EFG-Hermes Telecom Fund
August 2005

Dear Shareholder,

Your Fund's Year to Date (YTD) returns is currently 46%. The telecom sector across the Fund's investment universe was mostly sluggish during the month after a lively YTD performance. The slow down was also witnessed in international markets with flat telecom indices during the month.

In the Gulf, the best performer was the Qatari market with increased focus on stocks that were closed to foreign investors. As Q-Tel has been always allowed for foreign investors, the stock under-performed the local market in August. The Kuwaiti market also had a good performance during the month while your telecom stocks corrected by more than 7% after gaining more than 25% since the beginning of the year. MTC announced its first half results reporting a subscriber base of 105 million after the consolidation of Celtel, the African operation that MTC acquired earlier this year. Net profits witnessed a 50% growth over the first half of 2004.

In Africa, Maroc Telecom continued its rally after its strong key figures announced at the end of July. The Fund's latest investment, Sudatel, the fixed line and mobile operator in Sudan witnessed a 23% increase in share price after the stabilization of the internal situation in the country. Although the company is facing competition in the fixed line and mobile segment, the country's growth potential is expected to compensate for the latter. The company's multiples remain cheap trading at 9x 2005 PE.

Orascom Telecom, the Funds largest holding witnessed a 5% correction during the month after returning 129% from the beginning of the year to the end of July 2005. The company announced its first half results showing strong subscriber additions resulting in a total subscriber base of 21 million. The company's operating margin was negatively affected during the second quarter due to increased competition across OT's different markets. Net profits witnessed 20% increase quarter on quarter and 30% increase year on year. The share price had a positive run after the end of the month.

Your Fund distributed US$ 1 per investment certificate during August 2005 which was added to your account or reinvested under your name according to your instruction.

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 24.24
Launch Date	April 2000
Listing	DFM
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 NAV for performance above 10% p.a. with high watermark

Investment Information

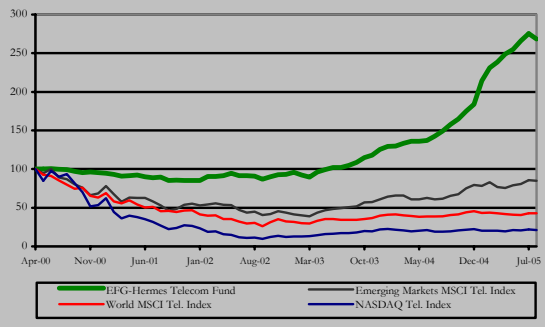
Minimum Subscription	USD 10,000
Minimum Subsequent Subscription	USD 10,000
Subscription/Redemption	Monthly
Market Makers	LCF Rothschild Securities, JP Morgan, UBS Warburg
Reuters Code	LCFR13, RSJA65, WDRIFMEA1
ISIN Code	BMG294021073

Fund Performance

Trailing Returns	
YTD	45.9%
1 Month	-2.5%
3 Months	5.3%
1 Year	79.8%

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

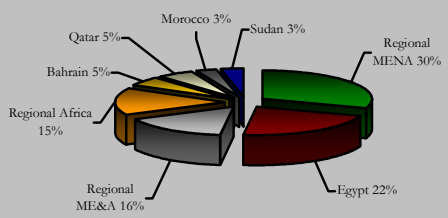
Telecom Fund Relative Performance



Top 5 Holdings

Holding	Country	% Holdings
Orascom Telecom	Regional MENA	20.1%
MTC	Regional ME&A	15.7%
MTN	Regional Africa	14.3%
NMTC	Regional MENA	10.2%
MobiNil	Egypt	10.1%

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 Developing Africa Fund 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.

ENQUIRIES:
Ms. Maha Baligh, e-mail: mbaligh@efg-hermes.com
Ms. Yasmin I. Hassan, e-mail: yibrahim@efg-hermes.com
Tel: 202-3365960 Fax: 202-3365589