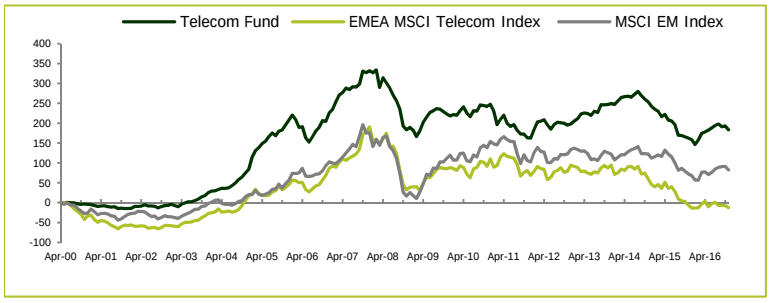
# The EFG-Hermes Middle East & Africa Telecom Fund
# November 2016

## Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund declined by 3.3% during an action packed November, bringing YTD returns to 9.6%. Negative returns during the month were primarily a result of the sharp devaluation of the Egyptian Pound (EGP) post the flotation of the currency on the 3rd of November. Although our EGP exposure was less than 8% of the fund, the effect was compounded by the repricing of Egyptian securities held through Global Depository Receipts (GDRs) in London. Aside from the aforementioned macro headwinds, November also witnessed the shock victory of Donald Trump in the US presidential elections. More shocking still was the market euphoria that ensued, with most global markets moving sharply higher. Within our region, Saudi Arabia rallied sharply and helped mitigate further losses for the fund.

As we had indicated in previous notes, we were expecting a devaluation in Egypt and had adjusted our exposure accordingly. What caught us off guard was the magnitude of the devaluation post floatation, with the EGP settling at around 19 to the USD versus 8.9 pre floatation! Given the ferocity of the move, GDRs were not spared and adjusted downwards. The local market rallied by 37% in EGP terms during the month, but was actually down by around 31% in dollar terms. Given our long term view, we ultimately feel the reform program carried out by the Egyptian government is positive in the medium to long term in spite of the short term pain.

On a more positive note, Saudi Arabia participated fully in the post US election rally, and the fund was well positioned to take advantage of that move. Saudi Telecom Company (STC) rallied by 25% during the month, reaching a level that made sense in terms of valuation, leading us to exit the position and generate around 3.9% total return for the fund in less than 2 months. While we consider ourselves long term investors, we also recognize a good deal when we see it and chose to take advantage of market schizophrenia and volatility.




* Line Graph is as of November 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* | -3.3% |
| Year to Date | 9.6% |
| 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 | 7.9% |
| 3 year | -18.4% |
| 5 year | 7.6% |
| Since Inception | 183.2% |

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

## Fund Characteristics

| | |
|---|---|
| No. of Holdings | 6 |
| Wtd. Market Cap | USD 2.3 billion |
| Dividend Yield* | 5.6% |
| P/E Ratio 16 | 10.0 |

*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 | 34.6% |

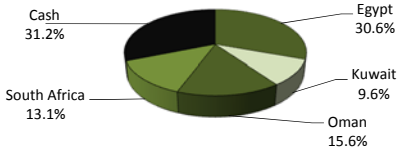
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

## Top Five Equity Holdings

| Holding | Country* | % of NAV |
|---|---|---|
| Global Telecom Holding SAE | Egypt | 13.9% |
| Ooreedo Oman | Oman | 10.3% |
| Telkom SA SOC Ltd | South Africa | 8.7% |
| Mobile Telecommunications Co KSC | Kuwait | 6.3% |
| Telecom Egypt Co | Egypt | 4.6% |

*Country assigned by primary listing

## Allocation by Country




## Fund Data

| | |
|---|---|
| NAV per share | USD 24.67 |
| No. of Share Certificates | 591,447 |
| Launch Date | April 2000 |
| Management Fee | 1.75% |
| Incentive Fee | 15% |
| Benchmark | 10% with a high watermark |
| Expense Ratio | 3.4% |
| Minimum Subscription | USD 10,000 |
| Subscription / Redemption | Monthly |

## Fund Identifiers

| | |
|---|---|
| ISIN | BMG294021073 |
| Bloomberg Ticker | EFGHTEL BH |