EFG-Hermes Telecom Fund

Monthly Report *February 2004*

Dear Shareholder,

Your Fund is currently 3.5% up in the first two month of the year. February saw a correction in some of the markets in the Fund's investment universe, which slightly affected the performance of the Fund during the month increasi ng only 0.4%.

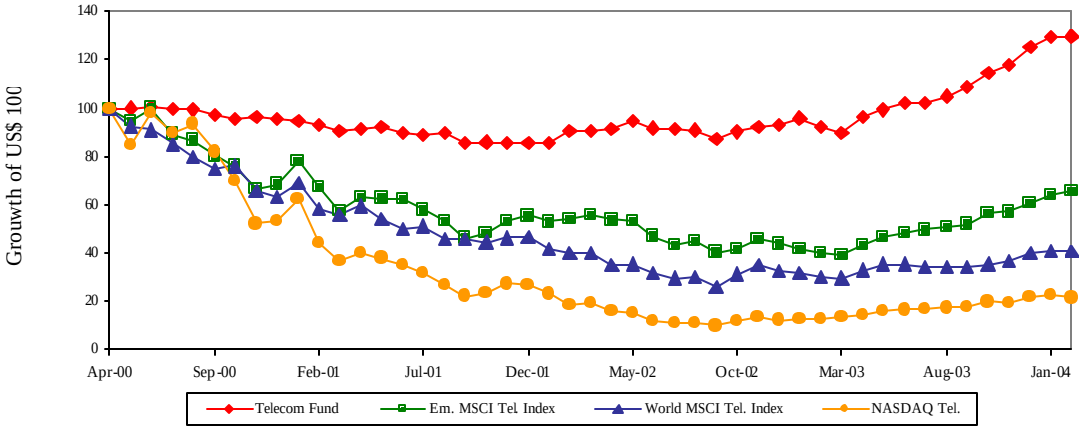
In the Gulf region, telecom stocks had a mixed performance during the month. The two Kuwaiti operators lost the bid on the Iranian license to the TurkCell consortium. MTC, the first mobile operator in the country, outperformed the stock market by increasing 5% while its only competitor, NMTC, decreased 2%. The performance of the latter operator came in spite of posting 63% increase in net profit for the year ending December 2003. Revenue growth reached 87% and the Tunisian subsidiary broke even in the fourth quarter of the year. In 2004, we expect the Iraqi and Tunisian subsidiaries to contribute positively to the consolidated income.

Qatar had an excellent performance in February increasing 15% and Q-Tel, your largest holding, gained 4% after announcing better than expected net profit growth of 20%. The company is still cheap trading at 12.6x PE 04 and yields 4.6%. The Bahraini stock market was almost flat during the month, as was Batelco, one of your top ten holdings. This was despite the company announcing exceptional net profit growth in the fourth quarter, which compensated for the 17% negative growth in the first nine month of the year. Net profit growth rate reached 5% and the company distributed a dividend per share yielding 7.1%, the highest yield compared to its peers in the Gulf region.

The Egyptian stock market experienced a slight correction of 1.6% after increasing 15% in January. Orascom Telecom, the regional telecom operator, outperformed the market and remained flat during the month as the company's growth potential, especially after announcing 80% growth in 2003 subscribers, is supporting the stock price. The two Egyptian GSM operators under performed the stock market although MobiNil announced the second interim dividend for 2003, leading to a yield of 10.4% for the year.

We have discounted the valuation of LuxSat, the media private equity company, by 20% following the delay of the launch of the service. The effect on your Fund was minimal (0.2%).

Telecom Fund Performance



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

Table 1: Regional Breakdown	
Gulf Region	40.1%
Regional Africa	21.4%
Egypt	15.7%
Regional ME	13.1%
TOTAL	**90.3%**

Table 2: Sector Breakdown	
Telecom	78.9%
IT	5.2%
Media	2.6%

Table 3: Listed Stocks	
Q-Tel	15.2%
MTN	13.0%
Batelco	12.4%
Orascom Telecom	11.1%
MobiNil	7.6%
MTC	4.2%
NMTC	4.1%
Bonds	3.6%
Vodafone Egypt	3.4%
Qatar Cinema	0.6%
TOTAL	**75.2%**

Table 4: Unlisted Stocks	
MSI	7.9%
NTC	3.6%
Founoon	1.2%
Raya Holdings	1.1%
LuxSAT ME	0.9%
African Lakes	0.4%
TOTAL	**15.1%**

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 = 2,320,891

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 FUNDS 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. Subscription and redemption requests have to be submitted to MQ Services 7 working days before quarter end.

FACT FILE:
Launched: April 2000 *NAV*: US$ 12.31

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.