The EFG-Hermes Telecom Fund

May 31, 2007

EFG - Hermes

ASSET MANAGEMENT FACT SHEET

Fund Manager's Strategy & Outlook

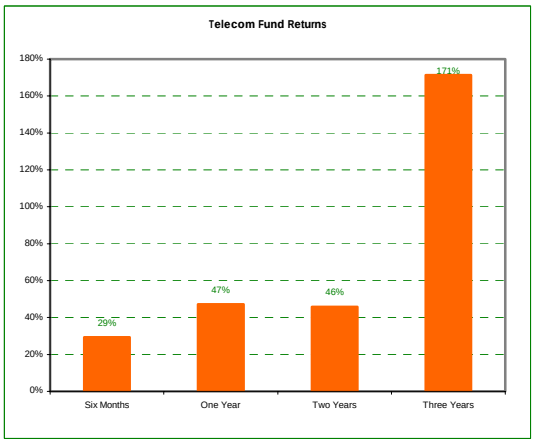
Boosted by a bullish sentiment that swept across regional markets during the month, The EFG-Hermes Telecom Fund continued its impressive run and gained 2.99% during May to bring its YTD return to 19.17%. Despite the strong performance during the first 5 months of the year, we remain upbeat on the sector's prospects and believe that our prudent and flexible allocation strategies will continue to bear fruit.

Egyptian based mobile operator Orascom Telecom (OT) released first quarter results during the month. The company continues to grow operationally and reported subscriber numbers which reflected a growth rate of 61% y-on-y. In terms of financials, the company grew revenues, EBITDA, and net income by 22%, 19%, and 7% respectively. Although these results were slightly disappointing, we are maintaining our long term favorable view on the stock. The company's management announced an aggressive share buy-back program which will reduce capital and increase shareholder value. Additionally, it is our view that there is seasonality in the business which makes the first quarter traditionally the slowest.

Early in the month, we increased our exposure to Bahrain through our holding in Batelco. The company, which currently operates fixed and mobile networks in Bahrain and Jordan, was trading at a compelling valuation that did not reflect recent events and hence the Investment Manager decided to increase the position in the Fund. Batelco had recently purchased a 20% stake in the leading Yemeni mobile operator and was awarded one of the new fixed line licenses in Saudi Arabia. Subsequently, the stock gained 24% during the month.

In Kuwait, we reduced our holdings in Mobile Telecommunications Company (MTC) which has gained 95% YTD and increased our holding in Omantel. While we remain bullish on the long term prospects of the MTC and continue to have a position in the stock, we felt it would be prudent to reduce our position following the strong rally. In Oman, we added to our position in Omantel to take advantage of the stock which is trading below its IPO price and at an attractive valuation of 9.5x PE '07.

Going forward, we will continue to rebalance our holdings to take advantage of the opportunities in our investment universe. We feel that the momentum in regional capital markets will continue and that the telecom sector will be a direct beneficiary of this. Furthermore, corporate actions and positive results will continue to give impetus to the sector and will drive the Fund's returns.



Objective

Long term capital appreciation through investing 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 Performance

Returns	Telecom Fund
Month to Date	2.99%
Year to Date	19.17%
Six Months	29.36%

Returns	Telecom Fund
One Year	47.12%
Two Years	45.83%
Three Years	171.27%

Fund Information

NAV per share	USD 34.44
No. of share certificates	1,614,787
Launch Date	April, 2000
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.75%
Incentive fee	15% of outperformance
Benchmark	10% with a high watermark
Expense ratio	2.14%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294021073
Sedol	0-415-433
Reuters Code	LCFR13, RSJA65, WDRIFMEA1
Bloomberg Ticker	EFGHTEL BH

Fund Characteristics

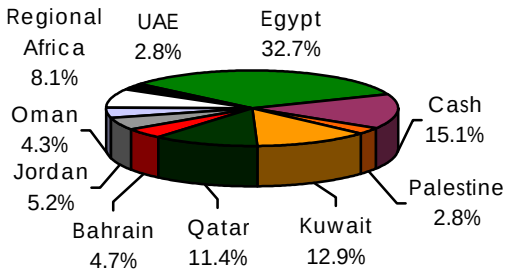
No. of Holdings	15
Wtd. Market Cap.(mm)	USD 8,948
P/E Ratio 07	12.67x
Beta	0.24
Sharpe Ratio	0.31
Tracking Error	23.78%

Top Holdings

Holding	Country	% of NAV
Orascom Telecom	Egypt	19.04%
Qatar Telecom	Qatar	11.42%
Telecom Egypt	Egypt	8.34%
MTC	Kuwait	8.15%
Telkom SA	Regional Africa	5.44%

(*) Country assigned by primary listing

Allocation By Country



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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.