المجموعة المالية - هيرميس
EFG HERMES

The EFG-Hermes Middle East & Africa Telecom Fund
August 31st, 2008

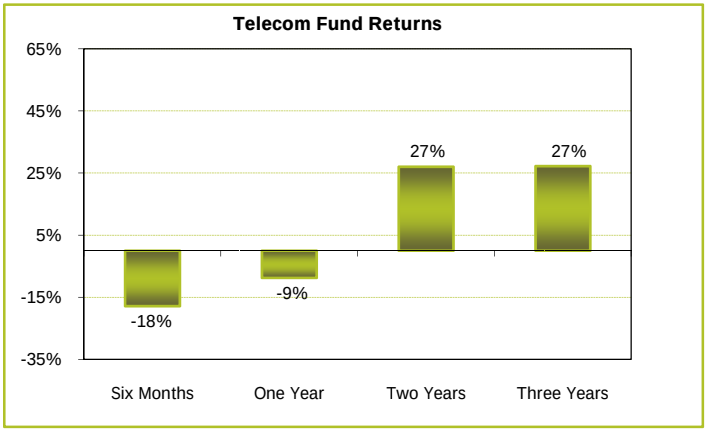
Fund Manager's Strategy & Outlook

Regional markets reached a significant inflection point during the month with nearly all markets in the region registering significant losses, and subsequently the EFG-Hermes Telecom Fund lost 3.8%. As oil prices tumbled during the August lull in trading activity, investor panic set in and had a disproportionate effect on the markets. Nearly all markets in the region recorded losses with Oman, Qatar and the UAE losing 9.5%, 11.4% and 11.3%, respectively. The Investment Manager viewed this as a buying opportunity and deployed cash during the month to take advantage of the bargains available in the sector.

Omantel, the Omani integrated telecom services provider, announced strong financial results for the first half of the year. Revenues and net income increased by 14.1% and 54%, respectively. The company is benefiting from reduced royalty payments to the government, a more efficient cost structure, and its recent acquisition of a 65% stake in Pakistani telecom services provider, Worldcall. The company trades at an attractive valuation of 10.3x 2009 earnings. Moreover, the Omani government will be selling a 25% stake during the coming month and the offering has attracted the interest of 8 strategic investors. With the transaction set to be executed at a premium to the current market price in the coming months, the Investment Manager has taken advantage of the recent price weakness to increase the Fund's holding.

In South Africa, mobile operator MTN released robust financial and operational results for the first half of the year. Revenues, EBITDA, and net income increased by 35%, 29%, and 12%, respectively. The company's subscriber base grew by 53% to 74.1 million, making it the second largest operator in our universe. With operations spanning 22 markets across Africa and the Middle East, the company provides diverse exposure to the fastest growing telecom markets in the world.

The Investment Manager believes that a long term-view is essential in order to realize the potential in the sector as the fundamentals remain robust. Recent weaknesses have brought valuations to levels not witnessed in 3 years creating ample opportunities for the EFG-Hermes Telecom Fund.



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STANDARD &POOR'S FUND MANAGEMENT RATING

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	-3.8%
Year to Date	-17.5%
Six Months	-17.9%
One Year	-8.8%
Two Years	27.0%
Three Years	27.2%

Fund Information

NAV per Share	USD 31.61
No. of Share Certificates	861,009
Launch Date	April, 2000
Listing	Dubai Financial Market
Structure	Open Ended
Management Fee	1.75%
Incentive Fee	15% of out-performance
Benchmark	10% with a high watermark
Expense Ratio	2.3%
Minimum Subscription	USD 10,000
Subscription / Redemption	Monthly

Fund Identifiers

ISIN	BMG294021073
Sedol	0-415-433
Reuters Code	LCFR13, RSJA65, WDRIFMEA1
Bloomberg Ticker	EFGHTEL BH

Fund Characteristics

No. of Holdings	14
Wtd. Market Cap (mm)	USD 7,535
P/E Ratio 08	9.9x
Beta	0.3 *
Sharpe Ratio	0.9
Standard Deviation	13.4%*

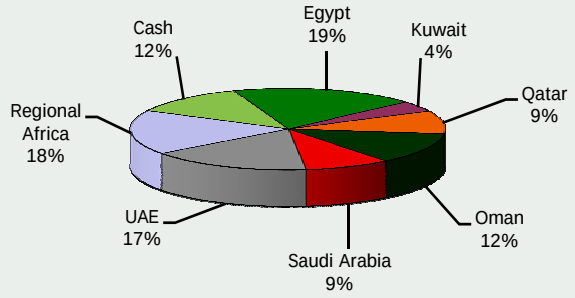
* Calculated against the MSCI EMEA Telecom Index

Top Holdings

Holding	Country *	% of NAV
Oman Telecom	Oman	12.4%
Thuraya Telecom	UAE	11.5%
Telkom South Africa	Regional Africa	10.4%
Qatar Telecom	Qatar	9.0%
Etihad Etisalat	Saudi Arabia	9.0%

* Country assigned by primary listing

Allocation by Country



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 Telecom Fund 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.