The EFG-Hermes Middle East & Africa Telecom Fund
July 2014

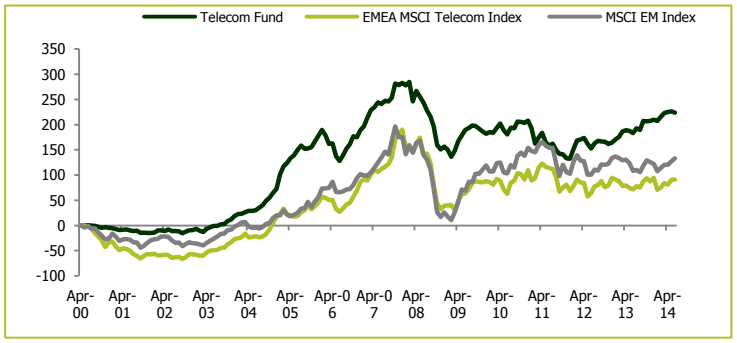
Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund gained 2.1% during the month to bring its YTD performance to 6.7%. This compares to a 5.3% decline for the MSCI EMEA Telecom Services Index. Despite a more subdued tone across global markets in July and heightened geo-political risk in the Middle East, regional markets rebounded strongly on the back of Saudi Arabia opening up to foreigners and the UAE staging an impressive comeback. Within our portfolio, holdings in Saudi Arabia, Oman and Africa drove returns higher.

In Saudi Arabia, Etihad Etisalat (Mobily) strongly rebounded along with the Saudi index. With the market expected to open up to foreigners sometime in 2015, local investors drove up Mobily's share price in anticipation. The company is trading at single digit earnings valuations and delivering a dividend yield north of 5%, fueling expectations that the stock will be a favorite of foreign institutional money. Despite the company having a patchy 2014 so far, the investment manager continues to rate the company highly - irrespective of foreign interest.

In Oman, Omani Qatari Telecommunications Company (Nawras) released excellent results for Q2 2014. Revenues, EBITDA and Net Income grew by 10.6%, 17% and 32% respectively. After an arduous year and a half, the company is finally reaping the benefits of its network upgrade and its focus shift to a data strategy. While it is too early to say if the worst is behind us, the company is certainly heading in the right direction.

Finally in Africa, continued strong share price performance from Telkom South Africa and Econet Wireless (Zimbabwe) also helped drive performance. We continue to search the African continent for attractive TMT investments that will help drive investor returns higher.



EFG-Hermes Asset Management

Tel: 9714-363 4047 / Fax: 9714-362 1171

E-mail: AMsales@efg-hermes.com

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*	2.1%
Year to Date	6.7%
2013	17.3%
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	12.9%
3 year	25.9%
5 year	12.6%
Since Inception	230.5%

* MTD figures reflect performance between June 30, 2014 and July 31, 2014.

Fund Characteristics

No. of Holdings	12
Wtd. Market Cap	USD 9.2 billion
Dividend Yield*	3.5%
P/E Ratio 14	9.6x

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

Fund Metrics*

Beta	0.3
Annualized Standard Deviation	13.3%
Annualized Information Ratio	20.5%

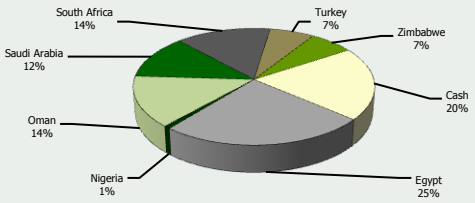
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Global Telecom	Egypt	12.4%
Etihad Etisalat	Saudi Arabia	9.9%
Omani Qatari Telecom	Oman	6.0%
Turkcell Iletism Hizmet	Turkey	5.5%
Econet Wireless Zimbabwe LTD	Zimbabwe	5.4%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 33.05
No. of Share Certificates	662,292
Launch Date	April 2000
Management Fee	1.75%
Incentive Fee	15%
Benchmark	10% with a high watermark
Expense Ratio	2.9%
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.