

# FUNDFACTS

OASIS



GLOBAL MANAGEMENT COMPANY  
(IRELAND) LIMITED  
AUTHORISED BY THE CENTRAL BANK OF IRELAND

## OASIS CRESCENT GLOBAL LOW EQUITY BALANCED FUND

▲ QUARTER 4 2019

<b>Fund Manager</b>	Adam Ebrahim	<b>Benchmark</b>	OECD Inflation
<b>Launch Date</b>	6 April 2011	<b>Fund Size</b>	USD 25.1 million
<b>Risk Profile</b>	Low to Medium	<b>Total Expense Ratio</b>	1.80%

The benchmark is made up of the Consumer Price Index (CPI) rate of the OECD countries.

The Oasis Crescent Global Low Equity Balanced Fund (OCGLEBF) is a specialist, worldwide asset allocation portfolio. The objective of the fund is to achieve medium to long-term growth of capital and income by investing on a global basis in securities that are ethically, morally and Shari'ah compliant. This objective is to be achieved by investing the Sub-Fund's net assets in a broadly diversified and balanced mixture of global securities. The range of investments will be allocated in the asset classes of equity, property and income.

### Cumulative Returns

Cumulative Returns	Apr-Dec 2011	2012	2013	2014	2015	2016	2017	2018	2019	Return Since Inception	
										Cumulative	Annualised
Oasis Crescent Global Low Equity Balanced Fund	0.4	8.9	8.7	5.3	(5.0)	2.0	5.7	(7.5)	11.2	32.0	3.2
OECD Inflation	2.1	1.8	1.4	1.6	0.7	1.4	2.4	2.8	1.8	17.1	1.8

Performance (% returns) in US Dollars, Net of Fees, Gross of Non Permissible Income of the Oasis Crescent Global Low Equity Balanced Fund since inception to 31 December 2019

(Source: Oasis Research using www.oecd.org; April 2011 - December 2019)

Note: OECD Inflation benchmark lags by 1 month.

### Annualised Returns

Annualised Returns	% Growth 1 year	% Growth 3 year	% Growth 5 year	% Growth 7 year	Return Since Inception
					Annualised
Oasis Crescent Global Low Equity Balanced Fund	11.2	2.9	1.1	2.7	3.2
OECD Inflation	1.8	2.3	1.8	1.7	1.8

Performance (% returns) in US Dollars, Net of Fees, Gross of Non Permissible Income of the Oasis Crescent Global Low Equity Balanced Fund since inception to 31 December 2019

(Source: Oasis Research using www.oecd.org; April 2011 - December 2019)

Note: OECD Inflation benchmark lags by 1 month.

### Asset Allocation

Asset Allocation	December 2019
	OCGLEBF %
Income	47
Equity	41
Property	12
<b>Total</b>	<b>100</b>

Asset Allocation of the Oasis Crescent Global Low Equity Balanced Fund (31 December 2019)

(Source: Oasis Research; Bloomberg; December 2019)

GIPS compliant & verified

## Fund Manager Comments

2019 was a tough year, with growth slowing to its weakest level since the Global Financial Crisis. Global activity was hamstrung by major policy uncertainty. Key was the ongoing Trade War between the US and China, with BREXIT and geopolitical events in the Middle East and Asia adding to the uncertainty. These caused a collapse in global trade, manufacturing, and investment. Against these, household consumption in more advanced economies remained supportive, preventing a sharper global slowdown, as job markets continued to benefit from an expansion in services activity. The Middle East saw attacks on oil infrastructure and shipping. In Asia, protests in Hong Kong plunged its economy in recession.

The year ended with resolutions to two major sources of uncertainty. The US and China agreed to a so-called Phase 1 trade deal before another round of tariff escalations took effect, with the deal expected to be signed by mid-January. The UK held a General Election which resulted in a decisive majority for the incumbent Tory party. Central banks responded aggressively to last-year's slowdown, easing policy both with respect to interest rates and re-extending quantitative easing, with fiscal support in some countries like China also helping. Although major central banks like the US Fed have signalled a pause, subdued inflation means that they will not be in a hurry to reverse course. The combination of last year's policy easing and the resolution of major uncertainties set the stage for a rebound in activity in 2020. Two immediate risks weigh on the outlook. US President Donald Trump faces an impeachment trial in the US Senate after having been impeached by the House of Representatives. And a major geopolitical event in the Middle East risks plunging the region into war.

Equity markets proved to be stronger than expected in 2019, with major indices posting gains in excess of 20%<sup>1</sup>. The MSCI All Country World Index increased 27.3%<sup>2</sup>, supported generously by global equities, most notably powered by the US. The NASDAQ led all major US indexes, gaining 36.7%<sup>3</sup>. Globally speaking, developed markets appreciated nearly 23% over the year, while Europe outpaced the Asia-Pacific region 24% to 20% and Emerging Markets following with 18.6%<sup>4</sup>. At a sector level, looking specifically at the US, Tech was at the top of the returns trifecta – quarter, year and decade. For 2019, the sector gained more than 50% on a total-return basis with Communication Services the next-closest at 33%<sup>5</sup>. The FAANGM (Facebook, Apple, Amazon, Netflix, Google-parent Alphabet, and Microsoft), accounted for 35% of the S&P 500's Q4 return and 31% of the S&P 500's full-year return<sup>6</sup>. Full-year laggards were Energy and Health Care with "only" 11.8% and 20.8%, again underscoring the strong year that 2019 was<sup>7</sup>. As we look to 2020, momentum could persist for a little longer, particularly if economic data stabilise and the very recent flows back towards stocks gain impetus.

The level of supply in most of the developed property markets has remained disciplined due to the limited availability of development funding and scarcity of land. REITS with a high exposure to the major global cities, positive secular demand drivers, enhancing refurbishments and superior balance sheets are well positioned to outperform. The Fund is well positioned and displays very attractive valuation characteristics with an average cash flow yield of 6.1% and dividend yield of 4.4% which offers value relative to the average bond yield of 1.7% and average inflation at 1.8%.

The global fixed income market surprised in 2019, by rallying for much of the year. Not so far ago, in 2018, most believed the Federal Reserve (Fed) would continue to tighten monetary policy by raising its policy rate. The Fed reversed its approach, turning from tightening in 2018 to easing in 2019 by cutting policy rates by 25bps, three times in 2019. This preceded a global synchronised rate cutting cycle which included the ECB, PBoC and emerging markets. This brought short term interest rates down relative to long-term rates, thus returning the yield curve to a positive slope. While the market has been influenced significantly by the US/China trade talks, the most impactful factors for fixed income remain accommodative monetary policy and the lack of inflation.

Interest rates will continue to face significant headwinds in 2020, preventing them from moving higher. Low interest rates in other developed markets will keep demand for US bonds high as it is still viewed as safe haven. The combination of high demand and low rates will likely increase the appetite for risk, leading to credit tightening in lower investment-grade and high-yield credits. 2020 is also likely to see a shift in investor focus from a liquidity driven search for yield to protection of capital amid poor fundamentals and tight spreads.

1 Oasis Research, 2020 - 2 Oasis Research & Bloomberg, 2020 - 3 Oasis Research & Bloomberg, 2020 - 4 Oasis Research & Bloomberg, 2020 - 5 Oasis Research & Bloomberg, 2020 - 6 Oasis Research & Bloomberg, 2020 - 7 Oasis Research & Bloomberg, 2020

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### Contact us :

**Oasis Global Management Company (Ireland) Ltd.**

**Authorised by the Central Bank of Ireland**

Registration Number: 362471

4th Floor, One Grand Parade,

Dublin 6, Ireland

Tel: +353 1 495 9800 Fax: +353 1 495 9888

Email : info@oasiscrest.com

www.oasiscrest.com

**Custodian: BNP Paribas Securities Dublin Branch**

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