The EFG-Hermes Telecom Fund

August 31, 2007

EFG - Hermes

ASSET MANAGEMENT FACT SHEET

Fund Manager's Strategy & Outlook

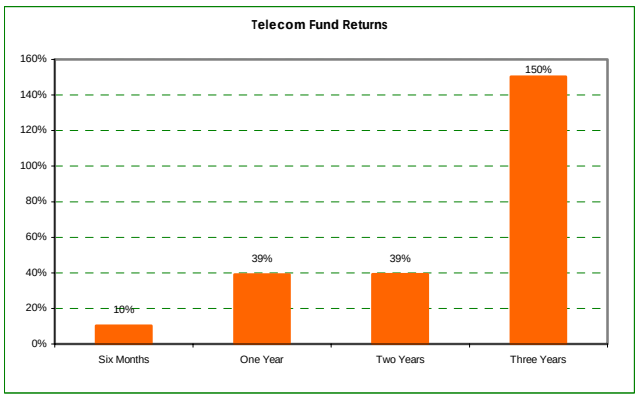
The EFG-Hermes Telecom Fund shed 0.26% during the month as the global equity sell-off continued to adversely affect regional markets. Precipitated by credit default fears in the United States, global markets continued their retreat as investors anxiously awaited a positive catalyst. Despite being affected by these events, the telecom sector remains buoyant and still provides ample opportunities for investors.

During August, new mobile licenses and second quarter results were the main drivers for the telecom sector. In Iraq, the government auctioned off three 15-year mobile licenses, and these were awarded to Mobile Telecommunications Company (MTC), Qatar Telecom/Wataniya Telecom, and Korek Telecom. Surprisingly, Orascom Telecom (OT), which has been operating in Iraq for nearly four years and is the Fund's largest holding, pulled out of the auction. OT cited excessive license costs and revenue sharing agreements as the main reasons behind the withdrawal. Although, the company announced that it will be monetizing its Iraqi assets or seek a JV with one of the license holders, the share price was negatively impacted by the news.

In Egypt, Telecom Egypt and Mobinil both reported results for the second quarter. Telecom Egypt, reported mixed operational and financial results that were impacted by a non-recurring event. The company grew revenue and EBITDA by 9% and 10% respectively, while increasing its share of the local ADSL market from 38.5% to 47.7%. However, due to the company taking a write-down on its Algerian operation, net income declined by 4%. Also reporting results during the month was Mobinil, the mobile market leader. Despite the entry of a third operator during the second quarter, the company was able to grow its subscriber base by 65% y-on-y. Financial results were also robust, with revenues, EBITDA, and net income growing by 32%, 25%, and 29% respectively.

Qatar Telecom (Q-Tel) was awarded a 15 year license in Iraq during the month which highlighted the company's expansion strategy. The company also reported quarterly results during the month that for the first time reflected the Wataniya Telecom acquisition. Q-Tel's total subscriber base grew by 562.5%, which is indicative of the significant contribution made by Wataniya Telecom to the group. In terms of revenues, EBITDA, and net income, Q-Tel grew by 97.4%, 67.8%, and 4.4% respectively. Although net income growth was disappointing, this is reflective of a company still integrating its acquisitions that are yet to achieve synergies.

Despite the recent volatility across capital markets, the Investment Manager believes regional markets remain fundamentally sound. New license auctions, corporate profitability, and increased M&A activity will continue to drive growth and deliver returns to investors.



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	-0.26%
Year to Date	19.86%
Six Months	10.32%

Returns	Telecom Fund
One Year	39%
Two Years	39.22%
Three Years	150.28%

Fund Information

NAV per share	USD 34.64
No. of share certificates	994,708
Launch Date	April, 2000
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.75%
Incentive fee	15% of outperformance
Benchmark	10% with a high watermark
Expense ratio	2.23%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294021073
Sedol	0-415-433
Reuters Code	LCFR13, RSJA65, WDRIFMEA1
Bloomberg Ticker	EFGHTEL BH

Fund Characteristics

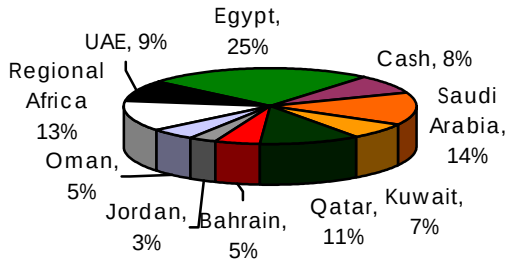
No. of Holdings	15
Wtd. Market Cap.(mm)	USD9,026
P/E Ratio 07	13.80x
Beta	0.23
Sharpe Ratio	1.12
Tracking Error	23.28%

Top Holdings

Holding	Country	% of NAV
Orascom Telecom	Egypt	11.54%
Qatar Telecom	Qatar	10.64%
Etihad Etisalat	Saudi Arabia	9..94%
Thuraya satelite Telecommunication	UAE	9.09%
TELEKOM SA	Regional Africa	8.87%

(*) **Country assigned by primary listing**

Allocation By Country



Hashem Montasser *Head of Regional Asset Management*	Karim Nehma *Fund Manager*	Mohamed Abdel Halim *Vice President* Tel: 9714-3634047 Fax: 9714-3621171 e-mail: mahalim@efg-hermes.com

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