

CABEI Central American Fund P.L.C.

Ordinary Meeting No: 03-08

Un-audited Financial Information: as at September 30, 2008

Contacts:	Gary Barquero Arce	General Manager	gbarquero@scriesgo.com
	Yin Mei Acón Chan	Technical Manager	ymacon@scriesgo.com
	Roy Diego Chaves R.	Senior Analyst	rchaves@scriesgo.com

1. Risk rating

Following is the analysis of the CABEI Central American Fund P.L.C., with un-audited financial information as at September 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
Honduras		
CABEI Central American Fund P.L.C.	scrAAAf 3 (hn)	scrAAAf 3 (hn)
Panama		
CABEI Central American Fund P.L.C.	scrAAAf 3 (pan)	scrAAAf 3 (pan)

The **scr AAA** 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 Category** is granted to funds with "high sensibility to changing conditions in the market".

2. Executive Summary

- The assets under administration of the Fund grew 6.2% in the last year and descended almost 3% in the third trimester of 2008, arriving to \$104.50 million.
- In the first 3 quarters of 2008 the sovereign Portfolio lost 10 percentage points of participation versus "others" and "cash" until reaching to a 77%.
- YTD Yield descends to -2.90% to the closing of the third trimester of 2008, together with the declaration that Lehman Brothers, the second

- American investment bank until then, has recourse to the protection by bankruptcy.
- The risk-yield ratio shows the less advantageous levels of at least the last 3 years, for the third trimester of 2008.
- The interest rates risk indicator has become stabilized in 6.00% for the 2 last months under analysis, indicating little variation in the exposure of the Portfolio before variations in the interest rates.
- The exposure of the Portfolio to changes in the credit risk of the Emergent Markets was increased from 5.10% to 5.80% between July and September 2008.
- The average return of the Portfolio based on the income of its coupons, capital gains, or capital losses, including the cash flow of its collaterals, has increased from 5.70% to 6.70% between April and September 2008, thanks to that the assets of greater risk, especially those coming from emergent markets, and they have had to offer a greater risk premium during the international financial crisis.

"The risk rating do not represent a suggestion or recommendation to buy, sell or to keep instruments, nor it is an endorsement or guarantee of an issue or its issuer; but a complementary variable for investment decision."

3. Description of the CABEL Central American Fund p.l.c.

The Central CABEL American Fund P.L.C. (CABEL 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 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, Panama and 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.

In this sense it must be specified that, due to the issue has been created under the legislation in force of the Republic of Ireland; in case of litigation, the courts of that country will be competent.

Additionally, 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 so that they 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, on Securities National Committee of the Republic of Panama communicated that it did not keep 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, on November 22nd, 2006 and 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 Agent of local placement of the CABEL Fund's participations in Panama.

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

On the other hand, CABEL Central American Fund p.l.c. appointed, since April 26, 1999, the Central American Bank of Economic Integration (BCIE), as Placement Broker of its participations in Honduras, granting in addition the competence of appointing additional Deputy Placement Brokers. At this respect, the Central American Bank of Economic Integration appointed *Fomento Financiero, S.A.* Brokerage House as Deputy Placement Brokers for the de CABEL Fund participations in Honduras by means of agreement signed on August 01, 2006.

Subsequently, on August 16, 2007 Fomento Financiero, S.A. Brokerage House submitted before the Secretariat of the Banks and Insurance National Committee of Honduras a request for an authorization to trade in Honduras the participations of the CABEL Fund, which was positively resolved through the Resolution N° 999 dated August 28, 2007 of the Banks and Insurance National Committee of Honduras based on the "Norms for the Trading of Investment Funds Established and Managed Abroad" approved by the same Committee.

4. Managed Assets

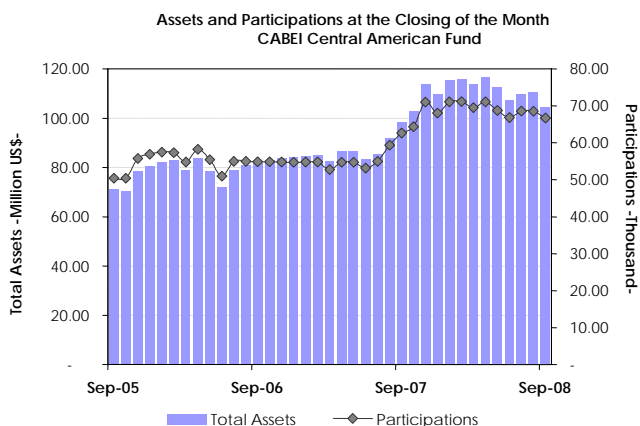
At the closing date of the third quarter of 2008 the assets managed by the Fund registered US\$104.50 million, after descending 9.60% between January 2008 and September 2008 and 2,70% only in the last quarter. The behavior of the managed assets appears in a parallel manner to the evolution of the number of participations, which reduced to 6.20% in the first 9 months of 2008 and 0.20% in the third quarter of 2008, showing a level of 66.69 thousand participations at the closing date of September 2008.

According to the Investment Brokers of the Fund, the drop in the managed assets in 2008 is associated to reduction processes of leveraged positions by the international investors, such as hedges funds, which consequently reduced their exposures in higher risk assets, especially those coming from emerging markets.

This process affected Latin American Bonds denominated in US Dollars, as well as in local currencies, occasioning that their prices significantly dropped. In an accordingly manner, the marketing capacity of the Central American

and Caribbean debt was severely contracted even with respect to other emerging markets.

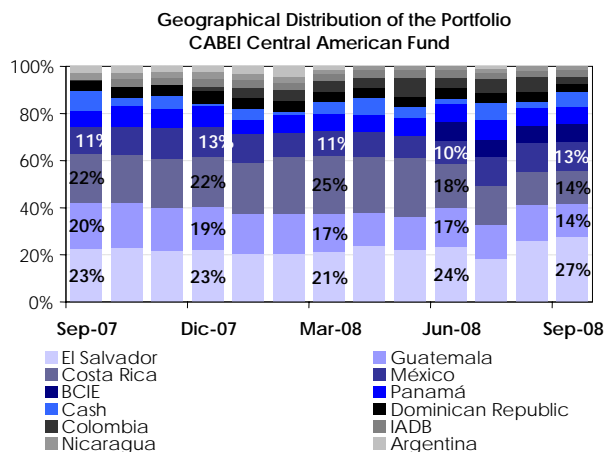
Additionally, the purchase of Bear Stearns by the JP Morgan in March 2008, after it recognized important liquidity problems, caused an adverse impact on the liquidity of the Latin American debt instruments, because Bear Stearns represented one of the greater market makers in this region



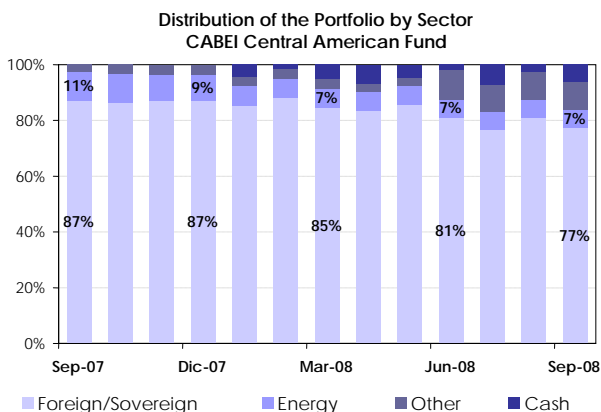
As far as the composition of the Managed Portfolio, for the third quarter of 2008 the Portfolio remains concentrated in near an 80,00% in public sector issues and in instruments of El Salvador, Costa Rica and Guatemala, which as a whole have represented an average of 60,00% of the total Portfolio in the last year.

On the other hand, in the last year the participation of Mexican securities stands out, which has oscillated between 10.00% and 13.00% of the total, while the rest of the Portfolio has been represented by securities of Panama, Colombia, Dominican Republic, Nicaragua and Argentina issuers, as well as instruments issued by supranational organisms, the Inter-American Development Bank and the Central American Bank of Economic Integration, which have not gotten to mean in an individual manner more than 10.00% of total Portfolio.

Additionally, it is important to write down that in the last year under analysis, in average a 5.00% of the net worth of the Portfolio have been in cash; a 6.30% for September 2008.



As far as the structure of the Fund's Portfolio by Economic Sector, it is noticeable a slight re-composition showed by the Portfolio in the last year, when the securities of sovereign debt have lost 10 percentage points of participation until meaning a 77.00% of the total up to September 2008, while the securities of the energy sector have been reduced from 11.00% to 7.00%; which has appeared hand to hand with the growth in the participation of securities of supranational organizations ("Others") and cash holdings, which reach to represent in a joint manner a 16.00% of the Portfolio up to September 2008, while they represented only 2.00% of the funds back a year.



As regards to the composition of the investment portfolio of the CABEI Fund, according to the risk rating¹, for September 2008 approximately a fourth part of the total portfolio has international risk rate investment, while the rest is located in speculative grade.

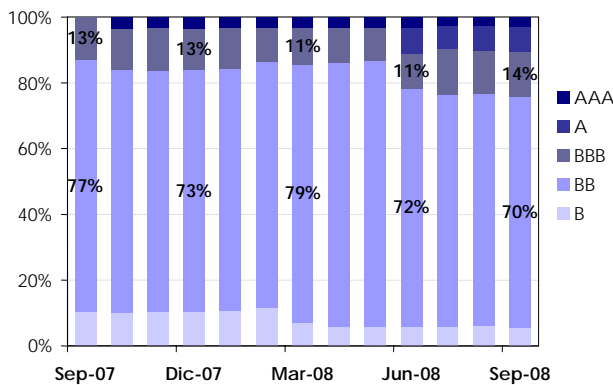
¹ The referred risk ratings have been granted by Standard & Poor's, except for Nicaragua, which is ranked as B3 by Moody's. The distribution of ratings is referred to the sovereign / corporative issuer risk of the security and it does not include cash holdings or future contracts.

In the last 12 months between 70.00% and 80.00% of the portfolio has had BB + / - international risk rating. In particular, Costa Rica and Guatemala have BB sovereign risk rating in foreign currency for September 2008, while El Salvador, Colombia and Panama have BB+ international risk ratings.

Additionally, for the last quarter the portion of the Portfolio with BBB+ risk ratings, corresponding to Mexican securities, passed from representing an 11.00% to a 14.00%; while around 6.00% of the Portfolio remained ranked with different B rating levels, being instruments of Argentina (B-) and Dominican Republic (B+).

Finally, approximately 3.00% of Portfolio showed the maximum credit quality during the last year, AAA, which corresponds to securities of the Inter-American Development Bank, and from June 2008 instruments of the Central American Bank of Economic Integration were incorporated to the Portfolio for an 8.00% of the total Portfolio, which has placed the credit rating of equivalent portion of the Portfolio in A-.

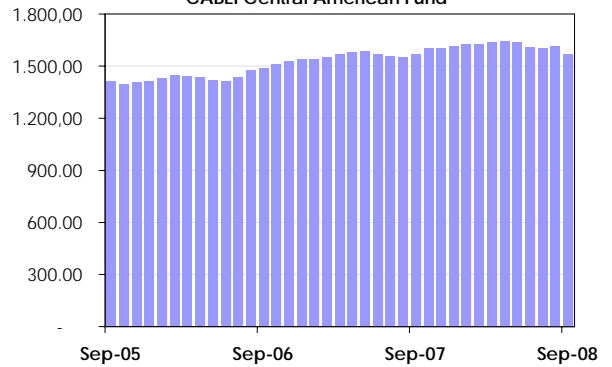
Distribution of the Portfolio by Risk Rating
CABEI Central American Fund



5. Performance of the Fund

At the closing of the third trimester of 2008 the net value of the participation of the CABEI Fund reaches a value of US\$1.567.06, after being contracted 5.00% with respect to April 2008, when it reached an historical maximum of \$1.641.93.

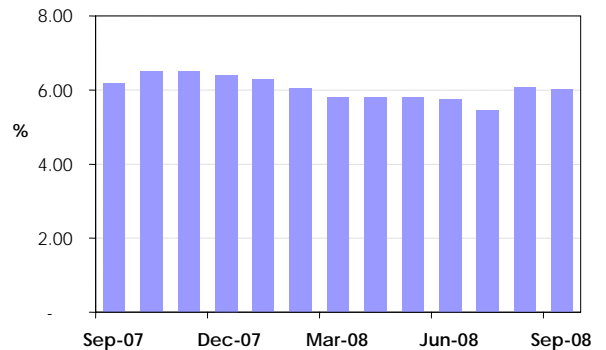
Net Value of the Participation -US\$-
CABEI Central American Fund



As far as the modified duration of the Portfolio of the CABEI Fund, percentage of change in the price of the Portfolio, given a change determined in the average yield, it showed a decreasing trend between October 2007 and July 2008, when it passed from 6.50% to 5.45%, while for August and September 2008 the indicator has placed in near a 6.00%.

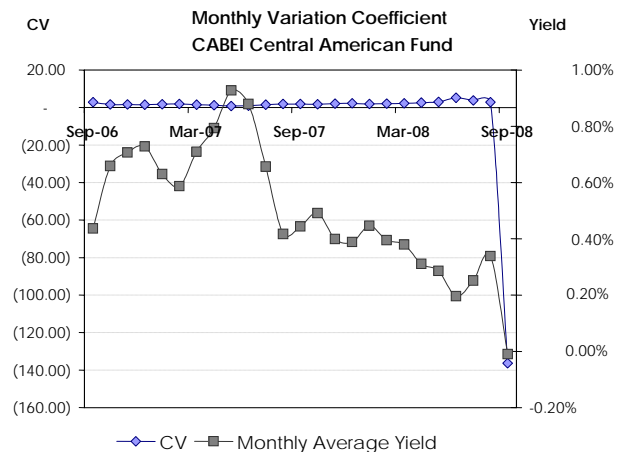
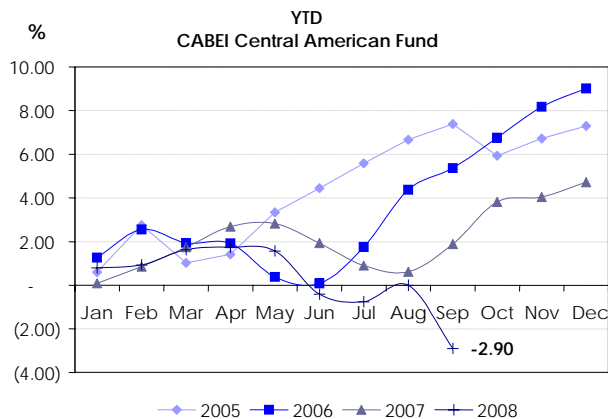
In this way, the evolution thrown by the modified duration of the Portfolio of the CABEI Fund indicates that the risk of the Portfolio before variations in its yield has slightly increased in the last quarterly, hand to hand with a greater volatility of the interest rates in the Latin American financial markets for the last quarter with respect to previous periods.

CABEI Fund: Average Modified Duration

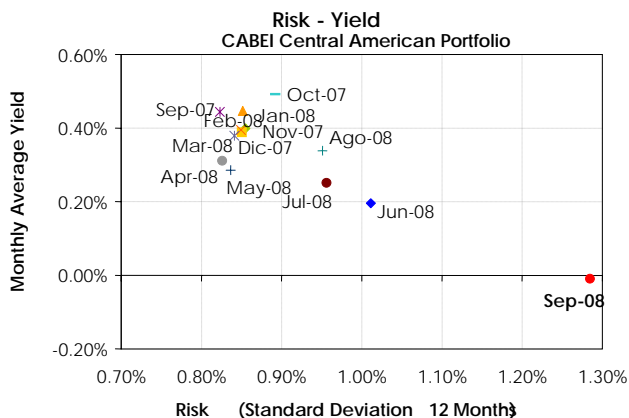


In a consequent manner with the behavior of the net value of the participation, the yield offered by the accumulated Fund from the beginning of the year showed a significant decrease in the last two quarters until registering a negative value of 2.90% for September 2008.

With this result, the Fund is positioned with the most reduced indicator for the same month of at least the last 4 years. The significant decrease in the indicator especially showed in September 2008, appears hand to hand with the announcement that Lehman Brothers filed for the protection of bankruptcy.



The movements in the international financial markets caused by the fall of Lehman Brothers also affected the ratio offered by the CABEL Fund between the average yield of the last 12 months and its standard deviation. For September 2008 the Fund exhibits an atypical observation, when the monthly yield, which had been positive in at least the last 3 years, descends to -0,009%; while its standard deviation is increased up to 1.28 percentage points, while it had been placed in around 0.90 percentage points since 2006.



In this way, from the contraction in the average monthly yield, that up to September 2008 is negative and it approaches to the 0.00%, and the increase of its standard deviation, the coefficient of variation (CV) of the yield of the Fund, which had been located around 2 percentage points during the last quarters, rose up to 140 negative points, the greater level exhibited in at least the last 3 years, which represents that to the closing of the period under analysis, the investor of the CABEL Fund is assuming the greatest risk levels by each unit of yield received from the last periods.