EFG-Hermes Telecom Fund

Monthly Report *March 2004*

Dear Shareholder,

This year is continuing to see a positive performance, with your Fund appreciating 6.2% since the beginning of the year. Your Fund outperformed world telecom indices during March after gaining 2.6%, compared to negative returns by emerging and world MSCI telecom indices.

During the month we have met the Management of most of the telecom companies in your portfolio at a 'one on one' conference organized by EFG-Hermes. The companies' top management teams attended the meetings and outlined their forward strategies and plans.

In the Gulf, the Qatari market had an excellent performance, gaining 12.1%. While the telecom monopoly operator, Q-Tel, under performed the stock market and slightly lost 0.6% after paying its interim dividend yielding 4.7% for the year. In contrast, the Bahraini market lost a slight 0.5% during the month and the first telecom operator in the country, Batelco, out performed the market by gaining 1.6% after distributing a 7.0% dividend yield.

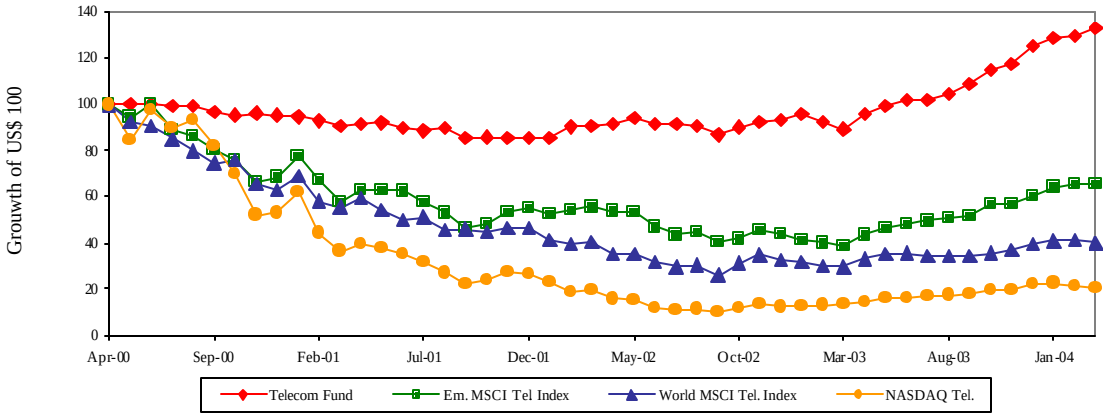
The Kuwaiti market finally had a 5% downward correction after a protracted period of market rises. At the beginning of the month we reduced the Fund's holding in the second GSM operator, Wataniya Telecom, as the company is trading at a large premium relative to its peers in the region, the decision has proven right in the short term as the share price decreased 11% since we sold half the Fund's position in the stock. We have decided to keep the same weighting in the first operator in Kuwait, MTC. This company still has the capability to expand, backed by its strong balance sheet structure and its cash flow position, which allowed a dividend yield of 9.1% in 2003. The company is short-listed for the second mobile license in Saudi Arabia and is bidding for the second Omani GSM license.

The Egyptian stock market gained 7.9% in March. The telecom sector under performed the market except for MobiNil, the first mobile operator in the country, which gained 15% after distributing its interim dividend. MobiNil's total dividend yield for the year was an impressive 9.2%. We have sold the Fund's holding in Founoon, one of your media private equity investments, after the company's management received two offers for the movie library and the settlement of the company's debts. The value of the higher offer represented a large discount to the Fund's initial cost while being at 33.3% premium to our latest value of the company. Founoon had 1.2% weight in the Fund, which resulted in the total percentage of private equity to decrease to 14%.

Raya Holding, the Egyptian information technology (IT) company, had a US$ 5m capital increase, which was entirely invested by a MENA venture capital technology fund. A third party had valued the company, giving a share price range between LE 18.7 and LE 22.8. The final agreement was for a price per share of LE 21.45, giving the new fund a board seat and an ownership of 6.7%. This valuation came at 68% premium to our current value. The Fund manager decided to take a 20% discount to the capital increase valuation in order to reflect the real price at which the Fund might sell its investment.

Your largest holding, the South African GSM operator with the Nigerian subsidiary, MTN, gained 15.7% during the month after resolving the interconnection rates in Nigeria in favor of the mobile operators. MTN is still trading at a discount compared to its EMEA telecom peers. Your pan African private equity operator, MSI, released its year end results showing 43% increase in revenue and announcing a net profit figure of US$ 73.9m compared to a loss in 2002.

Telecom Fund Performance Since Inception



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	36.5%
Regional Africa	23.4%
Egypt	16.4%
Regional ME	11.3%
TOTAL	**87.6%**

Table 2: Sector Breakdown

Telecom	77.3%
IT	5.4%
Media	1.4%

Table 3: Listed Stocks

MTN	15.2%
Q-Tel	14.3%
Batelco	12.2%
Orascom Telecom	10.5%
MobiNil	8.1%
MTC	3.6%
Bonds	3.5%
Vodafone Egypt	3.4%
NMTC	2.3%
Qatar Cinema	0.6%
TOTAL	**73.7%**

Table 4: Unlisted Stocks

MSI	7.7%
NTC	3.6%
Raya Holdings	1.4%
LuxSAT ME	0.8%
African Lakes	0.4%
TOTAL	**13.9%**

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 = 2,321,297

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 *N A V*: US$ 12.63

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.