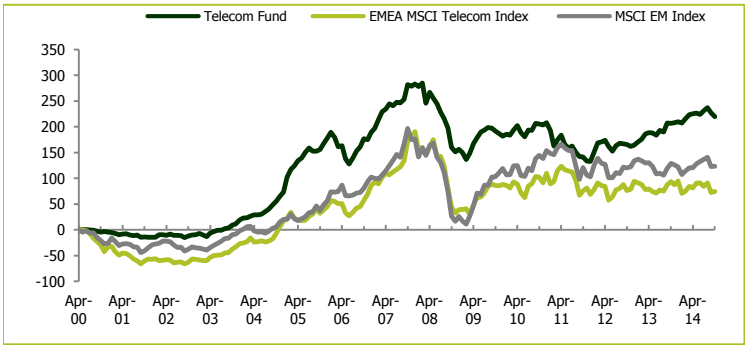
The EFG-Hermes Middle East & Africa Telecom Fund
October 2014

Fund Manager's Strategy & Outlook

Another disappointing month saw the EFG-Hermes Telecom Fund lose 2.3% to bring its YTD return to 3.1%. This compares to a negative 10.9% YTD return for the MSCI EMEA Telecom Services Index. General market malaise and volatility, driven by plunging oil prices and weak macroeconomic data in Europe, adversely affected most of our holdings during the month. Within our investable universe, a negative read across for Etihad Etisalat (Mobily) drove a massive rebalancing within our portfolio on the last day of the month.

Two days prior to the end of the month, Mobily's largest shareholder Etisalat (UAE), released Q3 results that indicated Mobily's Q3 results would be a massive disappointment. Etisalat accounts for its 27% stake in Mobily through the "income from associates" line, which showed a loss of AED 12mn. After some analysis the fund manager concluded that the results pointed to trouble for Mobily. Wishing to mitigate any risk, the investment manager elected to reduce the position in Mobily from nearly 15% to 4%. After the close of the month, it was announced that the company would be restating earnings for the past 3 quarters due to erroneous revenue recognition from an accounting perspective. Basically, the company had been booking revenues for its leased line/ Wholesale capacity segment and its customer loyalty schemes prior to delivery of the service/product. In the early days of the month, the company's share price lost in excess of 25% as it also announced that it was temporarily suspending its dividend. As long term investors in the company, we felt that the value proposition had changed on a risk adjusted basis. This led us to cut the position by almost 75% and mitigate a potentially huge loss.

Although market conditions and news flow have adversely affected the fund during these past 2 months, we remain cautiously optimistic on medium term prospects. We have ample cash to reallocate and we see interesting opportunities arising. As markets settle, we will be deploying this cash to continue to achieve long term capital gains.



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*	-2.3%
Year to Date	3.1%
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	4.2%
3 year	20.2%
5 year	9.5%
Since Inception	219.5%

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

Fund Characteristics

No. of Holdings	12
Wtd. Market Cap	USD 9.9 billion
Dividend Yield*	2.3%
P/E Ratio 14	11.5

*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	20.9%

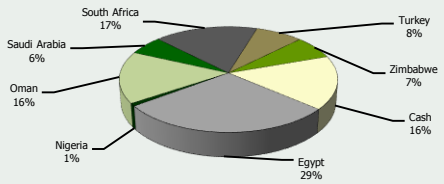
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Global Telecom	Egypt	11.7%
Telecom Egypt	Egypt	8.1%
Omani Qatari Telecom	Oman	6.9%
Turkcell Iletisim	Turkey	6.3%
MTN Group LTD	South Africa	6.1%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 31.95
No. of Share Certificates	618,614
Launch Date	April 2000
Management Fee	1.75%
Incentive Fee	15%
Benchmark	10% with a high watermark
Expense Ratio	3.6%
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.