# The EFG-Hermes Middle East & Africa Telecom Fund
# April 2013

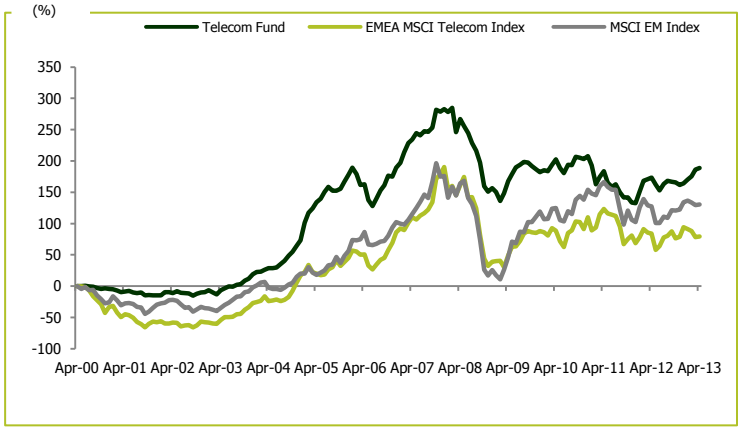
## Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund gained 0.84% during the month, bringing its YTD return to 9.3%. April marked the 13th anniversary for the Fund. Since inception, the Fund recorded an 8.6% annualized return over the course of the past 13 years, compared to a 4.6% return for the MSCI EMEA Telecom Services Index over the same period. During the month of April, continued gains from our Kenyan and Qatari investments drove the Fund's positive performance.

Once again, Access Kenya contributed the bulk of the Fund's returns during the month. The stock gained 13.6% during the month to bring its YTD return to 128.4%. In our previous note, we had highlighted management's comments about being sellers at the right valuation. In the first couple of days of May, the company announced that it had received an offer from South Africa's Dimension Data to purchase 100% of the company. The offer is priced at 14 KHS a share, which represents a 48% premium to the last traded price. The Investment Manager views this offer as attractive and will be participating once the tendering process commences.

In Qatar, Q-Tel released mixed results for the first quarter. While revenues and net income increased 5.2% and 13.65 respectively over the previous year, EBITDA decreased by 3.2%. Drilling down to the subsidiaries' operating performance, there was an alarming trend of EBITDA and margin decline in most of the operations. While this can be partially attributed to the recent re-branding exercise, competition seems to be taking its toll. While we still see value in the company, we will be watching the coming results closely.

After 13 years and delivering superior returns to investors, we continue to see significant opportunities in the telecom space. While finding value certainly involves more work today, the reward/pay off continues to be lucrative. A recent example of this has been our investment in Access Kenya. Although the stock took its time to deliver and is not the most liquid of investments, the returns delivered more than compensated for the risk. The Investment Manager will strive to find even more attractive opportunities, particularly in Africa.




* Line Graph is as of April 2013.


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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* | 0.8% |
| Year to Date | 9.3% |
| 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 | 5.6% |
| 3 year | 1.8% |
| 5 year | -21.4% |
| Since Inception | 188.7% |

* MTD figures reflect performance between March 31st, 2013 and April 30th, 2013.

## Fund Characteristics

| | |
|---|---|
| No. of Holdings | 10 |
| Wtd. Market Cap | USD 10.0 billion |
| Dividend Yield* | 4.4% |
| P/E Ratio 13 | 11.2x |

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

## Fund Metrics*

| | |
|---|---|
| Beta | 0.3 |
| Annualized Standard Deviation | 13.8% |
| Annualized Information Ratio | 17.8% |

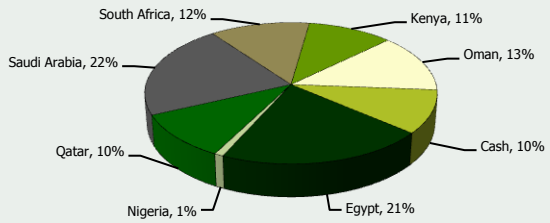
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

## Top Five Equity Holdings

| Holding | Country* | % of NAV |
|---|---|---|
| Etihad Etisalat | Saudi Arabia | 17.5% |
| Nawras | Oman | 10.7% |
| Access Kenya | Kenya | 8.6% |
| Qatar Telecom | Qatar | 8.4% |
| Telecom Egypt | Egypt | 6.8% |

* Country assigned by primary listing

## Allocation by Country




## Fund Data

| | |
|---|---|
| NAV per share | USD 28.87 |
| No. of Share Certificates | 663,693 |
| 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.