



# Investment Newsletter

January 2023

“ **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.

”

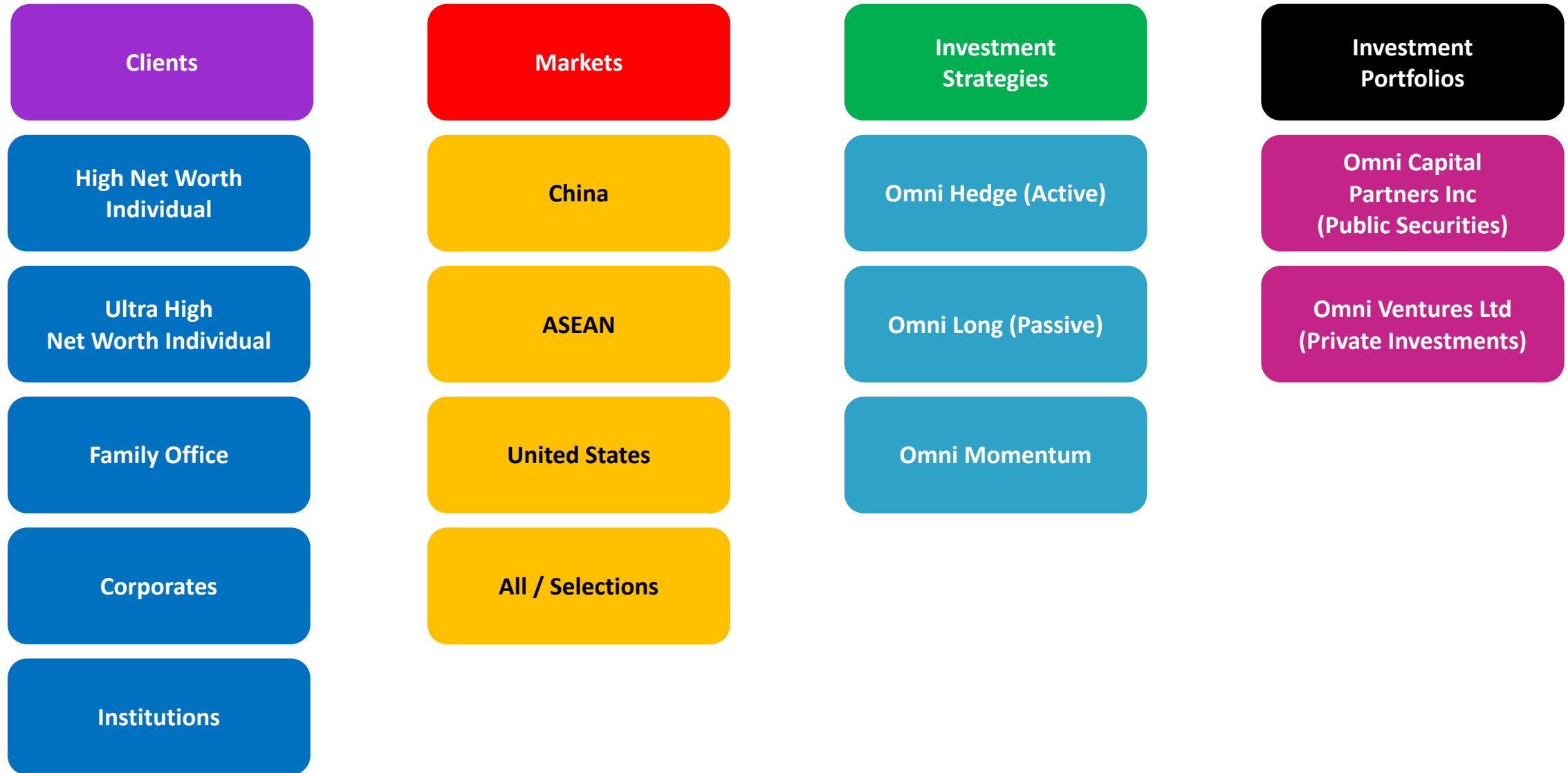
Experienced with  
Impressive Track  
Records

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

- 13

### 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	37%
Internet & Direct Marketing Retail	10%
Healthcare Providers & Services	9%
Pharmaceuticals	9%
Technology Hardware, Storage & Peripherals	8%
Food Products	5%
Semiconductors & Semiconductor Equipment	5%
Machinery	5%
Electronic Equipment, Instruments & Components	3%
Commercial Services & Supplies	3%
Media	3%
Cash	3%

*Note: Information as of 31 December 2022*

	Sector Breakdown
Other	37%
Healthcare	17%
Information Technology	17%
Consumer Discretionary	10%
Industrials	8%
Consumer Staples	5%
Communication Services	3%
Cash	3%

	Asset Class Breakdown
Equity - China	30%
Equity - ASEAN	15%
Equity - United States	10%
Commodity	5%
Digital Asset	-
Other	37%
Cash	3%

	Market Capitalization
Mega (USD 100 Billion +)	10%
Large (USD 10 to USD 100 Billion)	25%
Medium (USD 2 to USD 10 Billion)	24%
Small (USD 0.3 to USD 2 Billion)	11%
Micro (USD 50 to USD 300 Million)	26%
Cash	3%



# Omni Hedge Performance



	1 Month	3 Months	6 Months	YTD	Since Inception
OMNI Hedge	7%	-2%	-1%	-8%	41%
MSCI ACWI	-4%	9%	1%	-20%	15%
MSCI AC ASIA Ex Japan	0%	11%	-5%	-22%	-5%
MSCI Golden Dragon	2%	13%	-11%	-24%	-15%
MSCI ASEAN	-1%	8%	5%	-9%	2%
Eurekahedge Hedge Fund Index	0%	3%	2%	-3%	20%
Fixed Return of 8%	1%	2%	4%	8%	22%

**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 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

- 15

### 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	14%
Commercial Services & Supplies	12%
Internet & Direct Marketing Retail	12%
Technology Hardware, Storage & Peripherals	10%
Healthcare Providers & Services	8%
Real Estate Management & Development	7%
Banks	6%
Household Durables	6%
Semiconductors & Semiconductor Equipment	5%
Electronic Equipment, Instruments & Components	4%
Machinery	3%
Media	3%
Cash	10%

Note: Information as of 31 December 2022

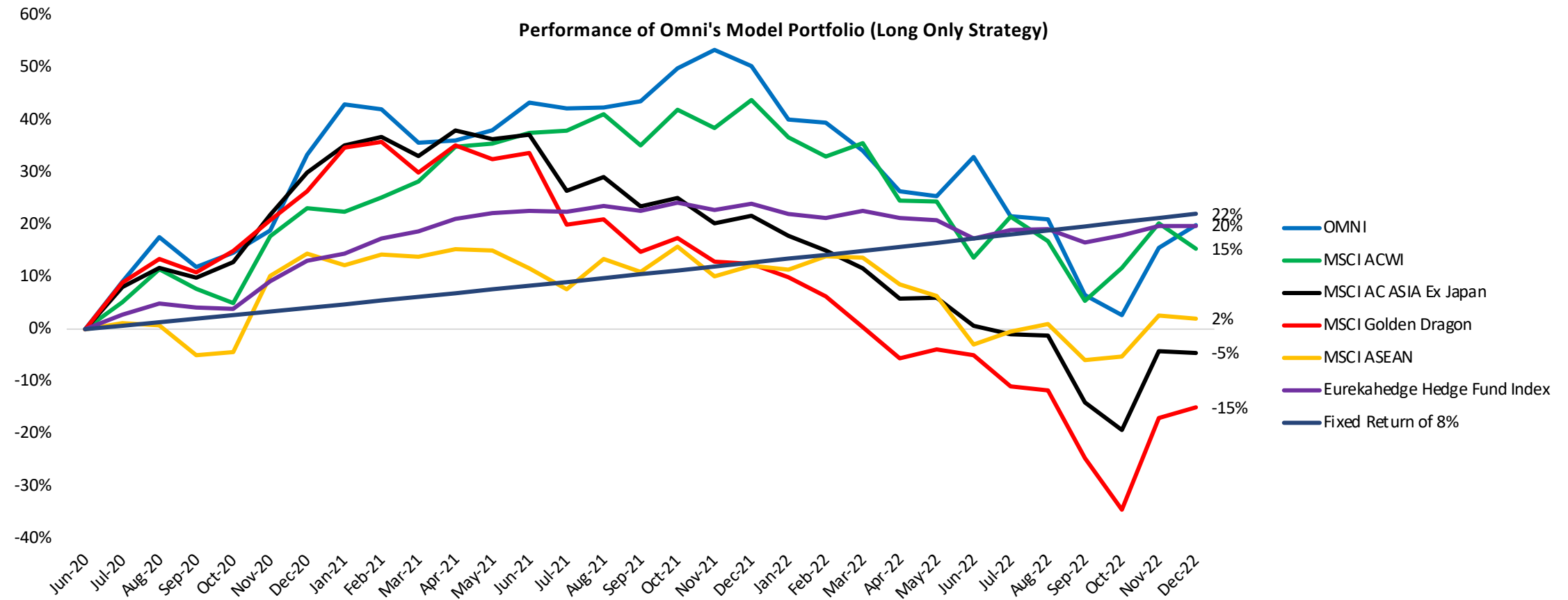
Sector Breakdown	
Information Technology	19%
Consumer Discretionary	18%
Communication Services	17%
Industrials	15%
Healthcare	8%
Real Estate	7%
Financials	6%
Cash	10%

Asset Class Breakdown	
Equity - China	45%
Equity - ASEAN	28%
Equity - United States	17%
Commodity	-
Digital Asset	-
Other	-
Cash	10%

Market Capitalization	
Mega (USD 100 Billion +)	20%
Large (USD 10 to USD 100 Billion)	43%
Medium (USD 2 to USD 10 Billion)	12%
Small (USD 0.3 to USD 2 Billion)	-
Micro (USD 50 to USD 300 Million)	14%
Cash	10%



# Omni Long Performance



**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 Long Performance



	1 Month	3 Months	6 Months	YTD	Since Inception
OMNI Long	4%	13%	-10%	-20%	20%
MSCI ACWI	-4%	9%	1%	-20%	15%
MSCI AC ASIA Ex Japan	0%	11%	-5%	-22%	-5%
MSCI Golden Dragon	2%	13%	-11%	-24%	-15%
MSCI ASEAN	-1%	8%	5%	-9%	2%
Eurekahedge Hedge Fund Index	0%	3%	2%	-3%	20%
Fixed Return of 8%	1%	2%	4%	8%	22%

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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

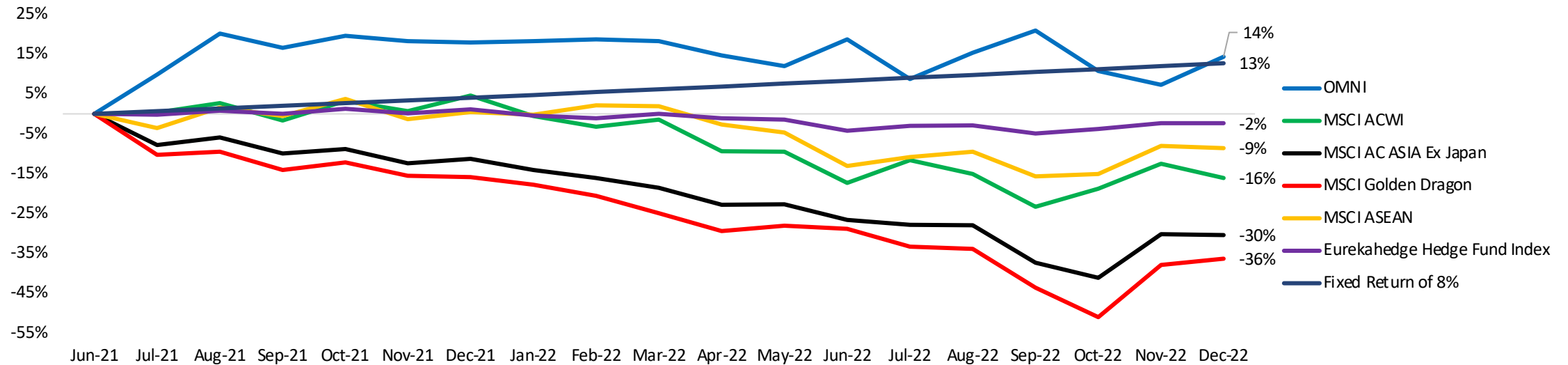
### Features

- Directional
- Arbitrage
- Long / Short
- Event Driven

# Omni Momentum Portfolio



Performance of Omni's Model Portfolio (Momentum Strategy)



	1 Month	3 Months	6 Months	YTD	Since Inception
OMNI Momentum	7%	-5%	-4%	-3%	14%
MSCI ACWI	-4%	9%	1%	-20%	-16%
MSCI AC ASIA Ex Japan	0%	11%	-5%	-22%	-30%
MSCI Golden Dragon	2%	13%	-11%	-24%	-36%
MSCI ASEAN	-1%	8%	5%	-9%	-9%
EurekaHedge Hedge Fund Index	0%	3%	2%	-3%	-2%
Fixed Return of 8%	1%	2%	4%	8%	13%

Asset Class Breakdown	
Equity - China	15%
Equity - ASEAN	7%
Equity - United States	5%
Commodity	6%
Digital Asset	-
Other	60%
Cash	7%

Market Capitalization	
Mega (USD 100 Billion +)	5%
Large (USD 10 to USD 100 Billion)	15%
Medium (USD 2 to USD 10 Billion)	26%
Small (USD 0.3 to USD 2 Billion)	18%
Micro (USD 50 to USD 300 Million)	29%
Cash	7%

Note: Information as of 31 December 2022

# *Investment Review and Outlook*



- Most countries around the world have welcomed China's move to open up to travellers from all over the globe and encouraged Chinese to travel abroad, after the country's COVID-19 battle entered a new stage. However, a small number of countries and regions, such as the US and Japan, see China's reopening as another chance to defame Beijing. Some imposed travel restrictions on arrivals from China, citing what experts called "unnecessary " and "discriminatory" measures to defend their moves, some media reports discredited China's COVID policy, but the real intention is to sabotage China's three years of COVID-19 control efforts and attack the country's system. The expert explained that it is possible that a surge in infections could lead to the emergence of new variants. However, Chinese equities are firmly back in favor after jitters over a chaotic exit from the COVID Zero policy, as traders seize on signs that the virus outbreak may have peaked in some cities. Investors are also betting that the world's second-largest economy will receive a boost as the border with Hong Kong reopens.
- As of 4 January 2023, former Federal Reserve Chair Alan Greenspan said a US recession is the “most likely outcome” as the central bank tightens monetary policy to curb inflation. While the last two monthly reports showed a deceleration in consumer-price increases, “I don't think it will warrant a Fed reversal that is substantial enough to avoid at least a mild recession. The risk of lowering rates too quickly is that inflation could flare up again and we would be back at square one and that could damage the Fed's credibility as the guarantor of stable prices. For that reason alone, I do not expect the Federal Reserve to loosen prematurely unless they deem it absolutely necessary, for example, to prevent financial market malfunctioning,” he said.

# *Investment Review and Outlook*

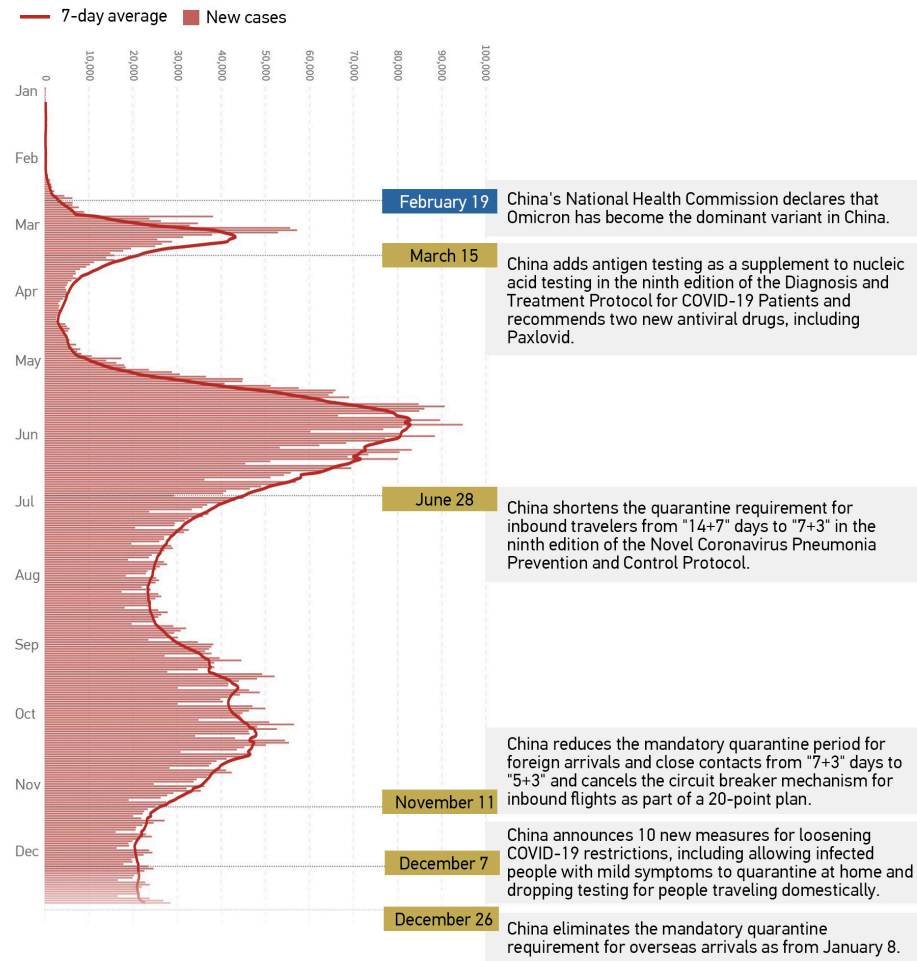


- The Bank of Japan's (BoJ) next move could be removing the negative interest rate after its surprise widening of the Japanese government bond (JGB) yield band. The BOJ's greater emphasis on the need to enhance the JGB market functioning suggests an increased likelihood that it will abandon the negative interest rate policy or terminating YCC altogether. According to Financial Times, history suggests ending yield curve control won't go smoothly. The Federal Reserve capped yields to finance the US war effort from 1942 to 1951. That YCC lulled businesses into assumptions about interest rates and their volatility that broke down when the caps ended, causing losses for investors holding longer-term bonds and sharp dislocations in mortgage markets. The Reserve Bank of Australia faced similar strains in their pandemic-induced YCC program. They abandoned it in November 2021 in the face of rising inflation and market pressures. Moreover, the Swiss National Bank jettisoned its cap on the Swiss franc in January 2015 without warning, a move that sent shock waves through financial markets, inflicted losses on banks and wiped out some currency traders. That said, a systemic meltdown is inevitable.
- According to Daniel Lacalle, a new paradigm in policy will unavoidably emerge as a result of the disastrous economic and monetary effects of years of excessive easing, and neither real earnings nor deposit savings benefit from that. When given the choice between "sound money" and "financial repression," governments have forced central banks to choose "financial repression." The only reason central banks buy gold is to protect their balance sheets from their own monetary destruction programs; they have no choice but to do so.

# End of Zero-COVID Policy, With New Challenge Ahead



## Evolution of China's COVID-19 control measures in 2022



Note: Information as of 23 December 2022  
Source: CGTN

Starting 8 January 2023, inbound travellers to mainland China will no longer need to quarantine upon arrival, Beijing announced Monday. Visitors would still need to show a negative for Covid-19 from within the last 48 hours.

Chinese authorities also said they would improve visa processing for foreigners, while resuming Chinese citizens' passport applications for travel abroad, including for tourism. However, no exact timeframe was specified.

Beijing has vowed to take countermeasures after the US and other countries tightened their COVID-19 rules for those traveling from China, rejecting using COVID measures for political purposes.

# Investors Should Increase Bets On China



## A/H-share premium at lowest since February 2022



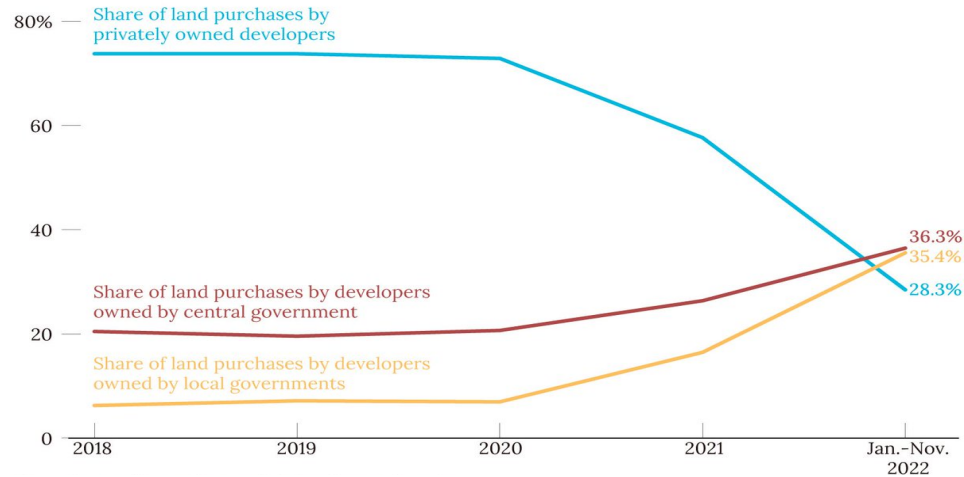
The Hang Seng Stock Connect China AH Premium Index, which tracks the price premium of A-shares to H-shares for dual-listed companies in the two markets, has dropped to its lowest level since February 2022. This is a stark reversal of last year's trend, when the gauge jumped to its highest since 2009 given investors' preference for onshore shares which were more resilient to external volatility.

Note: Information as of 5 January 2023  
Source: Bloomberg



# China To Support Property Developers As Nationalization Complete

## State Dominance



"The Bank of China International analysts estimate annual new housing demand would be 1.2 billion square meters over the next 10 years, lower than the annual average of more than 1.5 billion square meters from 2018 to 2021. China's property sector is effectively being nationalized, with the market share of private developers plunging from 70% before the crisis to somewhere between 10% to 20% over the next three years."



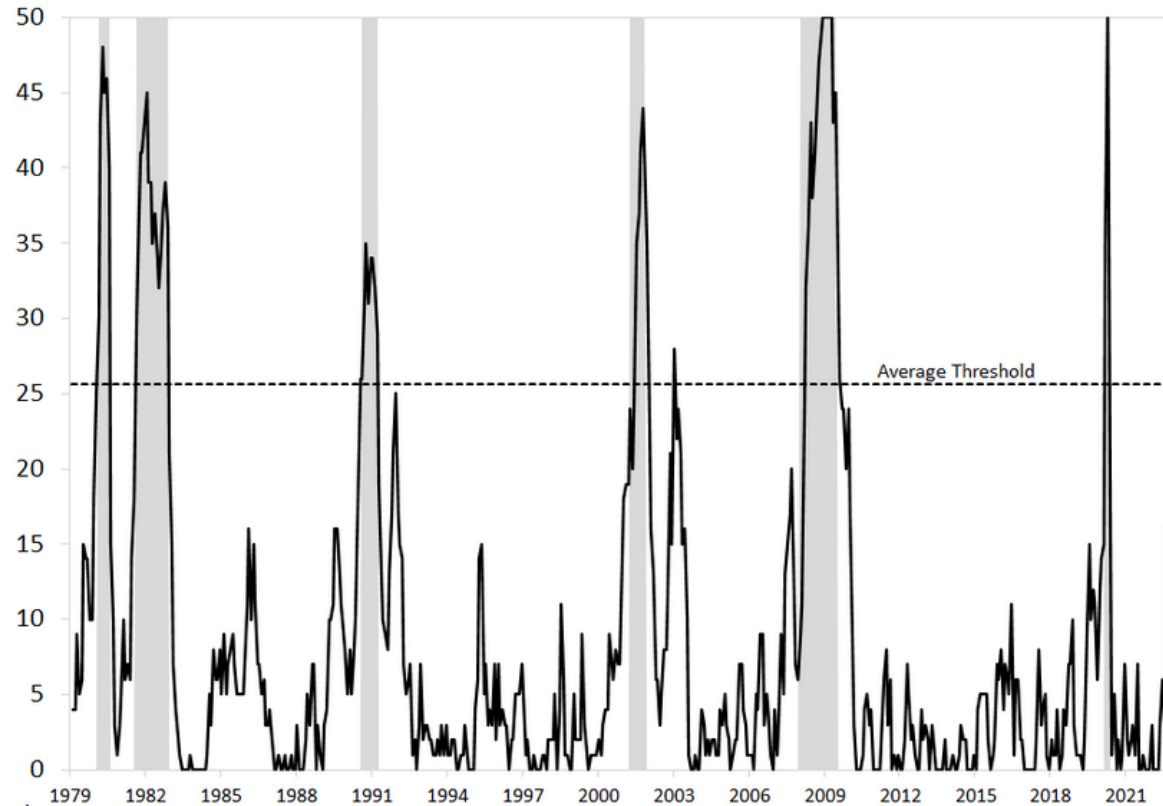
Moreover, the Financial Stability and Development Committee told the banking and securities regulators late December to help shore up the balance sheets of some "systemically important" developers. In order to be eligible, firms need to receive "unqualified" auditing reviews to show they have reliable financial statements and have no record of major violations including defaulting on publicly-issued debt, said the people, asking not to be identified discussing a private matter.

Note: Information as of 4 January 2023  
Source: Bloomberg, Caixin

# US Is Now Quietly In A Recession



**Philadelphia Fed's State Coincident Indexes: Number of States with Negative Growth**



Note: Information as of 2 January 2023  
Source: Federal Reserve Bank of St. Louis

Economists view recessions as national events. However, past recessions have shown that some states' economies continued to expand during a recession, particularly when the national recession was relatively mild. The Federal Reserve Bank of Philadelphia's state coincident indexes (SCIs) can be used to assess whether recession-like conditions have developed in each of the states. And if so, whether there is a threshold in the number of states that might signal a national recession.

In sum, a threshold estimate based on this analysis shows that 26 states need to have negative growth in the SCI to have reasonable confidence that the national economy entered into a recession. Excluding the 2008 outlier raises the threshold to 29 states.

So, where are we now? In October 2022, 27 states had negative growth in the SCI. That would exceed the six-recession average of 26 states but would fall short of the outlier-adjusted estimate (excluding 2008) of 29.

# Money-supply Growth Turns Negative For First Time in 28 Years



YOY change (by %) in money supply, M2 and TMS/Rothbard-Salerno Measure



Note: Information as of 4 January 2023  
Source: Mises Institute

Money supply growth fell again in November, and this time it turned negative for the first time in 28 years. November's drop continues a steep downward trend from the unprecedented highs experienced during much of the past two years. During the thirteen months between April 2020 and April 2021, money supply growth in the United States often climbed above 35% year over year, well above even the "high" levels experienced from 2009 to 2013.

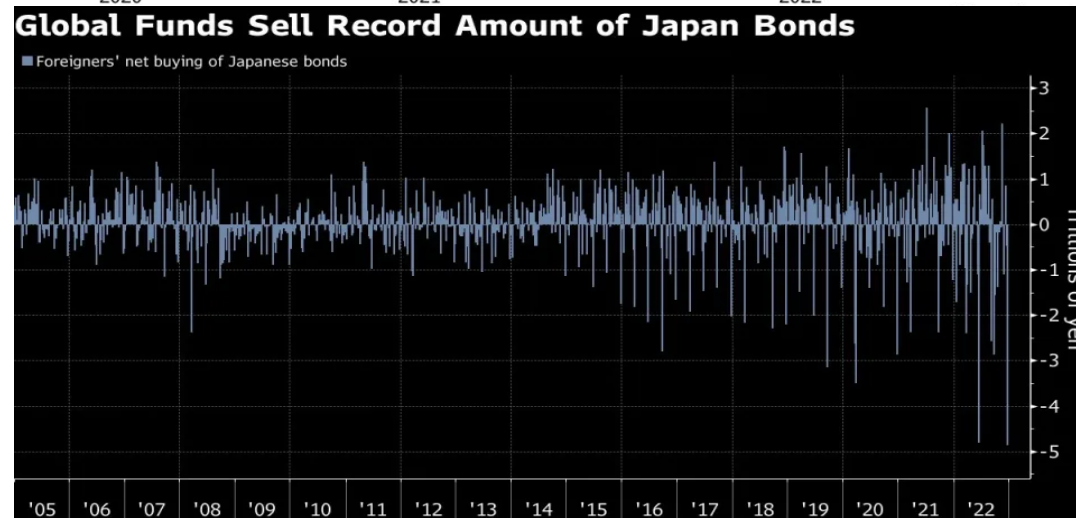
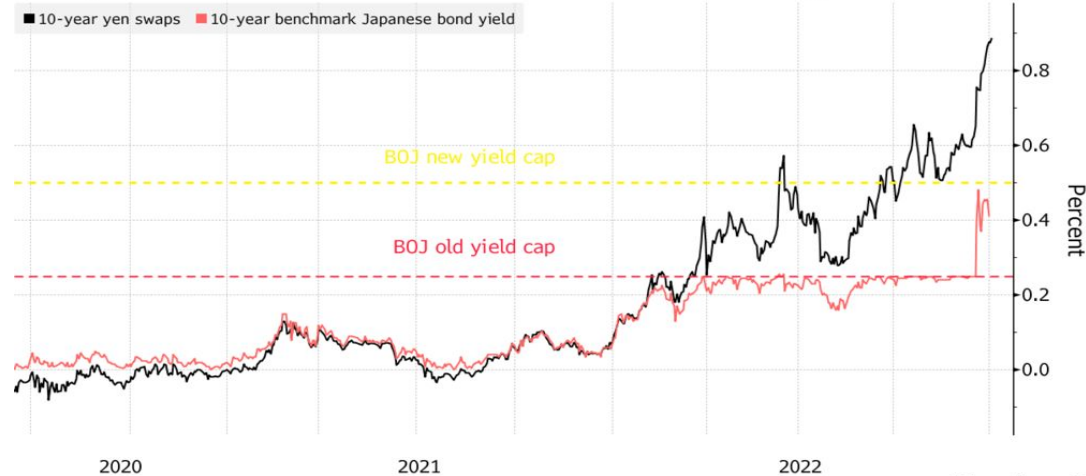
Since then, the money supply growth has slowed quickly, and we're now seeing the first time the money supply has actually contracted since the 1990s. The last time the year-over-year change in the money supply slipped into negative territory was in November of 1994. At that time, negative growth continued for 15 months, finally turning positive again in January of 1996.

During November 2022, year-over-year growth in the money supply was at -0.28%. That's down from October's rate of 2.59%, and down from November 2021's rate of 6.66%.

# The Appearance Of “Grey Rhino”



## Swaps Traders See 10-Year Bond Yields Rising Further



Note: Information as of 4 January 2023  
Source: Bloomberg

As of 20 December 2022, the Bank of Japan shocked markets with a surprise tweak to its bond yield control that allows long-term interest rates to rise more, a move aimed at easing some of the costs of prolonged monetary stimulus. Shares tanked, while the yen and bond yields spiked following the decision, which caught off-guard investors who had expected the BOJ to make no changes to its yield curve control until Governor Haruhiko Kuroda steps down in April.

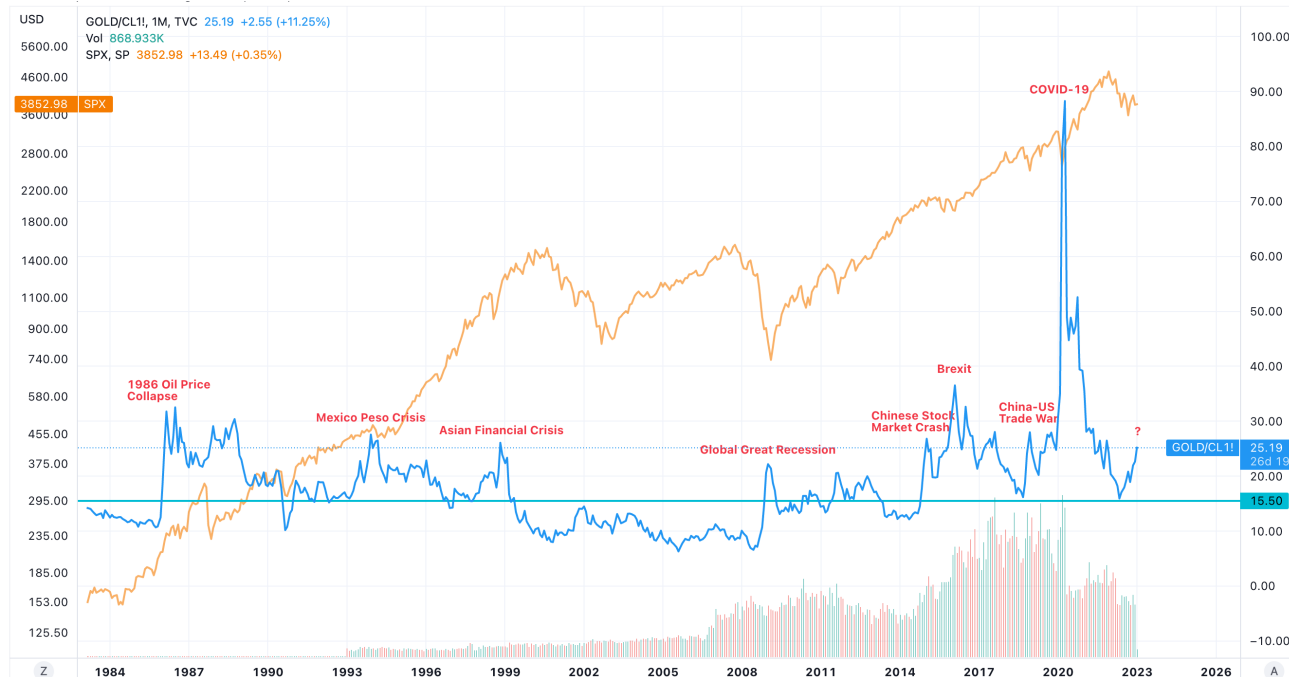
Bets for a Bank of Japan policy pivot are gathering pace in the bond market, with global funds offloading a record amount of the nation’s debt in the final days of 2022. Non-resident investors sold a net ¥4.86 trillion (\$37 billion) of the securities in the week ended Dec. 23, the biggest-ever withdrawal according to finance ministry data going back to 2005. The figure surpassed the previous all-time high of ¥4.81 trillion set in June. The selling came on the heels of the BOJ’s move in December to double the cap on the benchmark yield, and hints at expectations for a further change in policy settings.

# Global Preparing For An Unprecedented Period Of Monetary Devastation



In 2022, central banks will have purchased the largest amount of gold in recent history. According to the World Gold Council, central bank purchases of gold have reached a level not seen since 1967. The world's central banks bought 673 metric tons in one month, and in the third quarter, the figure reached 400 metric tons. This is interesting because the flow from central banks since 2020 had been eminently net sales.

Central banks need gold because they may be preparing for an unprecedented period of monetary devastation. The Financial Times claims that central banks are already suffering significant losses as a result of the falling value of the bonds they hold on their balance sheets. By the end of the Q2 2022, the Federal Reserve had lost \$720 billion while the Bank of England had lost £200 billion. The European Central Bank is currently having its finances reviewed, and it is predicted that it will also incur significant losses. The European Central Bank, the US Federal Reserve, the Bank of England, the Swiss National Bank, and the Australian central bank all “now face possible losses of more than \$1 trillion altogether, as once-profitable bonds morph into liabilities,” according to Reuters.



Note: Information as of 2 January 2023  
 Source: Omni Capital Partners, Tradingview, Daniel Lacalle

# Contact Info



For further enquires, please contact:

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