Investor Monthly Newsletter

For the Month of April 2019

Inside this issue:

- S&P UAE Domestic Capped index was up 4.0% during the month
- Brent oil ended the month up 6.4% at \$72.8
- TNI Blue Chip UAE Fund was up 5.6% in April

IMPORTANT NOTICE

THIS "INVESTOR MONTHLY NEWSLETTER" IS CONFIDENTIAL TO THE ADDRESSEE AND SHOULD NOT BE DISCLOSED NOR DISTRIBUTED TO ANY THIRD PARTY WITHOUT THE PRIOR CONSENT OF THE NATIONAL INVESTOR (HEREINAFTER REFERRED TO AS "TNI")

THIS NEWSLETTER IS FOR INFORMATION AND DOES NOT CONSTITUTE A PROSPECTUS OR OFFERING CIRCULAR OR AN OFFER OR INVITATION TO SUBSCRIBE FOR UNITS OR SHARES IN ANY OF TNI FUNDS. ALL TNI FUNDS (THE "FUNDS") ARE AVAILABLE FOR SUBSCRIPTION ONLY ON THE BASIS OF THE RELEVANT PRIVATE PLACEMENT MEMORANDUM, SUBSCRIPTION AGREEMENT AND APPLICATION FORM WHICH ARE AVAILABLE ONLY TO INVESTORS THAT SATISFY THE APPLICABLE ELIGIBILITY CRITERIA FOR INVESTMENT.

TNI FUNDS INCLUDED IN THIS NEWSLETTER ARE UNREGULATED FUNDS FOR THE PURPOSES OF THE UNITED KINGDOM FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA"), THE PROMOTION OF WHICH IN THE UNITED KINGDOM IS RESTRICTED BY SECTIONS 21 AND 238 OF FSMA. ACCORDINGLY, NO TNI FUNDS' SHARES OR UNITS MAY BE OFFERED OR SOLD IN THE UK OTHER THAN (I) BY A PERSON AUTHORIZED BY THE UK FINANCIAL SERVICES AUTHORITY (THE "FSA") (AN "AUTHORIZED PERSON") IN ACCORDANCE WITH THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES EXEMPTIONS) ORDER 2001 OR THE FSA CONDUCT OF BUSINESS RULES; OR (II) BY A PERSON OTHER THAN AUTHORIZED PERSON IN ACCORDANCE WITH THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005. THE FUNDS ARE NOT REGULATED BY THE FSA AND INVESTORS WILL NOT HAVE THE BENEFIT OF THE FSA FINANCIAL SERVICES COMPENSATION SCHEME AND OTHER PROTECTIONS AFFORDED BY FSMA OR ITS RULES AND REGULATIONS.



TNI BLUE CHIP UAE FUND

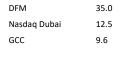
Fact Sheet as of April 30, 2019

Fund Profile

Inception Date	<u>May 01, 2005</u>
Base Currency	AED
Currencies	AED - USD
Minimum Inv.	AED 350,000
NAV / Unit	AED 11.86
Net Assets	AED 55.00M
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	TNIUAEBCF
ISIN	AET000730019
Reuters	Lp65037579
Bloomberg	TNIUAEF UH
TNI UAE BCF	Performance (%)
MTD	5.6
YTD	13.0
Since Inception	18.6
Benchmark	Performance (%)
MTD	4.0
YTD	4.0
Since Inception	-32.4
Top 5 Holdings	<u>Weight (%)</u>
DP World	12.5
FAB	10.9

FAB 10.9 ADCB 10.8 **Emaar Properties** 10.3 DIB 10.3

Asset Allocation Weight (%) 40.8 ADX





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

%	<u>Jan</u>	<u>Feb</u>	Mar	Apr	May	June	July	Aug	<u>Sept</u>	<u>Oct</u>	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	-1.7	-1.8	-1.9	-4.6	-0.5	-7.2
2019	2.8	1.6	2.4	5.6									13.0

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 4.5% MoM outperforming MSCI World and MSCI EM, which were up 3.4% MoM and 2.0% MoM, respectively. Saudi was the best performing market up 5.5% MoM and 18.9% YtD supported by Saudi FTSE phase two inclusion, which witnessed another \$1.2bn of passive inflows in April. Additionally, Saudi Cement sector beat the highest estimates as they reported outstanding earnings backed by higher cement prices, which were two times the price/ton last year. Brent oil rose to USD 74.57 in the month of April that is the highest witnessed since November 2018 as OPEC and its allies indicated to extend the supply cuts until the year-end 2019. Additionally, US extends its sanctions starting May to all purchases of Iranian oil as the series of waivers granted to some countries expired. DFMGI was second best performing market at +5.0% flat and ADSMI ended the month at +3.6 %.

UAE

Dubai's DFMGI was up 5.0% and Abu Dhabi's ADSMI was up 3.6% led by financial sector. According to projections by the Department of Economic Development growth in Dubai's GDP is set to accelerate to 2.1% in 2019 and 3.8% the following year before slowing to 2.8% in 2021. Furthermore, the UAE achieved a current account surplus of 9.1% of GDP in 2018 vs 7.3% year ago, the central bank said in a statement. Additionally, we witnessed positive sentiment in the Real Estate sector followed by Abu Dhabi government's announcement that all foreigners will be entitled to own the freehold of land and properties, which they purchase in investment zones.

Fund Analytics as of April 30, 2019

Manager's Comments

During the month of April, TNI Blue Chip UAE Fund was up +5.6%, outperforming its benchmark the S&P UAE Domestic Capped index by 1.6%. Our overweight in Financials was the main contributor toward the outperformance. Additionally, our underweight in Real Estate also contributed positively towards the fund's performance. However, our allocation to Kuwait contributed negatively towards the fund's performance for the month of April. The cash position was 1.6% at the end of the month.

Asset Allocation and Deviations

Sector	<u>Fund %</u>	Benchmark %	Deviation %	Geography	<u>Fund %</u>	Benchmark %	Deviation %
Banking & Financials	43.8	35.5	8.3	Abu Dhabi	40.8	47.5	-6.7
Logistics & Transport	18.2	12.7	5.5	Dubai	35.0	43.9	-8.8
Real Estate	14.9	29.8	-14.9	Nasdaq	12.5	8.7	3.8
Utilities	9.1	10.2	-1.0	GCC	9.6	0.0	9.6
Energy & Chemicals	7.0	6.7	0.4	Cash	2.2	0.0	2.2
Contracting	2.6	1.7	0.9				
Cash	2.2	0.0	2.2				
Consumer Services	2.1	0.7	1.4				
Others	0.0	2.8	-2.8				

Regression Analysis

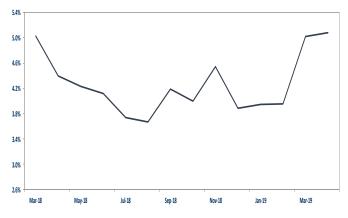
TNI UAE Blue Chip Fund vs S&P UAE Dom Capped Index vs MSCI UAE Index

<u>Returns (%)</u>	TNI UAE BCF	<u>S&P UAE Dom</u> <u>Capped</u>	MSCI UAE
1M	5.6	4.0	4.7
3M	9.9	2.7	7.3
6M	7.3	-4.3	3.0
1Y	1.1	-8.5	-1.2
3Y	9.4	-9.1	-8.0
Inc.	18.6	-32.4	-44.7
vs Benchmark	<u>1Y</u>	<u>3Y</u>	Since Inception
Ann. Alpha (%)	9.6	6.2	5.4
Ann. Return (%)	1.1	3.0	1.2
Volatility (%)	10.7	10.0	23.0
Tracking Error (%)	5.1	4.4	8.5
Information Ratio (AR) 1.9	1.4	0.6
Information Ratio (TR) 1.9	4.2	6.0

Key Figures* (w. avg)	PE	<u>PB</u>	<u>ROE %</u>	M. Cap (AED B)
TNI UAE BCF	11.6	1.6	13.8	49.0
S&P UAE Dom Capped	12.5	1.6	13.0	45.0
MSCI UAE	9.6	1.1	11.9	44.2

* PE, PB and ROE are all trailing

Evolution of yearly tracking error





TNI ASSET MANAGEMENT

Team Members

Fund Management

Tamara Tannir, CFA Senior Associate	+971 2 619 2321	ttannir@tni.ae
Risk Management and Middle Office		
Liezl Lacson Manager	+971 2 619 2428	llacson@tni.ae
Legal & Compliance		
Basma Bouazzi Senior Associate, Compliance	+971 2 619 2319	bbouazzi@tni.ae
Custody & Administration		
Deutsche Bank Sandeep Nirvan	+971 4 319 9572	sandeep.nirvan@db.com
Apex Fund Services Peter Hughes	+144 1 292 2793	peter@apex.bm
Auditors		
KPMG Mohamad Nadim Renno	+971 2 401 4868	mohamadrenno@kpmg.com
The National Investor		

For More Information: +971 2 619 2300; www.tni.ae

