

FUNDFACTS

OASIS



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

OASIS CRESCENT VARIABLE BALANCED FUND

▲ QUARTER 3

Fund Manager	Adam Ebrahim	Min. Initial Investment	GBP 5,000
Launch Date	12 September 2014	Min. Additional Investment	GBP 1,000
Risk Profile	Low to Medium	Fund Size	GBP 6.7 million
Benchmark	UK CPI	Total Expense Ratio	1.29%

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

The Oasis Crescent Variable Balanced Fund seeks to provide investors with capital growth and income over the medium to long term, which amounts to a period of over five years. The Fund is invested in a broadly diversified and balanced mixture of global securities that are listed on various international exchanges.

The range of investment instruments will include equity, fixed income, debt securities issued by governments and/or companies, property and cash or cash equivalent asset classes. The portfolio may have a particular bias at any given time to either equity securities or to non-equity securities, as it allows the fund manager to make discretionary choices when making asset allocation decisions. These investment decisions will always be made within the constraints of the Fund's objective and investment policy. The Oasis Crescent Variable Balanced Fund may invest in markets which the Investment Manager considers as emerging markets and will not invest in financial derivative instruments.

Cumulative Returns

Cumulative Returns	Sept-Dec 2014	2015	2016	2017	2018	2019	YTD Sept 2020	Return Since Inception	
								Cum	Ann
Oasis Crescent Variable Balanced Fund	3.0	0.3	7.2	0.2	(12.9)	10.7	(11.2)	(5.0)	(0.9)
UK CPI	(0.1)	0.1	1.2	3.2	2.3	1.4	0.1	8.4	1.4

Performance (% returns) in GBP, Net of Fees, Gross of Non Permissible Income of the Oasis Crescent Variable Balanced Fund since inception to 30 September 2020

(Source: Oasis Research; Bloomberg; September 2014 - September 2020)

Note: UK CPI benchmark lags by 1 month

Annualised Returns

Annualised Returns	% Growth 1 Year	% Growth 3 Year	% Growth 5 Year	Since Inception
				Annualised
Oasis Crescent Variable Balanced Fund	(6.7)	(4.2)	(1.6)	(0.9)
UK CPI	0.2	1.5	1.6	1.4

Performance (% returns) in GBP, Net of Fees, Gross of Non Permissible Income of the Oasis Crescent Variable Balanced Fund since inception to 30 September 2020

(Source: Oasis Research; Bloomberg; September 2014 - September 2020)

Note: UK CPI benchmark lags by 1 month

Asset Allocation

Asset Allocation	September 2020
	OCVBF %
Equity	56
Income	35
Property	9
Total	100

Asset Allocation of the Oasis Crescent Variable Balanced Fund (30 September 2020)

(Source: Oasis Research; September 2020)

Fund Manager Comments

Global economic activity rebounded strongly into 3Q 2020 following the worst contraction on record since the Great Depression in 2Q due to simultaneous COVID-19 related lockdowns over March and April. The composite global manufacturing and services PMI recovered over 3Q 2020 to an average level of 51.9 after just 36.8 in 2Q during which the historic low of 26.2 was recorded in April, at the height of the global lockdowns¹.

Global monetary policy continued to remain highly supportive, a combination of near zero policy rates and ongoing quantitative easing. Of note, the Federal Reserve moved to adopt an average inflation targeting framework at its September FOMC meeting, indicating that they would not raise interest rates until inflation had been higher than 2% "for some time". At face value, it would seem that monetary policy tightening from the Federal Reserve is not likely over the next few years.

Despite the explicit and committed support from monetary authorities, the sustainability of the global economic rebound is at risk from 2 sources: namely, signs of a rapidly developing 2nd wave of global COVID-19 infections, particularly in Europe, and the associated re-imposition of lockdown measures as well as premature withdrawal of fiscal stimulus. In the US, for example, the provisions of the CARES Act expired on 31st July against the backdrop of a still-historically weak labor market, placing millions of vulnerable families at risk. While Congress is debating a fresh fiscal stimulus package, and chances of a deal look good once the 3rd November Presidential election is out of the way, political jockeying ahead of the election has so far appeared to stymie the chances for a much needed near-term deal. The European Union meanwhile announced a fiscal stimulus package worth €750bn in late July to facilitate economic recovery in Europe where almost one-third of funds is allocated toward the 'green' economy².

From an investment, economic and social perspective, the outlook remains exceptionally challenging. Looking ahead, much will fundamentally depend on the evolution of the COVID-19 pandemic itself. Consecutive infection waves combined with re-imposition of lockdown measures will hamper a sustained economic recovery until a proven vaccine is available. Until such time, politicians and policymakers will continue to grapple with profound social and economic trade-offs between literally saving lives, on the one hand, while trying to protect economic livelihoods, on the other, especially of low- to middle-income workers in face-to-face services sectors such as retail and hospitality who have borne the brunt of job losses.

In late September, Chancellor Sunak introduced new COVID-10 relief measures to replace those expiring at the end of October³. The extended package is by design less generous than the original by only providing wage support to workers in "viable" jobs in which workers are working at least 33% of 'normal' hours. Altogether, workers who qualify for the Job Retention Scheme will receive 77% of their normal pay, with employers paying for the 33% of hours worked and both the employer and government covering 33% each of the unworked hours. Together with an extension of the VAT holiday for the Hospitality sector until March 2021, a longer payback period for deferred VAT payments, and an extension of the Treasury's four business loan schemes, these measures help avoid a 'fiscal-cliff' at the end of October had the original COVID-10 support package simply expired. That said, there are still likely to be significant job redundancies in coming months as the previous generous wage support package is effectively tapered down. A rapid increase in COVID-19 infection rates through September, particularly in North England has led to the re-imposition of localised lockdowns as well as country-wide early 10pm closures within the hospitality sector and limits on public gatherings.

A two-week National lockdown cannot be ruled out in the near-term at the time of writing. Additional lockdown measures will hamper the economic recovery. The Bank of England continues to maintain an extraordinarily accommodative monetary stance. In September, on confirming Bank Rate would remain at 0.1% and the stock of asset purchases at £745bn, the MPC minutes in addition recorded that the Committee had actively debated the potential effectiveness of deploying negative policy rates⁴. The minutes noted that the Bank of England and the Prudential Regulatory Authority will begin a structured engagement on "operational considerations in 4Q 2020. However, the MPC pointedly noted that the use of negative policy rates would only be warranted if the economic growth and inflation outlook deteriorate markedly further. The broad brushstrokes of a post-Brexit trade deal with the European Union remain finely balanced at the time of writing⁵. Should such a deal not be struck during the course of October, it would seem likely that the UK would default to WTO trade rules from 1st January 2021 which could lead to significant short-term disruptions to the flow of goods and possible renewed Sterling weakness.

The strong recovery that was seen in global equity markets during Q2 2020 was followed up by a solid performance in Q3 2020. The MSCI World Index increased by 8.0% with the Technology sector continuing to outperform increasing by 11.9% with the Energy sector lagging with a decline of 15.7%⁶. The S&P 500 increased by 8.9%, the Nikkei by 4.6% while the FTSE100 lagged and declined by 4.0%⁷. The MSCI Emerging Markets also recorded a continued recovery in Q3 2020 increasing by 9.7%⁸. The massive support from fiscal and monetary policy is fully offsetting the impact of revenue loss and decline in profits due to the contraction in demand and job losses as well as the impact of corporate margin compression. However, there remains a lot of uncertainty around how fast corporates will be able to recover their profits and this could lead to substantial market volatility.

This current market volatility is ideal for active managers and Oasis is well positioned due to its focus on the best quality companies with strong balance sheets and we continue to emphasise diversification and robust stock selection in our portfolio construction.

1 - Bloomberg economic statistics, Oasis Research - 2 - IMF, Policy Responses to COVID-19. <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19> - 3 - HM Treasury, Winter Economic Plan 2020; <https://www.gov.uk/government/publications/winter-economy-plan> - 4 - Bank of England Monetary Policy Committee meeting minutes: September 2020; <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-summary-and-minutes/2020/sepember-2020.pdf> - 5 - Financial Times: EU and UK prepare for last-ditch Brexit talks, 2nd October 2020. - 6 - Bloomberg, Oasis Research, Sep 2020 - 7 - Bloomberg, Oasis Research, Sep 2020 - 8 - Bloomberg, Oasis Research, Sep 2020

GIPS compliant & verified

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