
Investor Monthly Newsletter

For the Month of July 2015

Inside this issue:

- Iran reached a nuclear deal with P5+1
- S&P Pan Arab Composite LargeMidCap Index ended the month flat
- TNI MENA UCITS Fund lost 0.4% during July
- TNI Blue Chip UAE Fund gained 2.8% during the month outperforming its benchmark by 40bps
- TNI MENA Hedge Fund increased 0.4% in July

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TNI MENA UCITS FUND

Fact Sheet as of July 30, 2015

Fund Profile

Inception Date	June 17, 2010
Base Currency	USD
Minimum Inv.	USD 100,000
NAV / Unit	USD 1,335.41
Net Assets	USD 43.45M
Initial Fee	3% (max.)
Management Fee	1.4%
Cust. & Admin Fee	0.45% (max.)
Performance Fee	15% of fund outperformance; subject to High Watermark
Redemption Fee	0% after 1 Year
NAV	Daily
Custodian	Citibank (Dublin)
Administrator	Apex Fund Services
Auditors	Deloitte
Lawyers	Mason, Hayes & Curran
Fund Manager	TNI (Dubai) LTD
Domicile	Dublin
NAV Listing	Irish Stock Exchange /Financial Times
ISIN	IE00B5TKJM01
Reuters	LP68056061
Bloomberg	TNIMENA

TNI MENA UCITS	Performance (%)
MTD	-0.4
YTD	1.4
Since Inception	33.5

Benchmark	Performance (%)
MTD	-0.4
YTD	0.0
Since Inception	21.2

Top 5 Holdings	Weight (%)
Al Rajhi P-Note	5.9%
Emaar	5.2%
NBK	4.7%
COMI	4.4%
SABIC P-Note	3.9%

Asset Allocation	Weight (%)
Saudi Arabia	34.1
UAE	22.1
Kuwait	17.6
Egypt	16.0
Qatar	3.7
Oman	2.4
Cash	1.7
Lebanon	1.0
Bahrain	0.8
Morocco	0.6

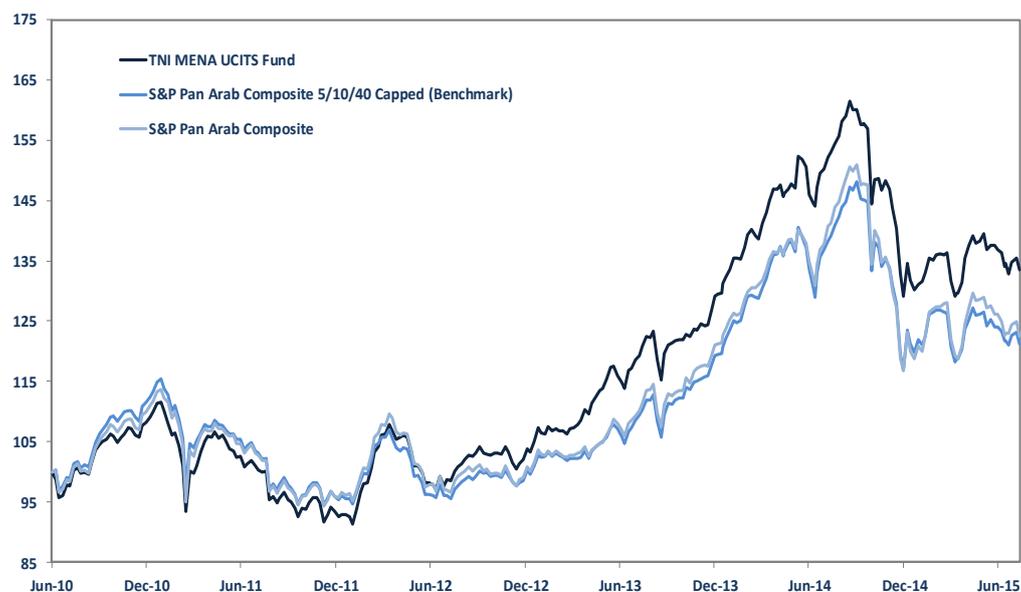
Focus: Fund investments will be primarily focused on publicly traded equities in the Middle East and North Africa (MENA) region with large capitalization, which present a steady and recurrent track record of earnings growth and have a potential for capital appreciation.

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. Allocation of the fund will follow UCITS-3 guidelines.

Objective: The Fund shall provide long-term capital appreciation through investing in equity securities publicly traded, in the Middle East and North Africa (MENA) region. The fund aims to outperform the S&P Pan Arab Large-Mid 5/10/40 Index on a risk-adjusted return basis.

Suitability: Shares of in the sub-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 MENA equities.

Fund Performance since Inception



Source: Bloomberg - S&P Pan Arab Composite 5/10/40 + Saudi Capped @ 40% Index, S&P Pan Arab Composite LargeMidCap

Monthly Performance

%	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2010	-	-	-	-	-	-1.3	1.6	-0.8	5.8	0.4	0.3	3.7	9.9
2011	-1.6	-6.5	2.2	3.2	-2.6	-2.4	-1.3	-4.4	-1.6	0.8	-3.2	1.2	-15.5
2012	0.9	7.4	7.2	-1.7	-5.7	-2.8	1.5	4.3	0.3	-0.1	-2.4	2.8	11.3
2013	4.1	-0.7	1.1	3.1	5.4	-3.0	4.8	-0.6	2.4	0.9	1.5	4.3	25.4
2014	4.5	3.5	2.0	1.8	4.6	-5.4	6.2	3.9	-0.8	-5.7	-3.3	-8.4	1.5
2015	1.0	2.4	-4.7	7.4	-1.7	-2.1	-0.4						1.4

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.

TNI MENA UCITS FUND

Fund Analytics as of July 30, 2015

Market Performance

After twenty months of tough negotiations, Iran and P5+1 reached a deal on July 14 to lift US, EU and UN sanctions which crippled Iran's economy, in exchange for the country's agreement to limit its nuclear ability. Restrictions would be lifted on investment in oil and gas sector, import of Iranian oil, banking transactions, access to SWIFT system and financial support for trade services in Iran. In the region, Dubai is expected to be a key beneficiary from this deal, given its established trade links with Iran and the emirate could also act as a FDI gateway to Iran. However, this deal had a negative effect on oil prices during the month, owing to increased speculation on Iranian officials repeatedly stressing their ability to increase crude exports by 1mbpd in a few months after the implementation day (December 15, 2015) of the deal. This would further exacerbate the current oversupply in the oil market. Brent oil price lost 17.9% during July closing at 52.2 USD/bbl. Despite the decline in oil price, S&P Pan Arab Composite LargeMidCap Index closed the month flat linked to the mixed performance of the MENA markets. However, trading activity declined considerably across all major MENA markets in July due to the Ramadan. The UAE markets edged higher driven by positive investor sentiment on Iran deal and strong growth in banking sector earnings in Q2 2015. Abu Dhabi Stock Market and Dubai Financial Market General Indexes closed up 2.3% and 1.4%, respectively, during the month. Oman's MSM30, Morocco's MADEX Free Float and Kuwait's KWSEIDX Indexes ended the month higher gaining 2.1%, 1.9% and 0.8%, respectively. Saudi market grinded higher during the first half of July increasing 2.8%, but lost all its gains after resuming trading post the Ramadan holidays tied to a significant decline in the oil price. This is expected to further propel the budget deficit and hurt petrochemical sector earnings. Qatar's DSM Index fell 3.4% as valuation remained expensive in context of the expected earnings growth. After registering a considerable sell-off during the first eight days of the month with Egypt's EGX30 Index declining 9.8% on the back of some deterioration in political situation and currency depreciation, Egypt market witnessed a swift recovery over the remaining part of the month with EGX30 Index closing down 2.2% in July.

Manager's Comments

In July, TNI MENA UCITS Fund lost 0.4% in-line with its benchmark the S&P Pan Arab 5/10/40 Capped Index. The Fund Manager did some arbitrages in the banking sector to play on the theme of expected increase in the US interest rate. Positions were increased in Bank Saudi Fransi, Al Rajhi, National Commercial Bank and Emirates NBD, while exposure was reduced to Saudi Hollandi Bank, Arab National Bank, Saudi British Bank and Rak Bank. In Qatar, the Fund Manager increased the weight in Ooredoo after a sharp YTD decline in price and improving fundamentals. In Morocco, a position in Addoha was initiated on undemanding valuation and better-than-expected progress on cash-generation plan. On a country level, Egypt, Kuwait and UAE remained the highest overweights.

Asset Allocation and Deviations

Geography	Fund %	Benchmark %	Deviation %	Sector	Fund %	Benchmark %	Deviation %
Saudi Arabia	34.1	35.7	-1.6	Banking & Financials	55.0	51.6	3.4
UAE	22.1	18.0	4.1	Energy & Chemicals	11.8	12.5	-0.8
Kuwait	17.6	12.8	4.8	Consumer Services	7.4	5.3	2.1
Egypt	16.0	5.9	10.1	Others	7.0	5.7	1.3
Qatar	3.7	13.6	-9.9	Utilities	6.0	10.5	-4.6
Oman	2.4	3.3	-0.9	Real Estate	5.9	10.5	-4.6
Cash	1.7	0.0	1.7	Construction Materials	5.2	3.7	1.5
Lebanon	1.0	2.0	-1.0	Cash	1.7	0.0	1.7
Bahrain	0.8	2.2	-1.4				
Morocco	0.6	3.3	-2.7				
Jordan	0.0	2.7	-2.7				
Tunisia	0.0	0.5	-0.5				

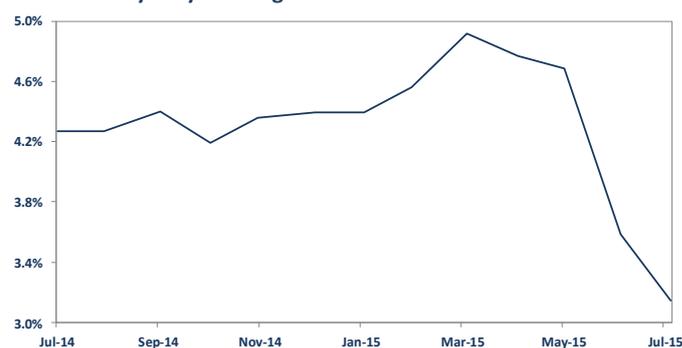
Regression Analysis

TNI MENA UCITS Fund vs S&P Pan Arab Composite 5/10/40 Capped Index vs S&P Pan Arab Composite Index

Returns (%)	TNI MENA UCITS Fund	S&P Pan Arab Composite 5/10/40 Capped	S&P Pan Arab Composite	Key Figures* (w avg)	PE	PB	ROE %	M. Cap (US\$B)
1M	-0.4	-0.4	-0.1	MENA UCITS	13.3	1.9	14.2	12.6
3M	-4.1	-4.8	-5.5	S&P Pan Arab Capped	14.0	2.0	14.5	13.2
YTD	1.4	0.0	2.1	S&P Pan Arab Composite	14.4	2.0	14.0	15.2
Inc.	33.5	21.2	22.5					

vs Benchmark	1Y	3Y	Since Inception
Alpha (%)	0.2	2.4	2.0
Ann. Return (%)	-12.7	10.7	5.8
Volatility (%)	15.1	13.3	12.5
Tracking Error (%)	3.1	3.5	3.4
Information Ratio	0.1	0.7	0.6
vs Benchmark	Total	Bull	Bear
Beta	0.97	1.01	0.91
Info Ratio	0.57	0.47	0.60
Correlation	0.96	0.89	0.92
Active Share (%)	54.7	n.a	n.a

Evolution of yearly tracking error



* PE, PB and ROE are all trailing

TNI BLUE CHIP UAE FUND

Fact Sheet as of July 30, 2015

Fund Profile

Inception Date	May 01, 2005
Base Currency	AED
Currencies	AED - USD
Minimum Inv.	AED 350,000
NAV / Unit	AED 11.71
Net Assets	AED 113.99M
Initial Fee	1.5% (max.)
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	Deloitte
Lawyers	Tamimi & Co
Fund Manager	TNI
Domicile	UAE
NAV Published on	DFM /Financial Times
DFM	TNIUAEBFCF
ISIN	AET000730019
Reuters	Lp65037579
Bloomberg	TNIUAEF UH

TNI UAE BCF	Performance (%)
MTD	2.8
YTD	13.1
Since Inception	17.1

Benchmark	Performance (%)
MTD	2.4
YTD	7.6
Since Inception	-15.9

Top 5 Holdings	Weight (%)
ENBD	10.3
Etisalat	10.1
Emaar	9.9
FGB	9.1
Aldar Properties	7.1

Asset Allocation	Weight (%)
ADX	55.1
DFM	38.4
Nasdaq Dubai	6.8
Cash	-0.3
GCC	0.0

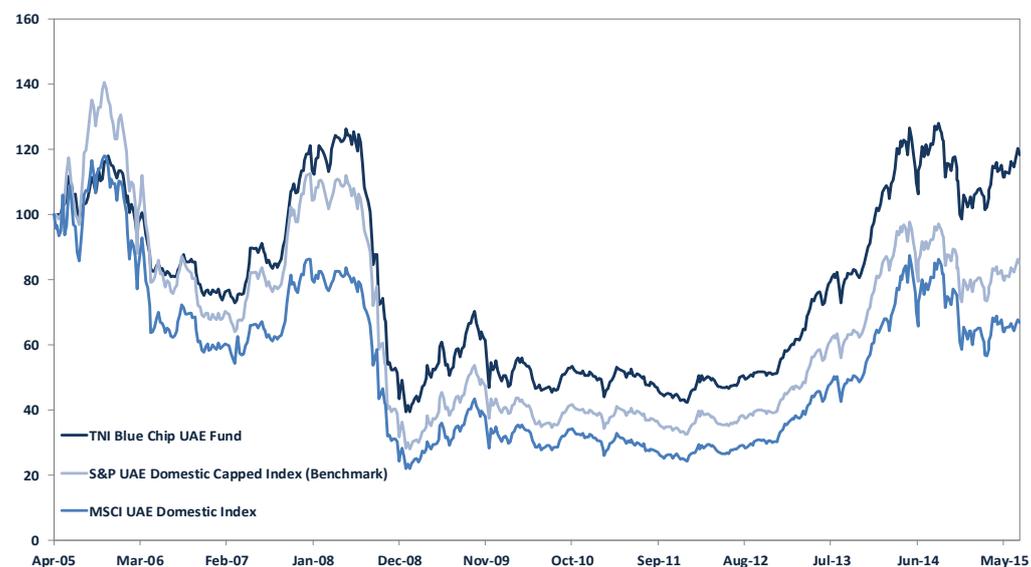
Focus: Although the fund may participate in markets throughout the Gulf Cooperative Countries ('GCC'), its investments will be primarily focused on publicly traded equities of UAE, which present a steady and recurrent track record of earnings growth and have a potential for capital appreciation.

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



Source: Bloomberg - MSCI UAE Domestic Index, S&P UAE Domestic Capped @ 10% ongoing Index AED

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						13.1



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.

TNI BLUE CHIP UAE FUND

Fund Analytics as of July 30, 2015

Market Performance

The UAE markets moved higher during the month driven by positive investor sentiment on Iran deal and strong growth in banking sector earnings. Dubai Financial Market General Index (DFMGI) and Abu Dhabi Stock Market Index (ADSMI) ended the month up 2.3% and 1.4%, respectively. Dubai is the trade and logistics hub of the region and is expected to be a key beneficiary from this deal, given its established trade links with Iran and the emirate could also act as a FDI gateway to Iran. The transportation and logistics sector is expected to be the biggest beneficiary of improving trade with Iran. The stocks that would benefit are: DP World, the world's fourth-largest ports operator and is significantly increasing its capacity in Dubai; Air Arabia, a regional airline which flies to 7 destinations in Iran; Aramex, an express, mail delivery and logistics services company. Emirates NBD would also benefit from its strong trade financing franchise. Rak Ceramics also has an underutilized capacity in Iran and can potentially increase exports to Iran. UAE banks also reported a strong YoY earnings growth of about 14% in Q2 2015 on the back of acceleration in sector loan growth to about 14% YoY and decline in provisions.

Manager's Comments

During the month of July, TNI Blue Chip UAE Fund gained 2.8% outperforming its benchmark the S&P UAE Domestic Capped Index by 40bps. The Fund Manager reduced the exposure to Dana gas after a strong rally in the name tied to Iran deal. Exposure to FGB was also reduced as value appears better in other banking names such as Emirates NBD and UNB which remained our core overweights. Furthermore, the Fund Manager increased the exposure to Rak Ceramics. The stock is one of the key overweights in our portfolio and is going through restructuring and strong cash generation cycle. A position was initiated in National Bank of Abu Dhabi as YTD the stock underperformed its peers and appears relatively undervalued. On a sector level, Real Estate and Contracting remained the main underweights while the Construction Materials and Banking & Financials were the main overweights. The cash position was reduced to nil from 1.8% in end-June.

Asset Allocation and Deviations

Sector	Fund %	Benchmark %	Deviation %	Geography	Fund %	Benchmark %	Deviation %
Banking & Financials	50.4	48.9	1.5	Abu Dhabi	55.1	49.4	5.7
Real Estate	19.8	23.9	-4.2	Dubai	38.4	45.6	-7.2
Others	13.3	10.1	3.2	Nasdaq	6.8	5.0	1.8
Utilities	11.9	11.5	0.4	Cash	-0.3	0.0	-0.3
Construction Materials	3.1	0.8	2.4	GCC	0.0	0.0	0.0
Energy & Chemicals	1.1	1.1	0.0				
Consumer Services	0.7	0.6	0.1				
Contracting	0.0	3.1	-3.1				
Cash	-0.3	0.0	-0.3				

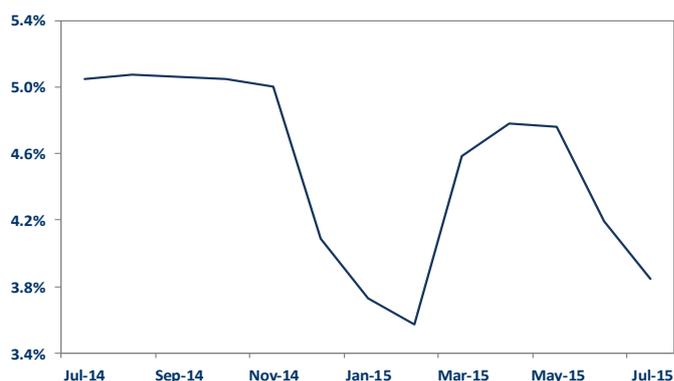
Regression Analysis

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	2.8	2.4	1.7	TNI UAE BCF	11.5	1.7	15.4	44.6
3M	2.2	1.0	-2.6	S&P UAE Dom Capped	12.1	1.8	15.3	40.9
6M	16.1	11.1	11.5	MSCI UAE	12.9	1.6	12.9	39.3
1Y	-3.5	-8.3	-14.1					
3Y	142.8	129.2	138.6					
Inc.	17.1	-15.9	-31.0					

vs Benchmark	1Y	3Y	Since Inception
Alpha (%)	4.8	2.6	3.2
Ann. Return (%)	-3.5	34.4	1.6
Volatility (%)	17.7	22.2	25.9
Tracking Error (%)	3.8	4.4	9.6
Information Ratio	1.3	0.6	0.3
vs Benchmark	Total	Bull	Bear
Beta	0.81	0.78	0.84
Info Ratio	0.34	-3.02	0.58
Correlation	0.95	0.86	0.91
Active Share (%)	18.2	n.a	n.a

Evolution of yearly tracking error



* PE, PB and ROE are all trailing

TNI MENA HEDGE FUND

Fact Sheet as of July 30, 2015

Fund Profile

Inception Date	Sep 01, 2008
Base Currency	USD
Minimum Inv.	USD 100,000
NAV / Unit	USD 995.03
Net Assets	USD 7.49M
Initial Fee	3% (max.)
Management Fee	1.50%
Cust. & Admin Fee	0.5% (max.)
Performance Fee	15% subject to High Watermark
Hurdle Rate	6% per annum
Redemption Fee	0% after 18 months
NAV	Monthly
Custodian	HSBC
Administrator	Apex Fund Services
Auditors	Deloitte
Lawyers	Appleby
Fund Manager	TNI (Dubai) LTD
Domicile	Bermuda
NAV Listing	The Financial Times
Reuters	LP65135780
Bloomberg	NIMESS BH

TNI MENA HF	Performance (%)
MTD	0.4
YTD	3.0
Since Inception	-0.5

Top 5 Holdings	Weight (%)
GMS	11.9
Bank Audi	8.8
Gulf Bank	8.1
EFG Hermes	8.0
Orascom Dev. Hld.	7.6

Asset Allocation	Weight (%)
Egypt	28.2
UAE	23.9
Kuwait	13.1
Qatar	11.3
Lebanon	8.8
Cash	7.8
Morocco	6.9

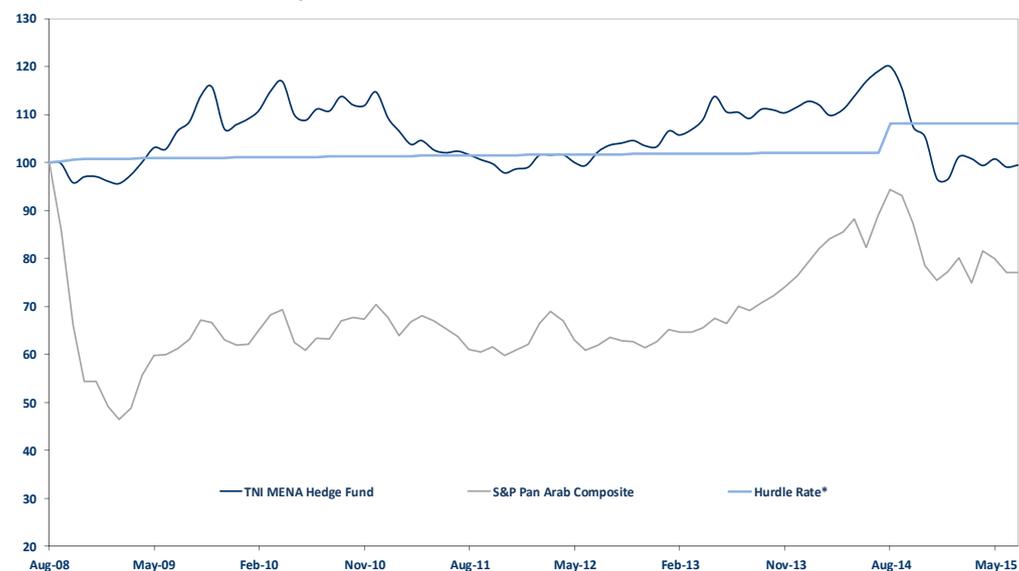
Focus: Achieve absolute return by investing in the Middle East and North Africa (MENA) region, primarily focusing on corporate securities and instruments issued by regional firms.

Management Style: The allocation will be based on fundamental research and will incorporate a blend of top-down and a bottom-up analytical approach, with a focus on bottom-up approach. Portfolio construction will be diversified amongst asymmetric risk/reward investment ideas.

Objective: The Fund aims to generate long-term capital growth by investing primarily the Middle East and North Africa (MENA) region. The Fund will use advanced investment strategies such as leveraged, long, short and derivative positions with the goal of generating high returns.

Suitability: Shares 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' securities investments, particularly in the MENA region.

Fund Performance since Inception



Source: Bloomberg - S&P Pan Arab Composite LargeMidCap; * Hurdle was USD LIBOR (1M) from inception till end-July 2014

Monthly Performance

%	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2008	-	-	-	-	-	-	-	-	-0.2	-4.0	1.3	0.0	-2.9
2009	-1.0	-0.5	1.9	2.8	3.0	-0.3	3.7	1.8	5.0	1.5	-7.5	0.8	11.2
2010	1.1	1.6	3.7	1.7	-5.9	-1.1	2.1	-0.4	2.7	-1.5	-0.1	2.5	6.3
2011	-4.8	-2.4	-2.6	0.8	-1.9	-0.5	0.3	-0.7	-1.0	-0.9	-1.9	0.8	-14.0
2012	0.4	2.5	-0.0	0.1	-1.7	-0.6	2.9	1.3	0.4	0.5	-1.0	-0.2	4.7
2013	3.2	-0.8	1.1	2.0	4.4	-2.8	-0.1	-1.2	1.8	-0.2	-0.5	1.1	8.0
2014	1.1	-0.7	-1.9	1.1	2.4	2.8	1.8	0.8	-3.7	-7.1	-2.0	-8.3	-13.4
2015	-0.1	4.8	-0.4	-1.4	1.4	-1.7	0.4						3.0

TNI MENA HEDGE FUND

Fund Analytics as of July 30, 2015

Manager's Comments

During the month of July, TNI MENA Hedge Fund gained 0.4%. The Fund Manager maintained a zero percent exposure to Fixed Income due to the expectation of US Fed increasing the interest rate next month which would move the bond yields higher in the region and would negatively impact the bond prices. For the equity component of the portfolio, no new short positions were initiated during the month and the Fund Manager maintained the short exposure to the Qatar market. In Kuwait, the Fund Manager sold the position in Mezzan Holding after a strong rally post the listing in June. In Lebanon, exposure to Bank Audi was increased. The stock is trading at an attractive valuation and experiencing a strong loan growth in Turkey and Egypt owing to the strong demographics of the two countries. IPO of Emaar Misr, the Egyptian subsidiary of Emaar Properties, had a lackluster opening during the month and the stock closed the month down 7.9%. The Fund Manager did not subscribe in to the IPO on account of valuation concerns as value appears better in other real estate names in the country.

Asset Allocation and Deviations

<u>Top 5 Sector Allocation</u>	<u>Weighting %</u>	<u>Asset Class Allocation</u>	<u>Weighting %</u>
Banking & Financials	44.6	Equity-Long	80.9
Construction Materials	14.5	Equity-Short	11.3
Energy & Chemicals	11.9	Cash	7.8
Real Estate	7.6	Fixed Income	0.0
Consumer Services	6.9		

Key Statistics

TNI MENA Hedge Fund vs. S&P Pan Arab Composite

<u>Returns (%)</u>	<u>TNI MENA Hedge Fund</u>	<u>S&P Pan Arab Composite</u>	<u>Currency Exposure</u>	<u>Weighting %</u>
1M	0.4	-0.1	GCC	36.5
3M	0.1	-5.5	USD	16.6
6M	3.0	-0.1	Others	47.1
1Y	-16.4	-13.3	<u>Equity</u>	<u>Weighting %</u>
Since Inception	-0.5	-22.9	Gross Exposure	92.2
Ann. Return Inception	-0.1	-3.7	Long Exposure	80.9
			Short Exposure	11.3
			Net Exposure	69.6
			No. of Positions	13

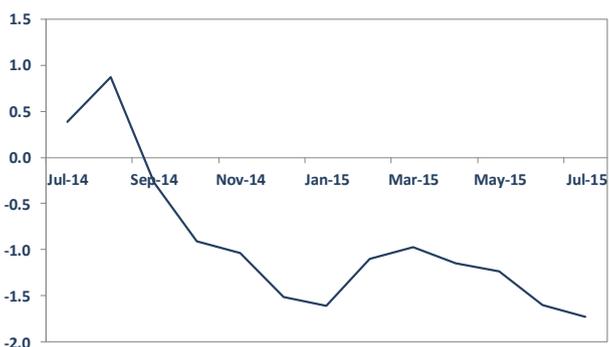
<u>Risk</u>	<u>TNI MENA Hedge Fund</u>	<u>S&P Pan Arab Composite</u>
Sortino Ratio (1 Year)	-2.0	-1.6
Sharpe Ratio (1 Year)	-1.7	-1.0
Volatility	8.8%	19.6%
Correlation	-	0.5

<u>Fixed Income</u>	<u>Weighting %</u>
Exposure	0.0
Average Yield	0.0
Duration	0.0
USD/GCC Currencies	0.0
No. of Positions	0

<u>Linearity of Returns</u>	<u>TNI MENA Hedge Fund</u>	<u>S&P Pan Arab Composite</u>
Maximum Drawdown (monthly)	-8.3%	-22.9%
Best Month	5.0%	13.8%
Worst Month	-8.3%	-22.9%
# of Months	83	83
# of Up Months	42	44
# of Down Months	41	39
Up Months in Up Markets*	70.5%	NA
Down Months in Down Markets*	71.8%	NA
Outperforming Months in Up Markets*	15.9%	NA
Outperforming Months in Down Markets*	79.5%	NA
Max Drawdown (Peak to Trough)	-19.5%	-53.6%

* In relation to the S&P Pan Arab Composite Index

Sharpe ratio (1 year)



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