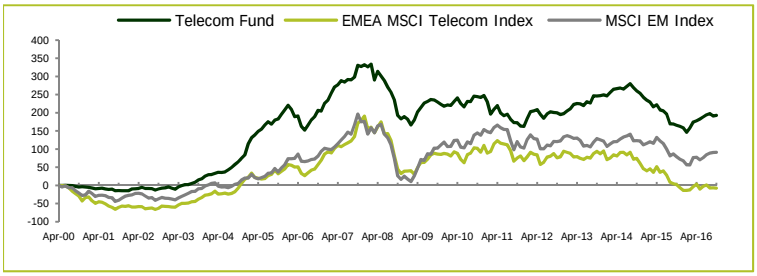
The EFG-Hermes Middle East & Africa Telecom Fund
October 2016

Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund gained 0.7% during the month to bring its YTD return to 13.4%. October saw trepidation on the part of global investors as the upcoming US elections and OPEC agreements drove market positioning. Within our region, continued fall-out from the Saudi government's fiscal reform program drove that market and the broader region lower. In Egypt, the clock is ticking on the impending currency devaluation. Black market rates indicate a painful transition to come. In anticipation of this, we have lowered our EGP exposure.

During the month, our opportunistic investment in Saudi Telecom Company (STC) contributed positively to returns. The stock price had a total return of around 6.5% during the month. The company continues to be the market leader across all telecom segments in the GCC's largest market and trades at an attractive valuation with a solid dividend yield.

October also saw us reward our long term investors with our first dividend distribution since 2006. Shareholders received 45 cents for every IC held. These were paid out form realized returns as we had taken profits on some investments during the past couple of months. Our preference is always to retain capital in order to deploy it in accretive opportunities, which we have demonstrated over the course of 16 years. However, before we broaden the investable universe in 2017, we wanted to say thank you to what has been a very stable investor base. We look forward to your continued support.



* Line Graph is as of October 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*	0.7%
Year to Date	13.4%
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	10.3%
3 year	-15.4%
5 year	7.5%
Since Inception	192.8%

*MTD figures reflect performance between September 30, 2016 and October 31, 2016.

Fund Characteristics

No. of Holdings	7
Wtd. Market Cap	USD 9.4 billion
Dividend Yield*	4.9%
P/E Ratio 16	14.4

*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	34.3%

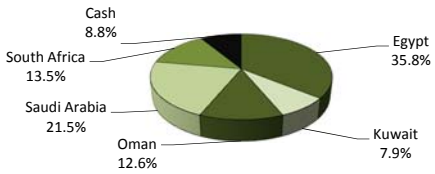
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Saudi Telecom Co	Saudi Arabia	16.2%
Global Telecom Holding SAE	Egypt	15.9%
Telkom SA SOC Ltd	South Africa	10.2%
Ooreedo Oman	Oman	9.5%
Telecom Egypt Co	Egypt	7.8%

*Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 25.51
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	3.3%
Minimum Subscription	USD 10,000
Subscription / Redemption	Monthly

Fund Identifiers

ISIN	BMG294021073
Bloomberg Ticker	EFGHTEL BH