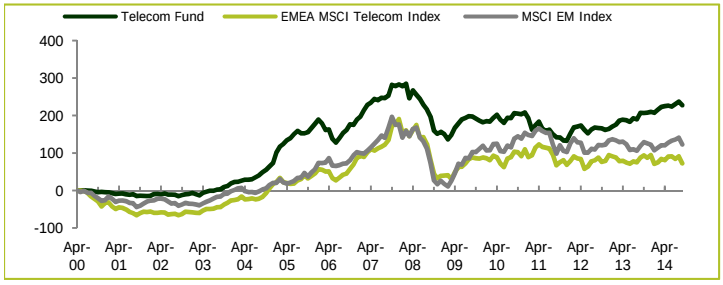
The EFG-Hermes Middle East & Africa Telecom Fund
September 2014

Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund lost 2.9% last month to bring its YTD return to 5.9%. Weakness across some key markets and holdings adversely impacted performance during September. General weakness was the main theme across our investable universe, as indicated by the 9.9% monthly decline in the MSCI EMEA Telecom Services index. Holdings in Egypt, Turkey and South Africa contributed disproportionately to the month's negative performance.

Our largest holding in Egypt, Global Telecom Holding (GTH), lost 6.3% during the month. The company announced that it was selling its faltering Canadian operations for a consideration lower than many analysts' estimates. Furthermore, general weakness at the company's parent –Vimplecom – because of the situation in Russia, also fueled negative sentiment. On the positive side, the company's AGM approved the proposed offer from the Algerian government for a 51% stake in Djezzy (Algerian operation). Our core thesis has always been and remains to be that the resolution of that situation in the company's largest market will benefit shareholder returns. Although we expect volatility in the near term, we feel that the long term value proposition remains intact.

Our holdings in Turkey and South Africa bore the brunt of the investable universe's decline, as weakness in the broader emerging markets was a key theme during the month. The MSCI Emerging Markets index was down 7.8% in that period and the declines were agnostic towards quality companies trading at attractive valuations and with growth potential. This often creates a difficult short term trading environment, but conversely offers an excellent long term investment opportunity.



* Line Graph is as of September 2014.

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*	-2.9%
Year to Date	5.6%
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	6.5%
3 year	22.7%
5 year	10.1%
Since Inception	227.2%

* MTD figures reflect performance between August 31, 2014 and September 30, 2014.

Fund Characteristics

No. of Holdings	12
Wtd. Market Cap	USD 8.4 billion
Dividend Yield*	2.3%
P/E Ratio 14	10.8x

*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	22.2%

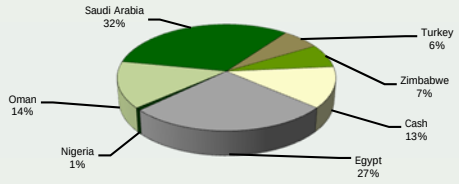
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Etihad Etisalat	Saudi Arabia	14.7%
Global Telecom	Egypt	11.8%
Egypt	Egypt	7.5%
Omani Qatari Telecom	Oman	6.4%
Econet Wireless Zimbabwe LTD	Zimbabwe	5.8%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 32.7
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

EFG-Hermes Asset Management

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

E-mail: AMsales@efg-hermes.com

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.