



# Investment Newsletter

April 2022

“ 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.

”

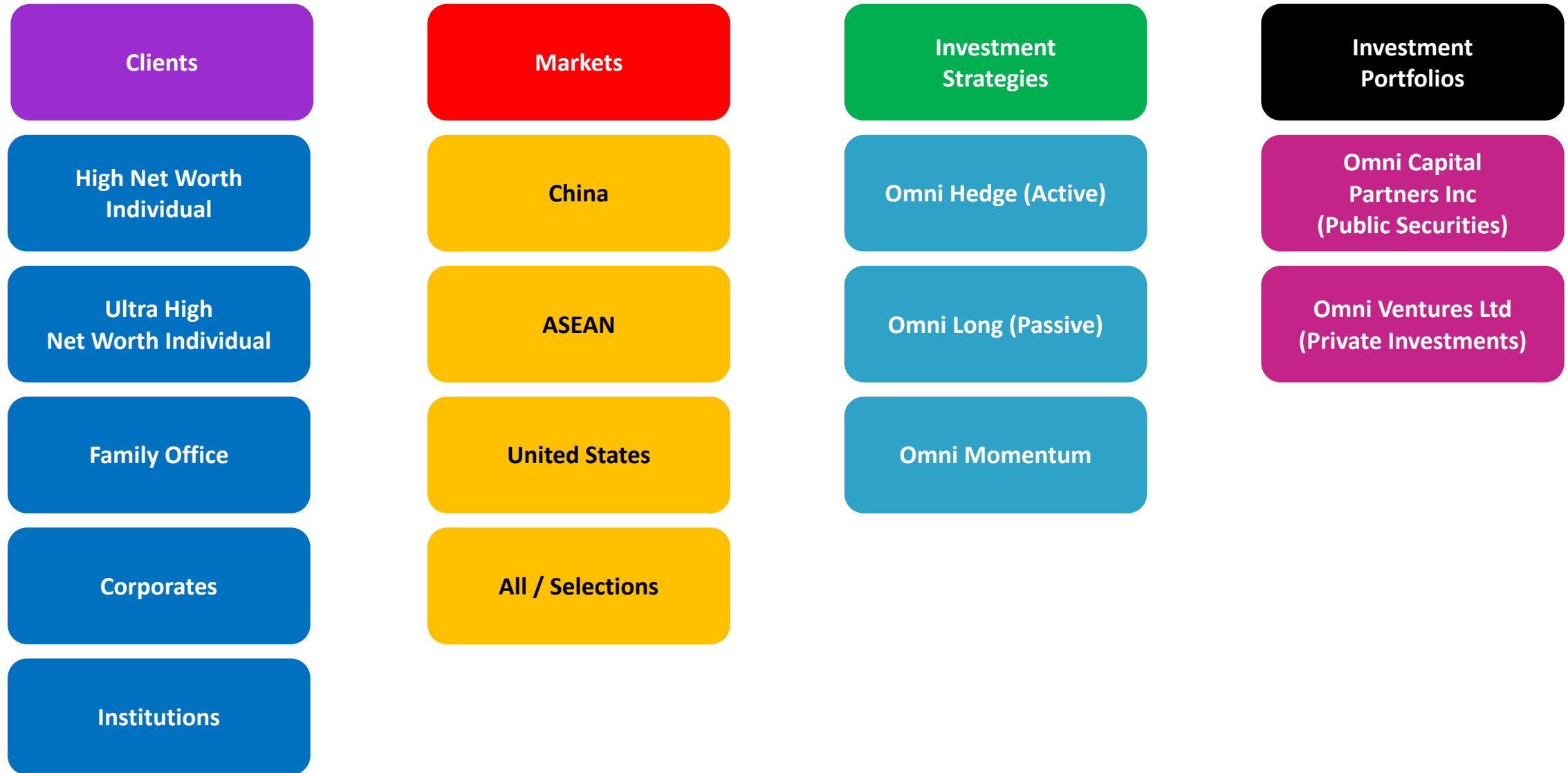
Experienced with  
Impressive Track  
Records

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 Objective

- This strategy seeks to maximize long-term returns and protection of capital.
- Invest primarily in public securities 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
- Trading in markets with volatility and liquidity as they give opportunities.

### Inception Date

- 1 July 2020

### Current Number of Holdings

- 21

### Team

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

Omni Capital Partners

### Hedge 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 prices and generate active positive returns.

### Characteristics

- Define success in absolute terms
- Active adjustment on correlation to market movements
- Volatility is relevant
- Performance depends on generation of alpha
- Versatile investment options to optimize the performance

### Features

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

# Omni Hedge Portfolio



	Industry Breakdown
Capital Markets	15%
Internet & Direct Marketing Retail	10%
Pharmaceuticals	9%
Electronic Equipment, Instruments & Components	8%
Chemicals	6%
Semiconductors & Semiconductor Equipment	5%
Healthcare Equipment & Supplies	5%
Technology Hardware, Storage & Peripherals	5%
Commercial Services & Supplies	4%
Interactive Media & Services	4%
IT Services	4%
Healthcare Providers & Services	4%
Food Products	4%
Media	3%
Machinery	3%
Life Sciences Tools & Services	2%
Cash	10%

Note: Information as of 31 March 2022

	Sector Breakdown
Information Technology	22%
Healthcare	20%
Materials	16%
Consumer Discretionary	10%
Industrials	7%
Communication Services	6%
Financials	5%
Consumer Staples	4%
Cash	10%

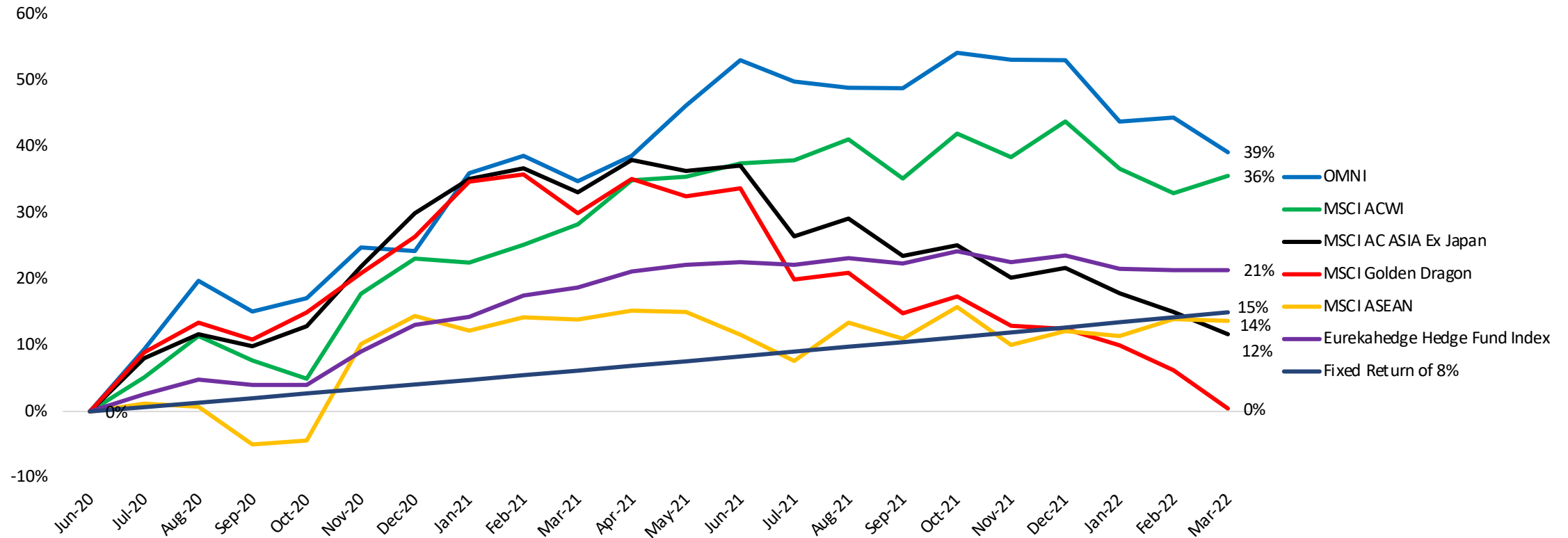
	Market Breakdown
China	45%
ASEAN	18%
United States	12%
Other	15%
Cash	10%

	Market Capitalization
Mega (USD 100 Billion +)	11%
Large (USD 10 to USD 100 Billion)	32%
Medium (USD 2 to USD 10 Billion)	23%
Small (USD 0.3 to USD 2 Billion)	6%
Micro (USD 50 to USD 300 Million)	18%
Cash	10%

# 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 ASEAN captures large and mid cap representation across 4 Emerging Markets countries, 1 Developed Market country and 1 Frontier Market country.

The Eureka Hedge Hedge Fund Index is Eureka Hedge'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%	-9%	-7%	-9%	39%
MSCI ACWI	2%	-6%	0%	-6%	36%
MSCI AC ASIA Ex Japan	-3%	-8%	-10%	-8%	12%
MSCI Golden Dragon	-5%	-11%	-13%	-11%	0%
MSCI ASEAN	0%	1%	2%	1%	14%
Eurekahedge Hedge Fund Index	0%	-2%	-1%	-2%	21%
Fixed Return of 8%	1%	2%	4%	2%	14%

**Note:**

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

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# Omni Long Overview



## Omni Long®

### Investment Objective

- This strategy seeks long-term growth of capital.
- Invest primarily in public securities 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)

### 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 growth

### Features

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

# Omni Long Portfolio



Industry Breakdown	
Technology Hardware, Storage & Peripherals	12%
Interactive Media & Services	11%
IT Services	10%
Commercial Services & Supplies	8%
Biotechnology	7%
Internet & Direct Marketing Retail	6%
Food Products	6%
Healthcare Equipment & Supplies	5%
Semiconductors & Semiconductor Equipment	5%
Life Sciences Tools & Services	4%
Healthcare Providers & Services	4%
Electronic Equipment, Instruments & Components	4%
Machinery	3%
Chemicals	3%
Banks	3%
Household Durables	3%
Real Estate Management & Development	3%
Media	2%
Cash	2%

Note: Information as of 31 March 2022

Sector Breakdown	
Information Technology	30%
Healthcare	20%
Communication Services	13%
Industrials	11%
Consumer Discretionary	9%
Consumer Staples	6%
Materials	3%
Financials	3%
Real Estate	3%
Cash	2%

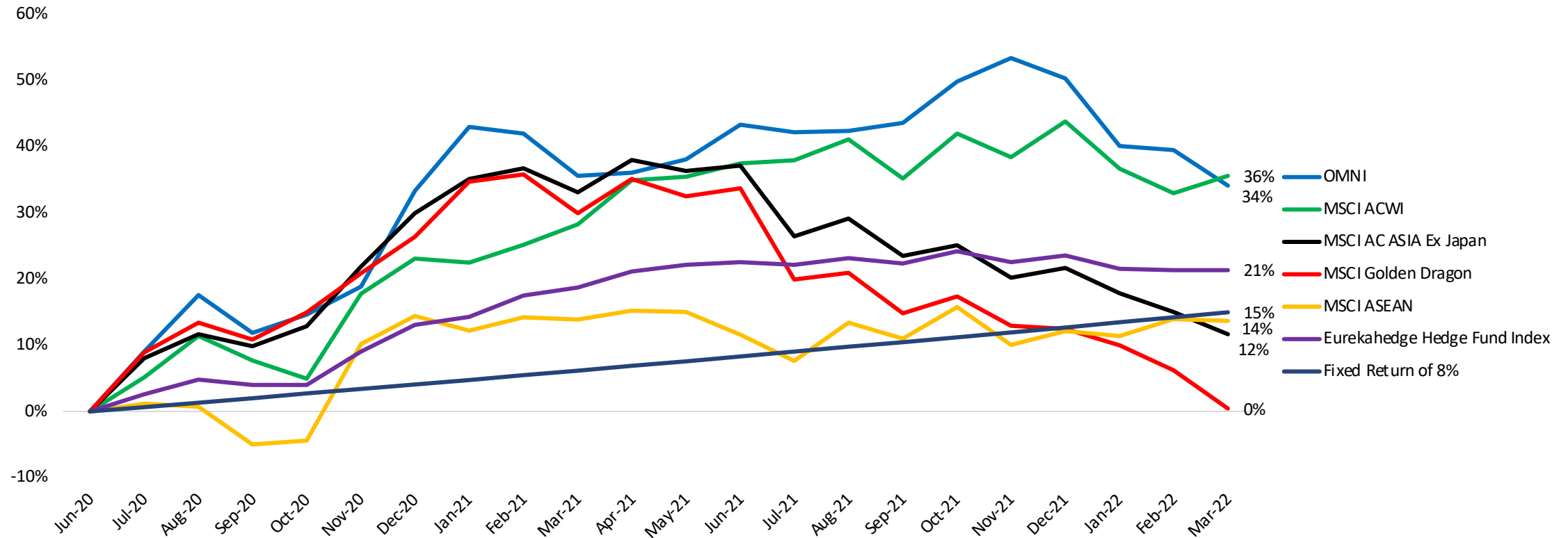
Market Breakdown	
China	54%
ASEAN	25%
United States	18%
Other	-
Cash	2%

Market Capitalization	
Mega (USD 100 Billion +)	12%
Large (USD 10 to USD 100 Billion)	38%
Medium (USD 2 to USD 10 Billion)	24%
Small (USD 0.3 to USD 2 Billion)	7%
Micro (USD 50 to USD 300 Million)	17%
Cash	2%

# Omni Long Performance



Performance of Omni's Model Portfolio (Long Only 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.

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# Omni Long Performance



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MSCI AC ASIA Ex Japan	-3%	-8%	-10%	-8%	12%
MSCI Golden Dragon	-5%	-11%	-13%	-11%	0%
MSCI ASEAN	0%	1%	2%	1%	14%
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Fixed Return of 8%	1%	2%	4%	2%	14%

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# Omni Momentum Overview



## Omni Momentum®

### Investment Objective

- This strategy seeks maximum returns and protection of capital.
- Invest in global public securities.
- Trading in markets with volatility and liquidity as they give opportunities.

### Inception Date

- 1 July 2021

### Current Number of Holdings

- 16

### Team

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

### Momentum Strategy

The key of momentum investing is to know when to enter into a position, how long to hold it for, and when to exit. We can also react to short-term, news-driven spikes or selloffs.

### Purpose

To minimise the risk of adverse movements in prices and to work with volatility by finding buying opportunities in short-term uptrends and then sell when the securities start to lose momentum.

### Characteristics

- Define success in absolute terms
- Active adjustment on correlation to market movements
- Volatility is key
- Performance depends on generation of alpha
- Versatile investment options to optimize the performance

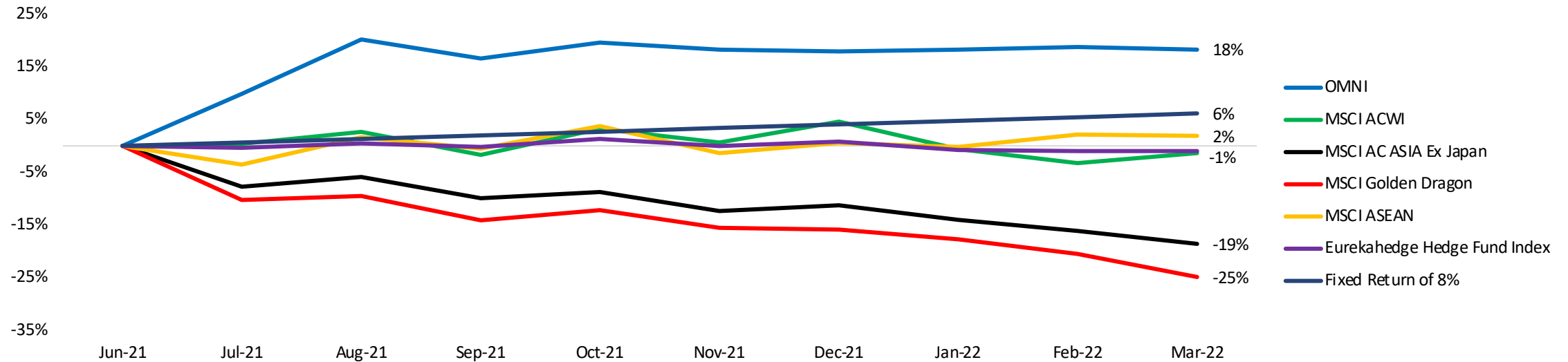
### Features

- Directional
- Arbitrage
- Long / Short
- Event Driven

# Omni Momentum Portfolio



Performance of Omni's Model Portfolio (Momentum Strategy)



	1 Month	3 Months	6 Months	YTD	Since Inception
OMNI Momentum	0%	0%	1%	0%	18%
MSCI ACWI	2%	-6%	0%	-6%	-1%
MSCI AC ASIA Ex Japan	-3%	-8%	-10%	-8%	-19%
MSCI Golden Dragon	-5%	-11%	-13%	-11%	-25%
MSCI ASEAN	0%	1%	2%	1%	2%
Eureka Hedge Fund Index	0%	-2%	-1%	-2%	-1%
Fixed Return of 8%	1%	2%	4%	2%	5%

Asset Class Breakdown	
Equity	46%
Digital Asset	-
Commodity	43%
Currency	-
Cash	11%

Financials Type	
ETF	16%
Future	46%
Option	-
Share	27%
Other	-
Cash	11%

Note: Information as of 31 March 2022

# *Investment Review and Outlook*



- The World Bank noted that the war in Ukraine threatens the uneven recovery of developing East Asia and Pacific countries from the COVID-19 shock. The war comes on top of the economic distress caused by the lingering COVID-19 pandemic, the financial tightening in the United States at high valuation, and the pandemic resurgence amidst zero-COVID policies in China. Overall, the war, financial tightening and China slowdown are likely to magnify existing post-COVID difficulties.
- Global fund managers expect stock markets across the globe to enter a bear market, with a more than 20% decline likely this year, Bank of America's monthly survey showed. Nudged by the Russia-Ukraine war, 60% of the BofA survey respondents now believe a bear market is around the corner in 2022, double of 30% in February. In anticipation of a bear market, fund managers have increased cash positions to the highest since April 2020 - early COVID-19 pandemic days, while the equities allocation plummeted amid monetary tightening environment.
- US companies are rushing to repurchase large volumes of shares to take advantage of recent stock market volatility and reassure investors as growth slows. Traditionally, listed companies spend cash to fuel growth rather than return excess to shareholders, have recently joined the trend of share repurchases, as management teams use share buybacks to prop up demand for their stock and increase "profitability" on an earnings per share basis by reducing the number of shares in circulation.

# *Investment Review and Outlook*



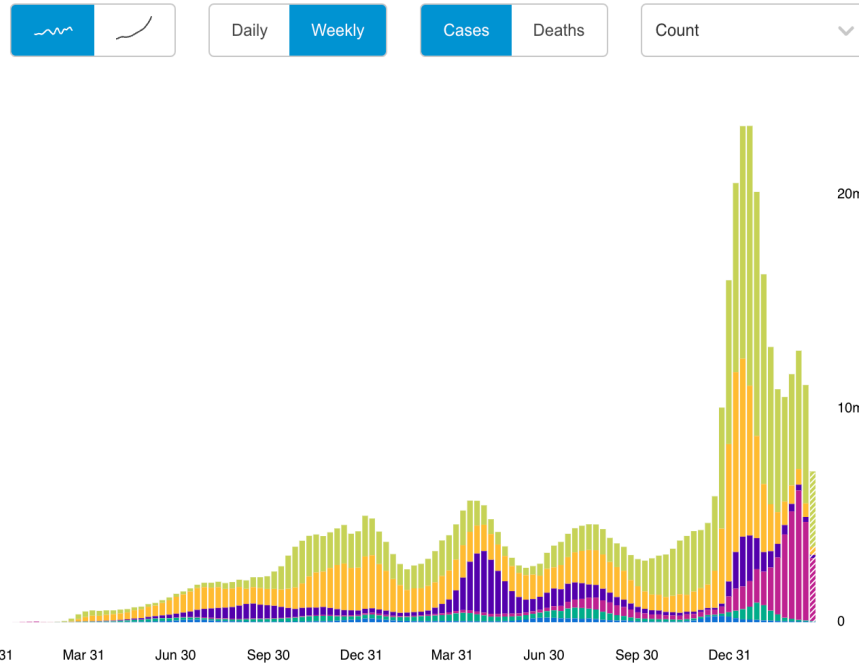
- As of 29 March 2022 , Bill Dudley, Bloomberg Opinion columnist and former Federal Reserve Bank of New York President, said he does not think the Fed can achieve a “soft landing,” slower growth and lower inflation without triggering a recession. Clearly, history is not on Chairman Powell’s side in his quest to tighten the money supply while avoiding a recession, linked to rising unemployment rates. Dudley believes the Fed has waited too long to start reducing stimulus at a time when inflation rates are already far above their target of an average of 2% inflation. “The Fed’s application of its framework has left it behind the curve in controlling inflation,” Dudley said. “This, in turn, has made a hard landing virtually inevitable.”
- As geopolitical tensions around the world have been on the rise, Southeast Asian stocks are becoming a haven for international investors fleeing a worsening outlook for global equities who are hoping for sustained strength in the commodity-heavy economies of the region.
- This is a very unique environment that we’re in as you have both demand shocks and supply shocks to the system at the same time. Demand for commodities is likely to remain strong post-pandemic even if geopolitical tensions ebb, fuelled by factors like electric car battery production, which requires metals such as copper and nickel. A USD 1 trillion US infrastructure bill passed in November 2021 is increasing demand for steel, cement and other commodities as well. On the other hand, the US and its European allies consider imposing a fresh round of sanctions on Russia for its military offensive in Ukraine and the Iran nuclear talks appear to have hit a standstill, indicating the largest commodities supply shock since the 1973 oil embargo.

# Resurgence in COVID-19 Cases in China



## Situation by WHO Region

Europe	202,693,049 confirmed
Americas	150,709,372 confirmed
South-East Asia	57,130,457 confirmed
Western Pacific	46,071,142 confirmed
Eastern Mediterranean	21,576,432 confirmed
Africa	8,580,381 confirmed



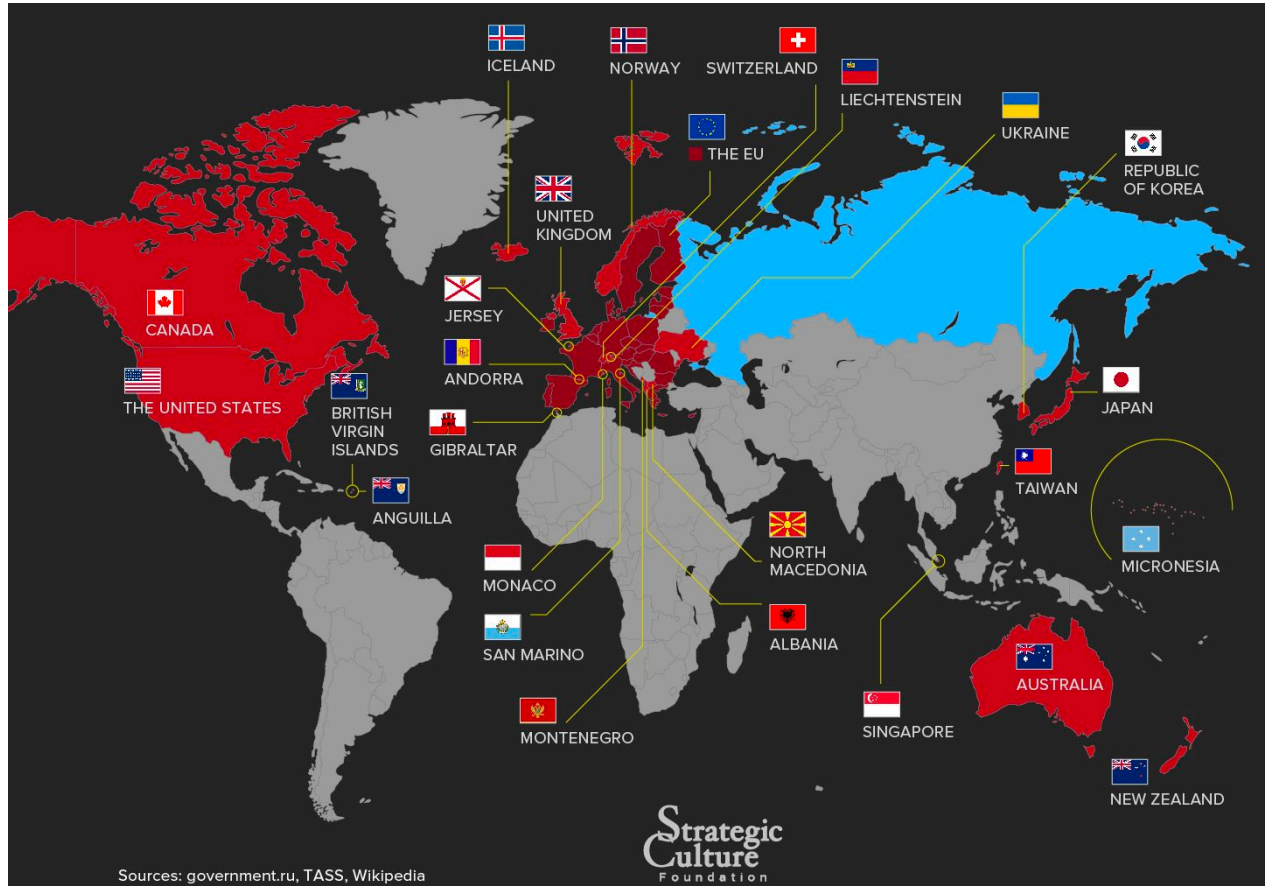
According to WHO, globally, as of 4 April 2022, there have been 486,761,597 confirmed cases of COVID-19, including 6,142,735 deaths, reported to WHO. Also, a total of 11,054,362,790 vaccine doses have been administered.

In another development, a new variant of the COVID infection XE has sparked fresh concerns. According to the WHO, the variant has far more transmissibility rate than the Omicron variant.

As of 18 March 2022, more than 50 million people in China were ordered into lockdown, prevented from going to work or even, in some cases, from leaving their homes. It was a rearguard action by the Chinese government to prevent uncontrolled outbreaks of the highly contagious omicron variant of COVID-19.

Note: Information as of 4 April 2022  
 Source: World Health Organization

# Decoupling Russia: The Global Economy's New Unknown



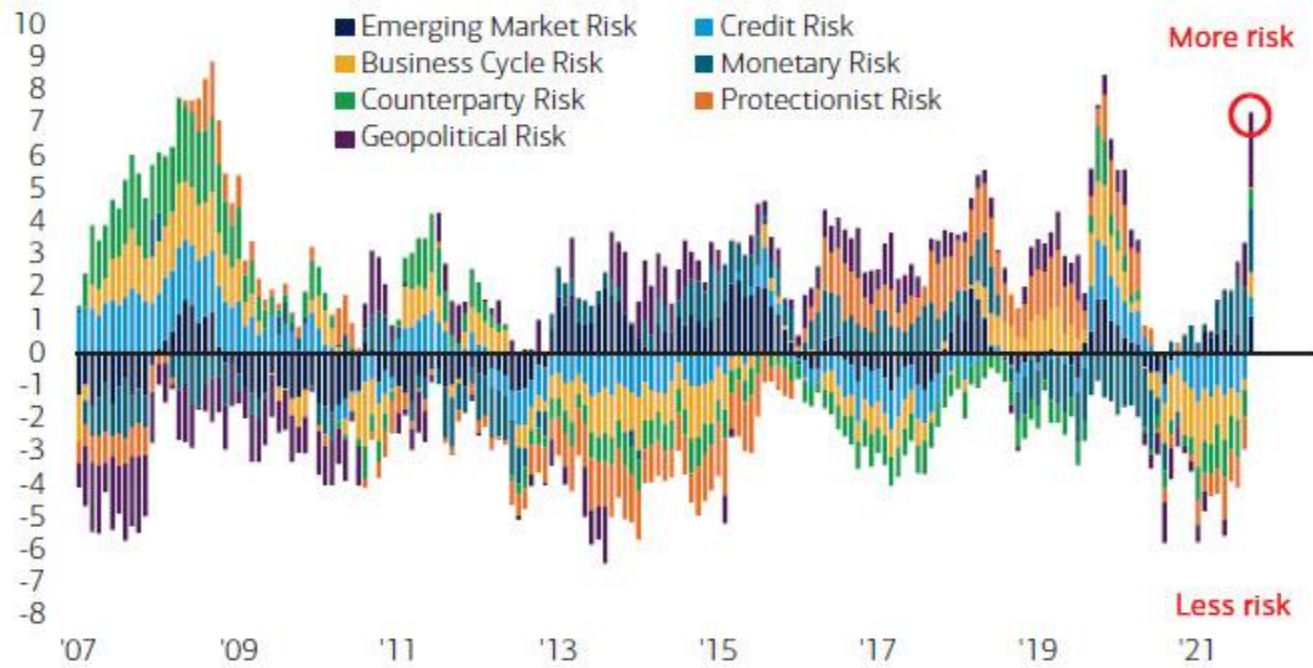
On May 13, 2021, Russian President Vladimir Putin signed into law the List of Unfriendly Nations, which included the United States and the Czech Republic. On March 5, 2022, as Russia's military operation in Ukraine progressed, the list was updated to include 45 more nations and jurisdictions. The countries and territories mentioned in the list have imposed or joined the sanctions against Russia.

Note: Information as of 31 March 2022  
Source: Strategic Culture Foundation



# All Risks Under “More Risk”

At this time how would you rate these potential risks to Financial Market Stability?



Geopolitical risk is the greatest risk to financial market stability at 95% (of respondent) followed by monetary risk at 81%, followed by business cycle risk at 61%.

Note: Information as of 15 March 2022  
Source: BofA Global Fund Manager Survey

# Monetary Policy From Tailwind to Headwind



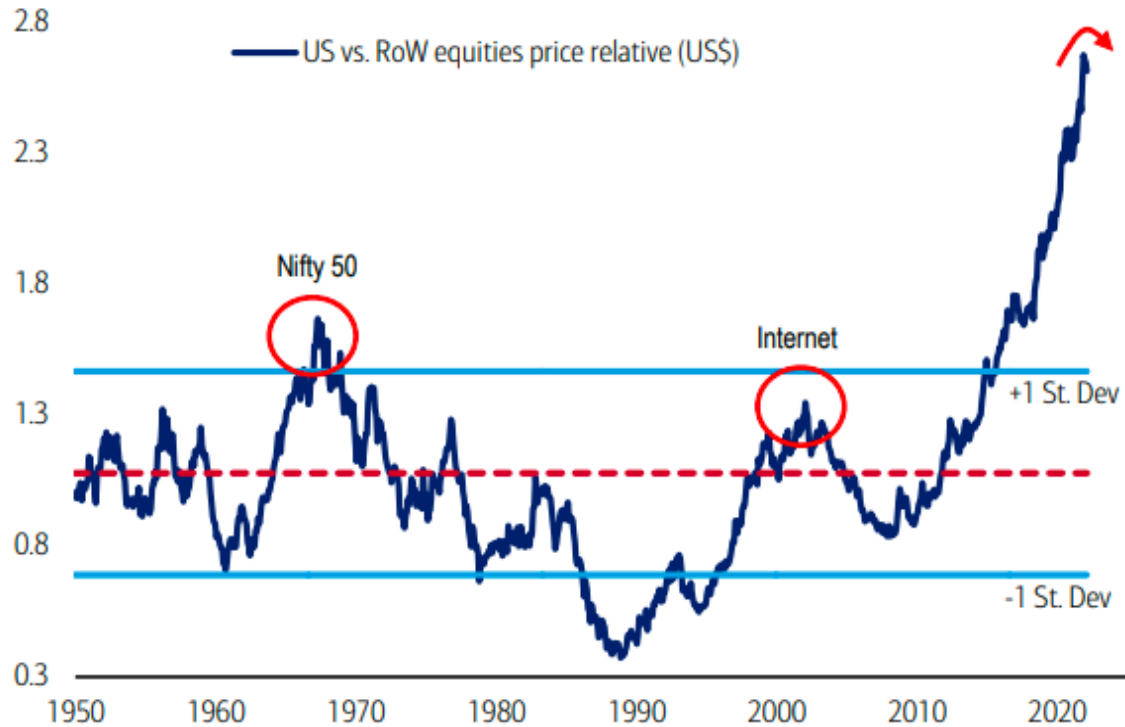
### Global Monetary Policy Stimulus



The chart tracks the net-number of central banks in rate cutting vs rate hiking mode. It maps out the clear policy pivot that occurred last year, and which accelerated this year: towards interest rate hikes and stimulus removal. The global manufacturing PMI looks set to drop below 50 by the end of the year.

Note: Information as of 6 April 2022  
Source: Topdown Charts

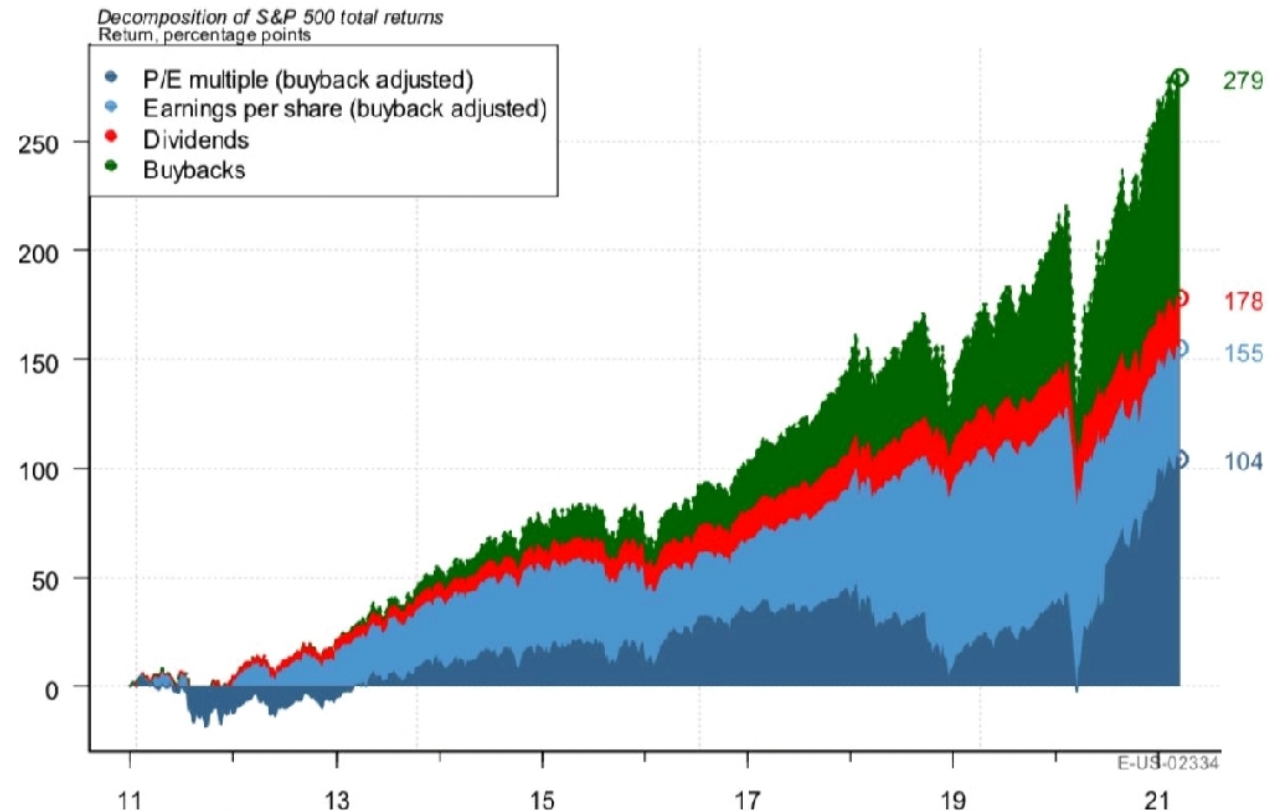
# Long Global, Short USA



US equities currently at 70-year highs versus European, Asian & Emerging Markets. Question to ask: Can this continue to stay irrational longer, or expecting a divergence?

Note: Information as of 2 April 2022  
Source: BofA Global Investment Strategy

# Un-economic Buybacks are Meant for Short-Term



The decomposition of returns for the S&P 500 breaks down as follows:

- 40.5% from share buybacks,
- 31.4% from earnings,
- 21.0% from multiple expansion, and
- 7.1% from dividends.

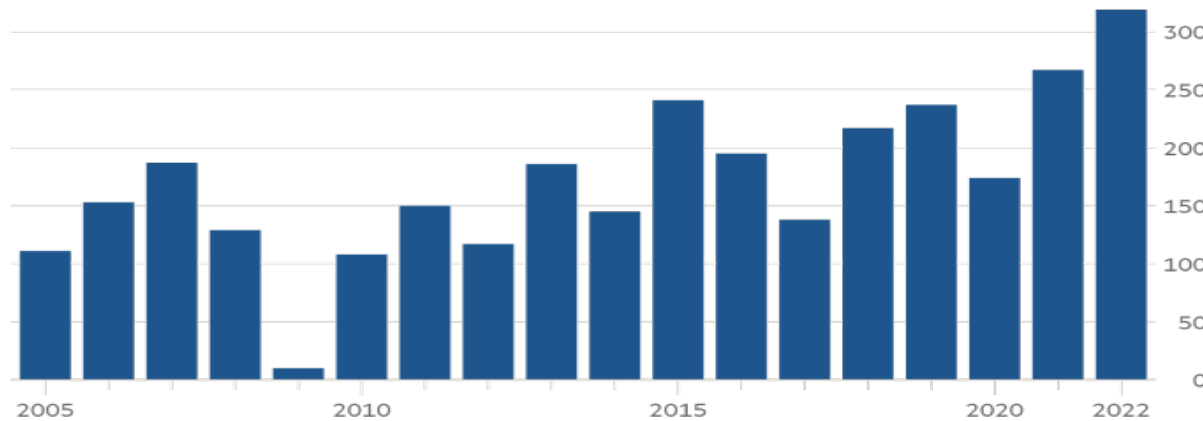
The problem for companies in a weak economic environment is the lack of top-line revenue growth. Given higher stock prices compensate corporate executives, it is not surprising to see companies opt for a short-term benefit of buybacks versus investment.

Note: Information as of 29 October 2021  
Source: Pavilion Global Market



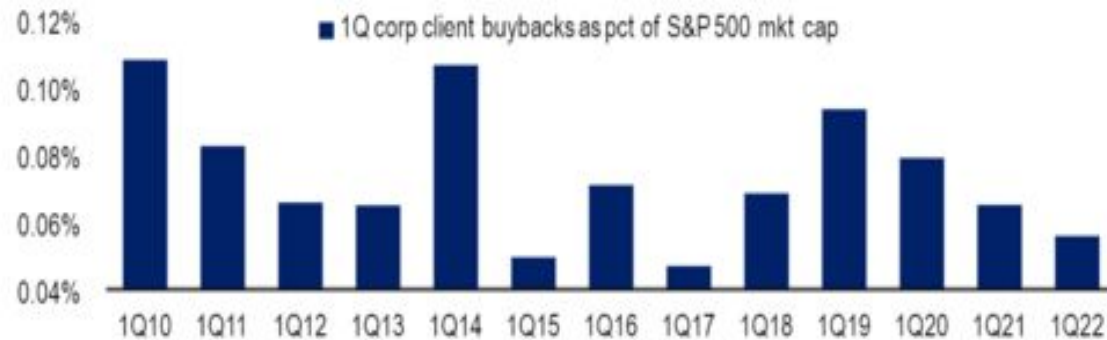
# Decelerating Buybacks as % of Market Capitalization

YTD share repurchase agreements (\$bn)



Includes companies in S&P 500 and Russell 3000

BofA Securities corporate client buybacks of US equities as a % of S&P 500 mkt. cap each 1Q since 2010

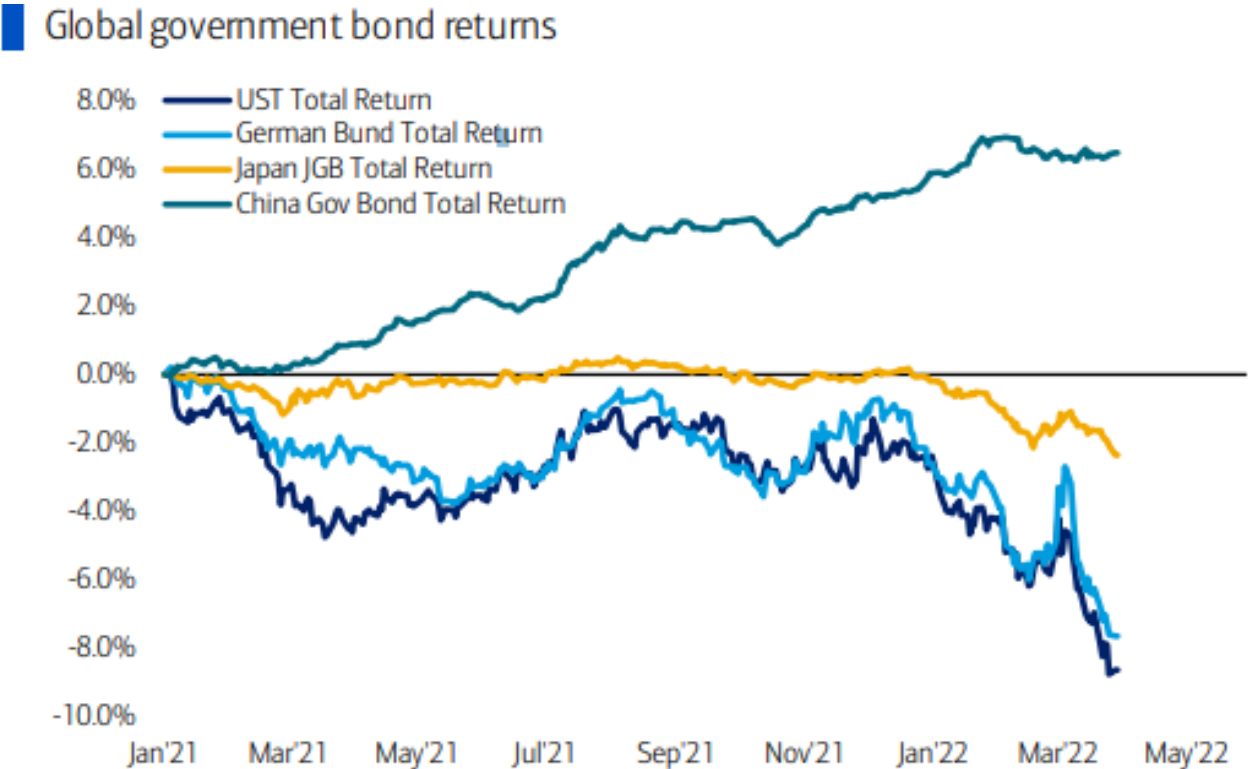


Note: Information as of 5 April 2022

Source: Goldman Sachs, Birinyi Associates, BofA Securities

Despite a record USD 319bn of share buybacks have been authorised in 2022, US stock buybacks dropped to the lowest in five years in the first quarter of 2022, providing evidence of a reversal in the multi-decade bullish trend for equities, according to strategists at Bank of America Corp.

# Global Government Bonds are on Course for the Worst Year Since 1950



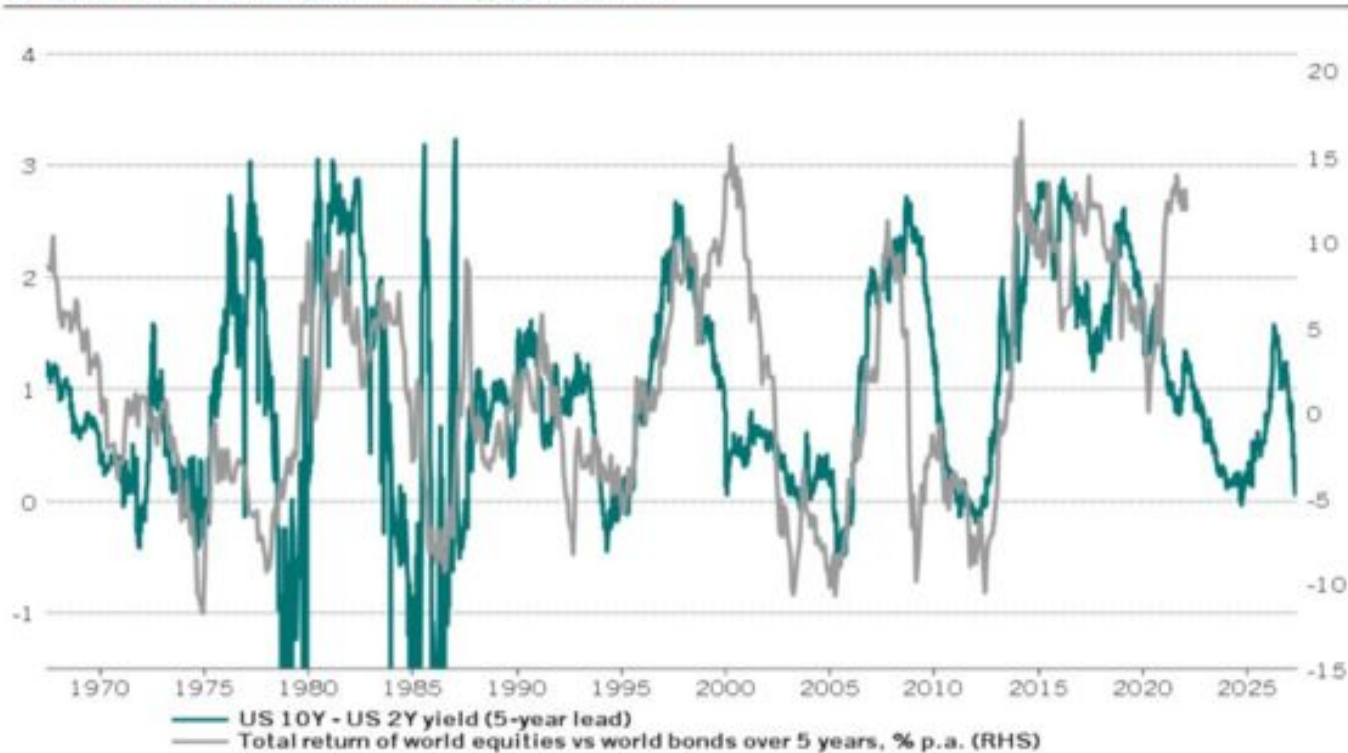
The Bloomberg Global Aggregate Index, a measure of corporate and government bond returns, has fallen around 12% from its peak in early 2021. While in more volatile asset classes such as equities that kind of swing might not sound like a huge deal, in the case of global bonds it's the largest drawdown on records going back to 1950.

Note: Information as of 2 April 2022  
Source: BofA Global Investment Strategy

# US Yield Curve Inversion Points to Sustained Equity Underperformance



US Yield curve (10Y - 2Y) and performance of equities versus bonds\*



The fall in short-dated bond prices that helped the curve invert made for a historically bad quarter for government bonds. Now that they're cheaper, however, and the yield curve is signalling a recession ahead, it might be wise to position for bonds to outperform stocks over the next five years.

Note: Information as of 1 April 2022  
Source: Bloomberg Quint

# Inversion Warning vs Recession Starts vs S&P 500 Performance



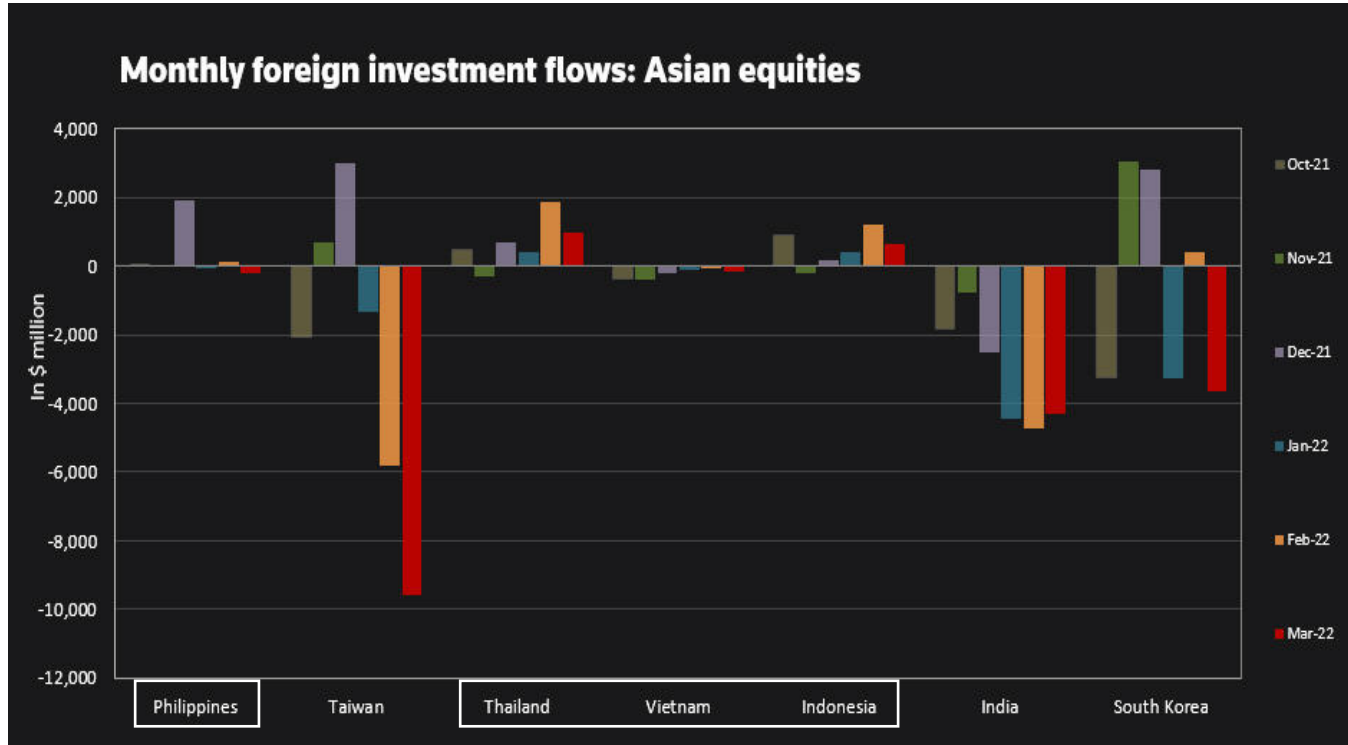
3-30 Inversion	Recession Starts	Inversion Lead Time (Month)	SPX Peak	> 20% Decline From SPX Peak	Inversion Lead Time (Month)	Recession Lead Time (Month)
Oct 1978	Feb 1980	15	Jan 1973	- 48%	-69	-85
Sep 1980	Aug 1981	10	Dec 1980	- 27%	3	-8
Aug 1989	Aug 1990	11	Aug 1987	- 30%	-24	-36
Jan 2000	Apr 2001	14	Aug 2000	- 47%	7	-8
Nov 2006	Jan 2008	13	Oct 2007	- 57%	11	-3
-	Mar 2020	-	Feb 2020	- 34%	-	-1
Mar 2022						
Average (Assumption & Exclude Outliers)	~ Feb - Mar 2023	13	~ Aug - Oct 2022	-43%	7	-6

The 3-30 inversion is very consistent in lead times for recession. However, it did not invert prior to the COVID-19 recession that started in March of 2020.

Also, the inverted yield curve does not imply the stock market is going down in the near term. However, in the short run, the inverted yield curve reflects the market participants' perspectives on the economy and the central bank's policy to stabilize the economy. At least, it can tell that the economy is in a vulnerable position.

Note: Information as of 7 April 2022  
Source: Omni Capital Partners

# ASEAN in Focus as Commodity-Heavy Economies

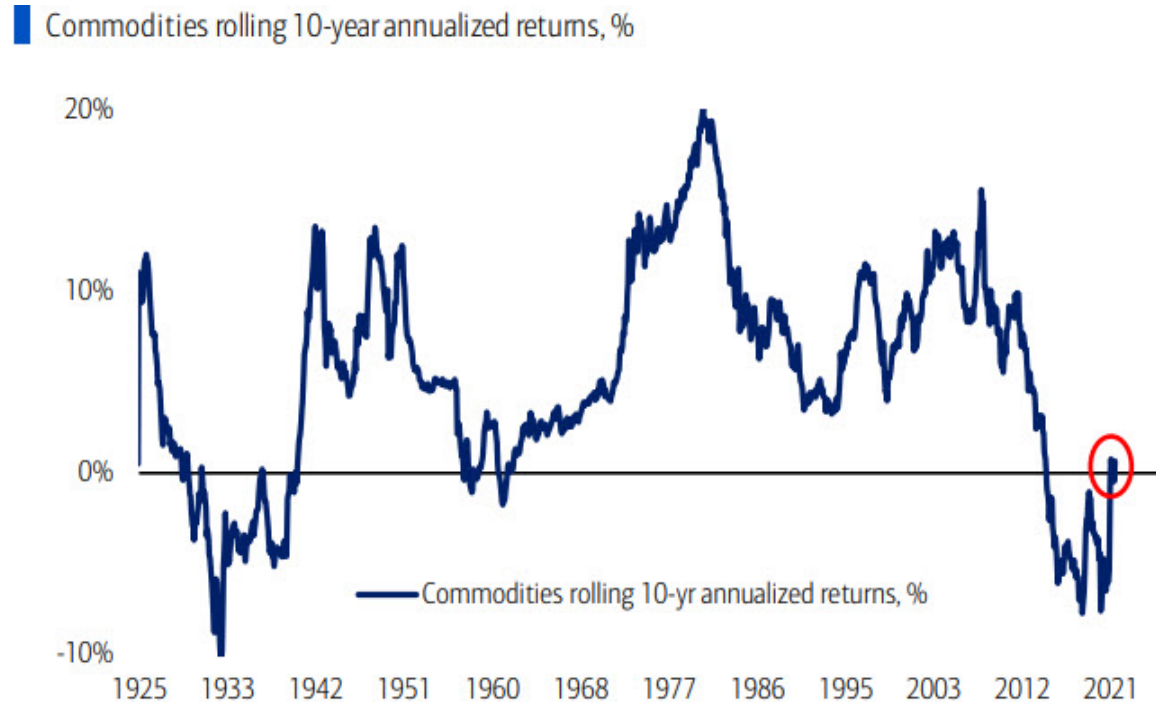


Asian equities, particularly Taiwan, India, and South Korea witnessed steep foreign outflows so far in 2022, hit by worries over higher inflation due to the escalating conflict between Russia and Ukraine.

Southeast Asia is “relatively insulated” from rising geopolitical tensions in Europe, as Russia and Ukraine account for less than 1% of regional exports, and driving the renewed interest is a surge in commodity prices that spells good news, particularly for key producers Indonesia and Malaysia, coupled with the sparse economic links between Southeast Asia and the warring nations of Russia and Ukraine.

Note: Information as of 5 April 2022  
Source: Refinitiv Data

# A Secular Bull Market in Commodities Has Began



The 10-year rolling return from commodities turned positive 0.6% for the first time since 2014. Historically, commodity bull markets tend to last for years.

Note: Information as of 2 April 2022  
Source: BofA Global Investment Strategy

# Contact Info



For further enquires, please contact:

## Omni Capital Partners

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