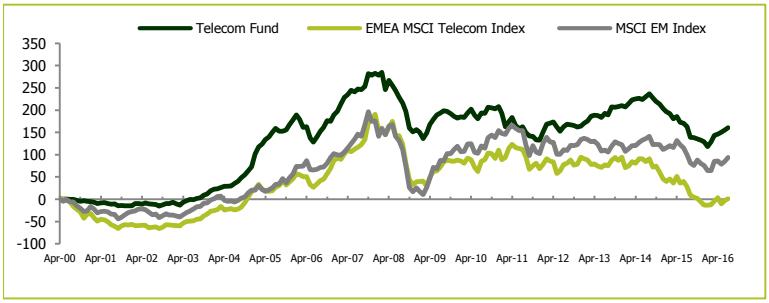
The EFG-Hermes Middle East & Africa Telecom Fund
July 2016

Fund Manager's Strategy & Outlook

The EFG Hermes Telecom Fund continued its positive trajectory during July as the fund gained 2.1% to bring its YTD performance to 13.9%. Global markets shrugged off the Brexit vote and clawed back the bulk of the declines witnessed during the previous month. Within our region, markets were slightly subdued for the most part as recent gains in oil prices reversed during July. Monthly returns for the fund were driven primarily by holdings in Egypt and Oman.

In Egypt, the fund's largest holding Telecom Egypt (TE), rallied 12.9% during the month as the regulator released details of the upcoming 4G license auction. TE's management - in all its various incarnations over the last 3 years - have long viewed 4G as an opportunity for the company to offer fully integrated Telecom services. Although the proposed fee seems to be on the high side, the real driver for share price performance in the near term will be the market's view with regards to pricing of the company's 45% stake in Vodafone Egypt. This will be either through a stake sale or at the very least clarity on company's long term plan with regards to the investment. As we have mentioned previously, we feel the individual value of the different parts of TE are greater than the overall company valuation.

Our strategy for the remaining months of 2016 will be a cautiously opportunistic one. We have been slowly increasing our cash levels as we seek to realize some of the significant gains achieved YTD. This will also allow us to take advantage of any volatility that may occur during the coming period, which we view as a likely event given current market conditions. Furthermore, we are nearly ready to expand the investable universe of the fund by adding new markets over the coming two months. Watch this space!



* Line Graph is as of July 2016

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*	2.1%
Year to Date	13.9%
2015	-24.6%
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	-0.7%
3 year	-10.9%
5 year	-0.6%
Since Inception	160.9%

*MTD figures reflect performance between June 30, 2016 and July 31, 2016.

Fund Characteristics

No. of Holdings	5
Wtd. Market Cap	USD 1.8 billion
Dividend Yield*	6.2%
P/E Ratio 16	13.3

*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	28.4

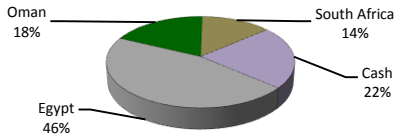
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Telecom Egypt	Egypt	17.4%
Ooreedo Oman	Oman	13.2%
Global Telecom Holding SAE	Egypt	12.3%
Telkom SA SOC Ltd	South Africa	9.8%
National Telecom Co	Egypt	3.3%

*Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 26.09
No. of Share Certificates	597,082
Launch Date	April 2000
Management Fee	1.75%
Incentive Fee	15%
Benchmark	10% with a high watermark
Expense Ratio	3.0%
Minimum Subscription	USD 10,000
Subscription / Redemption	Monthly

Fund Identifiers

ISIN	BMG294021073
Bloomberg Ticker	EFGHTEL BH