The EFG-Hermes Telecom Fund

March 28, 2007

EFG - Hermes

ASSET MANAGEMENT FACT SHEET

Fund Manager's Strategy & Outlook

Despite a turbulent month for the regional markets, the EFG-Hermes Telecom Fund registered another month of strong returns, soaring 4.7% during March. Increased news flows and corporate actions were the main drivers behind the telecom sectors out performance.

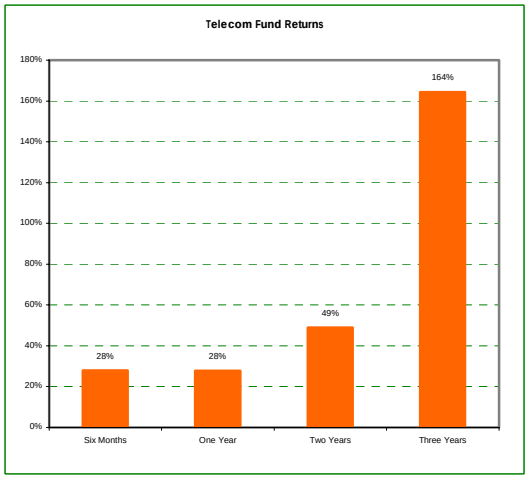
In Saudi Arabia, the auction of the third GSM license was concluded with Kuwait's Mobile Telecommunications Company (MTC) winning with a bid of US$ 6.1 Billion. The company now has a significant operational footprint in the Arabian Peninsula with operations in Kuwait, Bahrain, Iraq, Saudi Arabia, Jordan and Lebanon. These complimentary markets will enable MTC to enrich its regional offerings and will help extract operational synergies that should positively impact the company's financial position. Also during the month, the company rewarded investors by distributing generous cash and stock dividends. Despite the company's share price rallying by nearly 45% during 2007, we continue to see value in the stock and expect it to retain its status as the bellwether for the regional telecom sector.

Orascom Telecom (OT) released positive annual results for 2006 during the month. The company, with operations in 6 core markets, grew its subscriber base by 70% during the year. In terms of financials, OT grew revenues, EBITDA, and net income by 36%, 43%, and 8% respectively. These results, coupled with the company's announced share buy-backs and stock split initiatives add further weight to our positive outlook for OT.

Telecom Egypt (TE) was amongst companies releasing results during the month.. The company, which operates Egypt's sole fixed line network and has a 45% stake in Vodafone Egypt (VE), released positive results for the year ended 2006. Revenues, EBITDA, and net income increased by 11%, 15%, and 16% respectively. The company continues to dominate the fast growing Egyptian internet market, with more than a 50% market share. Despite the fact that it will be losing its monopoly over international calls, its strategic alliance with VE will ensure that it will continue to control a significant portion of the international market. Additionally, with VE practically de-listed, TE continues to provide exposure to the most profitable mobile operator in Egypt.

The increased volatility during the month provided us with opportunity to lock profits and trade around key positions such as MTN, MTC, and OT. We took profits in MTN which has reached our price target following a 25% rally during the last four months. We will be monitoring the share price as we seek to rebuild our position at more appealing valuations. In the case of MTC and OT, we traded around the increased volatility to make short term gains and rebuild positions at attractive levels.

Although the fund has had a strong run over the last several months, we believe strong positive returns are sustainable within the sector. The average mobile penetration rate in our universe continues to be below 20%, which indicates that there remains ample room for growth. Furthermore, with numerous regional operators flushed with significant cash positions and the industry in consolidation, we believe there are abundant opportunities for good returns for investors in the near term.



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	4.71%
Year to Date	13.77%
Six Months	27.84%

Returns	Telecom Fund
One Year	27.70%
Two Years	48.88%
Three Years	164.29%

Fund Information

NAV per share	USD 32.88
Launch Date	April, 2000
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.75%
Incentive fee	15% of outperformance
Benchmark	10% with a high watermark
Expense ratio	2.16%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294021073
Sedol	0-415-433
Reuters Code	LCFR13, RSJA65, WDRIFMEA1
Bloomberg Ticker	EFGHTEL BH

Fund Characteristics

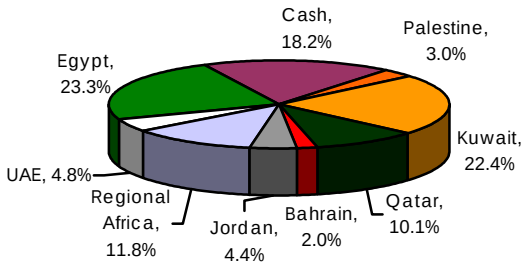
No. of Holdings	15
Wtd. Market Cap.(mm)	USD 7,763
P/E Ratio 07	13.52x
Beta	0.24
Sharpe Ratio	0.31
Tracking Error	24.05%

Top Holdings

Holding	Country	% of NAV
MTC	Kuwait	16.55%
Orascom Telecom	Egypt	16.52%
Qatar Telecom	Qatar	10.07%
Telecom Egypt	Egypt	6.80%
Telkom SA	Regional Africa	5.59%

(*) Country assigned by primary listing

Allocation By Country



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