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

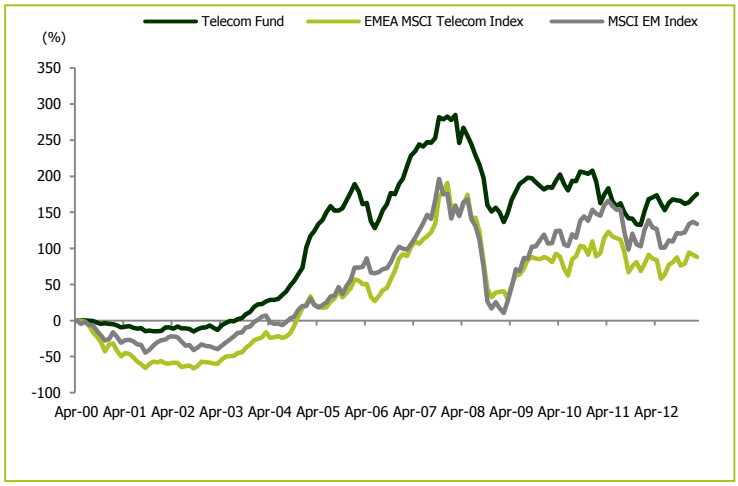
Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund added another 2% during the month to bring its YTD returns to 4.4%. This compares to a -3.2% YTD return for MSCI EMEA Telecom Services Index and a 3.4% return for the S&P Pan Arabia LargeMidcap Index. Markets continue to be buoyant at the start of this New Year, albeit at a slower pace than the previous month. The gridlocked outcome of the Italian elections towards the end of February dampened the mood a bit, as attention returned to the still fragile Euro zone. As mentioned in our last note, while we are constructive on investment prospects in 2013, we are wary of the return of volatility to the markets and we got a dose of that as the month closed. Despite this blip, the fund gained during the month mainly on the back our positions in Kenya and Oman.

AccessKenya, one of the fund's top holdings, rallied another 25% during the month to bring its YTD returns to 47.7%. The Kenyan data services provider continues to rebound as it reaps the benefits of its network upgrade and this was reflected in its recently released FY2012 results. Revenues, EBITDA and net income increased by 9%, 18% and 39% respectively over the corresponding period last year. Our thesis since our initial investment has been that the company would improve services and grow margins once it invested in its metro fibre network, and this was reflected in the EBITDA margin increasing to 37% from 34% during FY2012. Despite the share price surge YTD, we continue to see value in the stock as it trades at 10x 2012 earnings and is proposing a dividend that will yield 4.2%. With the peaceful resolution of the Kenyan Presidential elections, we view the macro environment as benign, which adds credence to our long term investment case.

In Oman, another of the fund's top holdings performed well during the month. Omani Qatari Telecommunications Co. (Nawras) gained 11.8% during the month to bring its YTD return to 14.5%. The company, which offers mobile, fixed, and data services, is rebounding from what the investment manager viewed as a trough. The company had lost momentum during the last 2 years as it rolled out fixed line services and next generation data services, giving the incumbent, government backed operator an opportunity to reclaim market share. Our investment thesis is that the company's investment in its network in 2012 will allow it to roll out mobile broadband services which should mitigate lost revenue. Results for the fourth quarter indicate that the company is on track to recover as EBITDA margin increased by 300bps+ and bodes well for the coming year. With the company trading at 7.5x 2013 earnings and offering a 7.2% yield, the investment manager sees significant value in the name.

Much has been made of the big rotation out of bonds and into equities, and anecdotal evidence and global markets' performance YTD supports this view. Equity funds have seen massive inflows while bond funds have seen the reverse. While equity markets are for the most part still attractive, the investment manager feels that what is actually happening is a hunt for yields. As Euro zone risk and US fiscal cliff worries eased, yields on fixed income securities tumbled, leading to a rush into income generating equities. With the regional telecom sector offering superlative yields, the fund is well positioned for further re-rating.



* Line Graph is as of February 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*	2.0%
Year to Date	4.4%
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	2.7%
3 year	-2.9%
5 year	-28.4%
Since Inception	175.6%

* MTD figures reflect performance between January 31st, 2013 and February 28th, 2013.

Fund Characteristics

No. of Holdings	10
Wtd. Market Cap	USD 6.3 billion
Dividend Yield*	13.3%
P/E Ratio 13	10.3x

*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	14.5%

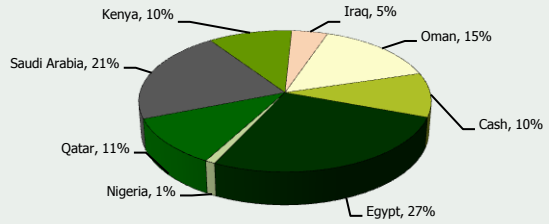
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Etihad Etisalat	Saudi Arabia	17.0%
Nawras	Oman	12.1%
Qatar Telecom	Qatar	8.8%
Access Kenya	Kenya	8.3%
Telecom Egypt	Egypt	8.0%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 27.56
No. of Share Certificates	665,730
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.