

CABEI Central American Fund plc CABEI Central American Portfolio

Audited Financial Statements

For the Year Ended 31 December 2004



Table of Contents

CABEI Central American Fund plc **CABEI Central American Portfolio**

Contents	Page
Organisation	1
Background to the Fund	3
Information for Shareholders	5
Investment Advisor's Report	7
Directors' Report	11
Statement of Custodian's Responsibilities	13
Custodian's Report	13
Independent Auditors' Report	14
Statement of Operations	16
Statement of Net Assets	17
Statement of Changes in Net Assets	18
Notes to the Financial Statements	19
Schedule of Investments	27
Schedule of Portfolio Changes	29

Organisation

Registered Office of the Company	25/28 North Wall Quay Dublin 1 Ireland
Directors of the Company	Walter Dostmann (German) (Chairman) Directors from Deutsche Asset Management Americas: Rodrigo Briones (Chilean) (Deceased 10 June 2004) Richard T. Hale (American) (Resigned 1 April 2004) Paul Schubert (American) (Appointed 1 January 2005) Directors from Central American Bank for Economic Integration: Jaime Chavez (Honduran) Alejandro Rodriguez (Costa Rican) Nick Rischbieth Gloe (Honduran) Directors from DWS Finanz-Service GmbH: Markus Kohlenbach (German) (Appointed 1 January 2005) Other Directors: Michael Greene (Irish) Per Åke Rydberg (Swedish) Hartwig Krieg (German) (Resigned 7 September 2004)
Investment Manager	Investment Company Capital Corporation One South Street Baltimore MD 21202 USA (Contracted terminated 31 December 2004)
Investment Manager/Advisor	DWS Finanz - Service GmbH Mainzer Landstrasse 178-190 60327 Frankfurt am Main Germany (Appointed Investment Manager 31 December 2004)
Administrator	Bank of Ireland Securities Services Limited New Century House International Financial Services Centre Mayor Street Lower Dublin 1 Ireland

Organisation (continued)

Custodian The Governor and Company of the Bank of Ireland
Lower Baggot Street
Dublin 2
Ireland

Independent Auditors KPMG
1 Harbourmaster Place
International Financial Services Centre
Dublin 1

Legal Advisor A&L Goodbody
International Financial Services Centre
North Wall Quay
Dublin 1
Ireland

Secretary Goodbody Secretarial Limited
International Financial Services Centre
North Wall Quay
Dublin 1
Ireland

Registered No: 303448

Background to the Fund

This report should be read in conjunction with the full text and definitions section of the Offering Circular of the Company.

The CABEI Central American Fund plc (the 'Company') is not a recognised collective investment scheme for the purposes of Section 76 of the Financial Services Act 1986 (the 'Act') of the United Kingdom and this document has not been approved for the purposes of Section 57 of the Act by a person authorised under the Act (an 'authorised person'). Accordingly, this document may only be issued or passed onto any person in the United Kingdom if that person is of a kind described in Article 11 (3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1995 (the 'Order') or otherwise pursuant to an exemption to Section 57 of the Act. In addition, no person who is an authorised person may issue or pass on this document or otherwise promote the Company, to any person in the United Kingdom unless such person is both:

- (i) of a kind described in Article 11 (3) of the Order or within any such exemption; and*
- (ii) a person to whom such authorised person is permitted to promote the Company under Section 76 (2) of the Act and by the rules of a self-regulating organisation or the Securities and Investments Board applicable to such authorised person.*

No action has been taken to permit an offering of participating shares in the Company ('Shares') or the distribution of this document in any jurisdiction where action would be required for such purposes. Accordingly, this document does not constitute an offer or solicitation in any jurisdiction or in any circumstances in which such offer of solicitation is not authorised. In particular,

- (a) the Shares have not been registered under the United States Securities Act of 1933 (as amended) and are not being offered in the United States of America, nor may they be directly or indirectly offered or sold in the United States of America or in its territories or possessions or areas subject to its jurisdiction or for the benefit of nationals, citizens or residents thereof or persons who are normally resident therein (including the estate of any such person and corporations or partnerships created or organised therein) ('United States Persons'), except pursuant to an exemption; and*
- (b) the Shares may not be offered or sold directly or indirectly in Japan or to residents of Japan except pursuant to applicable Japanese laws.*

Background to the Fund (continued)

Description of the Fund

The Company is a designated limited liability, open-ended investment company with variable capital. It is a so-called umbrella company entitled to issue several classes of shares, the proceeds of which are to be invested in several portfolios. CABEI CENTRAL AMERICAN PORTFOLIO Shares are shares in the first portfolio of the Company, called the CABEI CENTRAL AMERICAN PORTFOLIO (the 'Fund'). The Company is domiciled in the Republic of Ireland, and investment will generally be limited to debt and related instruments (including but not limited to bonds, loan participations, notes, deposits, credit linked deposits, certificates of deposit and debentures) and equity and related instruments (including but not limited to warrants and convertible securities) issued by sovereign issuers, their agents and instrumentalities, corporate issuers, supranational issuers, quasi-governmental issuers and any other issuers deemed fit for investment by the Directors, or a committee thereof. Countries for investment will include Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Mexico, Colombia, Argentina, Panama, the Dominican Republic, Belize, Spain and the Republic of China, and any other countries which become members of the Central American Bank for Economic Integration ('CABEI') and which are deemed fit for investment by the Directors or a committee thereof. There will be no limit to the amount or proportion invested in the issuers of any one country. It is the goal of the Fund to invest the majority of its assets in Central American countries that are members of CABEI (Guatemala, Honduras, Nicaragua, El Salvador, Spain and Costa Rica), as market conditions warrant and with the risk/return profile of the Fund. There will be no restriction with respect to the currency of denomination of any of the securities mentioned above.

Fund objective: to generate a high real rate of return.

The Company is administered by Bank of Ireland Securities Services Limited. The Investment Manager contract with Investment Company Capital Corporation was terminated on 31 December 2004. The former Investment Manager was a wholly-owned indirect subsidiary of Deutsche Bank AG. DWS Finanz-Service GmbH currently serves as Investment Manager and Advisor to the Company pursuant to an investment management agreement dated 31 December 2004. The current Investment Manager and Advisor, DWS Finanz-Service GmbH, is an indirect subsidiary of Deutsche Bank AG. The Fund is denominated in US Dollars. The Funds Dealing Day is the first Dealing Day of each month.

The Company is domiciled in Ireland. It is authorised in Ireland as an investment company and is a designated investment company pursuant to Section 256 of the Companies Act 1990 of Ireland and is supervised by the Irish Financial Services Regulatory Authority.

The Fund's Net Asset Value per Share is published five times per week in the Financial Times.

Enquiries to: Bank of Ireland Securities Services Limited
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1, Ireland
Tel. 353 1 670 0300
Fax. 353 1 829 0144

The above details are in summary form only and must be read in conjunction with the detailed information contained in the Offering Circular of the Fund.

Information for Shareholders

1. Description

CABEI Central American Fund plc, incorporated on 12 March 1999 in Dublin, Ireland with registered number 303448 is a designated, limited liability, open-ended investment company with variable capital. It is a so-called umbrella company entitled to issue several classes of shares to be invested in several portfolios. The Company has issued shares in the CABEI CENTRAL AMERICAN PORTFOLIO (the 'Fund').

2. Investment Objective and Policy

The Fund's investment objective is to generate a high real rate of return. The Fund seeks to achieve this objective by investing primarily in debt and related instruments and equity and related instruments issued by sovereign issuers, their agents and instrumentalities, state-owned issuers slated for privatization, corporate issuers, supranational issuers, quasi-governmental issuers, and any other issuer deemed fit for investment by the Directors, or a committee thereof. Countries for investment will include Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Mexico, Colombia, Argentina, Panama, the Dominican Republic, Belize, Spain, and the Republic of China, and any other countries which become members of the Central American Bank for Economic Integration ("CABEI") and which are deemed fit for investment by the Directors or a committee thereof.

There will be no limit to the amount or proportion invested in the issuers of any one country. It is the goal of the Portfolio to invest the majority of its assets in Central American countries that are members of CABEI, as market conditions warrant and within the risk/return profile of the Portfolio. There will be no restriction with respect to the currency of denomination of any of the securities mentioned above. The Portfolio may invest up to 100 per cent of its assets in securities issued or guaranteed by CABEI. The Portfolio may invest in securities which are below investment grade and accordingly investment in the Portfolio should not constitute a substantial portion of an investor's investment portfolio and may not be appropriate for all investors. Please see Offering Circular for more information.

3. Investment Management

The Investment Manager contract with Investment Company Capital Corporation was terminated on 31 December 2004. DWS Finanz-Service GmbH serves as Investment Manager pursuant to an investment management agreement dated 31 December 2004. DWS Finanz-Service GmbH also serves as Investment Advisor pursuant to an investment advisory agreement dated 1 January 2002.

4. Net Asset Value

Net Asset Value of the Fund is calculated weekly. The Net Asset Value of the Fund is calculated by dividing the value of the Fund's net assets (the value of its assets less its liabilities) by the total number of Shares outstanding. All securities held by the Fund for which market quotations are readily available are valued at the closing price on the primary exchange quoted for the securities (but if bid and asked quotations are available, at the last current bid price, rather than the quoted closing price). Debt securities are valued by independent pricing services approved by the Trustees of the Fund. If the pricing services are unable to provide valuations, the securities are valued at the most recent bid quotation or evaluated price as applicable, obtained from a broker-dealer. Such service may use various pricing techniques, which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. All other securities and assets for which market quotations are not readily available are taken at probable realisation value as determined in good faith by the Directors (or by a pricing committee of Directors established for the purpose), with the approval of the Custodian, although the actual calculation may be done by other competent and responsible persons. Any assets or liabilities initially expressed in currencies other than US Dollars are translated into US Dollars at the closing rate of exchange quoted by a recognised pricing service.

Information for Shareholders (continued)

5. Issue and Repurchase of Shares

The procedures for the issue and repurchase of shares are described in detail in the Offering Circular dated 1 January 2005, revised offering circular.

Issue of Shares

Allotment of Shares are normally made with effect from a Dealing Day against applications received in Dublin by the Administrator by 5:00 pm Dublin time on the preceding Business Day.

Repurchase of Shares

Requests for the repurchase of Shares must be received by the Administrator by 5:00 pm Dublin time on a Business Day which is at least ten Business Days prior to the relevant Dealing Day and will then normally be dealt on that Dealing Day. Requests for the repurchase of Shares may be made either by facsimile, telex or in writing to the Administrator.

6. Published Information

Shareholders will receive audited annual and unaudited semi-annual Reports of the Company. Notices of general meetings will be sent to shareholders at least twenty-one days prior to meetings. The Net Asset Value per Share and dividend announcements, if any are published in the Financial Times. The subscription and redemption prices may be obtained from the registered office of the Company.

Past performance is not necessarily a guide to future performance. Income from the investment may fluctuate in value and in money terms. Changes in rates of exchange between currencies may cause the value of the shares to diminish or increase.

Investment Advisor's Report (for the Year Ended 31 December, 2004)

The net asset value of the CABEI Central American Fund was up 2.14% for the 12 months ended 31 December, 2004. At the end of the annual period, the Fund had net assets of US\$70.54 million and a net asset value of US\$1,319.56 per share. Taking the long-term view is important when investing in this segment of the market, the Fund had an average annualized return of 5.43% since its inception on October 27, 1999 through December 31, 2004.

Investment Environment

The debt markets in the United States, the Caribbean, Central America, and South America generally experienced two distinct periods during the fiscal year. The first half of 2004 was dominated by concerns over the impact of potentially imminent increases in US interest rates, ongoing conflict in Iraq, and rising oil prices. Indeed, both developed and emerging markets on a global basis struggled through adverse volatility, as investor sentiment shifted toward risk aversion. However, the debt markets gained ground during the second half of 2004 once it became apparent that the US Federal Reserve Board would tighten monetary policy at only a measured pace. Also supporting the debt markets in the US and in Latin America, despite stronger economic growth and higher inflation, was the foreign purchase of US Treasury securities. Specifically, Asian central banks flush with trade-related foreign-currency earnings bought large blocks of US Treasuries to stall the appreciation of their currencies against the US dollar. Foreign central banks undertook this action to prevent the US from exporting deflation to their markets; in other words, US exports would be falling in price relative to domestic goods and the deflationary pressure might impede a recovering economy. This strong technical bid to US Treasuries helped keep yields low.

As the reporting period began in January 2004, the US Federal Reserve Board stated it could be “patient” in maintaining its accommodative monetary policy, a subtle shift from the “considerable period” it had been reiterating since August 2003. Then in the spring of 2004, uniformly firm economic releases appeared to indicate sustainable trend-level growth and a waning risk of deflation. The consensus was that the Federal Reserve Board’s cautionary stance could have a limited remaining shelf life. As a result, there was a pronounced sell-off in US Treasury bonds. The yield on the ten-year US Treasury bond increased by 119 basis points from its low of 3.70% on March 16 through its peak of 4.89% on June 14. Subsequent to this sell-off, the Federal Reserve Board finally raised the targeted federal funds rate on June 30, 2004 by a quarter-percentage point, to 1.25%, following much anticipation. Additional 25 basis point hikes followed in August and September. Despite these interest rate hikes, yields in the US Treasury market actually declined during these months, with the yield on the ten-year US Treasury note reaching a level of 3.99% on October 25. Concerns over a soft labor market, the sustainability of benign inflation, mixed economic reports, and the potential impact of persistently high oil prices on consumer spending and corporate earnings gave support to this rally at the longer end of the yield curve. Two more 25 basis point hikes followed in November and December, bringing the targeted federal funds rate to 2.25% at the end of the annual period. However, as economic indicators improved in the last two months or so of the period, especially the jobs data, the fixed income market across the yield curve sold off. For the fiscal year as a whole, the US Treasury yield curve flattened dramatically. Two-year Treasury yields rose 114 basis points over the 12-month period to a level of 3.08%, and ten-year Treasury yields actually fell 14 basis points to end the period at 4.24%. Overall, the spread sectors—corporate, mortgage- and asset-backed securities as well as government agencies—each outperformed US Treasuries for the annual period.

In close correlation with their northern counterparts, yields on the Mexican ten-year local bond rose by about 212 basis points over the first half of the fiscal year to a level of 10.73% on June 30. Since then, ten-year yields in Mexico recovered somewhat, standing at 9.85% on December 31. The Mexican peso weakened substantially versus the US dollar during the annual period. On the macro front, key economic

Investment Environment (Continued)

reforms appeared to have lost momentum, yet to be passed through the political process. President Vicente Fox also confronted legislative checkmate over the 2005 budget, forcing the battle between the president and the Mexican congress into the courts. Underlying these stalemates was the steady deterioration and polarization in Mexican politics in the run-up to the 2006 presidential election. On the other hand, finally starting to benefit from the US economic recovery, Mexican Gross Domestic Product (GDP) grew at a 4.0% estimated rate for 2004, ending a long period economic stagnation. Also, the shape of its public finances improved, due to high oil prices.

Central American sovereign debt followed a similar pattern, suffering from a general rise in risk aversion during the first half of the fiscal year, but then rallying during the second half along with the recovery in the US Treasury market. The region's sovereign bond spreads rose by an average of 82 basis points during the first half of 2004,¹ driven in large part by the lingering ripple effects of the economic crisis in the Dominican Republic. Costa Rica's debt market also struggled, driven by turmoil in the country's mutual fund industry. Since June, however, the Central American sovereign debt markets recovered somewhat, with the region's sovereign bond spreads declining by an average of 63 basis points from July 1 through December 31. This recovery was due in part to the prevalence of ample global liquidity. Also, the fundamental factors supporting Central America's macroeconomic and political backdrop of its debt markets improved over the annual period. In particular, the markets gained a welcomed degree of stability from the election of market-friendly candidates.

- In the Dominican Republic, former President Leonel Fernandez won the presidential elections on May 16, with the most votes in the country's history. Such a mandate provided a strong rejection of the outgoing Mejia administration, which was responsible for the poor handling of the nation's recent banking crisis. The new president, sworn in on August 16, faces an ambitious agenda to put the country back on track, but he has made progress working with the International Monetary Fund (IMF) on a major restructuring of external debt. Also, the government's liquidity position improved due to a current account surplus, and strong appreciation of the Dominican peso helped to bring down external debt ratios.

- In El Salvador, Tony Saca from the ruling Arena party won the presidential election on March 21, 2004 with an impressive first-round win and a record-high voter turnout. His opponent, orthodox socialist Shafik Handal failed to receive the necessary votes to make it past the first round election, offering proof of El Salvador's commitment to stable macroeconomic policies. Less than one month after his early June swearing in, President Saca was able to break a nine-month political bogdown and negotiate legislative approval of the 2004 budget and the authorization to issue \$286 million of bonds in 2004. These bonds, issued during the third quarter with a 30-year maturity and a put option after 15 years, were well received by the markets.

- In Guatemala, opposition political candidate Oscar Berger was sworn in as president on January 14. Since taking office, President Berger secured congressional approval for a package of tax increases to strengthen fiscal accounts and new authorization for long-term borrowing, which permitted the government's \$300 million bond issue in international markets in 2004. Former president Alfonso Portillo fled the country in February facing corruption charges, and former military dictator Rios Montt was put under house arrest.

- In Panama, opposition candidate Martin Torrijos won the presidential election on May 2. Torrijos was widely considered a pragmatic economist who might well initiate important reforms of the country's social security system. The new government did, in fact, begin to address the nation's fiscal issues rather quickly.

Investment Advisor's Report (for the Year Ended 31 December, 2004) (continued)

Investment Strategy

As we became increasingly concerned about the potentially imminent increase in US interest rates, we reduced the Fund's duration through the use of US Treasury futures contracts² and by moving into instruments with shorter maturities. During the first months of the year, this strategy helped to mitigate losses resulting from the rise in US interest rates. However, as US Treasury yields started to decline in the summer of 2004, the interest rate hedge held performance back. The prices of the Fund's investment holdings rose during the third calendar quarter due to lower spreads and lower Treasury yields. But, at the same time, the decline in US Treasury yields resulted in negative performance from the short position in US Treasury futures. The Fund's shortened duration then buoyed performance again when Treasury yields rose during the last months of the year, when economic indicators improved and the fixed income market sold off across the yield curve. Given the economic recovery of the United States and the tightening of monetary policy by the Federal Reserve Bank, we believe it was prudent to reduce the fund's exposure to rising US interest rates through the use of futures contracts and the move to shorter-duration bonds. However, the conundrum of falling long-term yields in the face of hikes in the Fed Funds rate during the summer months of 2004 has given proof of the divergence between fundamental valuation and market trends that may occur from time to time. While we were reminded of the difficulty in timing the market, we believe that our strategy to reduce the fund's duration remains prudent and should pay over the medium term.

During the first half of the year, we built a small position for the portfolio in the Mexican local market. This strategy proved effective during the second half of the year, when these holdings experienced significant gains. We also purchased new issues from Costa Rica during the first half of the year. However, we subsequently reduced the Fund's exposure to Costa Rica, given political and economic developments. Several Costa Rican government officials resigned, including finance minister Alberto Dent, due primarily to limited political willingness to address fiscal reform there. The country was also hit by a scandal based on illicit payments from the telecommunications industry that tainted three previous Costa Rican presidents with corruption charges.

Throughout, we actively traded El Salvadoran debt. Early in the period, we sought to avoid potential losses that could have arisen from an adverse outcome of the presidential election in El Salvador. Later, we established a position in the new 2034 bond that includes a 2019 put option. We increased the Fund's holdings in Guatemala and Panama during the fiscal year, a strategy that benefited Fund performance. We had no holdings in Argentina throughout the annual period. To date, we have not invested in Belize.

Overall, the Fund's absolute returns for the annual period were positive but restrained, primarily due to the rapid widening of Central American sovereign yield spreads during the first half of the year. We believe that this spread movement was unwarranted by country fundamentals. Indeed, the Fund's performance was boosted by the reversal of this trend during the second half of the year, that is, by the tightening in yield spreads on Central American sovereign bonds. The Fund also benefited from high current income from coupon payments.

As of 31 December, 2004, the Fund had an average modified duration of 3.6 years.³ The Fund's average maturity stood at 15.2 years. The Fund held a total of 18 securities, and the average rating of the securities in the Fund was BB, as rated by Standard & Poor's. At the end of the annual period, approximately 77% of the Fund's total assets were invested in securities from founding members of CABEI, namely in Costa Rica, El Salvador, and Guatemala. Approximately 10% of the portfolio's assets were invested in securities from CABEI extra-regional members, namely Colombia and Mexico, and approximately 10% was invested in securities from Panama.

Investment Advisor's Report (for the Year Ended 31 December, 2004) (continued)

Investment Outlook

Overall, we believe the macroeconomic and political scenarios in the vast majority of countries in the Fund's investment universe remain favorable, particularly for Guatemala and Panama, where the Fund is most significantly overweighted versus the Bear Stearns Central America/Caribbean Bond Index (BSCAX).¹ Guatemala continues to post the best solvency indicators of all sovereign issuers in Central America. Most public external debt is with multilateral and bilateral lenders from the official sector and carries low interest rates. In our view, President Berger's major challenge ahead will be to raise tax and other fiscal revenues to help make Guatemala less vulnerable to macroeconomic shocks. Panama has started to pre-fund its financial requirements for 2005 by issuing \$600 million of a 7.25% bond due 2015. While there has been little progress on fiscal reform there, economic growth exceeded 6% for 2004, led by a construction boom and growing traffic in the Panama Canal. In El Salvador, where the Fund has significant exposure though remains modestly underweighted versus the BSCAX, economic growth is expected to accelerate moderately in 2005 with public construction projects starting to have an impact. Still, the high price of oil is weighing on El Salvador's current account and has led to an increase in inflation. Overall, regional GDP growth of Central America is anticipated to exceed 2% for calendar year 2004 and to be approximately 3% for 2005. The region may receive an added boost from foreign direct investment flows with movement toward passage of the Central American Free Trade Agreement (CAFTA), now that President Bush would appear to have the political capital to gain U.S. congressional approval of the treaty. Of course, legislatures in Central America will also have to ratify the treaty, and there do remain some issues of contention. In the US, we believe the Federal Reserve Board will continue to raise interest rates at a measured pace into the new year, likely increasing the federal funds rate to a target of about 3.00% by mid-2005, as the US labor market continues to recover. We expect the US Treasury yield curve to flatten further over the next several months.

We temper our generally constructive view with the risk of potentially significant inflation caused by persistently high oil prices and with the ongoing uncertainties surrounding geopolitical risk. Also, several of the new political leaders in the Central American region still face considerable constraints to policy implementation.

We intend to closely monitor fiscal, macroeconomic, and political factors impacting the credit quality of the Fund's countries and to pursue an investment policy focused on relative value. We remain convinced that active management of a diversified Central American debt portfolio offers attractive total return opportunities.

DWS Finanz-Service GmbH Investment Advisor

18 April 2005

NOTES

¹ The sovereign bond spread is the difference in yield between dollar-denominated sovereign bonds and US Treasury bonds with similar duration. The sovereign bond spread is measured by the Bear Stearns Central America/Caribbean Bond Index (BSCAX), which tracks total returns for dollar-denominated sovereign debt instruments of ten countries in Central America and the Caribbean.

² A futures contract is an agreement to buy or sell a specific amount of a financial instrument at a particular price in a stipulated future month. The price is established between buyer and seller. A futures contract obligates the buyer to purchase the underlying security and the seller to sell it, unless the contract is sold to another before settlement date, which may happen if a trader wants to take a profit or cut a loss.

³ Modified duration is the percentage price change of a security or portfolio for a given change in yield. The higher the modified duration of a security or portfolio, the higher its sensitivity to yield changes.

Director's Report

The directors present herewith the annual report and audited financial statements for the year ended 31 December 2004.

Statement of Directors' Responsibilities

Company law in Ireland requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of its' results of operations for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2003 and all Regulations to be construed as one with those Acts. They are also responsible for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities. In this regard, they have entrusted the assets of the Company to a custodian for safeguarding in accordance with the Memorandum and Articles of Association of the Company.

Principal Activities

The Company has been approved by the Irish Financial Services Regulatory Authority as an investment company pursuant to Part XIII of the Companies Act, 1990.

Review of Business and Future Developments

This is reviewed in the Investment Advisor's Report on page 7 to 10.

Results

The results for the year and the appropriation thereof are set out in the Statement of Operations on page 16.

Events since the year end

There have been no significant events affecting the Company since the year end.

Dividends

The directors do not recommend the payment of a dividend.

Substantial Shareholdings

Central American Bank for Economic Integration had an interest of 93.21% (2003:94.47%) in the shares of the Company at 31 December 2004.

Directors and Secretary

The Directors who held office during the year under review were:

Walter Dostmann	(Chairman)
Rodrigo Briones	(Deceased 10 June 2004)
Richard T. Hale	(Resigned 1 April 2004)
Paul Schubert	(Appointed 1 January 2005)
Jaime Chavez	
Alejandro Rodriguez	
Nick Rischbieth Gloe	
Markus Kohlenbach	(Appointed 1 January 2005)
Michael Greene	

Director's Report (continued)

Directors and Secretary (Continued)

Per Åke Rydberg
Hartwig Krieg

(Resigned 7 September 2004)

Directors' Interests in Shares and Contracts

Walter Dostmann holds one subscriber share. None of the Directors other than those listed above who held office at 31 December, 2004 had any interests in the Shares of the Company at that date or at any time during the financial year.

Transactions Involving Directors

There are no contracts or arrangements of any significance in relation to the business of the Company in which the directors or company secretary had any interest as defined in the Companies Act, 1990 at any time during the year.

Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to the books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at New Century House, IFSC, Mayor Street Lower, Dublin 1.

Auditors

In accordance with Section 160(2) of the Companies Act 1963, KPMG, Chartered Accountants will continue in office.

ON BEHALF OF THE BOARD OF DIRECTORS

Michael Greene

Director

Per Åke Rydberg

Director

18 April 2005

Statement of Custodian's Responsibilities

The Companies Act, 1990 (“the Act”) requires the custodian to take reasonable care so as to ensure that the Company is managed by the directors in accordance with the Act and the Memorandum and Articles of Association. In particular the custodian must:

- satisfy itself on a continuing basis on reasonable grounds and report that the Company has been managed in accordance with the limitations imposed on the investment and borrowing powers of the Company and custodian by the Memorandum and Articles of Association and the Act;
- take into its custody or under its control, the assets of the Company and hold them in trust for the shareholders in accordance with the Memorandum and Articles of Association and the Act; and
- satisfy itself that the valuation of the shares of the Company and that the sale, issue, repurchase and redemption of shares of the Company are being carried out in accordance with the Memorandum and Articles of Association and the Act.

To enable the custodian to fulfill its responsibilities under the Act and the Memorandum and Articles of Association, the custodian is required to keep proper financial records.

Custodian's Report

The Governor and Company of the Bank of Ireland, as custodian to the CABEI Central American Fund plc has enquired into the conduct of the Company for the year ended 31 December 2004.

In our opinion, the Company was managed, in all material respects, throughout the year in accordance with the provisions of Part XIII of the Companies Act, 1990 and the Memorandum and the Articles of Association.

In particular, the Company was managed, in all material respects, in accordance with the limitations imposed on the investment and borrowing powers of the Company, by the Memorandum and the Articles of Association and the Act.

The Governor & Company of the Bank of Ireland
18 April 2005

Independent Auditor's Report to the Shareholders of CABEI Central American Fund plc

We have audited the financial statements, on pages 16 to 28.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the Independent auditors

The directors are responsible for preparing the annual report. As described on page 11, this includes responsibility for preparing the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the financial statements agree with the books of account and report to you our opinion as to whether the company has kept proper books of account and whether the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements we have audited give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its results of operations for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2003 and all Regulations to be construed as one with those Acts.

Independent Auditor's Report to the Shareholders of CABEI Central American Fund plc (continued)

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 11 to 12 is consistent with the financial statements.

KPMG
Chartered Accountants and Registered Auditors
1 Harbourmaster Place
Dublin
18 April 2005

Statement of Operations

		YEAR ENDED 31 DECEMBER 2004	11 MONTHS ENDED 31 DECEMBER 2003
	Notes	USD	USD
Operating income	2	5,452,550	4,614,468
Operating expenses	3	(1,544,431)	(1,934,124)
Net operating income		3,908,119	2,680,344
Realised gain/(loss) on sale of investments		571,435	(224,224)
Realised loss on futures		(1,233,037)	(318,750)
Realised profit on forwards		2,166	-
Net currency gain/(loss)	1(c)	(6,852)	(780)
Net movement in unrealised (depreciation)/ appreciation on investments		(1,829,515)	2,698,973
Unrealised gain/(loss) on futures		48,979	(90,235)
Total return for the year		1,461,295	4,745,328
Net increase in shareholders funds		1,461,295	4,745,328

There are no recognised gains or losses arising in the year other than the increase in Net Assets attributable to Shareholders of the Fund. In arriving at the results of the financial year, all amounts above relate to continuing operations.

ON BEHALF OF THE BOARD OF DIRECTORS

Michael Greene
Director

Per Åke Rydberg
Director

18 April 2005

Statement of Net Assets

	Notes	31 DECEMBER 2004 USD	31 DECEMBER 2003 USD
CURRENT ASSETS			
Investments	4	67,477,820	63,775,513
Debtors	5	1,948,117	2,035,786
Cash at Bank		1,453,648	3,135,896
		<hr/>	<hr/>
		70,879,585	68,947,195
CREDITORS			
(amounts falling due within one year)	6	(337,461)	(831,386)
		<hr/>	<hr/>
NET ASSETS		70,542,124	68,115,809
		<hr/> <hr/>	<hr/> <hr/>
SHAREHOLDERS' FUNDS	8	70,542,124	68,115,809
		<hr/> <hr/>	<hr/> <hr/>

ON BEHALF OF THE BOARD OF DIRECTORS

Michael Greene
Director

Per Åke Rydberg
Director

18 April 2005

Statement of Changes in Net Assets

	YEAR ENDED 31 DECEMBER 2004 USD	11 MONTHS ENDED 31 DECEMBER 2003 USD
Net Assets at beginning of year	68,115,809	63,250,045
Amounts received on creation of shares	2,576,000	254,000
Amounts paid on cancellation of shares	(1,610,980)	(133,564)
Increase in net assets resulting from share transactions	965,020	120,436
Increase in net assets resulting from operations (page 16)	1,461,295	4,745,328
Net increase in shareholders' funds	2,426,315	4,865,764
Net Assets at end of year	70,542,124	68,115,809

ON BEHALF OF THE BOARD OF DIRECTORS

Michael Greene
Director

Per Åke Rydberg
Director

18 April 2005

Notes to the Financial Statements as at 31 December 2004

1. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and under the historical cost convention as modified by the inclusion of securities at valuation and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

The format and certain wordings of the financial statements have been adopted from those contained in the Companies (Amendment) Act, 1986 so that in the opinion of the Directors, they more appropriately reflect the nature of the Company's investment business.

The profit and loss account is referred to as the statement of operations. Unrealised gains are shown in the statement of operations. This represents a departure from the Companies Amendment Act, 1986. In the opinion of the Directors, this treatment is necessary to fairly present the results of operations.

The Company is exempt from the requirements of Financial Reporting Standard (FRS) No. 1 to include a cash flow statement as part of the financial statements because it is an open ended investment fund investing in liquid investments.

The information required by Financial Reporting Standard (FRS) No. 3 'Reporting Financial Performance' to be included in a statement of total recognised Gains and Losses and a Reconciliation of Movements in Shareholders Funds is, in the opinion of the Directors, contained in the statement of operations and statement of movement in shareholders' funds on pages 16 and 18.

In arriving at the results for the year all amounts in the statement of operations relate to continuing activities. In the opinion of the directors, the financial statements give, in all other respects, the information required by the Company Acts, 1963 to 2003.

The financial statements are prepared in US Dollars

Significant accounting policies adopted by the Fund are as follows;

a) Investments

i) Valuation of Investments

Investments in securities are valued at the closing bid price on the date on which the net assets are being valued or if this is not available, at the last traded price. Investments in interest bearing securities, including deep discounts and zero coupon bonds are valued net of accrued interest which is taken to income and accrued income receivable. Debt securities are valued by independent pricing services approved by the Trustees of the Fund. If the pricing services are unable to provide valuations, the securities are valued at the most recent bid quotation or evaluated price as applicable, obtained from a broker-dealer. Such service may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. All other securities and assets for which market quotations are not readily available are taken at fair value as determined in good faith by the Investment Advisor, with the approval of the Custodian although the actual calculation may be done by other competent and responsible persons.

Futures contracts are valued at close of business or, if deemed to be representative of fair market value, last quoted trade price at the year end.

The security Aes Clesa is valued by a pricing committee that uses broad methodologies in arriving at a valuation for the security. This value is used for the purposes of calculating the Net Asset Value of the fund and for financial statements purposes also.

Notes to the Financial Statements as at 31 December 2004 (continued)

1. BASIS OF PRESENTATION (Continued)

ii) Accounting for Investments

Purchases and sales of investments are accounted for on the day the transaction takes place, i.e., the trade date.

iii) Realised Profits and Losses on Sales of Investments

The computation of realised profits and losses on sales of investments is made on the basis of average cost.

b) Income from Investments

i) Interest Income

Income from interest bearing securities is accrued for on a basis that reflects the coupon rate on the security. Bank deposit interest is accounted for on an accruals basis. Discount, original issue discount and premiums on bonds are amortised over the remaining life of the bond.

c) Foreign Exchange

Assets and liabilities denominated in foreign currencies other than the currency of the Fund have been translated at the rate of exchange ruling at 31 December 2004. Transactions in foreign currencies are translated into US Dollars at the exchange rate ruling at the date of the transaction. Gains and losses on foreign exchange transactions are recognised in the Statement of Operations in determining the result for the year.

The following exchange rates, at 31 December 2004, were used to convert investments, assets and liabilities to the base currency of the Fund:

EUR/USD	0.7357
MXN/USD	11.1470

d) Distribution Policy

Dividends, where payable, will be paid out of net investment income (being the net revenue from dividends and interest, less expenses) together with the realised and unrealised capital gains less realised and unrealised capital losses after charging expenses.

e) Organisational Expenses

The organisational expenses which comprise the initial expenses of launching and marketing the Fund are being amortised on a straight line basis over five years.

	YEAR ENDED 31 DECEMBER 2004 USD	11 MONTHS ENDED 31 DECEMBER 2003 USD
Opening balance	-	34,817
Additions	-	-
Amortised in the year	-	(34,817)
Closing Balance	-	-

Notes to the Financial Statements as at 31 December 2004 (continued)

	YEAR ENDED 31 DECEMBER 2004 USD	11 MONTHS ENDED 31 DECEMBER 2003 USD
2. OPERATING INCOME		
Income from investments	5,435,018	4,583,647
Bank Interest	17,532	30,821
	<u>5,452,550</u>	<u>4,614,468</u>
	<u><u>5,452,550</u></u>	<u><u>4,614,468</u></u>
	YEAR ENDED 31 DECEMBER 2004 USD	11 MONTHS ENDED 31 DECEMBER 2003 USD
3. OPERATING EXPENSES		
Investment management fees	(1,244,772)	(1,091,651)
Performance fees	-	(557,619)
Auditor's fees	(30,718)	(47,763)
Amortisation of organisational expenses	-	(34,817)
Directors' fees	(35,568)	(8,909)
Directors' expenses	(30,991)	(39,422)
Legal - Fund Organisation & Related Business	(120,671)	-
Legal - Administrative & General Legal Support	(109,179)	-
Other Legal expenses	(41,885)	(84,217)
Printing/publishing	(3,983)	(11,401)
Marketing	(6,010)	(17,963)
Consultancy	(44,591)	-
Directors' Liability Insurance	(31,725)	(30,318)
Other sundry	(15,336)	(10,044)
VAT Rebate 2004	170,998	-
	<u>(1,544,431)</u>	<u>(1,934,124)</u>
	<u><u>(1,544,431)</u></u>	<u><u>(1,934,124)</u></u>
	31 DECEMBER 2004 USD	31 DECEMBER 2003 USD
4. INVESTMENTS		
Opening Cost	58,767,745	59,455,835
Additions	46,313,556	13,791,250
Disposals	(40,851,268)	(14,479,340)
	<u>64,230,033</u>	<u>58,767,745</u>
Closing Cost	<u>64,230,033</u>	<u>58,767,745</u>
	<u><u>67,477,820</u></u>	<u><u>63,775,513</u></u>
Closing Market Value	<u>67,477,820</u>	<u>63,775,513</u>

Notes to the Financial Statements as at 31 December 2004 (continued)

5. DEBTORS

	31 DECEMBER 2004 USD	31 DECEMBER 2003 USD
Accrued interest	1,571,863	1,621,946
Prepaid insurance	23,750	25,168
Futures margin receivable	181,506	388,672
VAT Rebate receivable	170,998	-
	<hr/>	<hr/>
	1,948,117	2,035,786
	<hr/> <hr/>	<hr/> <hr/>

6. CREDITORS (amounts falling due within one year)

Accrued investment management fees	(209,627)	(103,291)
Accrued performance fee	-	(562,690)
Accrued other expenses	(109,500)	(113,738)
Accrued organisational expenses	(18,334)	(51,667)
	<hr/>	<hr/>
	(337,461)	(831,386)
	<hr/> <hr/>	<hr/> <hr/>

7. SHARE CAPITAL

Participating Shares - Equity

The Company has equity share capital of EUR40,000 divided into 40,000 Subscriber Shares of EUR1 each (of which EUR10,005.25 has been paid up and which are beneficially owned by the Investment Manager). The Subscriber Shares do not form part of the Net Asset Value of the Company. They are thus disclosed in the Financial Statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's investment business.

Participating Shares - Non Equity

The Company has 500,000,000,000 Shares of no par value initially designated as unclassified Shares.

The Participating Shares are classified as non-equity in accordance with Financial Reporting Standard No. 4 'Capital Instruments' as they are redeemable at the request of the holders. The Shares are available as either fully paid or partly paid Participating Shares of the Company. They carry voting rights. The Shares issued by the Company are freely transferable and entitled to participate equally in the profits and dividends of the Company and in its net assets upon liquidation. The Shares carry no preferential or pre-emptive rights and are entitled to one vote each at all meetings of the relevant class of Shareholders. All Shares rank pari-passu. The holders of Subscriber Shares are entitled to one vote only in respect of all their Subscriber Shares.

Notes to the Financial Statements as at 31 December 2004 (continued)

7. SHARE CAPITAL (Continued)

Shares in Issue

	31 DECEMBER 2004	31 DECEMBER 2003
NUMBER OF SHARES		
Issued and Fully Paid		
Balance at beginning of year	52,753	52,651
Issued during year	1,968	210
Redeemed during year	(1,262)	(108)
	<hr/>	<hr/>
Total number of shares in issue at year end	53,459	52,753
	<hr/> <hr/>	<hr/> <hr/>

8. NET ASSET VALUE USD

As at 31 December 2004	70,542,124
	<hr/> <hr/>
As at 31 December 2003	68,115,809
	<hr/> <hr/>
As at 31 December 2002	63,250,045
	<hr/> <hr/>
NET ASSET VALUE PER UNIT	
As at 31 December 2004	1,319.56
	<hr/> <hr/>
As at 31 December 2003	1,291.22
	<hr/> <hr/>
As at 31 December 2002	1,201.30
	<hr/> <hr/>

9. INVESTMENT MANAGEMENT FEES

The Fund pays to the Investment Manager a fee at an annual rate of 1.80% of the Net Asset Value of the Fund accrued and payable monthly in arrears. The Investment Manager discharges out of its fee, the fees and expenses of the Investment Advisor, the Trustee and the Administrator.

The Investment Manager may also collect a Performance Fee of 20% of the Net Asset Value's percentage out-performance of the Hurdle Rate during the Relevant Period. The 'Hurdle Rate' is a 12 month Libor plus 200 basis points per annum return of the Net Asset Value at the beginning of the relevant period, adjusted for subscriptions and redemptions on a time apportioned basis.

10. EFFICIENT PORTFOLIO MANAGEMENT

The Investment Manager may utilise derivatives and other techniques and instruments (including but not limited to options, swaps, futures and forwards) whether the intention of providing protection against risks of gaining exposure to certain markets, sectors or securities, or otherwise of increasing the return on the assets of the Portfolio. Such derivatives and other techniques and instruments will only be used for efficient portfolio management purposes in accordance with the conditions and limits laid down by the Financial Services Regulator. The Investment Manager may also, when facilities become available in the relevant markets, lend the Portfolio securities and/or purchase securities subject to repurchase agreements.

During the year the fund has used futures to hedge against market price movement. The counterparty for the futures is Deutsche Bank Securities Inc. Details of open future contracts are included in the schedule of investments on page 27.

11. RELATED PARTY TRANSACTIONS

Financial Reporting Standard 8 "Related Party Transactions" (FRS8) requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity.

Related parties include the Investment Manager and Investment Advisor who are listed on page 1. Amounts earned by the Investment Manager are disclosed in Note 3 on page 21. The Investment Manager discharges the fees of the Investment Advisor.

The Central American Bank for Economic Integration (CABEI) is the majority shareholder with a 93.21% holding in the Fund at year end. It is also the Placement Agent. Jaime Chavez, Alejandro Rodriguez and Nick Rischbieth Gloe, directors of the fund are also directors of CABEI.

12. TAXATION

The Company will not be liable to tax in respect of its income and gains, other than on the occurrence of a chargeable event. A chargeable event includes any distribution or any redemption or transfer of shares.

A Chargeable event does not include:

- i) Any transaction in relation to Shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- ii) An exchange of Shares representing one Sub-fund for another Sub-fund of the Company; or
- iii) An exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another fund.

A chargeable event will not occur in respect of shareholders who are neither resident nor ordinarily resident in Ireland and who have provided the Company with a relevant declaration to that effect.

In the absence of an appropriate declaration, the Company will be liable to Irish tax on the occurrence of a chargeable event.

Capital Gains, dividends and interest received may be subject to withholding taxes imposed by country of origin and such taxes may not be recoverable by the Company or its shareholders

13. SOFT COMMISSION ARRANGEMENTS

There are no soft commission arrangements affecting this Fund during the year.

14. FINANCIAL INSTRUMENTS

The Fund's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The following summary is not intended to be a comprehensive summary of all risks and Investors should refer to the Prospectus for a more detailed discussion of the risks inherent in investing in the Fund.

(a) Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund may employ efficient portfolio management techniques as described in note 10 to provide a degree of protection against market price falls. The Investment Advisor considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the Fund's investment objective.

Notes to the Financial Statements as at 31 December 2004 (continued)

14. FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk

Financial assets which potentially expose the Fund to credit risk consist principally of the credit risk of the underlying investments and to a lesser extent in cash balances and deposits with and receivables from brokers. The extent of the Fund's exposure to credit risk in respect of these financial assets approximates their carrying value as recorded in the Fund's balance sheet. The Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

The Fund minimises concentration of credit risk by undertaking transactions with a large number of counterparties on recognised and reputable exchanges.

(c) Foreign currency risk

The Fund may invest in securities denominated in currencies other than its reporting currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner which has an adverse affect on the value of that portion of the Fund' assets which are denominated in currencies other than its own currency. The following sets out the fund's exposure to foreign currency risk at 31 December 2004. At December 2003 the fund had no exposure to foreign currency risk.

Currency	Total USD
Mexican Peso	79,143

(d) Interest rate risk

The fund invests in fixed interest securities that earn interest. Any change to the interest rates relevant for particular securities may result in the Investment Manager being unable to secure similar returns on the expiry of contract or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the value of the fixed interest securities will decline along with certain expenses calculated by reference to assets of the Fund. A decline in interest rates will in general have the opposite effect.

Securities held

31 December 2004

	Fixed Rate Interest USD
US Dollar	40,654,076

31 December 2003

	Fixed Rate Interest USD
US Dollar	47,173,560

Notes to the Financial Statements as at 31 December 2004 (continued)

14. FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk (Continued)

	Fixed Rate Financial Assets Weighed Average Interest Rate (%)	Fixed Rate Financial Assets Weighted Average Period for which rate is Fixed (Years)
31 December 2004	8.22	10.25
31 December 2003	8.80	9.85

(e) Liquidity risk

The Fund's assets comprise mainly realisable securities, which can be readily sold. The main liability of the Fund is the redemption of any shares that investors wish to sell.

(f) Fair values of financial assets and financial liabilities.

All of the financial assets of the Fund are held at fair value. Realised gains and losses on financial assets are disclosed in the Statement of Operations on page 16.

15. PORTFOLIO CHANGES

A full listing of the Portfolio Changes for the year is available, upon request, at no cost from the Manager. A list of the largest purchases and sales for the Fund is shown on page 29.

16. IMPORTANT EVENTS DURING THE YEAR

The Investment Manager contract with Investment Company Capital Corporation was terminated on 31 December 2004. The Investment Manager and Advisor functions are now carried out by DWS Finanz - Service GmbH.

17. COMPARATIVE FIGURES

The comparative figures are for the 11 months period to 31 December 2003.

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board on 18 April 2005.

Schedule of Investments as at 31 December 2004

Per USD	Investment	Notional Value USD	Value USD	% of Fund
USD - DENOMINATED SECURITIES				
Corporate Fixed				
4,232,895	11.58% Aes Clesa Series 28/06/2010 (B)		4,875,343	6.91
1,500,000	7.75% Pemex Project Fund 28/09/2009		1,518,893	2.15
2,500,000	8.5% Citco Trustees 21/12/2014		2,524,859	3.58
			8,919,095	12.64
Government Fixed				
4,000,000	8.625% Colombia (Republic of) 01/04/2008		4,405,088	6.25
5,000,000	8.11% Costa Rica (Republic of) 01/02/2012		5,112,500	7.25
3,000,000	8.05% Costa Rica (Republic of) 31/01/2013		3,067,500	4.35
3,000,000	7.75% El Salvador (Republic of) 24/01/2023		3,270,000	4.64
2,000,000	8.5% El Salvador (Republic of) 25/07/2011		2,265,000	3.21
2,500,000	8.25% El Salvador (Republic of) 10/04/2032		2,530,208	3.59
3,700,000	7.625% El Salvador (Republic of) 21/09/2034		3,788,800	5.37
5,046,000	8.5% Guatemala (Republic of) 03/08/2007		5,511,240	7.81
4,000,000	10.25% Guatemala (Republic of) 08/11/2011		4,705,000	6.67
9,400,000	9.25% Guatemala (Republic of) 01/08/2013		10,612,600	15.04
1,060,000	8.125% Guatemala (Republic of) 06/10/2034		1,087,613	1.54
1,250,000	6.375% Mexico (United Mexican States) 16/01/2013		1,326,763	1.88
4,900,000	9.375% Panama (Republic of) 16/01/2023		5,655,294	8.02
1,250,000	7.25% Panama (Republic of) 15/03/2015		1,295,125	1.84
			54,632,731	77.46
Short-term Instruments				
4,000,000	0% El Salvador Trust CP 29/04/2005 (B)		3,967,250	5.62
			3,967,250	5.62
No. of Contracts	Financial Futures			
(240)	US 10 Year Note Future expiring March 2005	(26,865,000)	(41,256)	(0.06)
			(41,256)	(0.06)
USD - DENOMINATED SECURITIES - TOTAL			67,477,820	95.66

Schedule of Investments as at 31 December 2004

	Value USD	% of Fund
TOTAL VALUE OF INVESTMENTS (Cost: USD64,230,033)	67,477,820	95.66
CASH*	1,453,648	2.06
OTHER NET ASSETS	1,610,656	2.28
TOTAL VALUE OF FUND	<u>70,542,124</u>	<u>100.00</u>

Analysis of Total Assets

	% of Total Assets
Transferable securities admitted to an official stock exchange listing	83.19
Transferable securities dealt with in another regulated market classified as (A) above	(0.06)
Transferable securities not listed on any stock exchange classified as (B) above	12.53
Other Assets	4.34
	<u>100.00</u>

*All cash holdings held with The Governor and Company of the Bank of Ireland.

Schedule of Portfolio Changes for the period ended 31 December 2004

Largest Purchases

7,400,000	9.25% Guatemala (Republic of) 01/08/2013
732,000	9% Mexico(United Mexican States) 20/12/2012
4,000,000	9.375% Panama (Republic of) 16/01/2023
510,000	8% Mexican Fixed Rate Bonds 24/12/2008
4,000,000	0% El Salvador Trust CP 29/04/2005
3,700,000	7.625% El Salvador (Republic of) 21/09/2034
3,000,000	7.75% El Salvador (Republic of) 24/01/2023
2,500,000	8.5% Citco Trustees 21/12/2014
2,000,000	8.5% El Salvador (Republic of) 25/07/2011
2,000,000	7.75% Pemex Project Fund 28/09/2009
1,250,000	6.375% Mexico (United Mexican States) 16/01/2013
1,250,000	7.25% Panama (Republic of) 15/03/2015
1,060,000	8.125% Guatemala (Republic of) 06/10/2034
1,000,000	6.548% Costa Rica (Republic of) 20/03/2014
100	US 10Yr Note Future March 2004
150	US 10Yr Note Future September 2004
60	US Long Bond Chicago Board of Trade (Cbt) Future September 2004
100	US Long Bond Chicago Board of Trade (Cbt) Future March 2004
240	US 10Yr Note Future December 2004
60	US Long Bond Chicago Board of Trade (Cbt) Future December 2004

Largest Sales and Maturities

7,000,000	8.11% Costa Rica (Republic of) 01/02/2012
732,000	9% Mexico(United Mexican States) 20/12/2012
5,000,000	8.25% El Salvador (Republic of) 10/04/2032
4,500,000	9.5% El Salvador (Republic of) 15/08/2006
4,000,000	8.5% El Salvador (Republic of) 25/07/2011
510,000	8% Mexican Fixed Rate Bonds 24/12/2008
3,670,000	8.5% Mexico (United Mexican States) 01/02/2006
3,000,000	6.5% Petroleos Mexicanos 01/02/2005
1,250,000	8.3% Mexico (United Mexican States) 15/08/2031
1,100,000	9.375% Panama (Republic of) 16/01/2023
1,000,000	6.548% Costa Rica (Republic of) 20/03/2014
525,653	11.58% Aes Clesa Series 28/06/2010
500,000	7.75% Pemex Project Fund 28/09/2009
50	US Long Bond Chicago Board of Trade (Cbt) Future March 2004
50	US 10 Yr Note Future June 2004
240	US 10Yr Note Future December 2004
240	US 10Yr Note Future March 2005
150	US 10Yr Note Future September 2004
60	US Long Bond Chicago Board of Trade (Cbt) Future December 2004
100	US Long Bond Chicago Board of Trade (Cbt) Future June 2004

For more information please visit our website www.deam-us.com under Offshore Funds (for Non-US Residents)