The EFG-Hermes Middle East & Africa Telecom Fund
October 2011

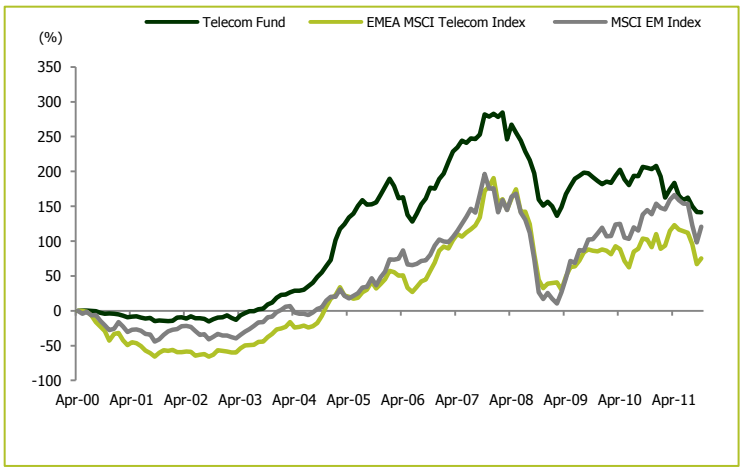
Fund Manager's Strategy & Outlook

The EFG Hermes Telecom Fund declined by 0.2% during October as global and regional volatility continued to affect the fund's core holdings. Despite a rebound in most markets, the regional telecom sector was subdued as more cyclical names led the charge upwards. Given the persistent volatility witnessed this year, against a uncertain global macro backdrop, it's a matter of time before quality, high yielding names in the defensive telecom space recapture investors' attention.

The investment manager has taken advantage of recent volatility to add to deep value positions in Africa. More specifically, we continue to be buyers of Egyptian telecom operator Orascom Telecom (OT) and Kenyan ISP AccessKenya (AK). In the case of OT, the company released Q3 results that re-affirm our view that a sharp re-rating is imminent. Revenues and EBITDA were up approximately 20% YoY in Q3 despite a difficult operating environment in Algeria, Egypt and Pakistan. The company is trading at multi-year lows, affected by the situations in Egypt and Algeria. It is Algeria that continues to be the main driver of stock, with the current levels implying a 1.4x 2011 EBIDTA valuation for the OT's largest operation. With OT parent Vimplecom now leading negotiations with the Algerian government, expectations for a benign outcome have increased and should act as a fillip for the shares.

In Saudi Arabia, Etihad Etisalat (Mobily) released relatively disappointing Q3 results that adversely affected the share price. After beating consensus expectations for 9 consecutive quarter, Q3 2011 figures came in around 6% below expectations. In effect, the company is a victim of its own stellar track record. Despite everything, revenues, EBITDA and net income still grew by 16.3%, 10.1% and 7.6% respectively. Even if these figures were slightly lower than expectations, the investment manager feels that the company's track record, competent management, 5.7% dividend yield and still compelling valuation (7.7x 2011 earnings) more than justifies the position in the company.

As previously mentioned, the investment manager continues to believe that volatility will continue to wreck havoc on global and regional markets in the short to medium term, making it difficult to be a long term investor. Having said that, we remain confident in our investment approach and take heart from our superior 11+ year track record. Once volatility subsides, we expect a significant re-rating for a large portion of our investments.



* Line Graph is as of October 2011.

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*	-0.2%
Year to Date	-21.6%
2010	9.2%
2009	9.9%
2008	-33.1%
2007	32.5%
2006	4.0%
2005	60.6%

Returns	Telecom Fund
1 year	-20.9%
3 year	-7.0%
5 year	-12.7%
Since Inception	141.5%

* MTD figures reflect performance between September 29th, 2011 and October 31st, 2011.

Fund Characteristics

No. of Holdings	10
Wtd. Market Cap	USD 7.3 billion
Dividend Yield*	3.4%
P/E Ratio 10	9.5x

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

Fund Metrics*

Beta	0.3
Annualized Standard Deviation	14.1%
Annualized Information Ratio	13.3%

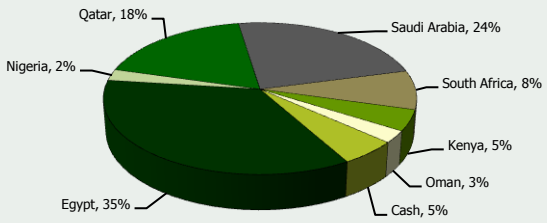
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Orascom Telecom	Egypt	18.9%
Etihad Etisalat	Saudi Arabia	18.4%
Qatar Telecom	Qatar	14.3%
National Telecom	Egypt	4.7%
MTN Group	South Africa	4.6%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 24.15
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	2.5%
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.