FUNDFACTS

OASIS CRESCENT
GLOBAL INVESTMENT FUNDS (UK) ICVC
MANAGED BY OASIS CRESCENT WEALTH (UK) LTD.

OASIS CRESCENT GLOBAL SHORT-TERM INCOME FUND

FEBRUARY - 2024

Fund Manager	Adam Ebrahim	**Min. Initial Investment**	USD 5,000
Launch Date	11 December 2020	**Min. Additional Investment**	USD 1,000
Risk Profile	Low	**Fund Size**	USD 21.60M
		Total Expense Ratio	0.40%

The Oasis Crescent Global Short Term Income Fund (the Fund or OCGSTIF) seeks to provide regular income, as is consistent with capital preservation and liquidity, over a short term time horizon. The fund will be suitable for investors seeking low capital appreciation and moderate income yield over a recommended minimum period of not less than one year and who are prepared to accept a low level of volatility.

Cumulative Returns

Cumulative Returns	Feb-Dec 2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD FEB 2024	Return Since Inception	
											Cum	Ann
Oasis Crescent Global Short-Term Income Fund	(1.1)	1.1	1.7	1.3	3.6	2.1	0.5	(2.5)	3.5	0.3	10.9	1.2

The Fund was launched following Oasis Crescent Global Short Term Income Fund's (a sub-fund of Oasis Crescent Global Investment Fund (Ireland) Plc and hereinafter referred to as "OCGSTIF (Ireland)" merger with the Fund on 11 December 2020.

Returns in USD, Net-of-Fees, Gross of Non Permissible Income of the OCGSTIF since inception to 29 February 2024.
NPI for the 12 months to February 2024 was 0.89%.

(Source: Oasis Research: February 2024)

Annualised Returns

Annualised Returns	% Growth 1 year	% Growth 3 year	% Growth 5 year	% Growth 7 year	Return Since Inception
					Annualised
Oasis Crescent Global Short-Term Income Fund	3.9	0.5	1.3	1.4	1.2

Performance (% returns) in USD Net-of-Fees Gross of Non Permissible Income of the OCGSTIF since inception to 29 February 2024.

(Source: Oasis Research: February 2024)

Portfolio Characteristics

Weighted Duration (Yrs)	Average Credit Rating	YTM (%)
0.9	A+	5.1

Portfolio Characteristics of the OCGSTIF (29 February 2024)

(Source: Oasis Research; Bloomberg: February 2024)

GIPS compliant

Portfolio Regional Exposures

Country/Region	% of NAV
Europe	70
Supranational	15
Emerging Markets	11
Cash	4
Total	**100**

Portfolio Regional Exposures of the OCGSTIF (29 February 2024)
(Source: Oasis Research; Bloomberg: February 2024)

Fund Manager Comments

In its October World Economic Outlook (WEO) update, the International Monetary Fund (IMF) acknowledged that global economic growth had slowed over the course of 2023 where it expected GDP growth of just 2.9% after 3.5% in 2022. This year, the IMF expects little change with the global economy expanding only 3.0%. However, the IMF also paid tribute to the remarkable resilience of the global economy which has, so far, managed to shrug off the unprecedented monetary tightening by the world's key central banks over 2022/23 as well as the cost of living crisis, ongoing war in Ukraine and a worsening geopolitical outlook in the Middle East. Part of the explanation for the unexpected resilience is that services activity outperformed manufacturing in many advanced economies. Meanwhile, emerging market economies outside of China tended to outperform advanced economies given they had less of a need to aggressively tighten monetary policy. Looking ahead, the post-pandemic recovery in advanced economy service sectors has mostly run its course which suggests that economic growth is likely to remain subdued. Meanwhile, the transmission of monetary policy across countries is uneven and will contribute to growing divergences. Those countries where households are exposed to adjustable rate mortgages like the UK are likely to underperform countries like the US which have long-term rate fixes. In addition, households in the US have also been cushioned by accumulated savings. With global trade under pressure, manufacturing powerhouses like Germany and China have tended to underperform more service based economies.

The outlook for China remains a critical piece in the global economic puzzle. The puncturing of the real estate bubble in China is a big challenge for local and global growth outcomes as well as commodity markets. The Chinese authorities have already introduced supportive monetary policy steps, while western economies have so far signalled monetary policy will remain restrictive until there is more convincing evidence that inflation is returning to the 2% targets. Looking ahead in 2024, there are two main economic risks to sustainable economic growth. The first is that the advanced economies simply may not have seen the full impact of the most rapid interest rate hike cycle since the 1980s which led the Federal Reserve to increase the Funds Rate from 0.0% to 5.50% in the space of just 16 months. The impact on economic growth and credit extension is only just becoming apparent given the long impact lags from monetary policy. Secondly, inflation may not continue to fall back to central bank targets as smoothly as expected against the backdrop of tight labour markets and expansive fiscal policy, especially in the US. As a result, expectations for the beginning of cuts in central bank policy rates starting early this year could prove to be unfounded and lead to volatility in markets. In addition, geopolitical risks could lead to upside pressure on oil prices which in turn could lead to more generalised inflation pressures if such a rise proves persistent. Factors that could boost global growth are: 1) Start of global interest rate cut cycle; 2) Lower energy prices; 3) Renewed fiscal policy support for infrastructure development and reindustrialisation in the West; 4) Cessation of war in Ukraine; and 5) Technology led improvement in productivity. Factors that could constrain global growth are: 1) Renewed cost push inflation (eg. higher global oil prices) which leads to resumption of monetary policy tightening; 2) Worsening financial sector volatility and tightening of credit availability; 3) Disorderly unwind of Chinese property market; 4) Significant unwinding of advanced economy housing markets; and 5) Disruption from technology on labour markets, especially AI.

Investors became increasingly confident late last year that the Federal Reserve will achieve a 'soft landing' for the US economy as inflation normalises back towards around 2%. As a result, investors ended 2023 positioning for 6 rate cuts of 0.25% each during 2024. This would take the key Federal Funds policy rate down to 4.0% from the current 5.5%. By contrast, the Federal Reserve has continued to signal that it will proceed more cautiously given elevated uncertainty in the economic and inflation outlooks. This was clearly demonstrated in the FOMC December forecasts which only pencilled in cumulative rate cuts this year of 0.75%, only half of what the market was expecting. Bond markets had a rollercoaster ride during H2 2023. During Q3, continued hawkish central bank signalling together with worries about an economic growth slowdown, fiscal sustainability and elevated debt levels, led the US 10 year yield to reach 4.70%, a 16 year high. In addition, the US yield curve 'steepened' as longer term yields rose faster than shorter term yields. This was negative for risk assets as it potentially indicated evidence of rising inflationary expectations as well as concerns over fiscal sustainability. By contrast, as investors became convinced over Q4 that the Federal Reserve would be able to achieve a 'soft landing', the US 10 year yield retraced all the way back to its mid-year levels around 3.80%, while the yield curve 'flattened', both of which fuelled an equity market year-end rally. Against the backdrop of elevated volatility, the key risk to bond markets remains that inflation proves to be more persistent than currently expected which requires a tighter monetary policy stance than the market is factoring in. We actively manage our duration risk over the inflation cycle in order to maximise returns for our income portfolios.

Sources: Oasis Research, Bloomberg statistics, IMF World Economic Outlook

GIPS compliant & verified

Contact us :

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