EFG-Hermes Telecom Fund

Monthly Report *October 2003*

Dear Shareholder,

We are pleased to announce that your Fund has appreciated 15%, on total return basis since inception in April 2000 until the 31st October 2003. This is an out-performance of the World and Emerging MSCI telecom indices by more than 50% and the NASDAQ telecom index by 95%. October was another winning month for the Fund, gaining 5.5% and adding to its year to date (YTD) performance, to reach 23.2%.

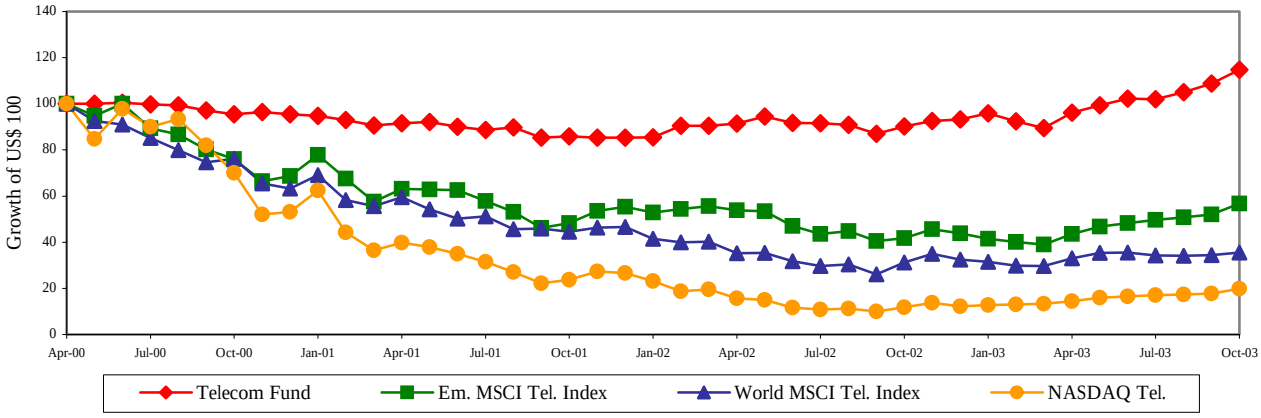
The main contributor to the Fund's performance during the month was Egypt. The market appreciated by 7.5% during the month and 53% YTD in dollar terms. Your Fund holds 16.6% in Egypt. MobiNil, the first mobile operator, announced its third quarter figures showing 39% and 70% increase compared to the same period last year and the second quarter of 2002 respectively. The results exceeded our forecasts as well as other analysts', leading to an upward revision of the company's expectations. According to our new forecasts MobiNil is trading at 8.3x 03 PE and is paying a dividend yield of 10%. The stock price increase 23% during the month, contributing 1.7% to your Fund's increase. Following the increase in MobiNil's share price and the proximity of Vodafone Egypt's listing, we revalued the price 23% upwards following MobiNil's 03 PE and applying a 20% discount according to the BVCA guidelines.

The South African operator with a Nigerian subsidiary, MTN, continued to perform, increasing 19% in October and contributing to your Fund by 2.3%. The increase came after announcing better than expected figures from the Nigerian subsidiary's subscribers and average revenue per user (ARPU). The latter is expected to stabilize at US$ 50 in 2004. The outlook for the underserved market lead analysts to revise their forecasts, leading to higher target prices for the stock.

The Gulf region also contributed positively to the Fund with Qatar increasing 3% and Q-Tel your largest holding partially following the market by increasing 1.3% after announcing their nine month figures. Results showed a continuation of the country's mobile subscriber growth of 52% crossing the 50% penetration level. This was highly reflected in the company's revenue and net profit growth of 15% and 22% respectively compared to the same period in 2002.

On the other hand, the Kuwaiti market was flat while the two Kuwaiti operators outperformed their local market by more than 2%. The second mobile operator, Watanyia telecom, posted its third quarter results showing a surge in net profits by 122% compared to the same period in 2002. As a result of a 27% increase in subscribers and sustained revenue per user, revenues increased 50% and operating margin reached 40%. The company's Tunisian subsidiary, 51% owned, is expecting to attribute positively to the group's consolidated profits by the end of 2003 after less than a year of launching the service.

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 2: Sector Breakdown

Table 1: Regional Breakdown	
Gulf Region	36.5%
Regional Africa	20.2%
Egypt	16.6%
Regional ME	10.4%
TOTAL	**83.8%**

Telecom	69.2%
IT	5.7%
Media	4.5%

Table 3: Listed Stocks	
Q-Tel	16.7%
MTN	13.4%
Batelco	10.3%
MobiNil	6.5%
Orascom Telecom	6.5%
Bonds	4.4%
MTC	2.7%
NMTC	2.3%
Qatar Cinema	0.6%
TOTAL	**63.4%**

Table 4: Unlisted Stocks	
MSI	6.4%
NTC	4.0%
Vodafone Egypt	4.5%
LuxSAT ME	2.6%
Founoon	1.3%
Raya Holdings	1.2%
African Lakes	0.5%
TOTAL	**20.4%**

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 = 2,305,262

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$ 10.89

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.