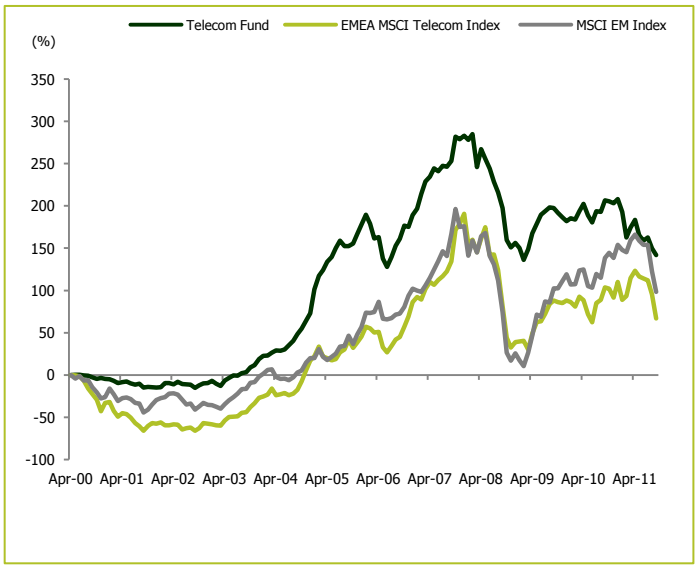
# The EFG-Hermes Middle East & Africa Telecom Fund
# September 2011

## Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund lost 3.2% during September as the global market rout continued unabated. The MSCI World lost 8.9% during the month compared to -14.6% for the MSCI Emerging Markets Index, -7.2% for the S&P 500 and -18.4% for the MSCI EMEA Telecom Services Index. Fear of a European debt crisis and the fallout from an anticipated Greek default continues to wreak havoc on global markets. As world economic bodies (IMF, G20, etc) scramble to preclude any broader contagion, global markets have priced in a significant recession scenario. Despite our region's relative outperformance during the month, significant holdings in the portfolio underperformed the broader market.

During the month, holdings in South Africa and Egypt contributed the bulk of negative returns. MTN, the South African based regional operator, retreated along with the broader local index. Despite increasing its pay-out ratio to 65%, declining growth rates in Nigeria and negative growth in Syria and Ghana weighed heavily on the stock. In Egypt, Orascom Telecom suffered from the ongoing volatility of that market that continues to be driven by political instability. Despite the continued disappointing performance of that market, it is the Investment Manager's view that the company's value proposition warrants the risks associated with the position.

Looking at both the broad market and sector specific indices, its clear the markets are pricing in a doomsday scenario. That the macro picture has become subdued in certain regions of the world cannot be argued. However, it can be argued that this muted growth picture has yet to trickle down to the micro level and affect corporate financials, particularly in the resilient telecom sector. It is the Investment Manager's view that current market volatility has more to do with a lack of investor conviction more than anything else. The focus will continue to target fundamental sound investments trading below their intrinsic value to achieve long term returns.




* Line Graph is as of September 2011.


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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* | -3.2% |
| Year to Date | -21.4% |
| 2010 | 9.2% |
| 2009 | 9.9% |
| 2008 | -33.1% |
| 2007 | 32.5% |
| 2006 | 4.0% |
| 2005 | 60.6% |

| Returns | Telecom Fund |
|---|---|
| 1 year | -21.1% |
| 3 year | -18.7% |
| 5 year | -7.4% |
| Since Inception | 141.9% |

* MTD figures reflect performance between August 29th, 2011 and September 29th, 2011.

## Fund Characteristics

| | |
|---|---|
| No. of Holdings | 10 |
| Wtd. Market Cap | USD 7.3 billion |
| Dividend Yield* | 3.4% |
| P/E Ratio 10 | 9.4x |

*Figure reflects the weighted average yield of a dividend-bearing security in the fund

## Fund Metrics*

| | |
|---|---|
| Beta | 0.3 |
| Annualized Standard Deviation | 14.2% |
| Annualized Information Ratio | 15.5% |

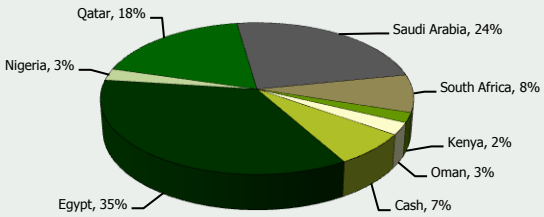
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

## Top Five Equity Holdings

| Holding | Country* | % of NAV |
|---|---|---|
| Etihad Etisalat | Saudi Arabia | 18.9% |
| Orascom Telecom | Egypt | 18.8% |
| Qatar Telecom | Qatar | 14.3% |
| National Telecom | Egypt | 4.7% |
| MTN Group | South Africa | 4.4% |

* Country assigned by primary listing

## Allocation by Country




## Fund Data

| | |
|---|---|
| NAV per share | USD 24.19 |
| No. of Share Certificates | 680,182 |
| Launch Date | April 2000 |
| Management Fee | 1.75% |
| Incentive Fee | 15% |
| Benchmark | 10% with a high watermark |
| Expense Ratio | 2.3% |
| 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.