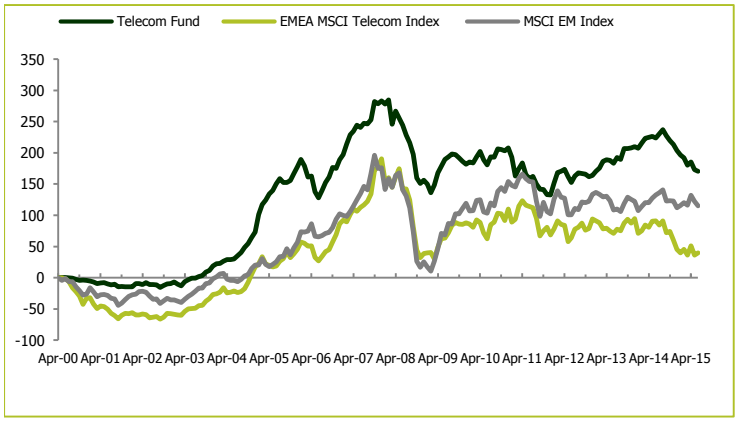
The EFG-Hermes Middle East & Africa Telecom Fund
June 2015

Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom lost 0.8% during the month to bring YTD returns to -10.9%. June witnessed increased volatility across global and regional markets as the Greek crisis reached a crescendo and wreaked havoc across the board. The aforementioned crisis, coupled with increased volatility in the high flying Chinese markets made investors in emerging and frontier locales retreat to the sidelines. Within our investable universe, the regional TMT sector actually outperformed, albeit on a relative basis. The rebasing of growth projections and currency pressures continue to adversely affect the broader sector and the Fund's returns. During the month, positive contributions from our Turkish and South African holdings were offset by negative performance from our Egyptian and Zimbabwean investments.

As mentioned in previous notes, our re-balancing continues, with a view towards having a more concentrated portfolio that mitigates currency risk and share price volatility. Our thesis is that over the long term, given current industry trends, this can be achieved with a two pronged approach. Firstly, our bias will be towards single country exposure names as a means to hedge against unfavorable currency moves. As we head towards a rate tightening environment in the world's largest economy, this a prudent approach in our view. Secondly, our focus will be towards deep value plays that provide a margin of safety at current levels (i.e. Telecom Egypt) and towards companies that will be increasing cash distribution to unit holders as they move away from peak capex spending (i.e. Ooredoo Oman & Viva Kuwait). With yields at historical lows across multiple asset classes, our view is that these income generating names will warrant premiums and not the discounts currently on offer across our investable universe. While we expect more volatility in the short term, we are confident that our approach will yield positive returns over the medium to long term.



* Line Graph is as of June 2015

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*	-0.8%
Year to Date	-10.9%
2014	-2.0%
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	-16.4%
3 year	7.1%
5 year	-3.5%
Since Inception	170.8%

* MTD figures reflect performance between May 31, 2015 and June 30, 2015.

Fund Characteristics

No. of Holdings	9
Wtd. Market Cap	USD 15.1 billion
Dividend Yield*	3.8%
P/E Ratio 15	11.3

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

Fund Metrics*

Beta	0.3
Annualized Standard Deviation	13.2%
Annualized Information Ratio	21.5%

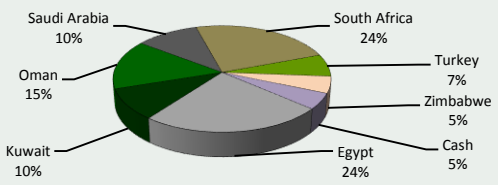
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Telecom Egypt	Egypt	15.4%
MTN Group	South Africa	14.0%
Omani Qatari Telecom	Oman	11.8%
Saudi Telecom	Saudi Arabia	8.2%
VIVA Kuwait Telecom	Kuwait	7.5%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 27.07
No. of Share Certificates	612,973
Launch Date	April 2000
Management Fee	1.75%
Incentive Fee	15%
Benchmark	10% with a high watermark
Expense Ratio	3.3%
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.