

FUNDFACTS

OASIS



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

OASIS CRESCENT GLOBAL INCOME FUND

▲ QUARTER 2 2019

Fund Manager	Adam Ebrahim	Min. Initial Investment	USD 5000
Launch Date	9 April 2010	Min. Additional Investment	USD 1000
Risk Profile	Low to Medium	Fund Size	USD 45.0 million
		Total Expense Ratio	0.68%

The Oasis Crescent Global Income Fund is a Shari'ah compliant specialist income fund. The primary objective is to provide income from the underlying investments. To achieve this objective, the portfolio consists of a combination of foreign short-term, medium-term and long-term income generating securities. The Sub-Fund conforms to moral and cultural beliefs.

Cumulative Returns

Cumulative Returns	Apr-Dec 2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD Jun 2019	Return Since Inception	
											Cum	Ann
Oasis Crescent Global Income Fund	4.5	2.1	8.5	1.6	4.0	(0.6)	1.3	4.1	(0.5)	4.9	33.7	3.2

Performance (% returns) in US Dollars, net of fees, gross of non permissible income of the Oasis Crescent Global Income Fund since inception to 30 June 2019

(Source: Oasis Research: April 2010 - June 2019)

Annualised Returns

Annualised Returns	% Growth 1 year	% Growth 3 year	% Growth 5 year	% Growth 7 year	Return Since Inception
					Annualised
Oasis Crescent Global Income Fund	5.7	2.6	1.7	2.6	3.2

Performance (% returns) in US Dollars, net of fees, gross of non permissible income of the Oasis Crescent Global Income Fund since inception to 30 June 2019

(Source: Oasis Research: April 2010 - June 2019)

Diversification

% exposure to issuers within	OCGINF	Peer group average
Non-diversified commodity exporting countries	32	64
Diversified countries	68	36

Diversification of the Oasis Crescent Global Income Fund and the peer group (30 June 2019).

(Source: Oasis Research; Morningstar Direct: June 2019)

All peer group figures are taken from the latest available fund facts statement.

Risk Profile & Yield

	OCGINF	Peer group average
Average Credit Rating	A	BBB+
Modified Duration	3.5	4.7
YTM (%)	3.6	4.9

Risk Profile and Yield of the Oasis Crescent Global Income Fund and the peer group (30 June 2019).

(Source: Oasis Research; Morningstar Direct: June 2019)

Fund Manager Comments

Figures released over the past quarter showed encouraging growth performances in key economies like the US, the UK and China. At the same time, inflation remained relatively subdued at rates below major central banks' targets. Despite these, macro and political uncertainty have increased, prompting fiscal and monetary authorities in major economies to respond. Major central banks like the US Fed, the Bank of England and the European Central Bank signalling more dovish stances, and markets are pricing in expectations of policy rate cuts. Other central banks like the Bank of India¹ and the Bank of Australia² have been cutting their benchmark rates, whilst others like the Central Bank of China³ have extended quantitative easing. China has also ramped up fiscal policy measures like increased infrastructure spending to bolster growth.⁴ The changed policy stances have boosted liquidity, with benchmark yields declining, spreads of risk assets compressing, major equity markets hitting new highs and both developed and emerging market currencies gaining against the US dollar. Though global liquidity conditions have been more supportive, a number of countries and regions have been challenged by domestic uncertainty.

The spectre of trade wars was an ongoing feature over the last quarter. The US-China trade war that started in January 2018, was ramped up substantially when the US increased tariffs from 10% to 25% on \$200bn of Chinese imports in May, threatening to extend the tariffs on the rest of its imports from China, and China responding by levelling a range of tariffs on \$60bn of US imports. Major Chinese firms were also caught in the crossfire. The US administration banned US companies from exporting components to the Chinese technology giant Huawei and threatened non-US companies with exclusion to US markets if they fail to comply. More recently, the US detailed new restrictions on American companies doing business with five Chinese companies manufacturing supercomputers and related components.

China was not the only country that were threatened with tariffs. The US used the threat on its neighbour Mexico if the country failed to come up with acceptable measures to stem the tide of illegal immigration into the US via its borders. India was removed from the US Preferred Trade Program, opening the way for the imposition of tariffs on that country. The European Union is busy negotiating a trade deal with the US to avoid the latter imposing tariffs on its exports, with the European motor sector being in the US' crosshairs.

In addition to the uncertainties that trade wars have imposed on the global economy, recently there has also been a dramatic escalation of geopolitical risk centred on the Middle East. The sharp increase in tensions between the US and some of its Gulf allies on the one hand, and Iran on the other, threatens the flow of oil through the strategically important Strait of Hormus chokepoint between the Persian Gulf and the Gulf of Oman.

This year started with interest rates moving higher on the heels of the December rate hike from the Federal Reserve. However, that move reversed dramatically when the Fed hit the pause button on its rate-hiking cycle at the end of January. The Fed has now moved to an easing bias as economic weakening, trade disputes and reduced market liquidity have conspired to concern policy makers. Alongside these global conditions, the U.S. inflation dynamic is not moving closer to the Fed's 2% target, and by some measures, has been moving further away from it. At the conclusion of its June meeting, the Fed's statement made clear the possibility of moving rates lower at the July (or maybe September) meeting, and potentially also ending its balance sheet reduction.

At the end of the second quarter, the market implied odds was at 100% for a rate cut of 25bps at the July 31st FOMC meeting, with the market pricing in another 25bps cut before year end.⁵ The Fed's dovish pivot has been mirrored globally: the European Central Bank (ECB) President M. Draghi stated in June that in addition to rate cuts, additional stimulus will be required and Quantitative Easing (QE) asset purchases were likely to resume. The ECB left its policy rate unchanged at -0.40% and with the German 10 Year yield hitting a new record low of -0.30% in the quarter, the ECB policies will have to be carefully designed as cutting deposit rates further into negative territory could backfire.⁶ The global rate cutting dynamic is a new stage of the rate cycle and it extends to emerging markets as well. This should provide a broad support to maintain the global economic expansion, with or without trade wars.

1. https://bi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47225.

2. <https://www.rba.gov.au/media-releases/2019/mr-19-15.html>.

3. <https://www.reuters.com/article/us-china-economy/china-to-step-up-bank-reserve-ratio-cuts-to-help-small-firms-state-media-idUSKCN1RJ0D4>.

4. <https://www.reuters.com/article/us-oecd-china-economy/chinas-policy-stimulus-may-worsen-economic-distortions-oecd-idUSKCN1R30F7>.

5. Bloomberg, 2019.

6. Bloomberg, 2019.

GIPS compliant & verified

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