

Fund Manager's Strategy & Outlook

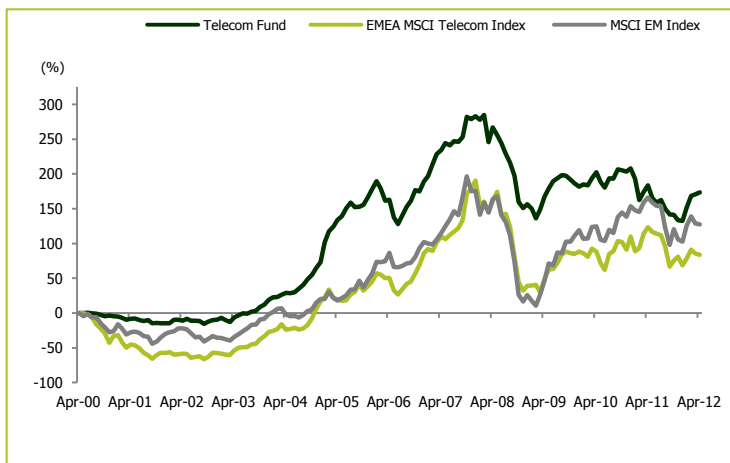
The EFG-Hermes Telecom Fund gained 1.1% in April to bring its YTD performance to 17.6%. Despite a turbulent month that witnessed both global and regional volatility driven by softening macro data and resurgent European worries, the fund's holdings managed to outperform. Macroeconomic measures released in April pointed to an uneven recovery, particularly in China and Europe. Spain appears to be within the crosshairs of the global bears as yields have shot up, leading to an overall state of market skepticism. Within the regional telecom sector, strong earnings and increasing dividends contributed to the resilience of some of our larger holdings.

In Saudi Arabia, Etihad Etisalat reported strong numbers for the first quarter of the year. Revenues, EBITDA and net income increased by 1.7%, 14.8% and 21% respectively. Lower handset sales led to a moderation of revenue growth rates but led to higher margins. The company continues to be the premiere operator in the Kingdom with a stronghold on the burgeoning data market. Also during the quarter, the company announced its first ever quarterly dividend that came in above market expectations and was a driver for the strong price performance. Despite the stock's strong YTD performance, we continue to see significant value and maintain it as a top holding.

Within other markets, Kenya and Qatar also contributed positively, with our holdings there benefitting from strong earnings and M&A speculation. Access Kenya, the largest independent data provider in the country, returned to profit in FY 2011. The recovery was driven by EBITDA growth of 58.4%, a result of the company's migration to a new fibre-optic network. We continue to view the company as a great long term investment, especially as it trades at less than 2x EBITDA. In Qatar, Qatar Telecom shares were bid up during the month in anticipation of the upcoming rights issue, viewed as a precursor to further M&A activity.

On a negative note, our worst fears regarding Orascom Telecom were confirmed during the month. As mentioned in our previous note, the risk of arbitration between the company's parent, Vimplecom, and the Algerian government, had increased after the Algerian court levied an inexplicable USD 1.3bn fine on the company. During the month, Orascom Telecom announced that it had begun proceedings for international arbitration. Although we still view a deal as being possible, the risks have increased, leading us to halve our position until we can get more clarity on this ongoing saga.

Finally, April marks the 12th anniversary of the EFG-Hermes Telecom Fund. Since inception the fund has returned 173.5%, which translates into an annualized return of 8.8% over the last 12 years. This compares to an annualized return for the MSCI EMEA Telecom Services Index of 5.2% over the same period. As difficult as markets have been these last 3 years, here's looking at another 12 years of delivering long term capital appreciation to our investors.



* Line Graph is as of April 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*	1.1%
Year to Date	17.6%
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	-3.6%
3 year	2.2%
5 year	-18.2%
Since Inception	173.5%

* MTD figures reflect performance between March 29th, 2012 and April 30th, 2012.

Fund Characteristics

No. of Holdings	10
Wtd. Market Cap	USD 8.8 billion
Dividend Yield*	2.7%
P/E Ratio 12	10.2x

*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	16.1%

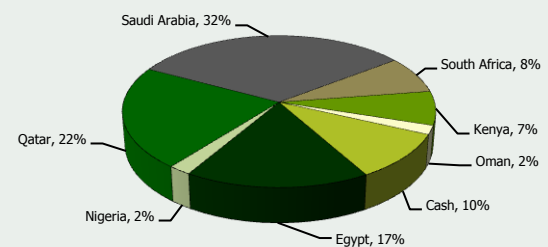
*Calculated vs. MSCI EMEA Telecom Index since Fund inception in April 2000

Top Five Equity Holdings

Holding	Country*	% of NAV
Qatar Telecom	Qatar	17.6%
Etihad Etisalat	Saudi Arabia	17.5%
Saudi Telecom Company	Saudi Arabia	8.1%
Orascom Telecom	Egypt	8.0%
Telkom SA Ltd	South Africa	6.4%

* Country assigned by primary listing

Allocation by Country



Fund Data

NAV per share	USD 27.35
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	EFGTEL BH