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

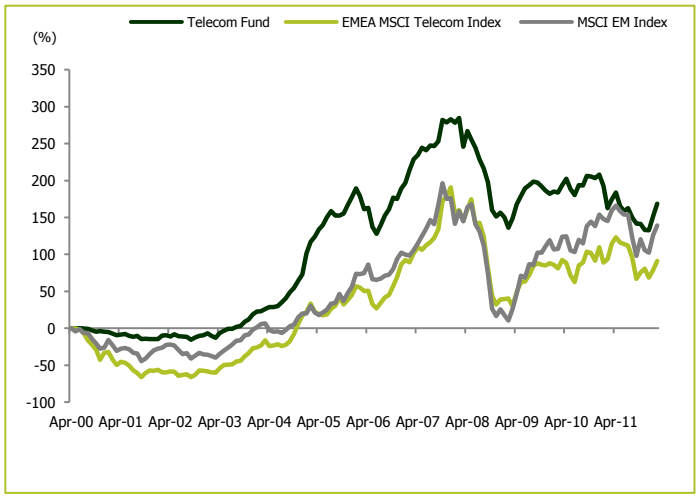
Fund Manager's Strategy & Outlook

Another solid month for capital markets saw the EFG-Hermes Telecom fund gain 6.8% in February to bring its YTD returns to 15.4%. The positive momentum we saw during the start of the year continued as global and regional investors turned bullish and bid up share prices across the world. Macroeconomic data from the US continued to surprise on the upside as European lawmakers moved closer to a comprehensive solution for the Greek debt debacle. These conditions have created a more benign investment climate that has lured investors back into the fold. In terms of our investable universe, the regional telecom sector continues to lead the chase, buoyed by strong financial results, rising dividends and M&A activity.

During the month, holdings in Egypt, Saudi Arabia, and Qatar contributed the bulk of the returns. In Egypt, we had highlighted in our pervious note Orascom Telecom Media and Technology Holdings (OTMT) as an interesting investment as the market was discounting the potential of a take-out by the primary shareholder. The investment rewarded us handsomely as news hit the wires that the company's main holding, Mobinil, will be sold to France Telecom (FT) at a significant premium, which led to a sharp rally in the stock. As we closed our position in OTMT, we added to Orascom Telecom Holding (OTH) as the investment manager feels that the market is still mispricing the potential of a shareholder-friendly solution to the deadlock in Algeria.

In Saudi Arabia, our holdings in Etihad Etisalat (Mobily) and Saudi Telecom Company (STC) rallied as investors in that market bid up the shares in reaction to the healthy dividends both companies announced. In the case of Mobily, investors received the news of a quarterly dividend positively as the company continues to offer growth and value. Finally, in Qatar (Q-Tel) reported a strong set of results, with revenues, EBITDA and net income growing by 14.3%, 32.1% and 33.5% respectively. Despite a disappointing dividend, the company's announced 40% rights issue greatly increases the likelihood of an M&A transaction.

As we enter the final month of the first quarter of 2012, we remain cautiously optimistic on the medium term prospects for the sector. However, over a shorter time horizon, we feel markets are due for a pullback. We have been actively rotating out of some names and re-shuffling our positions to give the fund a more defensive tilt by increasingly focusing on dividends. While we are pleased with the YTD performance, we aim to achieve even more for our investors over the coming period.



* Line Graph is as of February 2012.

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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*	6.8%
Year to Date	15.4%
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	2.2%
3 year	13.6%
5 year	-14.5%
Since Inception	168.5%

* MTD figures reflect performance between January 31st, 2012 and February 29th, 2012.

Fund Characteristics

No. of Holdings	9
Wtd. Market Cap	USD 9.3 billion
Dividend Yield*	3.1%
P/E Ratio 10	8.8x

*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	13.9%

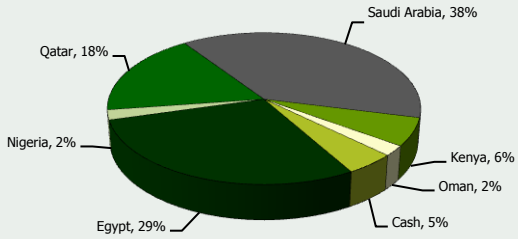
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Etihad Etisalat	Saudi Arabia	16.8%
Orascom Telecom	Egypt	15.0%
Qatar Telecom	Qatar	14.3%
Saudi Telecom Company	Saudi Arabia	14.3%
Access Kenya	Kenya	4.9%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 26.85
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.