

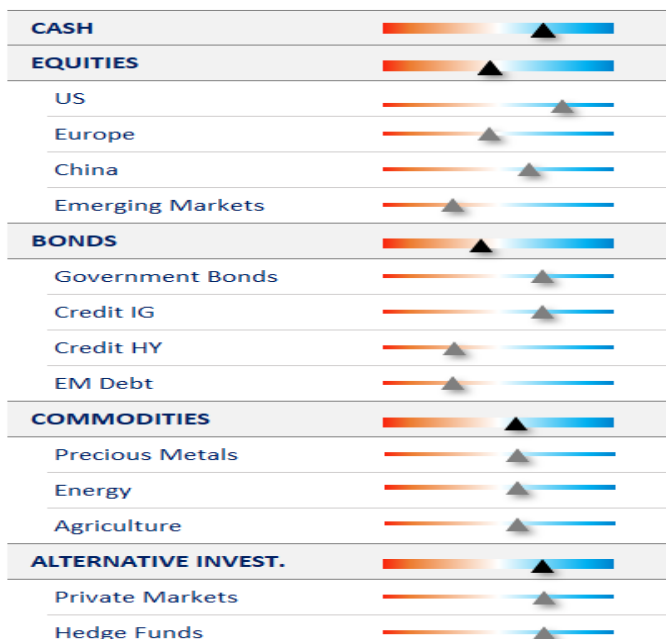


The Omega Wealth Management June Investment Committee made no change in its asset allocation with an overweight cash and underweight equities. Commodities and alternative investments such as CTA and PE are effective portfolio stabilizers in the considerable risk-off caused by the forced normalization of the major central banks to combat inflation expectations. Opportunities are with yields above 3% in the US Treasury curve that allows capturing medium term yields to maturity for investment grade above 3.5% to 4%. The underestimated opportunity rests with China's progressive recovery out of the lockdown. This means a positive contribution to global growth in H2 as the rest toils with recessionary forces and this could be positive for struggling German exporters, EM economies and China equities. USD could also stabilize from its recent top.

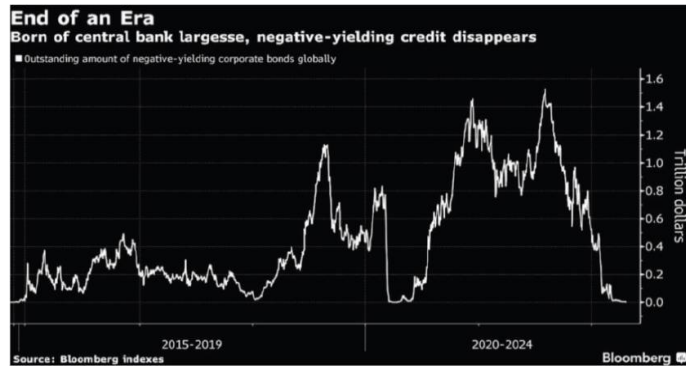
### Inflation to succumb and China to shine

A slew of aggressive rate hikes by the Federal Reserve Board (+75bp) and the SNB (+50bp) and a forthcoming ECB move had the effect of closing the unnatural period of negative yields (see Graph 1). With resolute action and messaging, Western central banks will be successful helped by the attrition of demand due to high prices and spreading recession. Inflation will come down from its highs in H2 and abate in 2023. A counter macro economic trend is developing in China coming out of its self-imposed sanitary isolation, alleviating the global supply side constrains, reducing price pressures and supporting exports growth from China sensitive countries such as Germany. China with its policies to stimulate her recovery will support EM equities and debt markets. The risk hot spot remains in Europe, not so much because of the conflict in Ukraine, but more due to the stress of rising borrowing cost for countries with unbearable debt levels. The ECB emergency meeting illustrated the fear of another European debt crisis, though the institutions are now better equipped. A tactical prudence (Graph 2) should not hide the opportunities created by the chaos with high dividends and solid balance sheet firms.

### Graph 2: Omega tactical views (3-6 months)



### Graph1: Government bond yields back in positive zone



### DAAO: the virtue of simplicity in uncertain times

While global policy uncertainty is at an all-time-high and gamma exposure in the US equity market is at all-time-lows, thus magnifying upward and downward price action in a high-volatility regime, building portfolios able to withstand such dislocations is daunting. Our DAAO model portfolio has met the challenge. It has not changed since the start of the year deploying risk across uncorrelated sources of returns: (i) balanced portfolios, (ii) trend following, (iii) long-short strategies through hedge funds and (iv) tail hedge. The quantitative process behind this program has drastically reduced risk, going into cash while we have cut our exposure to our tail-hedge solution, the volatility curve working against this strategy. As of end of May, DAAO posted a 12% YTD return, suggesting a robust portfolio construction process apt to face the current market regime.

### Tactical opportunities

Outlook for **energy gold** and **agriculture commodities** remain positive (Future, ETF as well as equity solutions). Add a **quality spin** to growth style: cash rich firms with stable earnings and robust business models can outperform while inflation, risk of recession, prospects of higher rates are headwinds for average growth stocks. **South East Asia** equities with diversified instruments and long/short Greater China fund. **China equities** remain in favor compared to Europe with the rationale of better growth stimulation response in China. A **selection of CTA** have demonstrated their diversifying power in the midst of the Ukraine crisis.