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

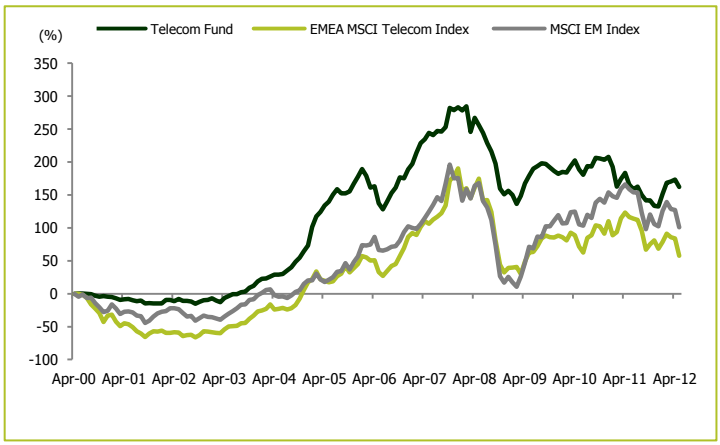
Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund lost 4.2% during the month of May to bring its YTD performance to 12.6%. This compares to a YTD return of -7.5% for the MSCI EMEA Telecom Services and a 6.4% return for the S&P Pan Arabia LargeMidcap Index. Global and regional markets continue to be roiled by the ongoing European debt crisis and the weakening macro data globally. As the famous quote states, its Déjà vu all over again, as markets tightly follow the volatile script of the last 24 months, with each period of benign market conditions seemingly broken by exaggerated panic. All eyes will be on the election run-offs in Greece and Egypt on June 17th to get a sense of both the global and regional picture. Despite improving fundamentals in our part of the world and within our sector specifically, we continue to be slaves to global events and volatility.

During the month, Qatar Telecom completed its 40% rights issue, which will be used for "strategic" consolidation. The company is widely expected to increase its stake in its Iraqi operation, Asicacell, from the current 30% to around 65%. The company has also intimated that it will be seeking licenses in Libya and other markets. Despite this news, the stock retreated during the month adversely affecting our fund returns. Also on a negative note, Orascom Telecom lost an appeal against the latest fine imposed by the Algerian government. The drama continues in the company's biggest market, which helps explain the severe dislocation in value that the market is assigning to the operation.

On a more positive note, AccessKenya shares continue to benefit from the Kenyan data provider returning to a profit, with the shares gaining 30% during the month of May. The investment manager takes heart from our deep value call beginning to gain traction, and with the strong fundamentals and management team of the company, the view is that there is more to come. The company is expected to issue bonus shares which should boost liquidity for the stock.

As mentioned repeatedly in our previous notes, the only way to maintain a semblance of sanity in current market conditions is to maintain a medium to long term view. Long term capital appreciation can be the only strategy in paranoid markets and as history has shown, value will always outperform in the long term. The fundamentals in our sector and our broader region provide much comfort, even if global events make the ascent uneven.



* Line Graph is as of May 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*	-4.2%
Year to Date	12.6%
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	-1.3%
3 year	-6.1%
5 year	-23.9%
Since Inception	162.0%

* MTD figures reflect performance between April 30th, 2012 and May 31st, 2012.

Fund Characteristics

No. of Holdings	10
Wtd. Market Cap	USD 7.9 billion
Dividend Yield*	2.8%
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	20.1%

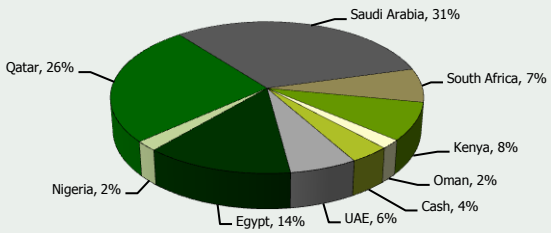
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Qatar Telecom	Qatar	20.8%
Etihad Etisalat	Saudi Arabia	17.3%
Saudi Telecom Company	Saudi Arabia	8.0%
Orascom Telecom	Egypt	6.7%
Access Kenya	Kenya	6.5%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 26.20
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.