

# FUNDFACTS

OASIS



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

## OASIS CRESCENT GLOBAL MEDIUM EQUITY BALANCED FUND ▲ QUARTER 2 2019

<b>Fund Manager</b>	Adam Ebrahim	<b>Min. Initial Investment</b>	USD 5000
<b>Launch Date</b>	29 February 2012	<b>Min. Additional Investment</b>	USD 1000
<b>Risk Profile</b>	Low to Medium	<b>Fund Size</b>	USD 18.9 million
<b>Benchmark</b>	OECD Inflation	<b>Total Expense Ratio</b>	2.29%

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

The Oasis Crescent Global Medium Equity Balanced Fund (OCGMEBF) 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	Mar-Dec 2012	2013	2014	2015	2016	2017	2018	YTD Jun 2019	Return Since Inception	
									Cumulative	Annualised
Oasis Crescent Global Medium Equity Balanced Fund	4.3	14.6	5.9	(4.0)	3.0	9.3	(7.5)	5.3	33.3	4.0
OECD Inflation	1.5	1.4	1.6	0.7	1.4	2.4	2.8	1.1	13.7	1.8

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

(Source: Oasis Research using www.oecd.org: March 2012 - June 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 Medium Equity Balanced Fund	0.0	2.3	1.0	4.2	4.0
OECD Inflation	2.3	2.3	1.7	1.7	1.8

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

(Source: Oasis Research using www.oecd.org: March 2012 - June 2019)

Note: OECD Inflation benchmark lags by 1 month.

### Asset Allocation

Asset Allocation	June 2019
	OCGMEBF %
Equity	47
Income	44
Property	9
<b>Total</b>	<b>100</b>

**Asset Allocation of the Oasis Crescent Global Medium Equity Balanced Fund (30 June 2019)**

(Source : Oasis Research, Bloomberg: June 2019)

**GIPS compliant & verified**

## 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 India<sup>1</sup> and the Bank of Australia<sup>2</sup> have been cutting their benchmark rates, whilst others like the Central Bank of China<sup>3</sup> have extended quantitative easing. China has also ramped up fiscal policy measures like increased infrastructure spending to bolster growth.<sup>4</sup> 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.

Global Equity markets volatility increased in the second quarter of 2019 as the escalation of the Trade war led to a major sell off in May, which, was subsequently reversed in June following the dovish stance taken by the Fed and other major Central Banks over interest rates. The MSCI World Index ended with a gain of 4.2% in the period with strong performance by the S&P 500 and DAX which returned 4.3% and 7.6% respectively. The outperformers from a sectoral perspective were Financials, Technology, Materials and Telecommunications. The Materials sector is benefiting from tight supply conditions for commodities such as Iron ore and Platinum Group Metals whereas Gold is benefiting from heightened geopolitical risks and expectations for lower interest rates globally. While earnings expectations have dampened in the last few months on macro concerns, the market rally in June has driven forward valuation just above long term average. However with the sharp contraction in bond yields, equities remain much more attractive from an asset class perspective.

The level of supply in developed property markets has remained disciplined and net absorption remains positive in most of the markets. 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 displays very attractive valuation characteristics with an average cash flow yield of 6.9% and dividend yield of 5.0% which offers value relative to the average bond yield and inflation at 1.8%.

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.<sup>5</sup> 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.<sup>6</sup> 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://fbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=47225](https://fbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47225)

2. <https://www.fba.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-idUSKCN1RS0P7>

5. Bloomberg, 2019

6. Bloomberg, 2019

GIPS compliant & verified

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Prices are calculated on a net asset value basis which is the total value of all assets in the Oasis Crescent Global Medium Equity Balanced Fund, a "Sub-Fund" of Oasis Crescent Global Investment Fund (Ireland) plc (the "Fund"), including any income accruals and less any permissible deductions from the Sub-Fund which may include but not be limited to auditors fees, bank charges, custodian fees, management fees and investment advisory fees. UCITS can engage in borrowing and scrip lending and may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity.

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