EFG-Hermes Telecom Fund

Monthly Report August *2003*

Dear Shareholder,

The EFG-Hermes Telecom Fund has continued its positive performance during the month of August by increasing 2.9%. Year to date the fund has risen by 12.7%. Your Fund is currently 5.0% above inception price on total return basis outperforming Emerging and World MSCI telecom indices by more than 40%.

Although the month of August is usually slow, Gulf markets have seen a continuation of the positive trend. GCC Telecom stocks appreciated across the region, partly in anticipation of the award of the Iraqi GSM licenses. The results are due to be announced during the early September. The Qatari market lead the trend with the market increasing 8%, with Q-Tel gaining 6%. The Kuwaiti market also gained 6.5% during the month with NMTC outperforming the index by 3%. The Fund currently holds 2.2% in NMTC and this has returned 10.4% since we reinvested a month ago. The Bahraini stock market was stable and Batelco, your second largest holding, outperformed the index by 1%.

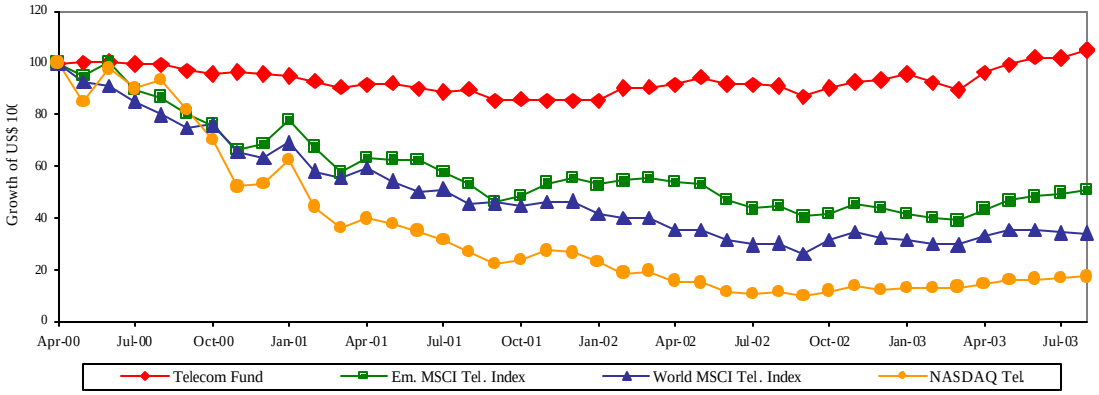
In Egypt, The stock market more than recovered for the previous month fall by appreciating 11.6% in US$ terms during August as the repatriation problem was resolved and foreign investors received their pending dollars. Orascom Telecom (OT) outperformed the market by 12% after announcing that in Algeria subscribers crossed the one million mark. OT's market share now represents 87% of total subscribers. Accordingly, OT Algeria reached what was expected for the full year in the first 7 months. In addition, the increase in the share price was also helped by the prospect of winning one of the Iraqi licenses. MobiNil rose 8.7%. The Egyptian prime minister announced that the government would not make a decision regarding the entrance of the third operator for 6 to 12 months.

Following a secondary market trade with a value exceeding LE 1m, we revalued Vodafone Egypt, one of your private equity holdings, downwards by 6.25%. This was according to our private equity valuation guidelines. This affected your Fund by 0.3%. It was more than compensated by MTN, Q-Tel and OT performances during the month.

The South African and Nigerian operator MTN and 10.5% of your Fund, saw a 10% share price appreciation. This came with positive outlook for emerging market telecoms, which are generating additional cash flows. Investor's preferences are currently diverting towards growing companies in emerging markets, offering higher returns and growing cash flows such as MTN and OT.

The Fund's annual general meeting held on 24th of August approved the distribution of US$ 0.25 dividend per share for holders as of 31st of August 2003 and the distribution will be made on the 15th of September 2003.

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	38.6%
Regional Africa	17.9%
Egypt	17.1%
Regional ME	10.2%
TOTAL	**83.8%**

Table 2: Sector Breakdown	
Telecom	66.1%
IT	6.2%
Media	5.6 %

Table 3: Listed Stocks	
Q-Tel	18.5%
Batelco	10.8%
MTN	10.5%
Bonds	5.9%
MobiNil	5.8%
Orascom Telecom	5.3%
NMTC	2.2%
MTC	2.1%
Qatar Cinema	0.7%
TOTAL	**61.8%**

Table 4: Unlisted Stocks	
MSI	6.9%
NTC	4.4%
Vodafone Egypt	4.0%
LuxSAT ME	3.5%
Founoon	1.4%
Raya Holdings	1.3%
African Lakes	0.5%
TOTAL	**22.0%**

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 = 2,314,205

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

FACT FILE:
Launched: April 2000 *NAV*: US$ 9.96

ENQUIRIES: EFG-Hermes Asset Management – Youssef Saada –Tel: 2-02-3365960

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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.