YOUR OASIS

21ST ANNIVERSARY of our Global Partner

ME Edition 10

VIEWS FROM OUR CEO

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Over the last 3 quarters of 2018, policy divergence among the largest economies globally has been reflected not only in their own economic performance, but also in that of other countries.
With trade uncertainties yet to subside, a deteriorating trade environment is likely to amplify these divergences, and poses a material risk to growth going into 2019. The global cyclical upswing has reached its two-year mark, and the pace of expansion in some economies appear to have peaked. Synchronised global growth has passed, which has now left domestic demand as a key driver of growth. During the recent IMF summit, the global growth forecast for 2018-2019 was reviewed down by 0.2 percentage points to 3.7% from 3.9%, lower than forecasted earlier in April this year.

Global growth is becoming more unbalanced as the United States continues on its divergent path, boosted by sustained capital investment, a transitory decline in the trade deficit, and an unemployment rate of 3.7% which is expected to fall further below its natural rate over the next few quarters. Additionally, surveys of business and consumer sentiment in the US are close to historical highs, which correlates with the steady flow of robust economic data being released there. The US inflation figures remain supportive of this growth, with expectations that the core Consumer Price Index (CPI) will not meaningfully overshoot the Federal Reserve's (Fed) 2.0% year-on-year (y/y) forecast, even with lower unemployment levels.

In the Euro area, outcomes fell short of projections and inflation is continuing to rise towards the ten-year average. There are certain countries within the region, such as Germany, where sentiment has stabilised over the summer, and growth remains solidly supported by resilient domestic demand. In China and a number of Asian economies, economic activity remains sluggish, with growth revised downwards over the medium term, and inflation risk starting to materialise. The policy stance in China has also shifted from deleveraging to stimulus, with the main objective of cushioning the economy from the negative impact of trade tensions with the US.

Whilst the US and other advanced economies are still growing, the short-term concern in the global economy is centred on emerging markets where growth divergence is becoming more evident. Countries such as Turkey, Argentina, Indonesia and South Africa, are experiencing the effects of depreciating currencies caused by the outflows of money, and an increase in the burden of foreign currency denominated debt, which is creating a challenging environment for these nations.

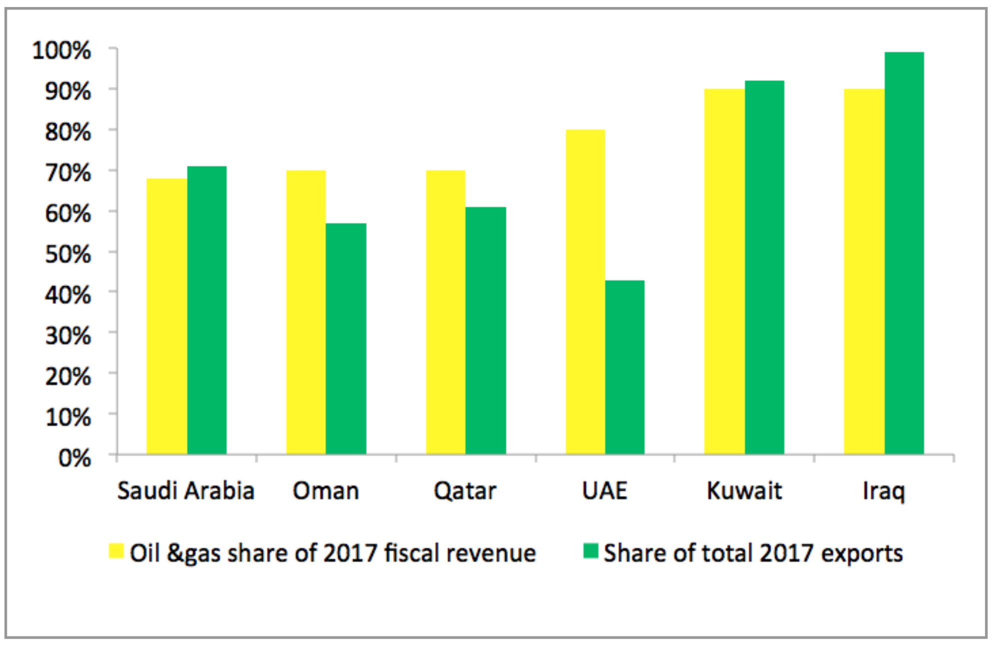
MIDDLE EAST ECONOMY

The Middle East, and sub-Saharan African economies, despite the ongoing recovery, are in need of further economic diversification and fiscal adjustment to achieve growth. The IMF forecast for 2018-19 for the region was noticeably marked down by 1.2% to 2.0% for 2018, and 1.1 percentage point down to 2.5% for 2019, reflecting the impact of the reinstatement of US sanctions on Iran. Prior to President Trump's announcement on oil sanctions, the Iranian economy was expected to grow 4.0% in both 2018 and 2019. However, revised forecasts suggest it is currently expected to contract by 1.5% this year, and by 3.6% in 2019, on account of reduced oil production.

Similarly, despite the recent revenue boost emanating from the recent rise in the oil price, the medium-term outlook for the price of crude oil is expected to be $72.80 per barrel in 2018 and $73.70 per barrel in 2019, according to the US Energy Information Administration (EIA). This may be attributed to the rising levels of shale oil production in the US, increased energy efficiency, and the implementation of policies that seek to curb climate change and local air pollution. The percentage of fiscal revenue that is attributed to energy production, as well as the share of exports that originate from oil have declined, which can be observed by the degree of transformation to diversify the economy that some countries such as Saudi Arabia, UAE, Qatar, and Oman have made. On the other hand, countries such as Iraq and Kuwait remain to a large extent, dependent on revenue derived from oil production.

While Saudi Arabia was expected to reduce its dependence even further based on its Vision 2030 plan, the implementation of the proposed reforms has been jaded. In addition, recent concerns relating to disagreements with countries such as Qatar, Germany and Canada, have the potential to alienate the country from the international community.

OIL AND GAS SHARE OF FISCAL REVENUE AND EXPORTS



Source: International Energy Agency

FINANCIAL ADVISORY

Volatility in the financial markets can be a daunting time for investors. Many will be alarmed and poised to react to the current environment after the period of relative calm that has prevailed over the past few years. The key in this scenario is to never react to the prevailing and perceived negative sentiment, as these decisions often result in poor outcomes and a loss of capital for the investor.

Markets will invariably change and will do so often and unexpectedly, as is their nature. It is prudent to stay focused on the long term horizon that has guided your investment strategy, and to remain committed from the outset to this objective. Remaining invested for the long term will ensure that you reach your investment goals even as you move through the different market phases.

Our funds however are constructed to weather these conditions, and more especially our strategy seeks out volatile periods in which to identify further opportunities to improve your portfolio. One of Oasis best investment products, designed to take advantage of periods of opportunity and withstand downward movements is our hallmark balanced range of funds. All Oasis balanced funds offer investors maximum diversification into their portfolio.

This includes diversifying across sectors, asset classes, geographies, currencies and instruments resulting in a fund that offers investors value over the long term. Furthermore, the Oasis balanced funds offer different levels of exposure to the markets and investors can choose a product that suits their risk preferences and needs. We invite investors to contact our advisory team or speak to a financial advisor to keep them updated on the health and status of their portfolios, and to assist them especially during times of volatility.

IN THE NEWS

The Oasis Crescent Global Equity Fund reaches its 18th anniversary milestone in November this year. This fund has gained 243% cumulatively since inception and 7.2% per annum when compared to the Average Shari'ah Global Equity Peer Group which delivered 42.6% cumulatively and 2.0% annually over the same period to the end of September 2018.

The Oasis range of funds are designed to provide consistency over the long term and caters best for investors with long investment horizons. Contact your financial advisor to find out more about Oasis equity investment offering and if this type of product is suitable to your investment needs. Performance (% returns) in US Dollar, net of Fees gross of NPI.

Source: Oasis reasearch using Morningstar September 2018