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

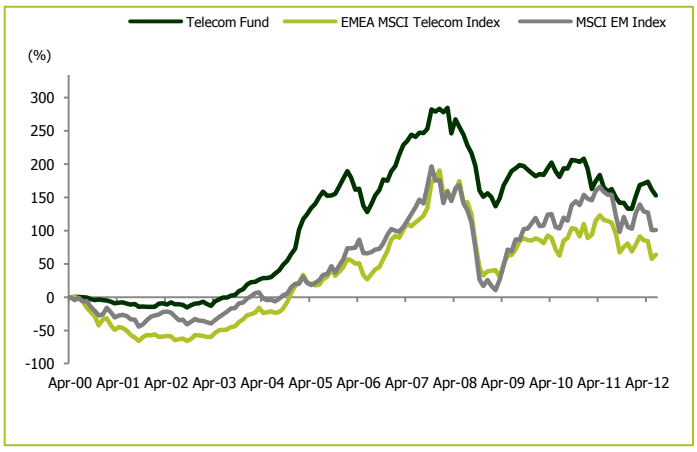
Fund Manager's Strategy & Outlook

Another difficult month for global and regional markets saw the EFG-Hermes Telecom Fund lose 3.5% in June to bring its YTD return to 8.6%. Despite a positive outcome in the Greek elections, with a pro-bailout party winning enough votes to form a government, markets continued to be roiled by weakening economic data and rising European sovereign yields. Despite the definite risk off sentiment that has been prevalent these past 2 months, the regional telecom sector continues to be quite active. The investment manager has used recent volatility to re-shuffle the portfolio and add some new names to our holdings.

During the month, returns were boosted by two holdings recently added to the portfolio. A position was re-initiated in Orascom Telecom Media and Technology post the announcement of a special dividend. The company will pay out EGP 1.05, which implies approximately a 70% yield. Post the distribution, the implied valuation of its North Korean business is attractive at around 3x EBITDA. Furthermore, the recent end of the presidential elections in Egypt should bring some relative stability to that market. Given the yield and value dislocation in North Korea, the investment manager elected to build a position. Also added to the portfolio during the month was Emirates Integrated Telecommunications Company (DU), the second largest telecom provider in the UAE. The company has managed to grab 40% market share in the country and has been seeing rapidly expanding margins. Coupled with a healthy balance sheet, strong management team and a potential lowering of the royalty paid to the government, the risk/return outlook for the company is skewed to the upside.

The biggest drag on returns during the month was Qatar Telecom (Q-Tel). The company, which recently completed a 40% rights issue, announced two strategic acquisitions during the month. As mentioned in our previous note, it will increase its holding in its Iraqi operation from the current 30% to 65%. More significantly, it was announced towards the end of the month that the company will be buying out the 48% (approximately) of Wataniya Telecom that it does not own. However, a transaction value has yet to be revealed at the time of writing and this has put the shares under pressure.

The last two months have been difficult for both the fund and markets. Despite a blistering start to the year, growing concerns about the state of the global economy have resurfaced, wrecking havoc with share prices and increasing volatility. We have taken advantage of this panic by adding names at good prices. This bodes well for the medium to long term prospects of the fund.



* Line Graph is as of June 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*	-3.5%
Year to Date	8.6%
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	-2.3%
3 year	-12.7%
5 year	-25.9%
Since Inception	152.7%

* MTD figures reflect performance between May 31st, 2012 and June 28th, 2012.

Fund Characteristics

No. of Holdings	10
Wtd. Market Cap	USD 7.5 billion
Dividend Yield*	2.8%
P/E Ratio 12	9.2x

*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	17.0%

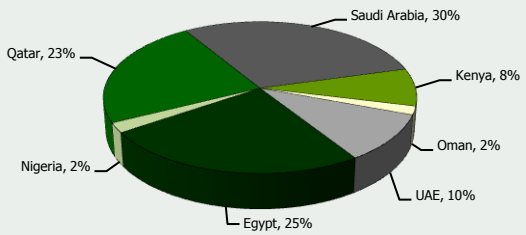
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Qatar Telecom	Qatar	19.7%
Etihad Etisalat	Saudi Arabia	16.8%
Orascom Telecom Media & Tech.	Egypt	9.8%
Emirates Integrated Telecomm	UAE	9.3%
Saudi Telecom.	Saudi Arabia	8.1%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 25.27
No. of Share Certificates	679,922
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.