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

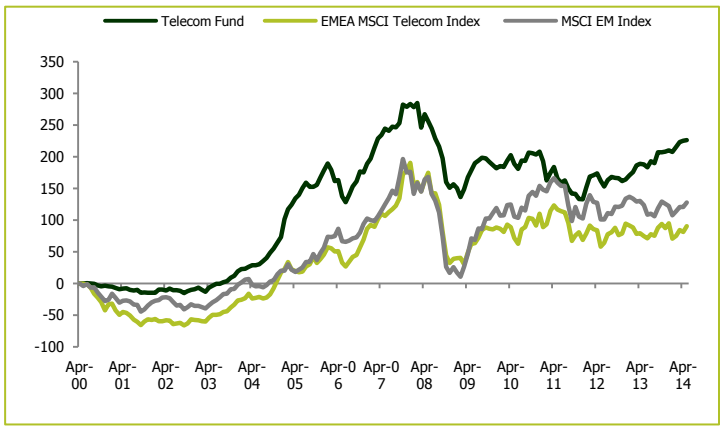
Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund gained 0.4% in May to bring its YTD performance to 5.3%, compared to a 0.72% decline for the MSCI EMEA Telecom Services Index over the same period. During the month, global and regional markets continued their upward trajectory as high liquidity and low interest rates complemented a generally rosier macroeconomic picture. Within our investable universe, mixed news from some of our holdings impacted the scale of our gains.

Let's start with the bad news! Etihad Etisalat (Mobily) announced towards the end of the month that it called off its planned acquisition of a 20% stake and subsequent management takeover of Etihad Atheeb. This transaction was intended to give Mobily a fixed data license and access to the corporate and residential sectors. Furthermore, it was intended to complement the company's strategic shift in becoming an ICT player. The company also announced that it will be writing off SAR 338 million of revenues booked in the first quarter on the back of the deal being called off. It's disappointing to see the company book revenues from a deal that had yet to be finalized. Having said that, the company still trades at around 9.3x 2014 earnings and has a dividend yield of 6.1%. While we are disappointed with these developments, we view them as a one-off.

In better news, holdings in South Africa and Zimbabwe gained during the month on the back of M&A activity and positive financial results. In South Africa, Telkom SA announced the acquisition of Business Connexion as it seeks to complement its fixed line offerings with cloud based and information technology offerings. Meanwhile in Zimbabwe, Econet Wireless announced FY 2014 results: Revenues and EBITDA grew by 8% and 9% respectively. Although profits declined on the back of higher interest costs, 42% growth in its mobile banking customer base bodes very well for the future.

Although valuations appear stretched in broader markets, in our investable universe they remain quite attractive and bode well for future capital growth. The investment manager is of the view that the extremely low volatility we are seeing in broader markets is unsustainable. We will be using the expected increase in volatility to rebalance and add to our holdings.



* Line Graph is as of May 2014.

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*	0.4%
Year to Date	5.3%
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	13.4%
3 year	22.9%
5 year	17.0%
Since Inception	226.3%

* MTD figures reflect performance between April 30, 2014 and May 31, 2014.

Fund Characteristics

No. of Holdings	12
Wtd. Market Cap	USD 10.32 billion
Dividend Yield*	3.5%
P/E Ratio 14	10.2x

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

Fund Metrics*

Beta	0.3
Annualized Standard Deviation	13.4%
Annualized Information Ratio	19.19%

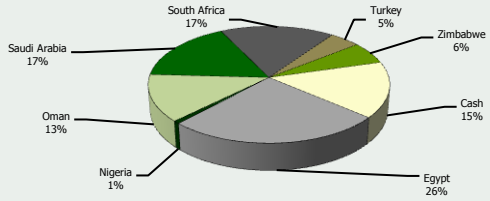
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Etihad Etisalat	Saudi Arabia	13.8%
Global Telecom	Egypt	13.2%
TELKOM SA SOC	South Africa	5.9%
Omani Qatari Telecom	Oman	5.5%
MTN GROUP LTD	South Africa	5.4%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 32.63
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.