EFG-Hermes Telecom Fund

Monthly Report *January 2004*

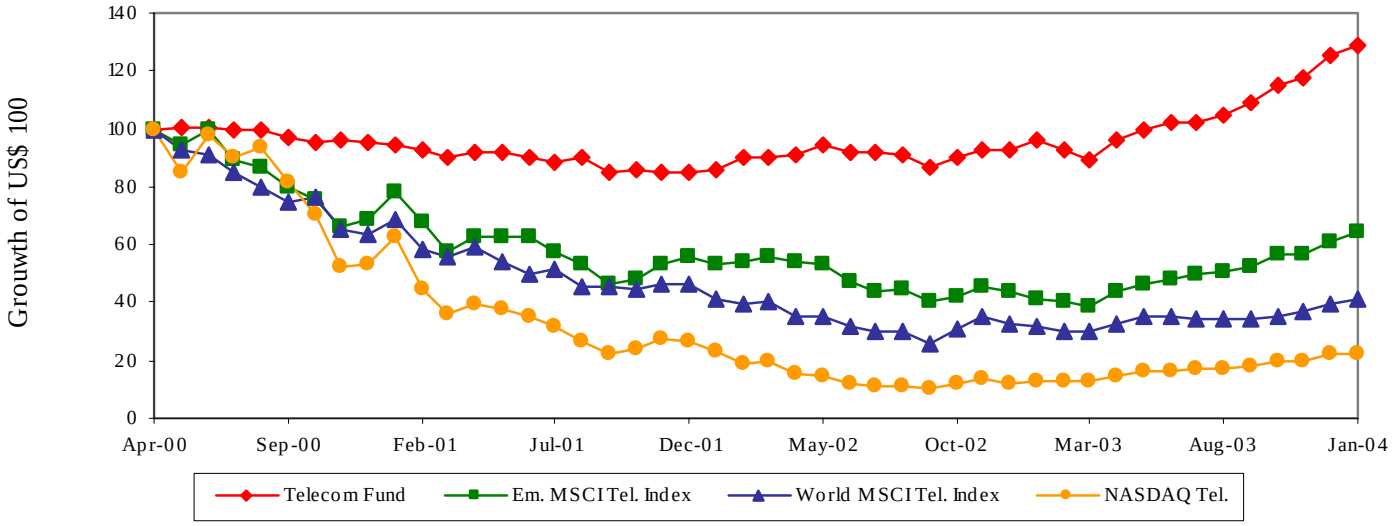
Dear Shareholder,

Your Fund had a confident beginning to 2004, gaining 3.1% during the first month of the year. After a strong performance in 2003 (+ 34.5%), we believe the telecommunications sector in the Middle East and Africa still holds potential for investors in 2004.

In the Gulf region, telecom stocks had a good performance during the first month of the year. After meeting the management of Batelco, the Bahraini fixed-line and mobile operator, we added to the holding in the Fund. This decision was a result of management adopting a more aggressive strategy in the local market, in addition to plans for regional development, which is expected to change the prospects of the company. This decision has proven successful in the short term, as the stock price gained 5% during the month. In addition, we have added to the Fund's weighting in Kuwait as NMTC and MTC seek expansion elsewhere in the region. The most important new license drawing interest is in Iran, with results expected in February. MTC is aligned with Deutsche Telecom for this bid, and stands a good chance of success. In Qatar, Q-Tel the monopoly fixed line and mobile operator, under performed the stock market's index as a correction after increasing 17% in the second half of 2003.

In Egypt, telecom stocks lead the market. The HFI increased by 15% in January. MobiNil gained 17% and announced impressive results for the year ending December 2003. The company closed the year with a subscriber base of around 3 million. Net profits significantly exceeded the market consensus, growing by 63%, year on year in US$ terms. Orascom Telecom gained an impressive 26% in January after we added to your Fund's weight in the stock following a switch from Vodafone Egypt. The decision was a result of OT being more attractively valued on prospective 2004 PE and providing higher growth potential in Algeria, in addition to the promise of securing new licenses in the region.

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	21.2%
Egypt	16.8%
Regional ME	13.0%
TOTAL	**89.6%**

Table 2: Sector Breakdown	
Telecom	78.1%
IT	5.2%
Media	2.8%

Table 3: Listed Stocks	
Q-Tel	14.7%
Batelco	13.2%
MTN	12.8%
Orascom Telecom	10.7%
MobiNil	8.7%
MTC	3.9%
Vodafone Egypt	3.6%
Bonds	3.5%
NMTC	2.6%
Qatar Cinema	0.5%
TOTAL	**74.2%**

Table 4: Unlisted Stocks	
MSI	8.0%
NTC	3.6%
Founoon	1.2%
Raya Holdings	1.1%
LuxSAT ME	1.1%
African Lakes	0.4%
TOTAL	**15.4%**

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 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 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$ 12.26

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.