

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

Ordinary Meeting No: 3032010

Non-Audited Financial Information: as at March 31<sup>st</sup>, 2010

Contacts: Gary Barquero Arce General Manager [gbarquero@scriesgo.com](mailto:gbarquero@scriesgo.com)  
Roy Diego Chaves R. Senior Analyst [rchaves@scriesgo.com](mailto:rchaves@scriesgo.com)

### 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<sup>st</sup>, 2010.

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 net assets under management by CABEI Central American Fund registered US\$92.5 millions at the closing of March 2010, after descend 4.6% during the period March 2009-March 2010 and 2% in the first quarter of 2010.
- During the fourth quarter of 2009 and first one of 2010, the Fund reduced its exposure in notes from supranational institutions from 13% to 1%, and consistently the portfolio granted with international investment grade passed from 20% to 13%.
- The Fund's Net Asset Value (NAV) reaches a level of US\$1,709.32 at the closing of March 2010, after recuperate in 31% from October 2008.
- The Fund Year to Date (YTD) performance has showed a persistent growing during the first 3 months of 2010, registering a value of 3.72% at the closing date of March 2010.
- In the fourth quarter of 2009 and the first one of 2010, the risk-yield relationship improved significantly, closing to its historical values, when the monthly average yield return to show positive values of around of 1.60% and the average deviation reduced to close of 1.00 points.
- As far as the modified duration of the Fund portfolio, it showed a decreasing trend between the fourth quarter of 2008 and the first two of 2009, when it passed from 5.80% to 3.55%. However, this trend was contained for the third and fourth quarter of 2009 and the first one of 2010, when the indicator holds on 4.50%.

"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 Citinversiones, 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.

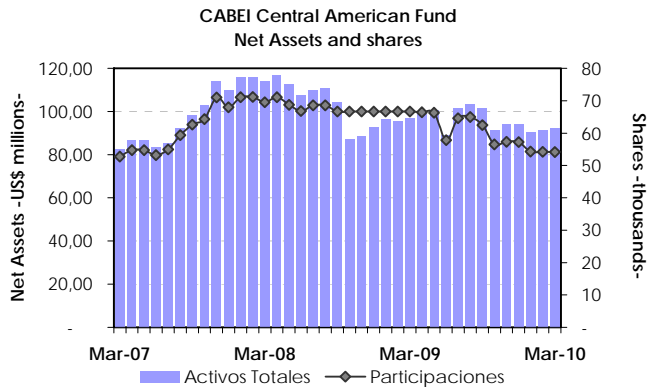
On the other hand, CABEI Central American Fund p.l.c. appointed, since April 26, 1999, the Central American Bank of Economic Integration (BCIE), as Placement Broker of its participations in Honduras, granting in addition the competence of appointing additional Deputy Placement Brokers. At this respect, 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\$92.52 millions at the closing of the first quarter of 2010, after reduce 4.6% during the last year under analysis and 1.9% in the first quarter of 2010.

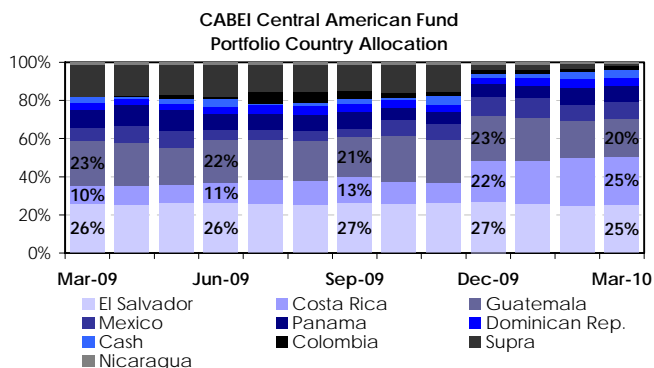
The shares of the Fund have exhibit a descendent trend during the last year under analysis, with a year-over-year average rhythm of descent of 11%. To the closing date of March 2010 the Fund shows a level of 54.1 thousand of shares, 19% minus than one year ago.



During the first quarter of 2009, the administration held close to 50% of portfolio in public sector issuers from El Salvador and Costa Rica, while reduced its exposure in Guatemala's issuers from 23% to 20%.

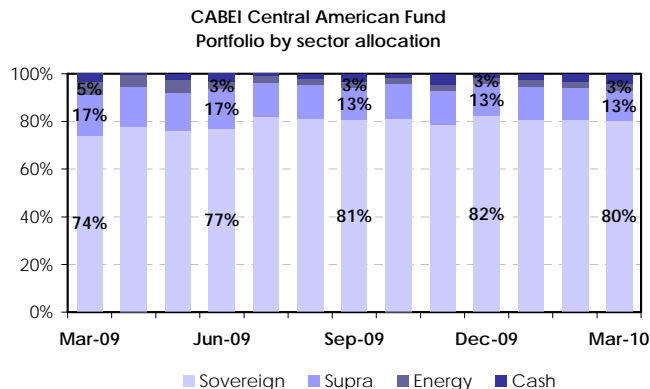
The remained part of the portfolio, to the closing date of March 2010, was represented for securities from Mexico, Panama, Dominican Republic, Colombia and Nicaragua, which individually mean less than 10% of the total.

Complementarily, during the last year, an average of 2.5% of the net worth of the Portfolio have been in cash; a 4.1% for March 2010.



As far as the structure of the Fund's Portfolio by Economic Sector, the Portfolio showed a re-composition during the last year, on the one hand when the securities of sovereign debt gained close to 6 percentage points of participation until meaning an 80% of the total. On the other hand, securities from supranational institutions pass from represent 17% to 13% of the total portfolio in the same period.

Meanwhile, securities from the energy sector and cash holdings represent around of 6% of the total portfolio during the last quarter. Additionally, it's important to write down that sector allocations exclude futures contracts.

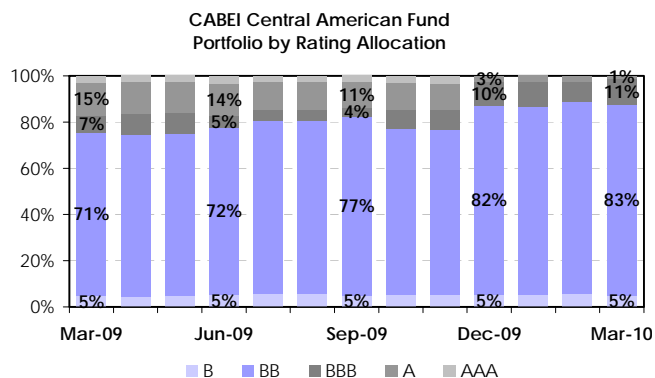


As regards to the composition of the investment portfolio of the CABEI Fund, according to the risk rating<sup>1</sup>, for the last quarter of 2009, the portfolio granted with international investment grade passed from 20% to 13%, while the other portion was located in speculative grade. This participation remained stable to the first quarter of 2010.

During the period March 2009-March 2010, the BB (+/-) portfolio increased its participation from 71% to 83%. Particularly, Costa Rica, Guatemala and El Salvador have BB sovereign risk rating in foreign currency for this report date, while Colombia and Panama have BB+ international risk ratings. In May 2010 Standard & Poor's, rating agency, granted to Panama with investment grade (BBB-), while Moody's did it in June 2010 (Baa3).

The A (S&P) portfolio, which correspond to notes of CABEI A-(S&P), passed from 3% to 1% of the portfolio in the last quarter under analysis.

The totality of the issuers in which the Fund invests to the closing of 2009, include a risk rating with stable outlook, except Dominican Republic, whose rating possesses a positive outlook.



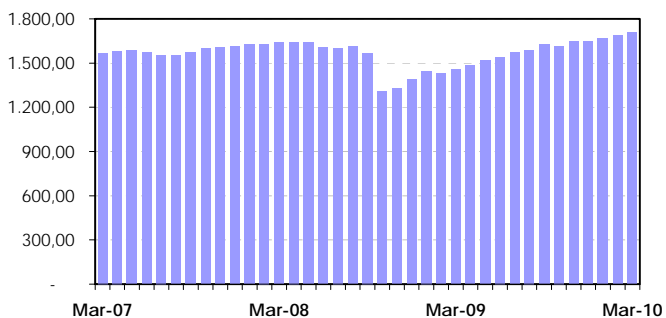
<sup>1</sup> The referred risk ratings have been granted by Standard & Poor's, except for Nicaragua, which is local currency ranked as B3 by Moody's. The distribution of ratings is referred to the sovereign / corporative issuer risk of the security and it does not include cash holdings or future contracts.

## 5. Fund performance

The Fund's Net Asset Value (NAV) reaches a level of US\$1,709.32 at the closing of March 2010, after recuperate in 31% from October 2008, when was down 16.40% on per share price. The Fund registered a historical maximum for March 2010.

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

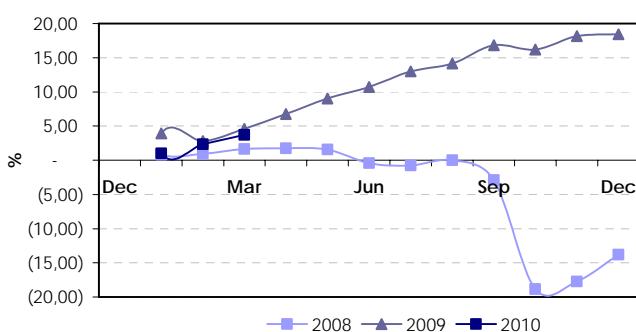
CABEI Central American Fund  
Net Asset Value -US\$-



Consistently with the behavior of the NAV, the accumulated yield by the Fund from the beginning of the year, or Year to Date (YTD) performance has showed a persistent growing during the first 3 months of 2010, registering a value of 3.72% at the closing date of March 2010.

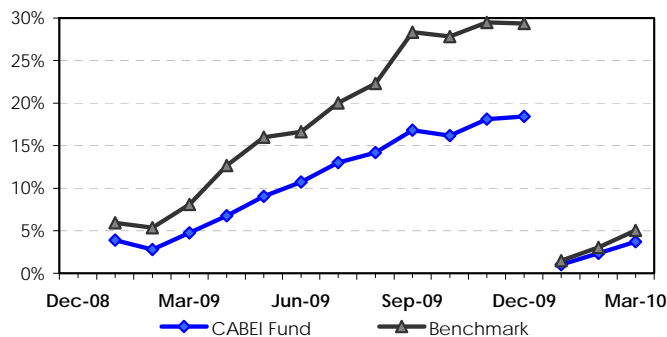
With this result, the Fund performance in the first quarter of 2010 placed in a lowest level then equal date of 2009, when registered a value of 4.59%, and highest than March 2008, of 1.63%.

CABEI Central American Fund  
YTD Return



Nevertheless, during the first quarter of 2010 and 2009, the YTD performance has placed constantly downer the benchmark (calculated from a comprised of sub-indexes published by J.P. Morgan in their Central American and Caribbean Index - CACI), which spread was increased 0.75 percentage points as monthly average.

CABEI Central American Fund  
Year To Date Yield

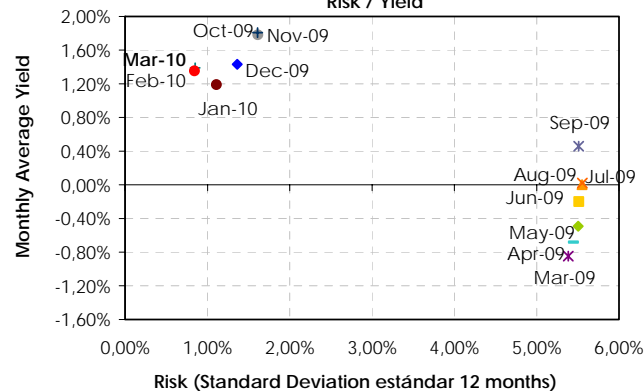


The movements in the international financial markets, later of the announcement that Lehman Brothers filed for the protection of bankruptcy, in September 2008, also affected the relationship offered by the CABEI Fund between the average yield of the last 12 months and its standard deviation.

During the last 3 months of 2008 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 fourth quarter of 2009 and the first one of 2010, the risk-yield relationship improved significantly, closing to its historical values, when the monthly average yield return to show positive values of around of 1.60% and the average deviation reduced to close of 1.00 point.

CABEI Central American Portfolio  
Risk / Yield



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 between the fourth quarter of 2008 and the first two of 2009, 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.

However, this trend was contained for the third and fourth quarter of 2009 and the first one of 2010, when the indicator holds on 4.5%.

In this way, the evolution thrown by the modified duration of the Portfolio of the CABEL Fund indicates that the risk of the Portfolio before variations in its yield has increased in the last two quarters under analysis.

