The EFG-Hermes Middle East & Africa Telecom Fund
October 2012

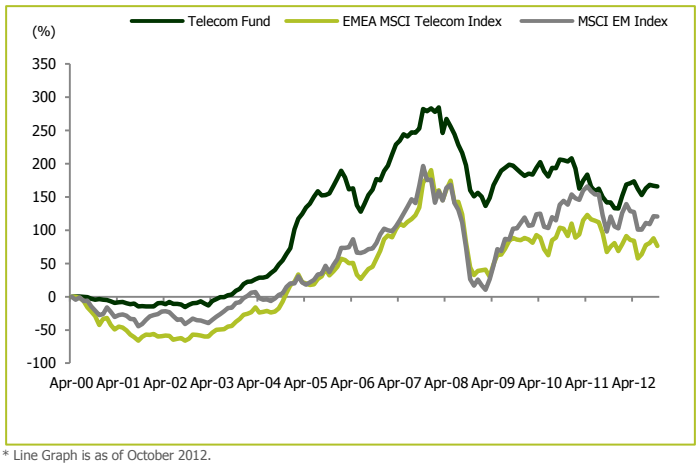
Fund Manager's Strategy & Outlook

The EFG Hermes Telecom Fund lost a marginal 0.3% in October to bring its YTD return to 14.3%. As global markets swayed between bearish and bullish sentiments, driven by expectations for the US elections, mixed global data and the impending "fiscal cliff", regional telecoms held steady. Within our investable universe, shares reacted to a fairly positive set of financial results for the 3rd quarter.

During the month, returns were boosted mainly by holdings in Saudi Arabia and the UAE. Saudi operator Etihad Etisalat (Mobily) released yet another set of robust results for the 3rd quarter. Revenues, EBITDA, and Net Income grew by 33%, 21% and 23% respectively. Moreover, the company once again easily beat consensus expectations. The investment manager continues to favour the stock, as the thesis of growth in operations, profits and yield remains intact.

A similar story continues to play out in the UAE, where Emirates Integrated Telecom Company (Du), continues to provide a robust value proposition, as illustrated by its most recent set of results. Revenues, EBITDA and Net Income grew by 13%, 26%, and 34% respectively. In the investment manager's view, the company provides an excellent proxy for the overall rebound in the UAE, where local economic activity and rising tourist arrivals have translated into broad based growth for the company. Add to that a rising dividend and an excellent management team, crystallizing our high conviction in the name.

As mentioned in the previous note, we continue to search for new opportunities in the Middle East and Sub-Saharan Africa. Although our universe has become narrower post the de-listing of some companies due to increased M&A (i.e. Wataniya Telecom and Mobinil), the heightened level of transactions supports our view that the sector provides excellent growth at reasonable value. We have highlighted some potentially interesting names which will be considered for the fund. As always, our target remains long term capital appreciation.



* Line Graph is as of October 2012.

EFG-Hermes Asset Management

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Objective

Long-term capital appreciation through investing in listed and unlisted equities and equity-related securities of telecommunications, media, entertainment, information technology, internet and e-commerce companies and related infrastructure companies established or operating in the Middle East and Africa.

Fund Performance

Returns	Telecom Fund
Month to Date*	-0.3%
Year to Date	14.3%
2011	-24.5%
2010	9.2%
2009	9.9%
2008	-33.1%
2007	32.5%
2006	4.0%
2005	60.6%

Returns	Telecom Fund
1 year	10.1%
3 year	-8.9%
5 year	-30.4%
Since Inception	165.8%

* MTD figures reflect performance between September 27th, 2012 and October 31st, 2012.

Fund Characteristics

No. of Holdings	10
Wtd. Market Cap	USD 8.7 billion
Dividend Yield*	12.2%
P/E Ratio 12	9.6x

*Figure reflects the weighted average yield of a dividend-bearing security in the fund

Fund Metrics*

Beta	0.3
Annualized Standard Deviation	14.0%
Annualized Information Ratio	15.9%

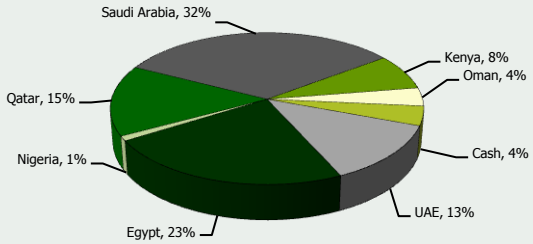
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Etihad Etisalat	Saudi Arabia	17.0%
Qatar Telecom	Qatar	12.2%
Emirates Integrated Telecomm	UAE	10.0%
Saudi Telecom	Saudi Arabia	9.3%
Orascom Telecom	Egypt	8.1%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 26.58
No. of Share Certificates	667,922
Launch Date	April 2000
Management Fee	1.75%
Incentive Fee	15%
Benchmark	10% with a high watermark
Expense Ratio	2.3%
Minimum Subscription	USD 10,000
Subscription / Redemption	Monthly

Fund Identifiers

ISIN	BMG294021073
Bloomberg Ticker	EFGHTEL BH

This update does not constitute an offer of shares and should not be relied upon by any person acquiring or otherwise dealing in shares of the company. Subscription of shares in the company may only currently be made on the terms of the Placing Memorandum of the company. It should be noted that investment in the fund is only suitable for sophisticated investors who are aware of the risks of investing in The EFG-Hermes Telecom Fund Limited and should be regarded as long term. Please remember that past performance is not necessarily a guide to the future. Market and currency movements may cause the value of shares and the income from them to fluctuate and you may get back less than you invested when you decide to sell your share.