Investment Newsletter

September 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

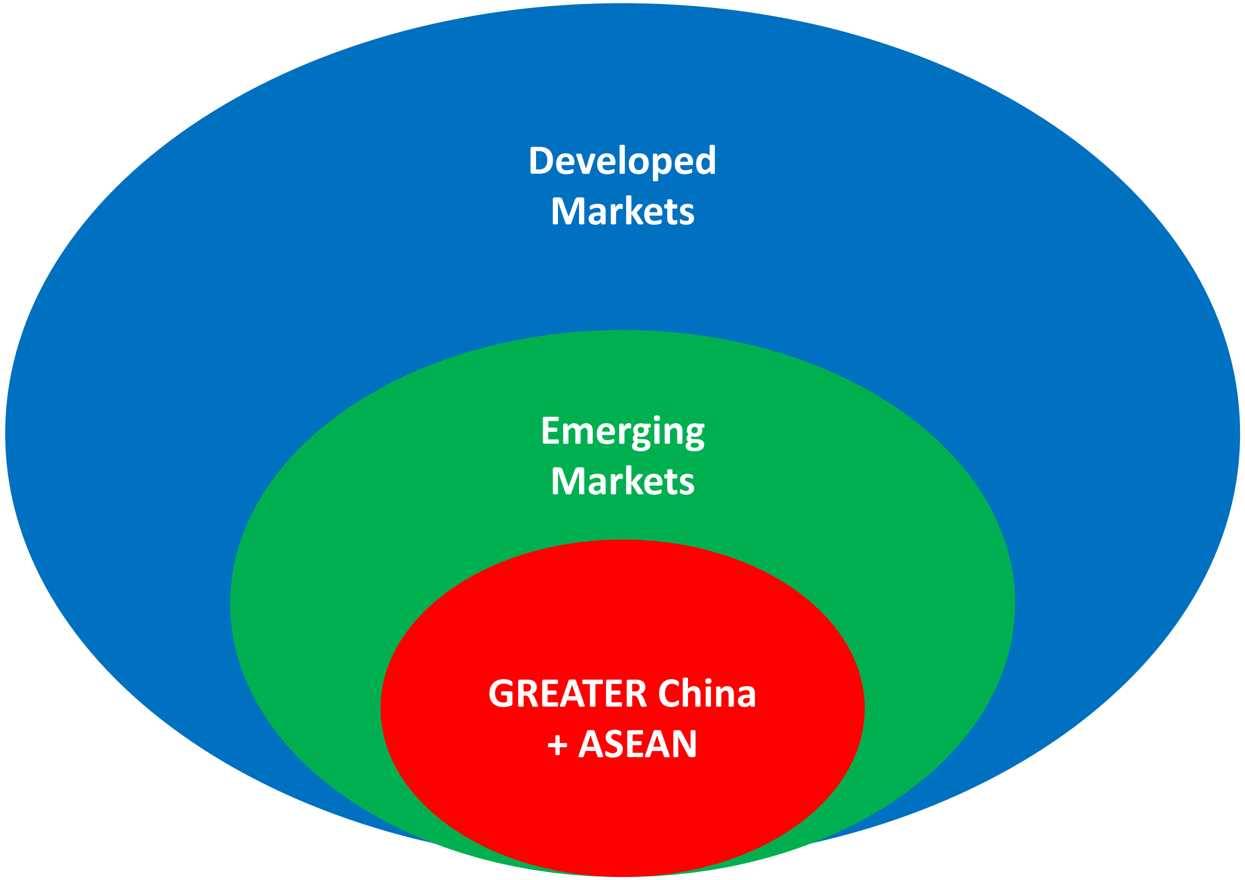
Global Investing with focus on China, ASEAN, and United States

Thematic Investing with focus on Disruptive Technology

Omni Investment Advisory

Clients	Markets	Investment Strategies	Investment Portfolios
High Net Worth Individual	China	Omni Hedge (Active)	Omni Capital Partners Inc (Public Securities)
Ultra High Net Worth Individual	ASEAN	Omni Long (Passive)	Omni Ventures Ltd (Private Investments)
Family Office	United States	Omni Momentum	
Corporates	All / Selections		
Institutions			

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

- 15

Team

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

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	35%
Food Products	12%
Technology Hardware, Storage & Peripherals	9%
Pharmaceuticals	8%
Healthcare Equipment & Supplies	8%
Internet & Direct Marketing Retail	7%
Healthcare Providers & Services	5%
Semiconductors & Semiconductor Equipment	5%
Media	4%
Commercial Services & Supplies	3%
Machinery	2%
Cash	3%

Note: Information as of 31 August 2022

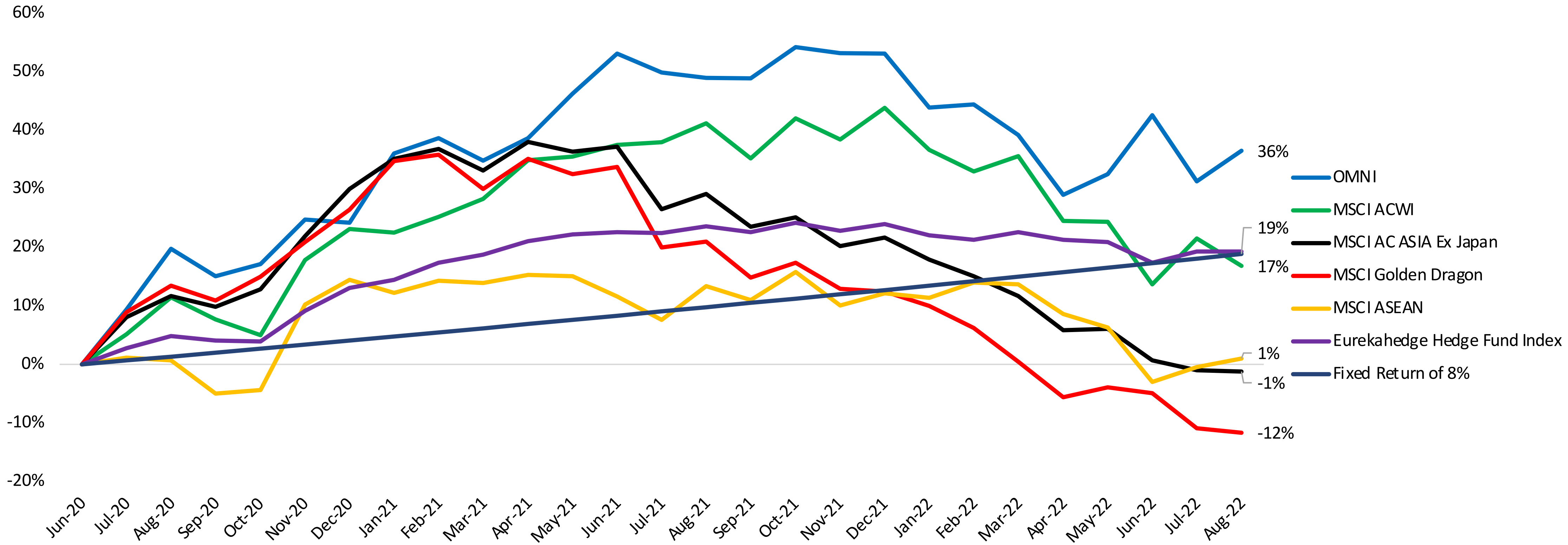
	Sector Breakdown
Other	35%
Healthcare	21%
Information Technology	14%
Consumer Staples	12%
Consumer Discretionary	7%
Industrials	6%
Communication Services	4%
Cash	3%

	Asset Class Breakdown
Equity - China	32%
Equity - ASEAN	18%
Equity - United States	7%
Commodity	6%
Digital Asset	0%
Other	35%
Cash	3%

	Market Capitalization
Mega (USD 100 Billion +)	7%
Large (USD 10 to USD 100 Billion)	22%
Medium (USD 2 to USD 10 Billion)	26%
Small (USD 0.3 to USD 2 Billion)	15%
Micro (USD 50 to USD 300 Million)	28%
Cash	3%

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 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%	3%	-6%	-11%	36%
MSCI ACWI	-4%	-6%	-12%	-19%	17%
MSCI AC ASIA Ex Japan	0%	-7%	-14%	-19%	-1%
MSCI Golden Dragon	-1%	-8%	-17%	-21%	-12%
MSCI ASEAN	1%	-5%	-11%	-10%	1%
Eurekahedge Hedge Fund Index	0%	-1%	-2%	-4%	19%
Fixed Return of 8%	1%	2%	4%	5%	19%

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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

- 19

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
Interactive Media & Services	15%
Technology Hardware, Storage & Peripherals	11%
Commercial Services & Supplies	10%
Food Products	9%
Healthcare Equipment & Supplies	8%
Biotechnology	6%
Internet & Direct Marketing Retail	6%
Healthcare Providers & Services	6%
Banks	5%
Semiconductors & Semiconductor Equipment	5%
Real Estate Management & Development	5%
Media	4%
Machinery	3%
Household Durables	3%
Cash	3%

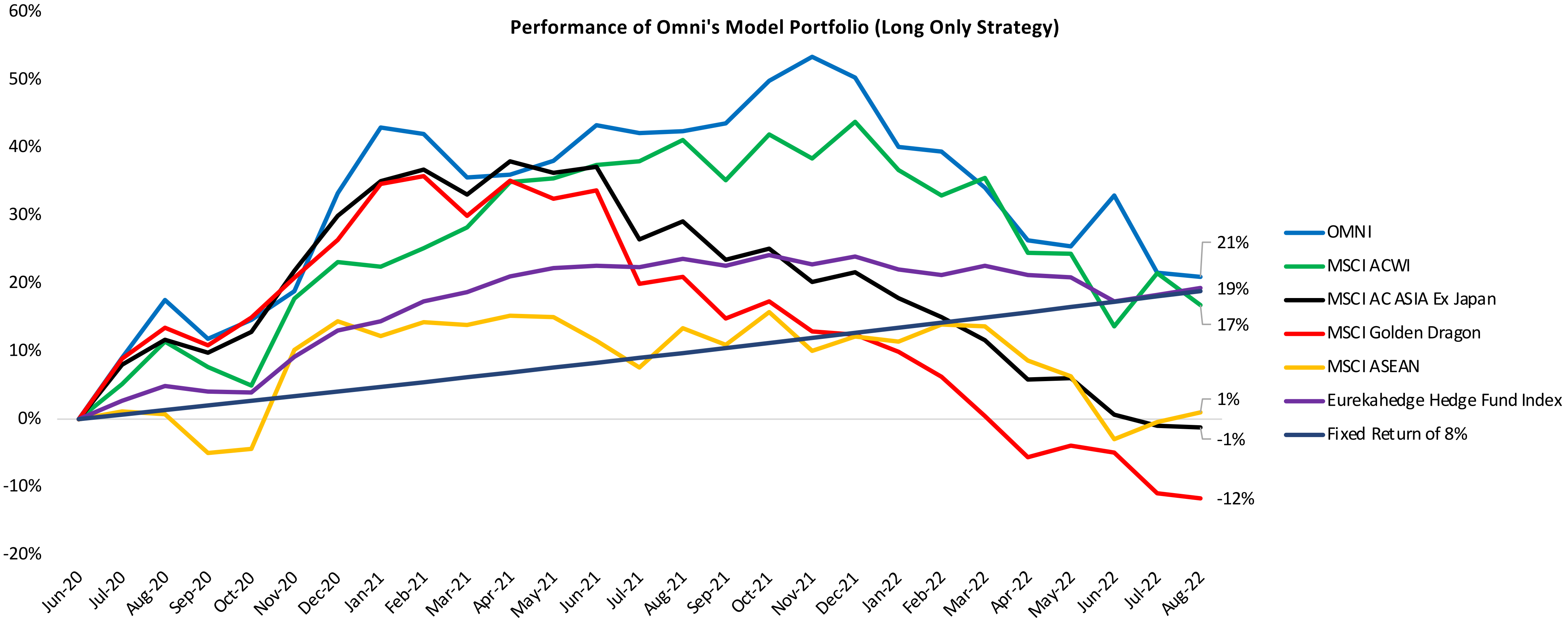
	Sector Breakdown
Healthcare	20%
Communication Services	19%
Information Technology	16%
Industrials	13%
Consumer Discretionary	9%
Consumer Staples	9%
Financials	5%
Real Estate	5%
Cash	3%

	Asset Class Breakdown
Equity - China	51%
Equity - ASEAN	32%
Equity - United States	13%
Commodity	-
Digital Asset	-
Other	-
Cash	3%

	Market Capitalization
Mega (USD 100 Billion +)	11%
Large (USD 10 to USD 100 Billion)	30%
Medium (USD 2 to USD 10 Billion)	19%
Small (USD 0.3 to USD 2 Billion)	10%
Micro (USD 50 to USD 300 Million)	12%
Cash	3%

Note: Information as of 31 August 2022

Omni Long Performance



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Omni Long Performance

	1 Month	3 Months	6 Months	YTD	Since Inception
OMNI Long	-1%	-4%	-13%	-20%	21%
MSCI ACWI	-4%	-6%	-12%	-19%	17%
MSCI AC ASIA Ex Japan	0%	-7%	-14%	-19%	-1%
MSCI Golden Dragon	-1%	-8%	-17%	-21%	-12%
MSCI ASEAN	1%	-5%	-11%	-10%	1%
Eurekahedge Hedge Fund Index	1%	-1%	-2%	-4%	19%
Fixed Return of 8%	1%	2%	4%	5%	19%

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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
- 14

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.

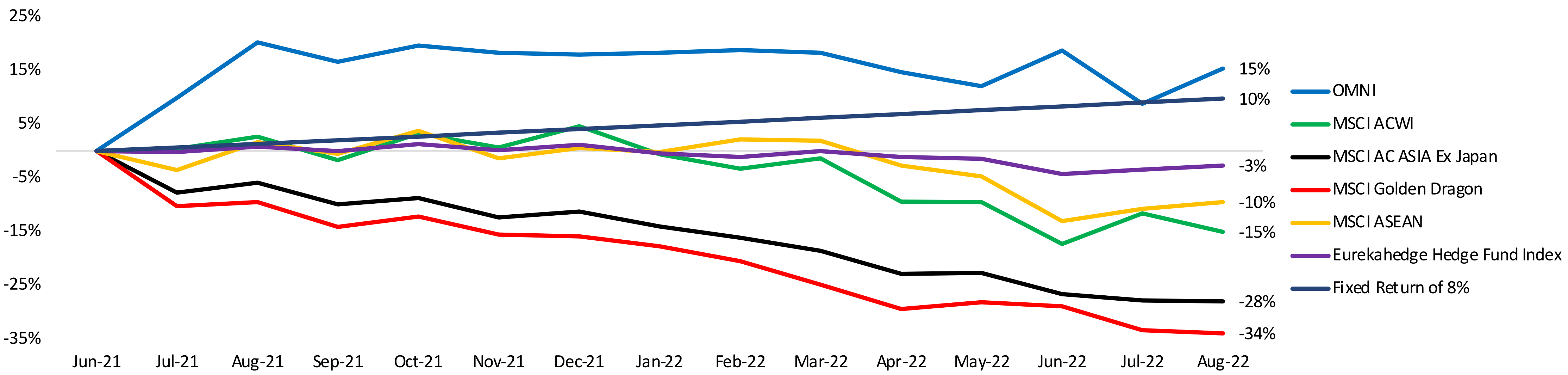
Purpose

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



	1 Month	3 Months	6 Months	YTD	Since Inception
OMNI Momentum	6%	3%	-3%	-2%	15%
MSCI ACWI	-4%	-6%	-12%	-19%	-15%
MSCI AC ASIA Ex Japan	0%	-7%	-14%	-19%	-28%
MSCI Golden Dragon	-1%	-8%	-17%	-21%	-34%
MSCI ASEAN	1%	-5%	-11%	-10%	-10%
Eurekahedge Hedge Fund Index	1%	-1%	-2%	-4%	-3%
Fixed Return of 8%	1%	2%	4%	5%	10%

Note: Information as of 31 August 2022

	Asset Class Breakdown
Equity - China	15%
Equity - ASEAN	13%
Equity - United States	0%
Commodity	7%
Digital Asset	0%
Other	52%
Cash	13%

	Market Capitalization
Mega (USD 100 Billion +)	-
Large (USD 10 to USD 100 Billion)	8%
Medium (USD 2 to USD 10 Billion)	29%
Small (USD 0.3 to USD 2 Billion)	18%
Micro (USD 50 to USD 300 Million)	33%
Cash	13%

Investment Review and Outlook

- Globalization was deflationary, Deglobalization is inflationary. The entire point of globalization is to 1) lower costs as a means of maximizing profits and 2) find markets for surplus domestic production. Both serve to export deflation as offshoring production keeps prices stable (and profits high) and dumping surplus production in high-cost developed-nations suppresses their domestic producers' pricing power, noting from Charles Hugh Smith. In such an environment, central banks will contend against inflationary geopolitical events. A world where central banks manage the demand side of the economy. They are very adept and have the tools to control demand. However, they do not have the tools to manage supply. The world is on the cusp of enormous change.

- Higher debt levels as a percentage of GDP were made possible with continually lower interest rates and increasing amounts of unproductive debt. In some cases, negative interest rates and frequent QE kept economies running and countries from defaulting. Central bankers got away with neglectful monetary policies because inflation was not a concern. The globalization of trade allowed for the flow of cheap goods. Accordingly, the central banks conducted easy monetary policies with little fear of controlling inflation. Such an environment was conducive to high asset valuations. Higher levels of inflation are likely to accompany higher interest rates. High-interest rates are extremely taxing on economies with burgeoning debt levels. Such an environment is unfavourable for high valuations and strong asset price performance, noting from Michael Lebowitz.

Investment Review and Outlook

- Corporate debt has been on the rise globally for more than a decade. The COVID-19 pandemic has coincided with a further increase in corporate indebtedness with inflation having now risen. In Goodhart et al. 2021, it is argued that high corporate debt levels may render contractionary monetary policy less effective in controlling inflation. Interestingly, when the level of corporate debt is sufficiently high, a contractionary monetary policy even increases inflation.

- Consensus foresees slightly more than USD 2 Trillion in balance sheet reduction: the Fed is expected to sustain its USD 60 Billion per month reduction of Treasury holdings until the end of 2023. Weaker economic performance would first bring a halt to rate hikes, but then could slow or end balance sheet reduction. Overnight rates moving outside the Fed's corridor: the Fed wants to exert strong control over rates through its setting of the interest on reserves, the fed feds rate and repo rates.

- Again, earnings estimates were overly optimistic and would need to come down to align with economic realities. That process has now begun. In the last couple of months, estimates for fourth quarter 2023 have dropped by roughly 12%. This would be considered normal for an economic slowdown. However, if the economy slips into a recession, a decline of 50% in estimates would be in line. While it is possible for earnings to grow faster than the economy at time, that is, post-recession, they cannot outgrow the economy indefinitely. The earnings surge in 2021 is something never witnessed previously and must eventually revert to norms.

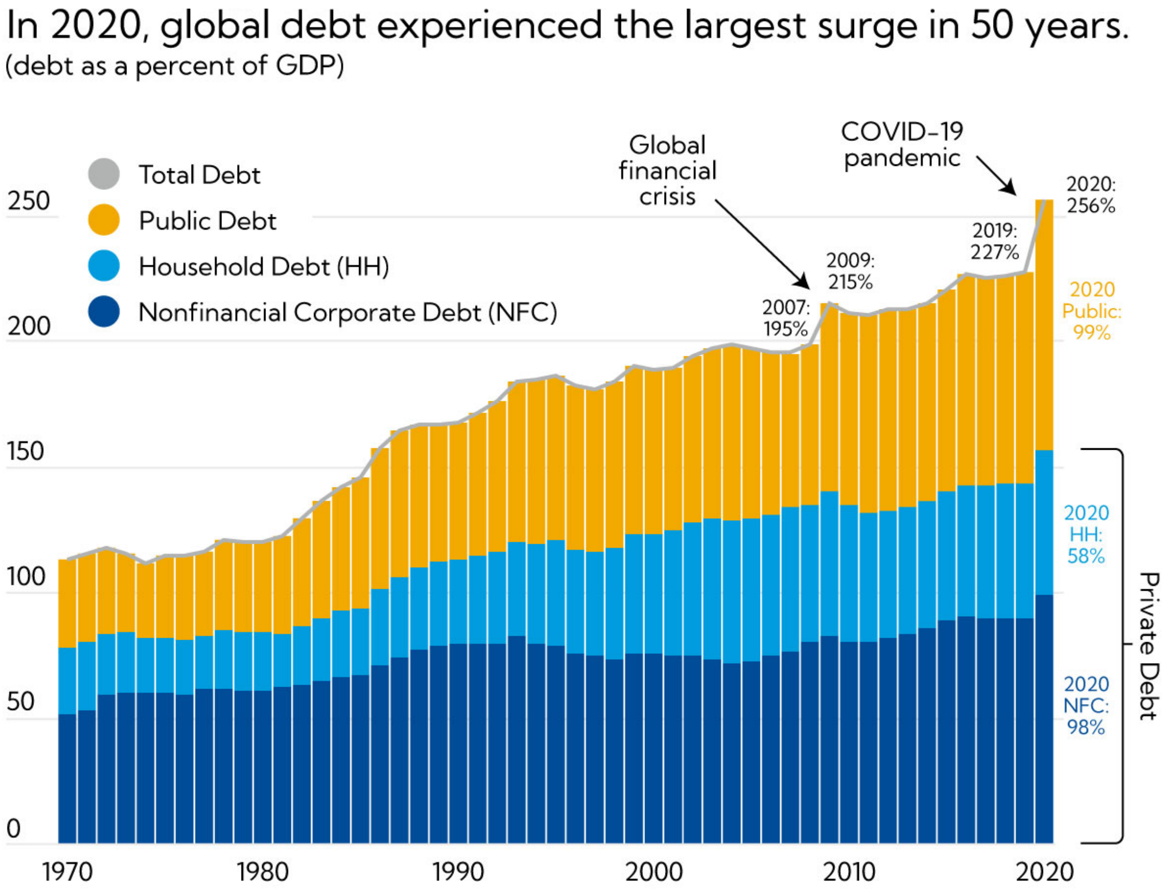
Globalization Hits A Wall

Note: Information as of 2019
Source: BCG Research, Of Two Minds

Deglobalization is inflationary because reshoring production increases costs. Securing production from the threats of geopolitical blackmail, civil/economic disorder in the producing nations or broken supply chains requires moving essential supply chains back to the security of the domestic economy.

This move costs money, and production costs are higher in developed economies for all the reasons that drove corporations to move production overseas: labour costs, healthcare, environmental compliance, social benefits and taxes are higher.

Historic Highs In Global Debt

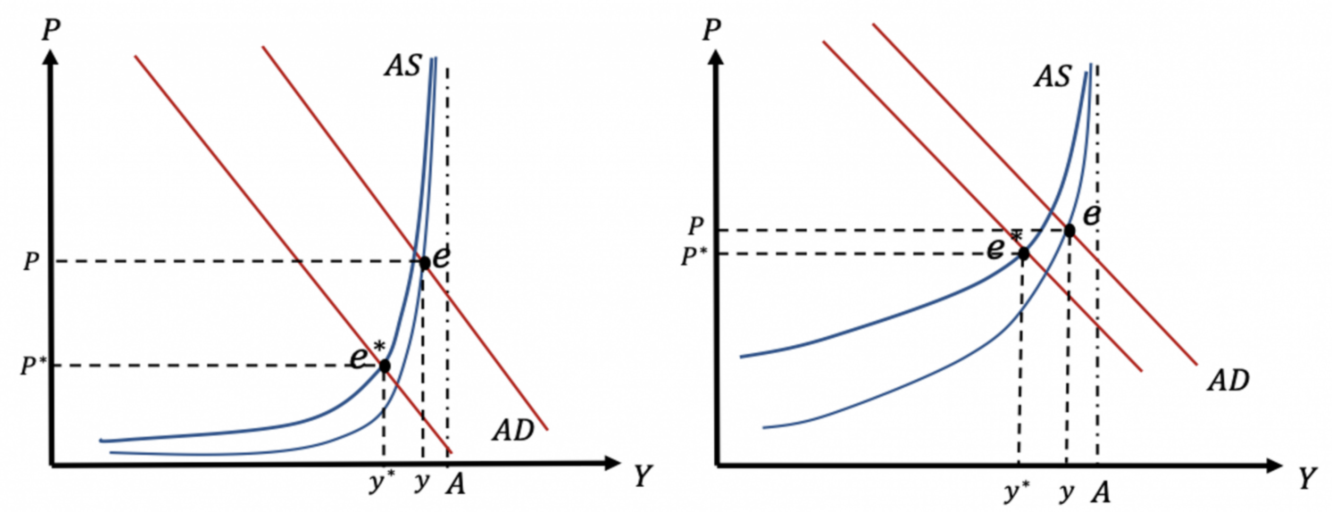


Note: Information as of 15 December 2021
Source: IMF Global Debt Database

Debt increases are particularly striking in advanced economies, where public debt rose from around 70 percent of GDP, in 2007, to 124% of GDP, in 2020. Private debt, on the other hand, rose at a more moderate pace from 164% to 178% of GDP, in the same period.

Public debt now accounts for almost 40% of total global debt, the highest share since the mid-1960s. The accumulation of public debt since 2007 is largely attributable to the major economic crises governments have faced.

High Levels of Corporate Debt May Distort The Efficacy of Monetary Policy



(a) Low debt
(b) High debt

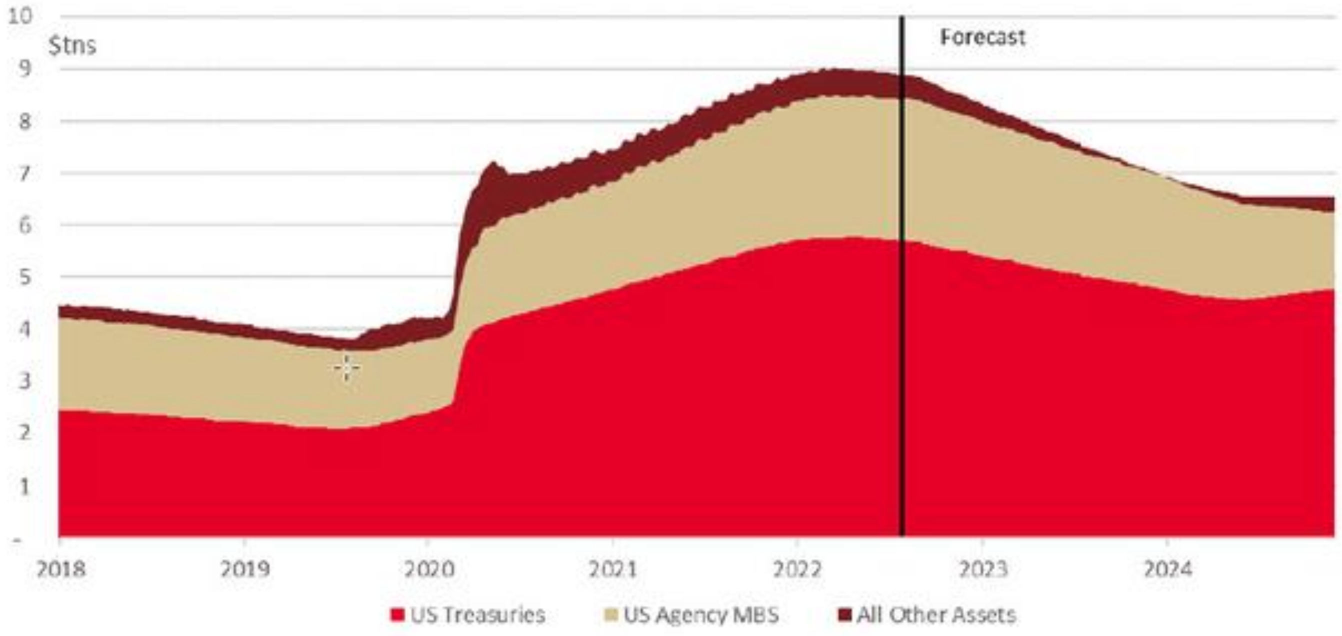
Note: Information as of 18 March 2022
Source: CEPR

The left diagram (a) illustrates a low debt scenario. The right diagram (b) illustrates a high debt scenario. Equilibrium e is the equilibrium before the rise in the policy rate, and equilibrium e* is the equilibrium after the rise in the policy rate. The vertical line at A is the output when there is no debt in the economy.

In the low-debt scenario, the rise in the policy rate significantly reduces inflation, whereas in the high-debt scenario, the rise in the policy rate only moderately reduces inflation, but output falls considerably. This is because with a higher debt level, the AD curve shifts less to the left and the AS curve becomes more elastic due to the income effect of debt. Indeed, if the debt level is sufficiently high, the rise in the policy rate would even increase inflation, and the Taylor principle becomes inverted. Therefore, the implication of the figure is that with a standard Taylor rule, the decline in inflation would be much weaker and short-lived. If the Taylor rule puts a higher weight on output stabilisation, it could even amplify the inflationary pressure, and output would more quickly revert back to the previous level.

Fed Balance Sheet Shrinkage Kicks Into High Gear

Federal Reserve Balance Sheet: Asset Side to show holdings of Treasury & MBS Securities



Note: Information as of 24 August 2022
Source: SG Cross Asset Research

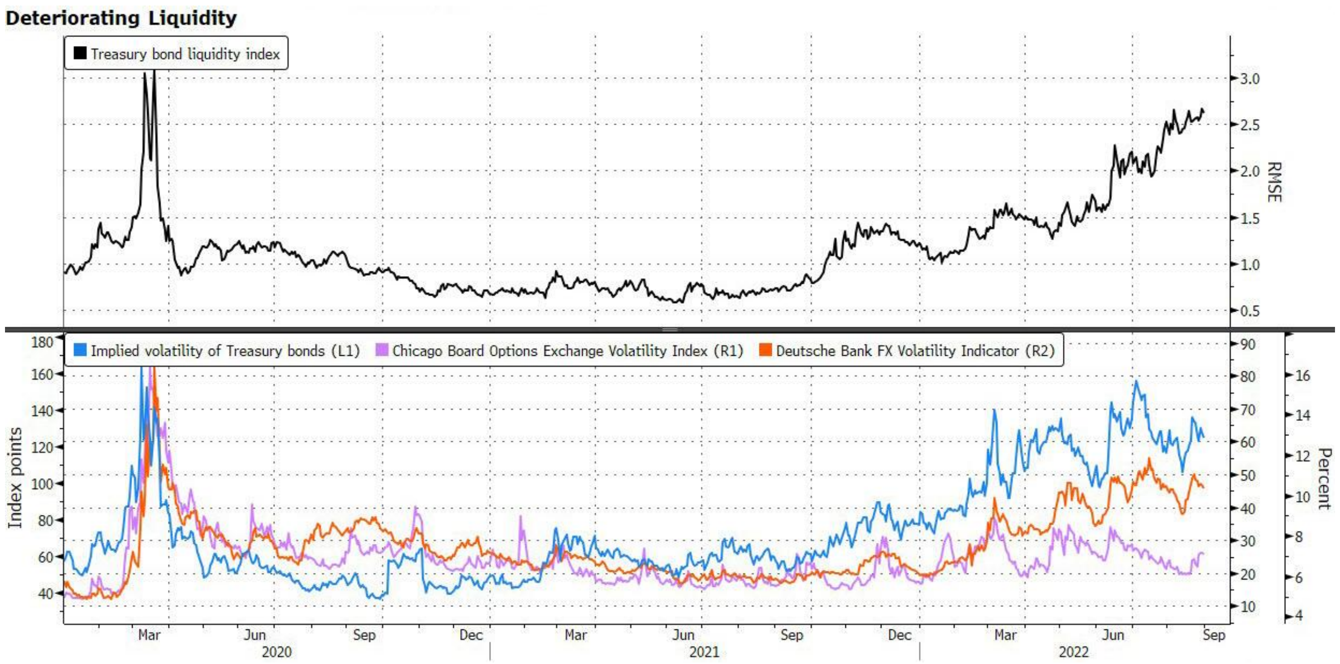
Fed to roll off as much as USD 95 Billion per month from September 2022. The Fed allowed USD 30 Billion of Treasury and USD 17.5 Billion of mortgage-backed holdings to mature in June 2022.

In September, the Fed will double that amount, increasing the caps or run-off amounts to USD 60 Billion per month for Treasuries and USD 35 Billion per month for mortgage-backed securities.

The impact on yields, if any, has been overshadowed by macroeconomic concerns and volatile rate-strategy expectations. For now, the primary channel for monetary policy remains the fed funds rate.

2019 taught us that the Fed needs to maintain a flexible approach to its balance sheet policy. The size and pace of shrinkage should be tied to both economic performance and to controlling short-term rates that are intricately tied to its fed funds rate policy, such as repo rates for secured overnight lending.

Treasuries' Worsening Liquidity Points To Broader Market Turmoil



A Bloomberg liquidity index that measures deviations of yields from their fair value climbed to the highest level since March 2020.

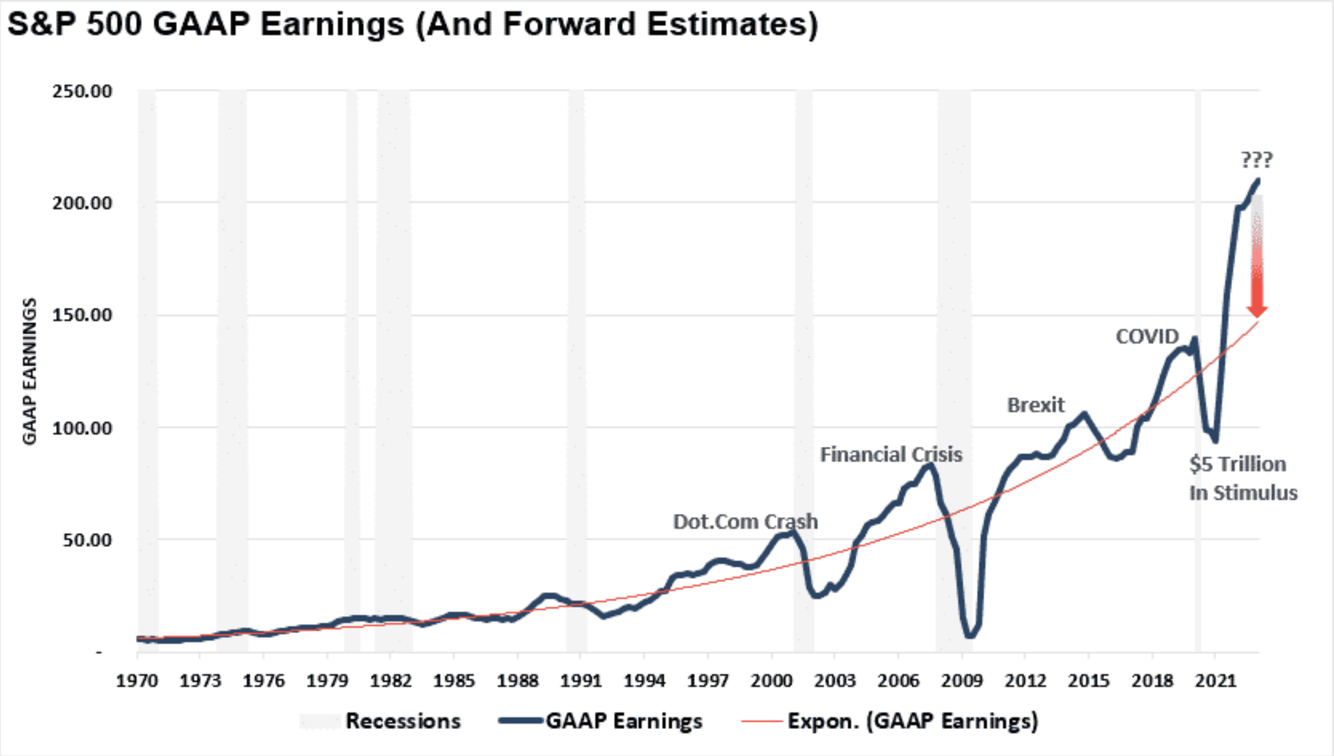
Such "noise" in the US bond market suggests a general lack of arbitrage capital and tightening of liquidity in the overall market, according to a research paper from the National Bureau of Economic Research.

The apparent decline in arbitrage capital may be a result of persistently hawkish stance by the Fed and other major central banks amid historic inflation that's at the same time fanning concern over a global recession.

The shortage of risk takers could create a one-way move in asset prices, especially when they are falling. Looking at implied volatility, the equity market seems to be most under-pricing such liquidity risks.

Note: Information as of 1 September 2022
Source: Masaki Kondo, Bloomberg

Earnings Will Revert To Economically Sustainable Level



Note: Information as of 12 August 2022
Source: Real Investment Advice

The fiscal policies implemented post the pandemic-driven economic shutdown created a surge in demand that further exacerbated an already extended market. As shown, those fiscal interventions led to an unprecedented surge in earnings.

The market risk remains those fundamentals against a backdrop of the reversal of monetary accommodation. The most significant bottom-line earnings drivers are still accounting gimmicks, share repurchases, and lower tax rates. However, there are numerous risks to earnings, including:

- Changes to tax code or rates (i.e., the 15% minimum corporate income tax)
- Increased borrowing costs from higher rates
- Increased wage costs
- Inflationary pressures
- Decreased demand
- Slower economic growth
- A reversal of share buybacks either through choice or legislation (i.e., the 1% tax on share buybacks)

Contact Info

For further enquires, please contact:

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