EFG-Hermes Telecom Fund
April 2006

Dear Shareholder,

Your Fund gained 0.6% in April. Regional capital markets had a flat to decreasing performance during the month following the negative correction of the previous two months. Strong first quarter results and positive regional developments that started during April are expected to positively affect the sector in the coming period.

Your telecom sector was fuelled with positive news and events during. In the UAE, the Initial Public Offering (IPO) of the second mobile operator in the country was 167x times oversubscribed by Emirate individuals only. The new stock, which gained more than 70% on the IPO price, was open to foreign investors after the beginning of trading. On the other hand, MTC, one of your top ten holdings is currently in talks to acquire V-Mobile, the second mobile operator in Nigerian with 25% market share. The Nigerian market is still one of the fastest growing telecom markets in the world with only 12% mobile penetration rate that could exceed 20% in the coming two years. Investors have yet to factor this into the MTC's share price as they await the completion of the transaction which is facing a counter bid from Econet, the Zimbabwean telecom company.

Egypt's third mobile license bidding remains the centre of attention with the deadline for bids on May 4th. On a different note, Mobinil, Egypt's mobile market leader released first quarter results that were below expectations and thus negatively affected the share price performance in April. Mobinil's subscriber base reached 6.96 million with 269,000 subscribers added during the quarter, representing 57% increase in the overall subscriber base compared to the same period in 2005. Operating income (EBITDA) and net profit increased by 11% and 21% respectively compared to the same period last year. After the latest share price performance the company's valuation is highly attractive compared to other operators in Emerging Markets.

Also releasing first quarter results this month were the Gulf mobile operators Q-Tel and Batelco. Q-Tel, currently the sole telecom operator in Qatar with mobile operation in Oman, released strong financial results exceeding expectations. Revenue and EBITDA grew by 46.5% and 55.7% respectively over the corresponding period last year. More impressively, net income grew by 47% despite a hefty royalty payment to the Qatari regulators. Subscriber numbers were also strong, as Qatari mobile subscribers grew by 42.5% from the same period last year and the Omani operation gained 4% market share during the quarter to stand at 22%. Batelco, the Bahrani telecom operator, released first quarter results that reflected increased competition in its saturated market. Revenues came in flat and net income grew by only 3% over the same period last year.

With the effects of the regional correction subsiding, and upcoming financial results, we expect a reversal of the first quarter's negative trend.

Objective

The EFG-Hermes Middle East and Africa Funds Limited is an investment company incorporated in Bermuda for the purpose of providing Shareholders with the opportunity of investing indirectly in the Middle East and Africa.

EFG-Hermes Telecom Fund is the first sub-fund to be established by the Company. The Telecom Fund invests 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 Information

NAV per share	USD 26.29
Launch Date	April 2000
Listing	Dubai Financial Market
Structure	Open End
Dividends Distributed	Mar 02: US$ 0.25, Aug 03: US$ 0.25, Jul. 04: US$ 0.12, Aug 05: US$ 1
Management fees	1.75%
Incentive fees	15% of outperformance
Benchmark	10% p.a. with high watermark

Investment Information

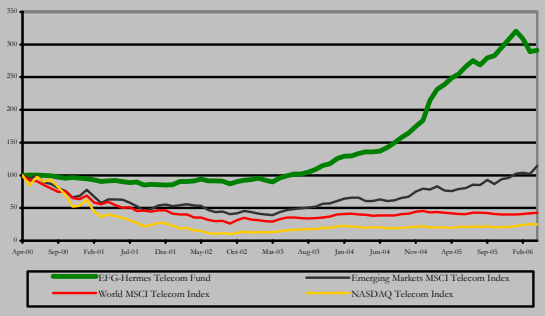
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
Reuters Code	LCFR13, RSJA65, WDRIFMEA1
ISIN Code	BMG294021073

Fund Performance

Trailing Returns	
YTD	-5.4%
1 Month	0.6%
3 Months	-9.2%
1 Year	17.0%

Risk Overview	
No. Years ▲	4
No. Years ▼	2
Best Yr ▲	67.3%
Worst Yr ▼	-10.7%

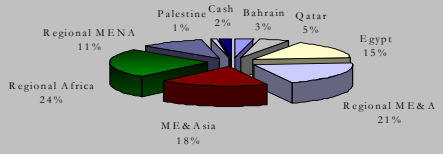
Telecom Fund Relative Performance



Top 5 Holdings

Holding	Country	% Holdings
Orascom Telecom	Regional MEA & Asia	18.1%
MTN	Regional Africa	17.5%
MTC	Regional ME & Africa	16.8%
NMTC	Regional MENA	10.6%
MobiNil	Egypt	6.0%

Country Allocation



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