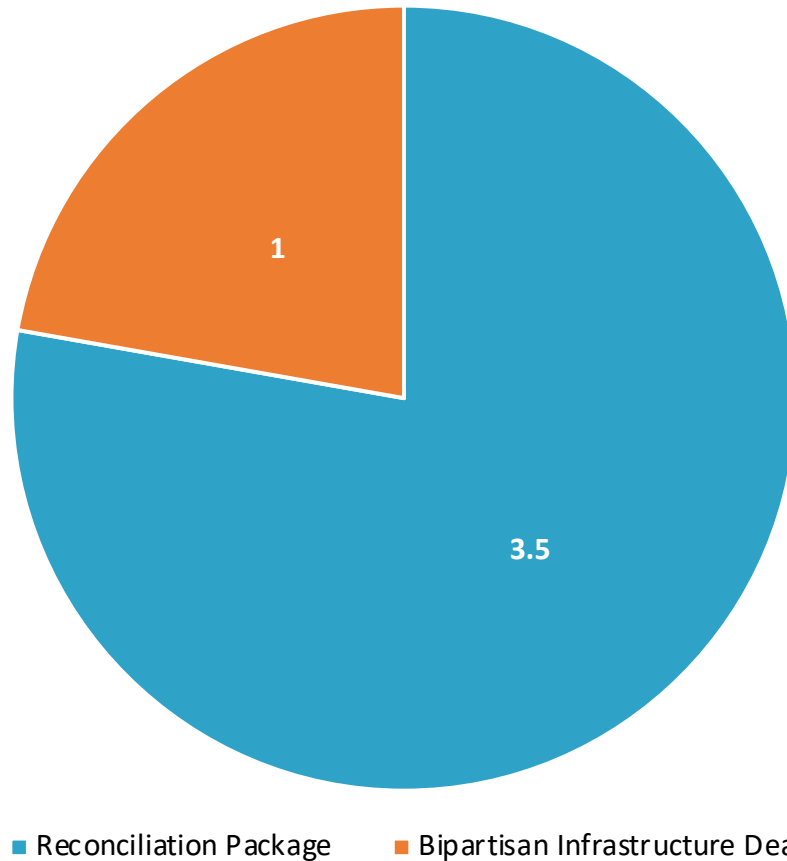
The International Monetary Fund (IMF) estimate that 95 million people were pushed into extreme poverty during the pandemic last year, and numbers are rising. On 27 July, the organization reported a widening wealth gap between rich countries and the rest of the world.

*Note: Information as of 31 July 2021*

# A Small Step For Long Term Goal



Budget Proposal of USD 4.5 Trillion



Budget Proposal:

1) Bipartisan Infrastructure Deal of USD 1 Trillion

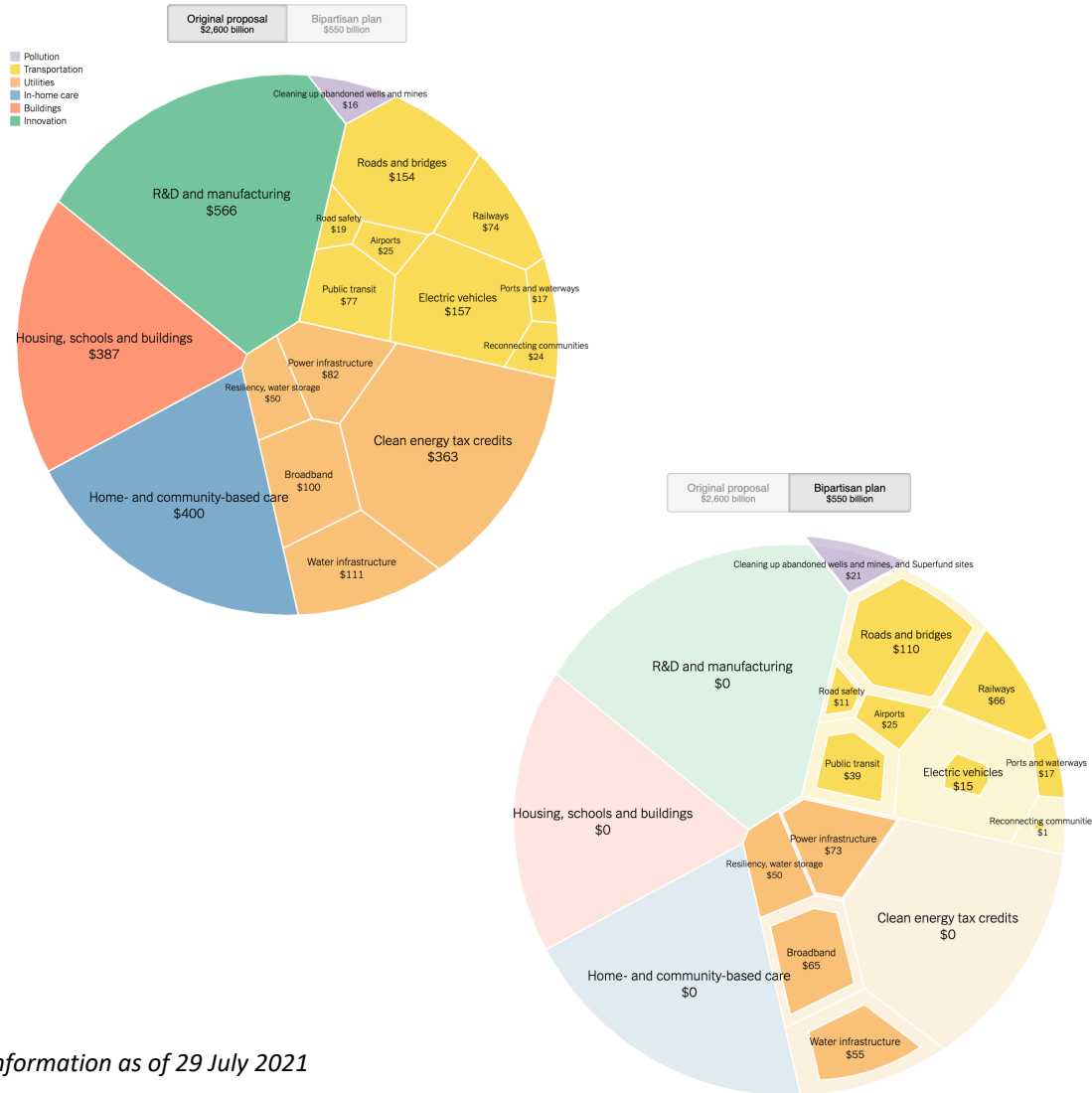
The bipartisan group focused mostly on physical infrastructure, putting off issues like funding long-term care for seniors and child care for a potential Democrats-only budget maneuver later this summer. The plan includes roughly USD 450 Billion in expected baseline transportation funding that Congress must regularly renew, along with USD 550 Billion in new spending.

2) Reconciliation Package of USD 3.5 Trillion

The framework does not include money for so-called “Human Infrastructure” of USD 3.5 Trillion that many Democrats want, from childcare to climate change to anti-poverty efforts.

Note: Information as of 29 July 2021

# Is Bipartisan Infrastructure Plan Still Relevant to Biden's Overall Agenda

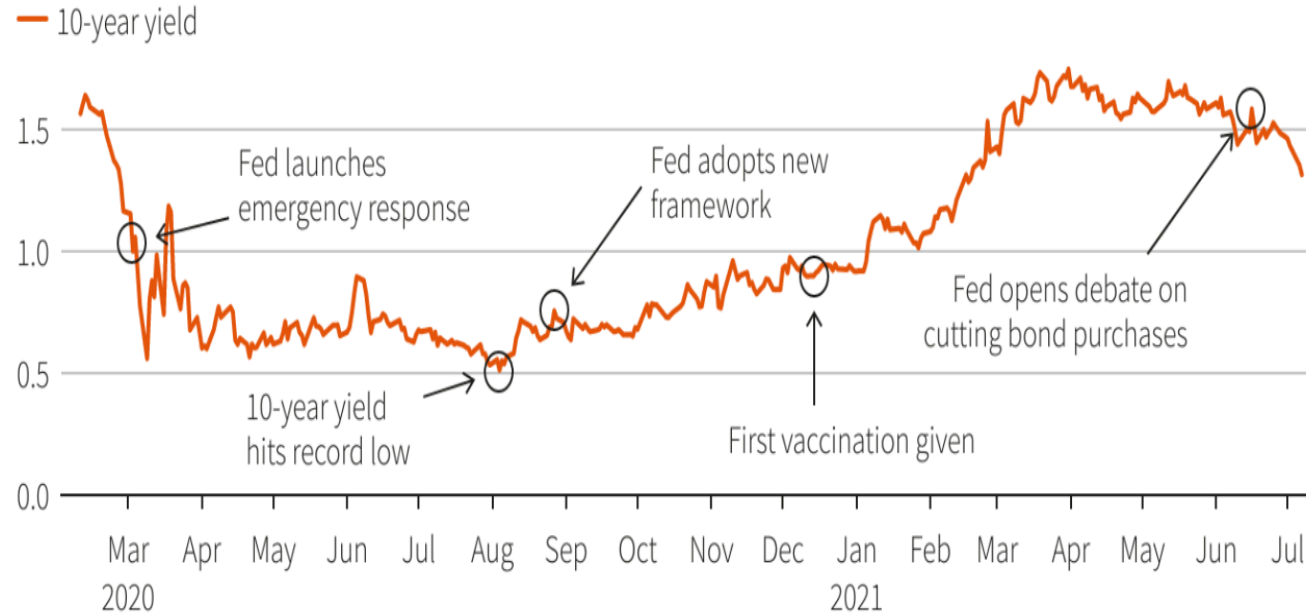


## Financing Plan on Bipartisan Infrastructure Deal:

- Improve tax enforcement: Net increase of USD 100 Billion after USD 40 Billion invested in enforcement
- Public-private partnerships and "direct-pay" municipal bonds: USD 100 Billion
- Redirecting unused COVID-19 relief funds: USD 80 Billion
- Proceeds from 5G wireless networks spectrum auction: USD 65 Billion
- Estimated macroeconomic impact of infrastructure investment: USD 58 Billion
- Redirecting unused unemployment insurance money returned from US states: USD 25 Billion
- Reinstating Superfund fees for chemicals. Superfund, the program for cleaning up the nation's worst hazardous waste sites, was originally financed primarily through taxes on petroleum products, chemicals and corporate income: USD 13 Billion
- Extending expiring customs user fees: USD 6.1 Billion
- Sale of oil from the US Strategic Petroleum Reserve: USD 6 Billion

Note: Information as of 29 July 2021

# Fed Keeps Policy Unchanged As Pressure to Taper Increases



Benchmark Treasury yields hit historical lows as the coronavirus pandemic threw the economy into recession. They climbed back on prospects for strong recovery, but have fallen recently on concern the Federal Reserve may pull back its support too soon and harm the long-term outlook.

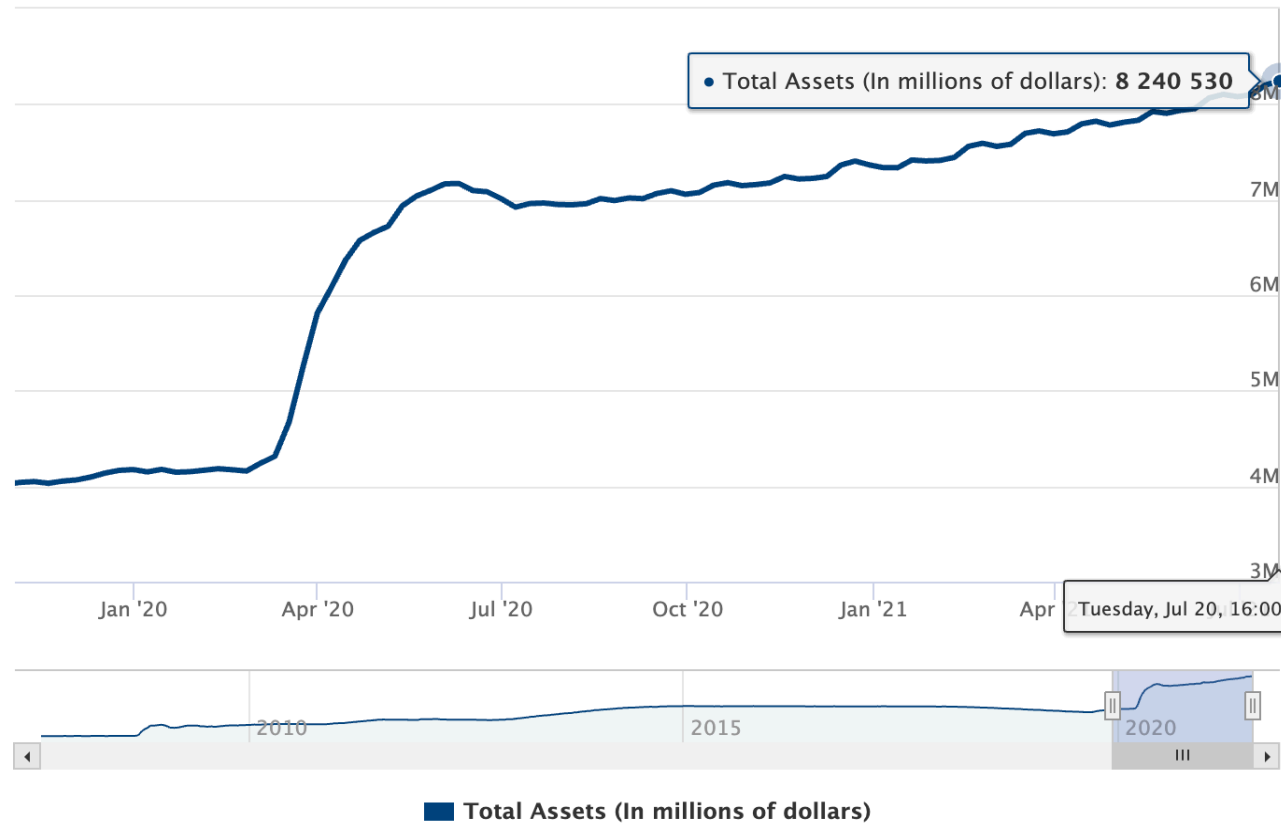
Note:  
Source: Refinitiv

Note: Information as of 29 July 2021

# Fed Balance Sheet Has More Than Double in The Past Two Years



Zoom 1m 3m 6m YTD 1y All Nov 3, 2019 → Jul 20, 2021

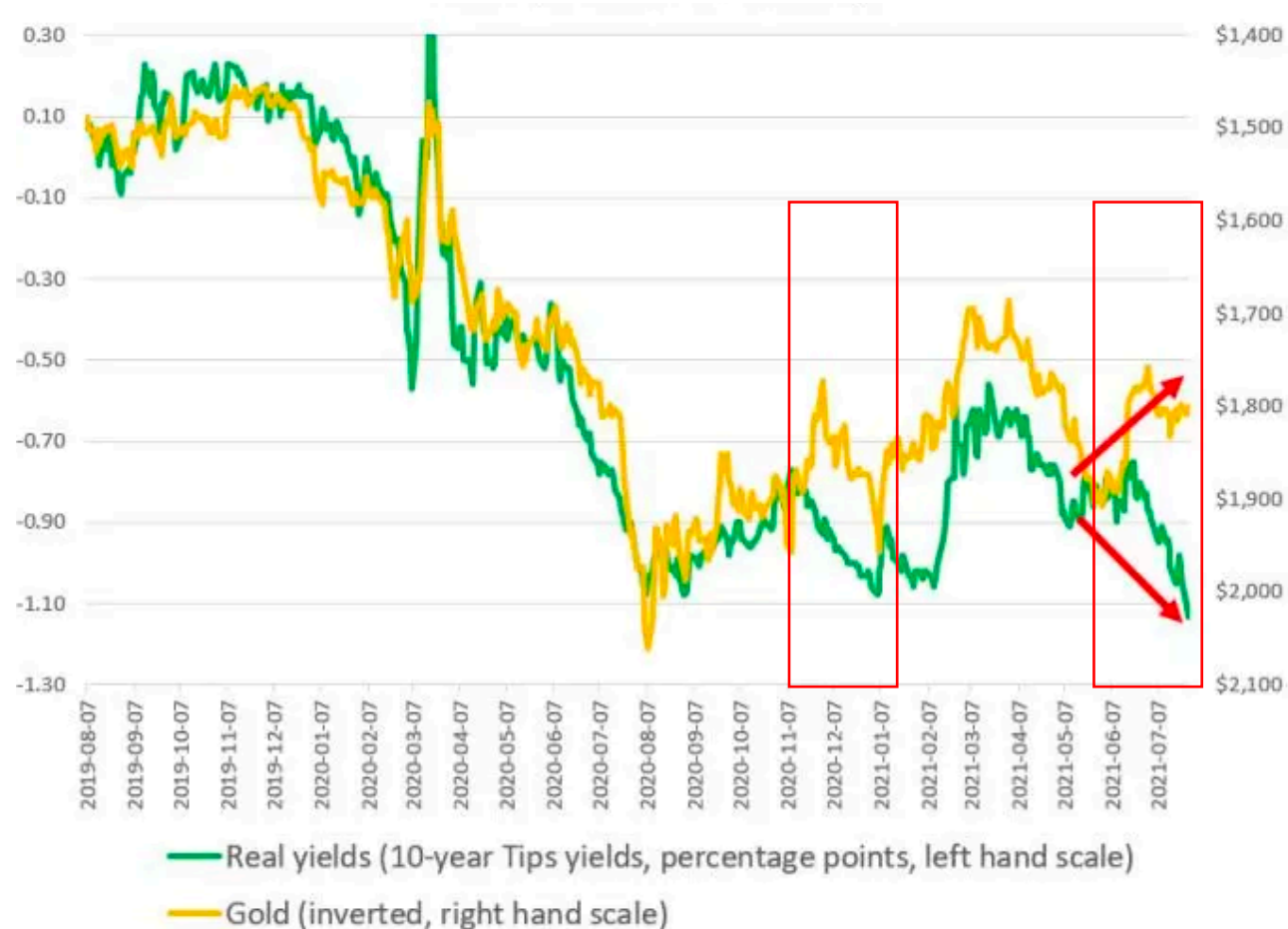


The Fed's balance sheet is now over USD 8 Trillion. On a net basis it is buying all supply this year, leaving banks, pension funds and foreign investors scrabbling around not to miss out on what has become quite the squeeze.

Note: Information as of 20 July 2021



# Gold & Tips Yields Are Diverging



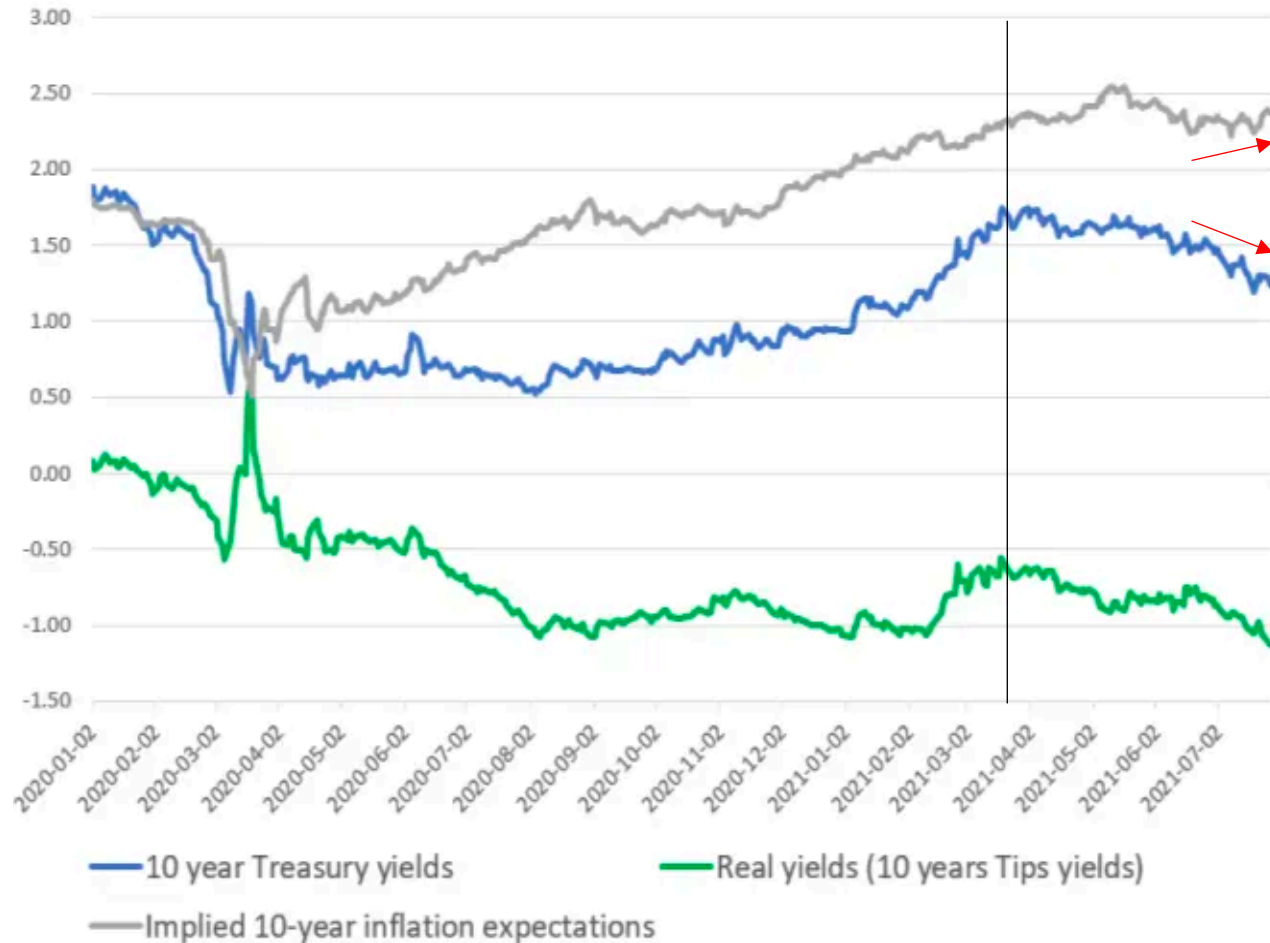
Gold prices are anticipating that economic growth is going to disappoint, so inflation will be lower and Tips yields are going to rise in near future.

Notably, the Fed does buy Tips. In fact, it now owns about a fifth of the outstanding supply of them, according to data from the Fed and the Securities Industry and Financial Markets Association. That compares to almost about 29% of outstanding Treasury notes and bonds, but the Fed's holdings of Tips and the share of the total outstanding they own grew faster in the past year than for Treasuries.

So the Fed is lowering real yields by buying Tips, and its even heavier buying of Treasuries suppresses real yields, too, because the Fed can't control inflation expectations, so as nominal rates go down, real rates must also go down given stable inflation expectations.

Note: Information as of 29 July 2021

# Uncertain Outlook For Economic Growth



Broadly, since April, Tips yields and Treasury yields have fallen together, implying stable inflation expectations and falling real rates and hence, an anxiety over the outlook for economic growth.

However, by looking into historical to determine what nominal and real yields would be without Fed intervention: Pre-pandemic, the real yield on the 10-year Treasury averaged about +0.5% from 2014 to 2019. If we look at the current level of real yields (-1.13%) and replace it with the 0.5% average, you lift the 10-year Treasury yields from 1.25% to 2.88%.

Note: Information as of 29 July 2021

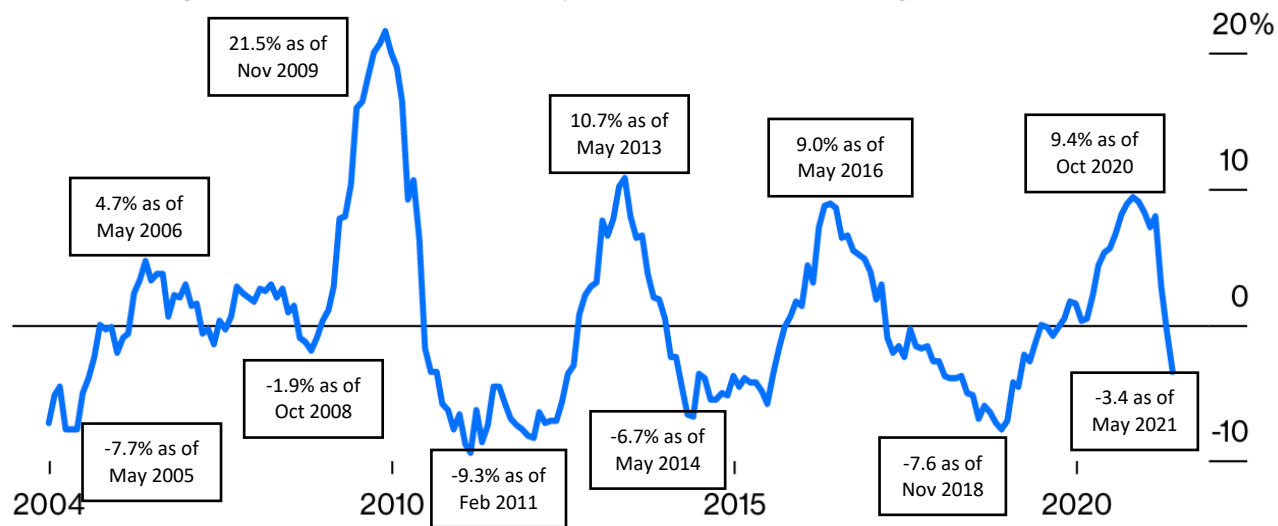
# China Credit Impulse In Contraction



## Global Life Raft

China helped rescue the global economy in 2008 but it has turned off the taps

✓ Bloomberg Economics China Credit Impulse 12 Month Net Change



Source: Bloomberg Economics  
Credit Impulse measures the impacts of new lending increments, or acceleration of credits, to GDP growth.

The credit impulse, given its correlation with both the export and import growth as well as other cyclical indicators, the credit impulse is a useful tool for identifying the turning points in China's business cycle.

China's credit impulse has peaked in Q3 2020, which is naturally a concern as this implies a moderation in its economic activities. Most importantly, Chinese policymakers are quick at scaling down easing this time, definitely much quicker than any of the three post-GFC cycles.

China's credit impulse is now officially in contraction, and while there is delayed impact across the globe, with the lag on various assets ranging between 1 and 22 months.

Note: Information as of 31 May 2021

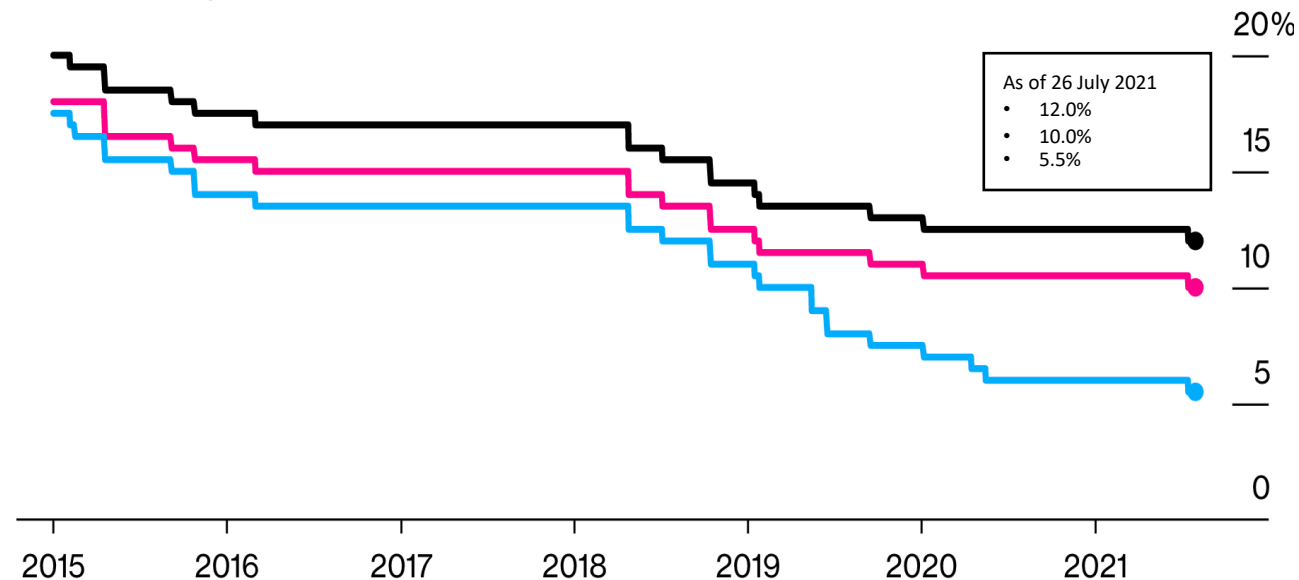
# China's More Accommodative Stance



## More Cash to Lend

Reserve ratio cuts will allow banks to use more of their cash

▀ RRR for major banks   ▀ For smaller banks   ▀ For rural commercial banks



Source: People's Bank of China

The People's Bank of China will reduce the reserve requirement ratio by 0.5 percentage point for most banks, according to a statement published. That will unleash about 1 trillion yuan (USD 154 Billion) of long-term liquidity into the economy and will be effective on 15 July 2021, the central bank said.

The timing and magnitude of the move, coming a week before second-quarter growth data, suggests worries about the economy's outlook and was a decisive shift away from policy tightening.

Note: Information as of 26 July 2021

# The Crack Down is for China's Best Interests In The Long Term



The Nasdaq Golden Dragon China Index, which tracks 98 of China's biggest firms listed in the United States, has plunged about 20% over the end week of July 2021, its biggest such drop on record, as China unveiled sweeping policy changes to the technology sector but the rout deepened as regulators pivoted to also target other industries like online education and property management.

Nevertheless, China will continue to allow Chinese companies to go public in the US as long as Chinese companies meet listing requirements, China's securities regulator told brokerages.

Note: Information as of 28 July 2021

# Biden's China Policy Is Looking Even Tougher Than Donald Trump's



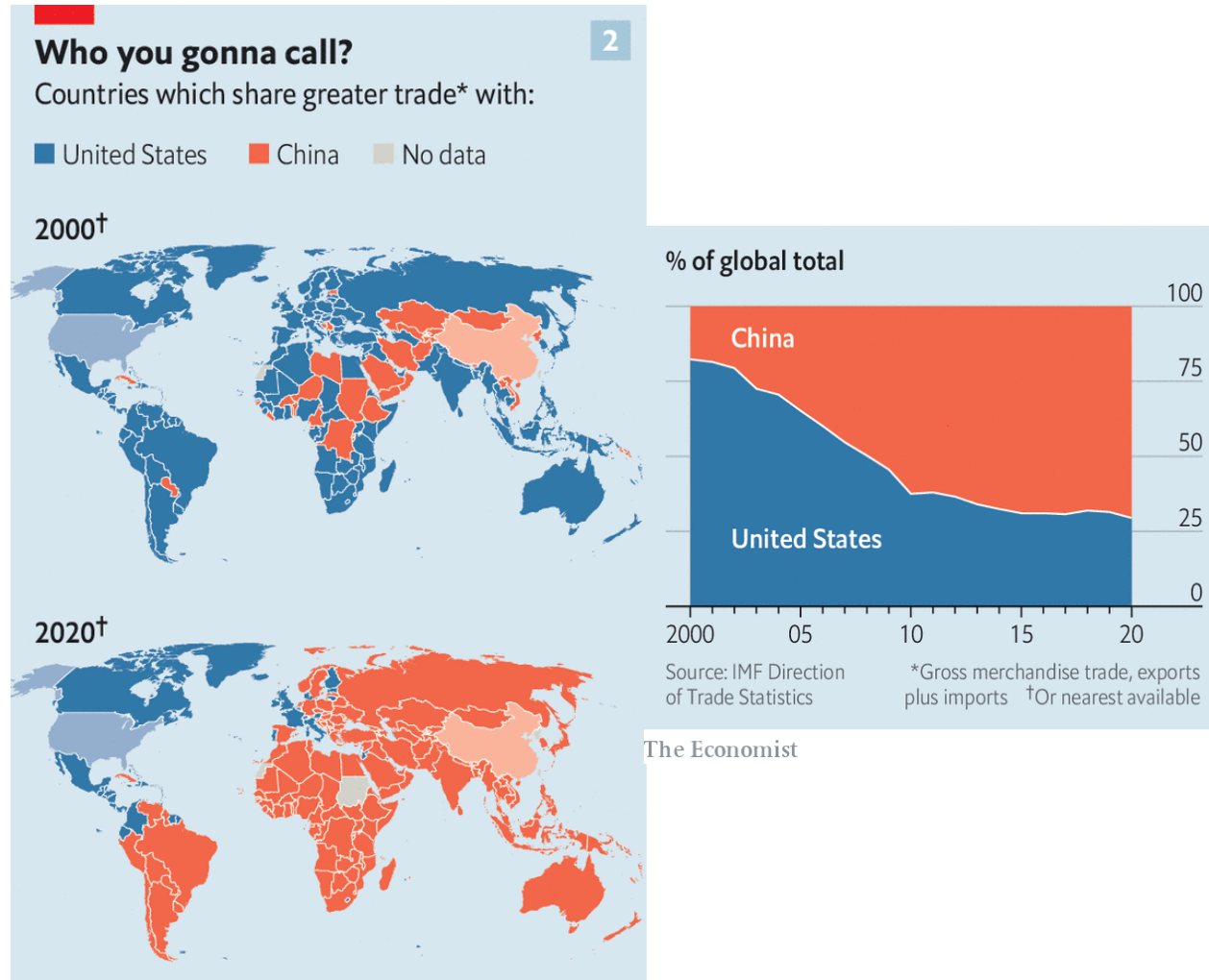
Biden is positioning America as the West's leader in a "contest with autocrats", as he put it at the G7 summit in June.

In an interview with The Economist a US senior administration official said China sees the next 10 to 15 years as a window of opportunity in which to "assert its authority globally": continuing its attempts to dominate critical technologies and rewrite the rules of the global order, and cowing its critics so as to make the world safe for autocracy.

## The Economist

Note: Information as of 30 June 2021

# China's Growing Role In The World



Defining the relationship as one of two antagonists with antithetical values makes it sound like the cold war. But there are crucial differences, none more notable than China's inextricable integration into the global economy. America cannot try to contain it as it did the Soviet Union; instead Biden wants to counter China's influence by increasing America's own.

Overall, US's allies seem unlikely to go of their own accord due to own-interest.

# Contact Info



For further enquires, please contact:

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