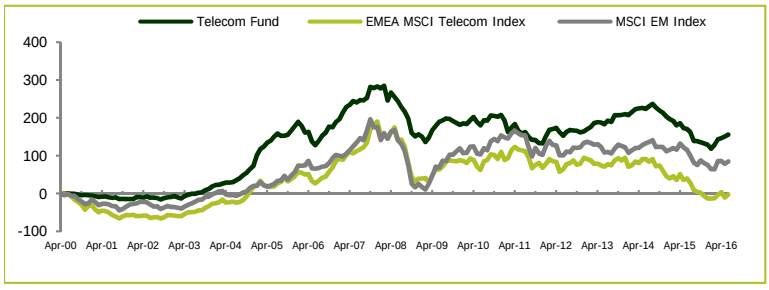
# The EFG-Hermes Middle East & Africa Telecom Fund
# June 2016

## Fund Manager's Strategy & Outlook

The EFG Hermes Telecom Fund gained 2.0% during the month to bring its YTD returns to 11.6%. As predicted in previous notes, volatility reared its ugly head during the month on the back of the shocking decision of UK voters to exit the European Union. Markets, which had been trending positively since the panic of the first month of the year, recoiled in horror as most asset classes declined significantly during the first three trading sessions post the news. For the most part, it seems that the extreme shock was short lived as markets rebounded and stabilized towards the end of the month. However, it's clear that a new layer of risk has been introduced to the markets.

During the month, the bulk of our returns was delivered by our holding in Telkom SA in South Africa. The shares delivered 19% total return during the month driven by strong financial results, dividend distribution and positive news flow. Earning released during the month showed that clean earnings grew by more than 16% during the month on the back of strong demand and good cost controls. Furthermore, the company paid out its dividend during the month which gave a healthy yield of 4.5%. Finally, the company announced that it had resolved its long running dispute with local labor unions which will allow it to shed cost and become a leaner operation.

As we enter the second half of the year, we remain constructive on the opportunity set for the fund. Valuations remain appealing although the absolute number of opportunities has definitely shrunk. However, general risks for markets and potential for volatility remain elevated in our view. We have navigated the markets well during the first half of the year, and while seas will be rougher in the second half, we remain confident in our ability to deliver good returns to our investors.




* Line Graph is as of June 2016


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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* | 2.0% |
| Year to Date | 11.6% |
| 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 | -5.6% |
| 3 year | -9.8% |
| 5 year | -2.6% |
| Since Inception | 155.6% |

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

## Fund Characteristics

| | |
|---|---|
| No. of Holdings | 5 |
| Wtd. Market Cap | USD 1.7 billion |
| Dividend Yield* | 6.7% |
| P/E Ratio 16 | 9.97 |

*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 | 29.0 |

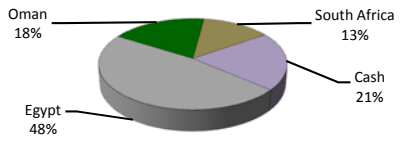
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

## Top Five Equity Holdings

| Holding | Country* | % of NAV |
|---|---|---|
| Telecom Egypt | Egypt | 17.8% |
| Ooreedo Oman | Oman | 13.2% |
| Global Telecom Holding SAE | Egypt | 13.1% |
| Telkom SA SOC Ltd | South Africa | 9.6% |
| National Telecom Co | Egypt | 3.4% |

*Country assigned by primary listing

## Allocation by Country




## Fund Data

| | |
|---|---|
| NAV per share | USD 25.56 |
| No. of Share Certificates | 597,699 |
| 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 |