



全创资本

OMNI CAPITAL PARTNERS

# Investment Newsletter

January 2024

“ 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.

”

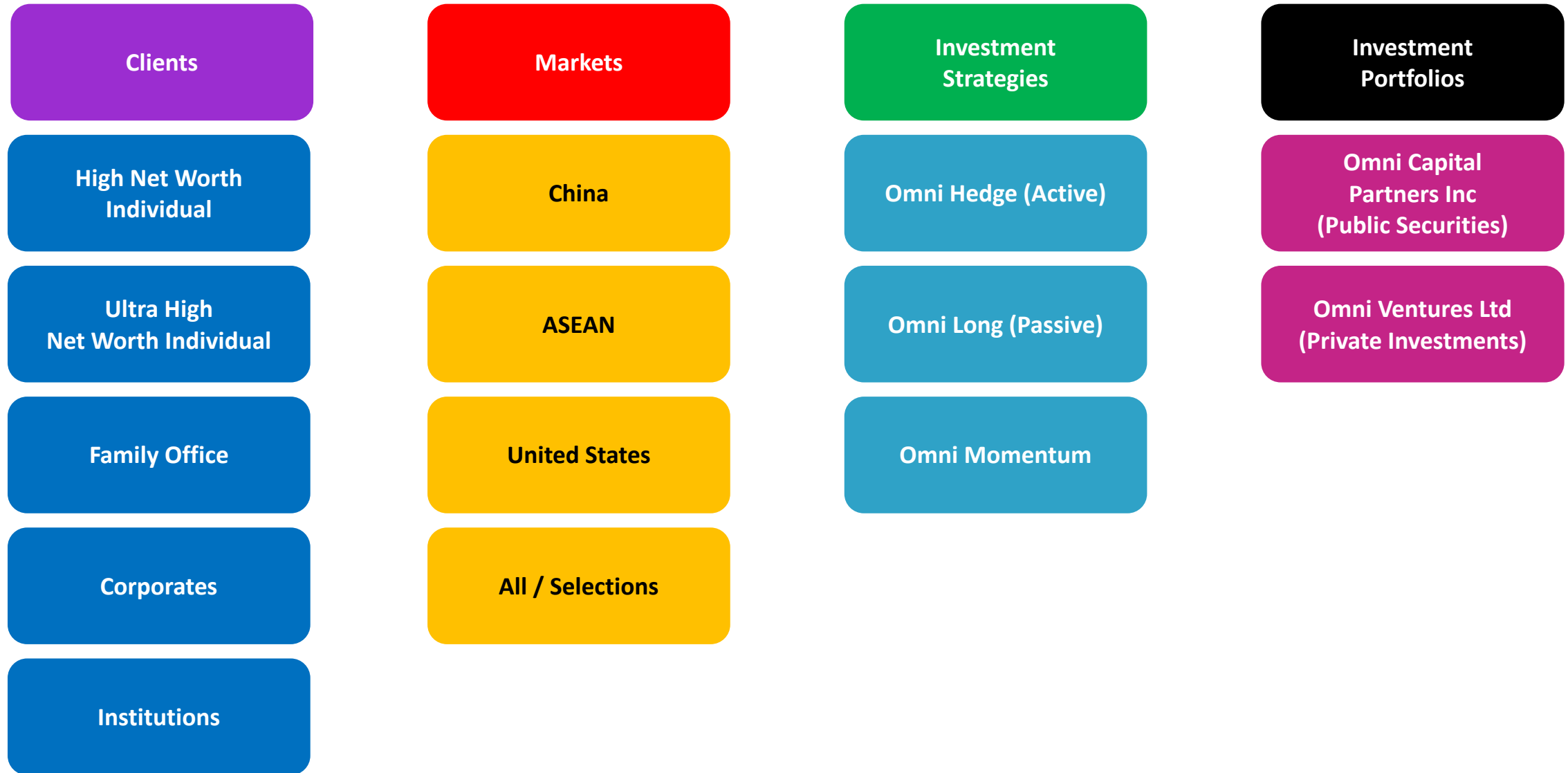
Experienced with  
Impressive Track  
Records

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

# Investment Review and Outlook



- Despite the S&P hitting multiple all-time highs toward the end of the month, January was a mixed month as far as markets were concerned, because as Deutsche Bank's Henry Allen writes, financial assets saw a fairly divergent performance. On the one hand, economic data kept surprising on the upside for the most part, which meant equities continued their gains from late 2023, and the S&P 500 reached a new all-time high. However, geopolitical concerns have persisted, particularly given attacks from the Houthi rebels on commercial shipping in the Red Sea. And sovereign bonds also lost ground as investors dialled back the prospect of rate cuts in Q1, with Fed Chair Powell suggesting that a cut by March was unlikely.
- January saw several developments for markets, but an important one was that hopes for a soft landing continued, which meant risk assets kept up their momentum from November and December. Likewise in the Euro Area, although growth has been weaker, the single currency area unexpectedly avoided a technical recession in Q4, as GDP was unchanged, rather than contracting by -0.1% as the consensus expected. That positive momentum helped global equities to advance for the most part, with both the S&P 500 (+1.7%) and Europe's STOXX 600 (+1.5%) posting a third consecutive monthly gain. However, another continued theme from 2023 was how narrow the equity rally was, since the equal-weighted S&P 500 was actually down -0.8% over the month, continuing to lag the overall index
- In addition, Chinese equities didn't share in the broader gains amidst concerns about the economic outlook there, with the CSI 300 (-6.3%) losing ground for a 6th consecutive month and closing at a 5-year low.

# Investment Review and Outlook

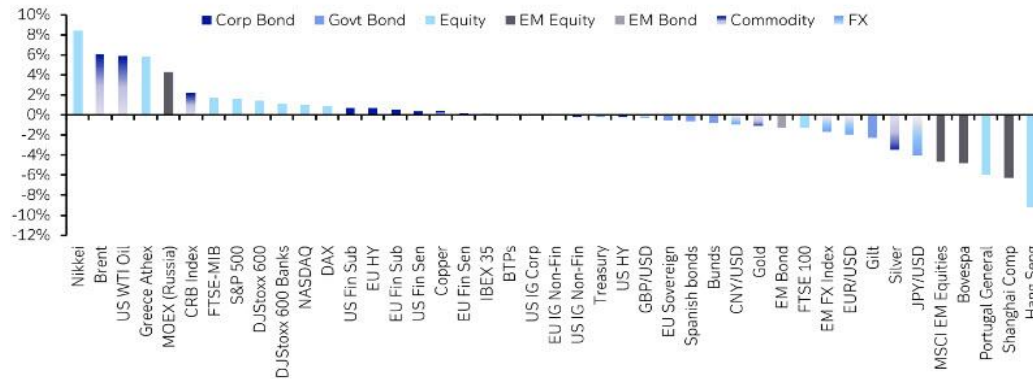


- Overall, there were more losers than gainers in January in USD terms, with Brent crude oil (+6.1%) topping the list and the Hang Seng (-9.2% in USD terms) the largest decliner. The S&P 500 (+1.7%) and Nasdaq (+1.0%) eked out gains but the Russell 2000 (-3.9%) was lower. Indeed, most global equity and bond markets were slightly lower in USD terms on the month due to a stronger dollar. Returns in many European markets were slightly positive in local currency terms.
- Regardless of changes to earnings, sales, or other fundamental data, investors' desire to buy or sell, if strong enough, can divorce a stock's price from its fundamentals. The sentiment and changes in investors' perceptions via valuation expansion or contraction can easily dominate returns. We must respect current sentiment and appreciate recent trends, as "The markets can remain irrational longer than you can remain solvent."
- "Our main concern right now is that the S&P 500 may be starting a tech-led meltup similar to what happened during the second half of the 1990s," the founder of Yardeni Research Inc. wrote in a note. "We are wondering whether a bout of irrational exuberance might push the multiple higher, inflating a speculative bubble in the stock market as occurred during the late 1990s."

# The Best & Worst Performing Assets Of JAN 2024

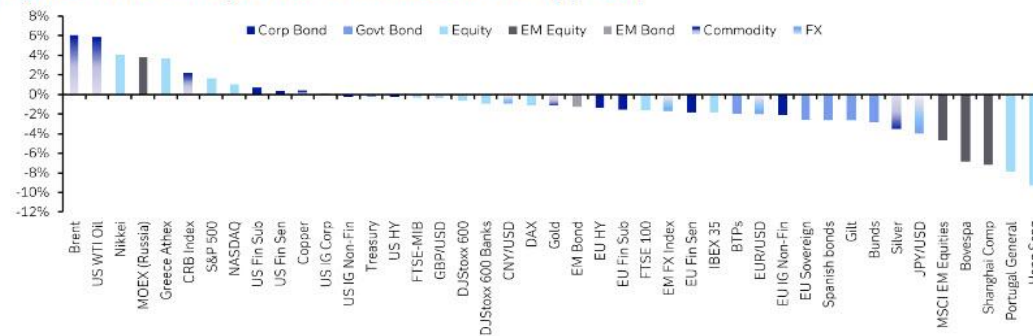


Figure 1 : Returns for Major Global Financial Assets in January (in Local Currency)



Source: Deutsche Bank, Bloomberg Finance LP  
Note: Equities, credit and bonds shown on total return basis, FX and commodities shown on spot return basis

Figure 2 : Returns for Major Global Financial Assets in January (in USD)



Note: Information as of February 2024  
Source: Deutsche Bank, Bloomberg Finance

## January's Biggest Winners

**DM Equities :** Over January as a whole, the S&P 500 (+1.7%) and the STOXX 600 (+1.1%) both advanced in total return terms. However, the advance continued to be a narrow one, with the equal-weighted S&P 500 down -0.8%.

**Oil :** The geopolitical backdrop meant that oil prices rose after three consecutive monthly declines, with Brent Crude (+6.1%) and WTI (+5.9%) both posting gains.

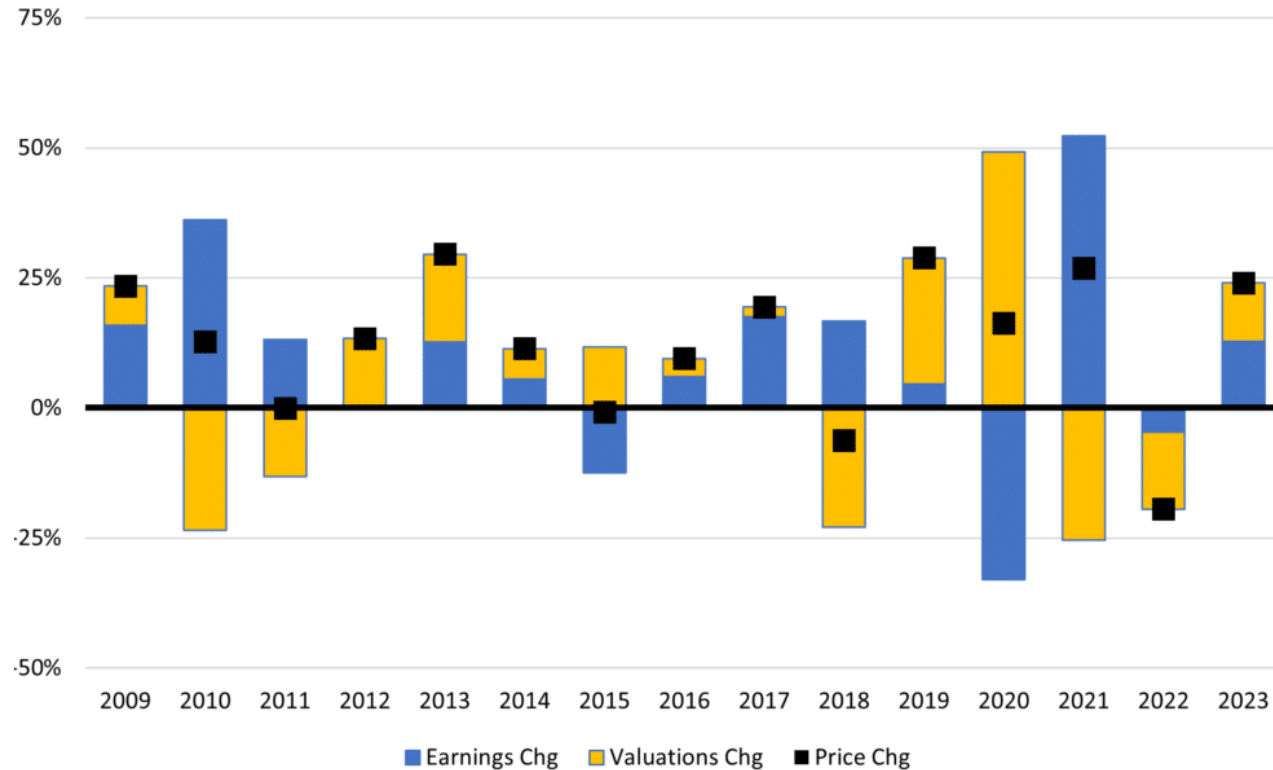
**US Dollar :** After losing ground in November and December, the Dollar Index strengthened by +1.9% in January, and the US Dollar strengthened against every other G10 currency.

## January's Biggest Losers

**Sovereign Bonds :** As investors grew less confident that central banks would cut rates in Q1, sovereign bonds lost ground. US Treasuries ended the month -0.2% lower, and Euro sovereign bonds were down -0.6%.

**EM Assets :** It was a difficult month for EM assets, with the MSCI EM index down -4.6%, whilst EM bonds were down -1.2%.

# S&P 500 Valuations & Earnings Attribution



The graph shows how P/E multiple and EPS changes contributed to the S&P 500 price change since 2009. In six of the fifteen years, the changes in EPS and valuations were opposites of each other. Also note the years 2020 and 2021. In 2020, a significant increase in valuations more than offset declining earnings. Conversely, in 2021, EPS spiked, and valuations gave up most of its 2020 gains. Even if EPS is forecasted to the penny at the start of those two years, the S&P 500 projection would have been wrong.

Note: Information as of January 2024  
Source: RIA

# Further Extremes Can Be Fuelled By Exuberance



S&P 500: NEW ALL-TIME HIGHS													
DATE	UNDER-WATER STREAK	MONTHS TO NEXT RECESSION	BREADTH 200MA	10Y YIELD	PE	YIELD CURVE	63-DAY RALLY INTO ATH	R2K % OFF ATH	SPW % OFF ATH	FED PAUSE?	1-YEAR FORWARD RETURN	NEXT BEAR MARKET START DATE	RETURNS BEFORE NEXT BEAR MKT START
3/11/54	296	1			10.1		7.45%			No	36.6%	1956-08-03	86.0%
9/24/58	539	19	97		16.6		11.54%			No	14.1%	1961-12-13	45.7%
1/27/61	374	0	80		19.7		15.44%			No	11.3%	1961-12-13	18.4%
9/3/63	433	77	81	4	17.6		2.77%			No	13.3%	1966-02-10	29.1%
5/4/67	309	32	89	4.8	16.7		8.75%			No	4.9%	1968-12-02	14.6%
3/6/72	819	21	74	6	19.8		12.7%		100.0%	Yes	5.0%	1973-01-12	9.7%
7/17/80	1897	0	88	10.2	8	131.4	20.18%	100.0%	100.0%	No	7.7%	1980-12-01	13.0%
11/3/82	487	1	93	10.5	10.1	80.4	35.86%	99.7%	100.0%	No	14.5%	1987-08-26	134.2%
1/21/85	323	67	82	11.4	10.4	156.4	4.33%	86.7%	100.0%	No	18.4%	1987-08-26	90.9%
7/26/89	484	12	87	8	13.5	19.4	10.14%	99.3%	100.0%	No	5.6%	2000-03-27	350.8%
2/14/95	259	75	66	7.5	16.2	39.8	3.54%	94.2%	99.6%	Yes	36.9%	2000-03-27	215.8%
5/30/07	1802	7	82	4.9	16.8	-2.3	8.77%	100.0%	100.0%	Yes	-8.6%	2007-10-10	2.1%
3/28/13	1375	84	88	1.8	14.8	160.3	10.52%	99.8%	100.0%	No	18.4%	2020-02-20	115.0%
7/11/16	285	44	70	1.4	18.2	77.3	4.66%	91.8%	98.8%	No	13.5%	2020-02-20	57.8%
1/19/24	511		71	4.1	21.9	-27.0	12.3%	80.0%	95.0%	Yes			

Soft landing cases

Note: Information as of January 2024  
Source: RIA

When markets hit all-time highs, they are usually higher 12 months later due to the underlying momentum of the market.

As shown, markets were higher 12 months after new highs were made. However, a lot of money was lost during the next bear market or correction. Except for only three periods, those bear markets occurred within the next 24 to 48 months. Most gains from the previous highs were lost in the subsequent downturn.

# Nervous On The Speed of S&P 500's Rally

Hypothetical returns of Magnificent 7 stocks needed to reach various P/E ratios, plus their contribution to S&P returns



Should the Magnificent 7 stocks reach just half the valuations that the 7 largest tech bubble stocks reached in the 2000 peak, their contribution alone would add +15% to S&P returns.

Note: Information as of January 2024  
Source: Er Yardeni

# Contact Info



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