

CABEI Central American Fund Investment Policy for the Second Quarter of 2007

April 2007

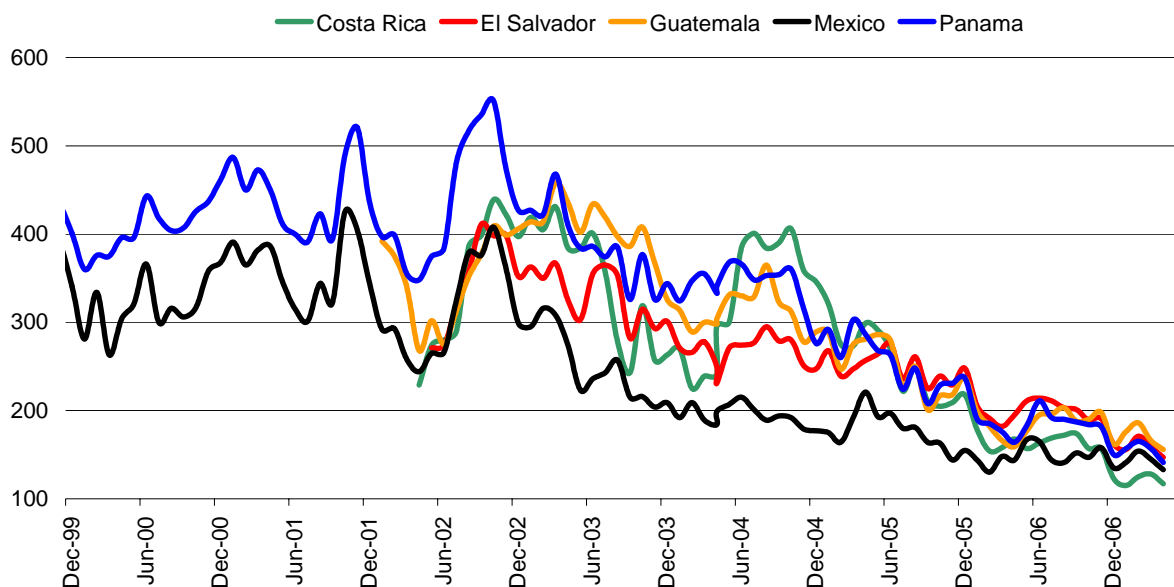


Deutsche Asset Management
A Member of the Deutsche Bank Group



Relative Value Analysis





Source: JP Morgan

Note:

Central American countries entered 2007 in full swing, with growth and fiscal indicators experiencing persistently solid performance during the first quarter. Inflows of workers' remittances continuously supported domestic demand, while monetary policy managed to keep inflation in check. To mention some key country-specific developments, Costa Rica's February inflation figure saw its lowest level since September 2003, the currency is strengthening after abandoning the currency-peg regime, and exports are rising. In Guatemala, implementation of DR-CAFTA is in full force, brightening the prospects for external trade. Dominican Republic is likely to meet its fiscal targets in Q1 2007 after missing the latter in 2006.

Based on this tremendous development, Central American sovereign debt delivered a positive performance year-to-date. Spreads tightened slightly across the board, as stable US development (GDP growth, housing market) and rising risk investor willingness to invest in external debt from the region were supportive for bond prices. Spread compression was strongest in El Salvador (15 bps), while the other Central American countries only experienced single-digit spread decline. El Salvador's external accounts more and more benefit from increased exports, inflows of workers' remittances and income from tourism. In addition, the government managed to increase tax collection levels and reduce its public debt burden as well as its fiscal deficit.

Compared to peers from Latin America, Central American issuers witnessed average performance. Not considering the development of Ecuador (which is extremely erratic), Brazil and Jamaica were the best performing countries in the JP Morgan LEI (Latin Eurobond Index). While Brazil benefited from its strong fundamentals and positive rating momentum, Jamaica's bonds are supported by the positive risk/reward relation. Nevertheless, Central American sovereign debt can this year, once again, be characterized as paper which delivers positive and stable return exceeding those of core markets amid lower volatility compared to similar rated peers.

2007 year-to-date performance of Latin external debt

Argentina	Brazil	Colombia	Costa Rica	Dom-Rep	El Salvador	Guatemala	Mexico	Panama	Venezuela
1.72%	5.61%	4.59%	2.64%	2.63%	3.59%	2.15%	2.98%	3.48%	-1.25%

As at 19 April 2007; Sources: JP Morgan, DWS

Performance of "CABEI Central American Fund"

	2007 ytd	2006	2005	2004
Performance	2.36 % (8.03 % annualised)	9.02 %	7.30 %	2.20 %

Sources: Bank of Ireland, DWS

We think that the respective country developments and global environment should bode well for bonds of Central American issuers. Thus, we expect this asset class to continue its recent positive performance. Economic and financial market development in the US still delivers the "goldilocks" outcome (moderate growth slowdown, no real inflation pressure), which should be supportive for bond markets. As financing needs of Central American sovereigns remain low due to strong remittance inflows and stable external balances, bonds of this region's issuers should perform well, too. Additional positive return can be expected from investments in Mexican markets (both local and external bonds), as the new government is able to move ahead with important reforms (pension reform, energy sector).

Key indicators for US economy

	2005	2006	2007f	2008f
Real GDP, change in %	3.2	3.3	2.6	2.8
Inflation rate (year-end), in %	3.4	3.2	2.5	2.8

Source: DWS

Country Views



Deutsche Asset Management
A Member of the Deutsche Bank Group





Argentina (B3/B+/B)

Schlotthauer

Economic Indicators	2005	2006	2007f	2008f
Real GDP, year-on-year change in percent	9.2	8.5	7.0	4.5
Nominal GDP, in USD billion	183	208	235	257
CPI (year-end), in percent	12.3	9.9	8.6	8.3
Fiscal Balance, in percent of GDP	1.7	1.9	1.6	1.3
External Debt, in percent of GDP	62.1	49.2	42.9	38.8
Current Account Balance, in percent of GDP	3.6	3.0	1.9	1.2
Foreign Exchange Reserves, in USD billion	28.0	31.7	39.4	46.3

Economic and political developments

- Even though presidential elections are scheduled for autumn this year, politics do not dominate headlines, at least for Argentine standards. It seems to be a done deal that Néstor Kirchner will be re-elected, as his populist policy approach is well received by a broad majority within the electorate.
- Investors have, for a long time, felt comfortable with Argentina's economic policy, even amid many direct government intervention into market procedures (like "voluntary price agreements"). But the tide has turned now, after the government started to influence inflation measurement by firing recalcitrant staff within INDEC (the respective statistical office). The authorities want to show lower inflation results to reduce government debt service, as many local bonds are linked to inflation. This once again highlights Argentina's low priority for honoring its debt service.
- The central bank is still intervening heavily on foreign exchange markets to stem against currency appreciation. The Peso thus remains stable in a narrow range of 3.05 to 3.10 against US-Dollar. Foreign exchange reserves have nearly doubled in the past 12 months (to around USD 36 billion in March 2007), which underpins Argentina's strong external situation (reached also by defaulting on bonds earlier this decade).
- Shorter dated USD bonds of Argentina (Bonars) offer some value, and one can avoid longer maturity exposure to a creditor with such a lousy debt service track record. We are not keen to invest in local bonds, as this asset class is highly regulated and bears the risk that further government intervention will eat into an investor's profit.

Risk factors

- Further massive fiscal expansion and/or intervention from government authorities in inflation measurement or energy markets.
- Strong fall in commodity prices, especially in soy and oil.

Spread forecast	04/19/07	A	B	C
EMBI Global Diversified Argentina	261 bps	230 bps	300 bps	400 bps



Colombia (Ba2/BB+/BB)

Ebner / Schlotthauer

Economic Indicators	2005	2006	2007f	2008f
Real GDP, year-on-year change in percent	4.7	6.8	5.4	5.0
Nominal GDP, in USD billion	122.9	136.0	154.6	161.4
CPI (year-end), in percent	4.8	4.5	5.5	3.6
CG Fiscal Balance, in percent of GDP	-4.8	-3.8	-3.3	-3.2
External Debt, in percent of GDP	31.1	29.5	28.8	29.2
Current Account Balance, in percent of GDP	-1.5	-2.1	-4.8	-5.6
Foreign Exchange Reserves, in USD billion	15.0	15.4	19.4	17.4

Economic and political developments

- Standard & Poor's raised Colombia's long-term foreign currency rating to BB+ from BB, just one notch below investment grade. According to the rating agency, the upgrade was primarily based on the country's significantly improved growth prospects and solid fiscal performance. Before achieving investment grade status, however, reform of the tax and pension system is indispensable in order to lighten Colombia's debt burden.
- Colombia experienced impressive growth of 6.8% yoy in 2006 with domestic demand being the main driver. Despite a strong tightening bias of the central bank, private credit growth accelerated substantially, hence fuelling investment expenditure. As the positive momentum is expected to persist in 2007, additional rate hikes seem necessary to prevent the economy from overheating. On the external side, uncertainty about the inception of the FTA signed with the US poses a severe risk to sentiment and exports.
- Fiscal indicators will further benefit from positive growth dynamics. In 2006, higher-than-expected tax revenues had the greatest share in Colombia's improved fiscal accounts. In order to take advantage of these favorable conditions, the Ministry of Finance plans massive debt buybacks this year. In this respect, high-coupon and illiquid external debt might be prioritized but also local-currency bonds are likely to be affected.
- Inflation pressures keep BanRep in tightening mode after raising its benchmark interest rate by 225 basis points to 8.25% since April 2006. Referring to central bank governor Uribe, the bank will continue increasing rates in order to defend the 2007 inflation target band of 3.5-4.5%. However, FX intervention activism to limit massive COP appreciation reduces the effectiveness of the rate hikes to some extent.

Risk factors

- Structural deterioration in public finances, now over-shadowed by strong cycle.
- Further acceleration of inflation caused by domestic demand.

Spread forecast	04/19/07	A	B	C
BSCAX Colombia	113 bps	100 bps	110 bps	200 bps



Costa Rica (Ba1/BB/BB)

Ebner

Economic Indicators	2005	2006	2007f	2008f
Real GDP, year-on-year change in percent	5.9	7.9	5.0	5.1
Nominal GDP, in USD billion	20.0	21.8	24.1	25.0
CPI (year-end), in percent	14.1	9.4	8.5	8.0
CG Fiscal Balance, in percent of GDP	-2.3	-0.5	-1.3	-1.8
External Debt, in percent of GDP	26.1	25.2	23.8	22.6
Current Account Balance, in percent of GDP	-4.8	-5.0	-4.9	-4.5
Foreign Exchange Reserves, in USD billion	2.3	3.1	3.4	3.6

Economic and political developments

- A combination of solid export performance and robust domestic demand led to economic growth adding up to almost 8% yoy in 2006. Primarily, the manufacturing sector as well as increasing tourism and FDI inflows contributed to the strong outcome. The positive momentum is expected to persist in 2007 with growth experiencing only a minor slow-down.
- On the back of improved tax collection levels and continued public expenditure restraint, Costa Rica managed to substantially reduce the fiscal deficit. At the same time, the public debt burden saw a decline to 51% of GDP in 2006 from 60% two years earlier. Although the approval of the planned fiscal reform is not in sight yet, disciplined fiscal policy is likely to result in a further improvement of fiscal numbers. In general, the fiscal reform is intended to raise revenues to support the re-capitalisation of the central bank and allow for an increase in public infrastructure investment.
- So far, DR-CAFTA has been neither ratified nor implemented due to a fractious Costa Rican congress. However, the Arias administration has put the DR-CAFTA issue atop of its legislative agenda, planning to hold a referendum and being optimistic about an early agreement. In case of failure to join the free-trade accord, the country could suffer severe disadvantage concerning FDI and exports.
- The Central Bank recently replaced its currency-peg regime (depreciation rate of the Colón by 6.6% for 2006) by a system of crawling exchange-rate bands, allowing monetary policy to be more effective. In the first weeks of operation, the Colón stayed close to the lower end of the band, afterwards entering a smooth appreciation trend.
- Costa Rica's external debt is supported by positive fundamentals. In addition, the local bond market becomes increasingly interesting due to the stronger currency.

Risk factors

- Delay of financial reform and DR-CAFTA ratification.
- Shocks to global energy prices.

Spread forecast	04/19/07	A	B	C
BSCAX Costa Rica	124 bps	90 bps	105 bps	200 bps



Dominican Republic (B3/B/B)

Ebner

Economic Indicators	2005	2006	2007f	2008f
Real GDP, year-on-year change in percent	9.5	10.7	8.0	5.0
Nominal GDP, in USD billion	33.6	35.2	40.2	43.4
CPI (year-end), in percent	7.4	5.0	5.0	4.8
Fiscal Balance, in percent of GDP	-0.7	-0.8	-0.5	-0.7
External Debt, in percent of GDP	22.6	22.7	22.3	21.1
Current Account Balance, in percent of GDP	1.4	-2.2	-2.0	-3.4
Foreign Exchange Reserves, in USD billion	1.5	1.8	2.0	2.4

Economic and political developments

- Ahead of the next presidential elections in May 2008, campaigning for party nominations is already in full swing. Political noise getting out of control could pose a severe risk to the country's current positive development.
- In 2006, Dominican Republic experienced the highest rate of expansion (10.7% yoy) in roughly two decades. Communications, construction and financial services were main drivers of growth. A 13% increase in workers' remittances as well as surging tourism revenues largely helped to offset the country's high import bill. The outlook for 2007 remains quite promising primarily supported by private consumption and exports, with the latter profiting from DomRep's recent accession to DR-CAFTA.
- Due to fiscal slippage the government missed last year's deficit target by almost one percentage point. Increased public expenditure related to the upcoming elections could put the administration under further pressure, making it difficult to meet its 2007 targets. However, improved fundamentals are expected to allow DomRep to put the program back on track, thereby maintaining IMF support. Public sector debt is on a firm downward trend, expected to dip below 43% this year.
- The IMF recently expressed satisfaction with the country's progress in improving health of the energy sector and hence reducing potential risks to economic stability. According to the government, subsidies are planned to be reduced to below USD 400 million.
- Last September, S&P placed a positive outlook on the country's B rating and Moody's put the country's rating on review for a possible upgrade. Hence, positive rating dynamics coupled with strong fundamentals make the bonds attractive for investment.

Risk factors

- Conflicts with the IMF combined with the fragile external liquidity for the country.
- Energy sector crisis (subsidies around USD 750 million).

Spread forecast	04/19/07	A	B	C
BSCAX Dominican Republic	207 bps	150 bps	190 bps	350 bps



El Salvador (Baa3/BB+/BB+)

Ebner

Economic Indicators	2005	2006	2007f	2008f
Real GDP, year-on-year change in percent	2.8	4.2	4.8	3.8
Nominal GDP, in USD billion	17.0	18.2	19.4	20.1
CPI (year-end), in percent	4.5	4.9	4.0	3.7
Fiscal Balance, in percent of GDP	-3.0	-2.9	-2.3	-1.8
Public External Debt, in percent of GDP	45.0	45.7	42.7	39.9
Current Account Balance, in percent of GDP	-4.6	-4.5	-4.6	-4.3
Foreign Exchange Reserves, in USD billion	1.8	2.0	2.0	2.0

Economic and political developments

- The Salvadoran economy enjoyed strong growth in 2006, driven by double-digit expansion in construction activity and the financial services sector. Dollarization, in place since 2001, substantially added to the country's macroeconomic stability. Economic expansion is set to continue, led by higher exports, robust remittance and investment flows, increased tourism revenues and rising spending in infrastructure.
- Massive earthquakes and the public pension system reform forced the government to increase debt issuance between 2002 and 2006, bringing public debt to 40% of GDP. On the back of strong economic performance, however, the country plans to steadily decrease the ratio starting this year. In general, El Salvador shows strong commitment to fiscal responsibility, underlined by successful efforts to improve tax-collection strategies such as removing loopholes and eliminating distortional subsidies. Apart from positive impacts of dollarization such as positive growth, reduced inflationary pressures and convergence of interest rates towards the US levels, it simultaneously limits fiscal policy.
- The country's maquila sector faces increased competition from China, with maquila exports falling heavily (12% yoy). The decline, however, was more than offset by significant growth in traditional and non-traditional exports.
- According to government officials, El Salvador plans to tap bond markets in 2008 only, predominantly for financing infrastructure projects. Based on positive fundamentals, we still consider El Salvadoran bonds attractive and fairly priced.

Risk factors

- The dollarization, in place since 2001 (fixed exchange rate at c8.75/\$), could get under some pressure if the inflation differential accelerates and competitiveness on exports decreases.
- The growing crime problem could threaten investments in the medium to long term.

Spread forecast	04/19/07	A	B	C
BSCAX El Salvador	140 bps	105 bps	125 bps	220 bps



Guatemala (Ba2/BB/BB+)

Ebner

Economic Indicators	2005	2006	2007f	2008f
Real GDP, year-on-year change in percent	3.2	4.6	5.1	4.8
Nominal GDP, in USD billion	31.6	35.3	38.7	42.6
CPI (year-end), in percent	8.6	4.9	5.5	5.4
Fiscal Balance, in percent of GDP	-1.5	-1.7	-1.3	-1.5
Public External Debt, in percent of GDP	16.6	15.7	14.7	13.6
Current Account Balance, in percent of GDP	-4.4	-4.4	-4.3	-4.0
Foreign Exchange Reserves, in USD billion	3.5	4.0	4.1	4.4

Economic and political developments

- Only a few months left until Guatemala's presidential elections, campaigns are about to heat up. However, political tensions are likely to increase only slightly, as none of the four principle candidates is expected to significantly change the current course of economic policy. The issue of political violence and the government's response to the problem remain major topics.
- Guatemala's economic performance significantly strengthened in 2006, with growth climbing to 4.6% yoy. Consistently strong exports and increased workers' remittances flows underpinning private consumption added to a broad-based expansion. In addition, re-construction activity related to Tropical Storm Stan, substantially contributed to growth. The growth story is expected to continue in 2007, benefiting from increased trade and investment flows due to DR-CAFTA.
- Guatemala's public debt ratio of roughly 19% of GDP remains the lowest in the Central American region. The fiscal account looks equally encouraging, revenue losses generated by elimination of trade duties because of DR-CAFTA will be adjusted by enhancements of the tax administration.
- After failing to meet its inflation target (5-7%) for two consecutive years, Banco de Guatemala successfully managed to bring down inflation to 4.9% yoy in 2006, its lowest year-end level since 2000. Concerning 2007, the central bank is confident that inflation will stay within the modified target range of 4-6%.
- Authorities responded well to the recent mini banking sector crisis, consequently bonds recovered nicely after the failure of Bancafe. Positive rating dynamics continue to support Guatemala's bonds.

Risk factors

- The high current account deficit and dollar deposits make the banking system vulnerable.
- Exogenous shocks (hard landing in the US, hurricanes, rising oil prices).

Spread forecast	04/19/07	A	B	C
BSCAX Guatemala	158 bps	100 bps	140 bps	250 bps



Mexico (Baa1/BBB/BBB)

Ebner / Schlotthauer

Economic Indicators	2005	2006	2007f	2008f
Real GDP, year-on-year change in percent	3.0	4.7	3.4	3.3
Nominal GDP, in USD billion	716	780	823	858
CPI (year-end), in percent	3.3	4.0	3.8	3.6
Fiscal Balance, in percent of GDP	-1.4	-0.8	-1.6	-2.0
External Debt, in percent of GDP	24.1	22.3	21.0	21.7
Current Account Balance, in percent of GDP	-0.7	-0.2	-1.0	-1.8
Foreign Exchange Reserves, in USD billion	67.7	70.1	73.6	77.5

Economic and political developments

- Primarily on the back of weakening external demand (especially from the US), overall growth is expected to slow down somewhat this year. However, this development will partly be offset by robust private consumption, underpinned by substantial inflows of workers' remittances. In Latin America, Mexico was the top beneficiary of remittances in 2006, gathering USD 22 billion.
- The Senate gave final approval to the reform of the public pension system (ISSSTE) involving the creation of individual pension accounts for governmental employees, similar to the private pension funds (Afores). The passage of the ISSSTE reform sends positive signals for a decent fiscal reform. In addition, a reform of PEMEX is indispensable given substantial problems of the company. Production in PEMEX' biggest oil field Cantarell fell 12% in 2006. To make up for the decline, the company needs to be taxed less, provided with more capital and given leeway to make decisions. Opening up the energy sector to private sector participation would significantly add to the efficiency of PEMEX. At the moment, a step in this direction seems unlikely though.
- Over the last couple of months, persistently high corn prices have put upward pressure on Mexico's inflation. However, Banxico refrained from raising interest rates, as the spike was driven by a few items only and no evidence of contamination to inflation expectations and wage negotiations was observable. In March, the upward trend in core inflation already reversed, and the headline figure is also expected to come down with the economy slowing over the course of the year.
- Mexican external and MXN-denominated bonds still appear attractive based on sound fundamentals and positive reform momentum. Concerning the local market, Hacienda announced an increase in the size of MBono 10y and 30y auctions in Q2 2007. In addition, it intends to exchange bonds maturing soon for paper in the belly of the curve.

Risk factors

- Recession in the United States and/or rapid fall of oil prices.

Spread forecast	04/19/07	A	B	C
BSCAX Mexico	75 bps	55 bps	65 bps	120 bps



Nicaragua (B3/NR/NR)

Ebner

Economic indicators	2005	2006	2007f	2008f
Real change in GDP, in percent	4.0	3.5	2.7	3.4
Nominal GDP, in USD billion	5.0	5.0	6.0	6.0
Inflation rate (year-end), in percent	9.6	9.5	8.5	7.5
Fiscal Balance, in percent of GDP	-5.1	-6.0	-6.6	-6.5
Foreign debt, in percent of GDP	104.8	74.1	65.8	58.3
Current Account balance, in percent of GDP	-16.3	-15	-15.2	-15.1
Foreign exchange reserves, in USD million	728	922	944	979

Markets, economy, politics

- Economic growth is expected to experience further weakening this year before rebounding in 2008. Political uncertainty is still a drag, mainly dampening investment spending. In contrast, private consumption is about to recover again with consumer confidence improving and workers' remittances rising. Growth will also be supported by contribution from the external sector, given that Nicaragua is a member of DR-CAFTA.
- Albeit claiming not to be the fervent revolutionary anymore that ruled the country in the 1980s, politics are expected to remain turbulent. As the Frente Sandinista de Liberación Nacional does not control a legislative majority, Ortega will need to work with the right-wing Partido Liberal Constitucionalista (PLC). Disputes between the two parties might occasionally lead to political impasse.
- According to the 2007 budget, fiscal policy will be slightly loosened due to the absence of an IMF program, leading to a budget deficit of about 6.6% of GDP in 2007.
- The large trade deficit shows the country's import dependence and remains a drag on the current account balance. Additionally, the narrow commodity-dependent export base makes the country vulnerable to external shocks. Although external debt has dropped markedly due to substantial debt relief under the Highly Indebted Poor Country (HIPC) Initiative, Nicaragua remains heavily dependent on official donor grants due to the structural deficits.

Risk factors

- Conflicts with the IMF and political instability.

Market forecasts	04/19/07	A	B	C
Sovereign debt	n/a	no market levels available		



Panama (Ba1/BB/BB+)

Ebner / Schlotthauer

Economic Indicators	2005	2006	2007f	2008f
Real GDP, year-on-year change in percent	6.4	8.1	7.5	7.0
Nominal GDP, in USD billion	15.5	17.2	18.7	20.0
CPI (year-end), in percent	1.9	2.4	2.0	1.8
Fiscal Balance, in percent of GDP (ex Canal)	-3.2	-1.9	-1.5	-1.1
External Debt, in percent of GDP	63.1	58.2	55.1	51.8
Current Account Balance, in percent of GDP	-5.3	-4.7	-4.6	-6.7
Foreign Exchange Reserves, in USD billion	1.2	1.3	1.4	1.5

Economic and political developments

- After averaging 6.25% yoy over the past four years, growth accelerated to 8.1% yoy in 2006. Not only intensive canal and tourism activity fuelled the economy but also a booming construction sector and strong domestic demand significantly added to the expansion. Concerning 2007/08, economic growth is likely to remain robust, primarily supported by increased construction activity related to the upgrade of the Panama Canal. In addition, the completion or renewal of FTAs with the US, Mexico, Costa Rica and Nicaragua is expected to spur external trade.
- In 2006, the government demonstrated substantial fiscal discipline leading to a decrease in the budget deficit to roughly 2% of GDP. Fiscal efforts coupled with broad economic expansion should positively influence debt dynamics in 2007, the country's public debt-to-GDP ratio is expected to fall below 60%. However, there is still some way to go before achieving investment grade status as public debt remains high compared to BBB sovereigns. Besides, rating agencies might refrain from upgrading the country due to lingering uncertainty over the structure of Canal financing that amounts to roughly USD 2 billion.
- With the US dollar undergoing gradual depreciation and Panamanian inflation remaining below US figures, Panama will continue to gain international competitiveness. Panama's structural current account deficit is expected to remain stable at about 4.5% of GDP. Rising imports related to the canal upgrade should be largely offset by increased exports.
- In March, Panama re-tapped the 2036 bond by USD 450 million with the total issue size now standing at USD 1.8 billion. While the originally issued paper was priced to yield 230 bps over US Treasuries, the tap saw a tighter spread (164 bps).

Risk factors

- Fiscal slippage.
- Fluctuations in world trade.

Spread forecast	04/19/07	A	B	C
BSCAX Panama	121 bps	105 bps	115 bps	200 bps

Scenario Analysis



Deutsche Asset Management
A Member of the Deutsche Bank Group

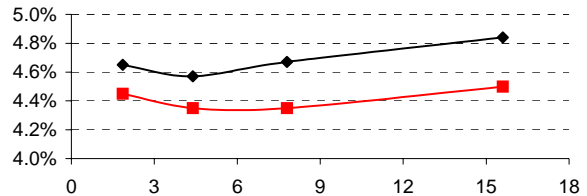




Time of Analysis		Risk-free	Probabilities		
Start	Horizon	Rate	A	B	C
20/04/2007	19/04/2008	5.25%	15%	70%	15%

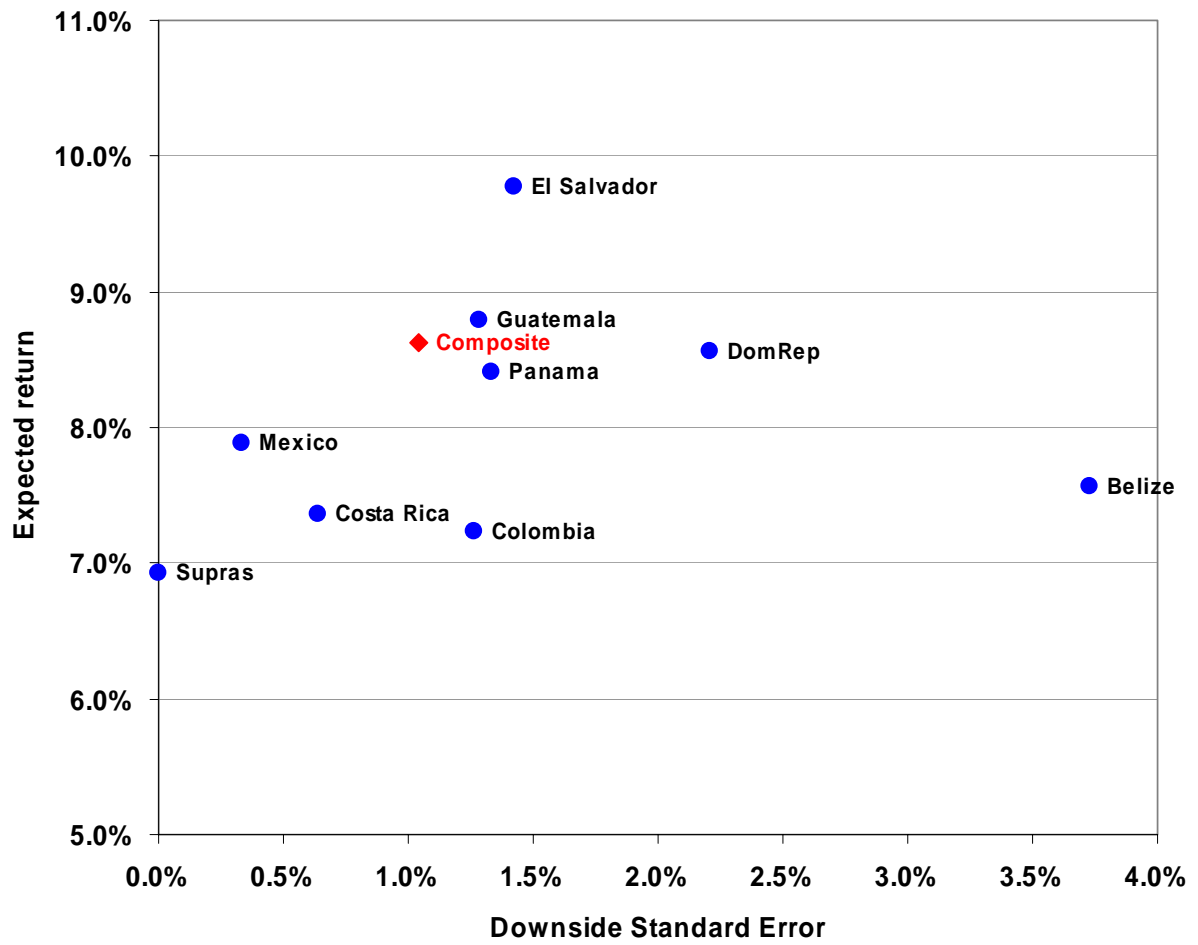
Country	BSCAX Weight	Stripped Spread	Spread Forecast			Expected Total Return			DSSE
			A	B	C	A	B	C	
Belize	0.2%	337 bps	300 bps	370 bps	500 bps	15.4%	8.5%	-4.4%	3.7%
Colombia	5.4%	113 bps	100 bps	110 bps	200 bps	8.7%	8.0%	2.0%	1.3%
Costa Rica	19.2%	124 bps	90 bps	105 bps	200 bps	8.6%	7.9%	3.6%	0.6%
Dom Rep	0.9%	207 bps	150 bps	190 bps	350 bps	12.2%	9.7%	-0.5%	2.2%
El Salvador	41.3%	140 bps	105 bps	125 bps	220 bps	12.8%	10.9%	1.6%	1.4%
Guatemala	12.4%	158 bps	100 bps	140 bps	250 bps	12.3%	9.5%	1.9%	1.3%
Mexico	13.2%	75 bps	55 bps	65 bps	120 bps	9.1%	8.4%	4.4%	0.3%
Panama	3.2%	121 bps	105 bps	115 bps	200 bps	10.3%	9.4%	1.8%	1.3%
Supranation	4.4%	101 bps	80 bps	95 bps	120 bps	7.7%	7.0%	5.9%	0.0%
Composite	100.0%	128 bps	95 bps	114 bps	202 bps	10.9%	9.4%	2.6%	1.0%

Treasury Benchmark bonds	Yield at Start	Yield at Horizon	Modified Duration
2yr On-the-run Treasury	4.65%	4.45%	1.9
5yr On-the-run Treasury	4.57%	4.35%	4.4
10yr On-the-run Treasury	4.67%	4.35%	7.8
30yr On-the-run Treasury	4.84%	4.50%	15.6



Note:

This table shows the expected return of CABEI Fund's benchmark over a twelve-month horizon under three different spread scenarios. We expect US Treasury yields to decline in the next 12 months, which would result in a positive return contribution of 2.3% on average. This positive return will add to the running yield and, in some cases, to return from expected spread tightening.





Currency forecasts (6 months)

Currency	A (15 %)	B (70 %)	C (15 %)
EURUSD	1.42	1.34	1.22
USDJPY	112.00	122.00	130.00
USDMXN	10.40	10.87	12.00
USDARS	3.00	3.10	3.25
USDCOP	2000	2300	2500

Allocation Ranges



The investment committee has agreed on the following policy ranges for the country allocation of the CABEL Fund for the second quarter of 2007:

Country	Index	04/19/07	Minimum	Maximum
Argentina *	0.0 %	3.1 %	0 %	10 %
Belize	0.2 %	0 %	0 %	5 %
Colombia	5.3 %	0 %	0 %	10 %
Costa Rica	19.1 %	23.0 %	15 %	30 %
Dominican Republic *	0.9 %	4.2 %	0 %	10 %
El Salvador	41.2 %	29.4 %	20 %	40 %
Guatemala	12.5 %	19.3 %	10 %	30 %
Mexico (external)	13.2 %	7.8 %	5 %	15 %
Mexico (domestic)	0 %	2.3 %	0 %	10 %
Nicaragua *	0 %	3.3 %	0 %	5 %
Panama	3.2 %	6.2 %	5 %	15 %
Cash	0.0 %	1.5 %		

* The combined allocation to Argentina, the Dominican Republic, and Nicaragua should not exceed 20 % of the fund's assets.

Duration (after hedge) 7.4 yrs 7.0 yrs 3.0 yrs 9.0 yrs

Contacts

Dr. Nicolas Schlotthauer, CEFA
DWS Finanz-Service GmbH
Mainzer Landstrasse 178-190
60612 Frankfurt, Germany
Phone +49 69 71909-3485
Fax +49 69 71909-3006
Email nicolas.schlotthauer@dws.com

Stefanie Ebner
DWS Finanz-Service GmbH
Mainzer Landstrasse 178-190
60612 Frankfurt, Germany
Phone +49 69 71909-8554
Fax +49 69 71909-3006
Email stefanie.ebner@dws.com

This report contains an assessment of medium-term market prospects for the sovereign debt issued by countries in the investment universe of the CABEI Central American Fund. The information in this report is meant to guide and explain investment decisions by portfolio management. Information contained in this report does not represent a credit opinion by CABEI and / or DWS.

This report may contain confidential and / or privileged information. It is intended solely for members of the Investment Committee of the CABEI Central American Fund plc. and it is not meant to be distributed to the public. Any unauthorized copying, disclosure or distribution of the material in this report is strictly forbidden.

The information contained in this assessment is based on the DWS Group's figures or publicly accessible sources that we consider reliable. We cannot guarantee the correctness or completeness of this information, and no statements made in this report are to be understood as such a guarantee. All opinions given reflect the current assessment of the DWS Group. The opinions expressed in this assessment are subject to change without prior notice. The information given here is based on our assessment of the current legal and tax position. Past performance is not necessarily indicative of future returns. The sole binding basis for the purchase of fund units is the latest sales prospectus in conjunction with any performance reports or half-yearly reports.