



# Investment Newsletter

February 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

- 15

### 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	20%
Internet & Direct Marketing Retail	12%
Pharmaceuticals	10%
Healthcare Providers & Services	9%
Technology Hardware, Storage & Peripherals	9%
Food Products	9%
Machinery	9%
Commercial Services & Supplies	7%
Semiconductors & Semiconductor Equipment	5%
Electronic Equipment, Instruments & Components	4%
Metals & Mining	3%
Cash	3%

*Note: Information as of 31 December 2022*

	Sector Breakdown
Other	20%
Healthcare	19%
Information Technology	18%
Industrials	16%
Consumer Discretionary	12%
Consumer Staples	9%
Materials	3%
Cash	3%

	Asset Class Breakdown
Equity - China	47%
Equity - ASEAN	13%
Equity - United States	12%
Commodity	6%
Digital Asset	-
Other	20%
Cash	3%

	Market Capitalization
Mega (USD 100 Billion +)	12%
Large (USD 10 to USD 100 Billion)	38%
Medium (USD 2 to USD 10 Billion)	25%
Small (USD 0.3 to USD 2 Billion)	9%
Micro (USD 50 to USD 300 Million)	13%
Cash	3%



# Omni Hedge Performance



	1 Month	3 Months	6 Months	YTD	Since Inception
OMNI Hedge	1%	5%	9%	1%	43%
MSCI ACWI	7%	11%	2%	7%	24%
MSCI AC ASIA Ex Japan	8%	28%	4%	8%	3%
MSCI Golden Dragon	11%	44%	6%	11%	-6%
MSCI ASEAN	5%	13%	8%	5%	7%
Eurekahedge Hedge Fund Index	0%	1%	0%	0%	19%
Fixed Return of 8%	1%	2%	4%	1%	23%

**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	
Technology Hardware, Storage & Peripherals	13%
Internet & Direct Marketing Retail	13%
Healthcare Providers & Services	8%
Commercial Services & Supplies	7%
Real Estate Management & Development	7%
Machinery	7%
Banks	6%
Interactive Media & Services	6%
Semiconductors & Semiconductor Equipment	5%
Electronic Equipment, Instruments & Components	4%
Metals & Mining	4%
Food Products	4%
Cash	17%

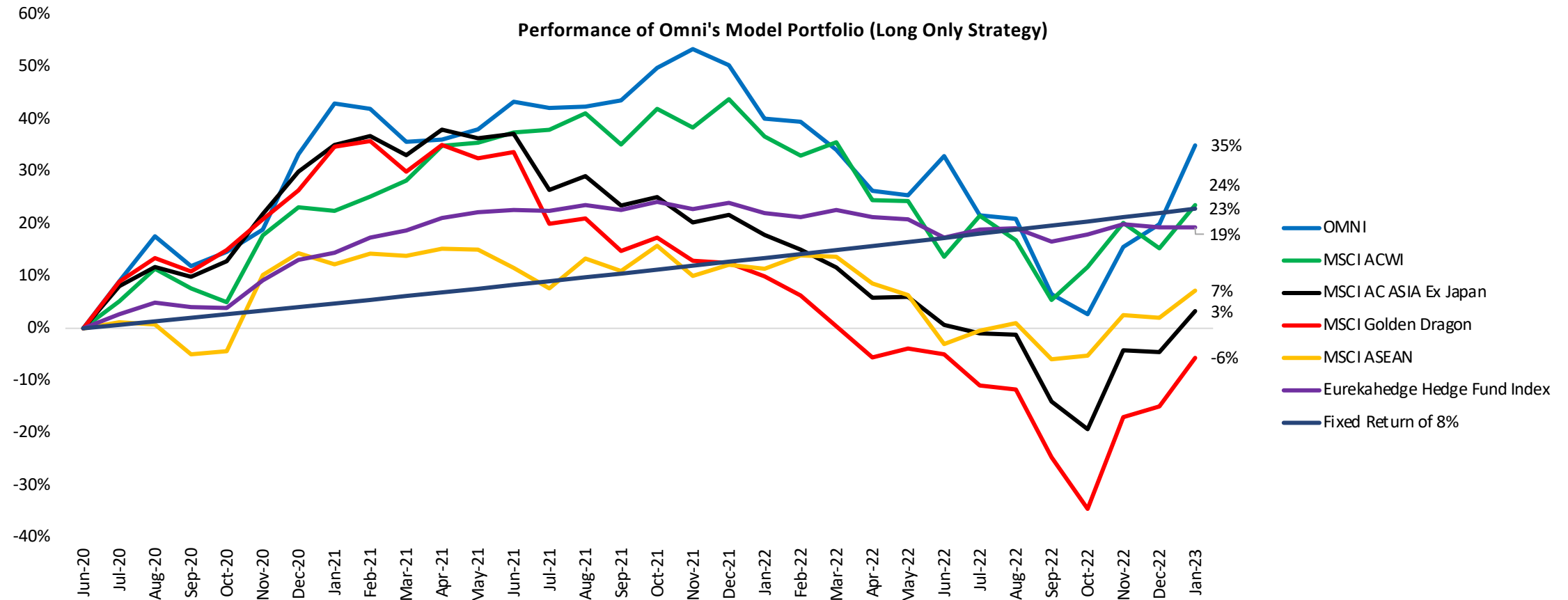
Note: Information as of 31 December 2022

Sector Breakdown	
Information Technology	22%
Industrials	14%
Consumer Discretionary	13%
Healthcare	8%
Real Estate	7%
Financials	6%
Communication Services	6%
Cash	17%

Asset Class Breakdown	
Equity - China	40%
Equity - ASEAN	25%
Equity - United States	19%
Commodity	-
Digital Asset	-
Other	-
Cash	17%

Market Capitalization	
Mega (USD 100 Billion +)	13%
Large (USD 10 to USD 100 Billion)	40%
Medium (USD 2 to USD 10 Billion)	19%
Small (USD 0.3 to USD 2 Billion)	-
Micro (USD 50 to USD 300 Million)	12%
Cash	17%

# Omni Long Performance



**Note:**

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

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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	13%	31%	11%	13%	35%
MSCI ACWI	7%	11%	2%	7%	24%
MSCI AC ASIA Ex Japan	8%	28%	4%	8%	3%
MSCI Golden Dragon	11%	44%	6%	11%	-6%
MSCI ASEAN	5%	13%	8%	5%	7%
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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

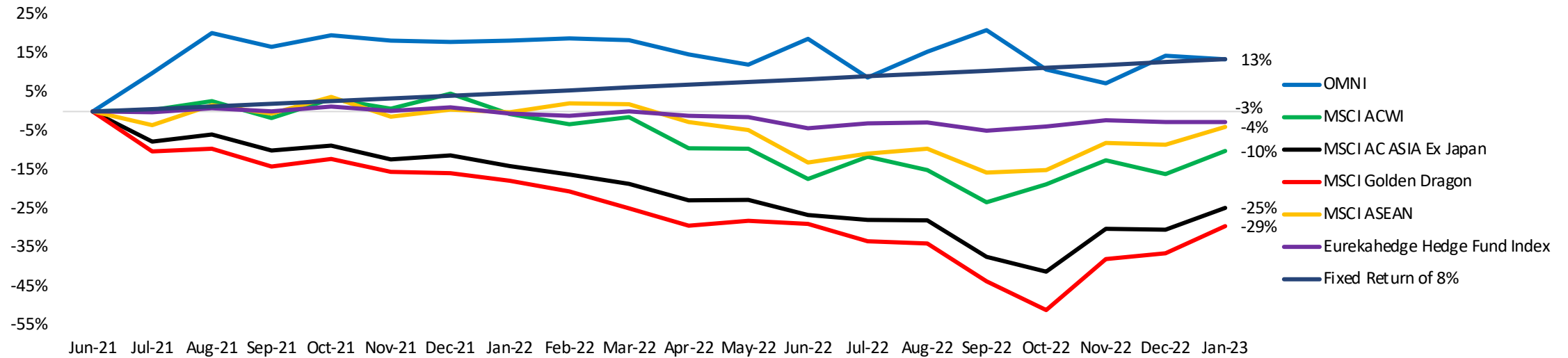
### Features

- 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	-1%	2%	-4%	-1%	13%
MSCI ACWI	7%	11%	1%	7%	-10%
MSCI AC ASIA Ex Japan	8%	28%	-5%	8%	-25%
MSCI Golden Dragon	11%	44%	-11%	11%	-29%
MSCI ASEAN	5%	13%	5%	5%	-4%
EurekaHedge Hedge Fund Index	0%	1%	2%	0%	-3%
Fixed Return of 8%	1%	2%	4%	1%	13%

Note: Information as of 31 December 2022

Asset Class Breakdown	
Equity - China	31%
Equity - ASEAN	4%
Equity - United States	-
Commodity	14%
Digital Asset	-
Other	46%
Cash	5%

Market Capitalization	
Mega (USD 100 Billion +)	7%
Large (USD 10 to USD 100 Billion)	26%
Medium (USD 2 to USD 10 Billion)	30%
Small (USD 0.3 to USD 2 Billion)	18%
Micro (USD 50 to USD 300 Million)	14%
Cash	5%

# *Investment Review and Outlook*



- China played down the cancellation of a visit by US Secretary of State Antony Blinken after a large Chinese balloon suspected of conducting surveillance on US military sites roiled diplomatic relations, saying that neither side had formally announced any such plan. Back in 22 January 2023, Blinken was set to visit Beijing from Feb. 5 to 6, a US official said, in the first trip by a US secretary of state to the rising Asian power since October 2018. The trip was decided after US President Joe Biden and Chinese President Xi Jinping in November 2022 held talks in Bali, Indonesia, on wide-ranging friction between the world's two largest economic powers. However, Blinken voiced alarm over Taiwan, pointing to Beijing's growing efforts to isolate the nation and the major military exercises it carried out near it in August.
- China hasn't unveiled details of its gold purchases since 2019, with the exception of the last three months. During the time it did report figures, though, the PBOC amassed 1,448 tonnes since 2002. It's expected that China will continue its gold-buying spree throughout 2023, in an effort to bolster the yuan's international strength and challenge the US dollar's dominance. In fact, the Chinese regime last year even went as far as to convince Middle Eastern nations to accept its currency in lieu of the greenback for crude imports. The de-dollarization trend, which gained momentum in wake of Russia's invasion of Ukraine, is expected to continue as major central banks increase their gold reserves. Data from the World Gold Council showed that central banks purchased a combined 1,136 tonnes of the precious metal last year, the largest amount since 1967.

# *Investment Review and Outlook*



- Total RMB loans surprised the market to the upside mainly on stronger corporate loans, where the growth accelerated to 23.7% month-over-month annualized in January 2023 from 16.9% in December 2022, although short-term corporate loans grew faster than medium to long term loans. Household loan growth slowed in contrast – medium to long term loans to households (mostly mortgages) contracted in January vs December last year amid weak property transactions and early repayment of mortgages. Total social financing and M2 beat expectations as well on the back of stronger loan growth. Bottom line, the burst higher in credit will lead to an even more powerful bounce in Chinese stocks in the near term.
- Tight monetary policy is "unequivocally" slowing the US economy, allowing the Federal Reserve to move "more deliberately" with any further interest rate increases, Richmond Fed President Thomas Barkin said on 9 February 2023. The core question for this year is inflation calming, which Barkin argued that the decline so far had been "distorted" by some falling goods prices. Barkin did not pinpoint his own sense of where the Fed might pause ongoing hikes to its benchmark overnight interest rate, a level his colleagues projected in December was likely to be in the 5.00%-5.25% range.
- The US unemployment rate hit more than a 53-1/2-year low of 3.4% in January 2023, pointing to a stubbornly tight labour market, and raising a potential concern for Fed officials as they fight inflation. Fed Chair Powell indicated that if the US job market strengthens further in the coming months or inflation readings accelerate, the Fed might have to raise its benchmark interest rate higher than it now projects.

# Defining the New Cold War Between China & US



CHINA

## US shoots down Chinese balloon

A US fighter jet has **shot down a suspected Chinese surveillance balloon** that has been drifting across American airspace for days. **Beijing has condemned the move.**



Backward trajectory ending at 05:00 UTC, Feb 1, 2023 (NOAA)



The balloon was shot down by an F-22 fighter jet off the coast of South Carolina on February 4.



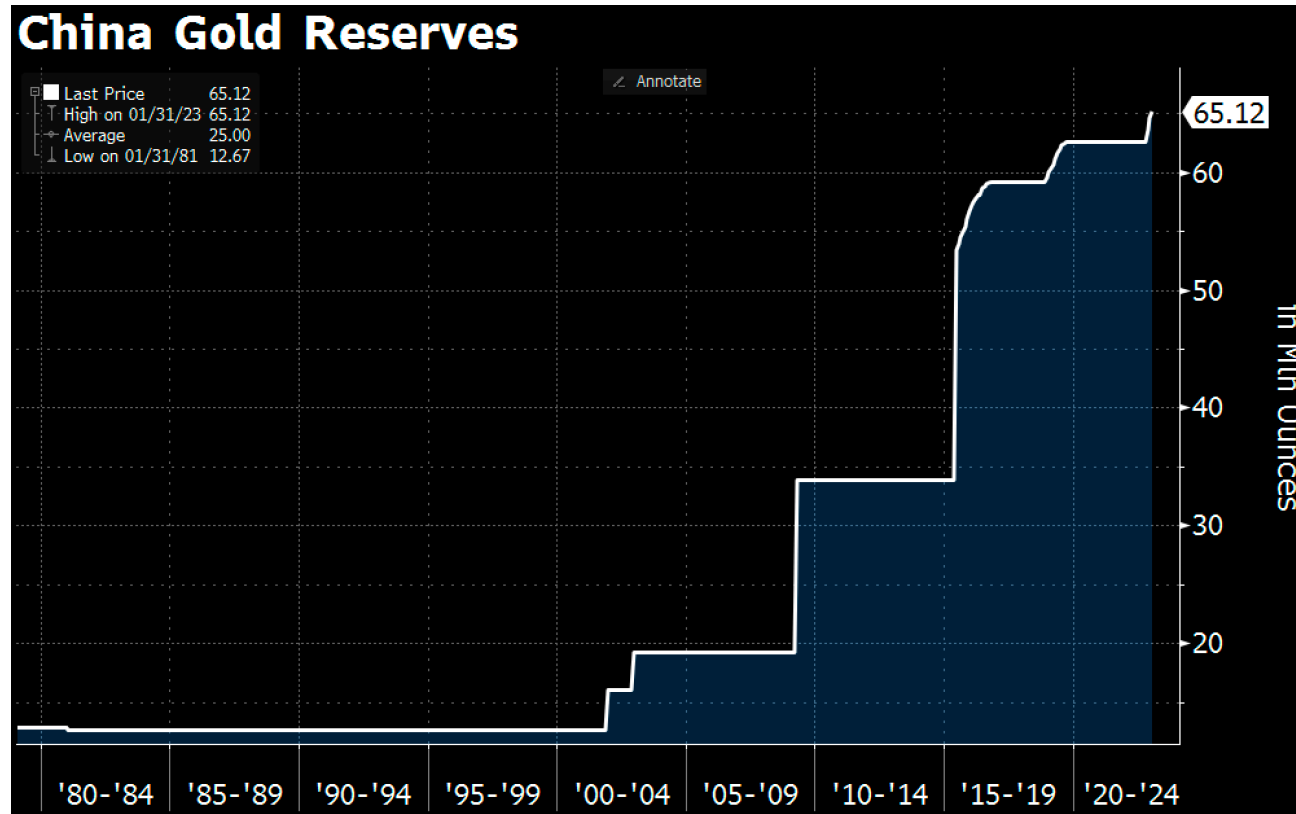
Approximate path of the balloon since being spotted over Montana on February 1.

The discovery of alleged spy balloons has caused a diplomatic row between the US and China. US Secretary of State Antony Blinken cancelled a trip to Beijing, set to take place just a few days after the balloon was first detected. It would have been the first meeting of its kind between the two countries in years. It is argued that such balloons were used to collect intelligence on strategically relevant territories.

On another note, US Republican Michael McCaul, warns that there are very high odds of a US war with China. The new chairman of the Foreign Affairs Committee in the US House of Representatives, says conflict with China in particular over Taiwan may happen in 2025. General Minihan's views do not represent the Pentagon, but show concern at the highest levels of the US military over a possible attempt by China to exert control over Taiwan, which Beijing claims as its territory.

Note: Information as of 5 February 2023  
Source: Aljazeera

# Currency Warfare With Continuing De-dollarization Trend



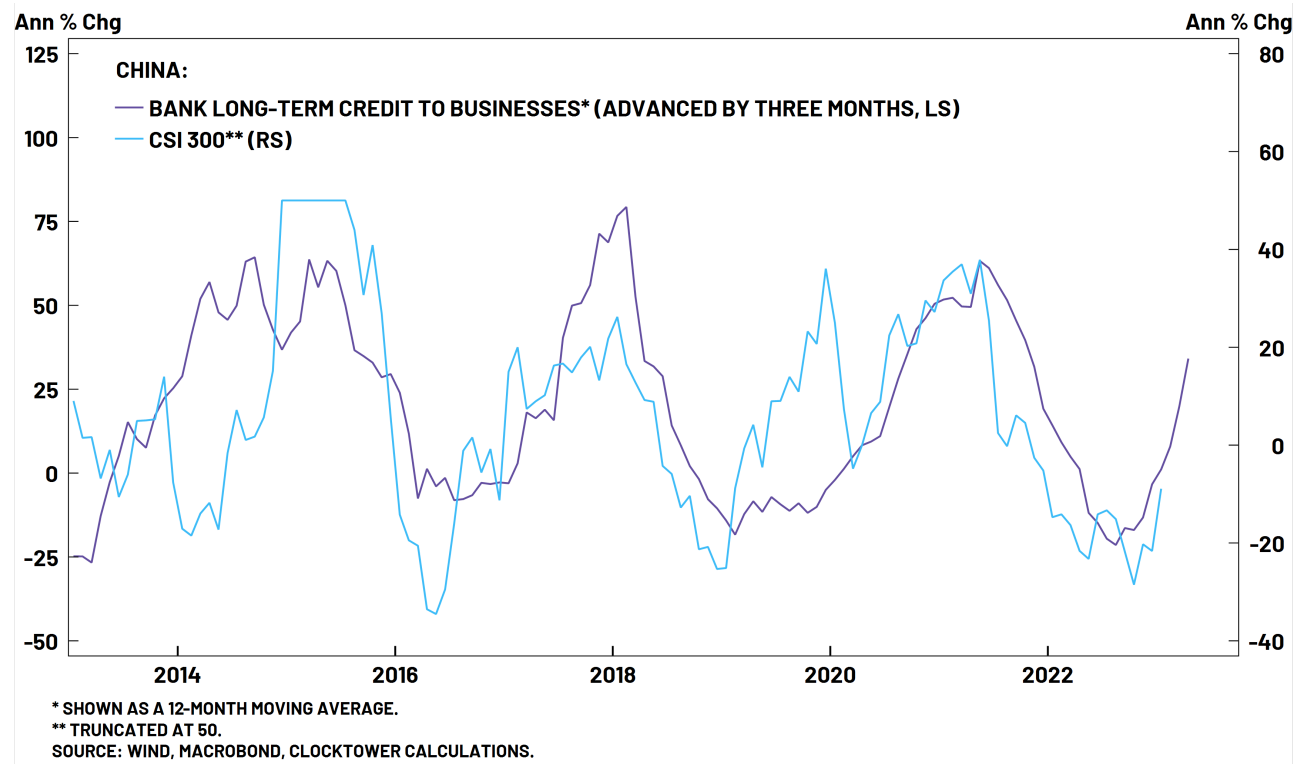
China continues to flex its muscles in the gold market after data from the People's Bank of China shows that it bought more gold in January, the third straight month. China's central bank bought 15 tonnes of gold in January 2023; this follows 32 tonnes of gold bought in December 2022 and 30 tonnes bought in November 2022.

China is expected to continue to buy gold through 2023 as it looks to add international credibility and stability to the yuan and challenge the US dollar as the world's reserve currency.

Emerging markets central banks, on average, have around two-thirds of their reserves in dollar-denominated assets and less than 5% in gold. And the markets want to change that ratio for higher gold allocation.

Note: Information as of 31 January 2023  
Source: Bloomberg

# China's Credit Monster Is Appearing

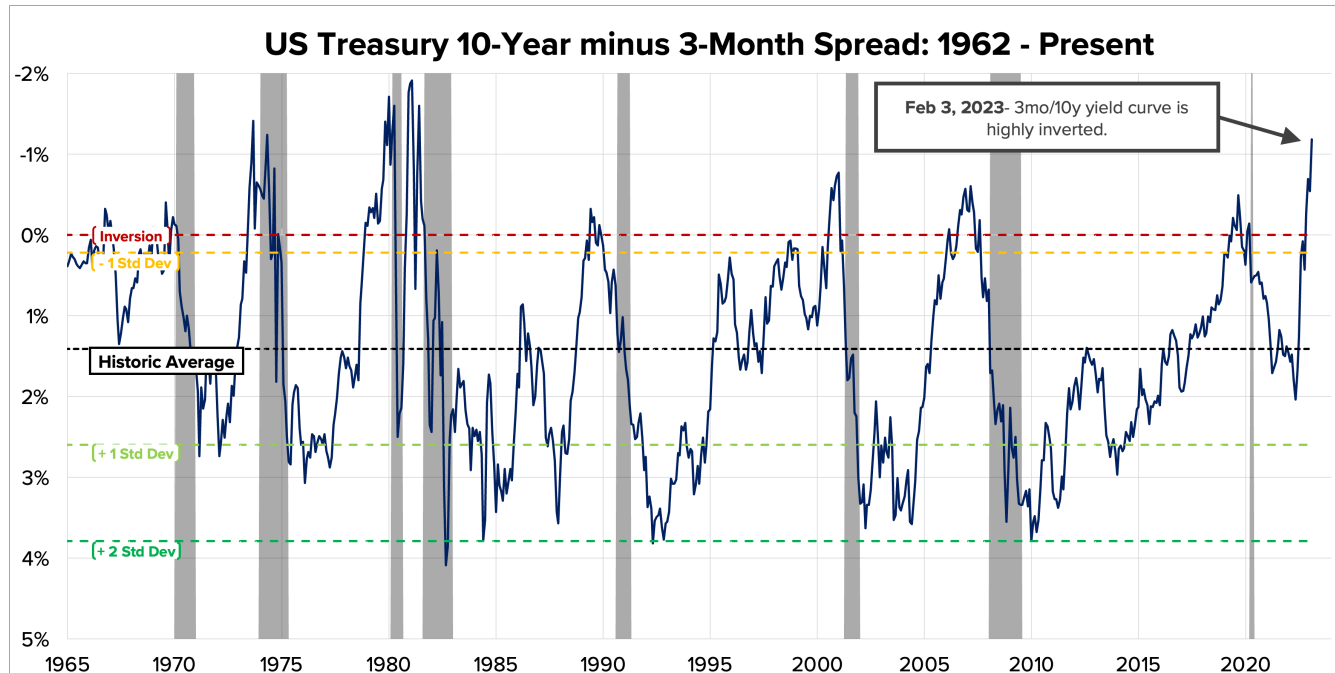


The January loan and credit data came red hot as expected and as China warned, clearly expecting this outcome and hinting that there is much more to come (no surprise that the PBOC released more than 1trillion yuan in new liquidity in just three days). The acceleration in bank loans reflected policy support commercial banks extended more loans to property developers after the “property 16 measures”, and policy banks’ credit facility targeting at infrastructure investment in recent months likely also added to overall RMB loan growth.

At the same time, the sharp upward reversal in TSF growth indicates that Beijing has fully capitulated when it comes to new containing the next credit bubble and is now pursuing it wholeheartedly as it hopes to reverse three years of subdued growth by China’s economy during its Zero-COVID policy.

Note: Information as of 10 February 2023  
Source: Wind, Macrobond, Clocktower Calculations

# Continuing Monetary Tightening To Defend Monetary Hegemony



A long period of yield curve inversion is seen as a predictor for recessions. In the past, this was seen in 2006-2007, when the yield curve inverted for an extended period of time and foreshadowed the Great Recession of 2008-2009. Looking further back, a similar scenario played out in 2000 when a yield curve inversion presaged the 2001-2003 market meltdown and economic downturn.

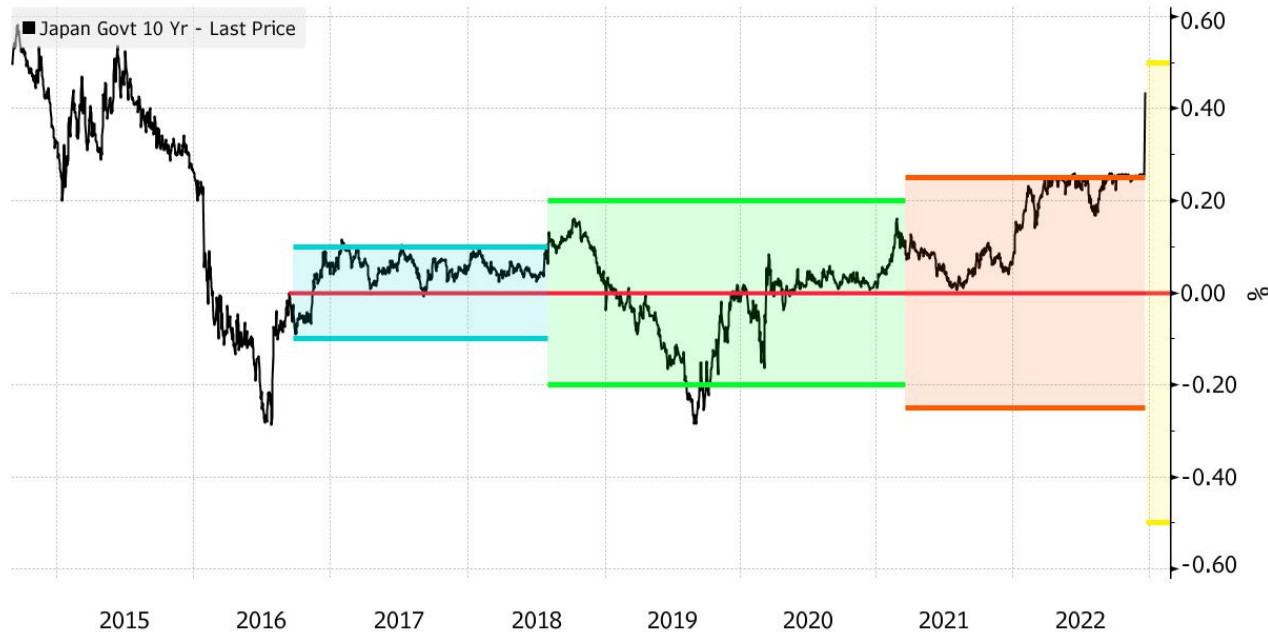
It is noted that not only have the 2s10s inverted, which acts as a recession indicator, but also the 3m10s inverted along with the Fed forward spread.

Note: Information as of 3 February 2023  
Source: Current Market Valuation

# Japan's Systemic Risk Rising as Bond Delivery Failures Hit Highs



## BOJ Widens Yield-Curve Control Band



Japan's bond delivery failure is the highest since the GFC. A growing number of sellers are failing to deliver promised Japanese government bonds to buyers as aggressive purchasing by the Bank of Japan dries up liquidity in the market.

Failures affected 5.08 trillion yen (\$38.6 billion) of JGBs in 1,247 incidents this January, according to the BOJ -- the most since September 2008, when Lehman Brothers collapsed.

BOJ purchases squeeze liquidity even as outstanding balance tops \$7.6tn

Rare situation suggests JGB market has lost more of its functionality. There is a dysfunction in the Japan bond market as BOJ sticks to its policy.

Investors are speculating that the BOJ would move to shift away from its ultraloose monetary policy.

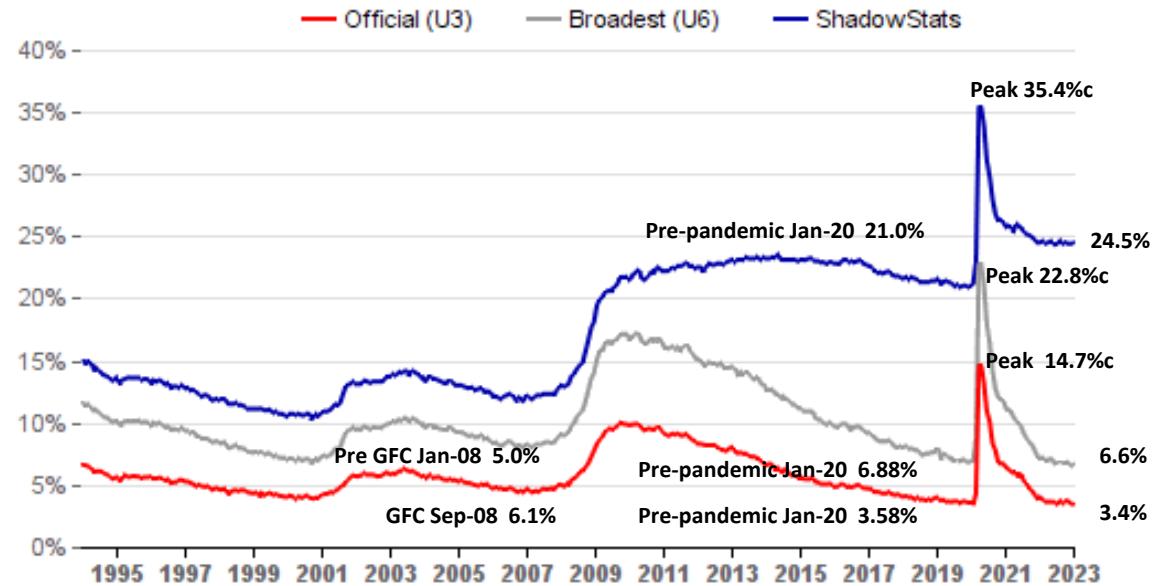
Note: Information as of 3 February 2023  
Source: Bloomberg

# US Unemployment Rate Adjusted For Displaced Workers Remains High



## Unemployment Rate - Official (U-3 & U-6) vs ShadowStats Alternate

Monthly SA. Through Jan. 2023 (ShadowStats, BLS)



- Official (U-3) - includes unemployed individuals actively looking for work in the last four weeks of the survey. Broadest (U-6) - includes underemployed people, marginally attached workers and “Discouraged Workers” as per BLS
- ShadowStats - includes underemployed people, marginally attached workers, “Discouraged Workers” and “Long Term Discouraged Workers” (defined as “those displaced by extraordinary economic conditions, including regional/local businesses activity affected negatively by trade agreements or by other factors shifting U.S. productive assets offshore, as defined and counted by ShadowStats)

Note: Information as of January 2023

Source: ShadowStats.com, Trading Economics, US Bureau of Labor Statistics

Official U-3 unemployment rate have fallen below pre-pandemic levels and stands at a 53-year low (3.4% Jan-23 vs 3.58% Jan-20)

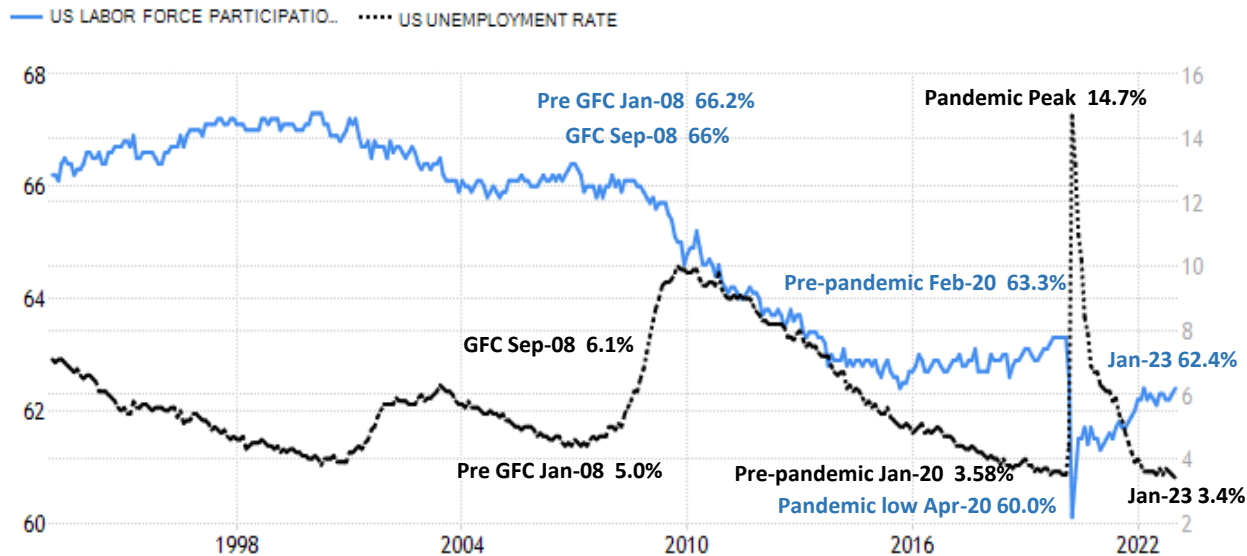
U-6 (Real) Unemployment rate have fallen to almost pre-pandemic levels. (6.6% Jan-23 vs 6.88% Jan-20)

Adjusted unemployment rate has yet to be restored to pre-pandemic levels and remains high above pre-GFC levels. (24.5% Jan-23 vs 21.0% Jan-20. Below 15% Pre-GFC )

The jobs data may not be as strong as assumed.

- The adjusted rate provides a broader picture of the current employment situation and remains high.
- It took the Great Depression several years to hit record unemployment rate of 25.6% set in May 1933. The 2020 recession nearly equaled it in just a matter of months.

# US Labor Force Participation Rebounded But Remains Below Pre-GFC



Labour force participation rate has rebounded to pre-pandemic levels but remains well below pre-GFC levels (62.4% Jan-23 vs 63.3% Feb-20. Below 66.2% Pre-GFC).

Reinforcing the trend in adjusted unemployment rate, and that the jobs data may not be as strong as assumed.

Note: Information as of 7 February 2023

Source: Trading Economics, US Bureau of Labor Statistics

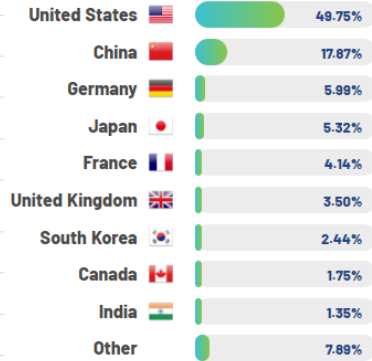


# Asian Countries Rise in Global Brand Ranking

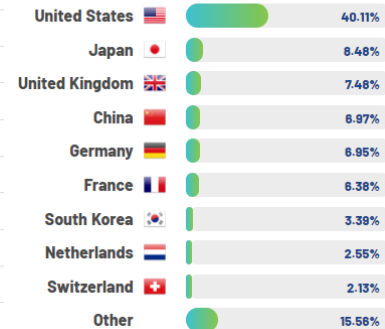
2023	2022	Logo	Name	Country	2023	2022
1 ^	2		Amazon		\$299,280M	\$350,273M
2 v	1		Apple		\$297,512M	\$355,080M
3 =	3		Google		\$281,382M	\$263,425M
4 =	4		Microsoft		\$191,574M	\$184,245M
5 =	5		Walmart		\$113,781M	\$111,918M
6 =	6		Samsung Group		\$99,659M	\$107,284M
7 ^	8		ICBC		\$69,545M	\$75,119M
8 ^	10		Verizon		\$67,443M	\$69,639M
9 ^	28		Tesla		\$66,207M	\$46,010M
10 ^	18		TikTok/Douyin		\$65,696M	\$58,980M

2013	2012	Logo	Name	Country	2013	2012
1 =	1		Apple		\$87,304M	\$70,605M
2 ^	6		Samsung Group		\$58,771M	\$38,197M
3 v	2		Google		\$52,132M	\$47,463M
4 v	3		Microsoft		\$45,535M	\$45,812M
5 =	5		Walmart		\$42,303M	\$38,320M
6 v	4		IBM		\$37,721M	\$39,135M
7 =	7		GE		\$37,161M	\$33,214M
8 ^	10		Amazon.com		\$36,788M	\$28,665M
9 v	8		Coca-Cola		\$34,205M	\$31,082M
10 ^	12		Verizon		\$30,729M	\$27,616M

## BRAND VALUE BY COUNTRY



## BRAND VALUE BY COUNTRY



- New leader : Amazon is the world’s most valuable brand, replacing Apple, despite losing USD51bil in brand value
- Electric Vehicles : Tesla and BYD are amongst the world’s fastest growing brand as demand grows for EVs (BYD: 199 from 346. Tesla: 9 from 28)
- Top 3 by country : changed over 15 years (except for the US)
  - US maintains no 1 position (with reduced brand value)
  - China rises to no 2 position (with increased brand value)
- Asia’s position rises whilst Europe declines

Note: Information as of 7 January 2023  
Source: Brand Finance

# Contact Info



For further enquires, please contact:

## Omni Capital Partners

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