

CABEI Central American Fund P.L.C.

Ordinary Meeting No: 27-08

Non-Audited Financial Information: as at June 30, 2008

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1. Risk rating

Following is the analysis of the CABEI Central American Fund P.L.C., with non-audited financial information as at June 30, 2008.

Based on this information the following ratings were granted for the CABEI Central American Fund P.L.C.

Fund	Previous Rating	Current Rating
Costa Rica		
CABEI Central American Fund P.L.C.	scrAAAf 3	scrAAAf 3
Panama		
CABEI Central American Fund P.L.C.	scrAAAf 3 (pan)	scrAAAf 3 (pan)

The **scr-AAAf** rating is granted to funds "which quality and diversification of assets, strengths and weakness of the management provide the highest security against losses coming from payment breaches" Excellent Level.

With regard to the market risk, the **3 Rate** is granted to funds with "high sensibility to changing conditions in the market".

2. Executive Summary

- For June 2008 the managed assets of the CABEI Fund registered a US\$107.41 million level, after growing a 29.00% with respect to June 2007 and descending a 6.00% with regard to March 2008.
- Parallely, the number of participations of the Fund was increased in a 26.00% in the last year, and it was contracted in a 4.00% in the last quarter up to 66.83 thousand participations for the closing of June 2008.
- The geographic composition of the Investment Portfolio does not show significant variations during

the last trimester, since it continues concentrated in around a 65.00% in securities of El Salvador, Costa Rica and Guatemala.

- On the other hand, in the last year the Portfolio has shown a restructuring by economic sector, because the investments in sovereign debt and the power sector moved down from 88.00% to 81.00% and from 12.00% to 7.00% of the total portfolio in such period, respectively; versus the growth in the participation of securities of other sectors as well as cash holdings.
- The net value of the participation of the Fund was located in US\$1.607.28 up to June 2008, after descending 2.10% with regard to its historical maximum of \$1.641.93 obtained in April 2008.
- In concordance with the above mentioned, after the average monthly yield of the last 12 months became stabilized in 0,40% during the first quarter of 2008, for the second trimester of 2008 the indicator was contracted up to 0.20% at the closing of June 2008, the most reduced level of the 2 last years.
- As far as the modified duration of the CABEI Fund's Portfolio, it indicates that the risk of the portfolio in front of variations in its yield has become stabilized in the last 3 months, after being contracted between the closing of 2007 and the beginning of 2008, equivalent result to the greater stability of the interest rates in the Latin American financial markets of the last quarter with respect to previous periods.

3. Description of the CABEI Central American Fund P.L.C.

The Central CABEI American Fund P.L.C. (CABEI Fund) is an open and non-serial Investment Fund, which was approved for public bid by the General Super Intendance of Securities (SUGEVAL) in Costa Rica since July 31, 2003, by means of SGV-R-672 Resolution. This Fund was approved since March 1999 as an Investment Company in the Republic of Ireland, under the

"The risk rating issued represents the opinion of the Calificadora de Riesgo Centroamericana S.A. based on objective analyses made by professionals. It is not a recommendation to buy, sell or to keep certain instruments, nor is it an endorsement or guarantee of an investment, issue or its issuer. The liquidity that different securities might have in the primary market, as well as in the secondary market, is not considered. It is recommended to analyze the financial information prospect, and the relevant facts of the rated organization, which are available at the issuer's offices, at the General Super Intendance of Securities, stock markets, and representing brokerage houses."

regulations established in that country and those of the European Union.

The Fund is oriented to invest mainly in securities issued by organizations and sovereign debt of the regional and extra regional country partners of the Central American Bank of Economic Integration (BCIE), in addition to Panama, Dominican Republic and Belize.

On the matter, the group of regional country members is compound by Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador, while as an extra regional members are Argentina, Colombia, Mexico, Taiwan (Republic of China), Spain, and lately Panama and the Dominican Republic.

Additionally, the issue of shares of the CABEL Fund was approved by the Management Committee of the Guatemalan National Stock Exchange (*Bolsa de Valores Nacional, S.A. de Guatemala*) in meeting held on February 17, 2006 and registered before the Registry of the Securities and Merchandises Market of that country on December 1st, 2006.

At this regard it must be pointed out that, as it was indicated, the issue has been created under the legislation in force in the Republic of Ireland; consequently, in case of litigation, the courts of that country will be competent.

Moreover, in Guatemala the CABEL Fund has designated the Central American Bank of Economic Integration (CABEL) as Placement Broker and it can appoint additional deputy placement brokers to help in the search of investors for the Portfolio. Particularly, the Cuscatlán Securities Company (*Cuscatlán Valores, S.A.*) has been appointed as Deputy Broker for the placement of the CABEL Fund in Guatemala.

On the other hand, in Panama, since April 11th, 2007 the National Commission of Securities of the Republic of Panama communicated that it did not maintain objections to the notification of the establishment of a marketing relationship between the CABEL Central American Fund P.L.C. and the Brokerage House Worldwide Securities under Administration Co. (Securities Worldwide) - (*Mundial de Valores en Administración S.A.*) (*Mundial de Valores*). The official notice means that Securities Worldwide is allowed to sell the CABEL Fund's participations in a private manner to its customers in Panama.

Later, on November 22nd, 2006 and on January 19th, 2007, CABEL Fund and Securities Worldwide, respectively, signed a Sub Branch Agreement, which main target is to authorize and register Securities Worldwide as local placement Broker of the CABEL Fund's participations in Panama.

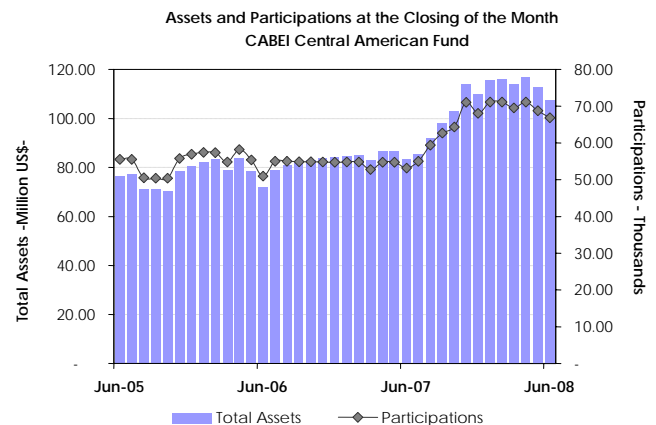
Additionally, the Administrator and Safeguard of the CABEL Fund, the Bank of Ireland Securities Services, has completed the agreement process with HSBC Panama so that this serves as Sub Safeguard of the CABEL Fund to facilitate the investments in Panama, Costa Rica, Guatemala and El Salvador.

On the other hand, the CABEL Central American Fund P.L.C. designated since April 26, 1999 the Central American Bank of Economic Integration as placement broker of its participations in Honduras, granting to it in addition the faculty to appoint placement sub brokers. In this capacity, the Central American Bank of Economic Integration designated "*Fomento Financiero, S.A.*" Brokerage House as Placement Sub Broker for the participations of the CABEL Fund in Honduras by means of a contract signed on August 01, 2006.

Later on August 16, 2007, "*Fomento Financiero S.A.*", Brokerage House submitted before the Secretariat of the National Commission of Banks and Insurance Companies of Honduras a request for authorization to trade in Honduras the participations of the CABEL Fund; which was positively answered by means of the Resolution N° 999, dated on August 28, 2007, of the National Commission of Banks and Insurance Companies of Honduras based in the "Norms for the Trading of Investment Funds Established and Administered Out of the Country" approved by the same Commission.

4. Managed Assets

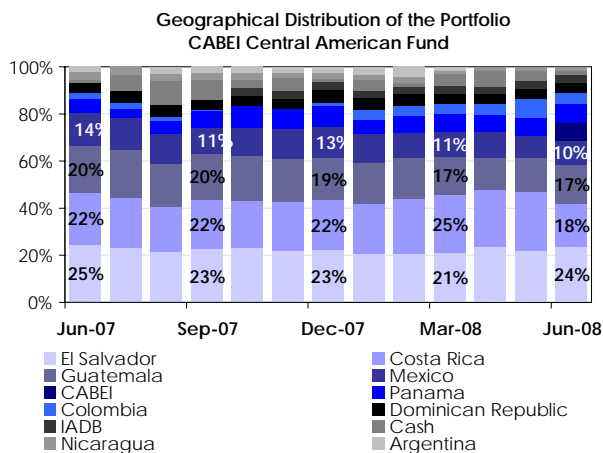
At the closing of the first half of 2008 the assets managed by the Fund reached at US\$107.41 million, after an increase of 29.00% during the last year and dropping a 6,00% in the second quarter of 2008. The behavior of the managed assets appears in a parallel manner to the evolution of the number of participations; which ascended to 26.00% between June 2007 and June 2008 while they were reduced a 4,00% in the last quarter of such period, registering a level of 66,83 thousand participations up to June 2008.



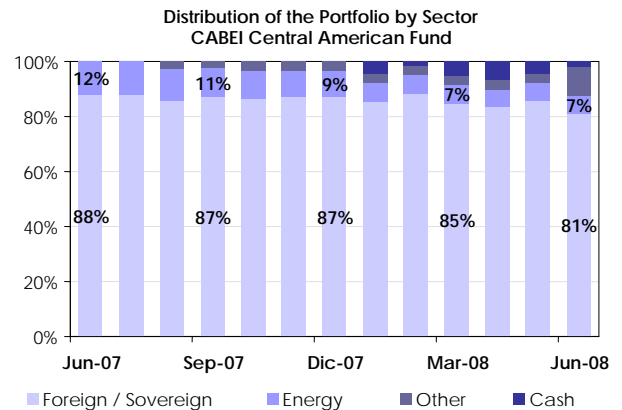
As far as the structure of the Investment Portfolio, it is understood that this remains concentrated around an 80,00% in public issuers, as well as in instruments of El Salvador, Costa Rica and Guatemala, which altogether have represented in average a 63,00% of the total Portfolio during the last year.

On the other hand, for the period between June 2007 and June 2008, the participation of Mexican securities oscillated between 10.00% and 15.00% of the total, while the rest of the portfolio has been represented by securities of issuers from Panama, Colombia, Dominican Republic, Nicaragua and Argentina, as well as instruments issued by the Inter-American Development Bank and the Central American Bank of Economic Integration, which have not turn out to be, in an individual manner, more than 10.00% of the total Portfolio.

Additionally, it is important to note down that in the last year under analysis, between 0.00% and 7.00% of the net worth of the Portfolio have been in cash; 2.00% for the closing of June 2008.



With regard to the structure of the Portfolio of the Fund by Economic Sector, it is remarkable a slight resetting shown by the Portfolio in the last year, when the sovereign debt securities passed from representing an 88.00% to an 81.00% of the total, while the securities of the power sector have been reduced from a 12.00% to a 7.00%; which has appeared hand to hand with the growth in the participation of securities of other sectors as well as cash holdings, which reach to represent a 12.00% of the Portfolio up to June 2008, while they did not represent a any portion of the funds back a year.



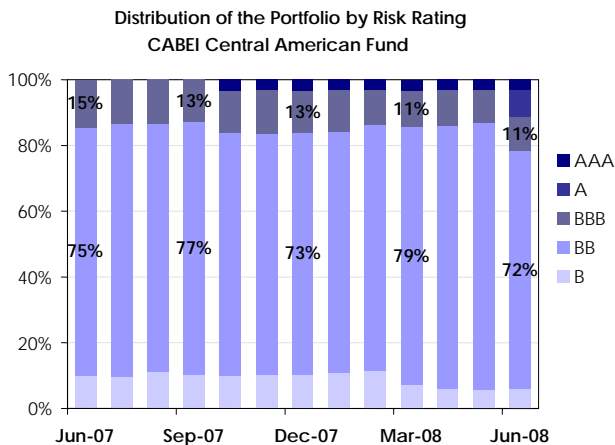
As far as the composition of the investment Portfolio of the CABEI Fund, according to risk rating¹, for June 2008 approximately one fourth of the total Portfolio has an international investment rating, while the rest is located in a speculative ranking.

In detail, it is followed from that between 70.00% and 80.00% of the Portfolio in the last 12 months has had a BB international risk rating (72.00% for June 2008). In this sense, it must be remembered that Costa Rica and Guatemala both have such sovereign risk ranking for June 2008; while on the other hand, El Salvador, Colombia and Panama have BB+ international risk ratings for the same date.

Additionally, for the last quarter, near an 11.00% of Portfolio has kept a BBB+ international rating, corresponding to Mexican securities, while around a 7.00% of the Portfolio remained ranked with different B ranking levels, corresponding to securities of Argentina (B+) and Dominican Republic (B).

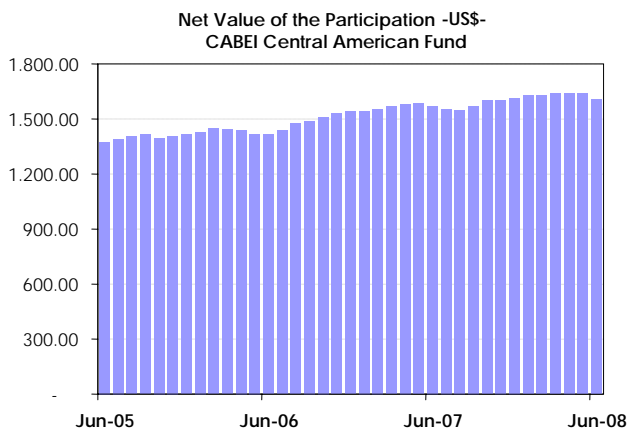
As a final point, approximately 3.00% of Portfolio showed during the last quarter the maximum credit quality rating, AAA, which corresponds to securities of the Inter-American Development Bank, and for June 2008 instruments of the Central American Bank of Economic Integration for an 8.00% of the total Portfolio, which placed the credit ranking of equal portion of the Portfolio in A.

¹ The referred risk ratings have been granted by Standard & Poor's, except for Nicaragua, which is ranked as B3 by Moody's. The distribution of ratings is referred to the sovereign / corporate issuer risk of the security and it does not include cash holdings or future contracts.



5. Performance of the Fund

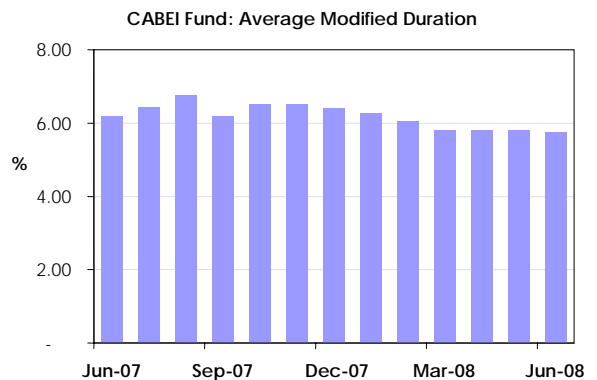
At the closing of first half of 2008 the net value of the CABEI Fund's participation reaches to a value of US\$1.607.28, after being contracted 2.10% with respect to April 2008, when it reached an historical maximum of \$1.641.93, behavior that has been observed at the closing of first semester of previous years, because in equal months of 2006 and 2007, the net value of the assets of the Fund descended in 0.70% and 1.80%, respectively.



As far as the modified duration of the Portfolio of the CABEI Fund, percentage of change in the price of the Portfolio given a determined change in the average yield, showed a decreasing trend during the last quarter of 2007 and the first quarter of 2008, when it passed from securities near 6.50% to others of 5.80%, value in which it has stabilized for the second quarter of 2008.

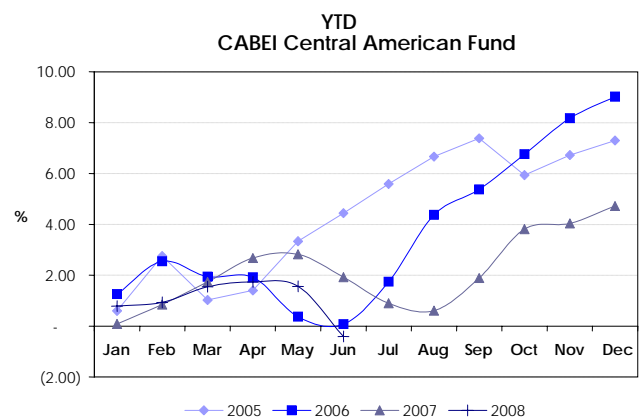
Accordingly, the evolution thrown by the modified duration of the Portfolio of the CABEI Fund aims at the risk of the Portfolio before variations in its yield has become stabilized in the last 3 months, after being contracted between the closing of 2007 and the beginning of 2008, hand to hand with a greater stability in the interest rates **SCRiesgo**

in the Latin American financial markets for the last quarter with respect to previous periods.



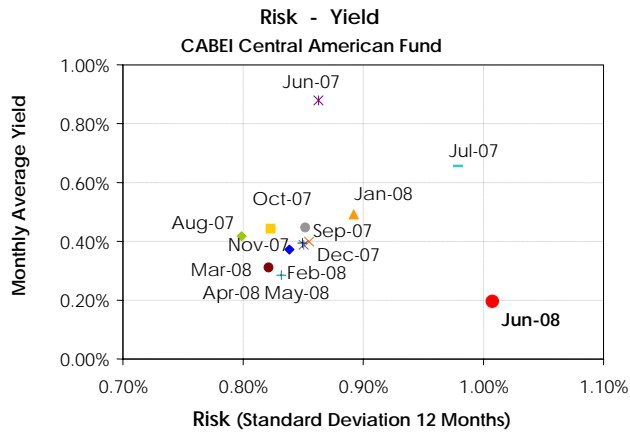
In a consequent manner with the behavior of the net value of the participation, the yield offered by the Fund, accumulated from the beginning of the year (Year to Date - YTD) showed increasing during the first 4 months of 2008, reaching a level without annualize of 1.74% for April 2008, while it is reduced until accumulating a negative value of 0.41% for the first semester of the year.

With this result, the Fund is positioned with the most reduced indicator of last the 4 years, because the values registered at the closing of June of years 2007, 2006 and 2005 were positive and located between 0.05% and 4.50%.



As far as the ratio offered by the CABEI Fund between the average yield of the last 12 months and its standard deviation, it must be noticed that after between the third and fourth quarter of 2007 the yield significantly decreased (between May 2007 and August 2007 it passed from a 0.93% to a 0.42%), it has become stabilized in around a 0.40% for the rest of 2007 and the first quarter of 2008. However, for the second quarter of 2008 the average monthly yield persistently reduced up to a level of 0.20% for June 2008.

As far as the standard deviation of the monthly yield average, that had been preserved between 0.70 and 0.90 percentage points during the second semester of the 2007 and the first 5 months of 2008, rose up to 1.00% for June 2008, along with the drop in the average yield.



This way, from the contraction in the average monthly yield and the increase of its standard deviation, the coefficient of variation (CV) of the Fund's yield, which had been located around 2 percentage points during the fourth quarter of 2007 and the first quarter of 2008, rose up from 2.91 to 5.14 points between May and June 2008, the greater level exhibited in the last 2 years, which represents that at the closing of the period under analysis, the investor of the CABEI Fund is assuming the greatest risk levels by each yield unit received since June 2006.

