المجموعة المالية هيرميس
EFG HERMES

The EFG-Hermes Middle East & Africa Telecom Fund
May 2010

Fund Manager's Strategy & Outlook

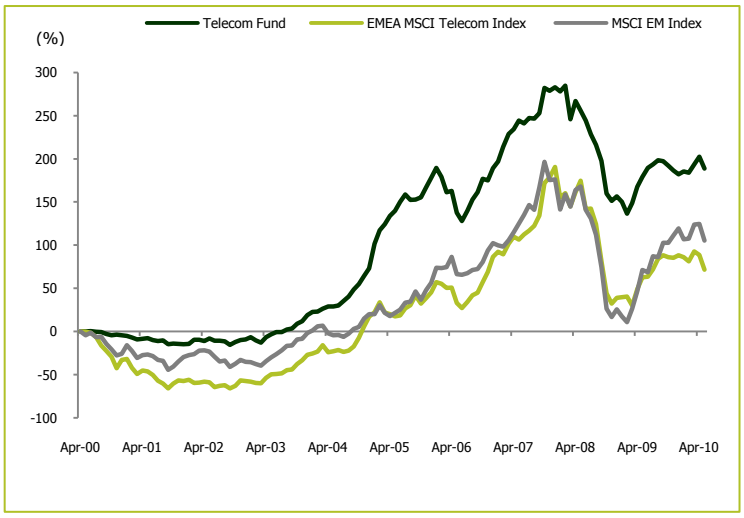
The EFG-Hermes Telecom Fund lost 4.5 % in May to bring its YTD performance to 2.4%. Regional investors sentiment was adversely affected by continued contagion from the European debt crisis, and weaker oil prices which closed at a low of USD67 during the month.

The MENA bourses fell in line with other global markets as asset classes across the board suffered from the contagion. Despite improving macroeconomic indicators throughout the year, markets have become increasingly volatile as investors question the strength of the global economic recovery. While the regional telecom sector was not immune from this volatility, the sector proved relatively defensive.

During the month, the Fund's holdings in Nigeria and South Africa contributed positively, while core positions in Egypt and Qatar were the worst contributors. In Nigeria, Starcomms rallied as local investors used recent profit-taking as an opportunity to build positions in the integrated telecom operator.

In Egypt, Orascom Telecom lost ground as the Algerian government vowed to block the sale of OT's local telecom unit claiming 'the right of first refusal.' The volatility in the stock will persist as it continues to trade on M&A speculation and not fundamentals. Lastly, the Fund's holdings in Qatar were adversely affected by the general sell-off in the market triggered by global contagion.

On the back of increased market volatility, the Investment Manager remains confident that investment opportunities in the telecom space will outperform as investor appetite for defensive names increases. In the coming months, the Investment Manager will also seek to diversify further in other Middle Eastern and African markets. The Investment Manager is confident that the Fund is poised to generate positive returns in the medium-term.



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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*	-4.5%
YTD	2.4%
2009	9.9%
2008	-33.1%
2007	32.5%
2006	4.0%
2005	60.6%

Returns	Telecom Fund
1 year	3.5%
3 year	-16.2%
5 year	20.5%
Since Inception	188.7%

*Performance figures are reflective of the period from April 29th, 2010 to May 31st, 2010

Fund Characteristics

No. of Holdings	16
Wtd. Market Cap	USD10.3 billion
Dividend Yield*	4.1%
P/E Ratio 10	11.8x

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

Fund Metrics*

Beta	0.3
Standard Deviation	13.9%
Information Ratio	0.9

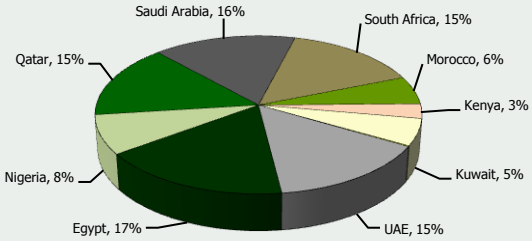
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Thuraya Satellite Telecom	UAE	14.5%
Qatar Telecom	Qatar	13.8%
Etihad Etisalat	Saudi Arabia	13.2%
MTN	South Africa	11.7%
Orascom Telecom	Egypt	9.0%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD28.87
No. of Share Certificates	746,132
Launch Date	April 2000
Management Fee	1.75%
Incentive Fee	15%
Benchmark	10% with a high watermark
Expense Ratio	2.4%
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.