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

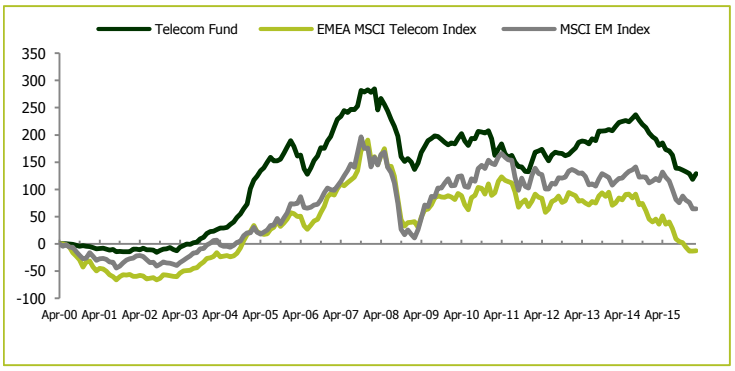
Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund rebounded during February to register a 4.7% gain and wipe out most of the YTD losses. Firmer commodity prices and accommodative monetary policies around the globe drove a rebound across most asset classes. Dovish Central bank measures were a reaction to the violent sell-off witnessed during January and helped to restore a semblance of order. Against this backdrop, investors within our investable universe began to muster the courage to take advantage of mispriced assets available for sale in the markets. During the month, Egyptian and Omani holdings contributed the bulk of the gains.

For the past 12 months, investors in Egyptian equities have had a torrid time. A dangerous mix of geo-political and currency risks have driven most investors out and depressed share prices. Particularly hurt were shares of Telecom Egypt which we have highlighted at various points throughout 2015. Our investment thesis has always been driven by the fact that the company was trading below the value of its net cash and 45% stake in Vodafone Egypt, never mind the value of its operations as the sole owner of an international gateway and fiber optic backbone! The compelling opportunity led us to make Telecom Egypt our largest holding. It has been a painful ride, but a light started to appear at the end of the tunnel during February as the shares gained 11% and significantly outperformed the local market. Early days yet, but we feel that our thesis is closer to being realized and that our patience will be rewarded.

Further monthly gains were driven by our holdings in Global Telecom and Ooreedo Oman. Global Telecom announced efforts to refinance some of its expensive debt and this was cheered by investors who bid up the shares by more than 13% during the month. In Oman, solid financial results for Q4 2016 and a slight increase in dividends led shares 11.6% higher. Our core thesis for this investment has always been that growth in cash flow will lead to higher dividend, so it's encouraging to see this begin to play out.

After a brutal start to the year, it's good to see panic subside and logic to return to the markets. While we remain apprehensive and expect further volatility, we plan on staying active and to continue to focus on the medium term.



* Line Graph is as of February 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*	4.7%
Year to Date	-0.1%
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	-21.7%
3 year	-17.0%
5 year	-12.9%
Since Inception	128.7%

* MTD figures reflect performance between January 31, 2016 and February 29, 2016.

Fund Characteristics

No. of Holdings	6
Wtd. Market Cap	USD 8.2 billion
Dividend Yield*	7.7%
P/E Ratio 16	9.7p

*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	29.6

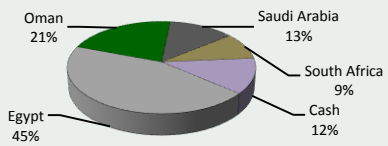
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Telecom Egypt	Egypt	18.9%
Ooreedo Oman	Oman	15.1%
Saudi Telecom	Saudi Arabia	9.1%
Global Telecom Holding	Egypt	8.9%
MTN Group	South Africa	6.7%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 22.87
No. of Share Certificates	610,412
Launch Date	April 2000
Management Fee	1.75%
Incentive Fee	15%
Benchmark	10% with a high watermark
Expense Ratio	2.5%
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.