
Investor Monthly Newsletter

For the Month of July 2018

Inside this issue:

- S&P UAE Domestic Capped index was up 4.4% during the month
- Brent oil ended the month down 4.6% at \$74.25
- TNI Blue Chip UAE Fund was up 4.1% in July

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TNI BLUE CHIP UAE FUND

Fact Sheet as of July 31, 2018

Fund Profile

Inception Date	May 01, 2005
Base Currency	AED
Currencies	AED - USD
Minimum Inv.	AED 350,000
NAV / Unit	AED 11.68
Net Assets	AED 54.24M
Initial Fee	Up to 3%
Management Fee	1.5%
Cust.& Admin Fee	0.26%
Redemption Fee	1.0%
Performance Fee	15% of fund outperformance; subject to High Watermark

Benchmark S&P UAE Domestic Capped Index

NAV	Daily
Custodian	Deutsche Bank
Administrator	Apex Funds
Auditors	KPMG
Lawyers	Tamimi & Co
Fund Manager	TNI
Domicile	UAE
NAV Listing	DFM
NAV Publishing	Financial Times
DFM	TNIUAEBFC
ISIN	AET000730019
Reuters	Lp65037579
Bloomberg	TNIUAEF UH

TNI UAE BCF	Performance (%)
MTD	4.1
YTD	3.2
Since Inception	16.8

Benchmark Performance (%)

MTD	4.4
YTD	-1.0
Since Inception	-26.6

Top 5 Holdings Weight (%)

Emirates NBD	11.4
DIB	11.2
FAB	10.3
DP World	9.7
Emaar Properties	9.5

Asset Allocation Weight (%)

DFM	50.7
ADX	31.9
Nasdaq Dubai	9.7
GCC	3.2
Cash	4.5

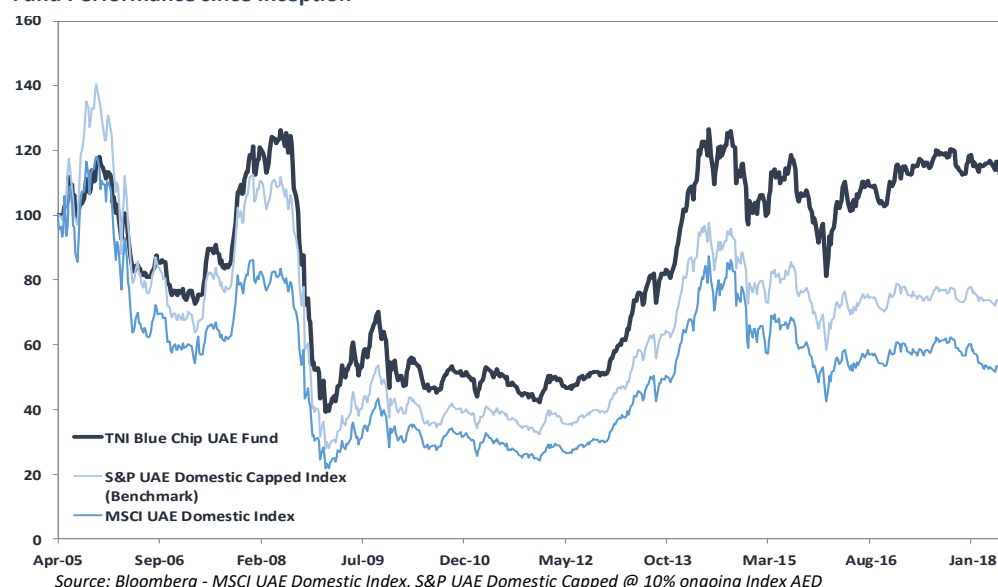
Focus: Although the fund may participate in markets throughout the Gulf Cooperative Countries ('GCC'), its investments will be primarily focused on publicly traded equities of UAE, which present a steady and recurrent track record of earnings growth and have a potential for capital appreciation.

Management Style: The key investment criteria are the company's financial strengths, competitiveness, profitability, growth prospects and quality of management. The allocation will be based on fundamental research and will incorporate a blend of top-down and a bottom-up analytical approach.

Objective: The fund aims to provide long-term capital appreciation through investing in equity securities publicly traded, primarily in the UAE, and, to a much lesser extent, in other GCC markets.

Suitability: Units of the Fund are speculative and involve a high degree of risk. The Fund is therefore designed for sophisticated investors who are able to understand the risks involved in emerging markets' equity investments, particularly in the UAE equities.

Fund Performance since Inception



Monthly Performance

%	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2005	-	-	-	-	2.7	6.9	-11.2	6.0	5.9	4.3	1.3	-4.1	12.2
2006	-5.4	-4.7	-3.4	-8.5	-5.7	-2.9	-2.4	5.2	2.2	-3.4	-8.4	0.3	-32.9
2007	-0.8	2.5	-5.1	3.7	18.8	-1.7	0.0	-3.8	1.6	18.9	4.4	9.1	54.9
2008	-3.7	7.2	-6.1	9.8	-0.5	-1.8	0.8	-15.0	-15.7	-22.4	-23.2	-12.1	-60.7
2009	-9.7	4.9	8.7	5.8	9.3	-1.8	5.0	4.2	13.2	-2.9	-4.8	-13.1	16.2
2010	-8.3	-3.4	16.7	-1.7	-9.1	-2.9	-1.8	-1.9	10.5	5.0	-4.0	-1.4	-5.1
2011	-0.9	-7.9	6.4	7.0	-5.1	0.5	-1.2	-2.3	-4.9	-2.4	-3.0	-0.8	-14.5
2012	1.6	9.7	3.1	-0.3	-5.7	-0.6	2.2	4.2	1.7	2.8	-0.5	-0.6	18.2
2013	13.4	3.4	1.9	12.0	9.2	-3.8	9.8	-1.8	3.3	2.9	0.3	9.7	77.4
2014	8.6	7.5	1.6	9.2	4.8	-16.1	14.3	1.6	0.0	-7.4	-4.1	-5.4	11.0
2015	-2.6	5.8	-2.5	10.1	-3.9	3.4	2.8	-8.8	-0.6	-3.0	-5.5	0.4	-5.6
2016	-6.5	8.1	5.3	4.3	-5.2	2.9	4.4	-1.0	-0.8	-3.3	-0.9	6.5	13.3
2017	1.9	1.5	-1.2	2.1	0.2	-0.5	3.6	0.4	-1.3	2.1	-5.2	-1.1	2.2
2018	3.4	-2.1	0.7	1.6	-2.4	-2.0	4.1						3.2

The Fund Manager does not and cannot guarantee the performance of the Fund, and the past performance of the Fund is not a guarantee of its future performance. Furthermore, it is understood that the Fund Manager does not give any advice and/or warranties, express or implied, and shall in no way be responsible or liable to any party for relying on any information with respect to the matters identified herein.

Market Performance

MENA

S&P Pan Arab Composite LargeMidCap index was up +2.3% MoM underperforming both MSCI EM and MSCI world which were up +3.9% MoM and +3.5% MoM, respectively. Brent oil fell -4.6% over the month on the back of Libya's 850k bpd supply coming onboard. The best performing market was Qatar, ending the month up +8.9% and the worst performing market was Oman's, falling -5.1% MoM. Qatar index over the month saw its highest close in a year with the index closing the gap to the pre-embargo levels (June 2017). Kuwait was up 5.7% MoM rallying of YtD lows (+15% over June/July) fueled by some early pre-positioning into the FTSE EM upgrade beginning in September with upwards of USD 1bn in passive inflows coming this year. Monthly exchange data in Kuwait showed USD 165mn of net foreign inflows in July, the highest on record; the 5 months prior had seen USD 188mn of net foreign inflows only. The Tadawul Index was down -0.2% MoM. Given the summer holidays the volumes are expected to be low and hence the market is just trading sideways. Healthcare and financials have been key overweight's for active investors and so far 2 of the big 3 healthcare names have missed whereas financials have seen solid beats and rising dividends. The consumer sector continues to suffer on the ongoing expat exodus.

UAE

Dubai's DFMGI was up +4.8% MoM while Abu Dhabi's ADSMI was up +6.6% MoM backed by banking sector earnings. FAB has been rewarded with a 9% net income beat and an increase to 2018 guidance across the board. Combined with the headline 5% net income beat by Etisalat, those two names alone which make up 65% of the ADX provide the index with a decent boost. Emirates NBD also reported net profits up +10% YoY due to improvement in loan loss charges and higher NII helped by the rate increase.

Fund Analytics as of July 31, 2018

Manager's Comments

During the month of July, TNI Blue Chip UAE Fund gained +4.1%, underperforming its benchmark the S&P UAE Domestic Capped index by 26bps. The Fund Manager decreased exposure to Utilities and slightly to Banking & Financials and increased exposure to Logistics & Transportation. On an ex-cash basis, Logistics & Transportation is the key over-weight and Utilities is the key underweight. The cash position was 4.5%.

Asset Allocation and Deviations

Sector	Fund %	Benchmark %	Deviation %	Geography	Fund %	Benchmark %	Deviation %
Banking & Financials	44.6	43.9	0.7	Dubai	50.7	49.2	1.5
Real Estate	22.5	21.8	0.7	Abu Dhabi	31.9	43.6	-11.7
Utilities	11.8	16.0	-4.2	Nasdaq	9.7	7.2	2.5
Logistics & Transport	14.4	11.5	2.9	GCC	3.2	0.0	3.2
Consumer Services	2.2	1.0	1.2	Cash	4.5	0.0	4.5
Construction Materials	0.0	0.0	0.0				
Cash	4.5	0.0	4.5				
Contracting	0.0	1.0	-1.0				
Others	0.0	1.9	-1.9				

Regression Analysis

TNI UAE Blue Chip Fund vs S&P UAE Dom Capped Index vs MSCI UAE Index

Returns (%)	TNI UAE BCF	S&P UAE Dom Capped	MSCI UAE	Key Figures* (w. avg)	PE	PB	ROE %	M. Cap (AED B)
1M	4.1	4.4	4.7	TNI UAE BCF	10.6	1.5	15.6	49.2
3M	-0.5	-0.7	-0.8	S&P UAE Dom Capped	11.0	1.6	15.5	47.4
6M	-0.2	-4.5	-9.7	MSCI UAE	7.7	1.1	13.0	42.5
1Y	-2.4	-4.7	-14.3	* PE, PB and ROE are all trailing				
3Y	5.8	-2.3	-7.8					
Inc.	16.8	-26.6	-44.5					

vs Benchmark	1Y	3Y	Since Inception
Ann. Alpha (%)	3.2	4.3	0.0
Ann. Return (%)	-2.0	-0.1	1.2
Volatility (%)	9.3	12.9	23.6
Tracking Error (%)	3.7	3.6	8.6
Information Ratio (AR)	0.9	1.2	0.0
Information Ratio (TR)	0.6	2.3	5.0

Evolution of yearly tracking error



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