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

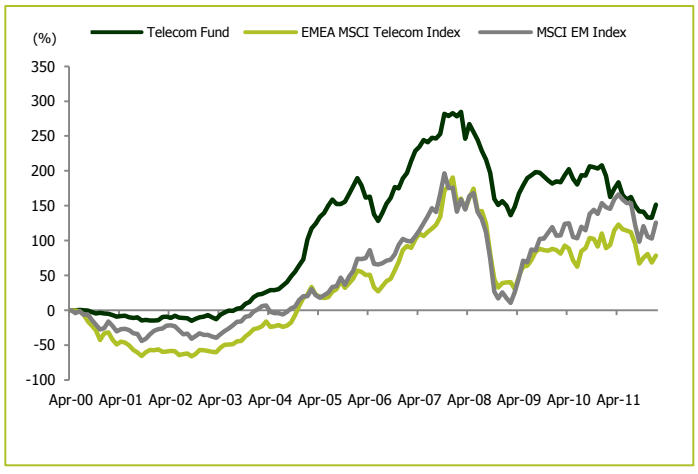
Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund made a strong start to the year, gaining 8.1% in January as global and regional markets made solid gains. During the month the S&P 500, the S&P Pan Arabia LargeMidcap and MSCI EMEA Telecom Services indices gained 4.4%, 2.6%, and 4.7% respectively, reflecting investors' buoyant mood at the start of the year. Despite ongoing European sovereign debt concerns and a turbulent geo-political climate in the Middle East, investors have opted to focus on positives such as improving US macro data and ongoing Asian growth. The regional telecom sector rallied in kind, as positive news flow and robust financial results benefitted some of the fund's larger positions.

In Egypt, Orascom Telecom returned to the spotlight as it completed the spin-off of its Egyptian, North Korean and Telecom services assets. The new entity, named Orascom Telecom Media and Technology holdings (OTMT), was listed on the Egyptian bourse towards the end of the month alongside the existing Orascom Telecom Holding (OTH). The investment manager used the initial weakness in OTMT to add to the fund's position as the market continued to discount a potential take-out from the company's founder. In the case of OTH, ongoing press reports point to an imminent resolution to the Algerian situation. With the market pricing in a USD 2.6bn (2.6x EV/EBITDA) value to the operation, the investment manager firmly believes that risk is skewed to the upside at current levels.

Etihad Etisalat (Mobily) released strong financial results for Q4 2011 that helped support the company's shares. Fourth quarter results for the Saudi mobile operator showed growth in revenue, EBITDA and net income of 29.8%, 18.2% and 16.3% respectively. More impressively, and in-line with the investment manager's expectations, the company's increased cash flow has led to an increased dividend, which was certainly well received by the market. Despite the recent rally, the manager continues to see long term value in a company growing at double digit rates, yielding 6%+ in dividends, and continuing to trade at single digit earnings multiples.

Despite the robust start to the year, we remain wary of further market volatility during the first half of the year. Although the seeds of a long term secular bull market are clearly taking root, there are too many variables on the horizon to ignore. The ongoing Greek debt debacle and simmering tensions between Iran and Israel spring to mind as the most evident examples of the market's shaky footing. Having said that, the focus remains on long term value appreciation, and we remain confident as ever in our ability to extract gains from this approach irrespective of the short term climate.



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*	8.1%
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	-14.2%
3 year	0.5%
5 year	-15.3%
Since Inception	151.4%

* MTD figures reflect performance between December 29th, 2011 and January 31st, 2012.

Fund Characteristics

No. of Holdings	9
Wtd. Market Cap	USD 5.7 billion
Dividend Yield*	3.6%
P/E Ratio 10	9.0x

*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	14.0%

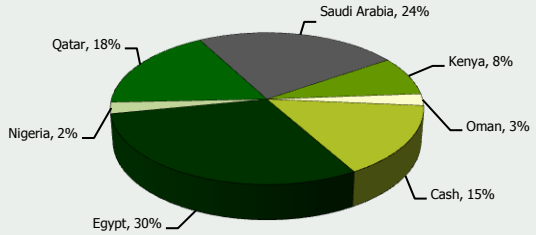
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Etihad Etisalat	Saudi Arabia	18.1%
Qatar Telecom	Qatar	13.7%
Orascom Telecom	Egypt	7.4%
Orascom Telecom Media & Tech.	Egypt	7.3%
Access Kenya	Kenya	6.4%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 25.14
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	2.3%
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.