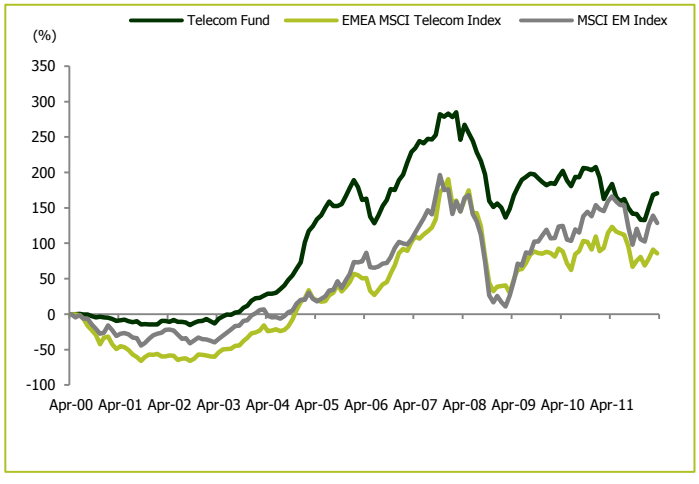
The EFG-Hermes Middle East & Africa Telecom Fund
March 2012

Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund gained 0.8% to close out the first quarter of 2012 and bring YTD performance to 16.3%. This compares to returns of 13.9% and 8.9% for the S&P Pan Arabia LargeMidcap Index and the MSCI Telecom Sevices Index respectively. Global and regional markets continued to steam ahead as improving macroeconomic indicators fed positive investor sentiment. With the Greek crisis having been abated early in the month, strong employment figures in the US overshadowed softening Chinese data. Within the regional telecom sector, dividends and M&A activity continued to drive the sector as investors rotated into higher yielding names and reacted to ongoing merger talks amongst telecom operators.

In Egypt, Orascom Telecom witnessed a volatile month as investors reacted to a new fine levied by the Algerian government on the last trading day of the quarter. Despite some news sources claiming that the Algerian government is valuing Djezzy (OT's Algerian venture) at USD 6.5bn, the market was stunned to hear that local courts have fined the company USD 1.3bn. The charge is in relation to "financial" irregularities and is another stab by the Algerian government at the country's largest mobile operator. The latest act of this saga, which is descending into a farce, is widely believed to be a negotiating tactic by the Algerians to bring the company's valuation down. Vimplecom (VIP), OT's parent, must seriously be contemplating international arbitration as they are running out of options. This would be a nightmare scenario for all involved. Although recent price weakness has created a significant value dislocation, the investment manager feels that the risks have risen exponentially. Therefore, the position will be resized to reduce the fund's risk.

As we mentioned in our previous note, we remain cautious in the short term. Although many of the potential tail risks for both global and regional markets have subsided, we still view the potential for volatility as being high. Despite being structurally bullish for the medium term, we will be re-allocating our positions to mitigate any heightened risks.



* Line Graph is as of March 2012.

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*	0.8%
Year to Date	16.3%
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	-1.4%
3 year	8.9%
5 year	-17.7%
Since Inception	170.6%

* MTD figures reflect performance between February 29th, 2012 and March 29th, 2012.

Fund Characteristics

No. of Holdings	9
Wtd. Market Cap	USD 9.2 billion
Dividend Yield*	3.0%
P/E Ratio 12	10.0x

*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	15.3%

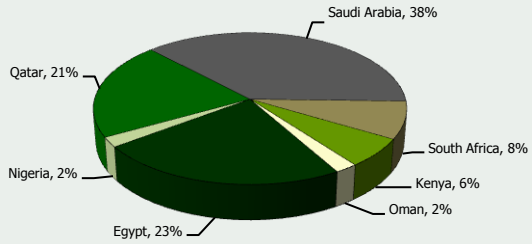
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Qatar Telecom	Qatar	17.1%
Etihad Etisalat	Saudi Arabia	16.5%
Orascom Telecom	Egypt	15.1%
Saudi Telecom Company	Saudi Arabia	14.5%
Telkom SA Ltd	South Africa	6.6%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 27.06
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	2.2%
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.