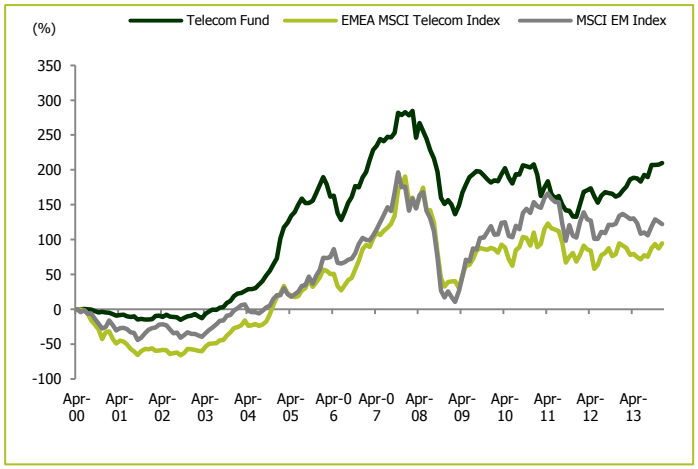
The EFG-Hermes Middle East & Africa Telecom Fund
December 2013

Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund gained 0.7% to close out 2013 with a 17.3% return. Markets remained buoyant during the month as macroeconomic data continued to show signs of a sustainable global recovery. From US GDP figures to manufacturing growth in the world's largest economies; most data points came in ahead of expectations. That coupled with a relatively dovish US Federal Reserve statement helped global markets close out the year on a positive note. Within our universe holdings in Egypt and South Africa boosted returns on the back of strong momentum in their respective markets.

Looking back on 2013, Saudi Arabia and Kenya provided the bulk of the Fund's returns. The Fund's largest holding, Etihad Etisalat closed 2013 by reporting revenue, EBITDA and net income that grew by 7%, 7.6% and 11% respectively. Despite a total return of 31.2% in 2013, the stock continues to trade at 10x 2014 earnings and yields around 5%. Meanwhile in Kenya, our early investment in AccessKenya paid off handsomely in 2013. The corporate data provider was bought out by South Africa's Dimension Data for KS 14 per share, giving a total return of 239% during the year.

Heading into 2014, we remain positive on the Fund's prospects. Despite an overall aggressive move across global equity markets in 2013, we remain confident in our ability to achieve capital appreciation for investors. Our belief is not derived from continuing market momentum, but simply from the fact that we still see attractive valuations. Our investable universe continues to trade at a discount to most markets/sectors, despite offering strong growth and excellent yield. We remain wary of volatility creeping back into the markets, but overall expect the next year to be yet another positive one.



* Line Graph is as of December 2013.

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*	0.7%
Year to Date	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	17.3%
3 year	0.6%
5 year	20.8%
Since Inception	209.8%

* MTD figures reflect performance between November 30th, 2013 and December 31st, 2013.

Fund Characteristics

No. of Holdings	13
Wtd. Market Cap	USD 10.8 billion
Dividend Yield*	3.8%
P/E Ratio 13	10.7x

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

Fund Metrics*

Beta	0.3
Annualized Standard Deviation	13.6%
Annualized Information Ratio	17.0%

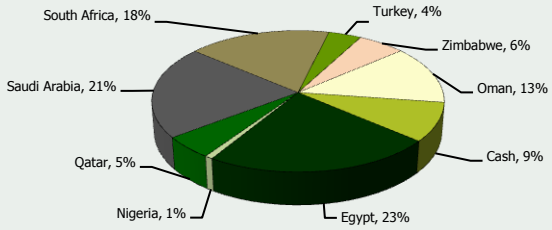
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Etihad Etisalat	Saudi Arabia	17.5%
Telecom Egypt	Egypt	9.5%
Global Telecom	Egypt	6.0%
Omani Qatari Telecom	Oman	6.0%
MTN Group	South Africa	5.6%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 30.98
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	2.5%
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.