EFG-Hermes Telecom Fund

Monthly Report *July 2004*

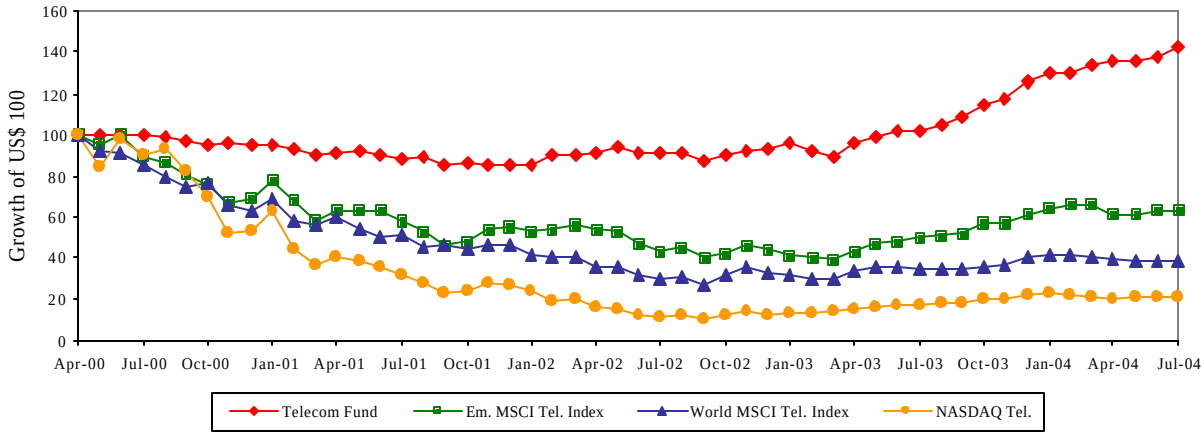
Dear Shareholder,

Your Fund gained 4% during July, witnessing its highest growth rate in 2004 on total return basis and resulting in 14% year to date appreciation. Other telecom indices largely underperformed your Fund with returns ranging from flat to slightly negative figures during the month.

After wining the second GSM license in Oman and announcing 29% growth in first half net profit, Q-Tel's share price gained 18% during the month, largely outperforming the local market by 14%. Your largest holding also announced an interim dividend which came 11% higher than last year's figure and raised the expected yield to 4% in 2004. In addition, the Qatari stock market is expected to benefit from allowing foreigners to invest starting January 2005, which would highly increase the market's liquidity. Batelco, one of your top ten holdings, also outperformed the local market by 1%. The company announced 52% increase in first half net profits compared to the same period in 2003 due to encountering additional restructuring costs related to opening the mobile market for competition in 2003. In Kuwait, the stock market gained 4% and the telecom sector in the country had a mixed performance when MTC, the first mobile operator, underperformed by 3% while NMTC, the second mobile operator, outperformed by 1%. Both companies announced their first half results, NMTC net profit grew by 39% while MTC had a lower growth of 18% compared to the same period in 2003. Both results came in line with the companies' earnings forecasts released at the beginning of the year. We increased the Fund's weight in both stocks on the back of valuation and companies' potentials.

The change of the Egyptian government resulted in a positive sentiment in the local stock market with expectations of encouraging economic reforms. Accordingly the stock market was a feature in July with the HFI gaining 9%. MobiNil, one of the Egyptian GSM operators, came at the top of the telecom sector performers, gaining 21% during the month. The company announced its second quarter net profits, which reflected a 10% growth compared to the first quarter and exceeding Vodafone's figures in the same period. The company's results and aggressive interim dividends exceeded the analysts' market consensus. Orascom Telecom stock price gained 6% after announcing the renewal of its license in Pakistan in addition to 14% increase in the second quarter subscribers' figures compared to the first quarter of 2004.

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.

Table 1: Regional Breakdown

Gulf Region	40.5%
Regional Africa	18.8%
Egypt	14.8%
Regional ME	14.3%
TOTAL	**88.3%**

Table 2: Sector Breakdown

Telecom	78.9%
IT	4.8%
Media	1.6%

Table 3: Listed Stocks

Q-Tel	16.8%
Orascom Telecom	13.5%
Batelco	13.0%
MTN	11.5%
MobiNil	7.5%
MTC	5.0%
Bonds	3.0%
Vodafone Egypt	2.9%
NMTC	1.9%
Qatar Cinema	0.8%
TOTAL	**75.9%**

Table 4: Unlisted Stocks

MSI	6.9%
NTC	3.3%
Raya Holdings	1.2%
LuxSAT ME	0.7%
African Lakes	0.4%
TOTAL	**12.4%**

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 ecommerce companies and related infrastructure companies established or operating in the Middle East and Africa.

# of shares = 2,465,646

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$ 13.40

ENQUIRIES:

Maha Baligh- Investment Manager
Tel: 2-02-3365960 Fax: 2-02-3365589
e-mail: mbaligh@efg-hermes.com

Yasmin I Hassan- Vice President
Tel: 2-02-3365960 Fax: 2-02-3365589
e-mail: yibrahim@efg-hermes.com

Tristan Clube- Investment Advisor
Tel: 44-131-6237800 Fax: 44-131-6237804
e-mail:tclube@wwmail.co.uk

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.