

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

Ordinary Meeting No: 1292009

Non-Audited Financial Information: as at June 30<sup>th</sup>, 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 June 30<sup>th</sup>, 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
Honduras		
CABEI Central American Fund P.L.C.	scrAAAf 3 (hn)	scrAAAf 3 (hn)
Panamá		
CABEI Central American Fund P.L.C.	scrAAAf 3 (pan)	scrAAAf 3 (pan)

The **scr AA Af** 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\$89.15 millions at June 2009, after descend 17% in the last year and 11% only in the last analyzed month, as a consequence of the reduction in the Fund's shares in 8,470 up to 57,862.

- From 2008 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 special pressure on riskier assets.
- During the first half of 2009 the sovereign debt Portfolio gained close to 4 percentage points of participation up to represent 77% of the portfolio, reversing the trend exhibited in the second semester of 2008.
- During the last 3 quarters around of one fourth of the Fund portfolio has been granted with international investment grade, meanwhile the portfolio average rating has been BB+ (S&P).
- The Net Asset Value of the Fund reaches US\$1540.67 at the closing of June 2009, after ascend 18% respect to the closing of October 2009.
- The Fund Year to Date (YTD) performance has exhibit positive levels during the first 6 months of 2009, registering a value of 10.73% at the closing of June 2009, upper the registered indicator at the same date of 2008 and 2007.
- The Fond's last 12 months standard deviation has maintained close to 5.40 points from the fourth quarter of 2008, while the monthly average yield has grow up from -1.50% to -0.20% between October 2008 and June 2009.
- The Fund modified duration reduced from 5.80% to 3.55% 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 the Sociedad 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."

### 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 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 CABEI 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 CABEI Fund has designated the Central American Bank of Economic Integration (CABEI) 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 CABEI 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 CABEI 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 CABEI 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, CABEI 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 CABEI Fund's participations in Panama.

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

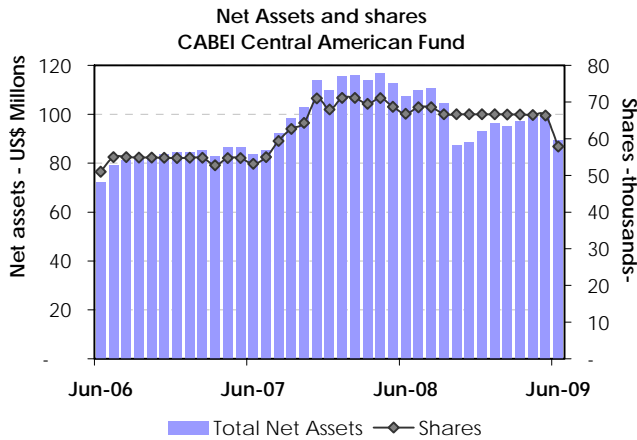
On the other hand, CABEI Central American Fund p.l.c. appointed, since April 26, 1999, the Central American Bank of Economic Integration (BCIE), as Placement Broker of its participations in Honduras, granting in addition the competence of appointing additional Deputy Placement Brokers. At this respect, the Central American Bank of Economic Integration appointed *Fomento Financiero, S.A.* Brokerage House as Deputy Placement Brokers for the de CABEI 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 CABEI 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 CABEI Central American Fund registered US\$89.15 millions at the closing of the first half of 2009, after descending 11.00% only on June 2009 and 17.00% versus June 2008. The main variations of the net assets under management in the last year was on October 2008, when descent it in \$17.20 millions and on June 2009 when did it in \$11.48 millions.

Different to the contraction of the assets on October 2008, on June 2009 the variation in the assets was hand to hand with the behavior of the shares, which reduced 12.80% during June 2009, showing a level of 57.86 thousand at the closing of the first half of 2009.

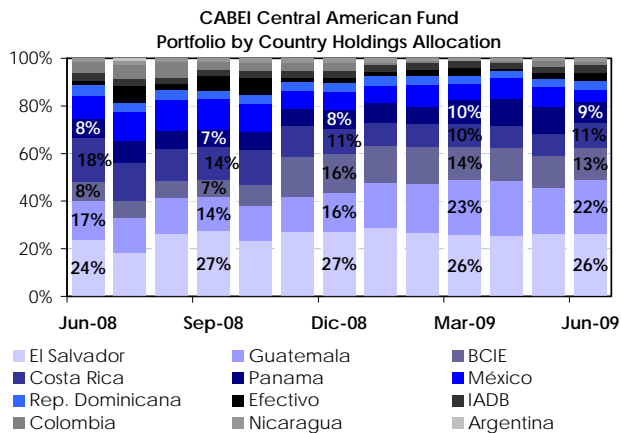


The portfolio's allocation do not presented significant variations during the second semester of 2009, when the administration held close to 50% of portfolio in public sector issuers from El Salvador and Guatemala, while remained a exposure of 13% in notes from Central American Bank of Economic Integration (CABEI).

In the last quarter the participation of Costa Rican and Panamanian securities represent around of 10.00% each one, meanwhile the Mexican instruments lost 2 percentage points up to represent 5.00% at the closing date of June 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 3.00% of the net worth of the Portfolio have been in cash; a 3.60% for June 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

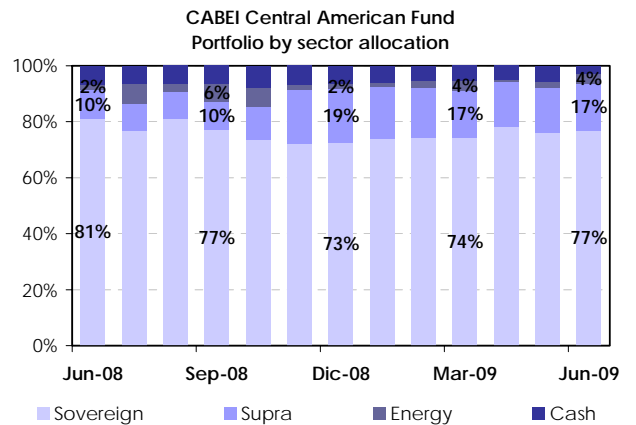
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fundamentals and offer attractive value. Hence, the Fund investment managers will actively allocate between different regional names on the next months.

As far as the structure of the Fund's Portfolio by Economic Sector, the Portfolio showed a re-composition during the first half of 2009, when the securities of sovereign debt gained close to 4 percentage points of participation until meaning a 77.00% of the total, reversing the trend exhibit the second half of 2008.

Meanwhile, supranational instruments, from Central American Bank of Economic Integration and Interamerican Development Bank, represent 17.00% of the portfolio in the last quarter, while securities of the energy sector and cash holdings represent 6.00%.

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 year under analysis around of one fourth of the total portfolio showed international investment grade, while the rest is located in speculative grade.

In the last year around of 5.00% 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 has represent around of 72.00% of the total. Particularly, Costa Rica, Guatemala and El Salvador have BB sovereign risk rating in foreign currency for June 2009, while Colombia and Panama have BB+ international risk ratings.

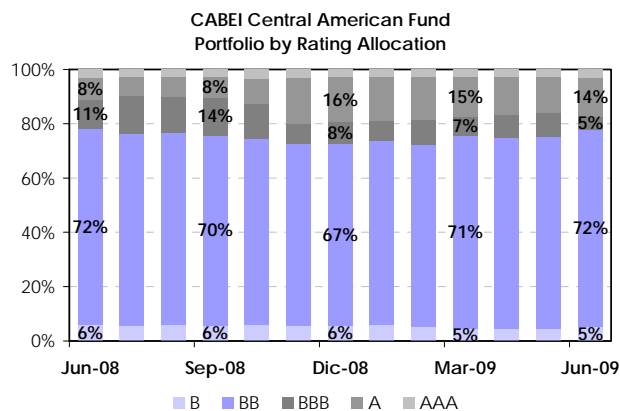
On the other hand, the portfolio BBB (S&P), which correspond to Mexican securities BBB+(S&P), reduced his

<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.

participation from 7.00% to 5.00% in the last quarter analyzed; meanwhile, notes of CABEL A-(S&P) held a participation of around 14.00%.

Finally, approximately 3.00% of Portfolio showed the maximum credit quality in the last year, 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 June 2009, include a risk rating with stable outlook, except Mexico, whose rating possesses a negative outlook.



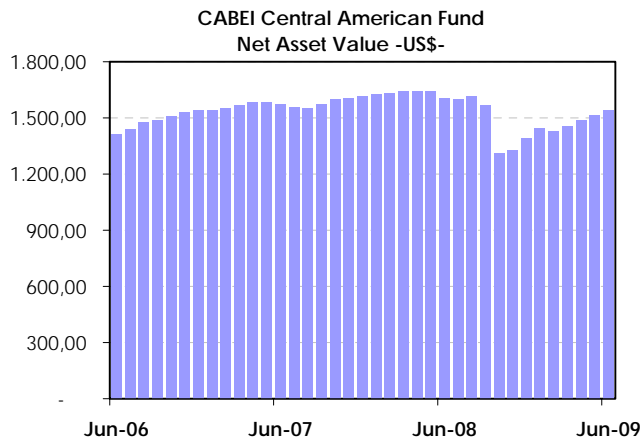
## 5. Fund performance

The Fund's Net Asset Value (NAV) reaches a level of US\$1,540.67 at the closing of the first half of 2009, after recuperate in 17.60% 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 and second quarters 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, de-leveraging within the investor base put significant pressure on riskier assets.

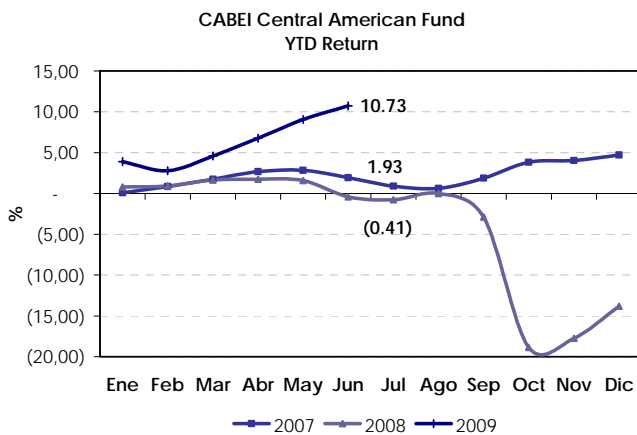
Consistently, many investors from core markets (US, Western Europe) cut positions in all risky asset classes, this also weighed on USD bonds of Latin America specially in the last quarter of 2008.

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 6 months of 2009, registering a value of 10.73% at the closing date of June 2009.

With this result, the Fund performance in the second quarter of the 2009 placed in a highest level then equal date of 2008 y 2007, when registered values of -0.41% and 1.93%, in that order.

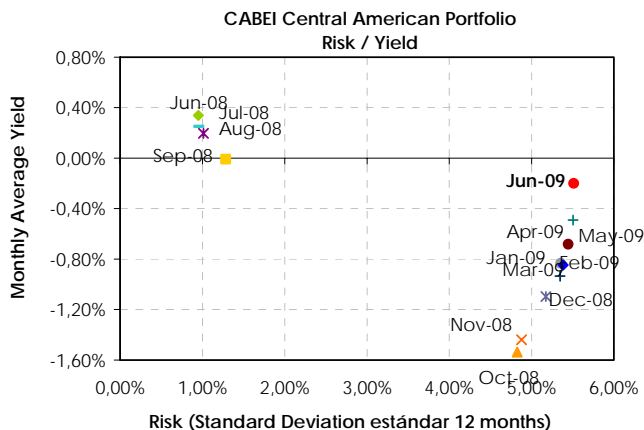


The movements in the international financial markets, later of the announcement that Lehman Brothers filed for the protection of bankruptcy, in September 2008, also affected the relationship offered by the CABEL Fund between the average yield of the last 12 months and its standard deviation.

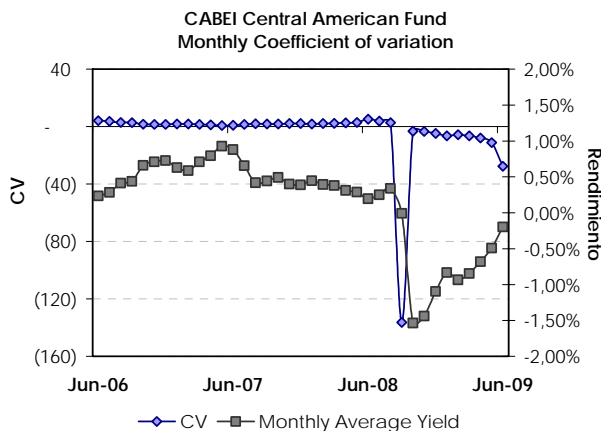
During the last 3 months of 2008 and the first 3 of 2009 the Fund exhibits atypical observations, when the monthly yield, which had been positive in at least the last 3 years, descended under -1.00%; while its standard deviation increased for above 5.00 percentage points, after it had been placed in around 0.90 percentage points since 2006.

Nevertheless, in the second quarter of 2009, especially for June 2009, the risk-yield relationship improved

significantly, when the monthly average yield ascended up to -0.20%.



In this way, from the contraction in the average monthly yield up to -1.53% on October 2008, the indicator ascended up to -0.20%, while 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, to descend to -3.14 in October 2008, date from which was elevated to -27,63 points in June 2009, hand to hand with the growth of the monthly average yield and the standard deviation stability in about 5.40 points since the fourth quarter of 2008.



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 3.55%, 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.

