

## VIEWS FROM OUR CEO

Another holiday season is upon us, a time where festivities can trump more weighty matters such as savings, investment and the need to build a sufficient nest egg. Yet, this is perhaps an ideal time to exercise greater circumspection especially given the challenges presented by weak economies and secular headwinds.

Whether it be individuals or countries, prosperity is ultimately built upon savings. We save when we spend less than what we earn, and those savings work for us when we use it to invest in assets that generate future income streams. The accumulated assets then represent our wealth, from which we can generate future income streams to sustain our consumption.

As individuals, we save during our work years, so that we are able to sustain ourselves when we are unable to work, either due to retirement or unforeseen circumstances like retrenchment or illness. In a world where we live longer, and where secular changes are making jobs less secure, the urgency to save becomes more pressing. Except that individuals tend to save less as countries develop and financial systems deepen, leading to a greater burden being placed on others, be it our families or government.

Many governments respond to the savings need through favourable tax treatments. Traditionally this has focussed on contractual savings, but increasingly governments are targeting discretionary savings as well. To households, this represents an easy windfall.

Globally, the past two decades have seen two broad trends in savings behaviour of countries. Following the 1998 Asian Debt Crisis, governments in Emerging Economies substantially ramped up their rates of savings, leading to improvements in these countries' overall rates of savings, whilst savings in Advanced Economies deteriorated. Since the 2007-08 Global Financial Crisis, savings rates have improved in Advanced Economies, mainly due to Corporate savings, whilst savings in Emerging Economies deteriorated. Household savings vary substantially across countries, with OECD data showing for example that Chinese families save 36% of their incomes whilst Greek households spend 17% more. Weathering a rainy day will be much easier for the former



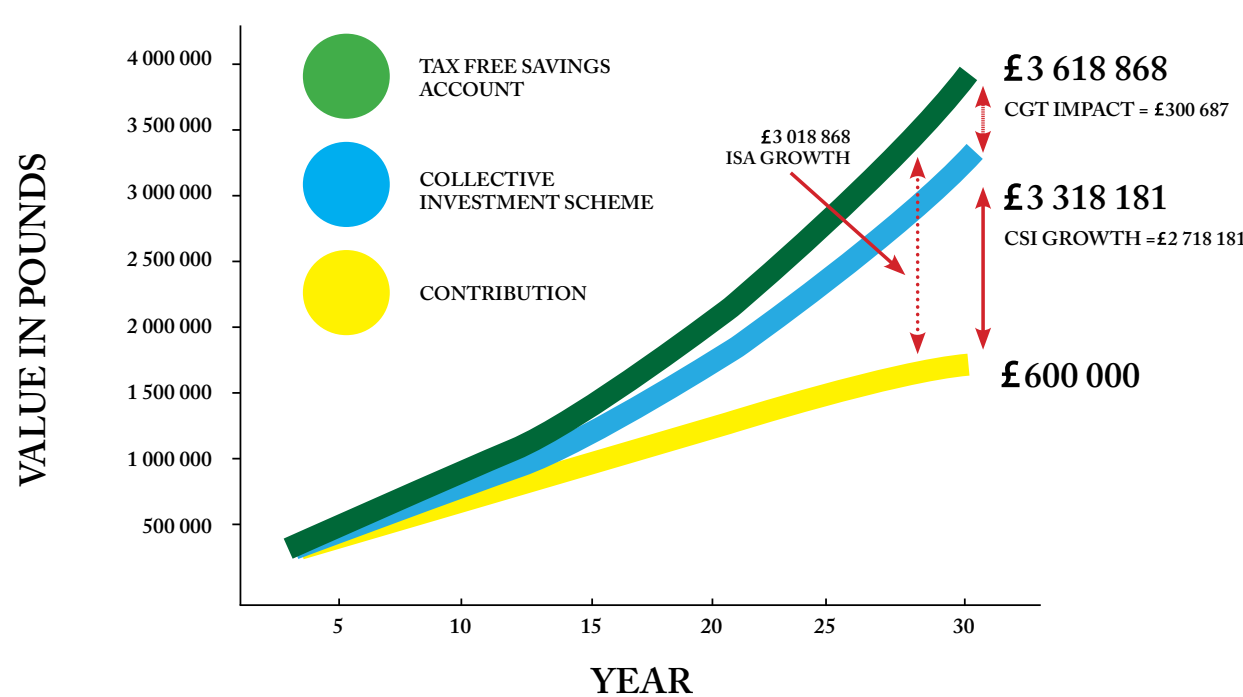
## FINANCIAL ADVISORY

The UK has had a history of positive policy changes within the tax exempt personal savings landscape, increasing the allowable limits that individuals can contribute into these investment vehicles. After launching the ISA (Individual Savings account) in April 1999, the British government has subsequently introduced Junior ISA (JISA) in November 2011 and Lifetime ISA in April 2017. The primary objective of these initiatives was to address the low savings rates amongst citizens and reduce the public dependency on government during retirement. At Oasis we support financial sector reforms to encourage individuals to save.

Saving in an ISA / JISA is an ideal way to build a tax free nest egg for you and your family, as all income generated from this investment remain non-taxable. There will be no income tax and no capital gains tax on the growth of your investment.

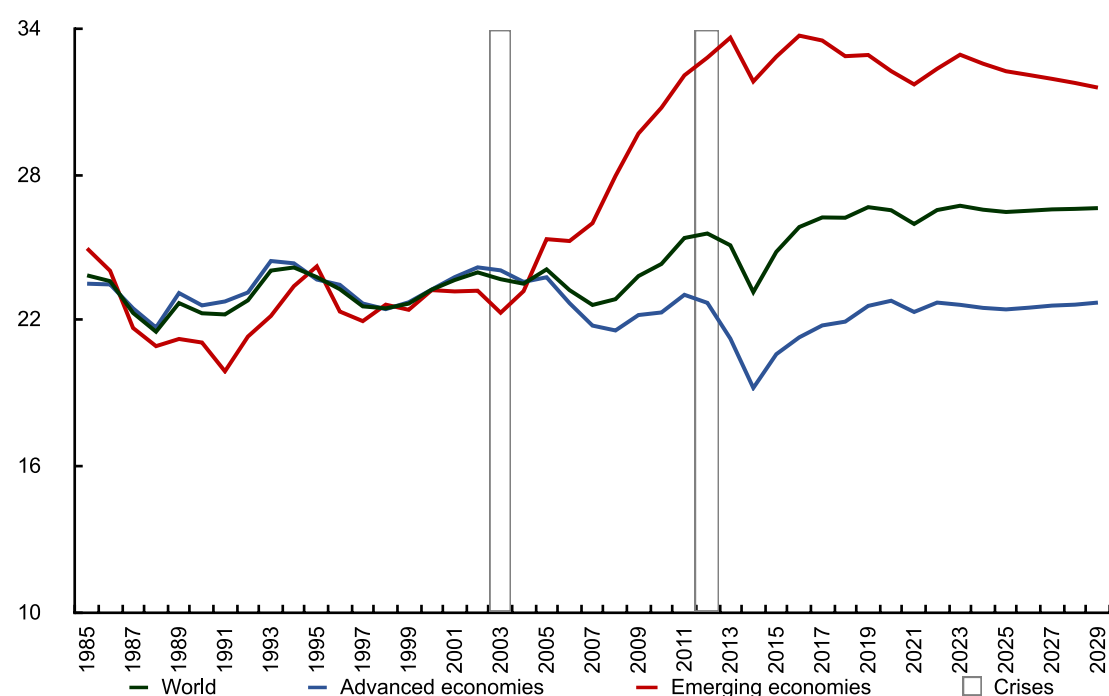
During this tax year (2019/2020), the Individual Savings Accounts (ISAs) allowance is GBP 20,000, which ends on the 5th April 2020. While the ISA limit applies to adults (18 years old and above for stocks and shares ISA), there are also Junior ISAs available for children (below the age of 18 years old). The junior ISA limit for this tax year is GBP 4,368 and represents an ideal way for households to save in a tax efficient manner. As an example, if we take a family of five (including 3 children), this would amount to GBP 53,104 being invested for the family this tax year. Over time, this annual contribution will result in a substantial amount being saved with the effects of compounded growth and tax saving.

### Tax Free Growth - ISA vs CIS INVESTMENT OF £20 000 P.A. @ 10% GROWTH FOR 30 YEARS



The above are for illustrative purposes only and represents a graphical illustration of investing in an Oasis portfolio within an ISA compared to investing in a Collective Investment Scheme and not investing your savings. The above assumes £20 000 annual contribution at the beginning of each year, for 30 years at 10% annualised growth rate. \* CGT is calculated for a base rate taxpayer at 10%.

### GROSS SAVINGS (% OF GDP)



## UK ECONOMY

BREXIT uncertainty has been a major constraint to the UK economy in 2019. Successive delays in implementing a deal has had a major impact on economic activity, with inventory accumulation and unwinding adding to the volatility of economic activity, and uncertainty delaying investment spending and adding to the woes of a weak property market. The outcome of the UK's December General elections does add further uncertainty to BREXIT, and a speedy resolution is now in jeopardy, which will continue to weigh on the UK economy.

The UK jobs market has remained strong through 2019, with continued job gains and real wage increases, although the headline performance masked a weaker underlying picture. Part of the strength is due to firms having boosted short-term employment contracts to offset weaker capital expenditure in the face of ongoing BREXIT uncertainty. But even this temporary boost might unravel as firms permanently shelf investment plans.

This is the kind of environment in which one would have expected citizens to boost rates of savings to ensure a more secure nest egg, but OECD data show that the UK continues to have relatively lower levels of savings than their European counterparts. Its savings rate sits at 0.4% of GDP, compared to the Eurozone's 5.1%.

Even with the uncertainty of BREXIT diminishing in coming months, the UK will continue to be challenged by the far-reaching secular changes in job markets driven by the Fourth Industrial Revolution. The very nature of work and the security that may have been taken for granted in having a job is diminishing, which suggests a more urgent need to boost savings. Recent proliferations of fintech also means that access to investment and savings products is more accessible.

Notwithstanding a low overall savings rate, there are encouraging signs that younger generations, be it so-called Millennials and Generation Z who grew up in the aftermath of the Global Financial Crisis, realise the urgency to save. This is fortuitous, because as people live longer, someone needs to save more to fund the increased burden that this places on the broader society.

The Oasis range of ISAs provide ethical investors with an opportunity to invest in high quality and flexible investment products, in a tax efficient manner. You can access our product offering within an ISA/ JISA wrapper through UK Wealth Management Platforms such as Fidelity FundsNetwork and Transact.

To find out more about the Oasis product offering, contact your financial advisor or call Oasis directly on + 44 0808 238 7543.

### OCAS UK Travel

Our Financial Advisors travel throughout the country on a monthly basis. During the month of December, our advisors will be travelling to the following areas:

DATE	AREA
2nd - 6th	Bristol, Luton and Reading
9th - 13th	Birmingham, Coventry, and Wolverhampton
16th - 20th	Manchester, Sheffield and Leicester

