The EFG-Hermes Telecom Fund

January 31, 2007

EFG - Hermes

ASSET MANAGEMENT FACT SHEET

Fund Manager's Strategy & Outlook

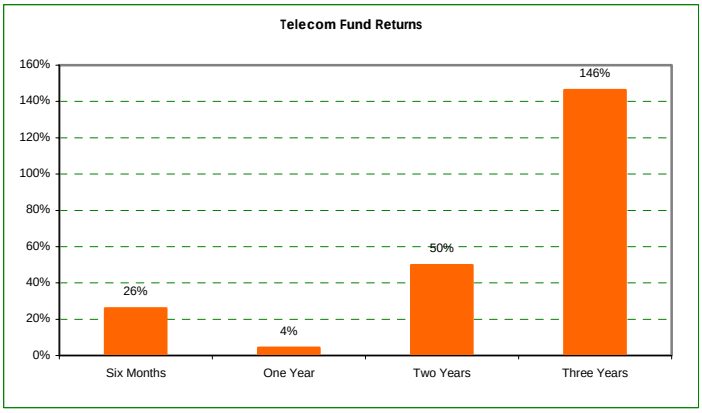
The EFG-Hermes Telecom Fund maintained its strong performance during the first month of 2007; registering a 2.7% return for January. Positive preliminary results and increased acquisition speculation were the main drivers of performance and contributed to sustaining the Fund's run.

The highest contributor to the Fund's performance during the month was Wataniya Telecom (NMTC). The regional operator's share price soared by 15% due to increased speculation over the possible sale of the company by one of its main shareholders. Kuwait Investment Projects Company (KIPCO) had indicated its willingness to sell "at the right price". Furthermore, recent interviews with the CEO of Etisalat revealed the UAE operator's strong interest in acquiring Wataniya. Our analysis of the company had indicated that it was an attractive acquisition target due to its relatively low market cap as well as the diverse geographical distribution of its operations.

In Qatar, local operator Qatar Telecom (Q-Tel) announced the acquisition of a 25% stake in Asia Mobile Holdings (AMH), a unit of Singapore Technologies Telemedia, for US$635 Million. AMH owns 49% of the second largest mobile operator in Singapore, and 41% of the second largest mobile operator in Indonesia. Our analysis indicated that the transaction was executed at a 16% discount to the respective companies' market prices, adding value for Q-Tel's shareholders. The company has approximately US$1.4 Billion in financing available post transaction. This signals Q-Tel's ambitions for international expansion, and bodes well for the future as GSM licenses in the region become scarce and expensive.

In South Africa, diversified services provider Telkom SA released positive preliminary results for 2006 which contributed to the 13% rally in the stock price during the month. The company's joint venture with Vodafone International, Vodacom, grew its subscriber base by 20% y-on-y. More impressively, the company managed to increase its blended Average Revenue Per User (ARPU) by 3% during the second half of the year. The company remains one of the cheapest stocks in our universe.

We continue to have a positive outlook on the telecom sector's prospects. Continued corporate activity and robust financial results are expected to drive growth. Furthermore, richer valuations for new telecom assets on auction are re-rating the entire sector as investors begin to realize the value and financial contribution of companies in the sector.



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	2.73%
Year to Date	2.73%
Six Months	25.95%

Returns	Telecom Fund
One Year	4.32%
Two Years	49.83%
Three Years	146.25%

Fund Information

NAV per share	USD 29,69
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	2.08%
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

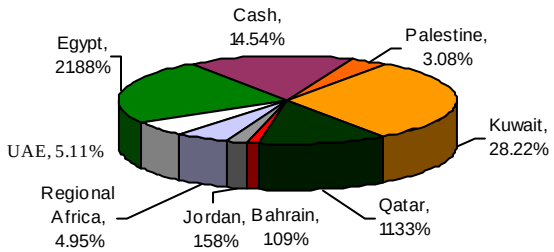
No. of Holdings	16
Wtd. Market Cap.(mm)	USD 8,778
P/E Ratio 07	13.04x
Beta	0.24
Sharpe Ratio	0.31
Tracking Error	24.31%

Top Holdings

Holding	Country	% of NAV
Orascom Telecom	Egypt	16.43%
MTC	Kuwait	16.18%
Qatar Telecom	Qatar	11.33%
National Mobile Telecom	Kuwait	10.73%
Telkom SA	Regional Africa	5.87%

(*) Country assigned by primary listing

Allocation By Country



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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.