OASIS

# YOUR OASIS

DECEMBER 2022

UNITED KINGDOM

25TH ANNIVERSARY

CELEBRATING 25 YEARS OF BARAKAH

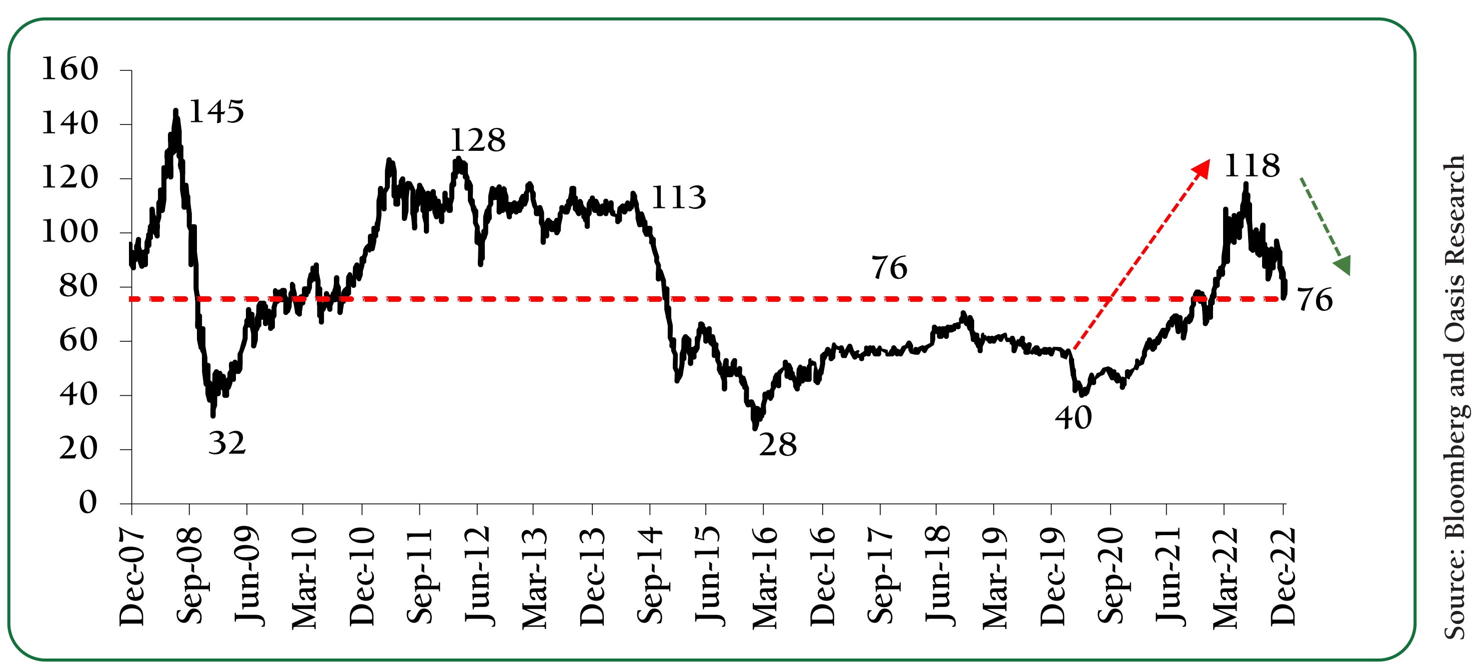
## VIEWS FROM OUR CEO

The global economic cycle has reached a critical juncture. Over the past year, global central banks have had to mount a rear-guard action to tame persistent and soaring inflation via a dramatic increase in policy interest rates. Central banks had been caught unprepared for the impact of the extraordinarily stimulative monetary and fiscal support given during the 2020 COVID-19 pandemic as well as the disruption to global supply chains from repeated lockdowns, repeatedly insisting that early signs of inflation would prove to be transitory.

As markets have had to adjust to increasingly hawkish central bank outlooks and a rapid increase in the cost of borrowing over the past year, there has been a torrid sell-off in global equity and fixed income markets. What can we expect for next year in 2023? Will the newsflow be as negative as what we had to endure in 2022?

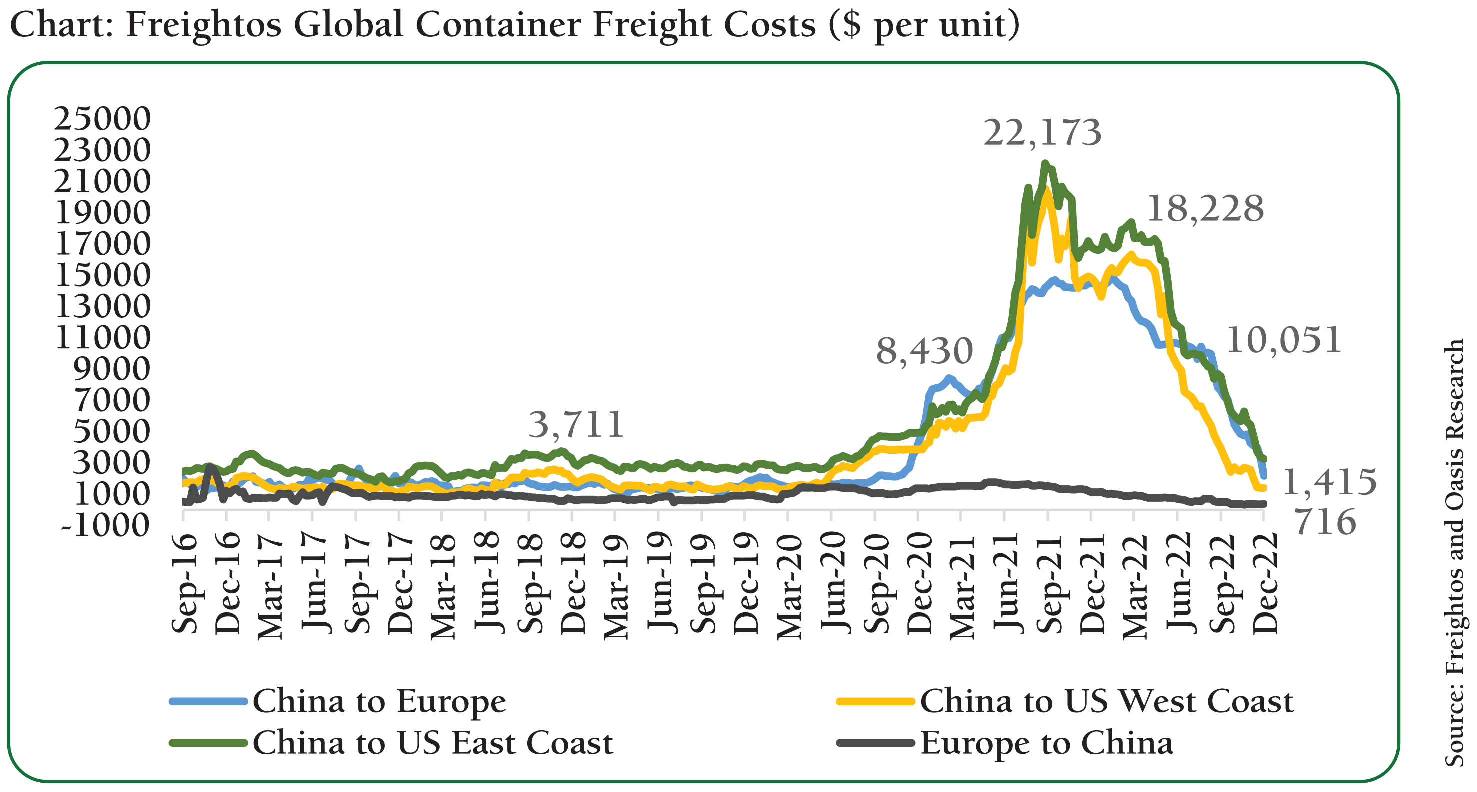
As things currently stand, there are reasons to be cautiously optimistic looking ahead. There are early signs that global energy and food prices have peaked. For instance, Brent crude oil prices fell 35% since June 2022 to $76bbl. Over much of 2022, economies around the world increasingly removed COVID related restrictions on movement massively boosting service and tourist related activities compared to the stringent ad hoc lockdowns which were in in place as recently as December 2021.

**Chart: Brent Crude Oil Price ($ per barrel)**




Meanwhile, unprecedented disruptions to global supply chains have eased considerably in recent months as shown by container freight costs and delays to key global ports. While the war in Ukraine is tragically ongoing, prices for oil and natural gas have fallen back as global demand softens which will bring relief to households and businesses. The net impact is that, on a 12 month comparison, global inflation rates could fall sharply through H1 2023.

**Chart: Freightos Global Container Freight Costs ($ per unit)**



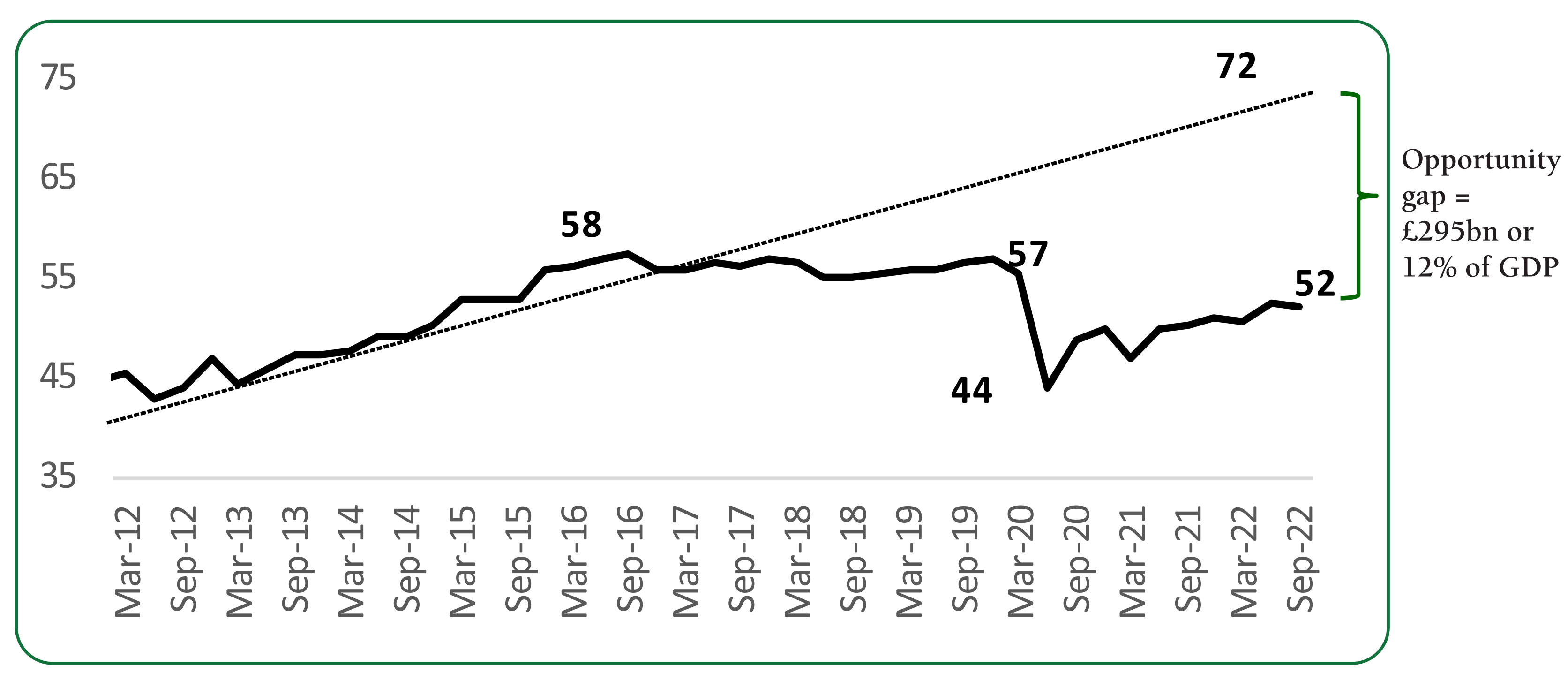

On the economic growth side, higher costs of borrowing are only just starting to filter through to underlying economic activity, which around the world are starting to slow noticeably. Weakening demand will also help to tackle the inflation surge. Over the course of 2022, there have been major downgrades to GDP growth estimates from the likes of the IMF, OECD, World Bank and global central banks. Just like the global economy may be close to the peak in the inflation and interest rate cycle, it may also be close to the bottom of the GDP growth cutting cycle. This combination could prove to be enormously important for markets in 2023 as slower economic growth, rising unemployment and signs that inflation has peaked will allow central banks to ease up on the monetary policy tightening cycle and eventually start signalling that the cost of borrowing needs to come down.

In summary, we are at a critical inflection point for the forward-looking global financial markets. Signs that global central banks are closer to the cyclical peak in rates than the trough could ultimately prove to be bullish for asset prices going into 2023.

## UK ECONOMY

The UK remains an extremely attractive investment destination and a competitive place to do business, even more so after the recent Sterling depreciation. Sterling and the UK economy have experienced three major shocks in past six years: Brexit vote (2016), COVID pandemic (2020) and aggressive Federal Reserve rate hike cycle (2022) in response to the global inflation surge. Sterling is currently 20% below its 15 year average of 1.55 which provides the UK economy with a significant competitive boost.

**Chart: UK Business Investment (GBPbn)**




Source: ONS and Oasis Research

UK business investment has underperformed since the Brexit referendum in 2016 and the COVID-19 pandemic. Relative to a long-term trend in place before 2016, there is currently an ‘opportunity gap’ of around £295bn or 12% of GDP as highlighted in the accompanying chart. The UK government currently has an ideal opportunity to put in place supportive trade and investment policies which significantly boost business investment back towards normalised levels after a long period of uncertainty. An investment-led growth strategy would also provide support to UK households which are currently under strain from a cost of living crisis. Improved outcomes for employment and wages will help boost consumer spending over time.

In March 2021, the government published its Plan for Growth for the post-COVID-19 world replacing the previous 2017 Industrial Strategy. The plan focuses on infrastructure, skills and innovation as pillars to deliver three strategies:

- the **Levelling Up agenda** to drive economic dynamism and productivity gains across all regions of the UK
- the **Net-Zero strategy** to achieve a decarbonised economy by 2050
- a **Global Britain vision**, focusing on trade policy and regulatory reforms in the financial sector to raise productivity and economic growth outcomes

The UK is very well placed to lay the foundations for a significant economic recovery with supportive trade and investment policies boosted by an extremely competitive Sterling exchange rate. Huge pent up investment spend can drive economic growth in coming years while the competitive currency will boost exports and attract investment into the UK, benefitting world class global companies.

## FINANCIAL ADVICE

At Oasis, our guiding philosophy is to focus on companies which have market leadership, strong management teams, good capital allocation, strong cash flows, sustainable profitability and which are priced below their intrinsic or fundamentals values. In a world of higher inflation and interest rates, and potentially more modest investment returns than we have been used to over the past couple of decades, we should instead look to reduce our exposure to debt, increase savings and invest in tax efficient products.

When it comes to investing in a world where the dynamics of globalisation are weakening, investors need to invest more heavily in inflation hedge assets like equity, property and commodities. 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. Our Balanced Funds invest across equity, income and property helping to diversify your investment portfolio, hedge against inflation and reduce volatility. Speak to an Oasis accredited financial advisor to assist you in identifying your most suitable options.

On the topic of tax efficiency, a Self Invested Personal Pension (SIPP) is a critical retirement tax wrapper which should be taken advantage of.

The SIPP provides a number of benefits. These include:
- a tax efficient way to save for your retirement, up to certain statutory limits
- the option of taking a tax free lump sum at retirement in exchange for part of your pension
- freedom and control to manage your own investment decisions by buying into an array of stocks and shares and other asset types
- at age 55, you are allowed to draw a regular income while still remaining invested
- to allow you to transfer benefits under existing registered pension scheme into a single umbrella Oasis SIPP
- to provide your dependants or other individuals with a lump sum and/or income from your pension fund following your death in a tax efficient manner

The advantages of the SIPP are that if you want to add £100 to your pension, when you pay in £80, the HMRC will add basic rate tax relief at 20%. A higher or additional rate taxpayer can claim the remaining tax relief through their tax return. Any growth within the SIPP investments are free from UK income tax & CGT. The SIPP also allows effective legacy planning product without incurring inheritance tax. If the SIPP holder dies before age 75 years, there is no income tax liability on the beneficiaries. The SIPP is accessible from 55 years of age, of which 25% is tax-free and rest as income subject to your marginal tax rate. Most importantly, the SIPP wrapper allows an individual who has worked at a number of institutions to consolidate multiple pension funds earned across your employment into one pension product so it can be managed in a more efficient and focused way.

Contributing to general savings investment

| Premium | £80 |
|---|---|
| Premium frequency | Monthly |
| Growth (assumed) | 5% |
| Annual premium escalation | 3% |
| Years of investment | 40 years |
| Future expected value | £186,253 |

Contributing to SIPP with the tax relief:

| Premium | £100 |
|---|---|
| Premium frequency | Monthly |
| Growth (assumed) | 5% |
| Annual premium escalation | 3% |
| Years of investment | 40 years |
| Future expected value | £232,816 |

The table below shows the SIPP and ISA annual & lifetime allowances:

| Product | Annual allowance | Lifetime allowance |
|---|---|---|
| SIPP | £40,000 | £1,073,100 |
| ISA | £20,000 | Not applicable |
| JISA | £9,000 | Not applicable |
| LISA* | £4,000 | Not applicable |

It is also important to note that tax changes in the Autumn Budget reduced the tax relief available for personal investments. For instance, the tax-free allowance on dividend income was lowered from £2,000 to £1,000 in FY2023 and then to £500 in FY2024. Meanwhile, the Annual Exempt Amount for Capital Gains Tax (CGT) was cut from £12,300 to £6,000 in FY2023 and further in FY2024 to £3,000. This highlights the critical importance of investing in tax efficient products like SIPPs as these products help offset the reduction in the benefits from your other investment products given declining tax relief.

In summary, SIPPs are key products that should be included in one's investment & retirement plan in order to achieve your life goals and ethical, moral and religious obligations. When changing jobs, preserve and consolidate your pension under one SIPP umbrella in order to simplify and take responsibility of your investment portfolio. Speak to our accredited financial advisors to assist you in consolidating your retirement and investments savings in a socially responsible and ethical manner. At Oasis, our resolute and committed focus to our valued clients remains on protecting and growing real wealth in order that they meet their financial needs consistently and sustainably over the long term.

## OASIS UPDATE

Oasis Crescent Wealth (UK), marked a special milestone on 17 November 2022 as it launched the Oasis Self-Invested Personal Pension (SIPP) product at a gala dinner held at the Carlton Tower Jumeirah Hotel in London. The launch of the SIPP completes Oasis tax efficient product range which already includes the ISA, JISA & LISA. These are all key products that should be included as part of your investment & retirement plan in order to achieve your life goals whilst meeting your ethical and religious obligations. Oasis financial advisors are available to assist you with your financial well-being. Contact them via e-mail: clientservice@uk.oasiscrescent.com or telephone: 0808 238 7543 or visit Oasis office in Knightsbridge, London where a warm welcome is assured.





OASIS FUNDS ARE LONG TERM INVESTMENTS. PAST PERFORMANCE IS NOT A GUIDE TO FUTURE RETURNS.
THE VALUE OF YOUR INVESTMENT MAY GO DOWN AS WELL AS UP AND YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.
Oasis Crescent Global Investment Funds (UK) ICVC is authorised and regulated by the Financial Conduct Authority



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