The EFG-Hermes Middle East & Africa (Telecom) Fund
December 31, 2007

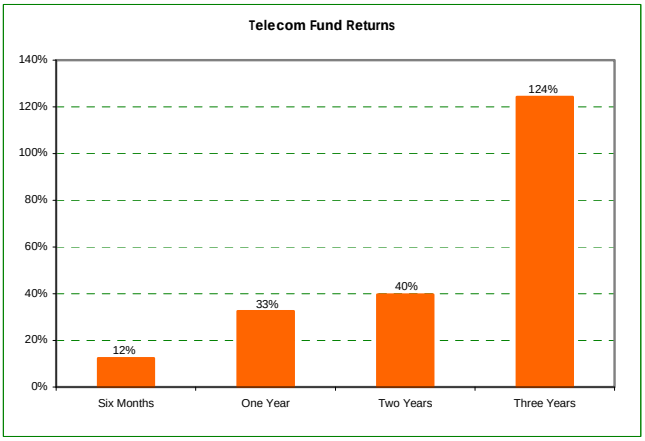
Fund Manager's Strategy & Outlook

The EFG-Hermes Telecom Fund regained its momentum during the month, registering a 1.14% gain to take its 2007 return to 32.5%. Following the volatility witnessed across the region in 2006, the Fund was able to capitalize on the revitalized state of the regional markets and the heightened degree of activity to register its sixth consecutive year of positive returns. The Investment Manager's strategy of focusing on companies with diversified operational footprints and potential acquisition targets continues to reap rewards for investors.

In December, Orascom Telecom (OT) continued its recent trend of monetizing key assets, selling its remaining 14.3% stake in Hutchison Telecom for approximately USD 1 billion. This transaction brings the total cash available for OT to USD 4 billion, leaving it well positioned to make strategic acquisitions and to expand current operations. In a year when the regional telecom sector witnessed a flurry of transactions from cash-rich GCC operators, OT is now well positioned to emulate them.

2007 was a vigorous year for the regional telecom sector, with a spate of acquisitions and license auctions providing impetus for growth. The Investment Manager was able to take advantage of these events to continue to generate returns for investors. From Q-Tel's acquisition of Wataniya (NMTC) to Oman Telecommunications (Omantel's) acquisition of Pakistani operator WorldCall, the Fund was well positioned to capture the upside generated by these events.

As we enter 2008, compelling valuations and a pipeline of privatizations and license auctions will be the catalysts for the next 12 months. The Investment Manager will continue to identify attractive opportunities in the telecom space, and will capitalize on these opportunities as they emerge.



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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	1.14%
Year to Date	32.53%
Six Months	12.35%

Returns	Telecom Fund
One Year	32.53%
Two Years	39.62%
Three Years	124.28%

Fund Information

NAV per share	USD 38.30
No. of share certificates	949,453
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	2.36%
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

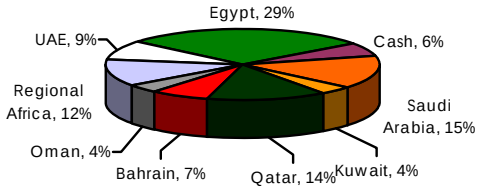
No. of Holdings	14
Wtd. Market Cap.(mm)	USD14,102
P/E Ratio 08	13.36x
Beta	0.24
Sharpe Ratio	1.24
Standard Deviation	12.61%

Top Holdings

Holding	Country	% of NAV
Qatar Telecom	Qatar	14.37%
Orascom Telecom	Egypt	13.79%
Etihad Etisalat	Saudi Arabia	8.97%
Thuraya satelite Telecommunication	UAE	8.61%
Batelco	Bahrain	7.27%

(*) 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 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.