# YOUR OASIS

**UK EDITION 02 - 2022**

## VIEWS FROM OUR CEO

These days, having a discussion about investments in a social setting quickly leads to a debate about Cryptocurrency markets. The COVID pandemic has led to many anxieties, not only health but also financial concerns. With central banks pumping unprecedented amounts of liquidity into markets, financial speculation has abounded. Nowhere has this been more evident than in Bitcoin, which has surged 480% since the beginning of 2020 compared to a corresponding 45% increase in the S&P 500 equity US index. Taking a sober look at the Cryptocurrency market highlights that most activity is simply speculative while also being exposed to excessive volatility and little regulatory oversight. In this environment, a small group of people (the 'first-ins') can be richly rewarded but the many more others which follow (the 'last-ins') stand to lose much or all of the capital they 'invested', similar to a pyramid scheme.

**There are five main drawbacks to Cryptocurrencies:**

• Firstly, Cryptocurrencies like Bitcoin have no intrinsic value except for the level of demand for it at a given point in time relative to a fixed supply. Crypto platforms have started to offer interest-earning accounts implying, in principle, that Cryptocurrencies can generate a return. However, this highlights the second major drawback, below.

• Cryptocurrencies are not regulated in most jurisdictions around the world, so consumers are not afforded the usual protections that they would have in traditional savings and investment accounts.

• A third drawback is that there is no oversight on who is transacting in Cryptocurrencies. So while the transactions themselves are transparent through the Blockchain 'ledger' system, there is no central clearing agency that is responsible for collecting and verifying 'know-your-client' (KYC) compliance data or for monitoring potentially criminal money laundering activities. In short, users remain anonymous which can facilitate criminal activity.

• The fourth concern is cyber-security. One of many examples in this regard was when one of the world's largest Cryptocurrency exchanges, Binance, was hacked in 2019 with criminals making off with Bitcoins worth $41 million. Without regulatory protection and deposit insurance schemes, there is little an investor can do to recoup any losses from a breach of cyber-security of these Cryptocurrency exchanges.

• Finally, Bitcoin 'mining' (the process through which Blockchain ledger transactions are verified) is a significant contributor of carbon emissions. It is estimated that Bitcoin mining consumes 91 terrawatt hours of electricity per year which is equivalent to the annual electricity consumption of Finland[1]. As the Chinese authorities moved to ban Cryptocurrency markets during the course of last year, Kazakhstan positioned itself to become the 2nd largest country behind the U.S. for Bitcoin 'mining' activities. The recent political unrest in Kazakhstan led to a shutdown of internet access across the country, immobilising Bitcoin mining operations and leading to a sharp drop in the price of the world's leading cryptocurrency.

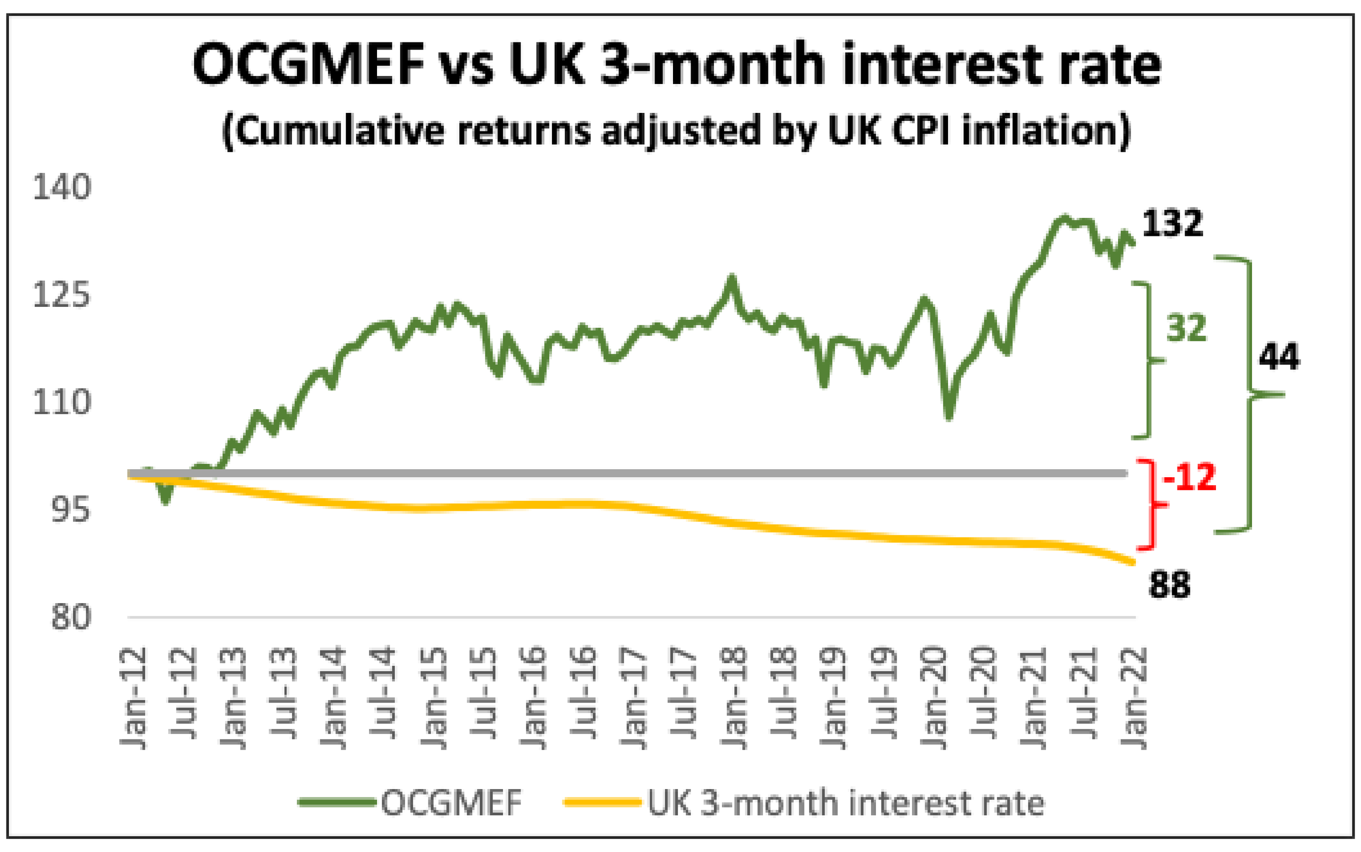
In conclusion, when you decide to invest your hard earned capital, you should always do so through a regulated and compliant asset manager with regulated and compliant financial products which have a strong performance track record over time.

## EU ECONOMY

In its January 2022 World Economic Outlook (WEO) update, the IMF continued to highlight that global growth would remain historically strong as economies around the world recover from the shock of the COVID pandemic[2]. However, the IMF did temper its very optimistic view from late last year by lowering its forecast for global GDP growth this year by -0.5ppt to 4.4%. This would still be substantially higher than the average annual growth rate of the global economy over the period 2010 to 2019, of 3.1%. One of the main reasons for the change to its global outlook was reflected in its GDP forecast for the U.S. which was cut by -1.2ppt to 4.0%. The IMF noted that the shelving of U.S. President Biden's 'Build Back Better' fiscal programme as well as the earlier and faster than expected monetary tightening from the Federal Reserve as it grapples with surging inflation rates were the main reasons for the downgrade. In China, the growing financial stress in the property market combined with a strict zero-COVID strategy was seen to require a -0.8ppt downgrade in its GDP forecast, to 4.8%. Turning to the UK, the IMF made a relatively small -0.3ppt downgrade to its forecast for 2022 GDP growth to 4.7% related to disruptions from the Omicron COVID variant and ongoing supply constraints, particularly in labour and energy markets.

## FINANCIAL ADVICE

In an environment of near-zero interest rates, sharp rises in inflation can massively erode your purchasing power or real wealth. If a 3-month fixed deposit returns 0.2% annual interest when inflation is at 5%, your real annual return adjusted for inflation is a staggering -4.8%. As a result, it is imperative to invest in inflation-beating instruments, like property, commodities and equity, which are able to both maintain and improve your standard of living and real wealth. Take our Oasis Crescent Global Medium Equity Fund (OCGMEF), which invests 50% in equity, 40% in income and 10% in property. In GBP terms, accumulated over 10 years since 2012 and adjusted for inflation, your investment would have grown a cumulative 32% above inflation up to January 2022. By contrast, if you had invested in a short-term savings money market product, you would have lost 12% of your investment in real, inflation adjusted terms over the decade. The difference between the two strategies is striking, with the Oasis Crescent Global Medium Equity Fund outperforming the money market savings account in inflation adjusted terms by almost 45%. This example makes it clear how income products cannot be considered as inflation hedges. In order to protect your capital against inflation and improve your real wealth over time, please consider inflation beating products like our Balanced Fund range. Speak to an Oasis accredited financial advisor to assist you in identifying your most suitable options, while providing you with an overview of our product offering. Be proactive and do not leave these decisions to the last minute.




Note: Oasis Crescent Global Medium Equity Fund (OCGMEF) returns (net of fees) and UK 3-month interest rate have been adjusted for UK CPI inflation
Source: Oasis Research; Bloomberg (ICE Libor UK 3-month interest rate)

## OASIS UPDATE

At Oasis, our primary focus when we set out 24 years ago was to build a business which added significant value to our clients by growing their wealth and raising standards of living while also being a good corporate citizen. Through our investment products, clients have had a significant opportunity to grow their wealth. R1,000,000 invested in the flagship Oasis Crescent Equity Fund (OCEF) 24 years ago would have grown to R37,800,000 by 31 January 2022. On the global side, investing $1,000,000 in our Oasis Crescent Global Equity Fund (OCGEF) 23 years ago would have returned $4,350,000 by 31 January 2022. We pride ourselves as a progressive employer, creating job opportunities and facilitating the development of critical skills in one of the highest value add industries in the world. Through our UK operations we have contributed significantly to tax revenue which has helped the government to increase expenditure on communities, social services and the economy. Social support has been especially important over the past two years during the exceptionally challenging COVID-19 pandemic. Oasis makes significant direct charitable contributions to feeding schemes, education, healthcare and social development to ensure nobody is left behind, thereby fulfilling our broader positive contribution to society. As we take stock of our last 24 year's performance, we pride ourselves in building a sustainable, regulated investment business that has added significant value for all stakeholders: clients, community and broader society. More importantly, we recognise that our work is ongoing and we eagerly look forward to the next chapter of building upon our track record of sustainable excellence.

**This is the Oasis Way**
**The Compliant Way**
**Our Commitment is Unwavering!**

Source: [1] New York Times, 3 September 2021, Bitcoin uses more electricity than many countries. How is that possible?. [2] IMF, World Economic Outlook, January 2022, Rising Caseloads, a Disrupted Recovery, and Higher Inflation.


info@oasiscrescent.co.uk | www.oasiscrescent.co.uk | +44 (0) 207 590 0550 | 08 08 238 7543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Collective Investment Schemes | ISA | Junior ISA


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