



Investment Newsletter

December 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.

”

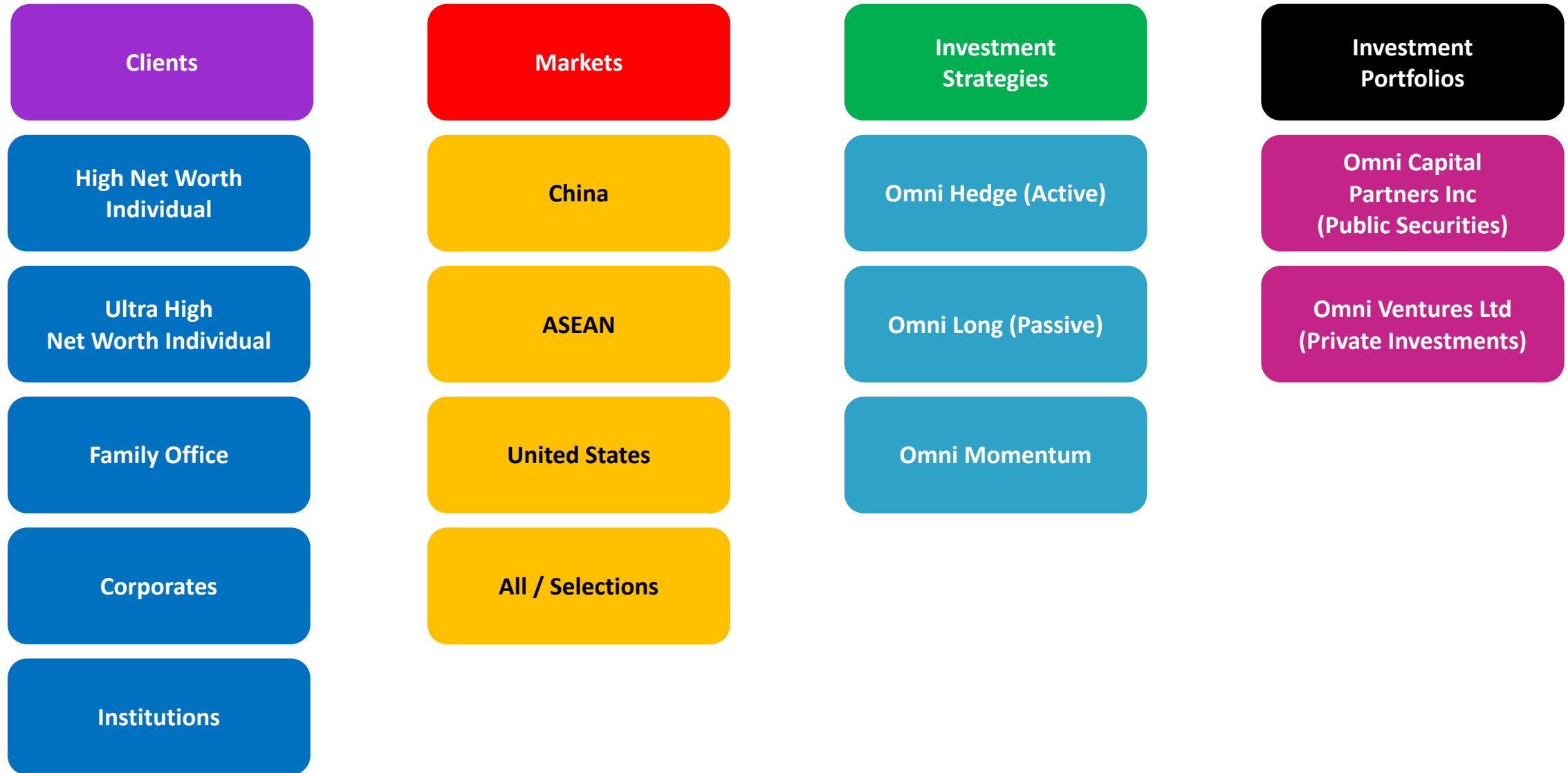
Experienced with
Impressive Track
Records

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

- 12

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	36%
Pharmaceuticals	9%
Healthcare Providers & Services	9%
Technology Hardware, Storage & Peripherals	8%
Internet & Direct Marketing Retail	6%
Food Products	6%
Semiconductors & Semiconductor Equipment	5%
Machinery	5%
Media	5%
Commercial Services & Supplies	3%
Cash	9%

Note: Information as of 30 November 2022

	Sector Breakdown
Other	36%
Healthcare	18%
Information Technology	13%
Industrials	8%
Consumer Discretionary	6%
Consumer Staples	6%
Communication Services	5%
Cash	9%

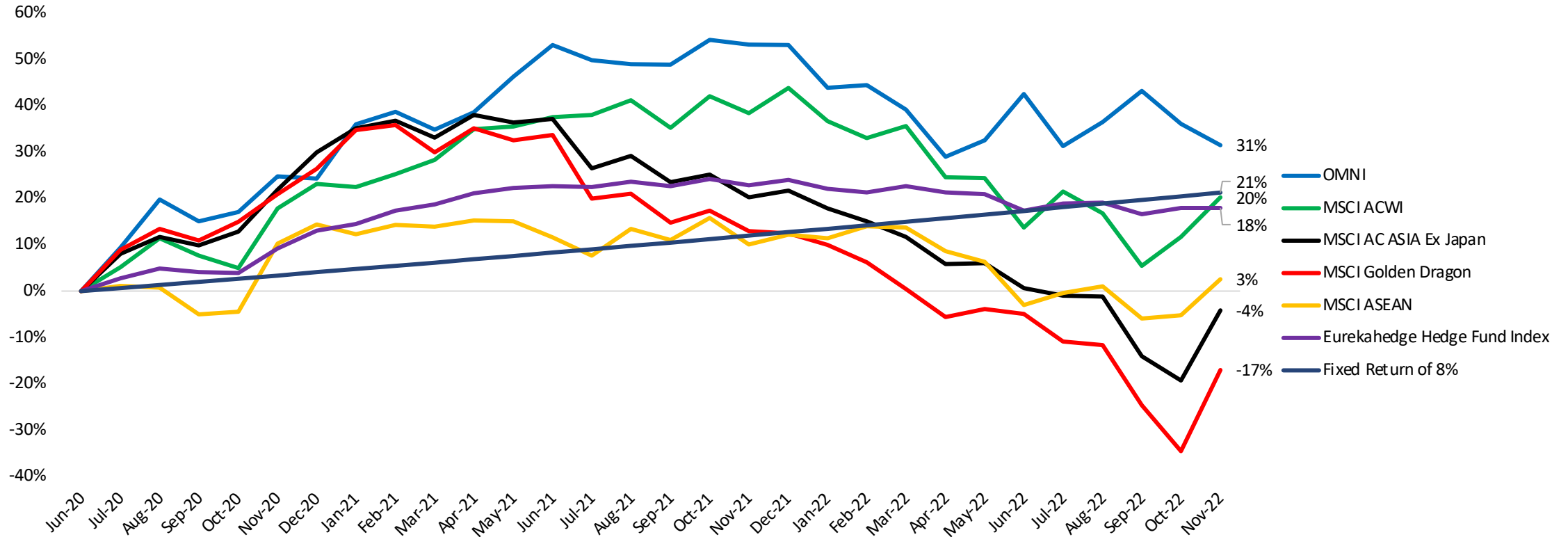
	Asset Class Breakdown
Equity - China	27%
Equity - ASEAN	17%
Equity - United States	6%
Commodity	6%
Digital Asset	-
Other	36%
Cash	9%

	Market Capitalization
Mega (USD 100 Billion +)	6%
Large (USD 10 to USD 100 Billion)	22%
Medium (USD 2 to USD 10 Billion)	24%
Small (USD 0.3 to USD 2 Billion)	11%
Micro (USD 50 to USD 300 Million)	28%
Cash	9%

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	-3%	-4%	-1%	-14%	31%
MSCI ACWI	8%	3%	-3%	-16%	20%
MSCI AC ASIA Ex Japan	19%	-3%	-10%	-21%	-4%
MSCI Golden Dragon	27%	-6%	-14%	-26%	-17%
MSCI ASEAN	8%	2%	-4%	-9%	3%
Eurekahedge Hedge Fund Index	0%	-1%	-2%	-5%	18%
Fixed Return of 8%	1%	2%	4%	7%	21%

Note:

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

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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 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

- 14

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	13%
Commercial Services & Supplies	11%
Technology Hardware, Storage & Peripherals	10%
Real Estate Management & Development	8%
Healthcare Providers & Services	8%
Banks	6%
Household Durables	6%
Internet & Direct Marketing Retail	6%
Semiconductors & Semiconductor Equipment	6%
Media	5%
Machinery	3%
Cash	18%

Note: Information as of 30 November 2022

Sector Breakdown	
Communication Services	18%
Information Technology	15%
Industrials	15%
Consumer Discretionary	11%
Real Estate	8%
Healthcare	8%
Financials	6%
Cash	18%

Asset Class Breakdown	
Equity - China	39%
Equity - ASEAN	32%
Equity - United States	11%
Commodity	-
Digital Asset	-
Other	-
Cash	18%

Market Capitalization	
Mega (USD 100 Billion +)	13%
Large (USD 10 to USD 100 Billion)	39%
Medium (USD 2 to USD 10 Billion)	13%
Small (USD 0.3 to USD 2 Billion)	-
Micro (USD 50 to USD 300 Million)	17%
Cash	18%

Omni Long Performance



	1 Month	3 Months	6 Months	YTD	Since Inception
OMNI Long	13%	-4%	-8%	-23%	16%
MSCI ACWI	8%	3%	-3%	-16%	20%
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MSCI Golden Dragon	27%	-6%	-14%	-26%	-17%
MSCI ASEAN	8%	2%	-4%	-9%	3%
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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

- 12

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

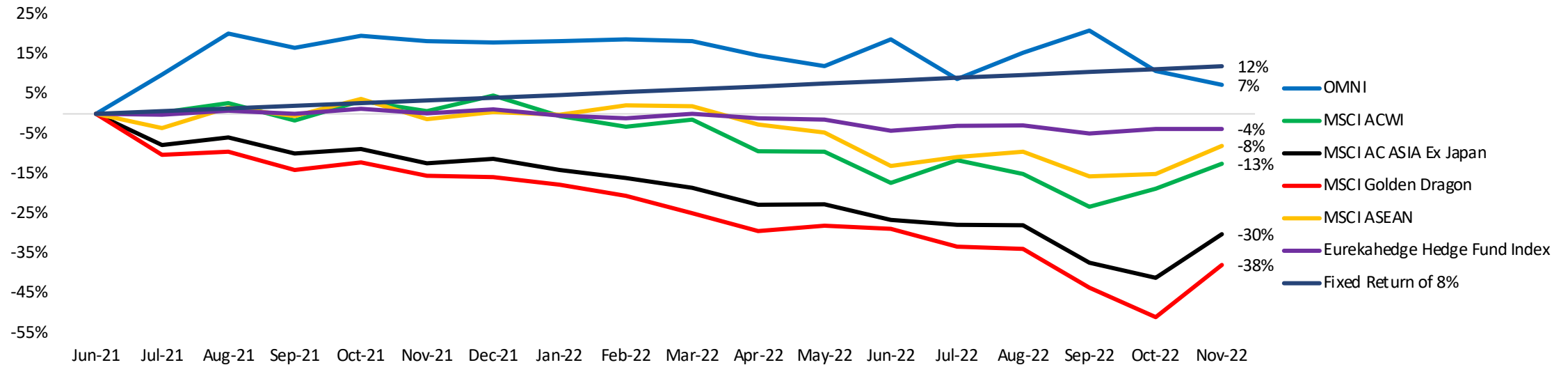
Features

- 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	-3%	-7%	-4%	-9%	7%
MSCI ACWI	8%	3%	-3%	-16%	-13%
MSCI AC ASIA Ex Japan	19%	-3%	-10%	-21%	-30%
MSCI Golden Dragon	27%	-6%	-14%	-26%	-38%
MSCI ASEAN	8%	2%	-4%	-9%	-8%
Eureka Hedge Hedge Fund Index	0%	-1%	-2%	-5%	-4%
Fixed Return of 8%	1%	2%	4%	7%	12%

Asset Class Breakdown	
Equity - China	10%
Equity - ASEAN	10%
Equity - United States	0%
Commodity	7%
Digital Asset	0%
Other	59%
Cash	14%

Market Capitalization	
Mega (USD 100 Billion +)	-
Large (USD 10 to USD 100 Billion)	10%
Medium (USD 2 to USD 10 Billion)	25%
Small (USD 0.3 to USD 2 Billion)	18%
Micro (USD 50 to USD 300 Million)	33%
Cash	14%

Note: Information as of 31 October 2022

Investment Review and Outlook



- "Safety and health are the prerequisite for human development and progress." Xi Jinping, general secretary of CPC Central Committee stressed. Both the infection rate and mortality rate in China are one of the lowest in the world. China could face 1.55 million COVID-19 deaths if it abandoned the current dynamic zero-COVID policy, according to a new study published in Nature Medicine recently. On the other hand, public dissatisfaction with Xi's zero-COVID policy, expressed on social media or offline in the form of putting up posters in universities or by protesting, is one of Xi's biggest domestic challenge since the 2019 protests in Hong Kong against an extradition bill.
- Since 2020, Beijing has classified COVID-19 as a Category B infectious disease which also includes SARS, AIDs and anthrax. However, the country has been managing its COVID-19 response as Category A infectious disease, a category which also includes bubonic plague and cholera. This categorisation of infectious diseases has implications for its protocols, for example, while COVID-19 has been placed in Category B but is being managed as a Category A disease, the local authorities are allowed to put patients and their close contacts in lockdowns and quarantines in affected regions. Notably, infectious diseases placed in Category A and Category B are managed as Class A given that these infections can spread easily and have a high fatality rate. Currently, Beijing has set ambitious targets to boost vaccination among the elderly, optimising the epidemic control measures in line with the characteristics of the virus variant, striking a new balance between epidemic control and social and economic activities.

Investment Review and Outlook



- Some 70% to 85% of Russia's crude exports are carried by tankers rather than pipelines. The idea of the price cap is to prohibit shipping, insurance and re-insurance companies from handling cargos of Russian crude around the globe, unless it is sold for no more than the maximum price set by the G7 and its allies. Because the world's key shipping and insurance firms are based in G7 countries, the price cap would make it very difficult for Moscow to sell its oil, which is its biggest export item accounting for some 10% of world supply for a higher price. At the same time, because production costs are estimated at around \$20 per barrel, the cap would still make it profitable for Russia to sell its oil and in this way prevent a supply shortage on the global market.
- The global market needs to prepare for periods of higher volatility, as well as unprecedented economic and financial instability as the world undergoes a fundamental transition from a period of relative stability with low rates and low inflation to a period of high rates, high inflation and intense uncertainty. Since the beginning of 2022, the US Federal Reserve continues to accelerate in monetary tightening to tame inflation, while the People's Bank of China continues to ease monetary policy in an effort to spur growth activities. On balance, China governments will most likely to prioritise epidemic prevention as responsibilities are greater as compared to economy. That said, China may tolerate higher debt ratios and inflation to some extent if necessary; and on the other hand, the Federal Reserve may downshift in December to deliver a 50-basis-point interest rate hike, but a longer period of US central bank tightening and a higher policy rate peak remain the greatest risks to the current outlook.

China Easing Of Curbs, Not Complete Opening Up



Covid-19 current confirmed cases in mainland China

Govt. data as of Nov 22



With megacities under lockdown, infection numbers climbing and sporadic protests, China's COVID-19 policy has reached a stalemate as authorities persist with seeking to contain the virus while trying to keep the economy alive. China is the only major economy still attempting to stamp out the domestic spread of the virus, shutting down entire cities and placing contacts of infected patients into strict quarantine. A series of new rules announced by Beijing earlier November appeared to signal a shift away from the strategy, easing quarantine requirements for entering the country and simplifying a system for designating high-risk areas. Yet daily cases driven by the evasive Omicron variant have neared 30,000 -- low compared to most other large countries but reaching peaks unseen since the chaotic days of Shanghai's harsh lockdown in the spring around April 2022.

Note: Information as of 22 November 2022
Source: China Government, Agence France-Presse

Price Cap Move May Backfire The World Economy



High Cap

Urals is at a deep discount to Brent, which has been falling

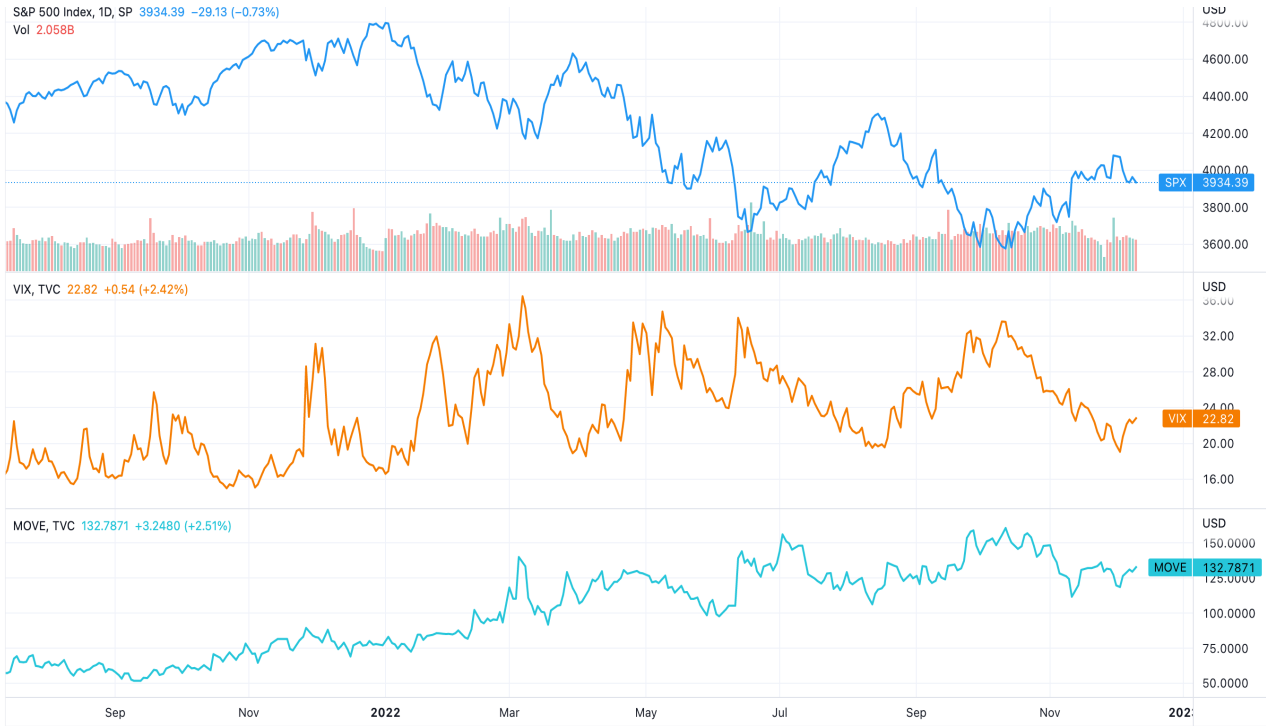


Note: Information as of 22 November 2022
Source: Bloomberg, Mish

- Representatives of the EU's 27 governments met in Brussels to discuss a G7 proposal to set the price cap in the range of \$65-\$70 per barrel, but the level proved too low for some and too high for others.
- Poland, Lithuania and Estonia believe the \$65-\$70 per barrel would leave Russia with too high a profit, since production costs are around \$20 per barrel.
- Cyprus, Greece and Malta - countries with big shipping industries that stand to lose the most if Russian oil cargos are obstructed - think the cap is too low and demand compensation for the loss of business or more time to adjust.



Higher Volatility & Financial Instability



TradingView

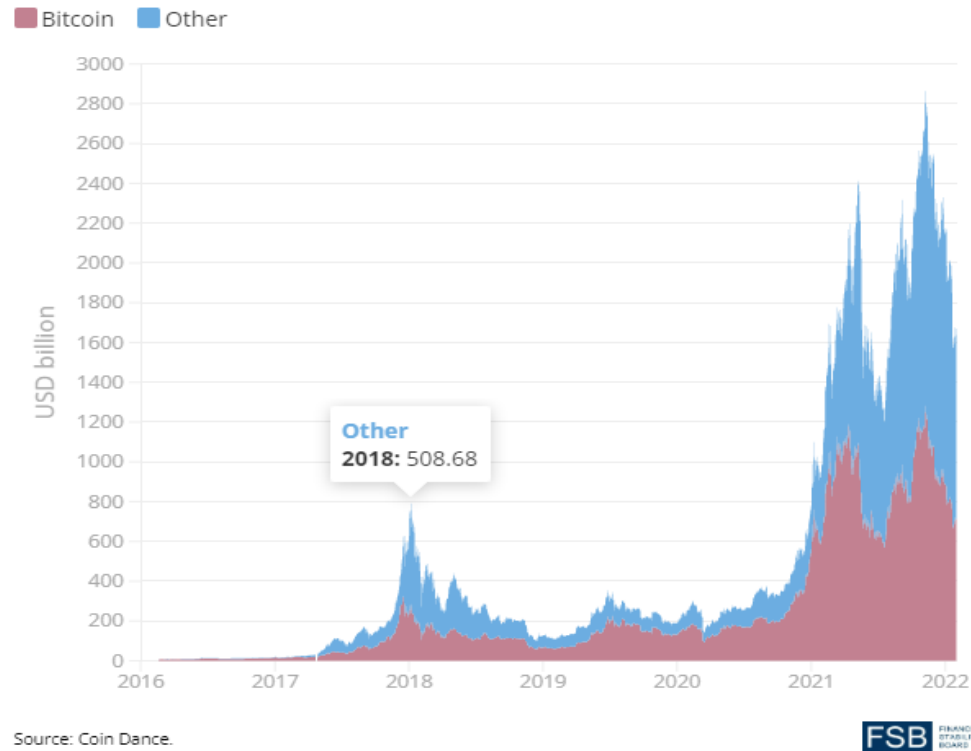
The global economy is beset by rising interest rates, higher inflation and slowing growth along with heightened geopolitical tensions and supply chain disruptions that have clouded the outlook for financial stability. Tighter financial conditions and highly volatile markets could give rise to liquidity imbalances that central banks and fiscal authorities would need to adequately address to avoid precipitating a disorderly liquidation of assets. There is a potential dysfunction in global funding markets and liquidity strains on financial firms that could extend to banks and companies, amid elevated risks to international financial stability.

Note: Information as of 1 December 2022
Source: Bloomberg, Tradingview

Risks Across Asset Classes, Including Crypto Assets



Crypto-asset market capitalisation



Vulnerabilities are further arising from crypto-assets and decentralised finance which poses material risk to global financial stability through linkages with the traditional financial system. Crypto-asset markets are fast evolving and has reached a point where they represent a threat to global financial stability due to their scale, structural vulnerabilities and increasing interconnectedness.

These concerns were evidenced by the meltdown of the global crypto market which saw the market capitalisation of crypto firms reducing to around US\$900 billion (S\$1.2 trillion) in October 2022, from a peak of US\$2.8 trillion in November 2021. The crypto world further experienced a series of insolvencies such as the bankrupted crypto exchange FTX last month and bankrupted crypto hedge fund Three Arrows Capital in July 2022.

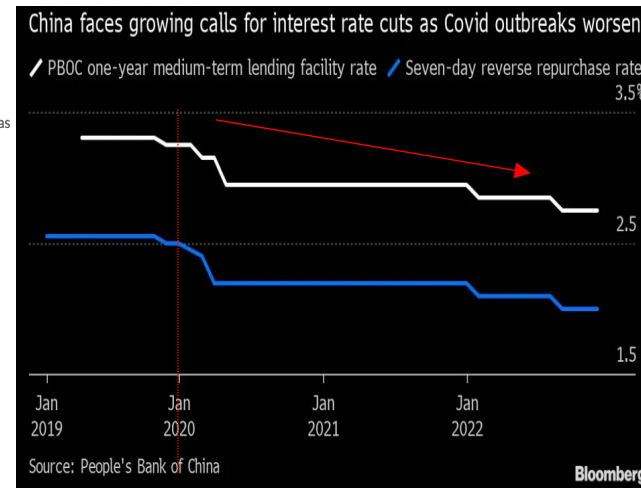
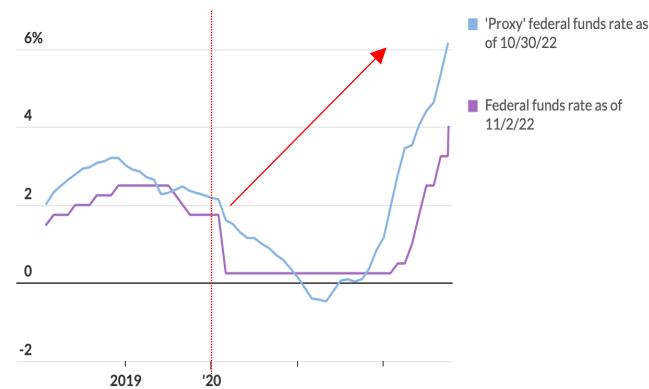
Note: Information as of 1 November 2022
Source: Financial Stability Board

Greater Divergence In US and China Monetary Policy



Fed policy rate is effectively over 6%

'Proxy' rate includes impact of forward guidance and QT



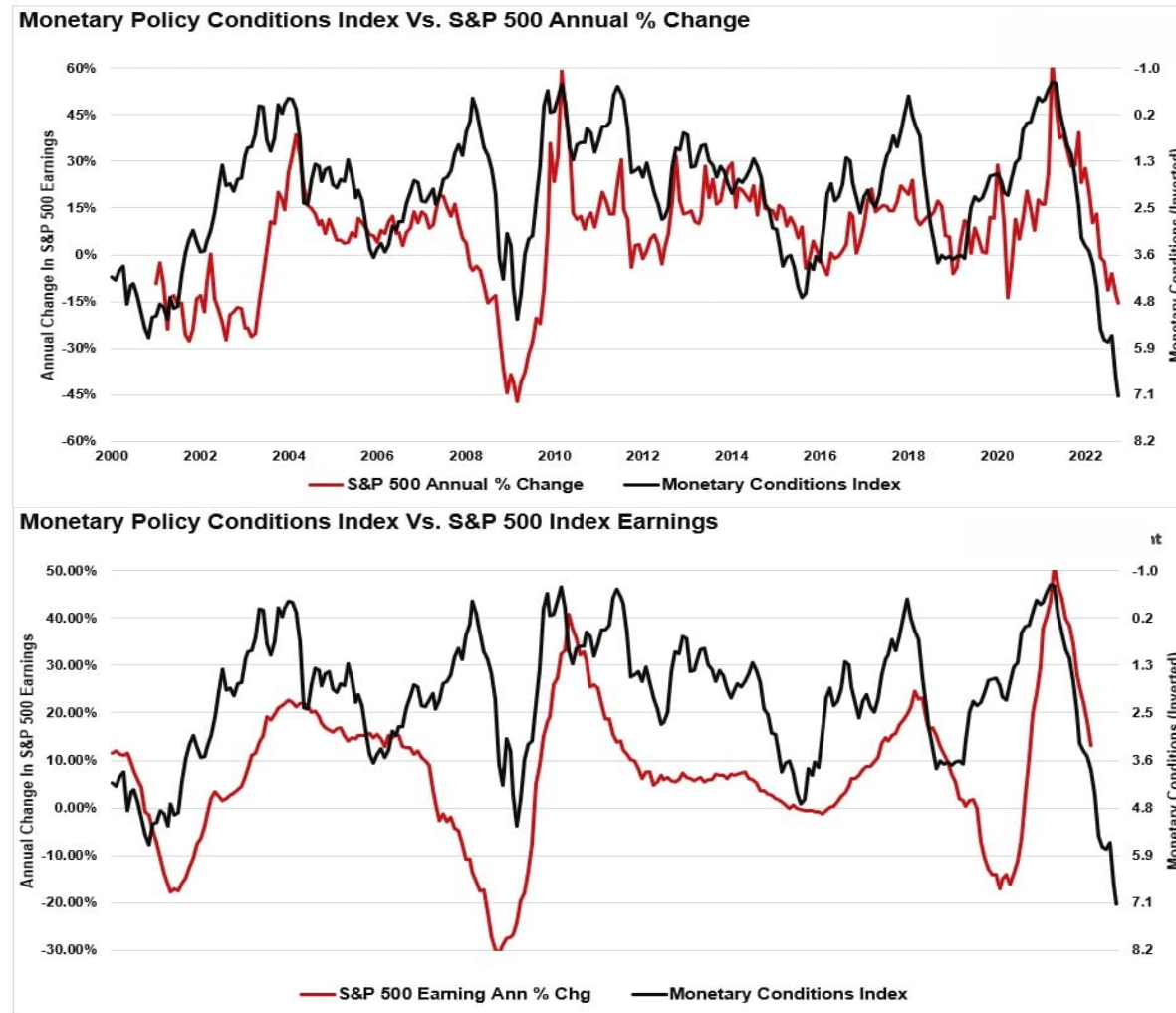
A recent paper by economists at the San Francisco and Kansas City Federal Reserve Banks argues that, after adding in the economic and financial impact of forward guidance and quantitative tightening, the target rate (as of September 30) of 3% - 3.25% was equivalent in monetary tightness to a “proxy fed funds” of around 5.25%. After a 75-basis-point hike on November 2, it is expected that the proxy rate is now around 6%.

Compared with 2020, the PBOC’s stimulus through traditional tools this year has been smaller. It’s delivered a combined 20 basis points of cuts to its policy interest rates, less than the 30 basis points for the whole of 2020. The RRR has been lowered twice this year, compared with three times in 2020.

Note: Information as of 21 November 2022

Source: San Francisco Fed, Haver Analytics, Bloomberg

Outlook Remains Bearish For Now



The bearish period for stocks is ultimately tied to the monetary conditions present in the economy at the time. As compared the inverted monetary conditions index to the annual changes in the price of the S&P 500 index, the correlation becomes apparent. Furthermore, as should be apparent, tighter monetary conditions reduce corporate earnings and profit margins.

Note: Information as of 22 November 2022
 Source: RIA Advice

Contact Info



For further enquires, please contact:

Omni Capital Partners

V02-03-03, Lingkaran SV,
Sunway Velocity,
55109 Kuala Lumpur, Malaysia.

Website: www.ocpi.io

Email: info@ocpi.io

Mobile No: Scott: +6012 210 9119 / Derrick: +6011 1669 4250



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