المجموعة المالية - هيرميس
EFG HERMES

The EFG-Hermes Middle East & Africa Telecom Fund
May 31st, 2008

Fund Manager's Strategy & Outlook

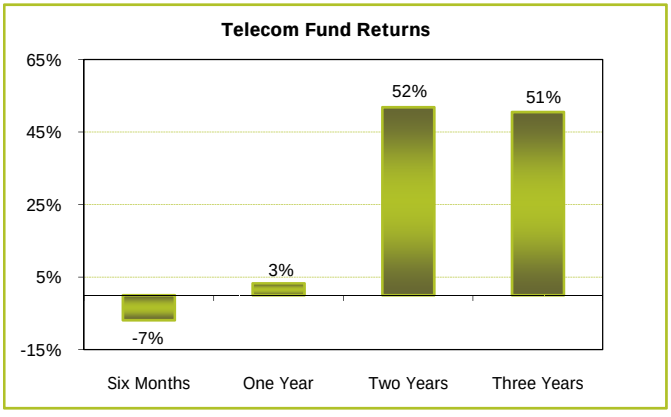
Regional markets continued to witness volatility during the month and subsequently the EFG-Telecom Fund lost 3.1%. Changes in Egypt's tax regime for energy intensive industries, and a large IPO in Saudi Arabia were the main drivers for the negative performance of local markets which precipitated the downturn of the Fund's holdings in those countries. Taking advantage of this volatility, the Investment Manager has added to selective holdings as valuations remain compelling.

During the month, our holdings in Egypt and Saudi Arabia contributed to the bulk of the negative returns. With the Egyptian government removing tax free status for selective industries with energy intensive operations, and with rumors of a new capital gains tax, local and international investors fled the market, which led to the index losing 6.2% during the month. Despite the downturn, the Investment Manager views the Fund's TMT holdings in Egypt as being fundamentally undervalued. In Saudi Arabia, a large IPO in the financial services segment drained significant liquidity from the market leading to a 5.7% decline for the index.

On a positive note, the Fund's holding in Oman, Omantel, gained almost 12% during the month on the back of strong earnings and positive news flows. First quarter results indicated growth of 15% and 60% in revenues and net income, respectively. Additionally, news that the government is arranging a sale of a 30% stake in the company coupled with valuation upgrades from various sell-side investment houses helped drive the stock.

During the month, the Investment Manager added a new holding in Turkey, Turk Telekom. The integrated telecom company provides fixed, mobile, and data services to one of the largest markets in the region. The Turkish government sold a 15% stake in the company during the month to complete the largest offering in the country's history. While performance post-IPO has been subdued, this is attributable mainly to macro factors and rumors that the current Turkish government was set to resign. Subsequently, the Istanbul Stock Exchange (ISE) was down 7.4% for the month. Despite the slow start, the Investment Manager remains bullish on Turk Telekom's prospects given the appealing valuation of the company (PE 08 9.4x, EV/EBITDA 08 4.4x).

With a steady stream of IPOS's expected during the year, and with the sector trading at attractive multiples, the Investment Manager remains confident in the Fund's ability to generate returns for investors. The recent wave of volatility represents a buying opportunity and a chance to reallocate positions.



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STANDARD &POOR'S A FUND MANAGEMENT RATING

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	-3.1%
Year to Date	-7.1%
Six Months	6.9%
One Year	3.3%
Two Years	51.9%
Three Years	50.5%

Fund Information

NAV per Share	USD 35.57
No. of Share Certificates	936,111
Launch Date	April, 2000
Listing	Dubai Financial Market
Structure	Open Ended
Management Fee	1.75%
Incentive Fee	15% of out-performance
Benchmark	10% with a high watermark
Expense Ratio	2.3%
Minimum Subscription	USD 10,000
Subscription / Redemption	Monthly

Fund Identifiers

ISIN	BMG294021073
Sedol	0-415-433
Reuters Code	LCFR13, RSJA65, WDRIFMEA1
Bloomberg Ticker	EFGHTEL BH

Fund Characteristics

No. of Holdings	17
Wtd. Market Cap (mm)	USD 10,777
P/E Ratio 08	10.9x
Beta	0.3 *
Sharpe Ratio	1.08
Standard Deviation	13.2%*

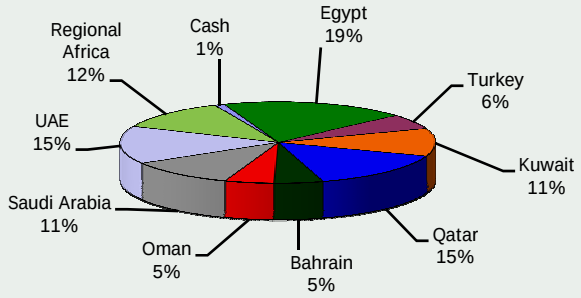
* Calculated against the MSCI EMEA Telecom Index

Top Holdings

Holding	Country *	% of NAV
Qatar Telecom	Qatar	15.2%
Etihad Etisalat	Saudi Arabia	11.1%
Thuraya Telecom	UAE	9.4%
Telkom South Africa	Regional Africa	6.7%
Telecom Egypt	Egypt	6.1%

* Country assigned by primary listing

Allocation by Country



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 Telecom Fund 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.