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

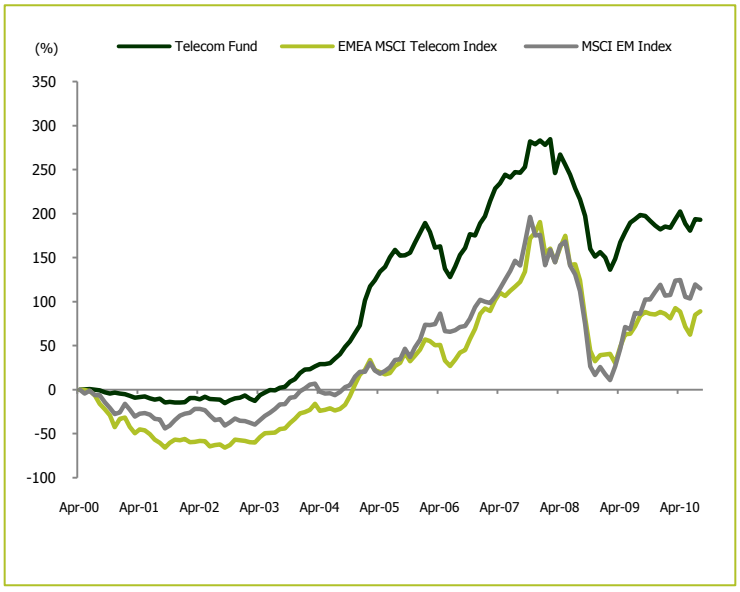
Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund lost 0.2% during August to bring its YTD returns to 4%. Despite global sentiment improving towards the end of the month on the back of better than expected macro data from the US and China, local markets remained subdued. As MENA markets experienced the combined effects of the summer and Ramadan trading lulls, volatility took hold and adversely affected returns. As a result, investments in South Africa and Nigeria provided the bulk of returns.

In South Africa, shares of VOX Telecom surged 28.6% on the back of intense M&A speculation. The company released a circular stating it was in the middle of material discussions that may impact its share price. The company, which is the largest provider of corporate communications services, had been adversely affected by the recent cuts in mobile termination rates (MTR), so an imminent merger or asset would make strategic sense. Also in South Africa, MTN continued to gain on indications that it would be increasing its dividend.

Nigerian telecom company Starcomms released H1 results during the month. Revenues and EBITDA declined by 4.7% and 33% respectively YoY. The results indicate the slower uptake of voice services for the company as it pulls back from subsidizing handsets as competition in the segment has become irrational. Although this is a short term negative for the company, it makes sense strategically to focus on the burgeoning data segment as voice services are not providing an adequate return on investment. The one bright spot is that the company reported a 22.1% increase in data revenues, highlighting the tremendous potential of that segment in Africa's largest market.

Despite the seasonal volatility, the Investment Manager remains cautiously optimistic on the prospects of the telecom sector. Results for the bulk of the companies in our universe continue to surprise on the upside and valuations remain attractive. On the back of increased liquidity and institutional flows, the Investment Manager believes the sector to be one of the main beneficiaries going forward.



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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*	-0.2%
YTD	4.0%
2009	9.9%
2008	-33.1%
2007	32.5%
2006	4.0%
2005	60.6%

Returns	Telecom Fund
1 year	-1.7%
3 year	-15.4%
5 year	16.1%
Since Inception	193.1%

*Performance figures are reflective of the period from July 28th, 2010 to August 31st, 2010

Fund Characteristics

No. of Holdings	14
Wtd. Market Cap	USD 11.4 billion
Dividend Yield*	4.2%
P/E Ratio 10	11.4x

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

Fund Metrics*

Beta	0.3
Standard Deviation	13.8%
Information Ratio	0.7

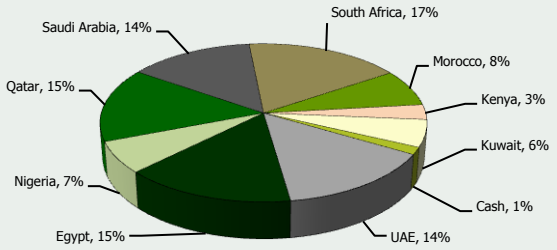
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Qatar Telecom	Qatar	15.2%
Thuraya Satellite Telecom	UAE	14.3%
Etihad Etisalat	Saudi Arabia	13.9%
MTN	South Africa	13.4%
Maroc Telecom	Morocco	7.5%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 29.31
No. of Share Certificates	745,774
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.