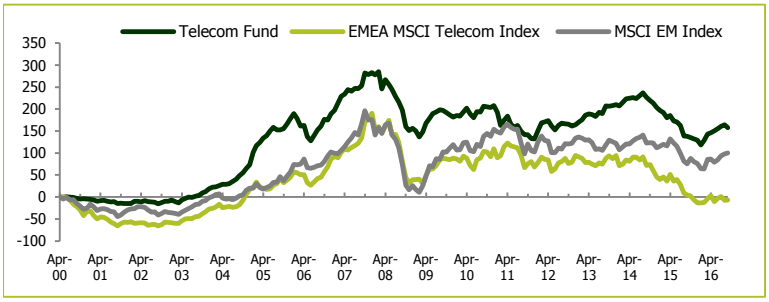
The EFG-Hermes Middle East & Africa Telecom Fund
September 2016

Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund declined by 2.3% in September to bring its YTD return to 12.6%. Regional markets were volatile during the month, as investors grappled with ongoing fiscal consolidation measures in the GCC. With oil prices looking weaker these past several months, regional investors headed to the exits. The Saudi Arabian market has been the most affected, losing nearly 11% since the end of July and affected the general mood in our region. This weakness in Saudi has created opportunities for long term investors, and we promptly took advantage during the month.

In September, the Saudi government announced a raft of changes to compensation structures for public sector employees. With the vast majority of Saudi nationals holding public sector jobs, the announced cuts will certainly have an impact on domestic consumption. The stock market reaction was negative to say the least, providing a good entry point for high quality names. We used this opportunity to add Saudi Telecom Company (STC) to the portfolio. The incumbent telecom services provider trades at 11.3x 2016 earnings and offers a dividend yield of about 7%; Given its market leading position in all its business segments and reasonable valuation, we think it warrants a position in the fund.

Returns during the month were adversely affected by our position in Telecom Egypt (TE). The stock declined by 11.8% during the month as confusion over the 4G license award gripped investors. Central to the concerns was the fate of TE's 45% stake in Vodafone Egypt after it effectively becomes the 4th mobile operator in the country. As we have highlighted in various previous notes, the value of this stake is well in excess of the EGP 7bn paid to operate in the mobile space. We continue to believe that TE will crystalize the value of its stake in Vodafone Egypt one way or another.



EFG-Hermes Asset Management

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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*	-2.3%
Year to Date	12.6%
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	8.2%
3 year	-16.0%
5 year	6.6%
Since Inception	157.9%

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

Fund Characteristics

No. of Holdings	6
Wtd. Market Cap	USD 6.9 billion
Dividend Yield*	5.4%
P/E Ratio 16	12.6

*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	30.1

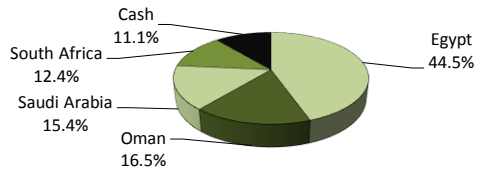
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Telecom Egypt	Egypt	15.3%
Global Telecom Holding SAE	Egypt	14.9%
Ooreedo Oman	Oman	12.4%
Saudi Telecom Co	Saudi Arabia	11.6%
Telkom SA SOC Ltd	South Africa	9.3%

*Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 25.79
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	3.2%
Minimum Subscription	USD 10,000
Subscription / Redemption	Monthly

Fund Identifiers

ISIN	BMG294021073
Bloomberg Ticker	EFGHTEL BH