EFG-Hermes Telecom Fund

Monthly Report *January 2005*

Dear Shareholder,

January was a successful month where your Fund gained 16.5% while all international telecom indices had negative returns on profit taking, after the out-performance of the sector in 2004. The Fund's investment universe remains undervalued relative to other international telecommunication companies.

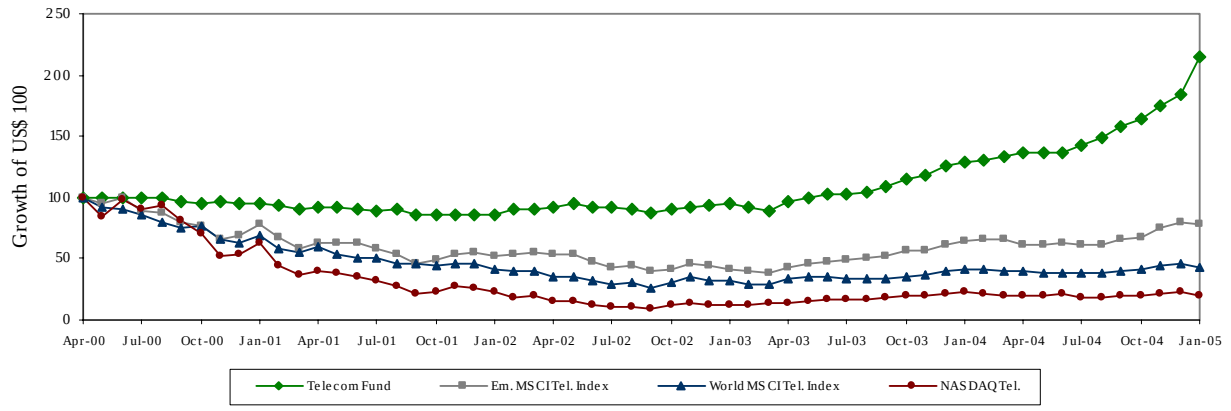
This performance came as a result of the stock allocation and the high equity exposure of your Fund. The highest performer was the regional telecom player, Orascom Telecom, your largest holding, which gained 51% during the month and attributed 10% to your Fund's returns. The company started acquiring minority stakes in some of its existing subsidiaries which would add to its potential growth rate. The two Egyptian mobile operators came in the second and third places, after gaining more than 30% during the month. Vodafone Egypt announced its third quarter results showing 19% increase in net profits compared to the previous quarter, in addition to maintaining a high operating margin of 54%. The company's management stated clearly their intention to distribute the maximum dividends possible going forward, while maintaining the company's internal growth rate.

In the Gulf, the Qatari market had the best performance, gaining 12% during the month as a result of the government's approval of the new law that allows foreigners to invest in the local market. Q-Tel, the monopoly telecom operator in Qatar, was inline with the market despite being one of the few stocks that were allowed to foreign investors. The Bahraini and Kuwaiti markets gained 5.5% and 1.5% respectively during the month. Batelco, the monopoly fixed line and first mobile operator in Bahrain, followed the market by gaining 3.1% after announcing its full year results showing 36% growth in net profits and a dividend distribution that would yield a total 6.7% in 2004. MTC, the first mobile operator in Kuwait, outperformed the local market by gaining 7.1% during the month.

The manager discounted the valuation of two of your private equity holdings, LuxSat, the regional video on demand company and African Lakes, the African information technology company. The first was 20% discounted following the delay in the company's planned operations and the second was fully provisioned for following the company's transformation into a limited company , not listed on any stock market in addition to filling for protection form its creditors while restructuring their internal operations. Both actions had minimal effect on your Fund, only 0.4% decrease, as both companies' weights were less than 1%.

In 2005, the sector is awaiting a series of privatizations and listings that are expected to increase the attractiveness of the Telecom sector. The latest IPO was 22 times oversubscribed and the stock gained more than 20% in less than one month.

Telecom Fund Performance Since Inception



The EFG-Hermes Telecom Fund distributed US$ 0.25 dividend per share in March 2002, US$ 0.25 in August 2003 and US$ 0.12 in July 2004.

Company Name	Country/Region	Top 10 Holdings
Orascom Telecom	Regional MENA	25.3%
Vodafone Egypt	Egypt	14.3%
MTN	Regional Africa	13.4%
MobiNil	Egypt	13.2%
Q-Tel	Qatar	9.4%
Batelco	Bahrain	8.4%
MTC	Regional MENA/Kuwait	7.7%
Celtel	Regional Africa	4.5%
NMTC	Regional MENA/Kuwait	2.7%
Maroc Telecom	Morocco	2.3%

Country	Allocation
Regional MENA	36.1%
Egypt	29.9%
Regional Africa	18.2%
Qatar	10.0%
Bahrain	8.4%
Morocco	2.3%

BACKGROUND:
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.

# of shares = 2,480,006

MANAGER:
EFG-Hermes Financial Management (Egypt) Limited.

TECHNICAL ADVISORS:
Detecon GmbH

FUND CUSTODIANS:
Citibank N.A. (Cairo branch)
The Hong Kong and Shanghai Banking Corporation Limited (HSBC)

AUDITORS:
Deloitte & Touche

ADMINISTRATION, SECRETARY AND REGISTRAR:
MQ Services Limited
Chancery Hall, 52 Reid Street, Hamilton HM 12
Tel: 1441-295-9294 Fax: 1441-292-8899

THE FOLLOWING MAKE A MARKET IN THE FUND'S SHARES:

JP Morgan -USA / Mr. Jeremy Barkes Mr. Robert Brown	Tel: 1-212-2706 0000	
JP Morgan - UK / Mr. Richard Harris	Tel: 44-207-742 8111	**REUTERS PAGE:RSJA68**
UBS Warburg / Mr. David Bliff	Tel: 44-207-568 4587	**REUTERS PAGE: WDRIFMEA1**
LCF Rothschild Securities/Mr. Johnny Hewitson	Tel: 44-207-845 5960	**REUTERS PAGE: LCFR13** **BLOOMBERG: LCFR**

The fund is open for monthly subscription and quarterly redemption. Redemption requests have to be submitted to MQ Services 7 working days before quarter end.

FACT FILE:
Launched: April 2000 *NAV*: US$ 20.15

ENQUIRIES:

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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.