EFG-Hermes Telecom Fund
November 2006

Dear Shareholder,

Despite the release of positive quarterly reports across the telecom sector, the pullback during the month of November erased recent gains. The fund was adversely affected by the volatility in the market and subsequently lost 2.8%, bringing to a halt the fund's impressive 20% run since July. The fund distributed US$ 0.50 per investment certificate during November 2006.

In Kuwait, negative market sentiment driven by political tensions dragged the market lower and adversely affected our holdings in MTC and NMTC. In Qatar, our holdings were adversely affected by the continuing negative sentiment in Doha. We believe that at current levels, the market is in a bottoming phase and that prices are becoming increasingly attractive.

On the bright side, the fund's positive contribution was led by our holdings in the Egyptian market which were led by MobiNiL, with a rally in its share price coming towards the end of the month. Furthermore, Orascom Telecom (OT), the fund's largest holding, released positive third quarter results during the month. The telecom giant whom operates in 6 emerging markets, managed to increase it subscriber base by an impressive 83% during the last 12 months. Financial results also showed solid growth, with revenues, EBITDA, and net income increasing by 35%, 37%, and 12% respectively. OT maintains dominant positions in its two largest markets, Algeria and Pakistan, and has signalled its intent to bid for the third mobile license in Saudi Arabia.

Structural changes involving Telecom Egypt (TE) and Vodafone Egypt (VE) accompanied the release of their respective financial results. During the month, Vodafone Europe announced that it would be increasing its stake in its Egyptian operation by purchasing Telecom Egypt's recently acquired stake. Following this announcement, VE' stake will increase to 54.9% while TE will hold 45.1%.

Vodafone Egypt's results for the company's second quarter were impressive, continuing on the positive trend we have seen throughout 2006. The company grew its subscriber base by 44%, while revenues, EBITDA and net income grew by 34%, 39%, and 63% respectively. The company's ability to consistently deliver strong revenues and profits reflect on the efficiency of the management team. These catalysts further boost our positive outlook for Telecom Egypt, which now offers the only exposure to VE, due to the expected de-listing of the stock.

Telecom Egypt released mixed results for its third quarter during the month; however these results are yet to reflect the company's increased stake in Vodafone Egypt. While the company increased its revenues and subscribers by 7% and 4.7% respectively, its EBITDA and net income figures declined by 2% and 17%. Although new international gateway licenses are expected to be awarded in the coming year, the strategic partnership with Vodafone will contribute to a steady flow of international traffic.

Although the recent market volatility slightly reduces our year-end forecasts, the telecom sector's impressive growth and increased corporate activity reaffirms our positive outlook for the Fund. While negative market sentiment has driven this correction, it has also highlighted the attractive equity valuations currently present across the region.

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 27.01
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; Nov 06 US$ 0.50
Management fees	1.75%
Incentive fees	15% of outperformance
Benchmark	10% p.a. with high watermark

Investment Information

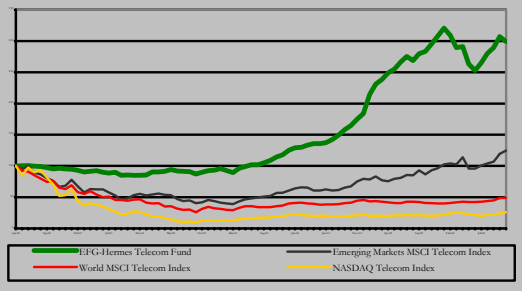
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
Reuters Code	LCFR13, RSJA65, WDRIFMEA1
ISIN Code	BMG294021073

Fund Performance

Trailing Returns	
YTD	-2.8%
1 Month	-2.4%
3 Months	6.8%
1 Year	1.2%

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

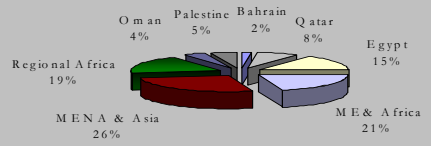
Telecom Fund Relative Performance



Top 5 Holdings

Holding	Country	% Holdings
Orascom Telecom	MENA & Asia	19.9%
MTC	ME & Africa	15.0%
MTN	Regional Africa	9.8%
Mobinil	Egypt	7.8%
Q-Tel	Qatar & Oman	7.7%

Country Allocation



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 Middle East and Africa Funds 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.

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