AN UPDATE FROM OMBA REGARDING

GFC 2.0 ??

23 March 2023

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OMBA'S EXPOSURE TO SVB AND CREDIT SUISSE ETC

In line with our core propositions as a business, the service providers with which we work are of paramount importance to us. Being able to offer a constant and reliable service to our clients in all market conditions is an essential part of our offering to clients.

Omba Advisory & Investments Ltd, and our range of Irish UCITS Funds have no banking relationships with Credit Suisse, SVB Financial Group, Signature Bank or First Republic. Omba, maintains multiple banking relationships in line with our risk management procedures. None of these relationships have been, or are currently, with any of the aforementioned banks.

Our range of Funds are all highly respected, Irish-domiciled UCITS funds with the depositary being Northern Trust. Northern Trust, as Category II institution under the US Federal Reserve's regulatory framework, is among the ten most scrutinized banks in the world and are held to the highest liquidity and capital standards.

PORTFOLIO EXPOSURE

Within our range of Funds we have been significantly underweight Financial Services as a sector (with almost zero exposure to the sector in our Thematic Fund). SVB Financial Group, Signature Bank and First Republic Bank were all part of the S&P 500 index (at a combined weight of 0.14% on 28 February 2023). Due to our sector underweight our exposure to these companies (on 28 February 2023) was only 0.03% in our Equity Fund, 0.02% in our Moderate Fund and 0% in our Thematic Fund). Our fixed income allocation in our Moderate Fund has no exposure to any of the three aforementioned banks.

We have, however, subsequently increased our allocation to US Banks via a bank specific ETF during the course of this dislocation as we feel investors have over-reacted and the banking system is more stable than during the Global Financial Crisis (GFC). Global Systemically Important Banks (G-SIBs) have been subject to ongoing scrutiny, regulatory reporting requirements and stress testing which means they are in a healthier position than in any prior banking crisis. The top four banks to which we have recently obtained exposure via this ETF make up over 70% of the exposure and these are some of the largest and strongest US banks being JP Morgan, Citigroup, Bank of America and Wells Fargo.

The below table shows the change in portfolio exposure from **28 February 2023** (before the recent market dislocation when Omba was underweight Banks) to **14 March 2023** (after Omba moved overweight following the market dislocation).

Omba moves from underweight to overweight banks following the sell-off

		Sector (%)	Banks Industry (%)				Bank Exposure (%)							
Date	Portfolio	Financials	Banks Industry Total	Americas	Europe, Middle East and Africa	Asia Pacific	JPMorgan Chase & Co	Goldman Sachs Group Inc	Citigroup Inc	**Signature Bank**	**First Republic Bank**	**SVB Financial Group**	UBS Group AG	**Credit Suisse Group AG**
28-Feb-2023	MSCI ACWI ETF	15.27	7.41	3.24	2.08	2.09	0.71	0.19	0.16	0.01	0.04	0.03	0.14	0.02
28-Feb-2023	Omba Global Equity Fund	9.80	4.32	1.91	0.45	1.95	0.23	0.07	0.05	0.00	0.01	0.01	0.01	0.01
28-Feb-2023	Omba Moderate Risk Global Allocation Fund	10.77	4.75	1.92	0.74	2.09	0.24	0.07	0.06	0.00	0.01	0.01	0.04	0.01
28-Feb-2023	Omba Global Thematic Fund	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14-Mar-2023	MSCI ACWI ETF	14.91	7.13	3.06	2.05	2.02	0.68	0.19	0.16	0.01	0.03	0.00	0.14	0.02
14-Mar-2023	Omba Global Equity Fund	14.43	9.11	6.79	0.44	1.88	1.98	0.06	0.45	0.00	0.03	0.00	0.01	0.01
14-Mar-2023	Omba Moderate Risk Global Allocation Fund	14.18	8.55	5.93	0.70	1.92	1.68	0.06	0.38	0.00	0.03	0.00	0.04	0.01
14-Mar-2023	Omba Global Thematic Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

** Weights in the Omba Moderate Risk Global Allocation Fund are a % of total equities within the Fund. With the equity exposure within the fund totalling approximately 60%, the overall exposure of the entire fund is **lower** than indicated by the weights shown above.*

*** Data sourced from ETF product providers using the latest available data at the relevant point in time. Positioning is subject to change.*

A MARKET AND BANKING INDUSTRY UPDATE

Toward the end of 2022 one could read many headlines about banks reducing or freezing headcount but March 2023 was a particularly difficult month for the banking industry, especially in the US and Switzerland.

US regional banks were most negatively impacted with concerns about the higher levels of uninsured deposits, withdrawals of customer deposits and unrealised losses on some longer duration bonds.

The G-SIBs in the US look far more attractive to us at current valuation levels.

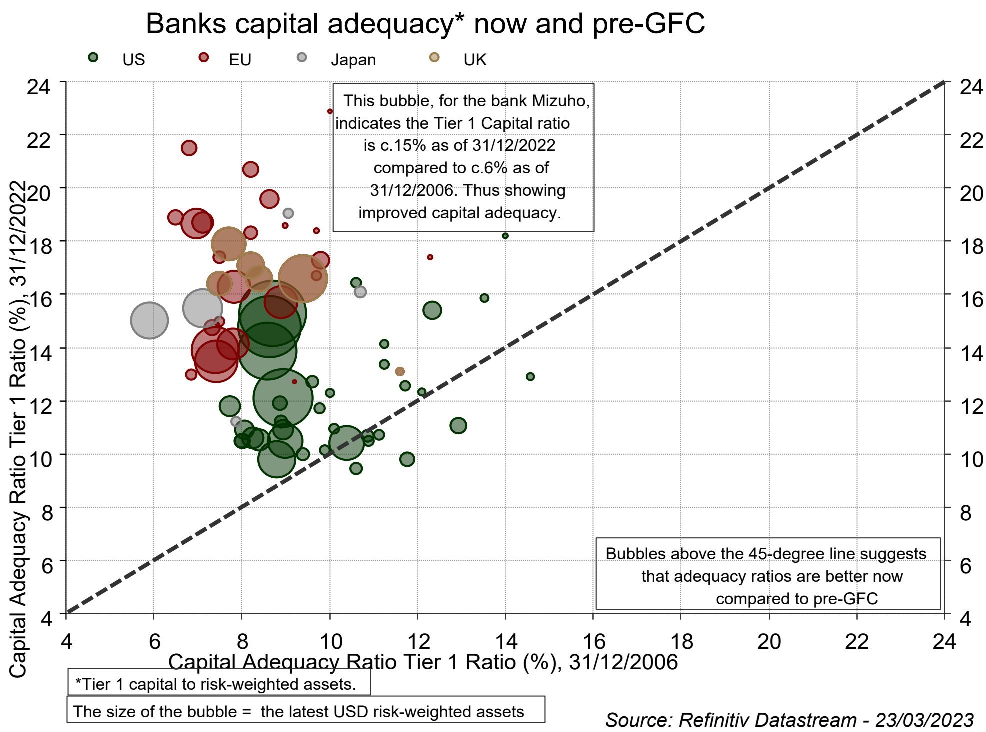
			Market Cap - 21 Mar 2023 (USD)	Price Performance % (original currency)			
				1 Jan 2023 - 21 Mar 2023	January 2023	February 2023	1 - 21 March 2023
US	JPMorgan Chase & Co	G-SIB	384.3 bn	-2.65%	4.37%	2.42%	-8.93%
US	Bank of America Corp	G-SIB	228.7 bn	-13.68%	7.13%	-3.33%	-16.65%
US	Wells Fargo & Co	G-SIB	145.3 bn	-6.81%	13.51%	-0.21%	-17.73%
US	Citigroup Inc	G-SIB	87.7 bn	-0.35%	15.45%	-2.93%	-11.09%
US	US Bancorp		57.5 bn	-13.96%	14.19%	-4.16%	-21.39%
US	PNC Financial Services Group Inc		52.6 bn	-16.66%	4.74%	-4.54%	-16.65%
US	Truist Financial Corp		44.8 bn	-21.68%	14.78%	-4.94%	-28.22%
US	M&T Bank Corp		21.4 bn	-12.07%	7.54%	-0.46%	-17.86%
US	**First Republic Bank**		2.9 bn	-87.06%	15.58%	-12.68%	-87.18%
US	**SVB Financial Group**		0.0 bn	-100.00%	31.42%	-4.74%	-100.00%
Europe	HSBC Holdings PLC	G-SIB	135.8 bn	7.43%	15.65%	6.57%	-12.84%
Europe	UBS Group AG	G-SIB	73.7 bn	12.90%	12.99%	5.20%	-5.01%
Europe	BNP Paribas SA	G-SIB	72.4 bn	2.80%	18.12%	5.17%	-17.25%
Europe	Banco Santander SA	G-SIB	59.5 bn	20.46%	14.29%	16.22%	-9.31%
Europe	Intesa Sanpaolo SpA		47.9 bn	13.33%	15.98%	6.29%	-8.06%
Europe	Banco Bilbao Vizcaya Argentaria SA		45.0 bn	16.56%	14.71%	14.08%	-10.93%
Europe	ING Groep NV	G-SIB	44.6 bn	-2.00%	16.37%	0.11%	-15.88%
Europe	Nordea Bank Abp		41.8 bn	6.38%	9.04%	8.92%	-10.43%
Europe	Lloyds Banking Group PLC		39.5 bn	6.06%	15.79%	0.08%	-8.48%
Europe	Barclays PLC	G-SIB	27.8 bn	-9.70%	17.23%	-6.03%	-18.04%
Europe	Deutsche Bank AG	G-SIB	21.6 bn	-6.98%	15.30%	-3.34%	-16.53%
Europe	**Credit Suisse Group AG**	G-SIB	3.8 bn	-68.04%	13.13%	-8.79%	-69.03%

Capital Adequacy – A Significant Improvement Since 2006

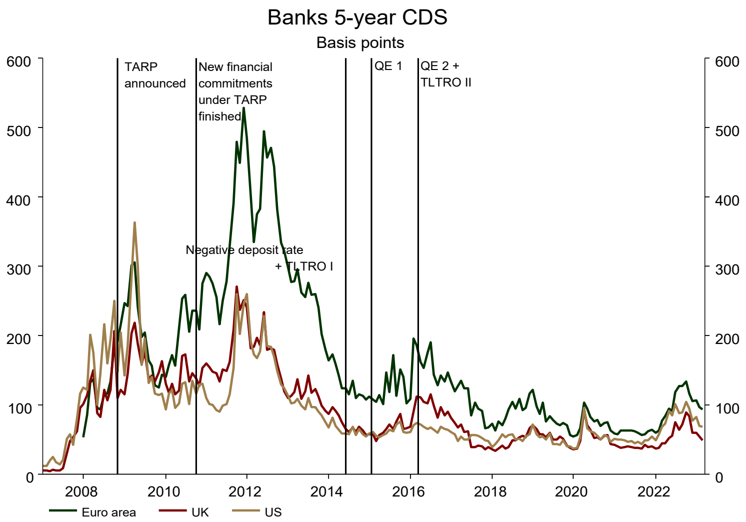
In the chart each bubble represents an individual bank.

Most banks had Capital Adequacy Ratio's of 6%-10% in 2006 (as shown on the horizontal axis).

These ratios increased to approximately 10%-20% in 2022 (as shown on the vertical access).



Source: Refinitiv Datastream - 23/03/2023

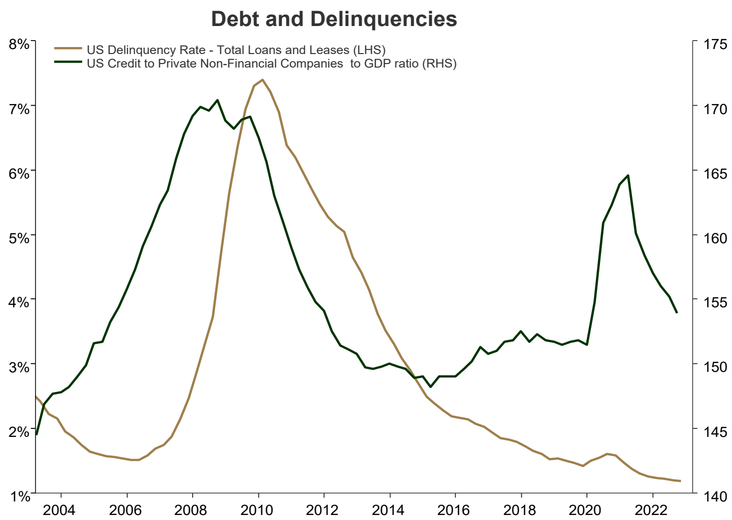


Source: Refinitiv Datastream - 22/03/2023

Credit Default Swaps (CDSs) on banks in the euro area, UK and US are currently at relatively low levels compared with the GFC and European sovereign debt crisis, although CDSs have moved higher more recently.

In recent weeks CDS prices have contrast equity markets – with equities markets having sold off more significantly than what the changes in CDS spreads might suggest. This, in our opinion, adds support to the argument of an over-reaction by equity markets – implying attractive levels for banks' shares.

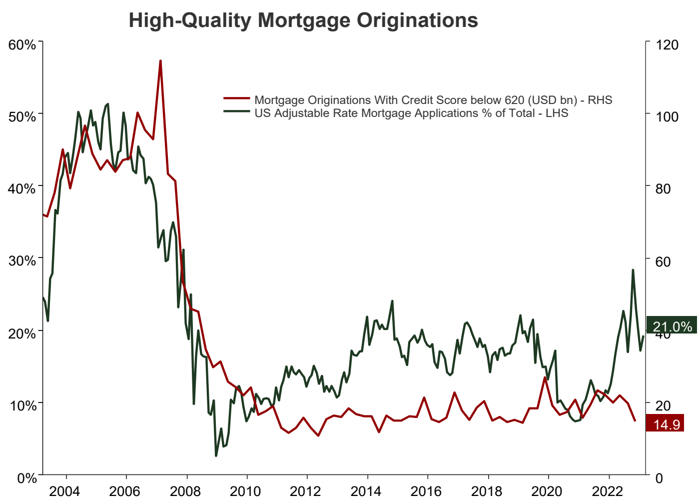
We believe concerns around liquidity in the banking system are (and will be) effectively dealt with by regulators as evidenced by the emergency Bank Term Funding Program and the US dollar liquidity swap line arrangements that were put in place following SVB's failure.



Source: Refinitiv Datastream - 22/03/2023

Looking more closely at US credit (the green line on the RHS) – it is well below levels seen during the GFC (the recent spike was partially due to a reduction in GDP due to the Coronacrisis rather than an increase in credit).

Delinquencies (see gold line) also remain at very low levels and while expected to increase (not least due to rising interest rates) the absolute levels remain attractive especially in light of lower levels of total credit (compared to GFC).



Source: Refinitiv Datastream - 22/03/2023

Mortgage originations have (since the GFC) largely been granted to those with **better credit scores** – in theory indicating higher quality borrowers and a much-reduced risk of systemic housing market risk like during the GFC.

New mortgages (since the GFC) have also been typically longer-term **fixed rate mortgages** (as opposed to variable rate mortgages) which insulates many borrowers, especially those in the US with 15-30 year fixed rates, from rising interest rates.

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DISCLAIMER

Data sourced from Refinitiv and ETF issuers.