

## CABEI Central American Fund P.L.C.

Ordinary Meeting No: 3032009

Non-Audited Financial Information: as at March 31, 2009

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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 March 31, 2009.

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
Guatemala		
CABEI Central American Fund P.L.C.	scrAAAf 3 (gua)	scrAAAf 3 (gua)
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 AAf** 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 Fund's assets under management registered US\$96.98 millions at March 2009, after descend 14.90% in the last year and increased 4.30% only

in the first quarter of 2009, like a consequence of the slighter volatility exhibit for the international financial markets during the last 3 months.

- The global financial markets were in a state of turmoil, prompted in large part by the United States developments. De-leveraging within the investor base put significant pressure on riskier assets especially in the fourth quarter of 2008.
- Between March 2008 and March 2009 the sovereign debt Portfolio lost 11 percentage points of participation, gained by supranational instruments.
- During the last 3 quarter around of one fourth of the Fund portfolio has been granted with international investment grade.
- The Net Asset Value of the Fund reaches US\$1455.21 at the closing of March 2009, after descend 11.30% in the last year and increased 4.60% during the last quarter under analysis.
- The Fund Year to Date (YTD) performance has exhibit positive levels during the first 3 month of 2009, registering a value of 4.59% at the closing of March 2009, upper the registered indicator at the same date of 2008 and 2007.
- The risk-yield Fund relationship shows the less advantageous levels of their history, for the last 2 quarters.
- The Fund modified duration reduced from 5.80% to 4.25% along the last year, in a parallel manner with the cautious investment approach followed by the Fund management.

"The risk rating issued represents the opinion of SCRiesgo, 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."

### 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 1<sup>st</sup>, 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 22<sup>nd</sup>, 2006 and January 19<sup>th</sup>, 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

The net assets under management by CABEL Central American Fund registered US\$96.98 millions at the closing of the first quarter of 2009, after increasing 4.30% respecto to December 2008 and descending 14.90% versus March 2008. The main variation was on October 2008, when the net assets under management descent in \$17.20 millions.

The contraction of the assets was more pronounced than the exhibited by the shares, which reduced 4.10% during the last year and showed a variation of only -0.02% in the first quarter of 2009, showing a level of 66.64 thousand at the closing date of March 2009.

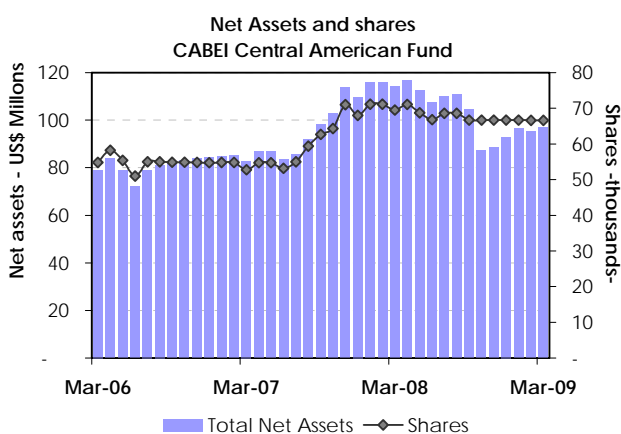
According to the Fund's investment manager, the drop in the assets under management in 2008 is associated to reduction of leveraged positions by the international investors, such as hedges funds, which consequently reduced their exposures in higher risk assets, especially those coming from emerging markets.

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 global financial markets were in a state of turmoil, prompted in large part by the US developments. De-leveraging within the investor base put significant pressure on riskier assets. Many investors from core markets, like United States and Western Europe, cut positions in all risky asset classes, this also weighed on USD bonds of Latin America.

El Salvador saw most significant price drops, followed by Guatemala and Costa Rica. Prices of Panama and Mexico fell relatively more moderate.



As far as the composition of the portfolio under management, during the last year under analysis the Portfolio elevated its concentration in the public sector issuers from El Salvador and Guatemala from 38.00% to 50.00%, meanwhile increased its exposure in notes from Central American Bank of Economic Integration (CABEL) up to 14.00%, like a consequence of the Fund management's strategy to reduce duration investing in a prime-rated entity. In this sense, the Fund management currently reduces duration via switching from longer dated bonds into shorter maturity brackets.

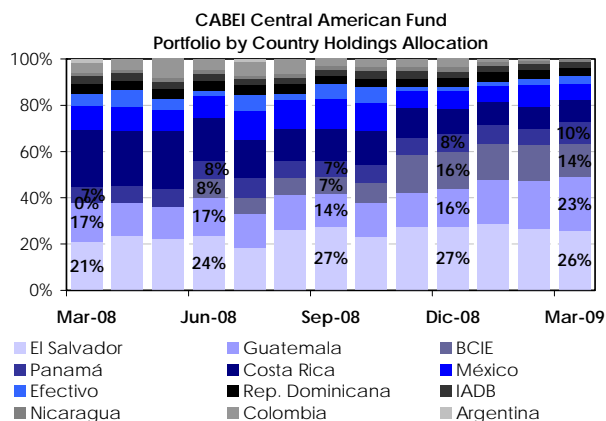
On the other hand, in the last year the participation of Costa Rican securities descends from 25.00% to 10.00%, to fund positions in CABEL notes, which did not present participation at before June 2008.

Between September 2008 and March 2009 the participation of Panamanian securities increased from 7.00% to 10.00%, meanwhile the Mexican instruments lost 6 percentage points up to represent 7.00% at the closing date of March 2009.

While, the rest of the Portfolio has been represented by securities of Dominican Republic, Colombia, Nicaragua and Argentina, as well as instruments issued by the Inter-American Development Bank, which have not gotten to

mean in an individual manner more than 5.00% of total Portfolio.

Complementarily, during the last year, an average of 4.00% of the net worth of the Portfolio have been in cash; a 3.50% for March 2009.

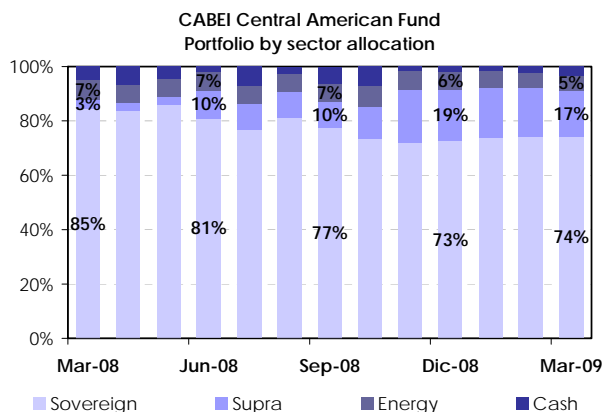


In general, the Fund investment managers expect difficult market conditions to persist over the course of the second half of 2009. However, they are convinced that a number Latin American issuers face sound economic fundamentals and offer attractive value. Hence, the Fund investment managers will actively allocate between different regional names on the next months.

As far as the structure of the Fund's Portfolio by Economic Sector, during the last year the Portfolio showed a re-composition, when the securities of sovereign debt have lost more than 10 percentage points of participation, that was gained by supranational instruments, until meaning a 74.00% of the total at the closing of March 2009, hand to hand with the Fund management's approach to cut duration.

Meanwhile, securities of the energy sector passed from represent 7.00% to 5.00% of the Portfolio between March 2008 and March 2009, meanwhile the cash holdings reduce its participation from 5.10% to 3.50%.

Additionally, it's important to write down that sector allocations exclude futures contracts.



As regards to the composition of the investment portfolio of the CABEI Fund, according to the risk rating<sup>1</sup>, for the last 3 quarters under analysis around of one fourth of the total portfolio showed international investment grade, while the rest is located in speculative grade.

During the last 4 quarters around 6.00% of the Portfolio remained ranked with different B rating levels, being instruments of Argentina B-(S&P), Dominican Republic B (S&P) and Nicaragua B3 (Moody's). In the same period, the portfolio granted with BB (+/-) international risk rating pass from represent 79.00% to 71.00% of the total. Particularly, Costa Rica, Guatemala and recently El Salvador have BB sovereign risk rating in foreign currency for March 2009, while Colombia and Panama have BB+ international risk ratings.

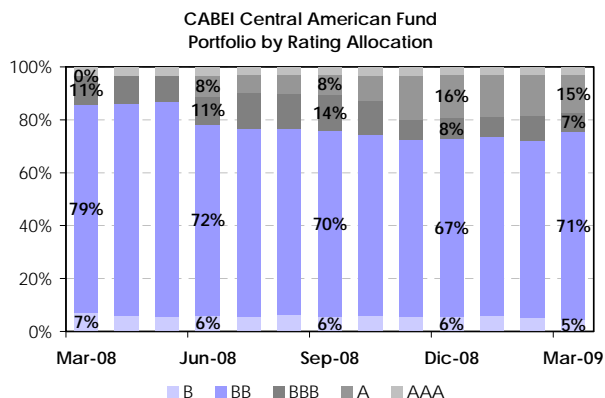
On the other hand, the portfolio BBB (S&P), which correspond to Mexican securities BBB+(S&P), reduced his participation from 14.00% to 7.00% in the last 2 quarters analyzed; meanwhile, notes of CABEI A-(S&P) duplicated their participation only in November 2008.

Finally, in 2008 approximately 3.00% of Portfolio showed the maximum credit quality, AAA (S&P), which corresponds to securities of the Inter-American Development Bank.

The totality of the issuers in which the Fund invests to the closing of March 2008, include a risk rating with stable outlook, except Mexico, whose rating possesses a negative outlook.

<sup>1</sup> The referred risk ratings have been granted by Standard & Poor's, except for Nicaragua, which is local currency 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.

**SCRiesgo**



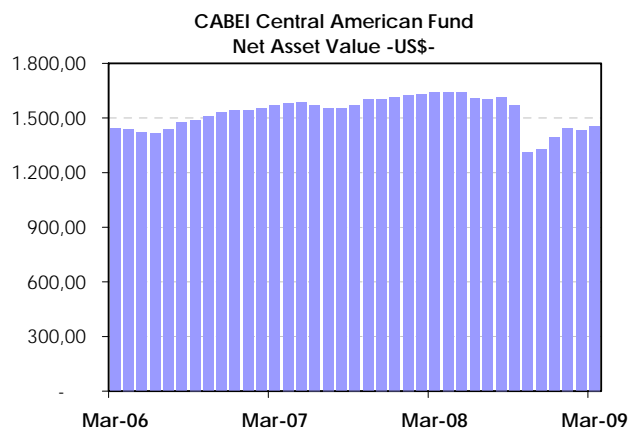
## 5. Fund performance

The Fund's Net Asset Value (NAV) reaches a level of US\$1,455.21 at the closing of the first quarter of 2009, after recuperate in 4.60% front of the significant drop in October 2008, when was down 16.40% on per share price from \$1,567.06 to \$1,309.55.

In the first quarter of 2009, although in smaller measure that in the last quarter of 2008, the global financial markets were in a state of turmoil, prompted in large part by the US developments. Like a consequence, deleveraging within the investor base put significant pressure on riskier assets.

Consistently, many investors from core markets (US, Western Europe) cut positions in all risky asset classes, this also weighed on USD bonds of Latin America. El Salvador saw most significant price drops, followed by Guatemala and Costa Rica. Prices of Panama and Mexico fell relatively more moderate.

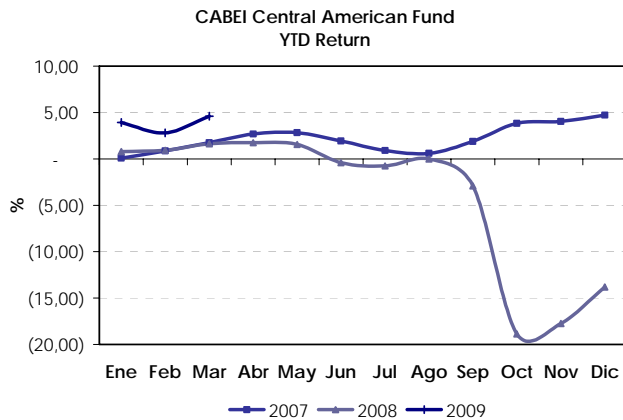
The Fund's Net Asset Value is net of performance and management fees and includes cash holdings and futures contracts.



Consistently with the behavior of the NAV, the yield accumulated by the Fund from the beginning of the

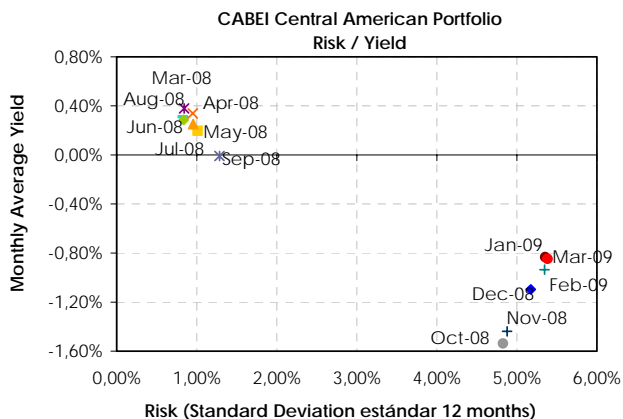
year, or Year to Date (YTD) performance, has showed positive values during the first 3 months of 2009, registering a value of 4.59% at the closing date of March 2009.

With this result, the Fund performance in the first quarter of the 2009 placed in a highest level then equal date of 2008 y 2007, when registered values of 1.63% y 1.74%, in that order.



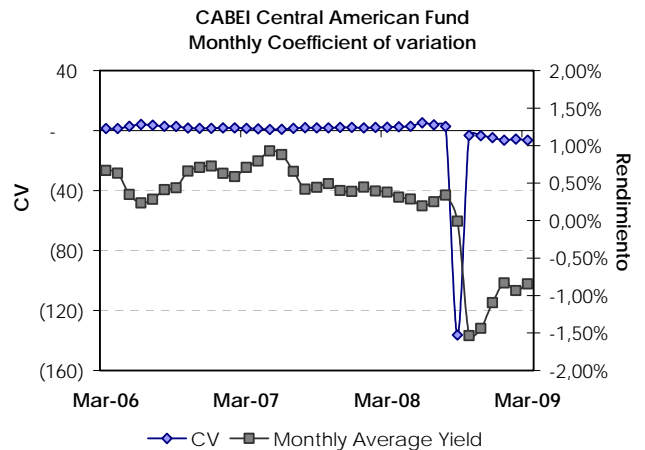
The movements in the international financial markets, later of the announcement that Lehman Brothers filed for the protection of bankruptcy, in September 2008, also affected the relationship offered by the CABEI Fund between the average yield of the last 12 months and its standard deviation.

During the last 3 months of 2008 and the first 3 of 2009 the Fund exhibits atypical observations, when the monthly yield, which had been positive in at least the last 3 years, descended under -1.00%; while its standard deviation increased for above 5.00 percentage points, after 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 December 2008 is negative and it approaches to the 1.00%, 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 2 years, rose up to 140 negative points at September 2008, the greater level exhibited in at least the last 3 years, which represents that to the closing of 2008, the CABEI Fund investors were assuming the greatest risk levels by each unit of yield received. For the first quarter of 2009, the Fund's performance CV has exhibit negative values and around of 5.00%.



As far as the modified duration of the Fund portfolio, percentage of change in the price of the Portfolio given a change determined in the average yield, it showed a decreasing trend during the last year, when it passed from 5.80% to 4.25%, according with the cautious investment approach followed by the Fund management, that include further reduction of spread duration.

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 decreased in the last year.

