EFG-Hermes Telecom Fund
October 2005

Dear Shareholder,

October returned 1.1% to your Fund despite the holy month of Ramadan usual slow down. The Fund's performance after the end of October was even stronger thus the Manager is highly positive on the month of November performance and the coming period in general. Year to Date (YTD) return reached 53.7% outperforming Emerging Markets MSCI Telecom Index by 44.6%.

In the Gulf, the Kuwaiti stock market continued its rally by gaining 12% during the month thus bringing the year to date return to 79%. Both your telecom stocks in the country witnessed positive gains during the month after announcing strong nine month figures. MTC, the first mobile operator in Kuwait, announced 52% growth in net profit compared to the same period the previous year, which came in line with the Manager's expectations. This growth is mainly derived by the addition of the African operations through the acquisition of Celtel in May 2005. Additionally the second mobile operator in Kuwait, NMTC, witnessed a strong subscriber growth across its different subsidiaries. The company announced 27% growth in nine months net profit compared to the same period in 2004. The Kuwaiti subsidiary remains the main contributor to the consolidated earnings of the company while the Manager expects that the other subsidiaries will start contributing positively to the bottom line thus increasing the company's growth going forward. During the month, the Manager visited the company and had a positive feedback from the management on their future strategy.

The Omani stock market did not find its support in opening OmanTel, the state owned telecom operator, to foreign and institution investments. The Fund Manager decided not to add OmanTel to your holdings as the stock is expensive relative to its peers in the Gulf. The decision has proven right in the short term as the stock lost more than 6% since its opening to foreigners at the end of October.

In North Africa, Raya, the Egyptian IT conglomerate and one of your holdings, continued its momentum which started in September after the company revealed its interest in the third mobile license and one of the two international licenses in Egypt. The results of the different biddings are expected before the end of the first quarter of 2006. The latter news if materialized would highly change the company's potential and forecasts compared to the estimated at the time of the stock's listing in May 2005. The stock price gained 29% during the month with increased volumes. Vodafone Egypt announced its second quarter results highlighting strong subscriber additions during the active summer season to reach a total base of 5.9 million subscribers, backed with high operating margin of 54% and a strong bottom line growth of 40% Q-o-Q. The results came in line with the Fund Manager's forecasts and the Fund's position in the stock was lowered after the stock reached its estimated fundamental target.

On another note, the regional telecom operator, Orascom Telecom, the Funds largest holding gained 4.8% in October after several months of sideways performance. The Manager kept the stock as the largest holding in the Fund in anticipation of a probable rally as was mentioned in September's monthly report. Additional gains followed after the end of the month which the Manager expects to continue in the coming period, positively affecting the Fund's return. The company's EGM announced a 1:2 stock split and LE 5 dividend per share.

In Africa, Sudatel, the fixed line and mobile operator in Sudan, is still witnessing an upside trend gaining 8.5% during the month while the stock remains cheap relative to its peers, trading at less than 10x 06 PE.

Objective

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.

Fund Information

NAV per share	USD 25.54
Launch Date	April 2000
Listing	Dubai Financial Market
Structure	Open End
Dividends Distributed	Mar 02: US$ 0.25, Aug 03: US$ 0.25, Jul. 04: US$ 0.12, Aug 05: US$ 1.0
Management fees	1.75%
Incentive fees	15% of outperformance
Benchmark	10% p.a. with high watermark

Investment Information

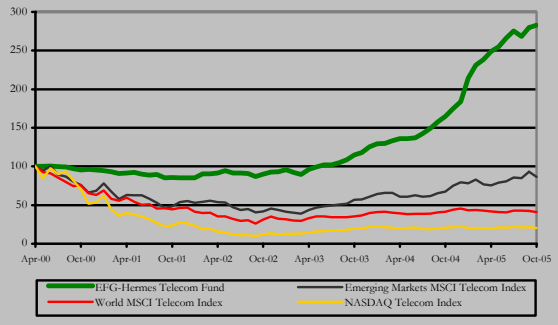
Minimum Subscription	USD 10,000
Minimum Subsequent Subscription	USD 10,000
Subscription/Redemption	Monthly
Reuters Code	LCFR13, RSJA65, WDRIFMEA1
ISIN Code	BMG294021073

Fund Performance

Trailing Returns	
YTD	53.7%
1 Month	1.1%
3 Months	2.8%
1 Year	71.8%

Risk Overview	
No. Years ▲	3
No. Years ▼	2
Best Yr ▲	46.8%
Worst Yr ▼	-10.7%

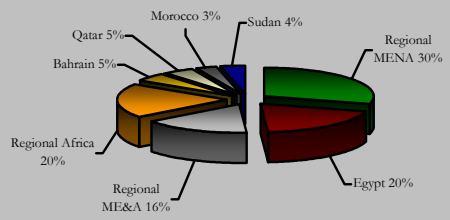
Telecom Fund Relative Performance



Top 5 Holdings

Holding	Country	% Holdings
Orascom Telecom	Regional MENA	19.9%
MTN	Regional Africa	19.2%
MTC	Regional ME&A	16.1%
NMTC	Regional MENA	10.4%
MobiNil	Egypt	8.0%

Country Allocation



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.

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