The EFG-Hermes Middle East & Africa Telecom Fund
January 2013

Fund Manager's Strategy & Outlook

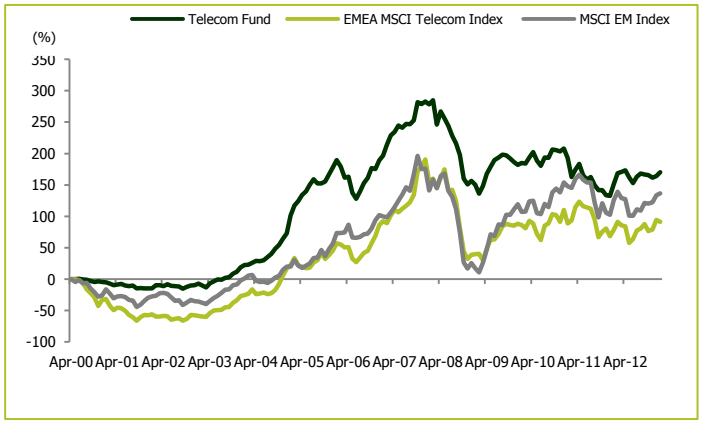
The EFG-Hermes Telecom Fund had a strong start to the New Year, gaining 2.4% for the month of January. This compares to a 1.6% decline for the MSCI EMEA Telecom Services index during the same period. Improving macro-economic data and the success of US politicians in temporarily avoiding the Fiscal Cliff has driven down sovereign and corporate yields to multi-year lows. This has subsequently led to strong inflows into equities and a general rotation out of bonds, driving most markets higher during the first month of the year. Within our investable universe, stocks were buoyed by the improved sentiment and strong financial results for 2012.

Our investment in Kenyan data provider AccessKenya was rewarded during the month as the company rallied nearly 19%. Recent positive news flow regarding its network upgrade helped boost the stock as this will lead to higher margins in the medium term. Furthermore, the Somen family, the founders and managers of the company, recently increased their shareholding in the company. As an investment manager, it bodes well to see managers/owners aligning themselves with shareholders, and the stock's performance is indicative of that.

In Saudi Arabia, it was a tale of two stocks during the month. Starting with the bad news, our holding in Saudi Telecom had an adverse effect on the Fund, as the company announced results that can only be described as abysmal. Fourth quarter net income decreased 79% compared to the corresponding period last year. Although results were affected by big write downs and tax charges with regards to their international operations, the operating results were the main concern. During the fourth quarter, operating profit decreased 32.5% compared to last year, and this was the primary reason why we decided to downsize our position significantly during the month.

On a more positive note, the Fund's largest holding and Saudi Arabia's second largest mobile operator had a strong month after announcing robust earnings. Etihad Etisalat (Mobily) grew revenues, EBITDA and net income by 17.9%, 15.2% and 18.4% respectively for FY 2012. Our long term view in the stock has certainly paid off, with it returning around 50% on a total return basis for the past 12 months. Nevertheless, we continue to see tremendous value, as it continues to trade on single digit earnings multiples and offers a 6.2% dividend yield.

All in all this was a decent start to the New Year. While we are somewhat skeptical on the ability of markets to maintain the momentum witnessed in January for the next 11 months, we are confident on their trajectory and envisage 2013 as being a positive one. The Investment Manager is constructive on markets in general and our holdings' prospects in particular. We see volatility returning to markets soon, but continue to believe that our medium to long term approach will generate positive returns.



* Line Graph is as of January 2013.

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*	2.4%
Year to Date	2.4%
2012	13.5%
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	7.5%
3 year	-5.2%
5 year	-28.5%
Since Inception	170.3%

* MTD figures reflect performance between December 31st, 2012 and January 31st, 2013.

Fund Characteristics

No. of Holdings	11
Wtd. Market Cap	USD 8.2 billion
Dividend Yield*	12.3%
P/E Ratio 13	13.5x

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

Fund Metrics*

Beta	0.3
Annualized Standard Deviation	13.9%
Annualized Information Ratio	13.2%

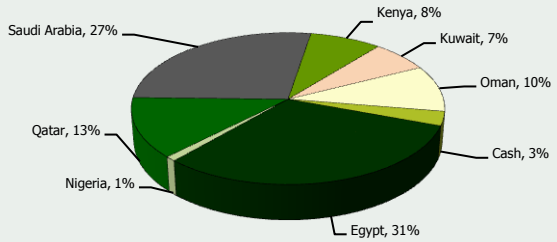
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Etihad Etisalat	Saudi Arabia	17.5%
Qatar Telecom	Qatar	10.4%
Orascom Telecom Holding	Egypt	9.9%
Telecom Egypt	Egypt	8.6%
Nawras	Oman	8.0%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 27.03
No. of Share Certificates	666,613
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.